



FOR IMMEDIATE RELEASE

Inscape announces all cash offer of \$0.007 per share

HOLLAND LANDING, Ontario, October 29, 2022: Inscape Corporation (“**Inscape**” or the “**Company**”) (TSX: INQ), today announced that it has entered into a Support Agreement with HUK 121 Limited (the “**Offeror**”), a subsidiary of Hilco Capital Limited UK (“**Hilco**”), under which the Offeror has agreed to initiate a take-over bid to acquire all of the Company’s outstanding subordinated voting shares (the “**Shares**”) for \$0.007 in cash per Share (the “**Offer Price**”) by way of a friendly take-over bid (the “**Offer**”).

In connection with the Offer, certain shareholders of the Company (the “**Locked Up Shareholders**”) who collectively represent over 80% of the Shares, have entered into “hard” Lock-Up Agreements with the Offeror under which such shareholders have agreed to support the Offer and to deposit their Shares under the Offer (the “**Lock-Ups**”).

The Company also announces that it has entered into a loan agreement (the “Loan Agreement”) with HUK 116 Limited, another subsidiary of Hilco, for the establishment of a new \$5 million demand secured credit facility. The new credit facility will be used by the Company to finance working capital and for other corporate purposes.

The Board of Directors of Inscape, after consultation with financial and legal advisors, has unanimously approved entering into the Support Agreement and unanimously recommends the Company’s shareholders (the “**Shareholders**”) deposit their Shares under the Offer. The Inscape Board received a verbal opinion on October 28, 2022 from Evans & Evans, Inc. that the Offer Price was fair, from a financial point of view, to shareholders of the Company. The opinion was based on and subject to the assumptions made, procedures followed, matters considered and limitations and qualifications on the review undertaken, which will be more fully described in the written opinion to be provided by Evans & Evans, Inc. which will be included in the Inscape directors’ circular.

In approving the Take-Over Bid, the Board, among other things, reviewed and considered:

- The Company’s financial position and business prospects and that the Company had and continues to face difficulties arising from the business slowdown caused by COVID 19.

- The Company's exploration of other strategic alternatives, and that the Offer is the only alternative available to provide liquidity and consideration to the Shareholders.
- The Loan Agreement to be entered into concurrently with the Support Agreement will provide much needed financing to fund the Company's short term working capital requirements, and will allow Inscape to continue to execute on its business plan while also meeting its financial obligations until the transactions contemplated by the Offer have been completed.
- The Offer Price was determined to be fair from a financial point of view to the shareholders, by the financial advisor, Evans & Evans Inc., in the Fairness Opinion.
- The Shareholders representing approximately 80% of the issued and outstanding shares in the capital of the Company have independently agreed to enter into "hard" Lock-Up Agreements to tender their shares into the Offer, regardless of whether or not the Company terminates the Support Agreement in the future.
- In order for Shareholders to be able to receive the Offer Price for their Shares, more than 66 $\frac{2}{3}$ % of the outstanding Shares must be deposited under the Offer prior to the expiry of the initial deposit period and the Locked Up Shareholders already represent sufficient shares to exceed the minimum tender condition. Due to this overwhelming support, the purchase of all of the Shares is expected to be completed shortly after the expiry of the initial deposit period, failing which a subsequent acquisition transaction will be completed by the Offeror in order to acquire the remainder of the Shares.
- The Offer is not subject to a financing condition.
- The trading volume of Inscape's Shares is very low and there is no efficient, liquid market for the Company's Shares that would allow Shareholders to realize the value of their Shares.
- The terms and conditions of the Offer and the Support Agreement, are, in the judgment of the Company and its advisors, reasonable and were the product of extensive negotiations between the Company and its advisors and the Offeror and Hilco and their advisors.

Under the terms of the Support Agreement, the Offeror has agreed to mail the Offer and the accompanying take-over bid circular to all registered holders of Shares as soon as reasonably practicable, and in any event not later than November 18, 2022. The Company and the Offeror have agreed to take the necessary steps under National Instrument 62-104 in order to reduce the initial deposit period for the Offer to 35 days from the commencement of the Offer (subject only to such extensions to the initial deposit period that are necessary for compliance with National Instrument 62-104), and will be conditional upon, among other things, there being validly deposited or tendered and not withdrawn, a number of Shares that represents at least 66²/₃% of the outstanding Shares. The Support Agreement contains customary deal protections in favour of the Offeror for a transaction of this kind, including a non-solicitation covenant in respect of competing offers from third parties, a termination fee and a right for the Offeror to match any Superior Proposal made by a third party. Further details regarding the terms and conditions of the Offer and the process for tendering Shares will be set out in the take-over bid circular and related documents which will be mailed to shareholders and which will be filed on the Company's profile on SEDAR at www.sedar.com.

About Hilco

Headquartered in London, UK, Hilco Capital Limited is subsidiary of US-based group, Hilco Global. Hilco is a leading turnaround investor in the retail, wholesale and manufacturing sectors. Hilco's investment portfolio includes investments with annual sales revenues ranging from \$50 million to \$2 billion. Hilco is an experienced private equity investment group which partners with management teams through hands-on financial and operational support in order to facilitate business recoveries.

About Inscape

Since 1888, Inscape has been designing products and services that are focused on the future, so businesses can adapt and evolve without investing in their workspaces all over again. Our versatile portfolio includes systems furniture, storage, and walls – all of which are adaptable and built to last. Inscape's wide dealer network, showrooms in the United States and Canada, along with full service and support for all our clients, enable us to stand out from the crowd. We make it simple. We make it smart. We make our clients wonder why they didn't choose us sooner.

Cautionary Statements Respecting Forward Looking Statements and the Offer

This new release contains “forward-looking statements” within the meaning of such statements under the applicable securities law. Forward-looking statements are frequently characterized by words such as “plan”, “continue”, “except”, “project”, “intend”, “believe”, “anticipate”, “estimate”, “may”, “will”, “potential”, “proposed” and other similar words, or statements that certain events or conditions “may” or “will” occur. These statements are only predictions. Forward-looking statements in this release include statements regarding the proposed Offer, the timing of mailing of the Offer and the accompanying take-over bid circular, and the intention of the Locked Up Shareholders to tender their Shares. Various assumptions were used in drawing the conclusions or making the projections contained in the forward-looking statements throughout this news release, including assumptions based on the Company’s publicly disclosed information, and the Company’s current financial condition. Forward-looking statements are based on the opinions and estimates of management at the date the statements are made, and are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward-looking statements. The Company is under no obligation, and expressly disclaims any intention or obligation, to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise except as expressly required by applicable law.

The Offeror has not yet commenced the Offer noted above in this news release. Upon commencement of the Offer, the Offeror will file a take-over bid circular with securities regulatory authorities in each of the provinces and territories of Canada. The take-over bid circular will contain important information about the Offer and should be read in its entirety by the Company’s shareholders and others to whom the Offer is addressed. After the Offer is commenced Inscape shareholders (and others) will be able to obtain, at no charge, a copy of the Offer, take-over bid circular and various associated documents when they become available online at www.SEDAR.com. This announcement is for informational purposes only and does not constitute or form part of any offer or invitation to purchase, otherwise acquire, subscribe for, sell or otherwise dispose of or issue, or any other solicitation of any other solicitation of any offer to sell, otherwise dispose of, issue, purchase, otherwise acquire or subscribe for any security. The Offer will not be made in, nor will deposit of securities be accepted from a person in, any jurisdiction in which the making or acceptance thereof would not be in compliance with the laws of such jurisdiction. However, the Offeror may in its sole discretion, take such action as it deems necessary to extend the Offer in any such jurisdiction.



For more information, visit www.myinscape.com.

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