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

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.

SIXTH REPORT OF THE MONITOR
ALVAREZ & MARSAL CANADA INC.

JULY 11, 2023

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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, the Monitor has provided to this Court five reports (the "**Prior Reports**"), including the Fourth Report of the Monitor dated April 15, 2023 (the "**Fourth Report**") and the Fifth Report of the Monitor dated June 6, 2023 (the "**Fifth Report**"). A&M also filed the Pre-Filing Report of the Proposed Monitor dated January 11, 2023 (the "**Pre-Filing Report**"). The Prior Reports, 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**").

1.3 On January 20, 2023, the Applicants obtained an amended and restated Initial Order ("**ARIO**") that, among other things, extended the Stay Period (as defined in the ARIO).

1.4 On March 1, 2023, the United States Bankruptcy Court for the Southern District of New York entered an order, among other things: (i) enforcing the ARIO, including any extensions, amendments or modifications thereto, in the United States; and (ii) recognizing the CCAA Proceedings as foreign main proceedings.

1.5 Inscape Corp was incorporated under the laws of the Province of Ontario and was previously publicly listed on the Toronto Stock Exchange (TSX:INQ).[1] Inscape New York (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 included cubicles, movable walls, filing cabinets, bookcases and other ergonomic furniture.

1.7 As discussed in the Prior Reports, 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 purpose of this Sixth Report of the Monitor (the "**Sixth Report**") is to provide the Court with information and, where applicable, the Monitor's views on:

(i) the status of the Orderly Wind-Down;

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

(ii) the activities remaining in the CCAA Proceedings (the "**Remaining Activities**");

(iii) the Applicants' cash flow results for the 12-week period ended June 30, 2023;

(iv) the Applicants' updated cash flow forecast for the six-week period ending August 11, 2023 (the "**Updated Cash Flow Forecast**");

(v) the proposed order extending the Stay Period until and including October 31, 2023;

(vi) the activities of the Monitor since the date of the Fourth Report (April 15, 2023);[2] and

(vii) the Monitor's conclusions and recommendations in connection with the foregoing, as applicable

1.9 In the days leading up to the date of this Sixth Report, the Applicants and the Monitor were discussing and attempting to finalize certain matters for the purpose of expediting the remainder of the CCAA Proceedings and providing certainty as to remaining costs, including certain final employee payments discussed below. Accordingly, the Monitor was only able to finalize, serve and file this Sixth Report on the date hereof.

2.0 TERMS OF REFERENCE AND DISCLAIMER

2.1 In preparing this Sixth Report, the Monitor has been provided with, and has relied upon, unaudited financial information and the books and records prepared by the Applicants, and

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[2] The Fifth Report was a special purpose report filed in support of the Applicants June 9, 2023 Motion seeking approval of the Minutes of Settlement (defined below) and did not include an update on the activities of the Monitor.

has had discussions with management of the Applicants and its legal counsel (collectively, the "**Information**"). Except as otherwise described in this Sixth 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 Sixth 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 Sixth 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 Sixth Report should be read in conjunction with the affidavit of Eric Ehgoetz sworn July 11, 2023 (the "**Sixth Ehgoetz Affidavit**"). Capitalized terms used but are not otherwise defined in this Sixth Report shall have the meanings given to them in the Sixth Ehgoetz Affidavit.

2.4 Unless otherwise stated, all monetary amounts contained herein are expressed in Canadian dollars ("**CAD**").

3.0 ORDERLY WIND-DOWN UPDATES

3.1 In the Prior Reports, the Monitor provided an overview of the activities undertaken by the Applicants in connection with the Orderly Wind-Down. The following is intended to provide an update on these activities since the date of the Fourth Report, being April 15, 2023.

Employees & Facilities

3.2 As of the date of this Sixth Report, there are six remaining full-time employees and two part-time hourly staff who have been assisting with the remaining non-manufacturing activities associated with exiting the Applicants' facilities located in Holland Landing, Ontario, including the decommissioning and exit of the facility, collection of accounts receivable, monetization of remaining assets and inventory, and other administrative-related activities.

3.3 The Monitor understands that the Applicants plan to exit the Holland Landing facility on or before July 14, 2023. Accordingly, with a few exceptions which are described below, the last day of employment for the remaining employees and hourly staff is scheduled for the same date, or shortly thereafter to the extent any of such individuals are required to assist with completing specific tasks after the exit of Holland Landing. Accordingly, all wages and benefits for the remaining employees and staff will be paid through July 14, 2023 or July 28, 2023, as has been reflected in the Updated Cash Flow Forecast discussed below, including:

(i) two finance employees shall be retained and paid through July 21, 2023 and one shall be retained and paid through July 28, 2023;

(ii) the manufacturing engineer who was retained after the KERP was approved to lead certain aspects of the liquidation and who was instrumental in maximizing recoveries related to certain inventory and other assets shall be paid a completion bonus of $15,000; and

(iii) the CEO and CFO shall be subject to the arrangement further described below.

3.4 As of June 30, 2023, the Applicants have fully exited their facility in Jamestown, New York and the two part-time hourly staff who had remained to assist with those were terminated.

3.5 Each of Mr. Eric Ehgoetz (CEO) and Mr. Jon Szczur (CFO) have expressed their desire to remain with the Inscape Group in their existing capacities as a director and officer to assist with the Remaining Activities associated with the Orderly Wind-Down, as discussed in further detail in Section 6 below.

3.6 Each of Mr. Ehgoetz and Mr. Szczur have agreed to stop drawing a regular salary after July 28, 2023 and, instead, remain in their respective positions based on the following terms:

(i) in accordance with the terms of the Key Employee Retention Plan ("**KERP**"), they will each be eligible to receive the remaining balance of their respective KERP (approximately $150,000 in aggregate). As described in the First Report of the Monitor dated January 18, 2023, the remaining KERP payments owing to Mr. Ehgoetz and Mr. Szczur are performance-based and are payable only if estate recoveries are sufficient to fully satisfy the amounts owing to Hilco Capital Limited, the Applicants' senior secured creditor (the "**Lender**"), which amounts total approximately $1.6 million;

(ii) they will forgo their normal course salary, benefits and accrued vacation amounts after July 28, 2023; and

(iii) the Monitor and Mr. Ehgoetz and Mr. Szczur will consider the appropriateness of any increments to their respective KERPs or similar compensation in leu of ordinary wages, after the Lender has been paid out in full.

3.7 In the circumstances, the Monitor supports the above structure as: (i) Mr. Ehgoetz and Mr. Szczur possess significant information of the Applicants and the Orderly Wind-Down, and their continued retention and participation is a cost-effective method to complete the Remaining Activities and bring finality to the CCAA Proceedings; (ii) while the timeline to complete the Remaining Activities is likely to extend beyond four to six weeks, the proposed structure provides a level of cost certainty that is anticipated to be less than the costs that would otherwise be incurred if the Monitor were to take on the Remaining Activities; and (iii) the proposed payment structure is supported by the Lender.

3.8 Mr. Ehgoetz and Mr. Szczur have requested that, in recognition of their continued involvement in the CCAA Proceedings and in leu of drawing salary after July 28, 2023, a reasonable compensation amount or an increase to their respective KERP amounts be considered to reflect the additional effort and work required to complete the Remaining Activities. To date, the Monitor has not consented to any such incremental KERP or other amounts being approved and, prior to consenting to any such requested amounts or increases to their KERPs, the Monitor will seek advice and direction from the Court.

Dealer Dispute

3.9 As described in the Fifth Report, the accounts receivable dispute between the Applicants and Prevolv Inc. ("**Prevolv**") was settled amongst the parties by way of a settlement agreement (the "**Minutes of Settlement**"). On June 9, 2023, the Court issued an Approval Order approving the Minutes of Settlement.

3.10 As of the date of this Sixth Report, pursuant to the terms of the Minutes of Settlement, the Inscape Group has received from Prevolv approximately US$323,000 (comprised of the initial payment of US$300,000 and the first of six monthly installment payments of approximately US$23,000).

3.11 As described in the Fifth Report, the Minutes of Settlement include certain additional amounts that may be collectible by the Inscape Group (the "**Contingent Payments**") if the Applicants and Prevolv enter into a sublease agreement (or similar) with a third party whereby the third party assumes Prevolv's obligations under the June 2021 lease agreement between Inscape and Prevolv as co-tenants in respect of a showroom located in Chicago, Illinois (the "**Chicago Lease**"). Depending on a number of factors, the Contingent

Payments may result in additional recoveries for the Applicants in the range of nil to US$312,500. No Contingent Payments have been included in the Updated Cash Flow Forecast.

3.12 The Monitor understands that the Applicants and Prevolv continue to work with a real estate broker to seek a new third party tenant for the Chicago Lease.

Accounts Receivable

3.13 Since the commencement of the CCAA Proceedings and the Orderly Wind-Down, the Applicants have collected approximately $4.1 million of accounts receivable (including the proceeds from the Minutes of Settlement described above).

3.14 The following table provides a roll-forward of the Applicants' accounts receivable collection efforts since the weeks leading up to these CCAA Proceedings:

Accounts Receivable Summary	$CAD 000's
Balance as at January 3, 2023	7,417
Add: Final deliveries and sales booked since January 3, 2023	1,631
Less: Collections prior to the Filing Date (January 12, 2023)	(1,350)
Less: Collections since the Filing Date	(4,088)
Balance as at June 30, 2023	**3,610**
Balance as at June 30, 2023, excluding the Prevolv account	*1,141*

3.15 As described in the Prior Reports, the Applicants have faced challenges regarding the collection of certain accounts receivable, including, but not limited to, disputes, asserted set-off claims, and other general and CCAA-related issues in collecting certain balances.

3.16 As part of the Remaining Activities, the Applicants, with assistance from the Monitor, will continue their collection efforts of the remaining accounts receivable. For conservatism purposes, only a limited amount of accounts receivable have been included in the Updated Cash Flow Forecast.

HST Refunds

3.17 As described in the Pre-Filing Report, the Canada Revenue Agency ("**CRA**") issued a notice of reassessment to Inscape Corp claiming approximately $2.6 million in income tax liability. In October 2022, the Inscape Group filed a notice of objection (the "**Objection**") disputing the CRA's position. Based on the Applicants' books and records, approximately $800,000 in respect of pre-filing HST refunds are being withheld by the CRA, pending determination of the Objection.[3]

3.18 The Applicants, together with the Monitor and Deloitte, Inscape Group's tax advisor, continue to engage with the CRA to advance and resolve the Objection, and to seek the collection of all available HST refunds to maximize the value of the Applicants' estate.

3.19 The approximately $800,000 balance described above has been included in the Updated Cash Flow Forecast during the week ending August 11, 2023. However, at this time, the quantum and timing of collecting this balance is not certain. The Monitor notes that if the Applicants are not successful in collecting all, or a significant portion, of this balance, the remaining recovery to the Applicants' estate will be materially impacted.

[3] In the Fourth Report, the Monitor reported approximately $1.3 million in respect of pre-filing HST refunds. Since the date of the Fourth Report, the CRA assessed the Applicants and reversed approximately $500,000 of the Applicants' input tax credits for HST amounts relating to accounts payable that were stayed pursuant to the CCAA Proceedings and not paid by the Applicants. Accordingly, the potential pre-filing HST recovery has been updated to reflect the net balance of up to approximately $800,000.

Trust Claim

3.20 On June 16, 2023, the Monitor received a letter from Empire Office Inc. ("**Empire**"), an Inscape Group vendor, asserting a trust claim over certain accounts receivable collected by the Inscape Group in connection with a New York-based project that was completed prior to the commencement of the CCAA Proceedings (the "**New York Project**").

3.21 As at the date of this Sixth Report, the Applicants have collected approximately US$1.23 million in connection with the New York Project (of which approximately US$650,000 was collected prior to the CCAA Proceedings and US$580,000 was collected during the CCAA Proceedings).

3.22 Empire has claimed that, of the amount collected by the Inscape Group to date, Empire is owed US$464,277 for the furniture and services they provided, and such amounts should benefit from certain trust protections available to them in the state of New York.

3.23 The Monitor and its Canadian and U.S. legal counsel have reviewed certain financial and related information available to it from the Applicants' books and records, as well as additional support provided by Empire to date. Based on this review and consultation with its legal counsel, the Monitor does not believe that Empire has provided sufficient evidence to support a trust claim for the quantum it claims, or at all. In particular, and as the Monitor has advised in recent correspondence to Empire, the Monitor understands that in the state of New York, a trust is created only if work completed is considered a permanent improvement to real property, and there is clear case law authority that the installation of modular workstations does not qualify as a permanent improvement. Moreover, even if a trust claim were to be successfully asserted, when—as in this case—the trust property is fungible, New York and Second Circuit law apply the lowest intermediate balance test. Based on the Monitor's review, and subject to any additional evidence provided by Empire, Empire's trust claim would be limited to, if any amount, approximately US$169,000 that was collected during the CCAA Proceedings relating to Empire delivered product.

3.24 On June 28, 2023, the Monitor sent a letter to Empire in which it set out the Monitor's understanding and position as described above and invited Empire to provide any additional support that would assist the Monitor in further assessing Empire's claim.

3.25 On July 10, 2023, the Applicants and the Monitor received an email from Empire's legal counsel stating that Empire continues to assert a trust claim and disputes the Monitor's findings and conclusions set out in the Monitor's letter of June 28, 2023.

3.26 Discussions among the parties remain ongoing. The Applicants or the Monitor will return to Court for advice and direction if matters cannot be consensually resolved.

4.0 CASH FLOW RESULTS

4.1 Actual receipts and disbursements for the 12-week period from April 8 to and including June 30, 2023 (the "**Reporting Period**"), as compared to the cash flow forecast attached as Appendix "A" to the Fourth Report, are summarized in the following table:

Cash Flow Variance Report CAD $000's			
	Budget	**Actual**	**Variance**
Receipts			
Collection of accounts receivable	1,178	1,507	329
Proceeds from sale of assets	208	452	244
Sales tax and other receipts	1,213	1,404	191
	2,599	3,363	764
Disbursements			
General & Administrative	(75)	(251)	(176)
Salaries & Benefits	(762)	(761)	1
KERP	(40)	(40)	-
Rent, Utilities, Insurance	(633)	(597)	36
Professional fees	(1,464)	(1,144)	320
Total disbursements	(2,974)	(2,793)	181
Net Cash Flow	**(375)**	**570**	**945**
Opening cash balance	3,272	3,272	-
Net Cash Flow	(375)	570	945
Less: Secured debt repayment	(2,500)	(2,000)	500
Ending cash balance	**397**	**1,842**	**1,445**

4.2 During the Reporting Period:

(i) the positive variance in the collection of accounts receivable is primarily related to the approximately US$323,000 collected to date from Prevolv (pursuant to the Minutes of Settlement), which was not included in the forecast;

(ii) the positive variance in proceeds from sale of assets includes higher than forecast collections from the sale of certain intellectual property and scrap inventory;

(iii) the positive variance in sales tax and other receipts includes approximately $446,000 in post-filing HST refunds not previously forecast, offset by lower than forecast collections of approximately $255,000 related to the structured exit of the

Applicants' Holland Landing lease arrangement, which Management is currently treating as timing-related and expects to reverse in the coming weeks;

(iv) the negative variance in general and administrative expenses of approximately $176,000 is considered permanent and related to higher than forecast costs associated with operating and exiting the Applicants' two facilities in Holland Landing, Ontario and Jamestown, New York; and

(v) the positive variance in professional fees of approximately $320,000 is considered timing-related and is forecast to reverse in the near term as accrued but unpaid fees are paid by the Applicants, as forecast in the Updated Cash Flow Forecast below.

4.3 As at June 30, 2023, the Applicants' consolidated cash balance was approximately $1.8 million.

5.0 UPDATED CASH FLOW FORECAST

5.1 The Applicants, with assistance from the Monitor, have prepared an updated cash flow forecast (the "**Updated Cash Flow Forecast**") for the six-week period from July 1, 2023 to August 11, 2023 (the "**Cash Flow Period**"). A copy of the Updated Cash Flow Forecast, together with the Notes and Summary of Assumptions, and Management's report on the cash-flow statement required by subsection 10(2)(b) of the CCAA, are attached hereto as **Appendices "A"** and **"B"**, respectively.

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

Updated Cash Flow Forecast **CAD $000's**	
	Six-Week Period *August 11, 2023*
Receipts	
Collection of accounts receivable	177
Holland Landing cost recovery	700
Sales tax recovery and other	836
	1,713
Disbursements	
Holland Landing exit costs	(550)
Salaries & Benefits	(191)
Key Employee Retention Plan	(223)
Rent, Utilities, Insurance	-
Professional Fees	(864)
Total disbursements	(1,829)
Net Cash Flow	**(115)**
Opening cash balance	1,842
Secured Debt Repayment	(1,620)
Net Cash Flow	(115)
Ending cash balance	**107**

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

(i) the collection of accounts receivable includes: (a) the August 1, 2023 installment from Prevolv, pursuant to the Minutes of Settlement, but does not include the remaining monthly installments or any Contingent Payments as described above; and (b) certain other limited accounts receivable amounts expected to be collected;

(ii) as described in the Prior Reports, the Applicants entered into a structured exit agreement with the landlord of the Holland Landing facility, Cedar City Paradise Toll Rd Inc. The remaining proceeds and costs[4] related to the exit of the Holland

4 See paragraph 3.18 of the Second Report of the Monitor dated March 2, 2023, for additional information regarding the structured agreement in respect of the Holland Landing lease.

Landing facility have been included above. On a net basis, the exit agreement is expected to provide approximately $1.0 million of value to the Applicants' estate, including the net amount of approximately $150,000 included in the Updated Cash Flow Forecast;

(iii) sales tax recovery and 'other' includes: (a) the approximately $800,000 pre-filing HST balance described above; and (b) approximately $20,000 for additional amounts, primarily comprised of the sale of remaining scrap inventory. As discussed above, the timing and quantum of the pre-filing HST refunds remains subject to ongoing discussion between the Applicants and the CRA and accordingly remains subject to change;

(iv) salaries and benefits include the payment of final salaries and benefits (including approximately $5,000 of pre-filing vacation pay owed to employees);

(v) pursuant to the Ancillary Relief Order, dated March 24, 2023, the Applicants, with the approval of the Monitor, have been authorized to make distributions to the Lender up to the amounts of the Lender's secured indebtedness outstanding. As of the date of this Sixth Report, the Lender is owed approximately $1.6 million (net of the $2.0 million repayment made in June 2023). The "Secured Debt Repayments" of $1.6 million included herein are based on the Applicants' forecast liquidity position and ability to make certain secured debt repayment at such time. Actual Secured Debt Repayments will be subject to the Applicants' liquidity position and final determination and payment of any valid Empire trust claim, should such a trust claim exist; and

(vi) if the Remaining Activities extend beyond August 11, 2023, the Company does not expect to incur any incremental costs to those included in the Updated Cash Flow Forecast, and accordingly the ending cash balance of approximately $107,000 is projected to provide sufficient liquidity through the proposed extension to the Stay Period of October 31, 2023.

5.4 Based on the Monitor's review,[5] 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 Sixth 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.

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

6.0 REMAINING ACTIVITIES

6.1 The expected Remaining Activities of the Applicants and the Monitor to be completed as part of the Orderly Wind-Down and to complete the CCAA Proceedings include the following:

(i) continue to collect any remaining collectible accounts receivable, including those funds collectible pursuant to the Minutes of Settlement;

(ii) exit the Holland Landing facility and collect the remaining amounts from the landlord pursuant to the exit agreement;

(iii) the Inscape Group filing tax claims for refunds in respect of the payments made during the post-filing period, and collection of the pre-filing HST amounts discussed above;

(iv) remaining cash disbursements in accordance with the Updated Cash Flow Forecast, including final settlement of the Lender's secured debt, payment of the remaining KERP amounts and any remaining amounts;

(v) advancing discussions with Empire and administering any valid trust claim advanced by Empire, should such a valid trust exist;

(vi) if applicable, the Applicants, with the assistance of the Monitor, distributing any excess proceeds to the Inscape Group's unsecured creditors. Such distribution to unsecured creditors may be completed by way of assigning one or more of the

Applicants into bankruptcy and utilizing the claims procedure and related mechanics to make such distributions via bankruptcy;

(vii) the Applicants and the Monitor returning to Court for: (a) approval of any incremental KERP or similar compensation amounts; and (b) final taxation and approval of activities and fees of the Monitor and its counsel;

(viii) discharging the Monitor and terminating the CCAA Proceedings; and

(ix) completing statutory and administrative duties and filing.

7.0 STAY EXTENSION ORDER

7.1 The Stay Period currently expires July 14, 2023, and the Applicants are seeking an extension of the Stay Period until and including October 31, 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 and complete the Remaining Activities to complete the Orderly Wind-Down and the CCAA Proceedings;

(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 FOURTH REPORT

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

(i) engaging in discussions with the Inscape Group and their legal counsel regarding the CCAA Proceedings and the Chapter 15 recognition proceedings;

(ii) corresponding and communicating with the Lender;

(iii) assisting the Inscape Group with communications to employees, suppliers and other parties;

(iv) monitoring receipts, disbursements and purchase commitments, including review of payments made;

(v) responding to inquiries from stakeholders, including addressing questions or concerns of parties who contacted the Monitor on the hotline number or email account established by the Monitor for the CCAA Proceedings, including the correspondence with Empire discussed above;

(vi) engaging in discussions with the Applicants and Prevolv in connection with the Dealer Dispute and facilitating the settlement of the Dealer Dispute;

(vii) corresponding with the Applicants and the Canada Revenue Agency regarding the status of the HST review;

(viii) assisting former employees in submitting their claims under the *Wage Earners Protection Program Act*;

(ix) posting non-confidential materials filed with the Court to the Case Website; and

(x) with the assistance of its legal counsel, preparing the Fifth Report and this Sixth Report.

9.0 CONCLUSIONS AND RECOMMENDATIONS

9.1 For the reasons as set out in this Sixth 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 11th day of July, 2023.

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

DocuSigned by:

Per: Josh Nevsky
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Josh Nevsky
Senior Vice-President

APPENDIX "A"

UPDATED SIX-WEEK CASH FLOW FORECAST

Appendix A - 6-Week Cash Flow Forecast Assumptions

Inscape Group
6-Week Cash Flow Forecast ending August 11, 2023
Unaudited $CAD '000's

Cash Flow Week:	Week 1	Week 2	Week 3	Week 4	Week 5	Week 6	6-Week
Week Ending:	7-Jul-23	14-Jul-23	21-Jul-23	28-Jul-23	4-Aug-23	11-Aug-23	Total
Receipts							
Collection of remaining receivables	-	146	-	-	31	-	**177**
Holland Landing cost recovery	-	-	-	700	-	-	**700**
Sales tax recovery and other	10	10	20	-	-	796	**836**
Total Receipts	**10**	**156**	**20**	**700**	**31**	**796**	**1,713**
Disbursements							
Holland Landing exit costs	(100)	(200)	(250)	-	-	-	**(550)**
Salaries & benefits	-	(124)	-	(68)	-	-	**(191)**
Key Employee Retention Plan	-	-	-	-	-	(223)	**(223)**
Professional fees	-	-	-	(500)	-	(364)	**(864)**
Total Disbursements	(100)	(324)	(250)	(568)	-	(587)	**(1,829)**
Net Cash Flow	**(90)**	**(167)**	**(230)**	**132**	**31**	**209**	**(115)**
Opening Cash	1,842	1,752	1,085	855	488	519	**1,842**
Net cash flow	(90)	(167)	(230)	132	31	209	**(115)**
Secured debt repayment	-	(500)	-	(500)	-	(620)	**(1,620)**
Closing Cash (Bank)	**1,752**	**1,085**	**855**	**488**	**519**	**107**	**107**

Inscape Group
Six-Week Cash Flow Forecast ending August 11, 2023
Notes and Summary of Assumptions

Disclaimer

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

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

Notes

(1) AR collections
AR collections include certain remaining accounts receivable balances expected to be collected during the Forecast Period, including the August 1, 2023 installment pursuant to the Minutes of Settlement.

(2) Holland Landing cost recovery
Forecast proceeds are based on the Company's Lease Assignment Inducement Agreement with the landlord of the Holland Landing facility.

(3) Sales tax and other recoveries
Sales tax and other recoveries includes: (a) approximately $796,000 in pre-filing HST refunds that the Company expects to receive from the CRA; and (b) $20,000 for the sale of remaining scrap inventory. As described further in the Sixth Report, the timing and quantum of the pre-filing HST refunds remains subject to ongoing discussion between the Company and the CRA.

(4) Salaries & benefits
Salaries & benefits are forecast based on current salaries, wages, and related benefits for the management team administering the wind-down and asset monetization activities.

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

(6) Professional fees
Disbursements include: the Applicants' Canadian counsel, U.S. counsel, employment counsel and special counsel; the Monitor and its Canadian and U.S. counsel; the directors' counsel; and tax administration and advisory fees.

Inscape Group
Six-Week Cash Flow Forecast ending August 11, 2023
Notes and Summary of Assumptions

(7) Secured Debt Repayment

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

APPENDIX "B"

MANAGEMENT'S REPRESENTATION LETTER REGARDING THE CASH FLOW FORECAST

inscape

work for tomorrow

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

Attention: Mr. Joshua Nevsky

July 11, 2023

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

In connection with the application by the Inscape Group for the commencement of proceedings under the Companies' Creditors Arrangement Act, the management of Inscape have prepared the attached 13-week projected cash flow statement for the period July 1, 2023 to August 11, 2023 (the "Cash Flow Forecast") and the list of assumptions on which the Cash Flow Forecast is based. The purpose of the Cash Flow Forecast is to determine the liquidity requirements of Inscape Group during the CCAA proceedings.

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

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

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

Yours truly,

Name: Eric Ehgoetz
Title: Chief Executive Officer

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
Proceeding commenced at Toronto

SIXTH REPORT OF THE MONITOR,
ALVAREZ & MARSAL CANADA INC.

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

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