

**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.

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

MARCH 22, 2023

TABLE OF CONTENTS

1.0	INTRODUCTION.....	1
2.0	TERMS OF REFERENCE AND DISCLAIMER	4
3.0	ORDERLY WIND-DOWN UPDATES	6
4.0	CASH FLOW RESULTS	10
5.0	APPROVAL AND VESTING ORDER	12
6.0	ANCILLARY ORDER.....	15
8.0	CONCLUSIONS AND RECOMMENDATIONS.....	20

APPENDICES

Appendix “A” – First Report of the Monitor dated January 18, 2023 (without appendices)

Appendix “B” – Second Report of the Monitor dated March 2, 2023 (without appendices)

Appendix “C” – Heian APA

Appendix “D” – Affidavit of Josh Nevsky

Appendix “E” – Affidavit of Kyle Plunkett

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**”) and the Second Report of the Monitor dated March 2, 2023 (the “**Second Report**” and collectively with the Pre-Filing Report and the First Report, the “**Prior Reports**”).
- 1.3 On January 20, 2023, the Applicants obtained an amended and restated Initial Order (“**ARIO**”) which, among other things, extended the Stay Period (as defined in the ARIO) to and including March 9, 2023. As described in section 6 of the Second Report, on March 1, 2023, the United States Bankruptcy Court for the Southern District of New York (the “**US Court**”) entered an order (the “**Chapter 15 Recognition Order**”) enforcing the

ARIO, including any extensions, amendments or modifications thereto, in the United States, and recognizing the CCAA Proceedings as foreign main proceedings.

- 1.4 On March 8, 2023, the Court issued an order (the “**Stay Extension Order**”) which, among other things, extended the Stay Period to and including April 21, 2023.
- 1.5 Inscape Corp was incorporated under the laws of the Province of Ontario and previously publicly listed on the Toronto Stock Exchange (TSX:INQ).¹ Inscape New York (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.
- 1.6 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 include cubicles, movable walls, filing cabinets, bookcases and other ergonomic furniture.
- 1.7 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**”).
- 1.8 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**”). Copies of the

¹ Following a delisting review by the Toronto Stock Exchange, the Applicants’ 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.

First Report and the Second Report (without appendices) are attached hereto for ease of reference as **Appendices “A”** and **“B”**, respectively.

1.9 The purpose of this Third Report of the Monitor (the **“Third Report”**) is to provide the Court with information and, where applicable, the Monitor’s views on:

- (i) an update with respect to the Orderly Wind-Down, including in respect of the Applicants’ accounts receivable collection efforts and the sale of certain equipment assets;
- (i) the Applicants’ cash flow results for the four-week period ended March 17, 2023;
- (ii) an order sought by the Applicants (the **“Approval and Vesting Order”**), among other things:
 - (a) approving the asset purchase agreement dated March 10, 2023 (the **“Gordon Brothers Agreement”**) between the Inscape Group, as sellers, and Gordon Brothers Canada ULC, as purchaser (**“Gordon Brothers”**), and the transactions contemplated therein;
 - (b) vesting in Gordon Brothers all of the Applicants’ right, title and interest in and to the Acquired Assets (as defined in the Gordon Brothers Agreement) free and clear of any security, lien, charge or other restriction;

- (c) authorizing the Applicants, with the assistance of Gordon Brothers as agent, to market and sell certain inventory of the Applicants, free and clear of any security, lien, charge or other restriction;
- (iii) an order sought by the Applicants (the “**Ancillary Order**”), among other things:
 - (a) granting certain relief to the Applicants in connection with an ongoing dispute with one of its dealer customers, Prevolv Inc. (the “**Dealer**”);
 - (b) authorizing and directing 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; and
 - (c) approving: (I) each of the First Report, the Second Report and this Third Report and the activities and conduct of the Monitor described therein; and (II) the fees and disbursements of the Monitor and its legal counsel, Aird & Berlis LLP (“**A&B**”);
- (ii) the activities of the Monitor since the date of the Second Report; and
- (iii) 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 Third 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 Third 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 Third 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 Third 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 Third Report should be read in conjunction with the affidavit of Eric Ehgoetz sworn March 21, 2023 (the “**Fourth Ehgoetz Affidavit**”). Capitalized terms used but are not

otherwise defined in this Third Report shall have the meanings given to them in the Fourth 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 Second Report, the Monitor provided an overview of the activities undertaken by the Applicants in connection with the Orderly Wind-Down since the commencement of these CCAA Proceedings. The following is intended to provide an update on these activities since the date of the Second Report (March 2, 2023).

Final Manufacturing

- 3.2 At the outset of these CCAA Proceedings, the Applicants retained a group of employees at their two manufacturing plants to continue certain limited operations of the Applicants’ business, including the final manufacturing, fabrication and delivery of certain customer orders, each of which were determined by the Applicants to: (i) be close to completion and able to be finalized and delivered in a timely and efficient manner; and (ii) have a cost of completion that was less than the benefit to the estate, by way of improved collectability on existing outstanding accounts receivable or by completing and delivering customer orders not yet recorded in accounts receivable.
- 3.3 As of the date of this Third Report, all of the final manufacturing and fabrication efforts undertaken by the Applicants are complete, and all employees who were retained to assist

with these efforts have now been terminated.

- 3.4 As of the date of this Third Report, there are approximately 20 remaining employees (including six hourly staff) at the Applicants' facilities in Holland Landing, Ontario and Jamestown, New York, each of which 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 finance, payroll and closure related activities).

Accounts Receivable

- 3.5 The following table summarizes the results of the final manufacturing efforts and the current status of the accounts receivable collection efforts of the Applicants:

Accounts Receivable Summary	SCAD 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	(1,893)
Balance as at March 17, 2023	5,805

- 3.6 Since the commencement of the CCAA Proceedings, the Applicants have faced certain challenges and delays in the collection of their accounts receivable, including: (i) disputes with respect to short-shipments and asserted set-off claims, including with respect to the Dealer Receivable described below; (ii) a restarting of collection terms following the completion of final "punch list" items that were only recently completed as part of the final manufacturing efforts described above; (iii) extended payment terms on certain projects

with government-related entities; and (iv) other general and CCAA-related delays in collecting certain balances as compared to the original anticipated collection date.

3.7 Based on the Applicants' books and records, the largest account receivable is an amount owing from the Dealer for approximately USD\$2.1 million (the "**Dealer Receivable**"). As described in the Fourth Ehgoetz Affidavit and discussed in further detail below, the Dealer is currently disputing the requirement to pay the Dealer Receivable and is asserting a claim of set-off.

3.8 The Applicants, with assistance from the Monitor, continue their collection efforts for the other outstanding accounts receivable. The Monitor notes that if the Applicants are not successful in collecting a significant portion of either: (i) the Dealer Receivable; or (ii) the other outstanding receivable balances, the recovery to the Applicants' estate will be materially impacted.

Sale and Liquidation Process

3.9 As described in the Second Report, the Applicants, under the supervision of and with assistance from the Monitor, commenced a truncated marketing process for the sale and liquidation of any or all of the assets and/or business of the Applicants (the "**Sale and Liquidation Process**").

3.10 Ten bids were received during the Sale and Liquidation Process. After evaluating each of these bids, the Applicants determined to pursue the following:

- (i) *Fiber Laser Bid* – the Fiber Laser Bid was summarized in the Second Report and a copy of the executed purchase agreement in respect of that transaction was attached to the Third Ehgoetz Affidavit as Exhibit “B” thereto; and
- (ii) *Gordon Brothers Agreement*² – at the time of the Second Report, the Applicants and their legal counsel were working to settle the Gordon Brothers Agreement, which was ultimately finalized and executed by the parties on March 10, 2023. Further information relating to the Gordon Brothers Agreement and the proposed Approval and Vesting Order is provided in section 5 of this Third Report.

3.11 In addition to the two transactions described above, the Applicants have also entered into an asset purchase agreement dated March 9, 2023 with Heian Canada Inc. (the “**Heian APA**”). Key terms of the Heian APA are summarized in the following table:

Heian APA	
Purchase Price	<ul style="list-style-type: none"> \$225,000 to be paid as follows: (i) \$45,000 within one day following the execution of the Heian APA; and (ii) \$180,000 to be paid on the Closing Date (inclusive of HST).
Purchaser	<ul style="list-style-type: none"> Heian Canada Inc.
Closing Date	<ul style="list-style-type: none"> May 15, 2023
Purchased Assets	<ul style="list-style-type: none"> Large scale laminate press known as the “2010 Wemhoner 1000+” including all ancillary components. The assets were purchased on an “<i>as is, where-is</i>” basis and are to be removed by the Purchaser at the Purchaser’s expense.

² For confidentiality reasons, the Gordon Brothers Agreement was referred to as the “Equipment Liquidation Bid” in the Second Report.

- 3.12 A copy of the executed purchase agreement in respect of this transaction is attached hereto as **Appendix “C”**.

Remaining Assets

- 3.13 The Applicants, in consultation with the Monitor, continue to have discussions with certain parties in connection with the sale of those remaining assets of the Applicants that are not subject to the three aforementioned transactions, including with respect to certain intellectual property and the remaining inventory. The Monitor will update the Court on the progress of these discussions, should any transactions materialize.

4.0 CASH FLOW RESULTS

- 4.1 Actual receipts and disbursements for the four-week period from February 18 to and including March 17, 2023 (the “**Reporting Period**”), as compared to the “Updated 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	\$ 907	\$ 808	\$ (99)
Proceeds from sale of assets	1,826	3,339	1,513
	2,733	4,147	1,414
Disbursements			
General & Administrative	(160)	(183)	(23)
Salaries & Benefits	(342)	(338)	4
KERP	(87)	(62)	25
Rent, Utilities, Insurance	(337)	(292)	45
Taxes	(127)	(93)	34
Professional fees	(543)	(983)	(440)
Total disbursements	(1,596)	(1,951)	(355)
Net Cash Flow	1,137	2,196	1,059
Opening cash balance	518	518	-
Net Cash Flow	1,137	2,196	1,059
Ending cash balance	\$ 1,655	\$ 2,714	\$ 1,059

4.2 During the Reporting Period:

- (i) the negative variance in accounts receivable of approximately \$99,000 is primarily a result of the Applicants' collection challenges with the Dealer, as discussed above. The Applicants' future cash flows will be materially impacted if the Dealer Receivable and other balances are not collected as forecast;
- (ii) the positive variance in asset sales of \$1.5 million is primarily due to the early collection of the proceeds from the transaction pursuant to the Gordon Brothers Agreement, which was forecast to be collected during the week ending March 24, 2023. Management considers the variance to be timing-related and expects it to reverse in the coming weeks; and

- (iii) the negative variance in disbursements is the result of: (a) certain professional fees being paid earlier than initially forecast; partially off-set by (b) lower than forecast disbursements in the other line items noted above. Each of these variances are considered by Management to be timing-related and are expected to reverse in the coming weeks.

4.3 As at March 17, 2023, the Applicants' consolidated cash balance was approximately \$2.7 million.

5.0 APPROVAL AND VESTING ORDER

5.1 As described above, as well as in the Second Report, one of the transactions that resulted from the Sale and Liquidation Process was the Gordon Brothers Agreement. It is a post-closing condition of the Gordon Brothers Agreement that the Applicants seek an order approving the transaction and vesting the Acquired Assets (as defined in the Gordon Brothers Agreement) in Gordon Brothers.

5.2 A copy of the Gordon Brothers Agreement is attached as Exhibit "D" to the Fourth Ehgoetz Affidavit. Key terms are summarized in the following table:

Gordon Brothers Agreement dated March 10, 2023	
<ul style="list-style-type: none">The Gordon Brothers Agreement has two components: an equipment liquidation component and the inventory sale component.	
Equipment Liquidation	
Purchase Price	<ul style="list-style-type: none">\$1,189,000 to be paid in full upon closing
Purchaser	<ul style="list-style-type: none">Gordon Brothers
Closing Date	<ul style="list-style-type: none">March 10, 2023

Acquired Assets	<ul style="list-style-type: none"> • Certain enumerated equipment, furniture, and fixtures, as set out in Exhibit “A” to the Gordon Brothers Agreement • The assets were purchased on an “<i>as is, where-is</i>” basis
Post-Closing Auction	<ul style="list-style-type: none"> • Gordon Brothers may conduct a private sale or auction of the Acquired Assets and coordinate the removal of the assets, as applicable, by the ultimate purchasers • Gordon Brothers will have access to the Applicant’s facilities located in Holland Landing and Jamestown (the “Facilities”) from the Closing Date to June 30, 2023
Inventory Sale	
Agency Agreement	<ul style="list-style-type: none"> • The Gordon Brothers Agreement contemplates that, if requested by the Applicants, Gordon Brothers may serve as the exclusive agent (“Agent”) of the Inscape Group for the purpose of conducting an inventory sale • In such capacity, the Agent is permitted to market and sell various inventory in accordance with the terms of the Gordon Brothers Agreement (the “Inventory”) • Title to the Inventory shall remain with Inscape Group until paid for by, and transferred to, a purchaser through a sale • All sales of Inventory shall be “<i>final sales</i>” and “<i>as is,</i>” and all advertisements and sales receipts will reflect the same
Agent Compensation	<ul style="list-style-type: none"> • Agent shall be entitled to charge and retain from purchasers an industry standard buyer’s premium of 18%
Inventory	<ul style="list-style-type: none"> • Certain finished goods, work-in-process and raw materials located at the Facilities and provided to Gordon Brothers to sell as agent on the Inscape Group’s behalf

5.3 Pursuant to the proposed Approval and Vesting Order, the Applicants are seeking the approval of the transactions contemplated by the Gordon Brother Agreement and the vesting of the Acquired Assets in and to Gordon Brothers free and clear of any security, charge or other restriction, with such vesting being effective upon the delivery by the Monitor to Gordon Brothers of a certificate (the “**Monitor’s Certificate**”). A copy of the form of Approval and Vesting Order is attached to the Fourth Ehgoetz Affidavit.

Confidential Appendix “1” from the Second Report

5.4 Attached to the Second Report as Confidential Appendix “1”, the Monitor provided a summary of the Bids received during the Sale and Liquidation Process. The Monitor notes that the value originally ascribed to the Gordon Brothers Agreement in the Confidential

Appendix “1” was reduced due to the following items, which resulted in a negative purchase price adjustment:

- (i) the assets relating to the Heian APA were excluded;
- (ii) as described in paragraph 3.18 of the Second Report, in respect of the Holland Landing lease, the Applicants and the landlord, together with a third party, entered into a structured agreement to allow the Applicants to exit the Holland Landing lease and recover certain prepaid amounts and other proceeds, net of exit costs. In order to complete this real estate transaction, certain rolling stock equipment and other assets were excluded from the final Gordon Brothers Agreement for the benefit of the new Holland Landing tenant; and
- (iii) as part of the final inventory count and reconciliation performed by the Applicants and Gordon Brothers, it was identified that certain equipment and other assets that were included in Gordon Brothers’ initial bid had, in fact, been previously sold by the Applicants (prior to the commencement of the CCAA Proceedings) and erroneously included in the inventory listing that was provided to prospective bidders during the Sale and Liquidation Process.

5.5 The Monitor is satisfied that: (i) under the circumstances the Gordon Brothers Agreement still provides for the best possible price for the Acquired Assets, and the above purchase price adjustments would have occurred regardless of the successful purchaser; and (ii) the incremental proceeds gained by the Heian APA and the real estate transaction described

above are greater than the resulting negative purchase price adjustments to the Gordon Brothers Agreement.

6.0 ANCILLARY ORDER

6.1 Pursuant to the proposed Ancillary Order, the Applicants are also seeking that the Court grant certain additional relief, including:

- (i) providing certain relief to the Applicants in connection with the ongoing dispute with the Dealer in connection with the Dealer Receivable;
- (ii) authorizing and directing the Monitor to make distributions to Hilco up to the amount of its secured indebtedness, on account of the Applicants' indebtedness owing to Hilco;
- (iii) approving the activities and conduct of the Monitor described in each of the Monitor's First Report, Second Report and Third Report, and approving fees and disbursements of the Monitor and the Monitor's Canadian legal counsel, A&B.

Ongoing Dealer Dispute regarding the Dealer Receivable

6.2 As detailed in the Fourth Ehgoetz Affidavit, the Company is requesting the Court's intervention to adjudicate its ongoing dispute with the Dealer regarding the non-payment of the Dealer Receivable. In that regard, the Company and the Dealer have agreed to advance their respective positions by way of summary determination: (i) on the one hand, the Applicants will bring a motion to compel payment of the Dealer Receivable without any right of set off, and enforcing the terms of dealer agreements entered into between the

parties pursuant to which the Dealer has waived the right to set off; and (ii) on the other hand, the Monitor understands that the Dealer intends to bring a cross motion to have its claim against the Applicants proven and to seek leave to lift the stay of proceedings to apply its set off claim.

6.3 Following the commencement of the CCAA Proceedings, the Applicants and the Dealer continued their ongoing business relationship, including as it related to recently delivered orders and certain projects that were partially delivered and/or close to completion. Since the Filing Date, the Applicants have kept the Monitor informed on the status of the discussions as between the parties. In particular, the Applicants informed the Monitor that shortly after the Filing Date, the Dealer requested the completion of certain “punch list” items, final delivery of projects that were close to completion, assisting with the resolution of threatened and/or registered liens by third-party vendors and assisting with the negotiation of the release of certain product withheld by shipping carriers, all of which the Applicants performed, based on their understanding that the Dealer Receivable would be enhanced in value and collectible in full.

6.4 As detailed in the Fourth Ehgoetz Affidavit, the Applicants completed the final projects by February 24, 2023 and released them for shipment to the Dealer on or around February 27, 2023. Based on the Applicants’ books and records, these final shipments and the completion of the “punch list” items increased the Dealer Receivable from approximately USD\$1.9 million to approximately USD\$2.1 million.

- 6.5 The Monitor will provide the Court with the factual matters pertaining the parties' respective claims and will be pleased to act at the direction of the Court to facilitate any path forward as determined by this Court.

Hilco Distributions & Security Review

- 6.6 In the Pre-Filing Report, the Monitor provided an overview of the senior secured credit agreement that Inscape Corp, as borrower, entered into with Hilco, as lender, dated October 28, 2022 (the “**Credit Facility**”). As of the date of the Pre-Filing Report, the total indebtedness outstanding under the Credit Facility was approximately \$2.6 million, inclusive of interest, management fees and expenses.
- 6.7 In connection with the above-noted relief being sought in the Ancillary Order, the Monitor's independent Canadian and U.S. legal counsel, A&B and Faegre Drinker Biddle & Reath LLP (“**Faegre**”), respectively, conducted a review of the security granted by the Applicants to Hilco in support of the Credit Facility. A&B and Faegre each provided the Monitor with a written opinion that, subject to qualifications and assumptions customary in rendering security opinions of this nature, that the security is valid and enforceable security perfected by: (i) registration in the province of Ontario, to the extent capable of perfection by registration of a financing statement under the Ontario *Personal Property Security Act*; and (ii) registrations of UCC-1 financing statements under the Uniform Commercial Code records of each of the Office of the Secretary of State of Delaware and

the Office of the Secretary of State of New York, respectively, to the extent capable of perfection by registration.³

Approval of Fees and Disbursements

- 6.8 Pursuant to paragraphs 30 and 31 of the ARIO: (i) the Monitor and its legal counsel shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges, whether incurred prior to, on or subsequent to the date of the Initial Order; and (ii) the Monitor and its legal counsel shall pass their accounts from time to time before the Court.
- 6.9 Attached hereto as **Appendix “D”** is the Affidavit of Josh Nevsky sworn March 20, 2023 (the “**Nevsky Affidavit**”), attesting to the fees and disbursements of the Monitor for the period January 1, 2023 to February 25, 2023 in the aggregate amount of \$391,475.54, comprised of fees of \$346,046.00, disbursements of \$427.33 and HST of \$45,002.21.
- 6.10 Attached hereto as **Appendix “E”** is the Affidavit of Kyle Plunkett of A&B, sworn March 21, 2023 (the “**Plunkett Affidavit**”), attesting to the fees and disbursements of A&B, for the period December 29, 2022 to February 28, 2023 in the aggregate amount of \$134,468.10, comprised of fees of \$117,558.50, disbursements of \$1,581.46 and HST of \$15,328.14. The Monitor confirms that the fees and disbursements set out in the A&B invoices relate to advice sought by the Monitor and assistance provided in respect of the

³ Copies of the A&B and Faegre opinions can be made available to the Court upon request.

CCAA Proceedings, and that, in the Monitor's view, A&B's fees and disbursements are properly chargeable, reasonable and appropriate.

6.11 It is the Monitor's view that the fees and disbursements of the Monitor and its legal counsel, as described in the Nevsky Affidavit and the Plunkett Affidavit, respectively, are reasonable and appropriate in the circumstances having regard to the scope of activity undertaken by the Monitor in the CCAA Proceedings.

6.12 In addition to the above, pursuant to Faegre's engagement as U.S. counsel to the Monitor to assist with matters relating to Inscope Group's Chapter 15 recognition proceedings, the review of the Hilco security discussed above, and other U.S. related matters in connection with the CCAA Proceedings, Faegre has incurred aggregate fees and disbursements of USD\$30,721.50, for the period January 4, 2023 to February 28, 2023. The Monitor intends to seek the approval of Faegre's fees and disbursements at a later date.

7.0 ACTIVITIES OF THE MONITOR SINCE THE SECOND REPORT

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

- (i) engaging in discussions with the Inscope Group and their legal counsel regarding the CCAA Proceedings and the Chapter 15 recognition proceedings;
- (ii) assisting with and supervising the Applicants with respect to the Sale and Liquidation Process, including negotiation of the Gordon Brothers Agreement and Heian APA;

- (iii) corresponding and communicating with Hilco;
- (iv) assisting the Inscope Group with communications to employees, suppliers and other parties;
- (v) monitoring receipts, disbursements and purchase commitments, including review of payments made;
- (vi) 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;
- (vii) engaging in discussions with the Applicants and the Dealer in connection with the Dealer Receivable and the related disputes in attempt to advance the negotiation of payment of same;
- (viii) posting non-confidential materials filed with the Court to the Case Website; and
- (ix) with the assistance of its legal counsel, preparing this Third Report.

8.0 CONCLUSIONS AND RECOMMENDATIONS

Approval and Vesting Order

8.1 The Monitor is supportive of the Gordon Brothers Agreement and the Approval and Vesting Order for the following reasons:

- (i) the Gordon Brothers Agreement was a result of the Sale and Liquidation Process and the Applicants efforts to obtain the best possible price for its assets, and that

prospective purchasers and liquidators were provided a reasonable opportunity to participate in the process and to submit a bid;

- (ii) in the Monitor's view, the Sale and Liquidation Process was carried out in a fair and transparent manner and allowed for the best possible transaction for the Applicants' assets in the circumstances; and
- (iii) it is the Monitor's view that the purchase price under the Gordon Brothers Agreement is fair and reasonable in the circumstances given the canvassing of the market pursuant to the Sale and Liquidation Process.

Ancillary Order

- 8.2 For the reasons set out in this Third Report, the Monitor respectfully recommends that the Court grant the relief requested by the Applicants in connection with: (i) authorizing and directing the Monitor to make distributions to Hilco up to the amount of its secured indebtedness; and (ii) approving the fees and activities of the Monitor and the Monitor's Canadian legal counsel, A&B.
- 8.3 There is an ongoing legal dispute between the Applicants and the Dealer in connection with the Dealer Receivable. The Applicants have requested the Court to assist in: (i) scheduling a hearing date and approving a motion timetable for the summary determination of the Applicants' motion for immediate payment of the Dealer Receivable and of the set-off claims that the Dealer has raised; (ii) if necessary, directing the Dealer to provide an accounting of amounts received from end customers in respect of the Dealer Receivable; and (iii) if necessary, directing the Dealer to deposit certain funds with the Monitor to be

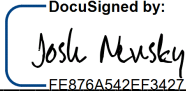
held in trust pending the final determination or settlement of the Dealer Claim (as defined in the Ancillary Order).

8.4 The Monitor is of the view that it is consistent with CCAA principles of fairness and transparency that the Dealer be required to provide the Monitor with a full accounting of what it has received from its end customers in respect of the Dealer Receivable.

8.5 Subject to this Court's direction, the Monitor is also prepared to receive and hold the Dealer Receivable in trust pending the adjudication of competing claims to the funds. The money would be held by the Monitor without prejudice to the competing claimants' rights to make any and all arguments with respect to entitlement to the funds.

All of which is respectfully submitted to the Court this 22st day of March, 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: 
FE876A542EE3427
Josh Nevsky
Senior Vice-President

APPENDIX “A”

**FIRST REPORT OF THE MONITOR DATED JANUARY 18, 2023
(without appendices)**

**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.

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

JANUARY 18, 2023

TABLE OF CONTENTS

1.0	INTRODUCTION.....	1
2.0	PURPOSE OF THIS REPORT	3
3.0	TERMS OF REFERENCE AND DISCLAIMER	4
4.0	UPDATES SINCE THE INITIAL ORDER.....	5
5.0	ORDERLY WIND-DOWN	7
6.0	KEY EMPLOYEE RETENTION PLAN	10
7.0	COURT-ORDERED CHARGES	12
8.0	WEPPA DECLARATION	13
9.0	EXTENSION OF THE STAY PERIOD.....	14
10.0	ACTIVITIES OF THE MONITOR SINCE THE FILING DATE	15
11.0	CONCLUSIONS AND RECOMMENDATIONS.....	16

APPENDICES

Appendix “A” – Pre-Filing Report (without appendices)

Appendix “B” – Key Employee Retention Plan

Appendix “C” – Summary of Recently Approved KERPs

1.0 INTRODUCTION

- 1.1 On January 12, 2023 (the “**Filing Date**”), the Ontario Superior Court of Justice (Commercial List) (the “**Court**”) made an initial order (the “**Initial Order**”) granting 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**”) certain relief pursuant to 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**”.
- 1.2 Inscape Corp is publicly listed on the Toronto Stock Exchange (TSX:INQ)¹ and incorporated under the laws of the Province of Ontario. Inscape New York (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.
- 1.3 The Inscape Group’s business is the manufacturing and distribution of office furniture to customers predominantly located in the United States and Canada, with product lines that include cubicles, movable walls, filing cabinets, bookcases and other ergonomic furniture.
- 1.4 The Initial Order, among other things:
- (i) granted a stay of proceedings in respect of the Applicants until and including January 20, 2023 (the “**Stay Period**”);

¹ The Toronto Stock Exchange has advised the Applicants that a meeting of the Continued Listing Committee has been scheduled for January 20, 2023 to consider the delisting of the securities of Inscape Corp.

- (ii) appointed Alvarez & Marsal Canada Inc. (“**A&M**”) as monitor of the Applicants (in such capacity, the “**Monitor**”) in the CCAA Proceedings;
- (iii) authorized the continued use by the Applicants of their centralized Cash Management System (as defined in the Initial Order); and
- (iv) granted a charge:
 - (a) in the amount of \$250,000 on all of the Applicants’ current and future assets, property and undertaking (collectively, the “**Property**”) to secure the fees and disbursements of the Applicants’ legal counsel, as well as the fees and disbursements of the Monitor and its legal counsel (the “**Administration Charge**”); and
 - (b) in the amount of \$750,000 on the Property in favour of the director and officers of the Applicants (the “**D&O Charge**”); and
- (v) relieved Inscap Corp, a reporting issuer listed on the Toronto Stock Exchange, of its reporting obligations under applicable securities law.

1.5 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**”).

1.6 A&M filed and served a Pre-Filing Report dated January 11, 2023 (the “**Pre-Filing Report**”) prior to the commencement of the CCAA Proceedings. The Pre-Filing Report and other Court-filed documents in the CCAA Proceedings are available on the Monitor’s

case website at: www.alvarezandmarsal.com/InscapeCorporation (the “**Case Website**”). A copy of the Pre-Filing Report (without appendices) is attached hereto as **Appendix “A”**.

2.0 PURPOSE OF THIS REPORT

2.1 The purpose of this first report (the “**First Report**”) is to provide the Court with information and, where applicable, the Monitor’s views on:

- (i) general updates since the granting of the Initial Order, including with respect to the proposed Chapter 15 recognition proceedings to be commenced by the Applicants;
- (ii) the proposed next steps in respect of the Orderly Wind-Down;
- (iii) the key employee retention plan (“**KERP**”) proposed by the Applicants and the related charge over the Property for \$350,000 (the “**KERP Charge**” and collectively with the Administration Charge and the D&O Charge, the “**Charges**”);
- (iv) the relief sought by the Applicants pursuant to the proposed amended and restated Initial Order (the “**Amended and Restated Initial Order**”), including with respect to:
 - (a) extending the Stay Period to and including March 9, 2023;
 - (b) increasing the quantum of the Administrative Charge from \$250,000 to \$800,000; and
 - (c) declaring that, pursuant to section 5(5) of the *Wage Earner Protection Program Act* (“**WEPPA**”), Inscape Corp is a “former employer” in

accordance with the criteria established by section 3.2 of the Wage Earner Protection Program Regulations (the “**WEPP Regulations**”);

- (v) the activities of the Monitor since its appointment; and
- (vi) the Monitor’s conclusions and recommendations as it relates to the relief sought by the Applicants.

3.0 TERMS OF REFERENCE AND DISCLAIMER

3.1 In preparing this First 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 First 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 First 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.

- 3.2 Future-oriented financial information referred to in this First 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.
- 3.3 This First Report should be read in conjunction with the affidavit of Eric Ehgoetz sworn January 17, 2023 (the "**Second Ehgoetz Affidavit**"). Capitalized terms used but not defined in this First Report have the meanings given to them in the Second Ehgoetz Affidavit.
- 3.4 Unless otherwise stated, all monetary amounts contained herein are expressed in Canadian dollars ("**CAD**").

4.0 UPDATES SINCE THE INITIAL ORDER

Employees

- 4.1 Following the commencement of the CCAA Proceedings, the Applicants initiated the layoff and termination of approximately 138 employees in Canada and approximately 28 employees in the United States. The Monitor understands that all normal-course salaries and wages owing to these terminated employees through their employment date will be paid by the Applicants in the ordinary course.
- 4.2 Following these terminations, the Applicants continue to employ approximately 29 employees (26 in Canada and 3 in the U.S.) to assist with the Orderly Wind-Down (as described further below).

Lease Payments

4.3 The Monitor understands that:

- (i) the Inscape Group is current on their lease payments in respect of the Holland Landing Facility and the Jamestown Facility.² The majority of the Applicants' inventory, furniture, fixtures and equipment, and other assets, which will be sold or liquidated pursuant to the Orderly Wind-Down, are located at these two locations;
- (ii) the Applicants have not yet paid rent for their retail showrooms located in Washington D.C. and New York for the month of January 2023 (in aggregate, approximately \$120,000); and
- (iii) the Monitor understands that the Applicants are currently working with their Canadian and U.S. restructuring counsel to determine what alternatives they may have to exit all locations while preserving cash and, on-balance, maximizing the value of the estate for all creditors, including the potential monetization of certain of these real property leases.

Chapter 15 Proceedings

4.4 As discussed in the Pre-Filing Report and the Second Ehgoetz Affidavit, the Applicants intend to seek recognition of these CCAA Proceedings under Chapter 15 of the United States Bankruptcy Code as a "Foreign Main Proceeding".

² As described in the Pre-Filing Report: (i) the Holland Landing Facility is located in Holland Landing, Ontario, and houses the Inscape Group's Head Office and primary manufacturing facility; and (ii) the Jamestown Facility is located in Jamestown, New York, and houses the Inscape Group's U.S. manufacturing facility.

4.5 The Monitor is advised that the Applicants intend to seek the appointment of Inscape Corp or, in the alternative, Mr. Eric Ehgoetz (the Applicants' CEO), as a foreign representative under such recognition proceedings. Inscape Corp has retained Willkie Farr & Gallagher LLP as its U.S. legal counsel.

4.6 Provided that the Amended and Restated Initial Order is granted, the Monitor understands that the Applicants intend to commence the Chapter 15 proceedings to seek recognition of these CCAA Proceedings as soon as possible.

5.0 ORDERLY WIND-DOWN

5.1 The purpose of the Orderly Wind-Down is to conduct a wind-down and liquidation of the Applicants' assets and business in an orderly fashion, and maximize realizations for the benefit of all creditors.

5.2 The primary assets of the Applicants, based on their approximate book values,³ can be summarized as follows:

Book Value (C\$'000)	Inscape Corp (Canada)	Inscape New York & Inscape Delaware (U.S.)	Combined Totals
Accounts receivable	\$208	\$6,659	\$6,867
Inventories	4,336	1,110	5,446
Furniture, fixtures & equipment	4,287	448	4,735
Deposits, pre-pays and other	2,714	736	3,450
HST refund	1,257	--	1,257
Intellectual property and intangibles	655	--	655
TOTAL	13,457	8,953	22,410

³ Book value of accounts receivable is as at the Filing Date. Book value of all other assets are as at November 30, 2022. Book values are provided for informational purposes only, the Monitor notes that book value is not representative of actual realizable value.

- 5.3 Pursuant to paragraph 12 of the Amended and Restated Initial Order, the Applicants are seeking the ability to pursue all avenues of recovery, including, but not limited to, selling their assets and business, in whole or in part, provided that, if the Monitor determines that approval of this Court is appropriate in the circumstances, the Applicants shall seek and obtain such approval prior to any material sale or reorganization.
- 5.4 The Monitor understands that the Applicants, in consultation with the Monitor, intend to perform the following:
- (i) pursue the collection of all accounts receivable from third-party customers;
 - (ii) pursue all avenues to maximize the value of the Applicants' inventory, furniture, fixtures and equipment and other assets, including seeking multiple bids for substantially all of the assets, groups of assets, or individual assets, from a variety of professional liquidators, other office furniture manufacturers and distributors, and other parties who, in the opinion of the Applicants or the Monitor, may be interested in acquiring certain of the assets; and
 - (iii) pursue the collection and/or refund of the HST refund,⁴ prepaid assets, deposits and all other assets.

⁴ As described in the Pre-Filing Report, the Inscope Group has an HST refund of approximately \$1.3 million which is currently being withheld by the CRA pending determination of a notice of reassessment regarding approximately \$2.6 million in income tax liability.

5.5 The Monitor is of the view that the Orderly Wind-Down (including the proposed revisions to paragraph 12 of the Amended and Restated Initial Order) are appropriate in the circumstances for the following reasons:

- (i) the Orderly Wind-Down will provide the Applicants, in consultation with the Monitor, with a platform to canvass the market for the sale of the Inscope Group's assets, including providing liquidators and other purchasers an opportunity to put forth a bid for the Applicants' assets with a view of maximizing value for all stakeholders;
- (ii) the Applicants' senior secured Lender (as defined in the Pre-Filing Report) is supportive of the Orderly Wind-Down;
- (iii) no stakeholder appears likely to be prejudiced by the proposed process;
- (iv) the Monitor's consent will be required before the Applicants may complete any material sale or reorganization, and allowing the Applicants to complete a sale without returning to Court for approval would be consistent with the goal to effect the Orderly Wind-Down in a cost-efficient manner under the flexibility of the CCAA; and
- (v) the Monitor is of the view that time is of the essence in carrying out the Orderly Wind-Down, with a view to minimizing carrying costs of the Applicants' Property and maximizing recoveries for all creditors.

6.0 KEY EMPLOYEE RETENTION PLAN

6.1 In order to facilitate and encourage the continued participation of senior management and other key employees during the CCAA Proceedings, the Inscope Group seeks approval of:

- (i) the KERP for certain of the retained employees who are considered by the Applicants to be critical to the success of the Orderly Wind-Down (the “**KERP Participants**”); and
- (ii) the creation of a related KERP Charge to secure the payments anticipated to become due under the KERP.

6.2 The KERP can be summarized as follows:

- (i) the Applicants’ senior management team would receive: (a) retention bonuses totaling \$100,000, in the aggregate, payable upon approval of the KERP by this Court; (b) their ordinary course salary and benefits during the CCAA Proceedings; and (c) performance-based bonuses totaling \$200,000, in the aggregate, payable if overall creditor recoveries exceed the amount required to fully satisfy all priority claims as outlined in section 81 of the *Bankruptcy and Insolvency Act* and all amounts due and owing to the Lender; and
- (ii) the remaining KERP Participants would receive: (a) retention bonuses totalling approximately \$150,000, in the aggregate, payable upon the end of the service period required from the KERP Participants; and (b) their ordinary course salary, and benefits during the CCAA Proceedings.

6.3 On a combined basis, if each of the targets described above are met, the total KERP payout would be approximately \$450,000 paid to 21 employees.

- 6.4 Additional information regarding the KERP is included in **Appendix “B”**, which sets out the title and amounts to be received by each KERP Participant.
- 6.5 The Monitor supports the approval of the KERP as: (i) it will provide stability to the business and facilitate the successful completion of the Orderly Wind-Down by encouraging key employees to remain with the Applicants; (ii) the KERP Participants are considered to be key to maximizing realizations for the benefit of stakeholders; (iii) the KERP is supported by the Lender; and (iv) the terms of the KERP and the quantum of the payouts are reasonable both in the circumstances and when compared to other key employee retention and incentive plans approved by this Court in the past.
- 6.6 As part of its review and consideration of the KERP, the Monitor examined a number of key employee retention plans that have recently been approved by this Court in similar proceedings. A summary of these comparable plans is attached hereto as **Appendix “C”**.

KERP Charge

- 6.7 The Amended and Restated Initial Order provides for a KERP Charge over the Property in an amount not to exceed \$350,000 in favour of the KERP Participants. The KERP Charge represents total amounts payable to the KERP Participants, excluding the \$100,000 portion payable upon approval of the KERP by this Court.
- 6.8 In the Monitor’s view, the quantum of the KERP Charge is reasonable both in the circumstances and when compared to other key employee retention and incentive plans approved by this Court in the past.
- 6.9 The Monitor supports the granting of the KERP Charge.

7.0 COURT-ORDERED CHARGES

- 7.1 The Initial Order granted the Administration Charge and the D&O Charge over the Property. As described in the Pre-Filing Report, these charges were sized to the extent reasonably necessary for the initial 10-day Stay Period.

Administration Charge

- 7.2 The Initial Order provides for an Administration Charge over the Property in an amount not to exceed \$250,000 in favour of the Monitor, its Canadian and U.S. counsel, Canadian and U.S. counsel to the Applicants (including special counsel to the Applicants, and counsel to the director and officers of the Applicants). The Applicants now seek to increase the Administration Charge to \$800,000.
- 7.3 The Monitor assisted the Applicants in the calculation of the Administration Charge and is of the view that the increased amount of the charge is reasonable and appropriate in the circumstances, having regard to the nature of the proceedings, the proposed Chapter 15 proceedings, the cross-border work to be completed, potential work involved at peak times, and the size of charges approved in similar CCAA proceedings.

D&O Charge

- 7.4 The Initial Order provides that the Inscope Group will indemnify its director and officers against obligations and liabilities that they may incur in their capacity as director and officers of the Applicant from the commencement of the CCAA Proceedings, except to the extent that any obligation or liability was incurred as a result of gross negligence or wilful misconduct. The Initial Order provides for a D&O Charge over the Property in the amount of \$750,000, in favour of the Applicants' director and officers for that indemnity.

- 7.5 No change to the quantum of the D&O Charge is being sought at this time. The Monitor notes that the primary components of the D&O Charge are approximately: (i) \$200,000 for employee salary and wages and related statutory employee obligations, taking into consideration the Applicants' Canadian and U.S. payroll cycles; (ii) \$450,000 for accrued vacation pay; and (iii) \$100,000 for ongoing sales tax obligations.
- 7.6 The Monitor is of the view that the quantum of the D&O Charge continues to be appropriate and reasonable in the circumstances.

Priority of Charges

- 7.7 The priorities of the Charges are proposed to be as follows:
- (i) First – Administration Charge (to the maximum amount of \$800,000);
 - (ii) Second – D&O Charge (to the maximum amount of \$750,000); and
 - (iii) Third – KERP Charge (to the maximum amount of \$350,000).
- 7.8 As set out above, the Monitor believes that the Charges are reasonable in the circumstances.

8.0 WEPPA DECLARATION

- 8.1 Section 5(1) of the WEPPA provides that an individual is eligible to receive payment under WEPPA if, among other things: (i) the individual is owed eligible wages by a former employer; (ii) the former employer is subject to proceedings under the CCAA; and (iii) a court determines under subsection 5(5) that criteria prescribed by regulation are met.

- 8.2 Section 3.2 of the WEPP Regulations provides that the Court “may determine whether the former employer is the former employer of all of whose employees in Canada have been terminated other than any retained to wind down its business operations.”
- 8.3 As described in Section 4.1 of this First Report, Inscape Corp has terminated the majority of its employees (other than those who are assisting with the Orderly Wind-Down). The Monitor supports the Applicants’ request for a declaration that Inscape Corp is a former employer for the purposes of section 5(5) of the WEPPA.
- 8.4 The Monitor will work with the Inscape Group to identify all employees that may be eligible for payments under WEPPA and will assist those eligible employees in their claim submissions to Service Canada at the appropriate time.

9.0 EXTENSION OF THE STAY PERIOD

- 9.1 Pursuant to the Initial Order, the Stay Period is set to expire on January 20, 2023. The Applicants are seeking an extension of the Stay Period until and including March 9, 2023.
- 9.2 The Monitor supports the Applicants’ motion to extend the Stay Period for the following reasons:
- (i) it will provide the Inscape Group with the stability necessary to execute the Orderly Wind-Down;
 - (ii) the Applicants are projected to have sufficient liquidity to fund their operations, as reflected in the Cash Flow Forecast (as defined in the Pre-Filing Report), 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;
- (iv) as of the date of this First Report, neither the Applicants nor the Monitor are aware of any party opposed to the requested extension; and
- (v) the Applicants continue to act in good faith and with due diligence.

10.0 ACTIVITIES OF THE MONITOR SINCE THE FILING DATE

10.1 Since the Filing Date, the primary activities of the Monitor have included the following:

- (i) engaging in discussions with the Inscape Group and their legal counsel regarding the CCAA Proceedings;
- (ii) assisting the Inscape Group with communications to employees, suppliers and other parties;
- (iii) corresponding and communicating with the Lender;
- (iv) assisting the Inscape Group in implementing an appropriate accounting cut-off to ensure proper determination of pre- and post-filing obligations and liabilities;
- (v) reviewing receipts and disbursements by the Inscape Group since the Filing Date;
- (vi) activating the Case Website and coordinating the uploading of Court-filed documents;
- (vii) completing and coordinating the notice requirements pursuant to paragraph 39 of the Initial Order, including:

- (a) arranging for publication of notice of the CCAA Proceedings, in the prescribed form, in *The Globe and Mail (National Edition)* on January 18, 2023 and February 25, 2023;
- (b) posting the Initial Order to the Case Website on January 12, 2023;
- (c) arranging for notices of the CCAA Proceedings to all known creditors having a claim against the Applicants of more than CAD\$1,000; and
- (d) preparing and posting to the Case Website on January 17, 2023, a listing of the names and addresses of all known creditors having a claim against the Applicants for more than \$1,000;
- (viii) activating the Monitor's hotline and email account for the CCAA Proceedings, and responding to creditor inquiries received through those contact points;
- (ix) completing the statutory filings pursuant to section 23 of the CCAA, including filing the requisite forms (Form 1 and Form 2) with the Office of the Superintendent of Bankruptcy (Canada); and
- (x) with the assistance of its legal counsel, preparing this First Report.

11.0 CONCLUSIONS AND RECOMMENDATIONS

- 11.1 For the reasons set out in this First Report, the Monitor respectfully recommends that the Court grant the Amended and Restated Initial Order containing the relief requested by the Applicants.

All of which is respectfully submitted to the Court this 18th day of January, 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 “B”

**SECOND REPORT OF THE MONITOR DATED MARCH 2, 2023
(without appendices)**

**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.

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

MARCH 2, 2023

TABLE OF CONTENTS

1.0	INTRODUCTION.....	1
2.0	TERMS OF REFERENCE AND DISCLAIMER	3
3.0	ORDERLY WIND-DOWN UPDATES	4
4.0	CASH FLOW RESULTS	11
5.0	UPDATED CASH FLOW FORECAST	13
6.0	OTHER UPDATES SINCE THE FIRST REPORT	16
7.0	EXTENSION OF THE STAY PERIOD.....	17
9.0	CONCLUSIONS AND RECOMMENDATIONS.....	19

APPENDICES

- Appendix “A”** – Pre-Filing Report of the Proposed Monitor dated January 11, 2023 (without appendices)
- Appendix “B”** – First Report of the Monitor dated January 18, 2023 (without appendices)
- Appendix “C”** – Sale and Liquidation Bid Process Letter
- Appendix “D”** – Updated 13-Week Cash Flow Forecast to and including May 19, 2023
- Appendix “E”** – Management’s Representation Letter Regarding the Cash Flow Forecast
- Appendix “F”** – U.S. Recognition Order dated March 1, 2023
- Confidential Appendix “1”** – Summary of Sale and Liquidation Bids

1.0 INTRODUCTION

- 1.1 On January 12, 2023 (the “**Filing Date**”), the Ontario Superior Court of Justice (Commercial List) (the “**Court**”) made an initial order (the “**Initial Order**”) granting 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**”) certain relief pursuant to 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. as monitor of the Applicants in the CCAA Proceedings (in such capacity, the “**Monitor**”).
- 1.2 At the comeback hearing, on January 20, 2023 (the “**Comeback Hearing**”), the Applicants obtained an amended and restated Initial Order (“**ARIO**”) which, among other things: (i) increased the Administration Charge (as defined in the First Report of the Monitor dated January 18, 2023 (the “**First Report**”)) from \$250,000 to \$800,000; (ii) approved a key employee retention plan (“**KERP**”) and the related KERP Charge in the amount of \$350,000; and (iii) extended the Stay Period (as defined in the ARIO) to and including March 9, 2023.
- 1.3 Inscape Corp was previously a publicly listed company on the Toronto Stock Exchange (TSX:INQ)¹ and incorporated under the laws of the Province of Ontario. Inscape New York (a New York registered corporation) is a wholly-owned direct subsidiary of Inscape

¹ Following a delisting review by the Toronto Stock Exchange, the Applicants’ 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.

Delaware (a Delaware registered corporation), and an indirect subsidiary of Inscape Corp.

- 1.4 The Inscape Group was in the business of manufacturing and distributing 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.
- 1.5 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**”).
- 1.6 In connection with the CCAA Proceedings, Alvarez & Marsal Canada Inc., 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 provided the Court with the First Report. The Pre-Filing Report, the First Report 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**”).
- 1.7 Copies of the Pre-Filing Report and the First Report (both without appendices) are attached hereto as **Appendices “A”** and **“B”**, respectively.
- 1.8 The purpose of this Second Report of the Monitor (the “**Second Report**”) is to provide the Court with information and, where applicable, the Monitor’s views on:
 - (i) general updates since the granting of the ARIO, including with respect to the Orderly Wind-Down and the Chapter 15 recognition proceedings;

- (ii) the Applicants' cash flow results for the six-week period ended February 17, 2023, together with an updated 13-week cash flow forecast through the period ending May 19, 2023;
- (iii) the Applicants' request that the Court issue the proposed order (the "**Stay Extension Order**") to: (a) extend the Stay Period to and including April 21, 2023; and (b) seal the Confidential Appendix (as defined herein) until the earlier of: (a) the date immediately following the closing of the transaction contemplated by the Equipment Liquidation Bid (as defined below); and (b) further order of this Court;
- (iv) the activities of the Monitor since the date of the First Report (January 18, 2023); and
- (v) the Monitor's conclusions and recommendations in connection with relief being sought by the Applicants on March 8, 2023.

2.0 TERMS OF REFERENCE AND DISCLAIMER

2.1 In preparing this Second 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 held discussions with management of the Applicants and its legal counsel (collectively, the "**Information**"). Except as otherwise described in this Second 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 Second 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 Second 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 Second Report should be read in conjunction with the affidavit of Eric Ehgoetz sworn February 28, 2023 (the “**Third Ehgoetz Affidavit**”). Capitalized terms used but not defined in this Second Report have the meanings given to them in the Third 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 Pursuant to paragraph 12 of the ARIIO, the Applicants were granted the ability to pursue all avenues of recovery, including, but not limited to, selling their assets and business, in

whole or in part, as part of the Orderly Wind-Down provided that, if the Monitor determines approval of this Court is appropriate for any transaction or transactions, the Applicants shall seek and obtain such approval prior to any material sale or reorganization.

- 3.2 In the First Report, the Monitor provided an overview of: (i) the Applicants' primary assets, which can be summarized to consist of accounts receivable, inventory, equipment and fixtures, pre-pays, HST refunds, real property leases and intangible assets; and (ii) a summary of the Applicants' planned activities in connection with the Orderly Wind-Down, including with respect to the liquidation and sale of the Applicants' assets and business.
- 3.3 The following provides an update on the Orderly Wind-Down since the date of the First Report.

Final Manufacturing & Accounts Receivable

- 3.4 Following the commencement of the CCAA Proceedings, the Applicants continued to employ an initial group of employees² at their two manufacturing plants, including 26 employees at the Holland Landing Facility and three employees at the Jamestown Facility (each as defined and described in the Pre-Filing Report).
- 3.5 These employees were retained to continue certain limited operations of the Applicants' business, including the final manufacturing, fabrication and delivery of certain customer orders, each of which were determined by the Applicants to be: (i) close to completion and able to be finalized and delivered in a timely and efficient manner; and (ii) the cost to complete was less than the benefit to the estate, by way of improved collectability on

² Following the commencement of the final manufacturing and fabrication, certain part-time and hourly staff were employed on a limited basis to assist with the completion of certain projects.

existing outstanding accounts receivable (for example, by completing certain final “punch list” items) or by completing and delivering customer orders not yet recorded in accounts receivable.

3.6 The Monitor understands that as of the date of this Second Report, all manufacturing and fabrication efforts have ceased in the U.S, and almost all manufacturing and fabrication efforts in Canada have ceased, with final activities expected to be completed by March 10, 2023. As described later in this Second Report, additional employee terminations have occurred, and as of the date of this Second Report, there are 17 remaining employees.

3.7 The following table summarizes the results of the final manufacturing efforts and the current status of the accounts receivable collection efforts of the Applicants:

Accounts Receivable Summary	\$CAD 000's
Balance as at January 3, 2023	7,417
Add: Final deliveries and sales booked since January 3, 2023	1,585
Less: Collection prior to the Filing Date (January 12, 2023)	(1,350)
Less: Collections since the Filing Date	(1,085)
Balance as at February 17, 2023	6,567

3.8 Of the remaining accounts receivable balance, approximately \$2.8 million is owing from a single customer. As described in the Third Ehgoetz Affidavit, the Applicants have discussed payment arrangements with the customer and are confident that the full balance will be collected. Further to this balance, the Applicants, with assistance from the Monitor, continue their collection efforts in respect of the remaining accounts receivable.

Sale and Liquidation Process

- 3.9 A key component of the Orderly Wind-Down, is the sale and/or liquidation of the Applicants' remaining assets, consisting primarily of equipment and fixtures, remaining inventory, intellectual property and other miscellaneous assets.
- 3.10 In this regard, the Applicants, under the supervision of and with assistance from the Monitor, commenced a truncated marketing process for the sale and liquidation of any or all of the assets and/or business of the Applicants (the "**Sale and Liquidation Process**").
- 3.11 A summary of the Sale and Liquidation Process completed to date is as follows:
- (i) the purpose of the Sale and Liquidation Process was to identify one or more value maximizing transactions for the Applicants' assets and/or businesses;
 - (ii) the Applicants, with assistance from the Monitor, contacted or received inbound inquiries from 20 parties (the "**Potential Purchasers**"). These parties included a variety of professional liquidators, office furniture manufacturers and distributors, and other parties who, in the opinion of the Applicants or the Monitor, may have been interested in acquiring certain of the Applicants' assets;
 - (iii) to participate in the Sale and Liquidation Process, Potential Purchasers were required to execute a non-disclosure agreement (the "**NDA**"). Following the execution of the NDA, Potential Purchasers were provided with significant detail about the Applicants' assets and business, including detailed asset listings, historical financial information and other relevant information. The Applicants and the Monitor also facilitated additional due diligence requests from Potential

Purchasers, including, among other things, addressing financial and operation information requests and organizing management meetings, site tours and plant visits. All information and due diligence requests were responded to in a timely manner, with assistance from the Monitor where necessary;

- (iv) on January 24, 2023, the Monitor provided the Potential Purchasers with a process letter (the “**Bid Process Letter**”) containing instructions for submitting a letter of intent (“**LOI**”). A copy of the Bid Process Letter is attached hereto as **Appendix “C”**;
- (v) among other things, the Bid Process Letter set out that: (a) Potential Purchasers were required to submit their LOI to the Applicants and to the Monitor by no later than 5:00 p.m. Eastern Time on February 8, 2023 (the “**Bid Deadline**”); and (b) following the Bid Deadline, the Applicants and the Monitor would evaluate any and all bids on various grounds, including, but not limited to, purchase price, certainty and timing of closing, and anticipated future costs to the estate.
- (vi) On or prior to the Bid Deadline, 10 LOIs were received by the Applicants and the Monitor, comprised of the following:
 - (a) five bids that included liquidation or similar proposals for all of the assets of the Applicants; and
 - (b) five bids for the acquisition of individual fixed assets, or parcels of fixed assets of the Applicants, two of which included the proposed acquisition of certain intellectual property,

(collectively, the “**Bids**”).

3.12 Following the Bid Deadline, the Monitor and the Applicants held follow-up discussions and negotiations with certain of the bidders to obtain a full understanding of the Bids and to enhance certain aspects of the Bids. A summary of the Bids is provided in **Confidential Appendix “1”**.

3.13 After analyzing the Bids, and consulting with the Monitor and the Applicants’ senior secured Lender (as defined in the Pre-Filing Report), the Applicants determined that two of the Bids (the “**Successful Bids**”) were superior to the other LOIs submitted for reasons including, but not limited to:

- (i) the value and structure of the purchase price;
- (ii) the inclusion or exclusion of certain assets of the Applicants, which ultimately allowed for the highest available proceeds;
- (iii) the proposed timing to complete the transaction and/or the liquidation process;
- (iv) future costs associated with the liquidation process, including rent and occupancy costs that would be required to be funded by the Applicants; and
- (v) the limited conditionality, including that the Successful Bids were not subject to any financing or further due diligence conditions or requirements.

3.14 The two Successful Bids are comprised of:

- (i) a bid submitted for a particular parcel of assets in respect of a fiber laser system and compressor (the “**Fiber Laser Bid**”); and

- (ii) a liquidation bid submitted for all of the Applicants’ remaining equipment and fixtures (subject to certain exclusions) (the “**Equipment Liquidation Bid**”).

Fiber Laser Bid

- 3.15 Key terms of the Fiber Laser Bid are summarized in the following table:

Purchase Price	<ul style="list-style-type: none">• USD\$925,000 paid in full on the Closing Date.
Purchaser	<ul style="list-style-type: none">• Workingman Capital Corp, (the “Purchaser”).
Closing Date	<ul style="list-style-type: none">• The transaction closed February 24, 2023.
Purchased Assets	<ul style="list-style-type: none">• The complete Amada combination laser system, component and ancillary assets.• The assets were purchased on an “<i>as is, where-is</i>” and are to be removed by the Purchaser at the Purchaser’s expense.

- 3.16 A copy of the executed purchase agreement in respect of this transaction is attached to the Third Ehgoetz Affidavit as Exhibit “B”.

Equipment Liquidation Bid

- 3.17 Regarding the Equipment Liquidation Bid, the Applicants and their legal counsel are actively working to finalize an asset purchase agreement with the successful bidder. The Monitor will update the Court on the progress of the final agreement as information becomes available or at the time the Applicants seek Court approval for the sale transaction as currently required by the Equipment Liquidation Bid.

Other Activities

- 3.18 As described in the Third Ehgoetz Affidavit, the Applicants and the landlord in respect of the Holland Landing lease, together with a third party, were in late stage discussions regarding a structured agreement. As of the date of this Second Report, this agreement has

now been finalized and is expected to provide a positive recovery to the estate following the Applicants' exit from the premises. The Monitor is reviewing the anticipated quantum and timing of the projected proceeds, net of certain exit costs, and will update the Court as additional information becomes available.

- 3.19 The Applicants, in consultation with the Monitor, continue to have discussions with certain Potential Purchasers and other parties in connection with the sale of the Applicants' remaining assets not subject to the two aforementioned transactions, including with respect to certain intellectual property and remaining inventory. The Monitor will update the Court on the progress of these discussions and any transactions that may ultimately be pursued at its next attendance.

4.0 CASH FLOW RESULTS

- 4.1 Actual receipts and disbursements for the six-week period from January 12 to February 17, 2023 (the "**Reporting Period**"), as compared to the "Cash Flow Forecast" attached as Appendix "A" to the Pre-Filing Report, are summarized in the following table:

Cash Flow Variance Report			
CAD \$000's			
	Budget	Actual	Variance
Receipts			
Collection of accounts receivable	\$ 2,916	\$ 1,085	\$ (1,831)
Other collections	172	43	(129)
	3,088	1,127	(1,960)
Disbursements			
General & Administrative	(209)	(391)	(182)
Salaries & Benefits	(1,556)	(1,487)	69
KERP	(142)	(100)	42
Rent, Utilities, Insurance	(703)	(718)	(15)
Taxes	(55)	(5)	50
Professional fees	(848)	(448)	400
Total disbursements	(3512)	(3,149)	363
Net Cash Flow	(424)	(2,021)	(1,597)
Opening cash balance	1,186	2,539	1,353
Net Cash Flow	(424)	(2,021)	(1,597)
Ending cash balance	\$ 762	\$ 518	\$ (244)

4.2 During the Reporting Period:

- (i) the positive variance in the “Opening cash balance” of approximately \$1.4 million is primarily attributable to timing differences relating to: (a) \$1.1 million of accounts receivable collected prior to the Filing Date but projected to occur during the Reporting Period; and (b) \$300,000 in Professional Fees that were projected to be disbursed prior to the Filing Date but were actually paid during the Reporting Period;
- (ii) the negative variance in the “Collection of accounts receivable” of approximately \$1.8 is attributable to: (a) the early collection of \$1.1 million, as described above; and (b) lower than forecast collections during the Reporting Period of \$700,000,

which Management attributes to a timing variance expected to reverse in the coming weeks;

- (iii) the negative variance in “General & Administrative” of approximately \$182,000 relates to higher than forecast disbursements made in connection with the final manufacturing efforts described in Section 3.0 above. These costs were not included in the initial projection and are considered by Management to be permanent negative variances; and
- (iv) the positive variance in “Professional Fees” of approximately \$400,000 is considered timing-related and expected to reverse in the coming weeks.

4.3 As at February 17, 2023, the Applicants’ consolidated cash balance was approximately \$518,000.

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 13-week period from February 18 to May 19, 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 “D” and “E”**, respectively.

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

Updated Cash Flow Forecast	
CAD \$000's	
	13-Week Period
	<i>May 19, 2023</i>
Receipts	
Collection of accounts receivable	\$ 4,027
Proceeds from the sale of assets	3,705
	7,732
Disbursements	
General & Administrative	(310)
Salaries & Benefits	(757)
KERP	(134)
Rent, Utilities, Insurance	(1,000)
Taxes	(127)
Professional fees	(2,410)
Total disbursements	(4,737)
Net Cash Flow	2,995
Opening cash balance	518
Net Cash Flow	2,995
Ending cash balance	\$ 3,513

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

- (i) “Proceeds from the sale of assets” include the projected results of the Sale and Liquidation Process. As described in Section 3.0 above, certain of the proposed transactions are not yet complete and the estimated balances included remain subject to change until the Equipment Liquidation Bid is finalized and other potential asset sales are completed;
- (ii) during the Cash Flow Period, net cash flows are projected to be approximately positive \$3.0 million and are forecast to be sufficiently funded by cash on hand, the collection of accounts receivable and the proceeds from asset sales; and
- (iii) the Applicants are not forecast to require any funding from the Lender during the Cash Flow Period. As described in the Pre-Filing Report, as of the date therein, the Lender was owed approximately \$2.6 million. Forecast disbursements do not include the payment of principal or interest owing to the Lender, which are forecast

to continue to accrue until the anticipated full repayment of the obligations have been made.

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 Second 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.

³

The Monitor has reviewed the 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.

6.0 OTHER UPDATES SINCE THE FIRST REPORT

Employees

- 6.1 The Applicants continue to employ approximately 17 employees (15 in Canada and two in the U.S.) to assist with the completion of the Orderly Wind-Down.
- 6.2 Since the commencement of the CCAA Proceedings, approximately 144 employees in Canada and approximately 29 employees in the U.S. have been laid-off or terminated. The Monitor understands that normal-course wages and salaries that were owing to terminated employees through their employment date were paid by the Applicants in the ordinary course, and benefit plans of all laid off and terminated employees have been discontinued as of the date of their respective terminations.

Chapter 15 Proceedings

- 6.3 On January 23, 2023, Inscape Corp, the court-appointed foreign representative for the Applicants, filed in the United States Bankruptcy Court for the Southern District of New York Chapter 15 (the “**U.S. Bankruptcy Court**”) petitions and a verified petition for entry of an order:
- (i) recognizing the CCAA Proceedings as foreign main proceedings pursuant to section 1517 of title 11 of the *United States Code* (the “**U.S. Bankruptcy Code**”);
 - (ii) recognizing Inscape Corp as the foreign representative in respect of the CCAA Proceedings;
 - (iii) recognizing and enforcing the Initial Order and the ARIO; and

(iv) granting a stay of execution against the Applicants' assets and certain other actions against the Applicants or their assets, solely within the territorial jurisdiction of the United States, and applying section 362 of the *U.S. Bankruptcy Code* in the Applicants' Chapter 15 cases.

6.4 A hearing to approve the recognition of the ARIO in the United States was held before the Honorable Michael E. Wiles on February 21, 2023 (the “**Recognition Hearing**”).

6.5 At the Recognition Hearing, among other things, the US Court requested certain additional information from the foreign representative and continued the hearing to March 1, 2023. Specifically, the U.S. Bankruptcy Court requested the filing of supplemental materials addressing the question of the center of main interest of each of Inscape New York and Inscape Delaware.

6.6 The requested additional materials, consisting of a Supplement to the Verified Petition was filed with the US Bankruptcy Court on February 27, 2023 and an order was entered on March 1, 2023 recognizing, among other things, the Canadian Proceedings as foreign main proceedings (the “**U.S. Recognition Order**”). A copy of the U.S. Recognition Order is attached hereto as **Appendix “F”**.

6.7 All documents filed in the Chapter 15 proceedings are available on the Case Website (<https://www.alvarezandmarsal.com/content/inscape-group-chapter-15-proceedings>).

7.0 EXTENSION OF THE STAY PERIOD

7.1 Pursuant to the ARIO, the Stay Period is set to expire on March 9, 2023. The Applicants are seeking an extension of the Stay Period until and including April 21, 2023.

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

- (i) it will provide the Applicants with the stability necessary to continue the execution of 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.

8.0 ACTIVITIES OF THE MONITOR SINCE THE FILING DATE

8.1 Since the date of the First Report, the activities of the Monitor have included the following:

- (i) engaging in discussions with the Applicants and their legal counsel regarding the CCAA Proceedings;
- (ii) assisting the Applicants with communications to employees, suppliers and other stakeholders;
- (iii) assisting with and supervising the Applicants with respect to the Sale and Liquidation Process;
- (iv) corresponding and communicating with the Lender;


- (ii) monitoring receipts, disbursements, and purchase commitments, including the review of payments made;
- (iii) 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;
- (iv) posting non-confidential materials filed with the Court to the Case Website; and
- (v) with the assistance of its legal counsel, preparing this Second Report.

9.0 CONCLUSIONS AND RECOMMENDATIONS

- 1.1 For the reasons set out in this Second 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 2nd day of March, 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 “C”

HEIAN ASSET PURCHASE AGREEMENT

ASSET PURCHASE AGREEMENT

This Asset Purchase Agreement (this “**Agreement**”), dated as of March 9, 2023, is entered into by and among Inscape Corporation (the “**Seller**”), as seller, and Heian Canada Inc. (the “**Buyer**”), as buyer, with the consent of Alvarez & Marsal Canada Inc., in its capacity as the Court-appointed monitor (the “**Monitor**”) of the Seller, appointed pursuant to the Initial Order (as defined below) made pursuant to the *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the “**CCAA**”). The Seller and the Buyer are collectively referred to herein as the “**Parties**”, and each individually as a “**Party**”.

RECITALS

- A. On January 12, 2023, the Ontario Superior Court of Justice (Commercial List) (the “**Court**”) made an initial order (the “**Initial Order**”) granting the Seller certain relief pursuant to the CCAA and commencing CCAA proceedings, including, *inter alia*, appointing the Monitor.
- B. On January 20, 2023, the Court issued an amended and restated Initial Order, which provided, *inter alia*, that the Seller shall have the right to pursue a refinancing, restructuring, sale or reorganization of its business or assets subject to, if the Monitor deems appropriate, approval of the Court.
- C. The Seller wishes to sell to the Buyer, and the Buyer wishes to purchase from the Seller, all of the Seller’s right, title and interest in and to the Purchased Assets (as defined herein) in accordance with the terms and subject to the conditions set forth in this Agreement.
- D. The Seller has determined, with the consent of the Monitor, that it is appropriate in the circumstances for the Seller to enter into this Agreement and to carry out the transactions contemplated herein without obtaining the approval of the Court.

NOW THEREFORE, in consideration of the mutual covenants and agreements set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree as follows:

ARTICLE 1 DEFINITIONS

In addition to the terms defined herein, the following capitalized terms shall have the following meanings in this Agreement:

“**Action**” means any action, cause of action, demand, notice of violation, suit, proceeding or litigation (including arbitration proceeding), investigation, complaint, claim, dispute, charge, grievance, order, audit, governmental charge or inquiry, whether civil, criminal, administrative, regulatory, at law, in equity or otherwise.

“**Encumbrances**” means any and all liens (including mechanics’, materialmens’, repair, storage and other consensual and non-consensual liens and statutory liens), security interests, encumbrances, adverse rights, trusts (including deemed trusts), and claims, rights of distraint, reclamation claims, mortgages, deeds of trust, pledges, covenants, restrictions, hypothecations, charges (including Court ordered charges), indentures, loan agreements, instruments, contracts, leases, licenses, options, rights of first refusal, rights of offset, recoupment, rights of recovery, judgments, orders and decrees of any court or foreign or domestic governmental entity, claims for reimbursement, contribution, indemnity or exoneration, assignment, debts, charges, suits, rights of recovery, interests, products liability, alter-ego, environmental, successor liability, tax and other liabilities (including probate liabilities), causes of action and claims, to the fullest extent of the



Law, in each case whether secured or unsecured, choate or inchoate, filed or unfiled, scheduled or unscheduled, noticed or unnoticed, recorded or unrecorded, perfected or unperfected, allowed or disallowed, contingent or non-contingent, liquidated or unliquidated, matured or unmatured, material or non-material, disputed or undisputed, or known or unknown, whether imposed by agreement, understanding, Law, equity or otherwise, or any other interest of any nature whatsoever of, on or with respect to any property or property interest.

"Holland Landing Facility" means the Seller's leased manufacturing facility in Holland Landing, East Gwillimbury, Ontario.

"Law" means all laws (including common law), statutes, rules, regulations, codes, injunctions, decrees, orders, convention, judgment, reporting or license requirement, ordinances and other pronouncements or provisions having the force or effect of law of Canada, any foreign country or any domestic or foreign state, county, city, province or other political subdivision or of any authority.

"Liability" means any liability, obligation or commitment of any nature whatsoever, asserted or unasserted, known or unknown, absolute or contingent, accrued or unaccrued, matured or unmatured or otherwise.

ARTICLE 2 PURCHASE AND SALE

SECTION 2.1 Purchase and Sale of Purchased Assets. Effective as of the Closing (as defined herein), on the terms and conditions set forth herein, the Seller agrees to sell, transfer, convey, and assign to the Buyer, and the Buyer agrees to purchase from the Seller, all of the Seller's rights, title, and interest in and to the machinery and equipment described on Exhibit "A", attached hereto (the **"Purchased Assets"**). The Purchased Assets are being sold, transferred, conveyed, and assigned to the Buyer free and clear of all Encumbrances.

SECTION 2.2 Purchase Price. The purchase price for the Acquired Assets shall be \$225,000 CAD (the **"Purchase Price"**), inclusive of sales taxes, to be paid and satisfied as follows:

- (a) \$45,000 shall be paid by the Buyer to the Seller by wire transfer of immediately available funds within one (1) business day of the date hereof; and
- (b) \$180,000 shall be paid by the Buyer to the Seller by wire transfer of immediately available funds at Closing.

SECTION 2.3 No Warranties. The Purchased Assets shall be transferred to the Buyer "AS-IS, WHERE IS", with all faults, and there is no warranty by the Seller relating to title, possession, quiet enjoyment, merchantability, fitness, or the like in this disposition, and the Seller expressly disclaims any such warranty(ies) in the Purchased Assets; *provided, however*, that the foregoing shall not be construed as limiting or diminishing the effect of any of the Seller's representations and warranties set forth in Article 4 hereof or the free and clear nature of the sale, transfer, conveyance and assignments contemplated herein.

ARTICLE 3 CLOSING

SECTION 3.1 Closing. The closing of the purchase and sale of the Purchased Assets contemplated by this Agreement (the "Closing") shall take place on ~~April 30~~, 2023, or such other date as the Parties may mutually agree (the "Closing Date").

MAY 15, 2023 DW

SECTION 3.2 Closing Deliverables. At the Closing, the Seller shall deliver to Buyer the following: (i) a bill of sale duly executed by the Seller; and (ii) a no-interest letter signed duly executed by HUK 116 Limited confirming the release of its security interest in the Purchased Assets at Closing (collectively, the "Closing Deliverables").

ARTICLE 4 REPRESENTATIONS AND WARRANTIES OF SELLER

The Seller represents and warrants to the Buyer that as of the date of this Agreement and as of the Closing Date, the statements set forth in this Article 4 are true and correct:

SECTION 4.1 Organization and Authority of Seller; Enforceability. Subject to the consent of the Monitor contained herein, the Seller has full power and authority to enter into this Agreement and the documents to be delivered hereunder, to carry out its obligations hereunder and to consummate the transactions contemplated hereby. The execution, delivery and performance by the Seller of this Agreement and the documents to be delivered hereunder and the consummation of the transactions contemplated hereby have been duly authorized by all requisite corporate action on the part of the Seller. This Agreement and the documents to be delivered hereunder have been duly executed and delivered by the Seller, and (assuming due authorization, execution and delivery by the Buyer) this Agreement and the documents to be delivered hereunder constitute legal, valid and binding obligations of the Seller, enforceable against the Seller in accordance with their respective terms.

SECTION 4.2 Title and Condition of Acquired Assets. The Seller has possession or control of the Purchased Assets to be conveyed as of the Closing, has good and marketable title to all of the Purchased Assets and will deliver title to such Purchased Assets to Buyer free and clear of all Encumbrances.

SECTION 4.3 Legal Proceedings. To the Seller's knowledge, there is no Action pending or threatened: (a) relating to or affecting the Purchased Assets; or (b) that challenges or seeks to prevent, enjoin or otherwise delay the transactions contemplated by this Agreement. To the Seller's knowledge, no event has occurred, or circumstances exist, that may give rise to, or serve as a basis for, any such Action.

SECTION 4.4 No Fees. The Seller has not incurred any obligation for any broker, finder or agent fee or commission in connection with the transactions contemplated by this Agreement in a manner that may result in Liability on the part of the Buyer.

SECTION 4.5 Compliance with Laws. The Seller is in compliance with all applicable Laws.

ARTICLE 5 REPRESENTATIONS AND WARRANTIES OF BUYER

The Buyer represents and warrants to the Seller that as of the date of this Agreement and as of the Closing Date, the statements set forth in this Article 5 are true and correct:

SECTION 5.1 Organization and Authority of Buyer; Enforceability. The Buyer is a corporation duly formed, validly existing and in good standing under the laws of the Province of Ontario. The Buyer has full power and authority to enter into this Agreement and the documents to be delivered hereunder, to carry out its obligations hereunder and to consummate the transactions contemplated hereby. The execution, delivery and performance by the Buyer of this Agreement and the documents to be delivered hereunder and the consummation of the transactions contemplated hereby have been duly authorized by all requisite corporate action on the part of the Buyer. This Agreement and the documents to be delivered hereunder have been duly executed and delivered by the Buyer, and (assuming due authorization, execution and delivery by Seller) this Agreement and the documents to be delivered hereunder constitute legal, valid and binding obligations of the Buyer enforceable against the Buyer in accordance with their respective terms. No additional approval by the board of directors of the Buyer is necessary.

SECTION 5.2 No Conflicts; Consents. The execution, delivery and performance by the Buyer of this Agreement and the documents to be delivered hereunder, and the consummation of the transactions contemplated hereby, do not and will not: (a) violate or conflict with the certificate of incorporation, by-laws or other organizational documents of the Buyer; (b) violate or conflict with any judgment, order, decree, statute, law, ordinance, rule or regulation applicable to the Buyer; or (c) violate any contract or agreement to which the Buyer is a party. No consent, approval, waiver or authorization is required to be obtained by the Buyer from any person or entity (including any governmental authority) in connection with the execution, delivery and performance by the Buyer of this Agreement and the consummation of the transactions contemplated hereby.

SECTION 5.3 Legal Proceedings. There is no Action pending or, to the Buyer's knowledge, threatened against or by the Buyer that challenges or seeks to prevent, enjoin or otherwise delay the transactions contemplated by this Agreement. No event has occurred, or circumstances exist, that may give rise to, or serve as a basis for, any such Action.

SECTION 5.4 No Fees. Buyer has not incurred any obligation for any broker, finder or agent fee or commission in connection with the transactions contemplated by this Agreement in a manner that may result in Liability on the part of the Monitor or the Seller.

SECTION 5.5 Compliance with Laws. Buyer is in compliance with all applicable Laws.

ARTICLE 6 COVENANTS

SECTION 6.1 Access to Facilities. The Seller shall allow the Buyer reasonable access to the Holland Landing Facility to dismantle and remove the Purchased Assets. All such access will be conducted at reasonable times agreed upon in advance by the Seller and the Buyer. The Buyer shall be Liable to the Seller in all respects for any damage or loss caused in connection with such access.

SECTION 6.2 Further Assurances. The Seller shall execute and deliver such further instruments of conveyance and transfer and take such additional action as the Buyer may reasonably request to effect, consummate, confirm or evidence the transfer to the Buyer of the Purchased Assets. The Seller shall execute such documents as may be necessary to assist the Buyer in preserving or perfecting its rights in the Purchased Assets.

ARTICLE 7 MISCELLANEOUS

SECTION 7.1 Notices. Any notices or communications required or permitted hereunder shall be sufficiently given (a) when received by the addressee if sent by a nationally recognized overnight courier

(receipt requested); or (b) on the date sent by facsimile or e-mail of a PDF document (with confirmation of transmission) if sent during normal business hours of the recipient, and on the next business day if sent after normal business hours of the recipient. Such communications must be sent to the respective parties at the following addresses (or at such other address for a party as shall be specified in a notice given in accordance with this Section 7.1:

If to Seller:

c/o Inscape Corporation
67 Toll Road
Holland Landing, ON L9N 1H2
Attention: Jon Szczur, CFO; Eric Ehgoetz, CEO
Emails: jszczur@myinscape.com;
eehgoetz@myinscape.com

With copies to:

Miller Thomson LLP
40 King Street West, Suite 5800
Toronto, ON M5H 3S1
Attention: Larry Ellis, Sam Massie
E-Mails: lellis@millerthomson.com;
smassie@millerthomson.com

Alvarez & Marsal Canada Inc.
Royal Bank Plaza, South Tower
200 Bay Street, Suite 2900, P.O. Box 22
Toronto, ON M5J 2J1
Attention: Josh Nevsky; Stephen Moore
E-Mails: jnevsky@alvarezandmarsal.com;
smoore@alvarezandmarsal.com

Aird & Berlis LLP
181 Bay Street, Suite 1800
Toronto, ON M5J 2T9
Attention: Kyle Plunkett
E-Mail: kplunkett@airdberlis.com

If to Buyer:

Heian Canada Inc.
276 Tudor Avenue
Oakville, ON L6K 0G9
Attention: David Haire
E-Mail: dhaire@heiancanada.com

SECTION 7.2 Headings. The headings in this Agreement are for reference only and shall not affect the interpretation of this Agreement.

SECTION 7.3 Severability. If any term or provision of this Agreement is invalid, illegal or unenforceable in any jurisdiction, such invalidity, illegality or unenforceability shall not affect any other term or provision of this Agreement or invalidate or render unenforceable such term or provision in any other jurisdiction.

SECTION 7.4 Survival. The representations and warranties contained in this Agreement shall survive the Closing and remain in full force and effect until expiry of the longest statute of limitations period (including any extension thereof) applicable to the underlying claim.

SECTION 7.5 Entire Agreement. This Agreement and the documents to be delivered hereunder constitute the sole and entire agreement of the parties to this Agreement with respect to the subject matter contained herein, and supersede all prior and contemporaneous understandings and agreements, both written and oral, with respect to such subject matter. In the event of any inconsistency between the statements in the body of this Agreement and the documents to be delivered hereunder or the Exhibits, the statements in the body of this Agreement will control.

SECTION 7.6 Successors and Assigns. This Agreement shall be binding upon and shall inure to the benefit of the Parties and their respective successors and permitted assigns. Neither Party may assign its rights or obligations hereunder without the prior written consent of the other Party, which consent shall not be unreasonably withheld or delayed. No assignment shall relieve the assigning party of any of its obligations hereunder.

SECTION 7.7 No Third-Party Beneficiaries. This Agreement is for the sole benefit of the Parties hereto and their respective successors and permitted and nothing herein, express or implied, is intended to or shall confer upon any other person or entity any legal or equitable right, benefit or remedy of any nature whatsoever under or by reason of this Agreement.

SECTION 7.8 Amendments; Waivers. This Agreement may only be amended, modified or supplemented by an agreement in writing signed by each Party hereto. No waiver by any Party of any of the provisions hereof shall be effective unless explicitly set forth in writing and signed by the Party so waiving.

SECTION 7.9 Governing Law. This Agreement shall be governed by and construed in accordance with the internal Laws of the Province of Ontario and the federal Laws of Canada applicable therein without giving effect to any choice or conflict of Law provision or rule.

SECTION 7.10 Submission to Jurisdiction. Any legal suit, Action or proceeding arising out of or based upon this Agreement or the transactions contemplated hereby may be instituted in the Ontario Superior Court of Justice (Commercial List), and each Party irrevocably submits to the exclusive jurisdiction of such courts in any such suit, Action or proceeding.

SECTION 7.11 Specific Performance. The Parties agree that irreparable damage would occur if any provision of this Agreement were not performed in accordance with the terms hereof and that the Parties shall be entitled to specific performance of the terms hereof, in addition to any other remedy to which they are entitled at law or in equity.

SECTION 7.12 Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall be deemed to be one and the same agreement. A signed copy of this Agreement delivered by facsimile, e-mail or other means of electronic transmission shall be deemed to have the same legal effect as delivery of an original signed copy of this Agreement.

SECTION 7.13 Binding Agreement; Assignment. This Agreement and the right of the Parties hereunder shall be binding upon and inure to the benefit of the Parties hereto and their respective successors and assigns.

[Signature Page Follows]

IN WITNESS WHEREOF, the undersigned parties have entered into and executed this Agreement to be effective as of the day and year first above written.

SELLER:

INSCAPE CORPORATION

By: 

Name: Eric Ehgoetz

Title: Chief Executive Officer

BUYER:

HEIAN CANADA INC.

By: 

Name: David Haire

Title: President

THE FOREGOING is acknowledged and consented to by the undersigned as of the date first written above.

MONITOR:

ALVAREZ & MARSAL CANADA INC.,
solely in its capacity as Monitor of Inscape Corporation,
Inscape Inc., and Inscape (New York) Inc.

By: 

Name: Josh Nevsky

Title: Managing Director

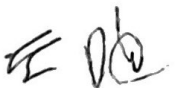


EXHIBIT A
PURCHASED ASSETS

2010 Wemhoner 1000+ - Serial # 2702-50-0810

Model: KT-MB-35/15.5-240

Includes: Press, Exchange table, scanner, layout table, feeder

2 Pin Trays and side turnover, outfeed conveyors

Condition as per viewing, layout drawing & photos attached

Includes all spare parts, manuals

Handwritten signature/initials

APPENDIX “D”

FEE AFFIDAVIT OF JOSH NEVSKY

**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.**

**AFFIDAVIT OF JOSH NEVSKY
(Sworn March 20, 2023)**

I, JOSH NEVSKY, of the City of Toronto, in the Province of Ontario, **MAKE OATH
AND SAY:**

1. I am a Senior Vice-President of Alvarez & Marsal Canada Inc. ("**A&M**"), the Court appointed Monitor in these proceedings (the "**Monitor**"). As such, I have knowledge of the matters hereinafter deposed to, except where stated to be on information and belief and whereso stated, I verily believe it to be true.
2. A&M was appointed as Monitor pursuant to the Initial Order (the "**Initial Order**") of the Ontario Superior Court of Justice (Commercial List) (the "**Court**") on January 12, 2023. The Initial Order was amended and restated by the Court on January 20, 2023 (the "**ARIO**"). The Monitor retained Aird & Berlis LLP as its counsel in these proceedings.
3. Pursuant to paragraphs 30 and 31 of the ARIO: (i) the Monitor and its legal counsel shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges, whether incurred prior to, on or subsequent to the date of the Initial Order; and (ii) the Monitor and its legal counsel shall pass their accounts from time to time before the Court.

4. Attached hereto and marked as **Exhibit “1”** to this my Affidavit is a summary of the invoices rendered by A&M (the “**A&M Accounts**”) in respect of these proceedings for the period from January 1, 2023 to February 25, 2023 (the “**A&M Application Period**”), together with copies of the A&M Accounts.

5. A&M expended a total of 578 hours in connection with this matter during the A&M Application Period, giving rise to fees and disbursements totalling \$391,475.54, comprised of fees of \$346,046.00, disbursements of \$427.33 and HST of \$45,002.21.

6. Attached hereto and marked as **Exhibit “2”** to this my Affidavit is a summary of the hours incurred and standard hourly rates of the A&M personnel involved in this matter.

7. A&M’s fees and disbursements for its ongoing activities in this proceeding will be calculated and billed at A&M’s standard rates.

8. To the best of my knowledge, A&M’s rates and disbursements are consistent with those in the market for these types of matters and the hourly billing rates charged by A&M are comparable to the rates charged by A&M for services rendered in similar proceedings. A&M has had its rates and disbursements, including the rates of various professionals who provided services in these proceedings, approved by this Court in respect of similar services provided in a number of insolvency and restructuring files.

9. This Affidavit is sworn in connection with a motion by the Applicants to have the Monitor’s fees and disbursements, and those of its legal counsel, in connection with these proceedings, approved by this Court and for no improper purpose.

SWORN BEFORE ME over videoconference on this 20th day of March, 2023. The affiant was located in the City of Toronto, in the Province of Ontario and the Commissioner was located in the City of Toronto, Province of Ontario.

DocuSigned by:

Matilda Lici

7CE576F4AA3D4CA...

A Commissioner for taking affidavits
Name: Matilda Lici

DocuSigned by:

Josh Nevsky

FE876A542EF3427...

JOSH NEVSKY

- 3 -

**THIS IS EXHIBIT “1”
TO THE AFFIDAVIT OF JOSH NEVSKY
SWORN BEFORE ME THIS 20th DAY OF MARCH, 2023**

DocuSigned by:

Matilda Lici

7CE576F4AA3D4CA...

Commissioner for Taking Affidavits
Matilda Lici

EXHIBIT "1"
ALVAREZ & MARSAL CANADA INC., COURT-APPOINTED MONITOR OF
INSCAPE CORPORATION, INSCAPE INC. AND INSCAPE (NEW YORK) INC.
(January 1, 2023 to February 25, 2023)

Invoice No.	Invoice Date	Invoice Period / Description	Total Hours	Fees	Disbursements	HST	Invoice Total (\$CAD)
Invoice #3	January 25, 2023	January 1, 2023 to January 14, 2023	217.4	129,200.50	427.33	16,812.29	146,440.12
Invoice #4	February 3, 2023	January 15, 2023 to January 28, 2023	121.8	75,066.50	0.00	9,758.65	84,825.15
Invoice #5	February 15, 2023	January 29, 2023 to February 11, 2023	146.2	85,207.00	0.00	11,076.91	96,283.91
Invoice #6	March 9, 2023	February 12, 2023 to February 25, 2023	92.6	56,572.00	0.00	7,354.36	63,926.36
TOTAL			578.0	\$346,046.00	\$ 427.33	\$ 45,002.21	\$391,475.54



January 25, 2023

Inscape Corporation
67 Toll Road
Holland Landing, ON
L9N 1H2

Attention: Mr. Eric Ehgoetz
Chief Executive Officer

RE: INSCAPE CORPORATION (the "Company")
INVOICE #3 (843010)

For professional services rendered in our capacity as Consultant to the Company and to the Board of Directors of the Company as per our engagement letter dated December 19, 2022, for the period January 1 to 14, 2023.

BILLING SUMMARY

	<u>Hours</u>	<u>Rate</u>	<u>Total-\$CAD</u>
J. Nevsky, Managing Director	21.1	\$800	\$16,880.00
S. Moore, Senior Director	72.4	\$785	56,834.00
E. Mann, Director	63.9	\$535	34,186.50
M. Binder, Associate	60.0	\$355	21,300.00
	<u>217.4</u>		<u>\$129,200.50</u>
Add: Out of pocket expenses including mileage, travel costs and meals			427.33
			<u>\$129,627.83</u>
Add: HST @ 13% *			16,812.29
TOTAL INVOICE			<u>\$146,440.12</u>

**Excludes HST exempt out of pocket expenses*

Mailing Instructions:

Alvarez & Marsal Canada ULC
Att: Audrey Singels-Ludvik
Royal Bank Plaza, South Tower
200 Bay Street, Suite 2900
P.O. Box 22
Toronto, ON M5J 2J1

Wiring Instructions:

Bank: [REDACTED]
Account Name: [REDACTED]
Swiftcode: [REDACTED]
Bank Address: [REDACTED]
Bank Transit #: [REDACTED]
Institution #: [REDACTED]
CAD Account #: [REDACTED]
Reference #: [REDACTED]
HST#: [REDACTED]

Inscape Corporation – 843010
DETAILED SUMMARY – January 1 to 14, 2023

<u>J. Nevsky</u>	<u>Hrs.</u>
Jan 3 Internal emails and related correspondence regarding CCAA planning matters.	0.5
Jan 4 Review of Company financial, employee and cash flow detail; internal update call; discussion with Aird & Berlis regarding CCAA planning matters.	1.2
Jan 5 Review of revised cash flow and related information; review of preliminary calculation of D&O Charge and internal correspondence on same.	2.2
Jan 6 Call with Hilco and Company regarding cash flow and related matters; call with Miller Thomson and Aird & Berlis regarding CCAA planning; correspondence with U.S. counsel regarding Chapter 15 considerations and employee matters.	1.4
Jan 7 Review of updated cash flow and internal discussion on same; internal update call; correspondence with Aird & Berlis and U.S. counsel regarding filing matters.	1.5
Jan 8 Review and provision of comments on draft Forbearance Agreement; review of updated cash flow forecast; various calls and correspondence with Miller Thomson and Aird & Berlis regarding cash flow and Forbearance Agreement, and general CCAA planning.	1.0
Jan 9 Internal update call; call with Aird & Berlis regarding Forbearance Agreement and related matters; review of draft Initial Order and correspondence with Aird & Berlis on same; review and update Monitor's Pre-Filing Report; review of proposed KERP and updated cash flow; call with Aird & Berlis and Miller Thomson on filing matters.	2.7
Jan 10 Correspondence with Miller Thomson regarding filing matters and timeline; call with Aird & Berlis regarding Forbearance Agreement and related matters; drafting of Monitor's Report and internal discussion on same; review of revised cash flow forecast; internal discussion on CCAA planning matters, communications and noticing requirements.	2.4

Inscape Corporation – 843010

DETAILED SUMMARY – January 1 to 14, 2023

Jan 11	Review and revise Monitor's Report; review of draft Ehgoetz Affidavit and supporting Court materials; calls with Company management and Miller Thomson regarding CCAA planning; attend on group update call with Aird & Berlis, Miller Thomson, Company and Hilco; correspondence with Aird & Berlins on Monitor's Report, D&O Charge, Affidavit; review of final cash flow forecast and supporting note; internal discussions regarding filing matters.	4.0
Jan 12	Prepare for and attend Court in connection with Initial Hearing; call with Aird & Berlis regarding CCAA matters and next steps; internal planning meeting regarding noticing, cash flow and related matters; review and revise draft communication materials and employee letters.	2.2
Jan 13	Internal update meeting; prepare and submit OSB CCAA filing forms; initial draft of Monitor's First Report; correspondence with Aird & Berlis regarding file matters and timelines.	2.0
TOTAL – J. Nevsky		21.1 hrs.

S. Moore

Hrs.

Jan 1	Email exchange with Hilco regarding inventory and plant and machinery valuations; email exchange with Hilco regarding latest weekly reporting information; email exchanges internally regarding termination and severance liability sizing; email exchange with management regarding cash management system and related internal discussions; review draft Directors & Officers charge sizing schedule.	1.4
Jan 2	Prepare draft analysis on payroll cycles sizing and related email to Gowlings; email exchange with management and Hilco regarding CCAA planning and related matters; attend internal working session regarding D&O charge sizing and additional information requests; attend call with Gowlings regarding D&O charge sizing and related matters.	2.7



Inscape Corporation – 843010
DETAILED SUMMARY – January 1 to 14, 2023

Jan 3	Email exchange with Hilco regarding cash flow forecast and payroll cycles; email exchange with Aird & Berlis regarding employee matters; review of Borrowing Base Certificate and working capital reports circulated by management; review email from Hilco regarding plant and machinery and inventory monetization approach and draft response; internal email exchanges regarding employee matters; review bank account tracker prepared by management; attend at Inscape's offices for working sessions on 13-week cash flow forecast and consider proposed inventory conversion analysis; review draft equipment appraisal; review load report analysis circulated by management; attend internal working sessions regarding development of the 13-week cash flow; attend working session with Hilco regarding general status update, cash flow analysis and next steps; review professional fee projections and invoicing matters.	7.4
Jan 4	Attend internal call regarding workstreams status update; attend at Inscape's offices for working session regarding draft 13-week cash flow and proposed employee retention plan; attend working session on inventory conversion and prepare related cost benefit analysis; attend call with Hilco and Miller Thomson regarding cash flow; review Holland Landing lease and related internal email exchange; internal email exchanges regarding employee matters and D&O Charge; internal call regarding status updates and next steps regarding employee retention plan; attend working session with Hilco regarding employee retention and inventory conversion; email exchanges with Miller Thomson regarding employee matters and filing preparation matters; review draft Directors' resolution and related email exchanges; internal email exchange regarding Monitor's communications; review and prepare draft cash flow analysis.	7.6
Jan 5	Attend at Inscape's offices for working sessions with management regarding inventory conversion and employee retention; attend working sessions with management and Hilco to review draft 13-week cash flow forecast; email exchange with management regarding various filing preparation matters and short-term liquidity requirements; attend internal working session regarding draft 13-week cash flow; attend call with Aird & Berlis regarding filing preparation matters; attend call with Miller Thomson, Gowlings and management regarding various filing preparation matters and short-term liquidity requirements; email exchanges regarding professional fees and invoicing matters; review Hilco loan statement and related email exchanges with management; review and prepare draft cash flow analysis and circulate draft deliverable to management and Hilco; review D&O tail policy documents.	8.4

Inscape Corporation – 843010
DETAILED SUMMARY – January 1 to 14, 2023

Jan 6	Email exchanges with Hilco regarding draft cash flow forecast; attend call with management regarding liquidity requirements; attend call with management and Hilco to review cash flow and near term liquidity requirements; email exchanges with Hilco regarding proposed Key Employee Retention Plan; attend internal working session regarding draft cash flow forecast; email exchanges with management regarding bank reconciliations and cash position; internal email exchanges with management regarding employee matters and retention plan; draft analysis regarding sources and uses of funds and detailed payments listing; attend call with Miller Thomson and Aird & Berlis on draft Court materials; review email exchanges with Faegre Drinker regarding US recognition matters; attend internal team meeting regarding workstream updates; review and revise cash flow forecast.	6.7
Jan 7	Attend internal working session regarding review and drafting of 13-week cash flow updates and related sources and uses analysis for funding requests; circulate updated draft cash flow forecast to Management, Hilco, Miller Thomson and Aird & Berlis; review and prepare draft cash management system commentary and circulate to Miller Thomson and Aird & Berlis; internal email exchanges regarding employee matters.	2.8
Jan 8	Internal email exchanges regarding employee communications matters; attend internal call regarding Hilco debt analysis and draft Forbearance Agreement; review draft Forbearance Agreement and related items to feedback to Miller Thomson; attend call with Aird & Berlis regarding draft Forbearance Agreement, liquidity requirements and filing preparation matters; review draft Initial Order and related internal email exchanges.	1.6

Jan 9	Attend call regarding filing preparation materials, draft Forbearance Agreement and open items with Miller Thomson and Aird & Berlis; attend filing preparation update call with Aird & Berlis; attend internal working session regarding D&O Charge and employee matters; review email exchanges with US counsel regarding D&O liabilities; review and update draft communications materials; review sales reporting and related email exchange with management; attend internal update call regarding workstreams status and action items; email exchange with management regarding proposed Key Employee Retention Plan; email exchange with Aird & Berlis and Miller Thomson regarding proposed payments and retention agreements; review Company's historic incentive plans and build into compensation analysis; further email exchanges and internal discussions related to draft Forbearance Agreement; email exchanges regarding coordination of creditors listing and review of accounts payable ledger; review and updates to draft 13-week cash flow and circulate to management, Hilco, Miller Thomson and Aird & Berlis; attend internal working session regarding employee retention plan; draft email to management regarding bank reconciliation.	6.2
Jan 10	Review and updates to the draft Pre-Filing Report of the Proposed Monitor; attend internal working session regarding D&O charge analysis; attend call with Aird & Berlis regarding D&O charge; attend working session regarding updates and review of the draft cash flow; attend call with management and Hicks Morley regarding draft employee communications; draft email to management regarding lease matters and treatment in cash flow and related emails; attend call with Aird & Berlis regarding workstreams updates and filing preparation; email exchanges with management regarding retained employees schedule; attend call with Hilco regarding various filing preparation, draft Forbearance Agreement and related matters; call with management regarding cash flow forecast, assumptions and split of pre and post filing line items; email exchanges regarding professional fees and retainers; review draft Initial Order and related email exchanges with Aird & Berlis; email exchanges with management regarding outstanding union and pension dues and related timing of remittance; review draft Affidavit and related comments from Aird & Berlis; email exchanges with Hicks Morley regarding employee communications and related matters; review updated cash and bank accounts tracker; review draft newspaper notice and related Monitor communication items; review updates to draft cash management system narrative; review updated Hilco pay-out statement and related update to draft cash flow; email exchange with Hilco regarding employee matters; email exchanges with Gowlings regarding D&O Charge; email exchanges with Hilco and management regarding employee matters.	8.4

Jan 11	Email exchanges with management regarding receipt of funds related to the Forbearance Agreement; attend call with Hilco on employee matters; review email correspondence with Hicks Morley regarding employee matters; attend call with management and Hicks Morley regarding employee matters; attend call with management to review proposed D&O Charge; discussions with management and Hilco regarding advances under the Forbearance Agreement; review comments from Gowlings on draft Affidavit; review retention schedule and email exchanges with management regarding same; email exchanges regarding draft cash flow and related updates; email exchanges regarding payroll matters and review of Ceridian reports for upcoming payroll funding; email exchanges regarding updates to the draft Pre-Filing Report; email exchanges and discussions with management and Gowlings regarding agreed D&O charge sizing; review of professional fees retainer payments and related correspondence with management; email exchanges and discussion with management regarding draft employee communications; email exchange with management regarding draft representation letter on cash flow forecast; finalizing Pre-Filing Report of the Proposed Monitor and appendices for service; review of application materials served and related internal email exchanges regarding Monitor's communications.	8.2
Jan 12	Prepare for and attend Court for Initial Application; attend internal call regarding post-filing action items and workstreams; attend meeting with Company's finance team regarding post-filing monitoring and disbursements protocols; email exchanges with management regarding treasury matters; review draft employee analysis and related email exchanges; review of Initial Order and Endorsement and circulate key excerpts to management team for purposes of stakeholder communications; attend internal working session regarding employee and vendor communications and finalize materials for circulation to management; draft responses to Hilco queries related to draft cash flow forecast; email exchanges with management regarding lease matters; attend internal working session regarding Monitor's communications and notice to creditors; email exchanges with management regarding employee matters.	5.6

Inscape Corporation – 843010
DETAILED SUMMARY – January 1 to 14, 2023

Jan 13	Attend internal call regarding workstreams update and drafting of First Report; respond to creditor enquiries; email exchanges with Hilco, management and internally regarding lease matters; attending to various enquiries regarding asset sales process; drafting schedule for analysis and approval of post-filing inventory conversion proposals; attend working session with management regarding review of proposed disbursements; email exchanges regarding lease negotiation matters and review of supporting analysis; email exchanges regarding communications matters; review of updated cash and bank account tracker; review of certain disbursement items; email exchange regarding TSX delisting notice; email exchange regarding dealer matters; attend internal update meeting regarding status of workstreams; review of draft creditors listing; email exchange with management regarding asset sales process; review draft Amended and Restated Initial Order circulated by Miller Thomson; email exchange with Aird & Berlis regarding priority items and actions.	5.4
TOTAL – S. Moore		72.4 hrs.

<u>E. Mann</u>	<u>Hrs.</u>	
Jan 1	Review company background; prepare draft D&O liability analysis; internal discussions regarding Monitor's Pre-Filing Report, and drafting of same.	4.0
Jan 2	Prepare draft Pre-Filing Report and internal discussion on same; correspondence with Aird & Berlis regarding planning matters; review and update D&O Charge analysis.	5.5
Jan 3	Attend meeting with K. Bray regarding the cash management process; document the cash management process; prepare updates to the D&O liability analysis; and discussions with S. Moore regarding file matters.	3.5
Jan 4	Discussions with S. Moore regarding file matters.	0.6
Jan 5	Discussions with J. Nevsky regarding the D&O Charge sizing; updating the D&O liability analysis; and correspondence with Aird & Berlis regarding D&O liabilities.	1.0
Jan 6	Calculate payroll related liabilities; correspondence with J. Szczur regarding employee matters; review employee listings.	2.8
Jan 7	Correspondence with J. Szczur regarding employee matters.	0.5

Inscape Corporation – 843010
DETAILED SUMMARY – January 1 to 14, 2023

Jan 8	Prepare draft stakeholder communications; correspondence with Faegre regarding US recognition process; correspondence with S. Moore regarding file matters.	1.0
Jan 9	Review secured debt files; discussions with S. Moore and J. Nevsky regarding file matters; review and revise draft Pre-Filing Report and internal discussion on same; correspondence with J. Szczur regarding creditors listing; prepare post-filing communications checklist.	6.2
Jan 10	Discussions with Aird & Berlis regarding file matters; prepare stakeholder communications plan; correspondence with E. Ehgoetz, D. Dyke and Hicks Morley regarding communications plan; prepare update to employee analysis; review Affidavit of E. Ehgoetz; review Aird & Berlis comments on the Pre-Filing Report; prepare updates to the Pre-Filing Report; discussions with S. Moore and J. Nevsky regarding file matters.	12.3
Jan 11	Review and update Pre-Filing Report and internal discussion on same; review draft Globe & Mail notice; correspondence with K. Bray regarding sales taxes; review payroll funding and related disbursements; discussions with E. Ehgoetz regarding D&O liability sizing and employee matters; update D&O liability analysis; and discussions with S. Moore and J. Nevsky regarding file matters.	11.7
Jan 12	Review Initial Order and Endorsement; attend kick-off meeting with K. Bray, S. Trotman and J. Szczur regarding disbursement monitoring protocols; finalize Notice to Creditors; updating case website; attending to various Day 1 matters; and discussions with S. Moore and J. Nevsky regarding file matters and Day 1 noticing requirements.	7.3
Jan 13	Updating case website; review proposed disbursements; review daily cash update; discussion with J. Nevsky and S. Moore regarding the First Report; draft Monitor's First Report; discussions with S. Trotman regarding vendor matters; review certain disbursements and outstanding cheques; prepare Creditor's listing.	7.5
TOTAL – E. Mann		63.9 hrs.

M. Binder

Hrs.

Jan 1	Review and update 13-week cash flow forecast.	1.4
Jan 2	Review Company payroll information and prepare payroll summary.	0.7



Inscape Corporation – 843010

DETAILED SUMMARY – January 1 to 14, 2023

Jan 3	Attend at Company's office for meetings with management; review of various financial information provided by management; prepare 13-week cash flow forecast.	9.5
Jan 4	Attend at Company's office for meetings with management to review financial and operational information, conduct inventory conversion analysis; prepare 13-week cash flow forecast and internal communications regarding same.	7.7
Jan 5	Attend at Company's office for meetings with management to review operational and financial information, and 13-week cash flow forecast; attend meeting with management and Hilco; development and internal review of 13-week cash flow forecast.	13.5
Jan 6	Attend meeting with management and Hilco to review 13-week cash flow forecast; sizing of funding requirement and internal review and communications regarding same.	4.7
Jan 7	Attend internal working session regarding the 13-week cash flow forecast and prepare funding requirement reconciliation.	4.3
Jan 9	Draft Pre-Filing Report of the Proposed Monitor; prepare 13-week cash flow forecast summary and accompanying notes and assumptions for same.	6.2
Jan 10	Draft newspaper legal notice and communications with The Globe & Mail regarding same; review draft E. Ehgoetz Affidavit; development and internal review of 13-week cash flow forecast.	8.2
Jan 11	Draft and review of Pre-Filing Report; communications with the administrator of the case website; review and conduct analysis of payroll information.	3.2
Jan 12	Coordinate upload of materials to case website.	0.6
TOTAL – M. Binder		60.0 hrs.





February 3, 2023

Inscape Corporation
67 Toll Road
Holland Landing, ON
L9N 1H2

Attention: Mr. Eric Ehgoetz
Chief Executive Officer

**RE: INSCAPE CORPORATION (the "Company")
INVOICE #4 (843010)**

For professional services rendered in our capacity as Consultant to the Company and to the Board of Directors of the Company as per our engagement letter dated December 19, 2022, for the period January 15 to 28, 2023.

BILLING SUMMARY

	<u>Hours</u>	<u>Rate</u>	<u>Total-\$CAD</u>
J. Nevsky, Managing Director	13.7	\$800	\$10,960.00
S. Moore, Senior Director	44.1	\$785	34,618.50
E. Mann, Director	37.6	\$535	20,116.00
M. Binder, Associate	26.4	\$355	9,372.00
	<u>121.8</u>		\$75,066.50
Add: HST @ 13%			9,758.65
TOTAL INVOICE			<u>\$84,825.15</u>

Mailing Instructions:

Alvarez & Marsal Canada ULC
Att: Audrey Singels-Ludvik
Royal Bank Plaza, South Tower
200 Bay Street, Suite 2900
P.O. Box 22
Toronto, ON M5J 2J1

Wiring Instructions:

Bank: [REDACTED]
Account Name: [REDACTED]
Swiftcode: [REDACTED]
Bank Address: [REDACTED]
Bank Transit #: [REDACTED]
Institution #: [REDACTED]
CAD Account #: [REDACTED]
Reference #: [REDACTED]
HST#: [REDACTED]

Inscape Corporation – 843010
DETAILED SUMMARY – January 15 to 28, 2023

<u>J. Nevsky</u>	<u>Hrs.</u>
Jan 16 Review and update draft First Report of the Monitor (“First Report”), internal discussion on same; update call with A&M and Company; review of proposed employee retention plan; correspondence with Aird & Berlis (“A&B”) regarding file matters.	3.2
Jan 17 Review of comments on First Report received from Miller Thomson and A&B and update same; review of proposed KERP and schedules to be attached to First Report; internal review and discussion on same.	2.5
Jan 18 Review and update First Report and discussion with A&B on same; review of draft Motion materials from Miller Thomson and provision of comments on same; finalize First Report for execution and service; review of draft Ehgoetz Affidavit.	1.9
Jan 19 Call with potential purchaser of Inscape assets; A&M internal update regarding cash flow and related matters; call with A&B to prepare for Court hearing.	1.6
Jan 20 Correspondence with A&B on file matters; attend Court hearing; internal update call; correspondence with potential purchaser of Inscape assets; review of Court materials and case website.	2.5
Jan 23 Attend on call with A&B regarding file matters; internal update call and review of cash flow.	1.0
Jan 25 Call with Management on sale process and related matters; correspondence with A&B regarding real estate and lease payments; call with Miller Thomson and Company on Holland Landing monetization process.	1.0
TOTAL – J. Nevsky	13.7 hrs.

<u>S. Moore</u>	<u>Hrs.</u>
Jan 15 Email exchange with A&B regarding employee matters; internal email exchanges regarding employee retention matters; internal email exchange regarding D&O charge sizing; review draft Amended and Restated Initial Order and email exchanges internally and with A&B regarding same.	0.8



Jan 16	Respond to creditor enquiries; review updated draft D&O charge analysis and related internal email exchange; email exchange with A&B regarding response on employee enquiries; email exchange with Hilco and management regarding dealer matter; email exchange with management regarding employee matters and retention arrangements; attend call with A&B regarding various post-filing matters and preparation for comeback hearing; attend call with Company's HR team regarding employee matters; attend call with Company's finance team regarding post-filing disbursement protocols and inventory conversion analysis; attend call with management regarding post-filing workstreams and priority action items; email exchanges with management regarding open sales orders; email exchange regarding draft equipment valuation and review of same; email exchange internally on cash flow variance analysis; internal email exchange regarding payroll disbursement analysis and approval; email exchanges with management regarding creditor matrix for mailing of Notice and completeness of litigant parties; internal discussions regarding Bid Process Letter and parties to solicit; attend call with management regarding D&O charge analysis; review of Key Employee Retention Plan analysis and related internal discussions; internal discussion regarding employee claims matters; email exchanges with management regarding lease matters; review draft First Report.	7.2
Jan 17	Attend call with Miller Thomson and Aird & Berlis regarding preparation of materials for comeback hearing and discussion on priority items; attend call with management and Hilco to review priority items and status of various workstreams; respond to creditor enquiries; review cash and bank account tracker and related discussions regarding post-filing cash flows; review of draft Key Employee Retention Plan analysis and related disclosures and internal discussion regarding same; review draft Amended and Restated Initial Order and email exchanges regarding same; review of draft Affidavit; review and updates to First Report; attend calls with interested parties in the assets sales process; email exchanges with management regarding lease matters; review draft creditor listing and related internal email exchanges; attend internal update call regarding status on workstreams and priority actions.	6.4

Inscape Corporation – 843010
DETAILED SUMMARY – January 15 to 28, 2023

Jan 18	Attend call with management regarding status on workstreams and priority action items; attend internal calls regarding disbursements monitoring and employee matters; respond to creditor enquiries; email exchange with management regarding approach to open sales orders; email exchange with management regarding lease matters; email exchange with Miller Thomson regarding certain disclosures regarding employee matters and related discussion with management; email exchanges with Miller Thomson and Hicks Morley regarding employee matters; respond to various parties interested in assets sale process; attend call with agent regarding lease matter; further updates to the Key Employee Retention Plan schedule and related discussions with management; draft updates to the First Report and finalization of Appendices for service.	5.9
Jan 19	Attend call with management regarding draft inventory conversion analysis; email exchanges regarding withheld shipments and related analysis and investigation; email exchange with A&B regarding employee matters; email exchanges with management regarding cash and bank account tracker and upcoming disbursement items; review draft employee retention agreement and related correspondence with A&B; email exchanges with interested parties in the assets sale process; email exchanges regarding Monitor communications and discussion regarding distribution of Notice to Creditors; email exchanges with A&B and Company regarding OSC discussion and related amendments to materials; email exchanges and discussions with A&B regarding various business matters in advance of the comeback hearing; prepare draft Bid Process Letter and circulate internally.	6.1
Jan 20	Attend call with management and interested party in the assets sale process; attend call with A&B regarding update on business matters and preparation for comeback hearing; prepare for and attend Court hearing for comeback Motion; attend call with Company HR team regarding employee matters and related analysis; attend call with management regarding status on various workstreams and priority actions; circulate draft Bid Process Letter to A&B and management; email exchanges regarding interested party in assets sale process; email exchanges regarding lease matters; email exchanges regarding withheld shipments and related discussions with management; draft email to logistics provider.	4.7
Jan 22	Review draft press release; email exchange regarding certain employee matters.	0.3

Inscape Corporation – 843010
DETAILED SUMMARY – January 15 to 28, 2023

Jan 23	Attend internal update call on status of workstreams and action items; attend call with A&B regarding certain claims matters; attend update call with management regarding updates on various workstreams and priority actions; attend internal call to review regarding weekly cash flow variance analysis; email exchanges with various interested parties in the assets sale process; email exchanges regarding US Chapter 15 recognition proceedings; email exchanges regarding various cash flow items with management; email exchanges with management regarding certain claims matters and operating issues.	2.4
Jan 24	Attend weekly call with management and Hilco regarding updates on various workstreams and priority action items; attend internal call regarding review of cash flow variance analysis; attend call with transportation and logistics provider regarding ongoing services and pre-filing claim; respond to creditor enquiries; email exchanges regarding equipment valuation report; email exchanges regarding transportation issue and related analysis; finalize bid process letter and email exchanges with counsel regarding same; review and finalize cash flow variance analysis; email exchanges regarding assets sale process and coordinating site tours with management; email exchanges with management and Hicks Morley regarding certain employee matters; email exchanges regarding lease matters and related analysis.	3.6
Jan 25	Attend call with Miller Thomson, Aird & Berlis and management regarding overview of certain leasing matters and proposed next steps; attend call with interested party in the assets sale process; email exchanges regarding certain claims matters; review updated inventory conversion analysis and related discussions with management; further updates to the asset sales process tracker and related discussions with management; email exchanges regarding vendor issues and related cash flow items; finalize bid process letter for circulation and related email exchanges; review correspondence from counsel to a customer and related email exchanges internally and with management and Miller Thomson.	2.4
Jan 26	Email exchanges with management regarding analysis related to transportation services; email exchanges with management regarding disbursement approval process and related items; email exchanges internally and with management regarding assets sale process enquiries; email exchanges with management regarding inventory conversion analysis and related customer deposits.	2.1

Inscape Corporation – 843010
DETAILED SUMMARY – January 15 to 28, 2023

Jan 27	Attend call with management regarding assets sale process and next steps; attend update call with management regarding status of various workstreams and priority action items; email exchanges with management and Miller Thomson regarding employee matters and related service provider requests; attend call with customer and related discussions regarding inventory completion and deposit request; review various proposed disbursements and related approvals with management; respond to various employee matters and related internal call.	2.2
--------	--	-----

TOTAL – S. Moore	44.1 hrs.
-------------------------	------------------

<u>E. Mann</u>	<u>Hrs.</u>
-----------------------	--------------------

Jan 15	Draft First Report; update D&O analysis; and review draft Amended & Restated Initial Order.	5.0
Jan 16	Prepare CCAA Form 2 for submission to Superintendent of Bankruptcy; draft First Report; review KERP summary and prepare appendix to be attached to First Report; meet with E. Ehgoetz to review D&O analysis; meet with K. Ennis regarding payroll matters; update creditor listing; and update case website.	8.2
Jan 17	Prepare revisions to the First Report; finalize creditor listing; finalize Notice to Creditors; review Second Ehgoetz Affidavit; review accounts receivable aging; discussions with Company regarding various matters; and update case website.	6.5
Jan 18	Attend at Company's office for meetings to discuss disbursements and employee matters; update case website; finalize First Report; responses to creditor and employee inquiries.	4.8
Jan 19	Internal discussions regarding budget to actual cash flow analysis; correspondence with the Company regarding cash activity; discussions with K. Ennis regarding employee benefits; correspondence with S. Trotman regarding withheld shipments; reviewing disbursements; reviewing payroll calculations; update case website; and responses to creditor and employee inquiries.	3.8

Inscape Corporation – 843010**DETAILED SUMMARY – January 15 to 28, 2023**

Jan 20	Correspondence and call with S. Trotman regarding project waivers; review updated disbursements; call with S. Trotman and S. Moore regarding withheld shipments; review held deposits and update Creditor's listing; review vacation accrual calculations and call with management regarding same; attend update call with management; update case website; respond to creditor and employee inquiries received via Monitor's inbox and hotline.	4.2
Jan 23	Finalize budget to actuals cash flow analysis and discussions with M. Binder regarding same; correspondence with K. Bray regarding cash activity; correspondence with S. Trotman regarding withheld shipments and email to A&B regarding same; attend update call with management; and responses to creditor and employee inquiries.	2.4
Jan 24	Correspondence with K. Ennis regarding employee matters; emails with T. Stuckless regarding payroll and vacation pay; updating the case website; attending call with vendor regarding withheld shipments; correspondence with Willkie Farr & Gallagher regarding Chapter 15 petition materials; and responses to creditor and employee inquiries.	1.2
Jan 25	Attend weekly update call with Hilco regarding cash flow matters and other CCAA items; review proposed disbursements with S. Trotman and K. Bray; and responses to creditor and employee inquiries.	1.0
Jan 26	Review email from vendor regarding withheld shipments; update case website; and responses to creditor and employee inquiries.	0.5
TOTAL – E. Mann		37.6 hrs.

<u>M. Binder</u>		<u>Hrs.</u>
Jan 15	Coordinate upload of materials to the Monitor’s Case Website; review KERP proposal.	0.5
Jan 16	Prepare analysis of precedent KERP’s approved by the Court and internal discussions regarding same; respond to emails sent to the Monitor’s inbox.	3.6
Jan 17	Assist in drafting of the First Report and preparation of supporting schedules.	2.7
Jan 18	Review First Report and coordinate upload of materials to the case website.	1.5
Jan 19	Prepare 13-week cash flow file for reporting of actual performance.	3.0



Inscape Corporation – 843010

DETAILED SUMMARY – January 15 to 28, 2023

Jan 20	Review banking transactions and related information for the period ended January 20, 2023; internal update call on file matters.	2.5
Jan 23	Update 13-week cash flow for actual performance and prepare a summary of results, internal discussions regarding same.	5.4
Jan 24	Prepare accounts receivable roll-forward and discussions with K. Bray and S. Trotman regarding same; coordinate upload of materials to the case website.	3.5
Jan 25	Prepare contact list for Bid Process; send initial reach-out emails with Bid Process letter to interested parties.	1.5
Jan 26	Respond to emails sent to the Monitor's mailbox.	0.6
Jan 27	Attend call with S. Moore and D. Dyke to discuss information provided to parties on the Bid Process contact list; update 13-week cash flow file for banking transactions for the period January 23 to 26; attend call with management to discuss file matters.	1.6
TOTAL – M. Binder		26.4 hrs.





February 15, 2023

Inscape Corporation
67 Toll Road
Holland Landing, ON
L9N 1H2

Attention: Mr. Eric Ehgoetz
Chief Executive Officer

**RE: INSCAPE CORPORATION (the "Company")
INVOICE #5 (843010)**

For professional services rendered in our capacity as Consultant to the Company and to the Board of Directors of the Company as per our engagement letter dated December 19, 2022, for the period January 29 to February 11, 2023.

BILLING SUMMARY

	<u>Hours</u>	<u>Rate</u>	<u>Total-\$CAD</u>
J. Nevsky, Managing Director	9.8	\$800	\$7,840.00
S. Moore, Senior Director	49.9	\$785	39,171.50
E. Mann, Director	41.6	\$535	22,256.00
M. Binder, Associate	44.9	\$355	15,939.50
	<u>146.2</u>		\$85,207.00
Add: HST @ 13%			11,076.91
TOTAL INVOICE			<u>\$96,283.91</u>

Mailing Instructions:

Alvarez & Marsal Canada ULC
Att: Audrey Singels-Ludvik
Royal Bank Plaza, South Tower
200 Bay Street, Suite 2900
P.O. Box 22
Toronto, ON M5J 2J1

Wiring Instructions:

Bank: [REDACTED]
Account Name: [REDACTED]
Swiftcode: [REDACTED]
Bank Address: [REDACTED]
Bank Transit #: [REDACTED]
Institution #: [REDACTED]
CAD Account #: [REDACTED]
Reference #: [REDACTED]
HST#: [REDACTED]

Inscape Corporation – 843010**DETAILED SUMMARY – January 29 to February 11, 2023**

<u>J. Nevsky</u>	<u>Hrs.</u>	
Jan 30	Call with A&B regarding file matters; review of cash flow forecast and internal correspondence on same; call with legal counsel to US employee benefits provider to address CCAA questions.	1.2
Jan 31	Review of cash flow and accounts receivable ledger; email correspondence regarding various employee relates matters; follow-up discussion with legal counsel to US benefits provider.	1.5
Feb 1	Internal team meeting on file matters and planning.	0.5
Feb 6	Review cash flow results and revised forecast; review and discussion on accounts receivable analysis and action items; internal update call on file matters.	1.0
Feb 8	Review of Letters of Interest received; internal discussion and review of LOIs; review and provision of comments on A&M's Summary of Bids.	1.4
Feb 9	Call with Management on LOIs received, cash flow and collection matters, lease monetization plan and related matters; review of revised cash flow and recovery analysis; attend on call with Company and Hilco on LOI's and related file matters.	2.0
Feb 10	Attend on call with Hilco and management on file matters; attend on call with Gordon Brothers regarding Letter of Intent; internal discussion on asset monetizations; correspondence with Aird & Berlis on LOIs and related matters.	2.2
TOTAL – J. Nevsky		9.8 hrs.

<u>S. Moore</u>	<u>Hrs.</u>	
Jan 30	Attend call with management regarding post-filing workstreams and priority action items; attend internal call to review weekly cash flow variance analysis and drafting updates to same; internal email exchange regarding priority actions items and next steps; email exchanges with management regarding outreach to bid process parties; internal discussion regarding professional fees tracker, collating invoices and related email exchanges; respond to creditor enquiries; email exchanges regarding employee matters; email exchange regarding inventory monetization.	3.2



Jan 31	Email exchanges with management regarding accounts receivable recovery matter; review analysis of customer account; email exchanges regarding asset sales bid process; email exchange regarding enquiries on employee matters; email exchanges with management regarding cash and treasury; email exchanges regarding critical vendor correspondence; email exchanges regarding bid process follow-ups and drafting summary tracker; email exchanges regarding cash flow variance analysis; review of Canadian employee matters raised and related correspondence with Aird & Berlis; attend internal call regarding weekly cash flow variance analysis; attend call with Hilco and management regarding updates on workstreams and priority action items.	3.3
Feb 1	Attend call with management regarding asset sales bid process and next steps; attend update call with management regarding priority workstreams; attend internal update call regarding priority action items and next steps; email exchanges and analysis regarding recovery of customer accounts receivable; email exchanges with management regarding lease matters; drafting updates to the weekly cash flow variance analysis and circulate to management.	3.4
Feb 2	Attend call with management regarding status on accounts receivable collection and next steps; attend call with management regarding employee matters and related correspondence; email exchanges internally regarding asset sales bid process and sharing information; drafting response to Union enquiry on employee matters and related investigation; review of pension reports and related email exchanges with management; review of asset sales matters with bid parties and related email exchanges; internal discussion regarding WEPPA process and employee claims matters; review of draft engagement letters and related email exchange.	4.2
Feb 3	Attend call with Aird & Berlis regarding employee matters, WEPPA administration and response to Union enquiries; attend call with management regarding updates on workstreams and priority action items; email exchanges regarding retained employees matters; review and analysis of accounts receivable ledger and projected recoveries and related internal email exchanges; email exchanges regarding professional fees invoices and tracker; review of Affidavit for pension disclosures and related email exchange with Aird & Berlis; email exchange with management regarding employee matters.	3.4

Feb 6	Attend call with management regarding review of punch list items and next steps on certain accounts receivable; attend call regarding review and analysis of certain accounts receivable; attend call with management regarding updates on workstreams and priority action items; drafting updates to professional fees tracker and related internal discussions and email exchange with Miller Thomson; internal email exchange regarding priority action items and accounts receivable analysis and projected collections; email exchanges regarding creditor enquiries and resolution of vendor matters; email exchanges with Aird & Berlis regarding pension matters.	4.5
Feb 7	Internal discussion regarding follow-up items with parties in the asset sales process; email exchanges with management regarding follow-up information requests for bid parties; attend calls with bid parties and respond to related information requests; respond to creditor enquiries; review of certain equipment information and related internal discussions; attend internal call regarding analysis of certain accounts receivable and projected collections.	6.2
Feb 8	Attend at Company's offices for meetings with management regarding accounts receivable collections analysis and approach; attend meeting with management regarding asset sales bid process and next steps; review of Letters of Intent received from the bid parties and related discussions internally and with management; attend internal calls regarding status of workstreams and priority actions items related to liquidity and recovery analysis; internal discussions regarding preparation of bid summary slides; drafting letter to critical vendor and circulate; email exchanges with management regarding the recovery of certain accounts receivable balances and next steps; email exchanges regarding status of corporation and sales tax matters; review of employee retention matters.	6.3
Feb 9	Attend at Company's offices for meetings with management regarding accounts receivable collections analysis and approach; review of Letters of Intent received from the bid parties; review of draft bid summary deck and related discussions; drafting updates to the bid summary deck; circulate bid summary deck to management and Hilco; review of cash and treasury matters with management; discussions with management regarding inventory monetization opportunities; discussions with management regarding settlement strategy on key accounts receivable and related analysis; review of updated cash flow forecast, related analysis and drafting updates; drafting updates to the weekly cash flow variance analysis and circulate to management.	9.3

Feb 10	Attend weekly call with management and Hilco regarding updates on various workstreams and priority action items, including the outcomes of the bid process; drafting summary of items for discussion related to Letter of Intent and respond to bid party; discussions internally and with the bid party regarding Letter of Intent and proposed changes; review of certain equipment and inventory asset listings prepared by management; email exchanges with management regarding next steps in bid process; review and updates to professional fees tracker and period to date variance analysis and circulate to management; attend call with Hilco regarding status of recovery analysis and priority workstreams and issues identified; attend internal update meeting regarding status of priority action items.	6.1
--------	--	-----

TOTAL – S. Moore		49.9 hrs.
-------------------------	--	------------------

<u>E. Mann</u>		<u>Hrs.</u>
-----------------------	--	--------------------

Jan 30	Correspondence with S. Trotman regarding project waivers; discussions with K. Ennis regarding employee matters; correspondence with US healthcare providers; and responses to creditor inquiries.	3.0
Jan 31	Attend meeting with US healthcare providers and K. Ennis; responses to K. Ennis regarding employee matters; internal discussions regarding the bid process; correspondence regarding a detailed AR plan; attend meeting with Ceridian regarding employee payroll processing; discussions with Company regarding QST filings; responses to creditor inquiries.	3.5
Feb 1	Attend meeting with the Company regarding AR collections; discussions regarding rent payments; call with Service Canada regarding a WEPP extension; and responses to creditor inquiries.	1.2
Feb 2	Call with K. Ennis regarding employee matters; discussions with the Company regarding WEPP information; internal discussions regarding the bid process; attend meeting with the Company regarding AR collections; call with Service Canada regarding a WEPP extension; correspondence with Aird & Berlis regarding employee matters; and responses to creditor inquiries.	3.5

Inscape Corporation – 843010

DETAILED SUMMARY – January 29 to February 11, 2023

Feb 3	Attend meeting with Aird & Berlis regarding file matters; review disbursements and attend meeting regarding same; discussions with K. Ennis regarding vacation pay; review Company open orders; discussions with US health care provider regarding premiums; and responses to creditor inquiries.	3.5
Feb 6	Prepare AR analysis and internal discussions regarding same; review payroll registers; attend meeting regarding projects to complete; correspondence with Company regarding records storage; discussions regarding vendor matters; and responses to creditor inquiries.	4.0
Feb 7	Prepare schedules for AR collection; attend meeting regarding order status; review payroll registers; attend call regarding AR collections; review Company records on collection efforts; attend update meeting with management; and responses to creditor inquiries.	5.8
Feb 8	Attend on site for meeting with management regarding AR collection strategy; attend calls with customers regarding AR; detailed review of account status; discussions with D. Dyke and R. Montinaro regarding order status; and responses to creditor inquiries.	6.7
Feb 9	Attend various meetings at Company offices; attend meeting with M. Doherty regarding collection plan; attend meeting with Company regarding incomplete projects; attend meeting with management regarding file matters; discussions with finance team regarding customer matters; prepare AR update summary; and responses to creditor inquiries.	8.2
Feb 10	Review disbursements; attend call with Hilco; internal discussions regarding file matters; and responses to creditor inquiries.	2.2
TOTAL – E. Mann		41.6 hrs.

M. Binder

Hrs.

Jan 30	Update 13-week cash flow forecast for actual performance and prepare a summary of results, internal discussions regarding same.	5.5
Jan 31	Update cash flow reporting summary; email correspondence with Bid Process participants and respond to creditor inquiries sent to the Monitor's inbox.	3.5
Feb 1	Attend meeting with management to discuss Bid Process and related information requests from participants, communications with Bid Process participants.	3.2



Inscape Corporation – 843010

DETAILED SUMMARY – January 29 to February 11, 2023

Feb 2	Respond to creditor inquiries sent to the Monitor's inbox; compile information request list for WEPP filing and complete authorization form; attend calls with the Company to discuss accounts receivable collections plan and internal discussions regarding same.	3.8
Feb 3	Attend meeting with the Company to review payment run, discuss payroll forecast calculations and other file matters; attend call with Aird & Berlis to discuss union matters and WEPP process; email correspondence with Bid Process participants and internal update call.	4.9
Feb 6	Attend meeting with Company to discuss fulfilment of select orders and other file matters; update 13-week cash flow forecast for actual performance and prepare a summary of results.	5.4
Feb 7	Internal discussions regarding cash flow variance summary; attend internal meeting to review accounts receivable collections summary; attend calls with Bid Process participants.	4.1
Feb 8	Review bids received and prepared summary; respond to creditor inquiries sent to the Monitor's inbox.	5.6
Feb 9	Prepare revised 13-week cash flow forecast and internal discussions regarding same; attend meeting with management to review bids received.	6.6
Feb 10	Respond to creditor inquiries sent to the Monitor's inbox; attend meeting with Bid Process participants to discuss letter of intent and attend internal update meeting.	2.3
TOTAL – M. Binder		44.9 hrs.





March 9, 2023

Inscape Corporation
67 Toll Road
Holland Landing, ON
L9N 1H2

Attention: Mr. Eric Ehgoetz
Chief Executive Officer

**RE: INSCAPE CORPORATION (the "Company")
INVOICE #6 (843010)**

For professional services rendered in our capacity as Consultant to the Company and to the Board of Directors of the Company as per our engagement letter dated December 19, 2022, for the period February 12 to 25, 2023.

BILLING SUMMARY

	<u>Hours</u>	<u>Rate</u>	<u>Total-\$CAD</u>
J. Nevsky, Managing Director	19.4	\$800	\$15,520.00
S. Moore, Senior Director	27.0	\$785	21,195.00
E. Mann, Director	19.2	\$535	10,272.00
M. Binder, Associate	27.0	\$355	9,585.00
	<u>92.6</u>		\$56,572.00
Add: HST @ 13%			7,354.36
TOTAL INVOICE			<u>\$63,926.36</u>

Mailing Instructions:

Alvarez & Marsal Canada ULC
Att: Audrey Singels-Ludvik
Royal Bank Plaza, South Tower
200 Bay Street, Suite 2900
P.O. Box 22
Toronto, ON M5J 2J1

Wiring Instructions:

Bank: [REDACTED]
Account Name: [REDACTED]
Swiftcode: [REDACTED]
Bank Address: [REDACTED]

Bank Transit #: [REDACTED]
Institution #: [REDACTED]
CAD Account #: [REDACTED]
Reference #: [REDACTED]
HST#: [REDACTED]

Inscape Corporation – 843010
DETAILED SUMMARY – February 12 to 25, 2023

<u>J. Nevsky</u>	<u>Hrs.</u>
Feb 13 Internal discussion regarding cash flow and accounts receivable collections plan; review of LOIs and discussion with Aird & Berlis on same; internal discussion regarding vendor and stakeholder communications; review of actual cash flow results through February 10.	2.3
Feb 14 Call with Aird & Berlis and Miller Thomson regarding file matters; correspondence with Company regarding Gordon Brother LOI and related matters; review of cash flow detail and accounts receivable collection plan.	1.8
Feb 15 Internal discussion on liquidation and sale process, including next steps and selection of winning bids; review of LOIs and discussion with Aird & Berlis on liquidation bids; attend on call with liquidator regarding LOI and proposed transaction; internal discussion regarding accounts receivable collection efforts.	1.6
Feb 16 Review of cash flow forecast and estimated recovery analysis, internal discussion on same; planning for stay extension hearing and Monitor's Second Report; review of cash flow results to date; internal discussion on asset and liquidation realizations, and review of Workingman APA.	1.2
Feb 21 Review of Gordon Brothers APA and correspondence with Miller Thomson on same; review of update cash flow forecast and accounts relievable collection plan; correspondence with Aird & Berlis regarding stay extension hearing and Monitor's Second Report.	2.2
Feb 22 Review of updated cash flow forecast; review revised Asset Purchase Agreement and correspondence with Aird & Berlis on same; internal correspondence on Chapter 15 proceedings.	1.0
Feb 24 Review of updated Gordon Brother's APA and correspondence from Miller Thomson; review of lease assignment and inducement agreement; review of updated cash flow forecast and internal discussion on same; drafting Monitor's Second Report.	5.3
Feb 25 Review and update of Monitor's Second Report; correspondence with Aird & Berlis regarding Secord Report and liquidation/sale process; review of actual cash flow results and update Second Report with same.	4.0
TOTAL – J. Nevsky	19.4 hrs.



Inscape Corporation – 843010
DETAILED SUMMARY – February 12 to 25, 2023

S. Moore

Hrs.

Feb 13	Email exchanges with management and internally regarding liquidity and payment protocols; internal email exchange regarding vendor issue resolution; email exchange with management regarding post-filing vendor payments; review proposed lease arrangement and related documentation and related internal email exchange; attend call with proposed asset purchaser regarding LOI; review accounts receivable analysis and related internal emails; follow-up with various bid parties regarding LOI submissions; attend call with management regarding post-filing workstreams and priority action items.	3.1
Feb 14	Email exchange with management regarding inventory monetization status and related cashflow projections; email exchange with management regarding status of LOI negotiation with proposed asset purchaser; attend weekly call with management and Hilco regarding updates on various workstreams and priority action items, including the status of the bid process; attend call with Miller Thomson, Aird & Berlis and management regarding status of various workstreams and next steps in Court proceedings; attend call with asset purchase bid party; review accounts receivable analysis and share with management and Hilco; email exchange with management regarding proposed lien settlements and related accounts receivable; internal discussion regarding various workstreams and priorities.	3.3
Feb 15	Email confirmation to proposed asset purchaser on acceptance of LOI and next steps; email exchange with management regarding asset sales workstream and next steps; email exchanges and calls with assets sale bid parties; attend call with management and proposed assets purchaser regarding next steps for transaction; email exchanges regarding accounts receivable recovery actions and approach; attend internal call regarding cashflow variance analysis and commentary; email exchange with management regarding upcoming rent payments; attend calls with asset sale bid parties and review of amended LOIs; draft summary note on bid process and proposed approach to management and Hilco; attend call with asset sale bid party to clarify value proposition.	3.1

Feb 16	Email confirmation to proposed asset purchaser on acceptance of LOI and next steps; email exchanges regarding accounts receivable recovery status and actions; Attend call with management regarding status on accounts receivable collection and next steps; email exchanges with Miller Thomson and Aird & Berlis regarding outcomes of the asset sales process and next steps; email exchanges with management regarding proposed payments and status of accounts receivable recoveries; review draft Asset Purchase Agreement from Workingman and related internal email exchanges; email exchange with Hilco regarding various asset realization workstreams; email exchanges with management regarding asset inclusions in Asset Purchase Agreement from proposed purchaser.	2.9
Feb 17	Review updated draft cashflow variance analysis and circulate to management and Hilco; attend call with management regarding proposed approach with paint lines and implications for draft Asset Purchase Agreement; attend call with management and proposed purchaser regarding treatment of paint lines and other asset exclusions; email exchange with proposed assets purchaser and review draft Asset Purchase Agreement; email exchange regarding lease arrangement matter; email exchange and call with proposed asset purchaser; review of staff retention analysis and related internal discussions; email exchanges with accounts receivable advisor; email exchanges regarding negotiation with assets proposed purchaser.	2.7
Feb 20	Email exchanges with management regarding review of draft Asset Purchase Agreements; review and update of professional fees tracker and circulate; email exchange with Miller Thomson regarding weekly cashflow variance analysis; internal email exchanges regarding accounts receivable matters and next steps.	0.4
Feb 21	Attend call with accounts receivable advisor regarding analysis and approach; attend internal call regarding review of draft staff retention schedule and related cash flow forecast modelling; email exchange regarding employee matters; internal email exchanges regarding priority items and next steps; email exchanges with Miller Thomson regarding Court proceedings next steps; review latest accounts receivable ledger download; review draft Asset Purchase Agreement with proposed purchaser and related email exchanges; review accounts receivable matter and related email with management; review of draft payroll funding schedules and related email exchanges internally and with management; email to management regarding liquidity and priority action items; review retention bonus payments.	2.9

Inscape Corporation – 843010

DETAILED SUMMARY – February 12 to 25, 2023

Feb 22	Attend internal working session regarding cashflow forecast model updates and assumptions; attend internal meeting regarding liquidity and accounts receivable status and priority action items; review of forecast accounts receivable recoveries and related email exchanges with management; review draft Asset Purchase Agreement and related comments and email exchange with Aird & Berlis, Miller Thomson and management; email updates regarding the Chapter 15 recognition proceedings; email exchanges with management regarding asset sales process and next steps; draft summary assumptions and analysis required for cashflow reforecast process and circulate to management; email exchanges and calls with proposed assets purchaser; review and update weekly cashflow variance analysis and circulate to management and Hilco; email exchange with management regarding status of various tax matters.	2.9
Feb 23	Attend weekly updates call with management, Miller Thomson and Hilco regarding the status of various workstreams and priority realization items; email exchange regarding accounts receivable advisor and next steps; attend working session with management regarding cashflow reforecast assumptions and updates to model; email exchange with Miller Thomson and Aird & Berlis regarding liquidity and next steps; review employee matter and related email exchange with Aird & Berlis; review latest updates on proposed lease arrangement.	2.6
Feb 24	Email exchanges regarding confirmation of assets sales proceeds; internal email exchange regarding team update and priority action items; email exchanges regarding draft cashflow projections review and circulate to management; attend call with management regarding review and updates to draft cashflow forecast; email exchanges regarding professional fees forecasts with respective firms; review and updates to draft cashflow forecast and circulate to management and Hilco; email exchanges regarding accounts receivable recovery projections and draft summary schedule of major accounts; review inventory conversion analysis and related email exchanges.	3.1
TOTAL – S. Moore		27.0 hrs.

E. Mann

Hrs.

Feb 13	Correspondence with CRA and J. Szczur regarding a trust exam; internal discussions regarding AR collections; correspondence with the OSB regarding file matters; review weekly payroll; attend call with management regarding collections and preparing a summary on same; responses to creditor and employee inquiries.	3.8
--------	--	-----



Inscape Corporation – 843010**DETAILED SUMMARY – February 12 to 25, 2023**

Feb 14	Review proposed disbursements and internal discussions regarding same; attend update call with Hilco; correspondence with Inscape regarding proposed disbursements; responses to creditor and employee inquiries.	2.7
Feb 17	Review emails regarding collections; responses to creditor and employee inquiries.	0.7
Feb 20	Prepare draft Second Monitor's Report; prepare updated retained employee analysis.	6.2
Feb 21	Review proposed payroll run; review employee expenses; update retained employee analysis and internal discussions on same; attend call with Inscape regarding union dues; correspondence with J. Szczur regarding the CRA's request for a trust exam; and responses to creditor and employee inquiries.	3.7
Feb 22	Responses to creditor and employee inquiries.	0.5
Feb 23	Correspondence with S. Trotman regarding retainage payments; discussion with Inscape regarding payroll fees; review proposed disbursements and responses to creditor and employee inquiries.	1.6
TOTAL – E. Mann		19.2 hrs.

M. Binder**Hrs.**

Feb 13	Update 13-week cash flow forecast for actual performance and prepare a summary of results, internal discussions regarding same; respond to creditor inquiries sent to the Monitor's inbox.	3.3
Feb 14	Correspondence with Bid Process participants and internal update call.	2.1
Feb 15	Attend meeting with management and Bid Process participant to discuss proposal; attend general update meeting with management; prepare illustrative cash flow scenario.	4.6
Feb 19	Update 13-week cash flow forecast for actual performance.	1.0
Feb 21	Review draft Second Report of the Monitor; update 13-week cash flow forecast for actual performance and prepare a summary of results, internal discussions regarding same and internal call regarding 13-week cash flow reforecast.	5.0



Inscape Corporation – 843010

DETAILED SUMMARY – February 12 to 25, 2023

Feb 22	Prepare 13-week cash flow reforecast; correspondence with K. Bray to discuss disbursements and internal meet to review 13-week cash flow forecast and forecast to actual performance.	4.4
Feb 23	Respond to creditor inquiries sent to the Monitor's inbox; attend meeting with management to review 13-week cash flow reforecast and internal discussions regarding same.	3.0
Feb 24	Update 13-week cash flow reforecast.	0.5
Feb 25	Draft and review the Second Report of the Monitor.	3.1
TOTAL – M. Binder		27.0 hrs.



**THIS IS EXHIBIT “2”
TO THE AFFIDAVIT OF JOSH NEVSKY
SWORN BEFORE ME THIS 20th DAY OF MARCH, 2023**

DocuSigned by:

Matilda Lici

7CE576E4AA3D4CA

Commissioner for Taking Affidavits
Matilda Lici

EXHIBIT "2"
ALVAREZ & MARSAL CANADA INC., COURT-APPOINTED MONITOR OF
INSCAPE CORPORATION, INSCAPE INC. AND INSCAPE (NEW YORK) INC.
(January 1, 2023 to February 25, 2023)

Staff Member	Title	Total Hours	Rate (\$CAD)	Amount Invoiced (\$CAD)
Josh Nevsky	Managing Director	64.0	800.0	51,200.00
Stephen Moore	Senior Director	193.4	785.0	151,819.00
Esther Mann	Director	162.3	535.0	86,830.50
Mitchell Binder	Associate	158.3	355.0	56,196.50
Total Fees (excl. Disbursements and HST)		578.0	Avg Rate \$598.7	\$346,046.00

APPENDIX “E”

HGG'CHHF CXK'QH KYLE PLUNKETT

**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.

**AFFIDAVIT OF KYLE PLUNKETT
(sworn March 21, 2023)**

I, **KYLE PLUNKETT**, of the City of Toronto, in the Province of Ontario, **MAKE OATH
AND SAY AS FOLLOWS:**

1. I am a partner at Aird & Berlis LLP and, as such, I have knowledge of the matters to which I hereinafter depose.

2. Aird & Berlis LLP has acted, and continues to act, as counsel for Alvarez & Marsal Canada Inc. in its capacity as Court-appointed Monitor (in such capacity, the “**Monitor**”) of Inscape Corporation, Inscape (New York) Inc. and Inscape Inc. (collectively, the “**Applicants**”).

3. Aird & Berlis LLP has prepared statements of account detailing its services rendered and disbursements incurred in connection with its mandate as counsel to the Monitor, namely:

- (a) an account dated January 27, 2023 in the amount of \$69,228.11 in respect of the period from December 29, 2022 to January 15, 2023;
- (b) an account dated February 28, 2023 in the amount of \$33,999.44 in respect of the period from December 29, 2022 to January 31, 2023; and

(c) an account dated March 13, 2023 in the amount of \$31,240.55 in respect of the period from February 1, 2023 to February 28, 2023 (collectively, the “**Statements of Account**”).

4. Attached hereto and marked as **Exhibit “A”** to this Affidavit are copies of the Statements of Account.

5. Attached hereto and marked as **Exhibit “B”** to this Affidavit is a chart detailing the lawyers, law clerks and articling students who have worked on this matter.

6. This Affidavit is made in support of a motion to, *inter alia*, approve the attached Statements of Account of Aird & Berlis LLP and the fees and disbursements detailed therein, and for no improper purpose whatsoever.

SWORN before me by video conference)
at the City of Toronto, in the Province of)
Ontario, this 21st day of March, 2023, in)
accordance with O. Reg. 431/20,)
Administering Oath or Declaration)
Remotely)



Commissioner for taking affidavits)



KYLE PLUNKETT

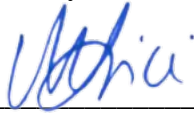
Attached is Exhibit "A"

Referred to in the

AFFIDAVIT OF KYLE PLUNKETT

Sworn before me

this 21st day of March, 2023

A handwritten signature in blue ink, appearing to read "Utthia", is written over a horizontal line.

Commissioner for taking Affidavits, etc



Aird & Berlis LLP
Brookfield Place, Suite 1800
181 Bay Street
Toronto, Ontario M5J 2T9 Canada

T 416 863 1500
F 416 863 1515
airdberlis.com

Alvarez & Marsal Canada Inc.
2900 - 200 Bay Street
P.O. Box 22
Toronto, ON
M5J 2J1 Canada

January 27, 2023

Attention: Mr. Josh Nevsky

Invoice No: 1324863

Re: Inscape Corporation

Client No: 053502

Matter No: 305385

FOR PROFESSIONAL SERVICES RENDERED on your behalf throughout the period ending January 15, 2023

MEMBER	DATE	RATE	HOURS	VALUE	DESCRIPTION
KBP	29/12/22	595.00	1.00	595.00	Review and consider initial materials for proposed insolvency mandate; discussion with A&M; review email from MT.
SRM	29/12/22	425.00	2.00	850.00	Review email; Conduct prelims; Order and review corporate history; Order PPSA and UCC searches
KBP	30/12/22	595.00	2.00	1,190.00	Attend call with MT and A&M to discuss new matter and insolvency options; review and consider materials from company.
SLG	30/12/22	895.00	1.10	984.50	Meeting with A&B and A&B re mandate, issues and process
SLG	30/12/22	895.00	0.70	626.50	Professionals call with MT, A&M and A&B re approach and timing
SRM	30/12/22	425.00	0.70	297.50	Review PPSA searches and report on same
KBP	02/01/23	650.00	2.40	1,560.00	Review and respond to various emails from client regarding strategy and pre-filing materials; review and respond to emails from U.S. counsel and MT; attend calls with A&M.
SLG	02/01/23	925.00	0.20	185.00	Contact list
BHM	03/01/23	875.00	0.50	437.50	Telephone call with S. Graff and K. Plunkett
BHM	03/01/23	875.00	0.50	437.50	Further review of documents
BHM	03/01/23	875.00	0.30	262.50	Various email communications

MEMBER	DATE	RATE	HOURS	VALUE	DESCRIPTION
KBP	03/01/23	650.00	2.20	1,430.00	Review various emails and respond to same from client regarding filing and employee related matters; attend calls with client team; review and consider debtor documents.
SLG	03/01/23	925.00	0.70	647.50	Telephone call with B. Miller and K. Plunkett re employment/labour issues and approach; emails with US counsel
SRM	03/01/23	440.00	0.40	176.00	Review UCC searches and report on same
KBP	04/01/23	650.00	3.40	2,210.00	Attend various calls with client to discuss materials and pre-filing administration; review and consider emails from MT team; review initial diligence items in preparation for filing; attend call with Faegre Drinker term.
SLG	04/01/23	925.00	2.00	1,850.00	Prepare for and review status of filing; discussion with A&M and A&B teams
BHM	05/01/23	875.00	1.70	1,487.50	Review of documents respecting pensions and employment matters
BHM	05/01/23	875.00	0.50	437.50	Telephone call with counsel
KBP	05/01/23	650.00	3.00	1,950.00	Attend various calls with MT team to discuss materials; attend various strategy calls with client team to discuss same and priority payables; review and provide comments on draft initial order; review engagement letters.
SLG	05/01/23	925.00	2.50	2,312.50	Attend several telephone calls with J. Nevsky, R. Bernaead and K. Plunkett; review emails from MT and process
BHM	06/01/23	875.00	0.40	350.00	Receipt and review of various emails and documents
BHM	06/01/23	875.00	0.70	612.50	Telephone call with counsel
BHM	06/01/23	875.00	0.60	525.00	Further review of documents
KBP	06/01/23	650.00	3.00	1,950.00	Review and provide comments on draft cash flow assumptions; review initial draft materials; email exchanges with MT team; attend various calls with client team.
ML	06/01/23	395.00	2.20	869.00	Review security documents and begin drafting security opinion; Email to Faegre enclosing loan and security documents
SLG	06/01/23	925.00	2.40	2,220.00	Meeting with A&M and MT team re strategy, approach and timing and FBA and US professional involvement
SRM	06/01/23	440.00	0.30	132.00	Review CSRA filings and report on same; Emails regarding searches

MEMBER	DATE	RATE	HOURS	VALUE	DESCRIPTION
KBP	07/01/23	650.00	1.20	780.00	Review and consider updated draft materials, and comments on initial order; attend call with J. Nevsky;
BHM	08/01/23	875.00	1.70	1,487.50	Review of draft affidavit; review of various actuarial reports, audits and correspondence
KBP	08/01/23	650.00	2.40	1,560.00	Revise and circulate Initial Order comments; review and provide comments on draft forbearance agreement; review and consider emails from client team.
ML	08/01/23	395.00	3.90	1,540.50	Review and revise Forbearance Agreement and reporting email to K. Plunkett re same; Review loan agreement for default interest rate and email to K. Plunkett and A&M re same; Conference call with K. Plunkett, S. Graff, J. Nevsky and S. Moore regarding mandate and draft email to MT regarding areas of concern; Review and revise draft email to MT; Emails with K. Plunkett re default interest rate
SLG	08/01/23	925.00	0.80	740.00	Review FBA and discussion with A&M; draft email and consider approach
KBP	09/01/23	650.00	4.40	2,860.00	Attend various calls with MT team to discuss materials and initial order; draft and revise draft court materials; attend various calls with client team.
ML	09/01/23	395.00	3.70	1,461.50	Conference call with MT, A&M, A&B and company to discuss areas of concern in forbearance agreement; Conference call with A&M regarding s. 6.04 of the Forbearance Agreement; Draft responding email to MT re same; Review and revise draft Affidavit in support of CCAA Initial Order and reporting email to K. Plunkett;
SLG	09/01/23	925.00	2.50	2,312.50	Review status and call among professionals and company; separate email to J. Nevsky, T. Dolny and K. Plunkett; address FBA
SLG	09/01/23	925.00	0.90	832.50	Telephone call with J. Nevsky re status and update; telephone call with R. Bernard re approach and US issues
BHM	10/01/23	875.00	0.50	437.50	Discussion with K. Plunkett
BHM	10/01/23	875.00	0.50	437.50	Receipt and review of affidavit material
KBP	10/01/23	650.00	4.20	2,730.00	Draft materials and prepare for application; attend various calls with working group; attend calls with client;

MEMBER	DATE	RATE	HOURS	VALUE	DESCRIPTION
ML	10/01/23	395.00	1.80	711.00	Research recent KERP statistics and reporting email to K. Plunkett re same; Review and revise draft CCAA affidavit; Review cash management section of draft Affidavit and email blackline to A&M team; Review and revise notice of application and email same to MT team
KBP	11/01/23	650.00	4.50	2,925.00	Prepare for application; revise and finalize draft materials and report; email exchanges with C. Prophet; attend various calls with MT and client;
ML	11/01/23	395.00	4.60	1,817.00	Review and revise pre-filing report and email same to MT and A&M; Review and revise pre-filing report per comments from MT; Review and revise affidavit per comments from C. Prophet; Review and revise pre-filing report per comments from C. Prophet and email to A&M team enclosing same; Review and revise affidavit to incorporate A&M's comments and email same to MT; Revise pre-filing report to incorporate comments from A&M and reporting email to K. Plunkett; Emails with A&M regarding revisions to pre-filing report; Call with M. Faheim re filing of materials; Email to J. Nevsky re affidavit; Call with K. Plunkett re pre-filing report and finalize same with changes from M. Faheim and E. Mann; Compile final report and set up Docusign for execution; Email final report to service list and Justice Conway
SLG	11/01/23	925.00	1.20	1,110.00	Review Report (final); review emails re process and discussion with K. Plunkett
KBP	12/01/23	650.00	2.40	1,560.00	Prepare for Application; attend to post-initial order matters; attend various calls with client to discuss administrative matters and employee related matters.
ML	12/01/23	395.00	1.80	711.00	Prepare for and attend initial hearing before Justice Conway; Review and revise notice to creditors and newspaper notice and email to A&M team re same; Review and revise service list and email to A&M team re same
SLG	12/01/23	925.00	3.30	3,052.50	Prepare for and attend hearing on CCAA relief
KBP	13/01/23	650.00	2.40	1,560.00	Review and consider draft ARIO; review and respond to various emails client regarding administrative matters; review and consider emails from MT team;
ML	13/01/23	395.00	0.60	237.00	Continue review of loan and security documents
KBP	14/01/23	650.00	0.50	325.00	Review and respond to emails from client regarding updates on administrative matters, including email from Cdn Union counsel.

MEMBER	DATE	RATE	HOURS	VALUE	DESCRIPTION
ML	14/01/23	395.00	0.60	237.00	Review and revise amended and restated initial order
KBP	15/01/23	650.00	2.00	1,300.00	Review and respond to various emails from client team regarding administrative matters and ARIO; revise and provide comments on draft ARIO.
ML	15/01/23	395.00	1.30	513.50	Review and revise amended and restated initial order and email to A&M enclosing same; Update service list and email to A&M enclosing same; Further revise ARIO and email to MT enclosing same

TOTAL:	91.10	\$59,824.00
---------------	-------	-------------

Name	Hours	Rate	Value
Graff, Steven L. (SLG)	18.30	\$922.05	\$16,873.50
Lici, Matilda (ML)	20.50	\$395.00	\$8,097.50
Miller, Barbra H. (BHM)	7.90	\$875.00	\$6,912.50
Morris, Shannon R (SRM)	3.40	\$428.09	\$1,455.50
Plunkett, Kyle B. (KBP)	41.00	\$645.98	\$26,485.00

OUR FEE	\$59,824.00
HST @ 13%	7,777.12

DISBURSEMENTS

Non-Taxable Disbursements

Agents Fees - Non Taxable	842.76
Due Diligence-Gov Fee	144.00
Search Under P.P.S.A.	227.00
Wire Charges	17.50

Total Non-Taxable Disbursements	\$1,231.26
---------------------------------	------------

Taxable Disbursements

Due Diligence	180.00
Service Provider Fee	170.20

Total Taxable Disbursements	\$350.20
HST @ 13%	45.53

AMOUNT DUE	\$69,228.11 CAD
-------------------	------------------------

THIS IS OUR INVOICE HEREIN
AIRD & BERLIS LLP



Steven L. Graff

E.&O.E.

Payment Information

Payment by Wire Transfer:

Beneficiary Bank:



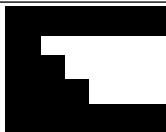
Beneficiary:

Bank No.:

Transit No.:

Account:

Swift Code:



Payment by Cheque:

Payable To:

Aird & Berlis LLP

Brookfield Place, Suite 1800

181 Bay Street

Toronto, ON M5J 2T9

Email notification for EFT and WIRE payments: accounting@airdberlis.com

Payment is due on receipt.

Please quote our Matter No. and the invoice number(s) to ensure correct allocation of payment.

IN ACCORDANCE WITH THE SOLICITORS ACT, ONTARIO, INTEREST WILL BE CHARGED AT THE RATE OF 10.00% PER ANNUM ON UNPAID AMOUNTS CALCULATED FROM A DATE THAT IS ONE MONTH AFTER THIS INVOICE IS DELIVERED.

GST / HST Registration # 12184 6539 RT0001



Aird & Berlis LLP
Brookfield Place, Suite 1800
181 Bay Street
Toronto, Ontario M5J 2T9 Canada

T 416 863 1500
F 416 863 1515
airdberlis.com

Alvarez & Marsal Canada Inc.
2900 - 200 Bay Street
P.O. Box 22
Toronto, ON
M5J 2J1 Canada

February 28, 2023

Attention: Mr. Josh Nevsky

Invoice No: 1328352

Re: Inscape Corporation

Client No: 053502

Matter No: 305385

FOR PROFESSIONAL SERVICES RENDERED on your behalf throughout the period ending January 31, 2023

MEMBER	DATE	RATE	HOURS	VALUE	DESCRIPTION
ATC	29/12/22	695.00	0.20	139.00	Emails with Client and S. Graff
ATC	30/12/22	695.00	0.50	347.50	Call with Client, S. Graff and K. Plunkett to discuss initial matters
KBP	16/01/23	650.00	3.20	2,080.00	Review and provide comments on draft court materials for comeback hearing; review and consider emails from client; attend call with client to discuss next steps and general administrative matters.
ML	16/01/23	395.00	2.80	1,106.00	Draft responding email to Union counsel, revise same and email to J. Nevsky and S. Moore re same; Email to Union counsel responding to questions raised in email; Conference call with A&M and K. Plunkett re next steps; Draft responding email to MT to flag issues re ARIO; Email to MT setting out items for discussion; Review and revise First Report and email to K. Plunkett and S. Graff re same
SLG	16/01/23	925.00	0.50	462.50	Update on status and review emails re report
SLG	16/01/23	925.00	0.20	185.00	Emails re status
KBP	17/01/23	650.00	3.10	2,015.00	Review and provide comments on draft report; review and provide comments on draft ARIO; review Affidavit; attend calls with J. Nevsky.

MEMBER	DATE	RATE	HOURS	VALUE	DESCRIPTION
ML	17/01/23	395.00	2.20	869.00	Conference call with MT and A&M regarding comeback hearing; Review and revise signed Proposal to remove doctag; Emails with K. Plunkett regarding confidential appendix to the Monitor's First Report; Email to A&M enclosing blackline of First Report; Review and revise affidavit and reporting email to K. Plunkett regarding same; Call with M. Faheim to discuss proposed changes to Affidavit from A&M; Email to J. Nevsky regarding acceptable language in Affidavit; Follow up email to M. Faheim regarding amendments to Affidavit; Review changes to Monitor's First Report and reporting email to K. Plunkett with blackline; Email to MT enclosing First Report; Further revise First Report and email to K. Plunkett regarding same
SLG	17/01/23	925.00	1.30	1,202.50	Attend meeting re amendments to all material, ARIO and 1st Monitor Report
KBP	18/01/23	650.00	3.50	2,275.00	Prepare and finalize court materials; attend various calls with client to discuss stakeholder issues and provide strategic advice; email exchanges with MT team regarding amendments to order.
ML	18/01/23	395.00	4.70	1,856.50	Review and incorporate MT's comments on First Report; Call with J. Nevsky and K. Plunkett regarding First Report and revise same, and email to J. Nevsky enclosing same; Revise service list and email same to MT; Review Monitor's Report and assemble final copy with appendices; Email to A&M enclosing Report for signature; Revise and finalize Report with instructions for service; Review and revise service email and draft affidavit of service; Instructions regarding filing on Caselines; Revise Service List to include OSC and email same to A&M; Further revise Service List and email to A&M regarding same; Re-serve Monitor's Report; Review CannTrust initial order and ARIO and reporting email to K. Plunkett regarding language around personal liability for securities filings; Review CCAA fact for discussion on WEPPA provisions
PLW	18/01/23	255.00	0.40	102.00	Submitted First Report of Monitor for filing online
SLG	18/01/23	925.00	0.30	277.50	Review emails re KERP and inquiry from OSC
KBP	19/01/23	650.00	4.20	2,730.00	Review and consider various emails from working group; attend call with client team; email exchanges with OSC and client; prepare for comeback hearing; attend various calls with MT team to discuss administrative matters and comeback hearing.

MEMBER	DATE	RATE	HOURS	VALUE	DESCRIPTION
ML	19/01/23	395.00	3.80	1,501.00	Finish reviewing facta for discussions of WEPPA provisions; Prepare cheat sheet for WEPPA issue ahead of court attendance and reporting email to K. Plunkett regarding same; Revise Service List to add Faegre and email same to MT and A&M; Conference call with counsel for OSC and email to M. Faheim requesting word version of ARIO; Revise Service List and email same to E. Mann for posting; Review proposed OSC language and email to K. Plunkett and S. Graff regarding same; Consider new proposed language in ARIO and reporting email to K. Plunkett; Prepare for court attendance
SLG	19/01/23	925.00	0.30	277.50	Review emails
SLG	19/01/23	925.00	1.00	925.00	Discussion with M. Poliuk and OSC reps on requests re changes to Order and endorsement; review emails
KBP	20/01/23	650.00	4.50	2,925.00	Prepare and attend call with OSC to discuss ARIO and endorsement language; prepare and attend comeback motion; attend follow up calls with OSC and company counsel; review and respond to emails from working group on teaser letter and materials.
ML	20/01/23	395.00	2.50	987.50	Call with K. Plunkett and S. Graff regarding proposed changes of OSC and revise draft Order to incorporate comments from OSC; Email Order to all parties; Review and revise sale solicitation process letter and email to K. Plunkett regarding same; Conference call with A&M and K. Plunkett regarding comeback hearing and OSC proposed language; Attend hearing before Justice Conway and continuation of hearing; Revise sale solicitation process letter and email same to J. Nevsky and S. Moore; Email process letter to MT; Diarize relevant dates
SLG	20/01/23	925.00	0.60	555.00	Discussion with respect to OSC requests, review emails from Chaiton
KBP	22/01/23	650.00	0.50	325.00	Review and provide comments on draft press release re delisting.
ML	22/01/23	395.00	0.10	39.50	Prepare blackline of press release and email same to MT
SLG	22/01/23	925.00	0.10	92.50	Review status and email from R. Kofman

MEMBER	DATE	RATE	HOURS	VALUE	DESCRIPTION
KBP	23/01/23	650.00	2.00	1,300.00	Review claims submitted by KSV; email to MT team regarding same; review and respond to emails from A&M team regarding supplier issues and claims; review and provide comments on draft letter to suppliers.
ML	23/01/23	395.00	2.10	829.50	Conference call with J. Nevsky and S. Moore regarding McArthur shipment issue; Email to US counsel to the company regarding contact person for uploading materials to Monitor's website; Prepare draft letter to McArthur regarding release of shipments; Revise letter to McArthur and email same to E. Mann and S. Moore
KBP	24/01/23	650.00	1.50	975.00	Review and revise draft letter to McArthur Express; email exchanges with client team regarding updates on administrative matters; attend call with MT and client to discuss Lease matters.
ML	24/01/23	395.00	0.40	158.00	Email to MT re bid process letter from A&M and emails with S. Moore re same; Emails with E. Mann re uploading documents to the Monitor's website; Organize materials for Chapter 15 recognition proceedings; Update Service List to add new parties; Call with M. Faheim and C. Cullen re uploading materials for recognition proceedings to the Monitor's website
SLG	24/01/23	925.00	0.30	277.50	Review various emails Plunkett/Egoetz
KBP	25/01/23	650.00	2.10	1,365.00	Attend call with company and its counsel to discuss leasing matters; review and provide comments on emails from LL and customer claims; review KSV claim documents.
ML	25/01/23	395.00	0.30	118.50	Revise Service List and email same to E. Mann and M. Faheim
SLG	25/01/23	925.00	0.20	185.00	Review emails
KBP	26/01/23	650.00	0.90	585.00	Review and respond to emails from KSV regarding claim; review and consider emails from Prevolv counsel.
ML	26/01/23	395.00	0.70	276.50	Draft response to B. Koffman of KSV regarding AV equipment claim
SLG	27/01/23	925.00	0.10	92.50	Address status and cost

MEMBER	DATE	RATE	HOURS	VALUE	DESCRIPTION
KBP	30/01/23	650.00	1.00	650.00	Review and respond to update emails from client regarding Leasing issues; review and consider email from CBA counsel; email exchange with client regarding same.

TOTAL:	52.10	\$30,088.00
---------------	-------	-------------

Name	Hours	Rate	Value
Collins, Aaron T (ATC)	0.70	\$695.00	\$486.50
Graff, Steven L. (SLG)	4.90	\$925.00	\$4,532.50
Lici, Matilda (ML)	19.60	\$395.00	\$7,742.00
Plunkett, Kyle B. (KBP)	26.50	\$650.00	\$17,225.00
Williams, Patrick L. (PLW)	0.40	\$255.00	\$102.00

OUR FEE	\$30,088.00
HST @ 13%	3,911.44

AMOUNT DUE	\$33,999.44 CAD
-------------------	------------------------

THIS IS OUR INVOICE HEREIN
AIRD & BERLIS LLP



Steven L. Graff

E.&O.E.

Payment Information

Payment by Wire Transfer:

Beneficiary Bank:	Beneficiary:
	Bank No.:
	Transit No.:
	Account:
	Swift Code:

Payment by Cheque:

Payable To:
Aird & Berlis LLP
Brookfield Place, Suite 1800
181 Bay Street
Toronto, ON M5J 2T9

Email notification for EFT and WIRE payments: accounting@airdberlis.com

Payment is due on receipt.

Please quote our Matter No. and the invoice number(s) to ensure correct allocation of payment.

IN ACCORDANCE WITH THE SOLICITORS ACT, ONTARIO, INTEREST WILL BE CHARGED AT THE RATE OF 10.00% PER ANNUM ON UNPAID AMOUNTS CALCULATED FROM A DATE THAT IS ONE MONTH AFTER THIS INVOICE IS DELIVERED.

GST / HST Registration # 12184 6539 RT0001



Aird & Berlis LLP
Brookfield Place, Suite 1800
181 Bay Street
Toronto, Ontario M5J 2T9 Canada

T 416 863 1500
F 416 863 1515
airdberlis.com

Alvarez & Marsal Canada Inc.
2900 - 200 Bay Street
P.O. Box 22
Toronto, ON
M5J 2J1 Canada

March 13, 2023

Attention: Mr. Josh Nevsky

Invoice No: 1330253

Re: Inscape Corporation

Client No: 053502

Matter No: 305385

FOR PROFESSIONAL SERVICES RENDERED on your behalf throughout the period ending February 28, 2023

MEMBER	DATE	RATE	HOURS	VALUE	DESCRIPTION
SLG	01/02/23	925.00	0.20	185.00	Review emails on Union claim and KSV claim
KBP	02/02/23	650.00	1.40	910.00	Revise and provide updated draft email response to Union counsel; email exchange with U.S. counsel regarding U.S. leases;
SLG	02/02/23	925.00	0.20	185.00	Emails with J. Nevsky and R. Bernard
BHM	03/02/23	875.00	0.20	175.00	Review of email communications with counsel for employer; email to K. Plunkett
BHM	03/02/23	875.00	0.20	175.00	Receipt and review of draft response to union respecting benefit plans
KBP	03/02/23	650.00	2.20	1,430.00	Attend call with client to discuss administrative matters and WEPPA claims; review and respond to emails from client team; draft respond to Union counsel regarding updates on claims.
ML	03/02/23	395.00	3.40	1,343.00	Call with A&M team and K. Plunkett re WEPPA issues, lease and claims process; Draft responding email to Union lawyer re employee matters and email same to K. Plunkett for review; Draft letter re AR collection, revise same and email to A&M
SLG	03/02/23	925.00	0.20	185.00	Review emails re United Steel Workers claim
SLG	04/02/23	925.00	0.20	185.00	Emails re US counsel and leases
KBP	06/02/23	650.00	2.20	1,430.00	Revise and update response to Union regarding grievances; attend call with H. Wright to discuss same; review and provide comments on draft DB Plan email from company to Union.

MEMBER	DATE	RATE	HOURS	VALUE	DESCRIPTION
KBP	07/02/23	650.00	1.40	910.00	Draft and send response to Cdn union regarding vacation pay; email exchanges with MT team to discuss updates on pension matters.
KBP	08/02/23	650.00	0.50	325.00	Review and consider emails from Union rep; email exchanges with client team regarding general administrative matters.
KBP	09/02/23	650.00	0.70	455.00	Email exchanges with client team regarding updates on offers, and AR collections; review and consider emails from R. Bernard regarding updates LL matters in U.S.
KBP	10/02/23	650.00	1.40	910.00	Review and consider Bid Results; email exchange with client regarding successful bidder and terms of order; review and consider emails from client team regarding administrative matters.
KBP	13/02/23	650.00	1.00	650.00	Email exchanges with client team regarding liquidation proposal; email exchange with L. Ellis regarding updates on LL matters and realization efforts.
KBP	14/02/23	650.00	1.00	650.00	Attend meeting with client team to discuss updates and offers; review and consider emails from MT regarding updates; attend call with MT and company.
KBP	14/02/23	650.00	0.40	260.00	Review and consider update emails on realization efforts; review and consider email from Union rep on grievance claims.
SLG	14/02/23	925.00	0.90	832.50	Update telephone call with L. Ellis, E. Egoetzs and A&M team re status, collections and real estate, lease sale; discussion with K. Plunkett
KBP	16/02/23	650.00	1.40	910.00	Review and provide comments on draft APA Workman Capital and other ancillary documents.
ML	16/02/23	395.00	1.40	553.00	Review and revise the Workingman APA and email same to K. Plunkett; Review and revise APA and email same to J. Nevsky and S. Moore
SLG	16/02/23	925.00	0.20	185.00	Emails with L. Ellis and S. Moore re sale of assets
ML	17/02/23	395.00	0.10	39.50	Email to MT team enclosing Workingman APA
ML	19/02/23	395.00	1.30	513.50	Review and revise GBCI APA and reporting email to K. Plunkett
SLG	19/02/23	925.00	0.60	555.00	Review APA

MEMBER	DATE	RATE	HOURS	VALUE	DESCRIPTION
KBP	20/02/23	650.00	1.50	975.00	Review and provide comments on draft GB APA; email exchanges with client regarding same;
ML	20/02/23	395.00	0.60	237.00	Further review and revise GBCI APA and email same to A&M; Email to K. Plunkett re APA
KBP	21/02/23	650.00	1.10	715.00	Email exchanges with client regarding updated terms on sale transactions with Workmin Capital and GB, respectively; provide comments on assignment lease inducement agreement.
ML	21/02/23	395.00	1.00	395.00	Review and revise APA and fold in AB comments on MT draft, and email same to A&M
SLG	21/02/23	925.00	0.20	185.00	Various emails on employee claims
KBP	22/02/23	650.00	1.00	650.00	Review and provide comments on draft APA for GB; review and provide comments on draft APA for Workmin Capital; email exchanges with client regarding deal terms and lease inducement assignment terms.
ML	22/02/23	395.00	0.30	118.50	Call with K. Plunkett, review APA and email to K. Plunkett re same; Further revise APA and email same to MT
BHM	23/02/23	875.00	0.20	175.00	Communications with K. Plunkett
BHM	23/02/23	875.00	0.90	787.50	Review of affidavit
BHM	23/02/23	875.00	0.60	525.00	Review of pension issues
KBP	23/02/23	650.00	0.50	325.00	Email exchange with client team regarding updates on GB sale transaction and terms; review updated Wokmin Capital sale agreement.
SLG	23/02/23	925.00	0.50	462.50	Meeting with K. Plunkett; review status and review emails
BHM	24/02/23	875.00	0.10	87.50	Various communications with K. Plunkett
BHM	24/02/23	875.00	0.40	350.00	Receipt and review of email from counsel for company; review of various communications respecting pension issues
BHM	24/02/23	875.00	0.60	525.00	Telephone call with counsel for company
KBP	24/02/23	650.00	1.20	780.00	Attend call with MT team to discuss court materials and scope of relief; review and provide comments on initial draft report; provide supplementary comments on GB APA.
SLG	24/02/23	925.00	1.00	925.00	Update call re next steps and upcoming motion; identify sales, A/R, follow up telephone call with K. Plunkett; email re accrued A&B costs/fees

MEMBER	DATE	RATE	HOURS	VALUE	DESCRIPTION
SLG	24/02/23	925.00	0.30	277.50	Review status and emails
KBP	25/02/23	650.00	0.70	455.00	Review and consider emails from MT regarding updates on lease assignment; email exchanges with client team regarding same and materials.
KBP	26/02/23	650.00	1.00	650.00	Email exchanges with client team regarding court materials and lease assignment and assumption agreement re Holland Landing.
SLG	26/02/23	925.00	0.20	185.00	Review emails on status and cash flow
SLG	26/02/23	925.00	0.20	185.00	Review emails on status and cash flow
BHM	27/02/23	875.00	0.20	175.00	Discussion with K. Plunkett
BHM	27/02/23	875.00	0.10	87.50	Communications with counsel for employee
KBP	27/02/23	650.00	2.10	1,365.00	Prepare initial draft court materials; attend call with MT team to discuss relief and upcoming motion.
ML	27/02/23	395.00	1.10	434.50	Begin reviewing Second Report of the Monitor and revise same; Email to K. Plunkett re proposed edits
SLG	27/02/23	925.00	0.50	462.50	Discussion with K. Plunkett re approach and emails with J. Nevsky
SLG	27/02/23	925.00	0.30	277.50	Telephone call with S. Brown-Okruhlik
BHM	28/02/23	875.00	0.10	87.50	Email communications with counsel for employer
KBP	28/02/23	650.00	1.00	650.00	Review and provide comments on draft court materials for Monitor; attend calls with J. Nevsky and S. Moore to discuss sale updates and comments to report.
SLG	28/02/23	925.00	0.20	185.00	Emails with C. Emmott re fees
TOTAL:			42.40	\$27,646.50	

Name	Hours	Rate	Value
Graff, Steven L. (SLG)	5.90	\$925.00	\$5,457.50
Lici, Matilda (ML)	9.20	\$395.00	\$3,634.00
Miller, Barbra H. (BHM)	3.60	\$875.00	\$3,150.00
Plunkett, Kyle B. (KBP)	23.70	\$650.00	\$15,405.00

OUR FEE	\$27,646.50
HST @ 13%	3,594.05

AMOUNT DUE	\$31,240.55 CAD
-------------------	------------------------

THIS IS OUR INVOICE HEREIN
AIRD & BERLIS LLP



Steven L. Graff

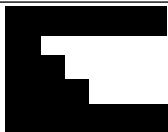
E.&O.E.

Payment Information

Payment by Wire Transfer:



Beneficiary:
Bank No.:
Transit No.:
Account:
Swift Code:



Payment by Cheque:

Payable To:
Aird & Berlis LLP
Brookfield Place, Suite 1800
181 Bay Street
Toronto, ON M5J 2T9

Email notification for EFT and WIRE payments: accounting@airdberlis.com

Payment is due on receipt.

Please quote our Matter No. and the invoice number(s) to ensure correct allocation of payment.

IN ACCORDANCE WITH THE SOLICITORS ACT, ONTARIO, INTEREST WILL BE CHARGED AT THE RATE OF 10.00% PER ANNUM ON UNPAID AMOUNTS CALCULATED FROM A DATE THAT IS ONE MONTH AFTER THIS INVOICE IS DELIVERED.

GST / HST Registration # 12184 6539 RT0001

Attached is Exhibit "B"

Referred to in the

AFFIDAVIT OF KYLE PLUNKETT

Sworn before me

this 21st day of March, 2023

A handwritten signature in blue ink, appearing to read "Uthia", is written over a horizontal line.

Commissioner for taking Affidavits, etc

STATEMENT OF RESPONSIBLE INDIVIDUALS

Aird & Berlis LLP's professional fees herein are made with respect to the following individuals

Lawyer	Call to Bar	Avg Hrly Rate	Total Time	Value
S. Graff	1991	\$922.67	29.1	\$26,917.50
B. Miller	1988	\$875.00	11.5	\$10,062.50
A. Collins	2008	\$695.00	0.7	\$486.50
K. Plunkett	2011	\$647.56	91.2	\$59,280.00
M. Lici	202	\$395.00	49.3	\$19,473.50
Clerk/Student	Call to Bar	Avg Hrly Rate	Total Time	Value
S. Morris	N/A	\$428.09	3.4	\$1,445.50
P. Williams	N/A	\$255.00	0.4	\$102.00

**Standard hourly rates listed. However, in certain circumstances adjustments to the account may have been made.*

**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.**

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

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

Proceedings commenced at Toronto

**AFFIDAVIT OF KYLE PLUNKETT
(sworn March 21, 2023)**

AIRD & BERLIS LLP

Brookfield Place
181 Bay Street, Suite 1800
Toronto, ON M5J 2T9

Steven L. Graff (31871V)

Tel: 416-865-7726
Email: sgraff@airdberlis.com

Kyle Plunkett (LSO #61044N)

Tel: (416) 865-3406
Email: kplunkett@airdberlis.com

Matilda Lici (79621D)

Tel: 416-865-3428
Email: mlici@airdberlis.com

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

**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

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

AIRD & BERLIS LLP

Brookfield Place
181 Bay Street, Suite 1800
Toronto, ON M5J 2T9

Steven L. Graff (LSO # 31871V)

Tel: (416) 865-7726
Fax: (416) 863-1515
Email:

Kyle Plunkett (LSO #61044N)

Tel: (416) 865-3406
Fax: (416) 863-1515
Email: kplunkett@airdberlis.com

Matilda Lici (LSO #79621D)

Tel: (416) 865-3428
Fax: (416) 863-1515
Email: mlici@airdberlis.com

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