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DIRECTORS' CIRCULAR

RECOMMENDING

ACCEPTANCE

OF THE OFFER BY

HUK 121 LIMITED

TO PURCHASE ALL OF THE SHARES OF

INSCAPE CORPORATION

FOR \$0.007 IN CASH PER SHARE

RECOMMENDATION TO SHAREHOLDERS

The Board of Directors of Inscape Corporation UNANIMOUSLY recommends that Shareholders

ACCEPT the Hilco Offer and

DEPOSIT their Shares under the Hilco Offer

THE HILCO OFFER IS OPEN FOR ACCEPTANCE FROM THE DATE HEREOF UNTIL 5:00 P.M. (TORONTO TIME) ON DECEMBER 23, 2022, UNLESS IT IS EXTENDED OR WITHDRAWN.

November 25, 2022

Dear Inscape Shareholder:

I am writing to provide an update regarding your Shares in Inscape Corporation (“**Inscape**” or the “**Company**”). This update is the culmination of an in-depth and lengthy strategic review process conducted by a special committee (the “**Special Committee**”) of the board of directors of Inscape (the “**Board**” or “**We**”) to seek strategic alternatives for Inscape.

Inscape experienced significant declines in its business and financial performance over the past few years, largely due to the impacts of the COVID-19 pandemic. In early 2021, the Board established the Special Committee to consider strategic alternatives. Subsequent steps included securing a bridge debt facility in April 2021 in order to enable the Company to complete the sale and leaseback of its Holland Landing headquarters in February 2022. The sale allowed the Company to repay the bridge debt facility in full and replenish cash resources/working capital. The sale of an additional parcel of surplus property in April 2022 provided additional cash to the Company and was followed by the sale of surplus equipment, the rationalization of excess space, and further cost reduction measures. In spring of 2022, the Board determined that the Company’s financial recovery was proceeding more slowly than originally anticipated.

On February 28, 2022, Inscape entered into a letter agreement with Stump & Co. (“**Stump**”), a financial advisory firm based in North Carolina specializing in the furniture industry, with respect to an exploration of strategic alternatives, including a possible sale of Inscape. Stump commenced a process to further explore alternatives and to prepare a more formal offering memorandum as a component of that process, but based on the advice provided by Stump that a successful sale process would be unlikely, the process was suspended a short time thereafter with concurrence by Inscape. Given the challenging M&A market for companies engaged in the contract office furniture industry, Stump recommended the Company continue its effort to restore profitability before recommencing the sale process. Stump remained engaged pending a change in circumstances that might lead to a more successful outcome. Notwithstanding, Inscape continued to pursue strategic alternatives for the Company. The Company continued to struggle to meet its financial projections. At the end of the quarter ended July 31, 2022, the Company incurred a net loss of \$6.2 million and had cash equivalents and restricted cash of \$6.1 million.

Despite previous cost cutting measures, the Company’s financial position is not improving and the Company has declining cash resources. The Company expanded the nature of strategic alternatives under consideration to include corporate restructuring and insolvency proceedings. On August 9, 2022, Hilco entered into the Confidentiality Agreement with Inscape following an introduction by a Canadian investment bank. Throughout the month of August, Hilco met with management of Inscape and conducted high level due diligence of its business and assets. After Hilco conducted substantial financial due diligence on the Company, Hilco determined that the Company’s equity value was extremely low, and that the Company’s business would require significant financial investment to succeed.

On September 7, 2022, Hilco submitted an initial proposal to Inscape’s management and reached an agreement to conduct in depth due diligence of Inscape, including site visits to Inscape’s manufacturing facilities. The initial non-binding proposal included two potential acquisition structures, subject to continuing due diligence and Inscape’s working capital including cash balances remaining broadly in line with forecasts. The initial proposals contemplated Hilco or an associated entity making an offer to acquire all of the issued share capital of Inscape (i) for total upfront cash consideration of \$1,500,000; or (ii) for total upfront cash consideration of \$750,000 in addition to deferred consideration equal to 25% of any net proceeds from an onwards sale of Inscape or dividends/management fees received within 36 months of closing. It was subsequently determined that option (ii) was not viable under applicable securities laws.

On October 5, 2022, following completion of due diligence and consideration of (i) Inscape’s current working capital (including reduced cash balances); (ii) Inscape’s lower sales for the three months ending July 31, 2022 and resulting negative cash flows (which are expected to continue); and (iii) the projected costs associated with revitalizing Inscape’s business, Hilco submitted a revised non-binding proposal under which the Offeror agreed to make an offer to purchase all of the issued and outstanding Class B subordinated voting shares (the “**Shares**”) of Inscape for consideration of \$0.007 (the “**Offer Price**”) in cash for each Share (the “**Hilco Offer**”) and for HUK 116 Ltd., an affiliate of Hilco (the “**Lender**”) to advance a \$5.0 million revolving demand loan facility to the Company.

During September and October 2022, Inscap, the Special Committee, the Offeror and their respective legal advisors engaged in negotiations surrounding the transaction documents. Multiple drafts of the Support Agreement, loan agreement (including associated security and closing documents) and the form of Lock-Up Agreement were exchanged. The result of the continued extensive negotiations during the third and fourth week in October amongst Hilco, the Special Committee, Inscap and their respective legal, was the preparation of a fully negotiated draft of the Support Agreement, Interim Loan Agreement and related agreements.

On October 18, 2022, Inscap formally engaged Evans to act as Financial Advisor to provide advice and assistance in evaluating the Hilco Offer and the preparation and delivery to the Special Committee of the Evans Opinion as to the fairness of the consideration under the Hilco Offer from a financial point of view to the shareholders of Inscap (the “Shareholders”).

On October 28, 2022, the Company and the Offeror entered into a support agreement (the “Support Agreement”) under which the Offeror agreed to make the Hilco Offer. Concurrently with the execution of the Support Agreement, the Company and an affiliate of Hilco (the “Lender”) entered into a loan agreement under which the Lender made a \$5.0 million revolving demand loan facility available to the Company, and shareholders of Inscap that hold Shares representing more than 80% of the Shares, entered into “hard” lock-up agreements with the Offeror (the “Lock-Up Agreements”), pursuant to which they agreed to deposit all of their Shares under the Hilco Offer.

On October 29, 2022, the Company issued a press release announcing the Offer, the execution of the Support Agreement, the Interim Loan Agreement, and the Lock-Up Agreements. The press release stated that the Board had, after consultation with its advisors and the Special Committee, unanimously determined that the Offer is in the best interests of Inscap and the Shareholders, and that the Offer Price is fair, from a financial point of view, to the Shareholders. Accordingly, the press release stated that the Board was unanimously recommending that Shareholders accept the Offer and deposit their Shares under the Offer.

On November 17, 2022, Inscap issued a joint news release with the Offeror, announcing the launch of the Offer and that Inscap had agreed to reduce the initial deposit period to 35 days.

After exploring opportunities for Shareholders with financial and strategic parties in the U.S. and in Canada, and after careful consideration (including a thorough review by the Board), in consultation with financial and legal advisors, **the Board has voted UNANIMOUSLY to recommend that Shareholders ACCEPT the Hilco Offer and DEPOSIT their Shares under the Hilco Offer.**

The Board has concluded that there is no credible alternative to the Hilco Offer and that if the Hilco Offer does not proceed, the Company will, more than likely be required to commence insolvency proceedings. The attached Directors’ Circular provides additional detail about how the Board has reached this conclusion, and we strongly encourage you to read the Directors’ Circular in its entirety. As you will see, we considered many factors, including the opinion from Inscap’s Financial Advisor — Evans & Evans, Inc. — which opinion states that based upon such matters as were considered relevant, and subject to the limitations and qualifications set out in such opinion, as of the date of such opinion, the Offer Price is fair, from a financial point of view, to Shareholders, all as more fully described in the written opinion included in this Directors’ Circular.

As described in more detail in the enclosed Directors’ Circular, the reasons for the Board’s unanimous recommendation of the Hilco Offer, among others, include:

- the Board has considered a wide range of strategic alternatives over the past few years and no expressions of interest were received as a result of these solicitations. The Hilco Offer is the only available alternative to provide liquidity and consideration to the Company’s Shareholders;
- 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;
- in the event that the conditions of the Hilco Offer are satisfied or waived by Hilco, Shareholders will receive consideration under the Hilco Offer of \$0.007 in cash for each Share that they deposit

under the Hilco Offer. To the extent the aggregate consideration to be paid for the Shares to each Shareholder is not a whole number, the amount shall be rounded to the nearest whole cent on a per Shareholder basis;

- the total value of \$0.007 for each Share represents a discount of approximately 99% to the volume weighted average trading price of the Shares on the TSX for the 52 weeks preceding the announcement of the Hilco Offer on October 28, 2022. Given the low trading volumes of the Shares over the past year, and in light of recent difficulties that Inscape has faced (as well as those commencing since the beginning of the COVID-19 pandemic), the Board believes considering the Hilco Offer in the context of the significant economic headwind faced by the Company is more meaningful than a reference to the 52-week volume weighted average trading price of the Shares;
- the ALL CASH consideration under the Hilco Offer provides certainty and immediate value to Shareholders;
- if the Hilco Offer does not proceed, the Company expects it will, more than likely, be required to commence insolvency proceedings (a process which may result in Shareholders realizing no proceeds at all). The Hilco Offer represents the only foreseeable liquidity event for Shareholders, particularly in light of the thinly-traded nature of the Shares (with the average daily trading volume being less than 0.7% of total issued shares in the 90-days preceding the date of the Support Agreement) and the Company's financial position;
- The Hilco Offer provides Inscape's Shareholders with the added benefit of not having to pay brokerage fees or commissions for those who deposit their Shares directly with the depository for the Hilco Offer;
- Inscape's Financial Advisor has provided a written opinion that, as of the date of such opinion, and based upon and subject to the assumptions, qualifications and limitations stated therein, the Offer Price offered to Shareholders pursuant to the Hilco Offer is fair, from a financial point of view, to Shareholders;
- the Hilco Offer is not subject to any financing condition;
- the Hilco Offer contains a two-thirds minimum Share tender condition that cannot be lowered without Inscape's consent;
- holders of more than 80% of the Shares, including the three largest Shareholders and all of the directors and executive officers of Inscape holding Shares, have agreed to deposit their Shares under the Hilco Offer;
- in order for Shareholders to be able to receive the Offer Price for their Shares, more than 66 2/3% of the outstanding Shares must be deposited under the Offer prior to the expiry of the initial deposit period. The Locked-Up Shareholders already represent sufficient shares to exceed the minimum tender condition and due to this overwhelming support, the transaction is expected to be completed shortly after the expiry of the initial deposit period; and
- 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.

In summary, taking into account all circumstances, the Board believes that the Offer Price offered to Shareholders pursuant to the Hilco Offer is fair, from a financial point of view, to Shareholders and that the Hilco Offer is in the best interests of Inscape.

For the above reasons, we urge you to ACCEPT the Hilco Offer and to DEPOSIT your Shares under the Hilco Offer. If you have any questions about the Hilco Offer, you can contact your investment advisor, stockbroker, bank manager, trust company manager, accountant, lawyer or other professional advisor.

On behalf of the Board, I would like to thank you for your continued support.

Sincerely,

(Signed) "Neil McDonnell"
Chairman of the Board

QUESTIONS AND ANSWERS ABOUT THE HILCO OFFER

Why am I receiving this Directors' Circular?

On October 28, 2022, Inscape entered into the Support Agreement with the Offeror, pursuant to which the Offeror agreed to make the Hilco Offer, subject to the terms and conditions set forth in the Support Agreement. As a condition to the making of the Hilco Offer, among other things, Inscape agreed to prepare this Directors' Circular containing the Board's unanimous recommendation that Shareholders accept the Hilco Offer.

What is the Hilco Offer?

Under the terms of the Hilco Offer, the Offeror is offering to purchase the outstanding Shares (other than Shares held by Hilco or any of its affiliates) for consideration of \$0.007 in cash for each Share. To the extent the aggregate consideration to be paid for the Shares to each Shareholder is not a whole number, the amount shall be rounded to the nearest whole cent on a per Shareholder basis.

Should I accept the Hilco Offer?

Your Board UNANIMOUSLY recommends that Shareholders ACCEPT the Hilco Offer and DEPOSIT their Shares under the Hilco Offer. The three largest Shareholders and all of the members of the Board and executive officers of Inscape that hold Shares (the "**Locked-Up Shareholders**"), representing over 80% of the Shares, have agreed to ACCEPT the Hilco Offer and to DEPOSIT their Shares under the Hilco Offer.

How do I accept the Hilco Offer?

Registered Shareholders who wish to accept the Hilco Offer must properly complete and execute the Letter of Transmittal accompanying the Hilco Offer, and deposit it, together with any certificate(s) (if any) representing their Shares at or prior to the Expiry Time at the office of the Depositary specified in the Letter of Transmittal. Detailed rules and instructions are contained in the Letter of Transmittal. Alternatively, Shareholders may follow the procedure for guaranteed delivery described in Section 3 of the Hilco Offer, "*Manner of Acceptance — Procedure for Guaranteed Delivery*", using the Notice of Guaranteed Delivery attached to the Hilco Offer and Circular.

Shareholders will not be required to pay any fee or commission if they accept the Hilco Offer by validly depositing their Shares directly with the Depositary.

Beneficial Shareholders whose Shares are registered in the name of an investment advisor, stockbroker, bank, trust company or other nominee should immediately contact such nominee for assistance in validly depositing their Shares if they wish to accept the Hilco Offer.

Shareholders are invited to contact TSX Trust, the Depositary, by telephone at (416) 682-3860 or at +1-800-387-0825 (toll free) or by e-mail at shareholderinquiries@tmx.com for further information regarding how to accept the Hilco Offer.

See Section 3 of the Hilco Offer and Circular, "*Manner of Acceptance*".

Why does the Board believe that the Hilco Offer should be accepted?

Taking into account all circumstances, the Board believes that the Offer Price offered to Shareholders pursuant to the Hilco Offer is fair, from a financial point of view, to Shareholders and that the Hilco Offer is in the best interests of Inscape. The Board's reasons include:

- the Board has considered a wide range of strategic alternatives over the past few years and no expressions of interest were received as a result of these solicitations. The Hilco Offer is the only available alternative to provide liquidity and consideration to the Company's Shareholders;

- 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;
- in the event that the conditions of the Hilco Offer are satisfied or waived by Hilco, Shareholders will receive consideration under the Hilco Offer of \$0.007 in cash for each Share that they deposit under the Hilco Offer. To the extent the aggregate consideration to be paid for the Shares to each Shareholder is not a whole number, the amount shall be rounded to the nearest whole cent on a per Shareholder basis;
- the total value of \$0.007 for each Share represents a discount of approximately 99% to the volume weighted average trading price of the Shares on the TSX for the 52 weeks preceding the announcement of the Hilco Offer on October 28, 2022. Given the low trading volumes of the Shares over the past year, and in light of recent difficulties that Inscape has faced (as well as those commencing since the beginning of the COVID-19 pandemic), the Board believes considering the Hilco Offer in the context of the significant economic headwind faced by the Company is more meaningful than a reference to the 52-week volume weighted average trading price of the Shares;
- the ALL CASH consideration under the Hilco Offer provides certainty and immediate value to Shareholders;
- if the Hilco Offer does not proceed, the Company expects it will, more than likely, be required to commence insolvency proceedings (a process which may result in Shareholders realizing no proceeds at all). The Hilco Offer represents the only foreseeable liquidity event for Shareholders, particularly in light of the thinly-traded nature of the Shares (with the average daily trading volume being less than 0.7% of total issued shares in the 90-days preceding the date of the Support Agreement) and the Company's financial position;
- the Hilco Offer provides Inscape's Shareholders with the added benefit of not having to pay brokerage fees or commissions for those who deposit their Shares directly with the depository for the Hilco Offer;
- Inscape's Financial Advisor has provided a written opinion that, as of the date of such opinion, and based upon and subject to the assumptions, qualifications and limitations stated therein, the Offer Price offered to Shareholders pursuant to the Hilco Offer is fair, from a financial point of view, to Shareholders;
- the Hilco Offer is not subject to any financing condition;
- the Hilco Offer contains a two-thirds minimum Share tender condition that cannot be lowered without Inscape's consent;
- holders of more than 80% of the Shares, including the three largest Shareholders and all of the directors and executive officers of Inscape holding Shares, have agreed to deposit their Shares under the Hilco Offer;
- in order for Shareholders to be able to receive the Offer Price for their Shares, more than 66 2/3% of the outstanding Shares must be deposited under the Offer prior to the expiry of the initial deposit period. The Locked-Up Shareholders already represent sufficient shares to exceed the minimum tender condition and due to this overwhelming support, the transaction is expected to be completed shortly after the expiry of the initial deposit period; and
- 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.

A summary of all of the reasons for the unanimous recommendation of the Board is included on pages 10 to 12 of this Directors' Circular.

How long do I have to decide whether to deposit my Shares under the Hilco Offer?

You have until the Expiry Time of the Hilco Offer to deposit your Shares. The Hilco Offer is scheduled to expire at 5:00 p.m. (Toronto time) on December 23, 2022, unless it is extended or withdrawn. See Section 2 of the Hilco Offer, "*Time for Acceptance*".

If I accept the Hilco Offer, when will I be paid?

The Hilco Offer and Circular indicates that, provided all of the conditions to the Hilco Offer have been satisfied or waived by the Offeror at or prior to the Expiry Time, the Offeror will consummate the Hilco Offer and take up the Shares deposited under the Hilco Offer on the day on which the Expiry Time occurs and pay for such Shares on the day that is three business days after such take up date. See Section 6 of the Hilco Offer, "*Take-Up and Payment for Deposited SVS Shares*".

Whom do I ask if I have more questions?

The Offeror has engaged TSX Trust Company to act as the depositary (the "**Depositary**" or "**TSX Trust**") for the Offer.

If you need assistance in depositing your Shares please contact the Depositary at (416) 682-3860 or +1-800-387-0825 (toll free) or by e-mail at shareholderinquiries@tmx.com.

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CURRENCY

All dollar references in this Directors' Circular are to Canadian, except where otherwise indicated.

FORWARD-LOOKING STATEMENTS

This Directors' Circular contains certain statements that constitute forward-looking information within the meaning of applicable securities laws ("**forward-looking statements**"). Forward-looking statements include all disclosure regarding possible events, conditions, results of operations, or the Hilco Offer that is based on assumptions about future economic conditions and courses of action. Certain statements contained in this Directors' Circular, including statements contained in "Unanimous Recommendation of the Board" and "Analysis and Reasons for the Board's Conclusion and Recommendation", constitute "forward-looking statements". The Company cautions readers not to place undue reliance upon any such forward-looking statements, which speak only as of the date they are made. Forward-looking statements are based on the Company's current plans, estimates, projections, beliefs and opinions, and the Company does not undertake any obligation to update forward-looking statements should assumptions related to those plans, estimates, projections, beliefs and opinions change, except as required by Law.

The purpose of forward-looking statements is to provide the reader with information about management's expectations and plans. Often, but not always, forward-looking statements can be identified by the use of words or phrases such as "plans", "expects", "is expected", "is expecting", "budgeted", "scheduled", "estimates", "forecasts", "intends", "anticipates", or "believes", or variations (including negative variations) of such words and phrases, or state that certain actions, events or results "may", "could", "would", "might", or "will" be taken, occur or be achieved. Forward-looking statements in this Directors' Circular include, but are not limited to, statements regarding: expectations as to the anticipated timing, mechanics, completion and settlement of the Hilco Offer; Inscape's status as a reporting issuer after completion of the Hilco Offer; and the ability of the Offeror to complete the transactions contemplated by the Hilco Offer.

Forward-looking statements are necessarily based on a number of factors, estimates and assumptions that, while considered reasonable by Inscape, are inherently subject to significant business, economic and competitive risks, uncertainties and contingencies. Such factors, estimates and assumptions include, but are not limited to, the factors, estimates and assumptions set out in this Directors' Circular and anticipated financial and operating performance of Inscape and its subsidiaries. While Inscape considers these estimates and assumptions to be reasonable based on information currently available to it, they may prove to be incorrect.

Readers are cautioned that forward-looking statements involve known and unknown risks, uncertainties and other factors outside of management's control which may cause the actual results, performance or achievements of Inscape and/or its subsidiaries to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Due to the nature of Inscape's business, Inscape's operations and results are generally subject to a number of different risks and uncertainties at any given time. Following is a list of the general risks and uncertainties that could materially affect Inscape, its operations and financial performance. These risks and uncertainties include, but are not limited to: the Offeror may not be able to complete the Hilco Offer because, among other reasons, conditions to the completion of the Hilco Offer may not be satisfied; the parties may be unable to obtain regulatory approvals required for the Hilco Offer; the Hilco Offer may involve unexpected costs or unexpected liabilities; competing offers or other transactions may emerge; economic conditions such as interest rates; and such other risk factors as are set out under the heading "Risk Factors" in the annual information form of Inscape dated July 29, 2022, which is available on the Canadian Securities Administrators' System for Electronic Document Analysis and Retrieval ("**SEDAR**") website at www.sedar.com. Although Inscape has attempted to identify statements containing important factors that could cause actual results, performance or achievements to differ materially from those described in forward-looking statements, there may be other factors that cause results, performance or achievements to differ from those anticipated, estimated or intended.

Unless otherwise specified, forward-looking statements contained herein are made as of the date of this document based on the opinions, plans and estimates of management as of the date of this document. Except as required by law, Inscape disclaims any obligation to update any forward-looking statements, whether as a result of new information, opinions, plans or estimates, future events or results or otherwise. There can be no assurance that forward-looking

statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements.

AVAILABILITY OF DISCLOSURE DOCUMENTS

Inscape is a reporting issuer in all of the provinces and territories of Canada and files its continuous disclosure documents and other documents with the Canadian securities regulatory authorities in each such province and territory. Continuous disclosure documents are available on the SEDAR website at www.sedar.com. Certain information in this Directors' Circular has been taken from or is based on documents that are expressly referred to in this Directors' Circular. All summaries of, and references to, documents that are specified in this Directors' Circular as having been filed, or that are contained in documents specified as having been filed, on SEDAR are qualified in their entirety by reference to the complete text of those documents as filed, or as contained in documents filed, on SEDAR. Shareholders are urged to read carefully the full text of those documents, which may also be obtained on request without charge from the Secretary of Inscape by phone at (905) 952-4102.

Information contained in this Directors' Circular concerning Hilco and its affiliates and the Hilco Offer, including forward-looking statements, is based solely upon, and the Board has relied, without independent verification, exclusively upon, information provided to Inscape by Hilco, contained in the Hilco Offer and Circular, or that is otherwise publicly available. While neither Inscape nor any of its officers or Directors has any reason to believe that such information is inaccurate or incomplete, neither Inscape nor any of its officers or Directors assumes any responsibility for the accuracy or completeness of such information.

NOTICE TO SHAREHOLDERS IN THE UNITED STATES

This Directors' Circular has been prepared by Inscape in accordance with disclosure requirements under applicable Canadian law. Shareholders in the United States should be aware that these requirements may be different from those of the United States. Financial statements included or incorporated by reference herein, if any, have been prepared in accordance with Canadian generally accepted accounting principles or International Financial Reporting Standards and thus may not be comparable to financial statements of United States companies. It may be difficult for Shareholders in the United States to enforce their rights and any claim they may have arising under United States federal securities laws since Inscape is incorporated under the laws of Ontario, all or some of the officers and Directors of Inscape reside outside the United States, the experts named herein may reside outside the United States, and all or a substantial portion of the assets of Inscape and the other above-mentioned persons are located outside the United States. Shareholders in the United States may not be able to sue Inscape or its officers or Directors in a non-U.S. court for violation of United States federal securities laws. It may be difficult to compel such parties to subject themselves to the jurisdiction of a court in the United States or to enforce a judgment obtained from a court in the United States against such parties.

SUMMARY

The information set out below is intended to be a summary only and is qualified in its entirety by the more detailed information appearing elsewhere in this Directors' Circular. All capitalized terms in the summary have the meanings ascribed to such terms elsewhere in this Directors' Circular.

The Hilco Offer

HUK 121 Limited (the “**Offeror**”), a wholly-owned subsidiary of Hilco Capital Limited (“**Hilco**”), has made an offer to purchase all of the issued and outstanding shares (the “**Shares**”) of Inscape Corporation (“**Inscape**” or the “**Company**”) (other than Shares held by Hilco or its affiliates) for consideration of \$0.007 in cash for each Share (the “**Offer Price**”). To the extent the aggregate consideration to be paid for the Shares to each Shareholder is not a whole number, the amount shall be rounded to the nearest whole cent on a per Shareholder basis. The Hilco Offer is open for acceptance until 5:00 p.m. (Toronto time) on December 23, 2022, unless it is extended or withdrawn.

Recommendation of the Special Committee

After giving careful consideration to the circumstances outlined under “Analysis and Reasons for the Board’s Conclusion and Recommendation”, the terms of the Hilco Offer, the terms of the Support Agreement, the advice of Evans & Evans Inc., including the Evans Opinion (a complete copy of which is attached as Schedule “A” to this Directors’ Circular), the advice of its legal counsel, and various additional matters, and undertaking the steps outlined under “Background to the Hilco Offer”, the Special Committee has: (a) unanimously determined that the Hilco Offer is fair from a financial point of view to the Shareholders; (b) unanimously determined that the Offer is in the best interests of Inscape; (c) unanimously recommended that the Board approve the entering into and performance of the Support Agreement; and (d) unanimously recommended that the Board recommend that Shareholders accept the Hilco Offer and deposit their Shares to the Hilco Offer. See “Analysis and Reasons for the Board’s Conclusion and Recommendation”.

Directors’ Recommendation

After careful consideration, including a thorough review by the Board, in consultation with its financial and legal advisors, of the terms and conditions of the Hilco Offer, taking into account all circumstances, the Board, by unanimous vote of the Directors at a meeting held on October 28, 2022, determined that the Offer Price offered to Shareholders pursuant to the Hilco Offer is fair, from a financial point of view, to Shareholders and that the Hilco Offer is in the best interests of Inscape.

Accordingly, for the reasons described in more detail below, the Board **UNANIMOUSLY** recommends that Shareholders **ACCEPT** the Hilco Offer and **DEPOSIT** their Shares under the Hilco Offer.

Reasons for Acceptance

Taking into account all circumstances, the Board believes that the Offer Price paid to Shareholders pursuant to the Hilco Offer is fair, from a financial point of view, to Shareholders and that the Hilco Offer is in the best interests of Inscape.

The Board has carefully reviewed and considered the Hilco Offer, with the benefit of advice from its financial and legal advisors, including the opinion from Inscape’s Financial Advisor — Evans & Evans, Inc. — which opinion states that based upon such matters as were considered relevant, and subject to the limitations and qualifications set out in such opinion, as of the date of such opinion, the Offer Price is fair, from a financial point of view, to Shareholders, all as more fully described in the written opinion included in this Directors’ Circular. The following is a summary of the principal reasons for the **UNANIMOUS** recommendation of the Board to Shareholders that they **ACCEPT** the Hilco Offer and **DEPOSIT** their Shares under the Hilco Offer. The Board’s reasons include:

- the Board has considered a wide range of strategic alternatives over the past few years and no expressions of interest were received as a result of these solicitations. The Hilco Offer is the only available alternative to provide liquidity and consideration to the Company's Shareholders;
- 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;
- in the event that the conditions of the Hilco Offer are satisfied or waived by Hilco, Shareholders will receive consideration under the Hilco Offer of \$0.007 in cash for each Share that they deposit under the Hilco Offer. To the extent the aggregate consideration to be paid for the Shares to each Shareholder is not a whole number, the amount shall be rounded to the nearest whole cent on a per Shareholder basis;
- the total value of \$0.007 for each Share represents a discount of approximately 99% to the volume weighted average trading price of the Shares on the TSX for the 52 weeks preceding the announcement of the Hilco Offer on October 28, 2022. Given the low trading volumes of the Shares over the past year, and in light of recent difficulties that Inscape has faced (as well as those commencing since the beginning of the COVID-19 pandemic), the Board believes considering the Hilco Offer in the context of the significant economic headwind faced by the Company is more meaningful than a reference to the 52-week volume weighted average trading price of the Shares;
- the ALL CASH consideration under the Hilco Offer provides certainty and immediate value to Shareholders;
- if the Hilco Offer does not proceed, the Company expects it will, more than likely, be required to commence insolvency proceedings (a process which may result in Shareholders realizing no proceeds at all). The Hilco Offer represents the only foreseeable liquidity event for Shareholders, particularly in light of the thinly-traded nature of the Shares (with the average daily trading volume being less than 0.7% of total issued shares in the 90-days preceding the date of the Support Agreement) and the Company's financial position;
- The Hilco Offer provides Inscape's Shareholders with the added benefit of not having to pay brokerage fees or commissions for those who deposit their Shares directly with the depository for the Hilco Offer;
- Inscape's Financial Advisor has provided a written opinion that, as of the date of such opinion, and based upon and subject to the assumptions, qualifications and limitations stated therein, the Offer Price offered to Shareholders pursuant to the Hilco Offer is fair, from a financial point of view, to Shareholders;
- the Hilco Offer is not subject to any financing condition;
- the Hilco Offer contains a two-thirds minimum Share tender condition that cannot be lowered without Inscape's consent;
- holders of more than 80% of the Shares, including the three largest Shareholders and all of the directors and executive officers of Inscape holding Shares, have agreed to deposit their Shares under the Hilco Offer;
- in order for Shareholders to be able to receive the Offer Price for their Shares, more than 66 2/3% of the outstanding Shares must be deposited under the Offer prior to the expiry of the initial deposit period. The Locked-Up Shareholders already represent sufficient shares to exceed the minimum tender condition and due to this overwhelming support, the transaction is expected to be completed shortly after the expiry of the initial deposit period; and

- 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.

Acceptance of the Hilco Offer by Directors and Officers

The Locked-Up Shareholders, being the three largest Shareholders of Inscap and all of the members of the Board and executive officers of Inscap that hold Shares, have agreed to accept the Hilco Offer and to deposit their Shares under the Hilco Offer.

How to Accept the Hilco Offer

Registered Shareholders who wish to accept the Hilco Offer must properly complete and execute the Letter of Transmittal accompanying the Hilco Offer, and deposit it, together with any certificate(s) (if any) representing their Shares at or prior to the Expiry Time at the office of the Depositary specified in the Letter of Transmittal. Detailed rules and instructions are contained in the Letter of Transmittal. Alternatively, Shareholders may follow the procedure for guaranteed delivery described in Section 3 of the Hilco Offer and Circular, "*Manner of Acceptance — Procedure for Guaranteed Delivery*", using the Notice of Guaranteed Delivery attached to the Hilco Offer and Circular.

Shareholders will not be required to pay any fee or commission if they accept the Hilco Offer by validly depositing their Shares directly with the Depositary.

Beneficial Shareholders whose Shares are registered in the name of an investment advisor, stockbroker, bank, trust company or other nominee should immediately contact such nominee for assistance in validly depositing their Shares if they wish to accept the Hilco Offer.

Shareholders are invited to contact TSX Trust, the Depositary, by telephone at (416) 682-3860 or at +1-800-387-0825 (toll free) or by e-mail at shareholderinquiries@tmx.com for further information regarding how to accept the Hilco Offer.

See Section 3 of the Hilco Offer and Circular, "*Manner of Acceptance*".

GLOSSARY

In this Directors' Circular, unless otherwise specified or the subject matter or context is inconsistent therewith, the following terms shall have the meanings set out below, and grammatical variations thereof shall have the corresponding meanings:

“Acquisition Proposal” means, other than the Contemplated Transactions, any offer, proposal, inquiry or public announcement, whether written or oral, from any person or group of persons other than the Offeror (or an affiliate of the Offeror) relating to any:

- (i) take-over bid, tender offer, exchange offer or other similar transaction that, if consummated, would result in a person or group of persons beneficially owning 20% or more of any class of voting or equity securities of Inscape or of any of its subsidiaries whose assets, individually or in the aggregate, represent 20% or more of the consolidated assets of Inscape (based on the consolidated financial statements of Inscape most recently filed on SEDAR), or securities convertible into or exercisable or exchangeable for 20% or more of any class of voting or equity securities of Inscape or a subsidiary;
- (ii) amalgamation, plan of arrangement, share exchange, debt exchange, business combination, merger, consolidation, recapitalization, reorganization, or other similar transaction or series of related transactions involving Inscape or any subsidiaries whose assets, individually or in the aggregate, represent 20% or more of the consolidated assets of Inscape (based on the consolidated financial statements of Inscape most recently filed on SEDAR), or any liquidation, dissolution or winding-up of Inscape or a subsidiary;
- (iii) direct or indirect sale or disposition of assets (or any alliance, joint venture, lease, long-term supply arrangement, licence or other arrangement having the same economic effect as a sale or disposition) representing, individually or in the aggregate, 20% or more of the consolidated assets of Inscape;
- (iv) direct or indirect sale, issuance or acquisition of Shares or any other voting or equity interests of Inscape (or securities convertible into or exercisable or exchangeable for Shares or such other voting or equity interests) representing 20% or more of the issued and outstanding voting or equity interests (or rights or interests therein or thereto) of Inscape or any direct or indirect sale, issuance or acquisition of voting or equity interests (or securities convertible into or exercisable or exchangeable for voting or equity interests) of any subsidiary of Inscape representing 20% or more of the issued and outstanding voting or equity interests of such subsidiary (or rights or interests therein or thereto); or
- (v) any other similar transaction or series of transactions involving Inscape or its subsidiaries;

“affiliate” has the meaning given to it in the OSA;

“associate” has the meaning given to it in the OSA or Multilateral Instrument 62-104 – Take-Over Bids and Issuer Bids, as applicable;

“Board of Directors” or **“Board”** means the board of directors of Inscape and **“Directors”** means the directors of Inscape;

“business day” means any day, other than (i) a Saturday, Sunday or statutory holiday in the Province of Ontario, and (ii) a day on which banks are generally closed in the Province of Ontario;

“Compulsory Acquisition” has the meaning stated in Section 10 of this Directors' Circular, *“Support Agreement – Compulsory Acquisition and Subsequent Acquisition Transaction”*;

“**Contemplated Transactions**” means (i) the Hilco Offer and the take-up of Shares by the Offeror pursuant to the Hilco Offer, (ii) any Compulsory Acquisition, any Subsequent Acquisition Transaction or any subsequent amalgamation, merger or other business combination between the Offeror (or any of its affiliates) and the Company, that may be undertaken by the Offeror (or any of its affiliates), and (iii) any other actions with respect to any other transactions contemplated by the Support Agreement;

“**Convertible Securities**” means, collectively, any agreement, option, warrant, right or other security or conversion privilege issued or granted by Inscap that is exercisable or convertible into, or exchangeable for, or otherwise carries the right of the holder to purchase or otherwise acquire Shares, including pursuant to one or more multiple exercises, conversions and/or exchanges;

“**COVID-19**” means the novel coronavirus disease (COVID-19) or any evolution thereof;

“**DSU Plan**” means the Company’s 2005 DSU plan;

“**DSUs**” means deferred share unit awards made under the DSU Plan;

“**Effective Time**” means the time at which the Offeror first takes up Shares deposited to the Hilco Offer;

“**Evans**” or “**Financial Advisor**” means Evans & Evans, Inc., financial advisor to Inscap;

“**Evans Opinion**” means the fairness opinion dated October 28, 2022 prepared by Evans in connection with the entering into of the Support Agreement, as described in Section 4 of this Directors’ Circular, “*Opinion of the Financial Advisor*”, and attached as Schedule A hereto;

“**Expiry Time**” means 5:00 p.m. (Toronto time) on December 23, 2022, or such later time or times as may be fixed by the Offeror from time to time as provided in Section 5 of the Hilco Offer and Circular, “*Extension, Variation or Change of the Offer*”, unless the Hilco Offer is withdrawn by the Offeror;

“**FMD**” means Fasken Martineau DuMoulin LLP, counsel to Inscap;

“**Fully-Diluted Basis**” means, with respect to the number of outstanding Shares at any time, the number of Shares that would be outstanding if all rights to acquire or receive Shares were exercised, including for greater certainty, all Shares issuable upon the exercise of Options, whether vested or unvested;

“**Governmental Entity**” means:

- (i) any domestic or foreign federal, provincial, territorial, regional, state, municipal or other government, governmental department, quasi-government, administrative, judicial or regulatory authority (including any securities regulatory authorities), agency, minister or ministry, board, body, bureau, commission (including any securities commission), instrumentality court or tribunal or any political subdivision thereof, or any central bank (or similar monetary or regulatory authority) thereof, any taxing authority, any ministry or department or agency of any of the foregoing;
- (ii) any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government, including any court;
- (iii) any stock exchange; or
- (iv) any corporation or other entity owned or controlled, through stock or capital ownership or otherwise, by any of the foregoing entities established to perform a duty or function on its behalf;

“**Hilco**” means Hilco Capital Limited, a company existing under the laws of England and Wales;

“**Hilco Offer**” means the offer, dated November 17, 2022, by the Offeror to purchase all of the issued and outstanding Shares (other than Shares held by Hilco or any of its affiliates), together with any Shares that may become issued and outstanding after the date of the Hilco Offer but prior to the Expiry Time on the exercise of Options or upon the conversion, exchange or exercise of any other securities of Inscape that are convertible into or exchangeable or exercisable for Shares, for consideration of \$0.007 in cash for each Share, in accordance with the Support Agreement;

“**Hilco Offer and Circular**” means the offer to purchase and related take-over bid circular dated November 17, 2022, in respect of the Hilco Offer;

“**IFRS**” means International Financial Reporting Standards in effect from time to time;

“**Inscape**” means Inscape Corporation, a corporation existing under the OBCA;

“**Interim Loan**” means that revolving demand facility for up to \$5,000,000, provided by the Lender to the Company pursuant to the Interim Loan Agreement;

“**Interim Loan Agreement**” means that loan agreement between the Lender and the Company dated and effective as at October 28, 2022, pursuant to which the Lender made the Interim Loan available to the Company on the terms set out therein;

“**Latest Mailing Time**” means, subject to extension pursuant to the terms of the Support Agreement, 11:59 p.m. (Toronto time) on Friday, November 18, 2022;

“**Laws**” means any and all federal, provincial, territorial, regional, local, municipal or other law, statute, constitution, principle of common law, resolution, ordinance, proclamation, directive, code, edict, order, rule, regulation, ruling or requirement issued, enacted, adopted, promulgated, implemented or otherwise put into effect by or under the authority of any Governmental Entity;

“**Lender**” means HUK 116 Limited;

“**Lock-Up Agreements**” means the lock-up agreements entered into between the Offeror and each of the Locked-Up Shareholders, concurrently with the execution of the Support Agreement;

“**Locked-Up Shareholders**” means, collectively, Eric Ehgoetz, Jonathan Szczur, Tania Bortolotto, Bartley Bull, David LaSalle, Bullish Management Ltd., Pender Growth Fund Inc. (and entities managed by PenderFund Capital Management Ltd.), and Perlus Microcap Fund L.P.;

“**Locked-Up Shares**” has the meaning stated in Section 11 of this Directors’ Circular, “*Lock-Up Agreements*”;

“**Material Adverse Change**” means any change, effect, event, occurrence or state of facts that, individually or in the aggregate with other such changes, effects, events, occurrences or states of fact, is, or would reasonably be expected to be, material and adverse to the condition (financial or otherwise), properties, assets, liabilities (including any contingent liabilities that may arise through outstanding, pending or threatened litigation or otherwise), obligations (whether absolute, accrued, conditional or otherwise), capitalization, businesses, operations or results of operations of the Company and its subsidiaries taken as a whole, whether before or after giving effect to the transactions contemplated by the Support Agreement, except any change, effect, event, occurrence or state of facts resulting from, relating to or arising in connection with:

- (i) the announcement of the Support Agreement or the Contemplated Transactions;
- (ii) any changes in general political, economic or financial conditions or in credit, banking, currency, commodities or capital markets generally;

- (iii) any changes in applicable Laws (including Laws relating to Taxes) or in the interpretation, application or non-application of Laws by Governmental Entities and not specifically relating to that person, taken as a whole;
- (iv) a change in the market trading price or trading volume of securities of the Company (it being understood that the causes underlying such change in market price or trading volume may be taken into account in determining whether a Material Adverse Change has occurred);
- (v) any change in applicable generally accepted accounting principles, including IFRS;
- (vi) any climatic and other natural events or conditions, including any natural disaster, or human-made disaster or any calamity, national or international;
- (vii) any epidemic, pandemic or outbreak of illness (including COVID-19) or other health crisis or public health event, or the material worsening of any of the foregoing or the implementation of any COVID-19 measures (including through the temporary closure of Company facilities due to government restrictions, the disruption or delay in the receipt or shipment of goods from suppliers or to customers, the disruption or delay in the availability of services to or by Company, or the increase in sick leaves by Company employees);
- (viii) the commencement or continuation of any act of war, armed hostilities or acts of terrorism; or
- (ix) compliance with the terms of the Support Agreement or actions or inactions of the Company or its subsidiaries to which the Offeror has expressly consented in writing;

provided that, in the case of a change, effect, event, occurrence or state of facts referred to in clause (ii), (iii), (iv), (vi), (vii), (viii), or (ix) above, such change, effect, event, occurrence or state of facts does not disproportionately adversely affect the Company and its subsidiaries, taken as a whole, compared to other companies of similar size operating in the industry and geography in which the Company and its subsidiaries operate;

“**MI 61-101**” means Multilateral Instrument 61-101 – Protection of Minority Security Holders in Special Transactions;

“**Minimum Tender Condition**” means the condition to the Hilco Offer that there shall have been validly deposited pursuant to the Hilco Offer and not withdrawn, at the Expiry Time expiry of the initial deposit period at least 66^{2/3}% of the Shares, calculated on a Fully-Diluted Basis;

“**MVS Shares**” means the multiple voting shares in the capital of the Company, of which nil (0) are outstanding as at the date hereof;

“**OBCA**” means the Business Corporations Act (Ontario), as amended from time to time;

“**Offer Documents**” means the Hilco Offer and accompanying take-over bid circular, related letter(s) of transmittal, notice of guaranteed delivery and other ancillary documents prepared by the Offeror;

“**Offeror**” means HUK 121 Limited, a company existing under the laws of England and Wales;

“**Options**” means the options to purchase Shares issued under the Stock Option Plan;

“**Order**” means, all judicial, arbitral, administrative, ministerial, departmental or regulatory judgements, injunctions, orders, decisions, rulings, determinations, reports, awards or decrees of any Governmental Entity (in each case whether temporary, preliminary or permanent);

“**OSA**” means the Securities Act (Ontario) and the rules and regulations made thereunder, as amended from time to time;

“**Outside Date**” means, subject to the terms and conditions of the Support Agreement, the date that is 140 days following the date the Hilco Offer is commenced;

“**Performance and Restricted Share Unit Plan**” means the Company’s 2009 PSU and RSU Plan;

“**PSUs**” means the performance share units issued under the Performance and Restricted Share Unit Plan;

“**Real Property**” means all real and immovable properties, rights, title and interest held now or in the future by the Company or any of its subsidiaries, whether contractual, statutory or otherwise, including any access rights, leases, rights of way, occupancy rights, surface rights, servitudes, superficies rights, buildings, structures, fixtures and other real or immovable property;

“**Regulatory Approvals**” means those sanctions, rulings, consents, orders, decisions, exemptions, permits and other approvals (including the lapse, without objection, of a prescribed time under a statute or regulation that states that a transaction may be implemented if a prescribed time lapses following the given notice without an objection being made) of Governmental Entities;

“**RSUs**” means the restricted share units issued under the Performance and Restricted Share Unit Plan;

“**SEDAR**” means the Canadian Securities Administrators’ System for Electronic Document Analysis and Retrieval website at www.sedar.com;

“**Share Awards**” means, collectively, the RSUs and PSUs;

“**Shareholders**” means, collectively, the holders of Shares;

“**Shares**” means the Class B Subordinated voting shares of Inscape;

“**Stock Option Plan**” means Inscape’s amended and restated option plan of the Company, re-approved by Shareholders on September 17, 2020, and any other plan, agreement or arrangement which provides for the issuance of options to acquire Shares;

“**Subsequent Acquisition Transaction**” means an amalgamation, statutory arrangement, amendment to articles, consolidation, capital reorganization or other transaction involving Inscape and the Offeror or an affiliate or an associate of the Offeror or Hilco that the Offeror or Hilco may undertake to acquire the balance of the Shares not acquired by the Offeror pursuant to the Hilco Offer;

“**subsidiary**” means a “subsidiary”, as defined in National Instrument 45-106 – Prospectus and Registration Exemptions;

“**Superior Proposal**” has the meaning stated in Section 10 of this Directors’ Circular, “*The Support Agreement – Superior Proposals, Right to Match, etc.*”;

“**Support Agreement**” means the Support Agreement among the Offeror and Inscape made as of October 28, 2022;

“**Taxes**” means all taxes, assessments, charges, dues, duties, rates, fees, imposts, levies and similar charges of any kind lawfully levied, assessed or imposed by any Governmental Entity, including all income taxes (including any tax on or based upon net income, gross income, income as specially defined, earnings, profits or selected items of income, earnings or profits) and all capital taxes, gross receipts taxes, environmental taxes, sales taxes, use taxes, ad valorem taxes, value added taxes, transfer taxes (including, without limitation, taxes relating to the transfer of interests in Real Property or entities holding interests therein), franchise taxes, licence taxes, withholding taxes, payroll taxes, employment taxes, excise, severance, social security, government pension plan premiums and contributions, workers’ compensation, employment insurance or compensation taxes or premium, stamp taxes, occupation taxes, premium taxes, property taxes, windfall profits taxes, alternative or add-on minimum taxes, goods and services tax, customs

duties or other taxes, fees, imports, assessments or charges of any kind whatsoever, together with any Tax indemnity obligations, and any interest, penalties or additional amounts imposed by any taxing authority (domestic or foreign), and any interest, penalties, additional taxes and additions to tax imposed with respect to any of the foregoing, in each case whether disputed or not;

“**Termination Payment**” has the meaning stated in Section 10 of this Directors’ Circular, “*Support Agreement – Termination Payment*”; and

“**TSX**” means the Toronto Stock Exchange.

DIRECTORS' CIRCULAR

1. The Hilco Offer

This Directors' Circular is issued by the Board of Directors of Inscap in connection with the Hilco Offer dated November 17, 2022, by the Offeror, an indirect wholly-owned subsidiary of Hilco, to purchase all of the issued and outstanding Shares (other than Shares held by Hilco or any of its affiliates), together with any Shares that may become issued and outstanding after the date of the Hilco Offer but prior to the Expiry Time, for consideration of \$0.007 in cash for each Share, upon the terms and conditions of the Hilco Offer as set forth in the Hilco Offer and Circular. To the extent the aggregate consideration to be paid for the Shares to each Shareholder is not a whole number, the amount shall be rounded to the nearest whole cent on a per Shareholder basis. The Hilco Offer is scheduled to expire at 5:00 p.m. (Toronto time) on December 23, 2022, unless it is extended or withdrawn.

Information contained in this Directors' Circular concerning Hilco and its affiliates and the Hilco Offer, including forward-looking statements, is based solely upon, and the Board has relied, without independent verification, exclusively upon, information provided to Inscap by Hilco, contained in the Hilco Offer and Circular, or that is otherwise publicly available. While neither Inscap nor any of its officers or Directors has any reason to believe that such information is inaccurate or incomplete, neither Inscap nor any of its officers or Directors assumes any responsibility for the accuracy or completeness of such information. Shareholders are urged to read the Hilco Offer and Circular in its entirety.

Treatment of outstanding Options and other Convertible Securities

The Hilco Offer is made only for Shares and is not made for any Options or other Convertible Securities of Inscap. As a condition of the Hilco Offer, each holder of Options and Share Awards of Inscap has entered into termination agreements with Inscap, pursuant to which any such Options or Share Awards of Inscap will be cancelled as of the Effective Time. All Options, Convertible Securities, and Share Awards are held by current or former directors, officers, and employees of Inscap.

2. Unanimous Recommendation of the Board

Taking into account all circumstances, the Board believes that the Offer Price offered to Shareholders pursuant to the Hilco Offer is fair, from a financial point of view, to Shareholders and that the Hilco Offer is in the best interests of Inscap.

Accordingly, for the reasons described in more detail below, the Board **UNANIMOUSLY** recommends that Shareholders **ACCEPT** the Hilco Offer and **DEPOSIT** their Shares under the Hilco Offer.

Shareholders should consider the Hilco Offer carefully and reach their own decision as to whether to accept or reject the Hilco Offer. Shareholders who are in doubt as to how to respond to the Hilco Offer should consult with an investment advisor, stockbroker, bank manager, trust company manager, accountant, lawyer or other professional advisor. Shareholders are advised that acceptance of the Hilco Offer may have tax consequences and that they should consult their professional advisors.

3. Analysis and Reasons for the Board's Conclusion and Recommendation

The Board has carefully reviewed and considered the Hilco Offer, with the benefit of advice from its Financial Advisor and legal advisors. The following is a summary of the principal reasons for the **UNANIMOUS** recommendation of the Board to Shareholders that they **ACCEPT** the Hilco Offer and **DEPOSIT** their Shares under the Hilco Offer.

- (a) ***The Board has considered a wide range of strategic alternatives over the past few years to unlock value and engaged advisors to solicit potential strategic and financial buyers. No expressions of interest were received as a result of these solicitations. The Hilco Offer is the most attractive alternative.***

The Hilco Offer is the result of a comprehensive strategic review process undertaken by the Board over the past few years. In early 2021, the Board established the Special Committee to consider strategic alternatives. Subsequent steps included securing a bridge debt facility in April 2021 in order to enable the Company to complete the sale and leaseback of its Holland Landing headquarters in February 2022. The sale allowed the Company to repay the bridge debt facility in full and replenish cash resources/working capital. The sale of an additional parcel of surplus property in April 2022 provided additional cash to the Company and was followed by the sale of surplus equipment, the rationalization of excess space, and further cost reduction measures. In spring of 2022, the Board determined that the Company's financial recovery was proceeding more slowly than originally anticipated.

On February 28, 2022 Inscape entered into a letter agreement with Stump, with respect to an exploration of strategic alternatives, including a possible sale of Inscape. Stump commenced a process to further explore alternatives and to prepare a more formal offering memorandum as a component of that process, but based on the advice provided by Stump that a successful sale process would be unlikely, the process was suspended a short time thereafter with concurrence by Inscape. Notwithstanding, Inscape continued to pursue strategic alternatives for the Company. The Hilco Offer is the only offer obtained by the Company.

The Board considered the value for Inscape associated with the Company remaining a standalone entity and the likelihood that if the Company remained a standalone entity, it would be required to commence insolvency proceedings. Overall, on the basis of its review process, the Board concluded that the Hilco Offer represents the only alternative available to Inscape and its Shareholders.

- (b) ***The Offer Price to be received by Shareholders.***

The total value of \$0.007 for each Share represents a discount of approximately 99% to the volume weighted average trading price of the Shares on the TSX for the 52 weeks preceding the announcement of the Hilco Offer on October 28, 2022. Given the low trading volumes of the Shares over the past year, and in light of recent difficulties that Inscape has faced since the beginning of the COVID-19 pandemic, the Board believes considering the Hilco Offer in the context of the significant economic headwind faced by the Company is more meaningful than a reference to the 52-week volume weighted average trading price of the Shares.

If the Hilco Offer does not proceed, the Company expects it will be required to commence insolvency proceedings - a process which may result in Shareholders realizing no proceeds at all.

- (c) ***The form of consideration under the Hilco Offer provides certainty and immediate value.***

The Hilco Offer provides Shareholders with cash consideration for all Shares held. Shareholders will be able to immediately realize a fair value for their investment and the payment in cash provides certainty of value for their Shares.

- (d) ***The Hilco Offer provides liquidity to Shareholders.***

There is limited liquidity for Shareholders in the trading of the Shares on the TSX. The average daily trading volume of the Shares for the months preceding the announcement of the Offeror's intention to make the Hilco Offer was extremely low. The Hilco Offer represents the only foreseeable liquidity event for Shareholders, particularly in light of the thinly-traded nature of the Shares (with the average daily trading volume being less than 0.7% of total issued shares in the 90-days preceding the date of the Support Agreement) and the Company's financial position.

The Hilco Offer provides Shareholders with the added benefit of not having to pay brokerage fees or commissions for those who deposit their Shares directly with the depository for the Hilco Offer.

- (e) ***Inscape's Financial Advisor has provided a written opinion that, as of the date of such opinion, and based upon and subject to the assumptions, qualifications and limitations stated therein, the Offer Price offered to Shareholders pursuant to the Hilco Offer is fair, from a financial point of view, to Shareholder.***

The Board has received a written opinion (the “**Evans Opinion**”) from the Financial Advisor – Evans – to the effect that, as of the date of such opinion, and based upon such matters as were considered relevant, and subject to the limitations and qualifications set out in such opinion, as of the date of such opinion, the Offer Price is fair, from a financial point of view, to Shareholders. A copy of the Evans Opinion is attached to this Directors' Circular as Schedule A. The Board recommends that Shareholders read the opinion carefully and in its entirety for a description of the procedures followed, matters considered, assumptions made and qualifications and limitations on the review undertaken. The Evans Opinion, and the descriptions thereof in this Directors' Circular, do not constitute a recommendation to Shareholders of the Financial Advisor as to whether to deposit Shares under the Hilco Offer.

- (f) ***The Hilco Offer is not subject to any financing condition.***

The Hilco Offer is not subject to any condition as to the Offeror obtaining financing. Additionally, the Offeror has represented and warranted in Schedule B to the Support Agreement in favour of Inscape that the Offeror has made adequate arrangements to ensure that the required funds are available to make full payment for the Shares that the Offeror offers to acquire under the Hilco Offer.

- (g) ***The Hilco Offer contains a 66⅔% Minimum Tender Condition that cannot be lowered without Inscape's consent.***

Under the Support Agreement, the Hilco Offer includes a Minimum Tender Condition of such number of Shares which represents at least 66⅔% of the outstanding Shares, calculated on a Fully-Diluted Basis.

- (h) ***All of the Locked-Up Shareholders of Inscape have agreed to deposit their Shares under the Hilco Offer.***

The Locked-Up Shareholders collectively exercise control or direction over an aggregate of 11,660,282 Shares, representing approximately 81.1% of the outstanding Shares, have all entered into Lock-Up Agreements with the Offeror pursuant to which, and subject to the terms thereof, they have agreed to deposit all of their Shares under the Hilco Offer and not withdraw such Shares.

Conclusion and Recommendation

For the principal reasons outlined above, taking into account all circumstances, the Board believes that the Offer Price offered to Shareholders pursuant to the Hilco Offer is fair, from a financial point of view, to Shareholders and that the Hilco Offer is in the best interests of Inscape.

The Board UNANIMOUSLY recommends that Shareholders ACCEPT the Hilco Offer and DEPOSIT their Shares under the Hilco Offer.

The foregoing summary of the information and factors considered by the Board is not intended to be exhaustive of the factors considered by the Board in reaching its conclusion and making its recommendation, but includes the material information, factors and analysis considered by the Board in reaching its conclusion and recommendation. The members of the Board evaluated the various factors summarized above in light of their own knowledge of the business, financial condition and prospects of Inscape, and based upon the advice of Inscape's Financial Advisor and legal advisors. In view of the numerous factors considered in connection with its evaluation of the Hilco Offer, the Board did not find it practicable to, and did not, quantify or otherwise attempt to assign relative weight to specific factors in reaching its conclusion and recommendation. In addition, individual members of the Board may have given different

weight to different factors. The conclusion and unanimous recommendation of the Board were made after considering all of the information and factors involved.

4. Opinion of the Financial Advisor

Shareholders are urged to read the Evans Opinion carefully and in its entirety for a description of the procedures followed, matters considered, assumptions made and qualifications and limitations on the review undertaken. The opinion addresses only the fairness, from a financial point of view, to Shareholders of the Offer Price offered to Shareholders pursuant to the Hilco Offer. The Evans Opinion was provided solely for the information and assistance of the Board in connection with its consideration of the Hilco Offer, and was one of a number of factors taken into consideration by the Board in making its unanimous determination, taking into account all circumstances that the Offer Price offered to Shareholders pursuant to the Hilco Offer is fair, from a financial point of view, to Shareholders and that the Hilco Offer is in the best interests of Inscap, and to recommend that Shareholders accept the Hilco Offer and deposit their Shares under the Hilco Offer. The Evans Opinion and the descriptions thereof in this Directors' Circular do not constitute a recommendation to Shareholders of the Financial Advisor as to whether to deposit Shares under the Hilco Offer.

Evans was retained to assist the Board in its assessment of the Hilco Offer. In connection with this mandate, Evans delivered a written opinion addressed to the Board concluding that, as of the date of such opinion, and based upon and subject to the assumptions, qualifications and limitations stated therein, the Offer Price offered to Shareholders pursuant to the Hilco Offer is fair, from a financial point of view, to Shareholders. The full text of the Evans Opinion is attached as Schedule A to this Directors' Circular. This summary of the Evans Opinion is qualified in its entirety by reference to the full text of the Evans Opinion.

The Evans Opinion does not constitute a recommendation as to whether or not any Shareholder should deposit Shares under the Hilco Offer or how any Shareholder should vote with respect to a Subsequent Acquisition Transaction or any other matter. The Board urges Shareholders to read the Evans Opinion carefully and in its entirety.

5. Acceptance of the Hilco Offer

Registered Shareholders who wish to accept the Hilco Offer must properly complete and execute the Letter of Transmittal accompanying the Hilco Offer, and deposit it, together with any certificate(s) (if any) representing their Shares at or prior to the Expiry Time at the office of the Depositary specified in the Letter of Transmittal. Detailed rules and instructions are contained in the Letter of Transmittal. Alternatively, Shareholders may follow the procedure for guaranteed delivery described in Section 3 of the Hilco Offer and Circular, "*Manner of Acceptance — Procedure for Guaranteed Delivery*", using the Notice of Guaranteed Delivery attached to the Hilco Offer and Circular.

Shareholders will not be required to pay any fee or commission if they accept the Hilco Offer by validly depositing their Shares directly with the Depositary.

Beneficial Shareholders whose Shares are registered in the name of an investment advisor, stockbroker, bank, trust company or other nominee should immediately contact such nominee for assistance in validly depositing their Shares if they wish to accept the Hilco Offer.

Shareholders are invited to contact TSX Trust, the Depositary, by telephone at (416) 682-3860 or at +1-800-387-0825 (toll free) or by e-mail at shareholderinquiries@tmx.com for further information regarding how to accept the Hilco Offer.

See Section 3 of the Hilco Offer and Circular, "*Manner of Acceptance*".

6. Background to the Hilco Offer

Inscap experienced significant declines in its business and financial performance over the past few years, largely due to the impacts of the COVID-19 pandemic. In early 2021, the Board established the Special Committee to consider strategic alternatives. Subsequent steps included securing a bridge debt facility in April 2021 in order to enable the

Company to complete the sale and leaseback of its Holland Landing headquarters in February 2022. The sale allowed the Company to repay the bridge debt facility in full and replenish cash resources/working capital. The sale of an additional parcel of surplus property in April 2022 provided additional cash to the Company and was followed by the sale of surplus equipment, the rationalization of excess space, and further cost reduction measures. In spring of 2022, the Board determined that the Company's financial recovery was proceeding more slowly than originally anticipated.

On February 28, 2022, Inscape entered into a letter agreement with Stump & Co. ("**Stump**"), a financial advisory firm based in North Carolina specializing in the furniture industry, with respect to an exploration of strategic alternatives, including a possible sale of Inscape. Stump commenced a process to further explore alternatives and to prepare a more formal offering memorandum as a component of that process, but based on the advice provided by Stump that a successful sale process would be unlikely, the process was suspended a short time thereafter with concurrence by Inscape. Given the challenging M&A market for companies engaged in the contract office furniture industry, Stump recommended the Company continue its effort to restore profitability before recommencing the sale process. Stump remained engaged pending a change in circumstances that might lead to a more successful outcome. Notwithstanding, Inscape continued to pursue strategic alternatives for the Company. The Company continued to struggle to meet its financial projections. At the end of the quarter ended July 31, 2022, the Company incurred a net loss of \$6.2 million and had cash equivalents and restricted cash of \$6.1 million.

Despite previous cost cutting measures, the Company's financial position is not improving and the Company has declining cash resources. The Company expanded the nature of strategic alternatives under consideration to include corporate restructuring and insolvency proceedings. On August 9, 2022, Hilco entered into the Confidentiality Agreement with Inscape following an introduction by a Canadian investment bank. Throughout the month of August, Hilco met with management of Inscape and conducted high level due diligence of its business and assets. After Hilco conducted substantial financial due diligence on the Company, Hilco determined that the Company's equity value was extremely low, and that the Company's business would require significant financial investment to succeed.

On September 7, 2022, Hilco submitted an initial proposal to Inscape's management and reached an agreement to conduct in depth due diligence of Inscape, including site visits to Inscape's manufacturing facilities. The initial non-binding proposal included two potential acquisition structures, subject to continuing due diligence and Inscape's working capital including cash balances remaining broadly in line with forecasts. The initial proposals contemplated Hilco or an associated entity making an offer to acquire all of the issued share capital of Inscape (i) for total upfront cash consideration of \$1,500,000; or (ii) for total upfront cash consideration of \$750,000 in addition to deferred consideration equal to 25% of any net proceeds from an onwards sale of Inscape or dividends/management fees received within 36 months of closing. It was subsequently determined that option (ii) was not viable under applicable securities laws.

On October 5, 2022, following completion of due diligence and consideration of (i) Inscape's current working capital (including reduced cash balances); (ii) Inscape's lower sales for the three months ending July 31, 2022 and resulting negative cash flows (which are expected to continue); and (iii) the projected costs associated with revitalizing Inscape's business, Hilco submitted a revised non-binding proposal to complete the Hilco Offer and advance the Interim Loan.

On October 8, 2022, Inscape confirmed that the Hilco Offer had support from holders of more than 80% of the outstanding Shares.

On October 18, 2022, Inscape formally engaged Evans to act as financial advisor to provide advice and assistance in evaluating the Hilco Offer and the preparation and delivery to the Special Committee of the Evans Opinion as to the fairness of the consideration under the Hilco Offer from a financial point of view to the Shareholders.

During September and October 2022, Inscape, the Special Committee, the Offeror and their respective legal advisors engaged in negotiations surrounding the transaction documents. Multiple drafts of the Support Agreement, the Interim Loan Agreement (including associated security and closing documents) and the form of Lock-Up Agreement were exchanged. The result of the continued extensive negotiations during the third and fourth week in October amongst Hilco, the Special Committee, Inscape and their respective legal, was the preparation of a fully negotiated draft of the Support Agreement, Interim Loan Agreement and related agreements.

On October 28, 2022, Evans provided a verbal opinion that the Offer Price is fair, from a financial point of view, to Shareholders of Inscap. The opinion was based on and subject to the assumptions made, procedures followed, matters considered and limitations and qualifications on the review undertaken, which are more fully described in the written opinion provided by Evans, which is attached as Schedule A to this Directors' Circular.

On October 28, 2022, Inscap and the Offeror entered into the Support Agreement, Inscap and the Lender entered into the Interim Loan Agreement, and the Locked-Up Shareholders and the Offeror entered into the Lock-Up Agreements and the Offeror agreed to make an offer to purchase all of the issued and outstanding subordinated voting shares (the "Shares") of Inscap for consideration of \$0.007 in cash for each Share (the "Hilco Offer") and an affiliate of Hilco agreed to loan the Company up to \$5.0 million under a revolving demand loan facility.

On October 29, 2022, the parties issued a press release announcing the Hilco Offer, the execution of the Support Agreement, Interim Loan Agreement and the Lock-Up Agreements, and that the Board has, after consultation with the Board's financial and legal advisors and the Special Committee, unanimously determined that the Offer Price is fair, from a financial point of view, to the Shareholders, that the Hilco Offer is in the best interests of the Shareholders and Inscap, and, accordingly, had unanimously recommended that Shareholders accept the Hilco Offer and deposit their Shares under the Hilco Offer.

On October 29, 2022, the Company issued a press release announcing the Offer, the execution of the Support Agreement, the Interim Loan Agreement, and the Lock-Up Agreements. The press release stated that the Board had, after consultation with its advisors and the Special Committee, unanimously determined that the Offer is in the best interests of Inscap and the Shareholders, and that the Offer Price is fair, from a financial point of view, to the Shareholders. Accordingly, the press release stated that the Board was unanimously recommending that Shareholders accept the Offer and deposit their Shares under the Offer.

On November 17, 2022, the Offeror approved the contents and delivery of the Offer to Purchase and Circular. Subsequently, Inscap issued a joint news release with the Offeror, announcing the launch of the Offer and that Inscap had agreed to reduce the initial deposit period to 35 days.

On November 22, 2022, the Board approved the contents and delivery of this Director's Circular.

7. Intention of Directors and Officers with Respect to the Hilco Offer

The Locked-Up Shareholders, being the three largest Shareholders of Inscap and all of the Directors and executive officers of Inscap that hold Shares, have entered into Lock-Up Agreements with the Offeror under which they have agreed, among other things, to deposit under the Hilco Offer all of their Shares and not to withdraw them from the Hilco Offer during the term of the Lock-Up Agreements.

See Section 6 of the Hilco Offer and Circular "*Lock-Up Agreements*".

8. Hilco and the Offeror

The Offeror is a holding company that is wholly owned by Hilco. Hilco and the Offeror were incorporated under the laws of England and Wales. Hilco is a subsidiary of the U.S.-based group, Hilco Global. Hilco is a prominent financial investor, lender and adviser, working in a broad range of sectors across the United Kingdom, Western Europe, Canada and Australia, and typically invests in non-core subsidiaries, underperforming businesses, retirement sales and consumer brands. To the knowledge of the Board, as of the date hereof, Hilco and the Offeror do not hold any Shares.

Over the last 21 years, Hilco has been involved in many high-profile retail turnaround projects, taking on underperforming and/or declining operations and restructuring them to extend their lifecycle, streamline operations and grow revenues and profitability. At present, Hilco is managing a number of portfolio investments ranging from \$50 million to \$2 billion of turnover. Hilco has extensive experience working with companies to enhance profitability and successfully deliver ambitious business plans. Its team includes a wide range of professionals covering all aspects of operational and financial improvement, including retail operations, merchandising, human resources, information technology, logistics, finance and property.

Hilco Capital is part of Hilco Global, a diversified financial services company serving as an adviser, agent and capital partner. Hilco Global is owned by its management and a Canadian pension fund with net assets of \$420 billion, Caisse de dépôt et placement du Québec, also holds a minority stake.

9. Inscape

Inscape traces its roots back to 1888, originally operating as Office Speciality until going public and changing its name to Inscape more than a century later. The current iteration of the Company was formed by amalgamation under the laws of Ontario in May 2007. It operates through two segments - the Furniture segment includes storage, benching, systems and seating products, and the Walls segment includes architectural and movable walls. The Company serves its clients through a network of dealers and representatives. The Company's products are manufactured in two facilities: a 313,000 square foot plant in Holland Landing, Ontario, and a 30,000 square foot plant in Jamestown, New York, USA. Inscape has three showrooms, located in Chicago, New York and Washington, DC.

The registered head office of Inscape is located at 67 Toll Road Holland Landing, Ontario, L9N 1H2. Inscape's Shares are listed and posted for trading on the TSX under the symbol "INQ". Inscape is a reporting issuer or the equivalent in all of the provinces and territories of Canada and files its continuous disclosure documents with the relevant Canadian securities regulatory authorities. Such documents are available on SEDAR at www.sedar.com.

10. The Support Agreement

On October 28, 2022, the Offeror and Inscape entered into the Support Agreement, which sets out, among other things, the terms and conditions upon which Inscape agrees to recommend to Shareholders the acceptance of the Hilco Offer. The following is a summary of certain provisions of the Support Agreement. It does not purport to be complete and is subject to, and is qualified in its entirety by reference to, all of the provisions of the Support Agreement. The Support Agreement has been filed by Inscape with the Canadian securities regulatory authorities and is available on SEDAR at www.sedar.com.

Support of the Offer

Inscape announced that after consultation by the Board with its financial and legal advisors and the Special Committee, the Board unanimously determined that the Hilco Offer is in the best interests of Inscape and the Shareholders and the Offer Price is fair, from a financial point of view, to the Shareholders and, accordingly, have unanimously approved the entering into of the Support Agreement and the making of a recommendation that Shareholders accept the Hilco Offer and deposit their Shares under the Hilco Offer (collectively, the "**Board Recommendation**"). Certain of the Directors and officers of Inscape have entered into a Lock-Up Agreement with the Offeror pursuant to which they have agreed to, *inter alia*, support the Hilco Offer and, subject to the provisions of the Support Agreement, Inscape has agreed to take all reasonable actions to support the Hilco Offer and ensure that the Hilco Offer will be successful.

The Hilco Offer

The Offeror has agreed to make the Hilco Offer on the terms and conditions set forth in the Support Agreement and, provided that all of the conditions of the Hilco Offer set forth in Section 4 of the Hilco Offer and Circular, "*Conditions of the Offer*", shall have been satisfied or, where permitted, waived at or prior to the expiry of the initial deposit period, the Offeror has agreed to take up and pay for all Shares deposited under the Hilco Offer promptly and, in any event, not later than three (3) business days (as defined under applicable Canadian securities Laws) following the time at which the Offeror becomes entitled to take up such Shares under the Hilco Offer pursuant to applicable securities Laws. See Section 6 of the Hilco Offer and Circular, "*Take-Up of and Payment for Deposited SVS Shares*".

The Offeror may, in its sole and absolute discretion, modify or waive any term or condition of the Hilco Offer or transfer or assign to one or more of its affiliates the right to purchase all or any portion of the Shares deposited pursuant to the Hilco Offer, as permitted by applicable securities Laws; provided that the Offeror shall not, without the prior written consent of Inscape: (i) increase the Minimum Tender Condition; (ii) impose additional conditions to the Hilco Offer; (iii) decrease the Offer Price; (iv) decrease the number of Shares in respect of which the Hilco Offer is made; (v) change the form of consideration payable (other than to add additional consideration); or (vi) otherwise vary the Hilco Offer in a manner adverse to Shareholders.

Inscape Board Representation

Following the Effective Time, Inscape shall co-operate with the Offeror to enable the Offeror's designees to be elected or appointed to the Board, and any committees thereof, including, at the request of the Offeror and in compliance with the OBCA, the constating documents of Inscape and any agreements to which Inscape is a party that provide rights to nominate Directors of Inscape, by using its commercially reasonable efforts to increase the size of the Board and to secure the resignation of such Directors as the Offeror may request.

Non-Solicitation

Inscape has agreed that, except as otherwise provided in the Support Agreement, it shall not, and shall cause each of its Representatives not to, directly or indirectly:

(i) make, solicit, assist, initiate, encourage, promote or otherwise facilitate (including by way of furnishing, providing access to or disclosing information, books and records, facilities or properties of Inscape or a subsidiary or entering into any form of written or oral agreement, arrangement or understanding) any inquiry, proposal or offer that constitutes or could reasonably be expected to constitute or lead to an Acquisition Proposal;

(ii) enter into, continue or otherwise participate or engage in or otherwise facilitate any discussions or negotiations with any person (other than the Offeror and its affiliates and their respective Representatives), or otherwise cooperate in any way with, or assist or participate in, encourage or otherwise facilitate, any inquiry, proposal or offer that constitutes or could reasonably be expected to constitute or lead to an Acquisition Proposal, provided that, for greater certainty, Inscape and its Representatives may (A) communicate with any person making an unsolicited Acquisition Proposal (and such person's Representatives) for the purposes of clarifying the terms and conditions of such Acquisition Proposal and assessing the likelihood of its consummation so as to determine whether such Acquisition Proposal constitutes or could reasonably be expected to constitute or lead to a Superior Proposal, (B) advise any person of the restrictions of the Support Agreement, and (C) advise any person making an unsolicited Acquisition Proposal that such Acquisition Proposal does not constitute a Superior Proposal when the Board, excluding any Conflicted Director (as defined in the Support Agreement) in respect of such Acquisition Proposal, has so determined;

(iii) make a Change of Recommendation; or (iv) accept, approve, endorse, recommend or enter into, or publicly propose to accept, approve, endorse, recommend or enter into, any letter of intent, agreement in principle, agreement, arrangement or undertaking (other than a confidentiality and standstill agreement permitted under Section 6.2 of the Support Agreement) constituting or in respect of, or which is intended to or could reasonably be expected to lead to an Acquisition Proposal or requiring, or reasonably expected to cause, Inscape to abandon, terminate, delay or fail to consummate, or that would otherwise impede, interfere or be inconsistent with, the Hilco Offer, a Subsequent Acquisition Transaction, a Compulsory Acquisition or any of the other transactions contemplated by the Support Agreement or requiring, or reasonably expected to cause, Inscape to fail to comply with the Support Agreement or providing for the payment of any break, termination or other fees or expenses to any person in the event that any of the Contemplated Transactions are completed or in the event that it completes any other transaction with the Offeror or any of its affiliates that is agreed to prior to any termination of the Support Agreement.

Inscape has agreed to, and to cause each of its subsidiaries and Representatives to, immediately cease and terminate any existing solicitation, assistance, discussion, encouragement, activities, negotiation or process with or involving any person (other than the Offeror, its affiliates and their respective Representatives) commenced prior to the date of the Support Agreement with respect to or which could reasonably be expected to lead to an Acquisition Proposal, whether or not initiated by Inscape or any of its Representatives and, in connection therewith, to discontinue access to any other third-party to all information, including any data room (virtual or otherwise) and any confidential information, properties, facilities, books and records of Inscape or any of its subsidiaries. Inscape has further agreed to request and exercise all rights it has to require the return or destruction of all copies of any information provided to any third parties who have entered into a confidentiality agreement with Inscape relating to any potential Acquisition

Proposal and to use commercially reasonable efforts to ensure that such requests are complied with in accordance with the terms of such confidentiality agreements.

Inscape has agreed to promptly notify the Offeror, at first orally and then in writing (and in any event within 24 hours after it has received or otherwise become aware of any proposal, inquiry, offer, request or expression of interest), of any proposal, inquiry, offer, request or expression of interest relating to or that constitutes an Acquisition Proposal or which could reasonably be expected to constitute or lead to an Acquisition Proposal or any request for copies of, access to, or disclosure of, non-public information relating to Inscape or any subsidiary, including but not limited to information, access, or disclosure relating to the properties, facilities, books, records or a list of securityholders of Inscape. Notwithstanding the foregoing, following receipt by Inscape of any proposal, inquiry, offer, request or expression of interest, including any changes, modifications or other amendments thereto, that is not an Acquisition Proposal but which Inscape reasonably believes could lead to an Acquisition Proposal, Inscape may respond to the proponent solely to advise it that Inscape can only enter into discussions or negotiations with a party in accordance with the terms of the Support Agreement, and for no other purpose.

Inscape has agreed to ensure that each of its relevant Representatives is aware of the non-solicitation provisions of the Support Agreement and has further agreed that Inscape shall be responsible for any breach by such persons.

Superior Proposals, Right to Match, etc.

If, after the date of the Support Agreement, Inscape or any of its Representatives receives from a person a written Acquisition Proposal (including, for greater certainty, an amendment, change or modification to an Acquisition Proposal made prior to the date of the Support Agreement) that was not solicited after the date of the Support Agreement in contravention of the terms of the Support Agreement, Inscape and its Representatives may: if and only if (A) the Board determines in good faith, after consultation with its outside legal counsel, that such Acquisition Proposal constitutes or would reasonably be expected to constitute or lead to a Superior Proposal; (B) such person was not restricted from making such Acquisition Proposal pursuant to an existing confidentiality, standstill or similar restriction; (C) Inscape has been, and continues to be, in compliance with its non-solicitation obligations under the Support Agreement; and (D) Inscape promptly provides the Offeror with prior written notice stating Inscape's intention to participate in such discussions or negotiations and to provide such copies, access or disclosure: (x) furnish information with respect to Inscape and the subsidiaries to the person making such Acquisition Proposal and its Representatives, provided that Inscape first enters into a confidentiality and standstill agreement with such person, the provisions of which are no less favourable to Inscape than those of the Confidentiality Agreement and do not restrict Inscape from complying in all respects with the terms of the Support Agreement, and provided further that Inscape sends a copy of such agreement to the Offeror promptly following its execution and the Offeror is promptly provided with all information provided to such person (to the extent not previously provided); and (y) engage in discussions and negotiations with respect to the Acquisition Proposal with the person making such Acquisition Proposal and its Representatives.

Notwithstanding the foregoing, if after the date of the Support Agreement Inscape receives a Superior Proposal, Inscape may terminate the Support Agreement and accept, approve, recommend or enter into any agreement, understanding or arrangement in respect of such Superior Proposal prior to completion of the Hilco Offer and recommend or approve such Superior Proposal if and only if: (i) such Superior Proposal did not arise, directly or indirectly, as a result of a violation by Inscape of its obligations with respect to non-solicitation under the Support Agreement, and Inscape has been and continues to be in compliance with its obligations with respect to non-solicitation under the Support Agreement; (ii) the person making the Superior Proposal was not restricted from making such Superior Proposal pursuant to an existing confidentiality, standstill or similar restriction; (iii) the Board, excluding any Conflicted Director in respect of an Acquisition Proposal, has determined in good faith, after consultation with its outside legal counsel, that such Acquisition Proposal constitutes a Superior Proposal; (iv) Inscape has delivered written notice to the Offeror of the determination of the Board, excluding any Conflicted Director in respect of such Acquisition Proposal, that the Acquisition Proposal is a Superior Proposal and of the intention of the Board to accept, approve, recommend or enter into an agreement in respect of such Superior Proposal (the "**Superior Proposal Notice**") and has provided the Offeror with a copy of the acquisition or similar agreement relating to such Acquisition Proposal, including all supporting materials, including any financing documents supplied to Inscape in connection therewith and a written notice from the Board regarding the value in financial terms that the Board has determined should be ascribed to any non-cash consideration offered under the Superior Proposal; (v) at least five (5)

Business Days have elapsed since the later of the date on which the Offeror received a copy of the Superior Proposal Notice and the date on which the Offeror received all specified material (such five Business Day period, the “**Right to Match Period**”) and, for greater certainty, the Right to Match Period shall expire at 11:59 p.m. (Toronto time) on the last Business Day of the Right to Match Period; (vi) if the Offeror has offered to amend the terms of the Hilco Offer and the Support Agreement during the Right to Match Period in accordance with the Support Agreement, the Board, excluding any Conflicted Director in respect of such Acquisition Proposal, has determined, in good faith, after consultation with its outside legal counsel, that such Acquisition Proposal continues to constitute a Superior Proposal when assessed against the Hilco Offer as it is proposed to be amended as at the termination of the Right to Match Period; and (vii) Inscape terminates the Support Agreement pursuant to clause (b)(ii) of “*Support Agreement — Termination of the Support Agreement*” below and concurrently pays the Termination Payment in clause (c) of “*Support Agreement — Termination Payment*” below.

During the Right to Match Period or such longer period as Inscape may approve in writing for such purpose, the Offeror will have the opportunity, but not the obligation, to offer to amend the terms of the Hilco Offer and the Support Agreement. Inscape has agreed that, if requested by the Offeror, it will negotiate with the Offeror in good faith to amend the terms of the Hilco Offer and the Support Agreement as would enable them to proceed with the Hilco Offer and any Contemplated Transactions on such adjusted terms. The Board, excluding any Conflicted Director in respect of the applicable Acquisition Proposal, will review any such offer by the Offeror to amend the terms of the Hilco Offer and the Support Agreement in order to determine, in good faith in the exercise of its fiduciary duties, whether the Offeror’s offer to amend the Hilco Offer and the Support Agreement, upon its acceptance, would result in the applicable Acquisition Proposal ceasing to be a Superior Proposal when assessed against the Hilco Offer as it is proposed to be amended as at the termination of the Right to Match Period. If the Board, excluding any Conflicted Director in respect of the applicable Acquisition Proposal, determines that the applicable Acquisition Proposal would cease to be a Superior Proposal when assessed against the Hilco Offer as it is proposed to be amended as at the termination of the Right to Match Period, the Offeror will amend the terms of the Hilco Offer and Inscape and the Offeror shall enter into an amendment to the Support Agreement reflecting the offer by the Offeror to amend the terms of the Hilco Offer and the Support Agreement.

The Board, excluding any Conflicted Director in respect of an Acquisition Proposal, will promptly reaffirm the Board Recommendation by press release either (i) after the Board, excluding any Conflicted Director in respect of such Acquisition Proposal, determines that an Acquisition Proposal that has been publicly announced or disclosed is not a Superior Proposal; or (ii) after the Board, excluding any Conflicted Director in respect of such Acquisition Proposal, determines that a proposed amendment to the terms of the Hilco Offer would result in an Acquisition Proposal not being a Superior Proposal when assessed against the Hilco Offer as it is proposed to be amended as at the termination of the Right to Match Period, and the Offeror has so amended the terms of the Hilco Offer in accordance with the Support Agreement. The Offeror will be given a reasonable opportunity to review and comment on the form and content of any such press release.

Each successive amendment, change or modification to any Acquisition Proposal that results in an increase in, or modification of, the consideration to be received by the Shareholders will constitute a new Acquisition Proposal and the Offeror shall be afforded a new five-Business Day Right to Match Period from the later of the date on which the Offeror received the Superior Proposal Notice and the date on which the Offeror received all of the specified material with respect to such new Superior Proposal from Inscape.

Nothing in the Support Agreement prevents the Board, excluding any Conflicted Director in respect of an Acquisition Proposal, from responding through a directors’ circular or otherwise as required by applicable Laws to an Acquisition Proposal that it determines is not a Superior Proposal where such response is not an acceptance, approval, endorsement or recommendation of such Acquisition Proposal and does not otherwise constitute a Change of Recommendation, provided that Inscape shall provide the Offeror and its counsel with a reasonable opportunity to review the form and content of such circular or other disclosure and shall make all reasonable amendments as requested by them.

Subsequent Acquisition Transaction

If the Offeror takes up and pays for Shares under the Offer, at the Offeror’s request, Inscape will assist the Offeror in completing a Compulsory Acquisition or a Subsequent Acquisition Transaction to acquire the remaining Shares, provided that the consideration per Share offered in connection with the Compulsory Acquisition or Subsequent

Acquisition Transaction shall not be less than the Offer Price and shall be in the same form as under the Hilco Offer and in no event will the Offeror be required to offer consideration per Share greater than the Offer Price.

Termination of the Support Agreement

The Support Agreement may be terminated at any time prior to the Expiry Time or such other time as may be expressly stipulated in the clauses below:

- (a) by mutual written consent of the Offeror and Inscape;
- (b) by Inscape:
 - (i) if the Offeror has not mailed the Offer Documents by the Latest Mailing Time (as defined in the Support Agreement), subject to any extension (other than solely as a result of a default or breach by Inscape of a material covenant or obligation under the Support Agreement), or the Hilco Offer (or any amendment thereto other than as permitted under the Support Agreement or any amendment thereof that has been mutually agreed to by the parties) does not conform in all material respects with the Support Agreement and such non-conformity is not cured within 10 Business Days from the date of written notice thereof;
 - (ii) in order to accept, approve, recommend or enter into a binding written agreement with respect to a Superior Proposal subject, in each case, to compliance with the provisions of the Support Agreement;
 - (iii) if the Offeror is in material default of any covenant or obligation under the Support Agreement, provided that written notice shall be provided by Inscape to the Offeror to such effect and such right of termination shall not be available with respect to any breach or failure that is capable of being cured and such breach or failure has been cured by the earlier of the date that is 10 Business Days from the date of written notice of such breach or failure and the Business Day prior to the Outside Date; or
 - (iv) if any representation or warranty of the Offeror set forth in the Support Agreement is untrue or incorrect in any material respect at any time prior to the Expiry Time and such inaccuracy individually or in the aggregate, would reasonably be expected to prevent, restrict or materially delay the acquisition of Shares pursuant to the Offer; provided that written notice shall be provided by Inscape to the Offeror to such effect and such right of termination shall not be available with respect to any breach or failure that is capable of being cured and such breach or failure has been cured by the earlier of the date that is 10 Business Days from the date of written notice of such breach or failure and the Business Day prior to the Outside Date;
- (c) by the Offeror:
 - (i) prior to mailing the Offer Documents, if any condition to the obligation of the Offeror to make the Hilco Offer contained in Section 2.1(i) of the Support Agreement is not satisfied or waived by the Offeror before the Latest Mailing Time (other than solely as a result of a default or breach by the Offeror of a material covenant or obligation under the Support Agreement);
 - (ii) if Inscape breaches any covenant or obligation the Support Agreement relating to the non-solicitation of Acquisition Proposals or responding to an Acquisition Proposal;
 - (iii) if Inscape materially breaches any covenant or obligation under the Support Agreement, other than a covenant or obligation under the non-solicitation provisions of the Support Agreement, provided that written notice shall be provided by the Offeror to Inscape to such effect and such right of termination shall not be available with respect to any breach or

failure that is capable of being cured and such breach or failure has been cured by the earlier of the date that is 10 Business Days from the date of written notice of such breach or failure and the Business Day prior to the Outside Date;

- (iv) if any of the representations and warranties of Inscape set forth in the Support Agreement, except for the representations and warranties of Inscape relating to capitalization, shall be untrue and incorrect in any respect (without giving effect to any Material Adverse Change or materiality qualifiers contained therein), except where any inaccuracy in any of the representations and warranties, individually or in the aggregate, would not reasonably be expected to cause or result in a Material Adverse Change or would not reasonably be expected to prevent, or materially impede, restrict or delay, the acquisition of Shares pursuant to the Hilco Offer or the representations and warranties of Inscape relating to capitalization shall be untrue and incorrect in any respect;
 - (v) if the Board or the Special Committee (A)(I) withholds, withdraws, amends, modifies or qualifies the Board Recommendation, or proposes publicly to withhold, withdraw, amend, modify or qualify the Board Recommendation or fails to publicly reaffirm the Board Recommendation within five (5) Business Days after having been requested in writing to do so by the Offeror (or within such fewer number of days as remains before the day that is two (2) Business Days before the Expiry Time), or (II) withholds, withdraws, amends, modifies or qualifies or proposes publicly to withhold, withdraw, amend, modify or qualify any of the recommendations of the Special Committee, respectively, (B) approves or recommends any Acquisition Proposal, (C) fails to include the Board Recommendation in the Directors' Circular or otherwise takes any other action or makes any other public statement inconsistent with the Board Recommendation, or (D) takes no position or a neutral position with respect to an Acquisition Proposal for more than five (5) Business Days after the public announcement of such Acquisition Proposal (each, a "**Change of Recommendation**");
 - (vi) if an Acquisition Proposal is consummated or effected;
 - (vii) there is an Event of Default (as defined under the Interim Loan Agreement) under the Interim Loan; or
 - (viii) if any of the Lock-Up agreements are breached or terminated; and
- (d) by either Inscape or the Offeror:
- (i) if the Offeror does not take up and pay for the Shares deposited under the Hilco Offer by the Outside Date, other than as a result of a default or breach by the party seeking to terminate the Support Agreement of a representation, warranty, covenant or obligation under the Support Agreement;
 - (ii) if any court of competent jurisdiction or other Governmental Entity having authority over the Parties shall have issued an order, decree or ruling or taken any other action permanently enjoining or otherwise prohibiting any of the Contemplated Transactions (unless such order, decree, ruling or action has been withdrawn, reversed or otherwise made inapplicable), which order, decree or ruling is final and non-appealable; or
 - (iii) if the Hilco Offer terminates, expires or is withdrawn at the Expiry Time without the Offeror taking up and paying for any of the Shares as a result of the failure of any condition to the Hilco Offer to be satisfied or waived by the Offeror (where such conditions are capable of waiver), unless the failure of such condition shall be due to the failure of the party seeking to terminate the Support Agreement to perform the covenants or obligations required to be performed by it under the Support Agreement.

Termination Payments

Inscap is obligated to pay the Offeror a cash termination payment (the “**Termination Payment**”) in an amount equal to \$150,000 upon the occurrence of any of the following events:

- (a) the Support Agreement is terminated by the Offeror in the circumstances described in clause (c)(ii), clause (c)(v) or clause (c)(vi) of “*Support Agreement – Termination of the Support Agreement*”, in which case the Termination Payment shall be paid to the Offeror by 4:00 p.m. (Toronto time) on the first Business Day after the Support Agreement is so terminated;
- (b) the Support Agreement is terminated by Inscap at any time when the Support Agreement was terminable by the Offeror in the circumstances described in clause (c)(ii), clause (c)(v) or clause (c)(vi) of “*Support Agreement – Termination of the Support Agreement*” in which case the Termination Payment shall be paid to the Offeror by 4:00 p.m. (Toronto time) on the first Business Day after the Support Agreement is so terminated;
- (c) the Support Agreement is terminated by Inscap in the circumstances described in clause (b)(ii) of “*Support Agreement – Termination of the Support Agreement*” above, in which case the Termination Payment shall be paid to the Offeror prior to or concurrently with such termination; or
- (d) the Support Agreement is terminated by the Offeror in the circumstances described in clause (iii) or clause (c)(iv) or by the Offeror or Inscap in the circumstances described in clause (d)(iii) (but only if one of the conditions not satisfied is the Minimum Tender Condition) of “*Support Agreement – Termination of the Support Agreement*” above and:
 - (i) following the date of the Support Agreement and prior to the date on which the Support Agreement is terminated, an Acquisition Proposal is publicly announced or made by any person other than the Offeror or an affiliate of the Offeror, or any person, other than the Offeror or an affiliate of the Offeror, has publicly announced an intention to make an Acquisition Proposal; and
 - (ii) either (A) any Acquisition Proposal is completed within 12 months following the termination of the Support Agreement; or (B) an agreement in respect of any Acquisition Proposal is entered into by Inscap within 12 months following the termination of the Support Agreement and that Acquisition Proposal is completed at any time after the termination of the Support Agreement,

in which case the Termination Payment shall be paid to the Offeror concurrently with the completion of that Acquisition Proposal.

Pursuant to the terms of the Interim Loan Agreement, Inscap may also be required to pay a termination fee in connection with the Interim Loan, equal to 5% (or \$250,000) of the \$5,000,000 facility.

Expense Reimbursement

The Offeror and Inscap have agreed that, except as provided in the Support Agreement, all out-of-pocket expenses of the parties relating to the Support Agreement or the transactions contemplated thereby shall be paid by the party incurring such expenses, irrespective of the completion of such transactions, except that if (i) the Support Agreement is terminated in the circumstances described in clause (c)(iii), clause (c)(iv) or clause (vii) and (b) Inscap has, in accordance with the Support Agreement, not paid the Termination Payment to the Offeror, Inscap shall reimburse the Offeror in connection with all of its and its affiliates’ reasonable and documented out-of-pocket expenses in an amount equal to the greater of (a) the actual amount incurred in respect of such expenses; and (ii) \$150,000, within two (2) Business Days after the date of termination of this Agreement.

Representations and Warranties

The Support Agreement contains a number of customary representations and warranties of the Offeror and Inscape relating to, among other things: corporate status, and the corporate authorization and enforceability of, and Board approval of, the Support Agreement and the Offer. The representations and warranties of Inscape also address various matters relating to the business, operations and properties of Inscape, including, among other things: capitalization; public filings; financial statements; liabilities and indebtedness; books and records; absence of certain changes or events; permits; material properties; employment and consultant matters; collective agreements; COVID-19; tax matters; material contracts; related party transactions; internal controls; reporting issuer status; litigation; compliance with laws; anti-corruption, anti-money laundering and export compliance; real and personal property; intellectual property matters; privacy and anti-spam law compliance; security and information technology; product liability and other customary representations.

In addition, the Offeror has represented that it has sufficient funds, or adequate arrangements for financing in place to provide sufficient funds, to pay the cash purchase price in respect of all of the outstanding Shares and all other amounts required to be paid by the Offeror under the Support Agreement.

Conduct of Business

Inscape has made certain covenants to the Offeror, including the following:

- (a) During the Interim Period, except (i) with the prior written consent of the Offeror (such prior written consent not to be unreasonably withheld or delayed), or (ii) as is otherwise expressly permitted or specifically contemplated by the Support Agreement, Inscape shall, and shall cause its subsidiaries to, carry on their respective businesses in the Ordinary Course of Business and in compliance with all applicable Laws and Inscape shall use all commercially reasonable efforts to maintain and preserve its business organization, assets (including all material Authorizations), employees, goodwill and advantageous business relationships.
- (b) Without limiting the generality of the foregoing, Inscape has covenanted and agreed that, during the Interim Period, unless (i) the Offeror shall otherwise agree to in writing (such prior written consent not to be unreasonably withheld or delayed), (ii) expressly permitted or specifically contemplated by the Support Agreement, (iii) required by applicable Law, or (iv) as otherwise set forth in the Disclosure Letter (as defined in the Support Agreement) or in accordance with plans previously disclosed in the Inscape Public Documents, Inscape shall, and shall cause its subsidiaries to (among other things): (i) not amend its articles of incorporation, by-laws or other comparable organizational documents or the terms of any outstanding securities, including any outstanding indebtedness; (ii) not issue or sell or agree to issue or sell any securities (including Shares or MVS Shares), or redeem, offer to purchase, purchase or cause to be purchased any of its outstanding securities; (iii) without limiting the preceding clause, not authorize, approve, agree to issue, issue or award any Options under the Option Plan, DSUs under the DSU Plan, Share Awards under the Performance and Restricted Unit Plan or any other Convertible Securities; (iv) not authorize, approve, agree to issue, issue or award any Shares or MVS Shares in connection with the exercise of any Options under the Option Plan, DSUs under the DSU Plan, Share Awards under the Performance and Restricted Share Unit Plan, except, with the written consent of the Offeror, with respect to: (A) the issuance of shares upon the exercise of any outstanding Options or (B) any offer to redeem or purchase the Options, RSUs, or PSUs provided, however, that forgoing shall not limit the ability of Inscape to redeem for cancellation any outstanding Options, RSUs or PSUs solely for the purpose of giving effect to the transactions contemplated by the Support Agreement; (v) not authorize, approve, agree to issue, issue or award any Shares or MVS Shares in connection with the exercise of any Options under the Option Plan except, with the written consent of the Offeror, any offer to redeem or purchase the Options, RSUs, or PSUs provided, however, that forgoing shall not limit the ability of Inscape to redeem for cancellation any outstanding Options, RSUs or PSUs solely for the purpose of giving effect to the transactions contemplated by the Support Agreement; (vi) not acquire or commit to acquire any assets or group of related assets (through one or more related or unrelated acquisitions) having a value in excess of \$100,000 in the aggregate; (vii) subject to certain exceptions, not sell,

lease, option, encumber or otherwise dispose of, or allow any third-party to encumber for a period of five (5) Business Days without contesting in good faith, any assets or group of related assets (through one or more related or unrelated transactions) having a value in excess of \$50,000 in the aggregate; (viii) subject to certain exceptions, not incur, or commit to, capital expenditures in excess of \$50,000 in the aggregate; (ix) except for the Interim Loan (A) not incur or commit to incur any indebtedness for borrowed money, except for the borrowing of working capital in the Ordinary Course of Business or issue any debt securities, (B) not incur or commit to incur, or guarantee, endorse or otherwise become responsible for, any other material liability, obligation or indemnity or the obligation of any person other than the wholly-owned subsidiaries of Inscape, or (C) not make any loans or advances to any person other than the wholly-owned subsidiaries of Inscape; (x) not pay, discharge or satisfy any material claims, liabilities or obligations other than the payment, discharge or satisfaction, in the Ordinary Course of Business in accordance with their terms, of liabilities reflected or reserved against in Inscape's financial statements as at and for the period ended April 30, 2022, consented to by the Offeror or incurred in the Ordinary Course of Business; and (xi) not acquire or agree to acquire (by merger, amalgamation, arrangement, acquisition of stock or assets or otherwise) any person or division of any person or make any investment either by purchase of shares or securities, contributions of capital (other than to the wholly-owned subsidiaries of Inscape), property transfer or purchase of any property or assets of any other person, except for purchases of equipment in the Ordinary Course of Business, and except for capital expenditures permitted by the Support Agreement.

Inscape has also agreed to notify the Offeror of any Material Adverse Change and of any material governmental or third-party complaints (other than those made in the Ordinary Course of Business), investigations or hearings (or communications indicating that the same may be contemplated).

Other Covenants

Each of Inscape and the Offeror have agreed to a number of mutual covenants, including to (i) give prompt written notice to the other of the occurrence, or failure to occur, at any time from the date of the Support Agreement until the earlier to occur of the termination of the Support Agreement and the Effective Time of any event or state of facts of which it is aware which occurrence or failure would, or would be reasonably likely to (a) cause any of the representations or warranties of any party contained in the Support Agreement to be untrue or inaccurate in any material respect, or (b) result in the failure to comply with or satisfy any covenant, condition or agreement to be complied with or satisfied by either party under the Support Agreement prior to the Expiry Time or the Effective Time; (ii) use its commercially reasonable efforts to take, or cause to be taken, all reasonable actions and to do, or cause to be done, all things reasonably necessary, proper or advisable to consummate and make effective as promptly as practicable any Contemplated Transactions undertaken by the Offeror and/or its affiliates and to cooperate with each other in connection with the foregoing, including using commercially reasonable efforts: (a) to obtain all Regulatory Approvals and all other consents, approvals, clearances and authorizations as are necessary to be obtained under applicable Laws; (b) to defend all lawsuits or other legal proceedings challenging the Support Agreement or the consummation of the Contemplated Transactions; (c) to cause to be lifted or rescinded any injunction or restraining order or other order adversely affecting the ability of the parties to consummate the Contemplated Transactions; (d) to effect all necessary registrations and other filings and submissions of information or responses to information requests as may be requested by Governmental Entities or required under any applicable securities Laws, or any other Laws; (e) to execute and deliver such documents as the other parties may reasonably require; (f) to fulfil all conditions within its power and satisfy all provisions of the Support Agreement and the Offer; (g) to manage stakeholder communications and engagement and address any questions any Government Official or Governmental Entity may have in connection with the consummation of the Contemplated Transactions; and (h) to not take any action which would render, or which may reasonably be expected to render, untrue or inaccurate (without giving effect to, applying or taking into consideration any materiality or Material Adverse Change qualification already contained within such representation or warranty) in any material respect any of such party's respective representations and warranties set forth in the Support Agreement.

In addition, upon reasonable notice, Inscape has agreed to, and to cause its Representatives to, provide the Offeror and its Representatives with reasonable access (without material disruption to the conduct of Inscape's business and subject to any applicable competition laws) during normal business hours to all books, records, information, corporate

charts, tax documents, filings, memoranda, working papers and files and all other materials in its possession and control and access to the personnel of and counsel to Inscap and the subsidiaries on an as reasonably requested basis as well as reasonable access to the properties of Inscap and the subsidiaries and Inscap has agreed to assist the Offeror with any such filings or information requests from any Governmental Entity upon request by the Offeror.

Directors' and Officers' Insurance and Indemnification

From and after the Effective Time, the Offeror agreed that for the period from the Effective Time until six (6) years after the Effective Time, the Offeror will cause Inscap or any successor to Inscap to maintain Inscap's current directors' and officers' liability insurance policy or a policy reasonably equivalent subject in either case to terms and conditions no less advantageous to the directors and officers of Inscap than those contained in the policy in effect on the date of the Support Agreement, for all present and former directors and officers of Inscap and the subsidiaries covering claims first made prior to or within six (6) years of the Effective Time, provided, however, that the Offeror will not be required, in order to maintain or cause to be maintained such directors' and officers' liability insurance policy, to pay an annual premium in excess of 200% of the cost of the existing policy; and provided further that, if equivalent coverage cannot be obtained or can only be obtained by paying an annual premium in excess of 200% of such amount, the Offeror shall only be required to obtain or cause to be obtained as much coverage as can be obtained by paying an annual premium equal to 200% of such amount. Prior to the Effective Time, Inscap may purchase as an extension to Inscap's current directors' and officers' liability insurance policies, three (3) year run-off insurance as of the Effective Time providing such coverage for such persons on terms comparable to those contained in Inscap's current insurance policies for acts and/or omissions and/or events occurring prior to the Effective Time, provided that the premium will not exceed 200% of the annual premium currently charged to Inscap for directors' and officers' liability insurance, and in such event none of the Offeror or Inscap or the subsidiaries will have any further obligation under the Support Agreement.

Outstanding Inscap Options and Share Awards

The Offeror and Inscap agreed in the Support Agreement that, between the date of the Support Agreement and the Effective Time, Inscap shall: (i) not grant any additional Shares, MVS Shares, Options, Share Awards, and DSUs or other rights to purchase or acquire Shares or MVS Shares, or make any amendments to outstanding Options, Share Awards and DSUs without the prior written consent of the Offeror, (ii) take such actions as may be necessary to ensure that any outstanding Options, Share Awards and DSUs shall either be cancelled or otherwise dealt with in a manner satisfactory to the Offeror prior to the Effective Time and (iii) promptly notify the Offeror in writing of any exercise or cancellation of Options, RSUs, or PSUs. Such notice shall include full particulars of each such exercise. The Offeror understands that there are no Convertible Securities outstanding other than the Options.

Change of Control Payments

The Offeror agreed that, following the Effective Time, it will cause Inscap and each of its subsidiaries and all of their respective successors to honour and comply with the terms of all employment agreements, termination, severance, change of control and retention agreements, other agreements that include payments required in connection with a change of control of Inscap, and plans or policies of Inscap and its subsidiaries that are disclosed in Section 2.8 of the Disclosure Letter and to effect payment in full for all payments that are required to be made by Inscap or its subsidiaries pursuant to such agreements, plans and policies in accordance with such agreements, plans and policies.

Outstanding Inscap Securities

Under the Support Agreement, Inscap has agreed to cancel all unexercised Options and has entered into Option cancellation agreements with each holder of Options, RSUs, and PSUs (the "**Cancellation Agreements**"). Subject to the terms of each Cancellation Agreement, the Company expects that all Convertible Securities and Share Awards will be cancelled and forfeited by the holders thereof as of the date on which the Offeror first pays for Shares under the Hilco Offer, without any compensation to such holders.

Compulsory Acquisition and Subsequent Acquisition Transaction

The Support Agreement provides that if the Offeror takes up and pays for Shares under the Hilco Offer, at the Offeror's request, the Company will provide commercially reasonable information and assistance to the Offeror in connection with the completion of a Compulsory Acquisition or a Subsequent Acquisition Transaction to acquire the remaining Shares, provided, among other things, that the consideration per Share offered in connection with the Subsequent Acquisition Transaction shall not be less than the Offer Price and shall be in the same form as under the Hilco Offer.

11. Lock-Up Agreements

The Offeror has entered into the Lock-Up Agreements with the Locked-Up Shareholders, under which the Locked-Up Shareholders have agreed to tender to the Hilco Offer, subject to the termination rights described below, an aggregate of 11,660,282 Shares, representing approximately 81.1% of Inscap's issued and outstanding Shares (collectively, the "**Locked-Up Shares**"), being all the Shares beneficially owned by the Locked-Up Shareholders or over which they exercise control or direction. The Lock-Up Agreements do not permit the Locked-Up Shareholders to accept an Acquisition Proposal other than the Offer.

The Locked-Up Shareholders are Eric Ehgoetz (Director and CEO), Jonathan Szczur (CFO), Tania Bortolotto (Director), David LaSalle (Director), Bullish Management Ltd., Perlus Microcap Fund L.P., Pender Growth Fund Inc., and PenderFund Capital Management Ltd. (as trustee and manager of (i) Pender Small Cap Opportunities Fund and (ii) Pender Alternative Special Situations Fund).

The following is a summary of certain provisions of the Lock-Up Agreements. It is subject to, and is qualified in its entirety by reference to, the full text of all of the provisions of the Lock-Up Agreements. The Lock-Up Agreements have been filed by Inscap with the Canadian securities regulatory authorities and are available on SEDAR at www.sedar.com. Capitalized terms used in this Section 11, but not otherwise defined, have the meanings given to them in the Lock-Up Agreements.

Each Locked-Up Shareholder has agreed to:

- (a) not, directly or indirectly through its Representatives or otherwise, (i) make, solicit, assist, initiate, knowingly encourage, promote or otherwise facilitate (including by way of furnishing, providing access to or disclosing information, permitting any visit to any facilities or properties of Inscap or any of its Subsidiaries or entering into any form of written or oral agreement, arrangement or understanding) any bona fide inquiries, proposals or offers that constitute or may reasonably be expected to constitute or lead to an Acquisition Proposal or (ii) participate or engage in any discussions or negotiations regarding, or provide any information with respect to, or otherwise cooperate in any way with, or assist or participate in, encourage or otherwise facilitate, any effort or attempt by any other person that constitutes or may reasonably be expected to constitute or lead to an Acquisition Proposal;
- (b) immediately cease and terminate, or cause to be ceased and terminated, any existing solicitation, assistance, discussion, encouragement, negotiation or process with or involving any person (other than the Offeror and its affiliates) commenced prior to the date of the Lock-Up Agreement with respect to or which could reasonably be expected to lead to an Acquisition Proposal, whether or not initiated by the Securityholder or any of its Representatives;
- (c) promptly notify the Offeror, at first orally and then in writing (and in any event within 24 hours after receipt) of any proposal, inquiry, offer or request that constitutes an Acquisition Proposal after the date of Lock-Up Agreement, or any request for non-public information relating to Inscap or any of its Subsidiaries or for access to properties, books and records or a list of securityholders of Inscap;
- (d) not grant an option on, sell, transfer, pledge, gift, assign, encumber, convey, hypothecate, grant any Encumbrance on or otherwise dispose of any right or interest in any of the Securityholder's Securities or enter into any forward sale, repurchase agreement or other monetization transaction with respect to any of the Securityholder's Securities, or any right or interest therein (legal or

equitable), to any person or group (except to the Offeror or any of its affiliates) or agree to do any of the foregoing, other than the exercise of any Options pursuant to the terms thereof;

- (e) not grant or agree to grant any proxy, power of attorney or other right to vote the Securityholder's Securities, or enter into any voting agreement, voting trust, vote pooling or other agreement, commitment, understanding or arrangement (oral or written) with respect to the right to vote, or give consents or approvals of any kind, in respect of any of the Securityholder's Securities;
- (f) not requisition or join in any requisition of any meeting of holders of Shares;
- (g) not tender or vote, or cause to be tendered or voted, any of the Securityholder's Securities in favour of any Acquisition Proposal;
- (h) vote or cause to be voted all of the Securityholder's Securities (to the extent such Securityholder Securities are entitled to vote) against any proposed action by Inscape or any of its Subsidiaries or shareholders in furtherance of any Acquisition Proposal or that might reasonably be regarded as likely to prevent, impede, delay, interfere, postpone or discourage the successful completion of the Offer or any other Contemplated Transactions;
- (i) not take any other action of any kind, directly or indirectly, that (i) would make any representation or warranty of the Securityholder contained herein untrue or incorrect or (ii) might reasonably be regarded as likely to prevent, impede, delay, interfere, postpone or discourage the successful completion of the Offer or any other Contemplated Transactions;
- (j) irrevocably waive, and agree not to exercise, any rights of appraisal or rights of dissent that the Securityholder may have with respect to the Securityholder's Securities;
- (k) not commence or participate in, and shall, and hereby agrees to, take all actions necessary to opt out of any class in any class action with respect to, any claim, derivative or otherwise, against Inscape or the Offeror or any of their respective affiliates or successors relating to the negotiation, execution and delivery of the Support Agreement;
- (l) promptly notify the Offeror of the number of any new Shares acquired by the Securityholder after the date hereof and all such new Shares shall be deemed to be Securityholder's Securities and will be subject to the terms of the Lock-Up Agreement as though owned by the Securityholder as of the date hereof; and
- (m) execute any and all documents and perform any and all commercially reasonable acts, including making any requisite regulatory filings, to satisfy all of its obligations under the Lock-Up Agreement.

Each Lock-Up Agreement may be terminated upon:

- (a) the written agreement of the Offeror and the Securityholder to terminate the Lock-Up Agreement;
- (b) the Offer being terminated or withdrawn;
- (c) the Expiry Time occurring;
- (d) the Outside Date occurring without the Shares deposited to the Offer having been taken up by the Offeror;
- (e) written notice from the Offeror to the Securityholder if the Securityholder is in material breach of any representation, warranty or covenant of the Securityholder contained in the Lock-Up Agreement and such breach has not been cured within five (5) Business Days of written notice of such breach being given; or
- (f) written notice from the Securityholder to the Offeror if:

- (i) the Offeror has not mailed the Offer Documents by the date that is 21 days after the date of the Lock-Up Agreement;
- (ii) the Offeror is in material breach of any representation, warranty or covenant of the Offeror contained in the Lock-Up Agreement and such breach has not been cured within five (5) Business Days of written notice of such breach being given; or
- (iii) the Offeror has, without the prior written consent of the Securityholder, decreased the Offer Price or changed the form of the consideration payable for the Shares.

12. Ownership of Securities of Inscape

Inscape is authorized to issue an unlimited number of Class B Subordinated Voting Shares (sometimes referred to herein as the “**Shares**”), of which 14,380,701 are issued and outstanding as of the date hereof, and up to 7,670,881 MVS Shares, of which Nil (0) are issued and outstanding as of the date hereof.

As of the date hereof, the only Convertible Securities of the Company were 405,179 Options issued and outstanding to acquire 405,179 Shares (none of which were in-the-money) and the only Share Awards outstanding were 344,623 RSUs issued and outstanding, and 344,623 PSUs issued and outstanding. The Shares are listed and posted for trading on the TSX under the symbol “INQ”. On November 22, 2022, the closing price of the Shares on the TSX was \$0.03.

The following table sets out the names and positions of each Director and officer of Inscape and the number and percentage of Shares, Options, RSUs, and PSUs beneficially owned or over which control or direction is exercised by each such person and, where known after reasonable enquiry, by each associate and affiliate of any insider of Inscape, each associate and affiliate of Inscape, any insider of Inscape other than a Director or officer of Inscape and each person or company acting jointly or in concert with Inscape as of November 22, 2022.

Name	Position	Number and Percentage of Class B Subordinated Voting Shares	Number and Percentage of Options	Number and Percentage of RSUs	Number and Percentage of PSUs
Eric Ehgoetz	Chief Executive Officer	24,860 (0.17%)	187,500 (46.28%)	Nil (0%)	Nil (0%)
Jon Szczur	Chief Financial Officer	Nil (0%)	75,000 (18.52%)	145,889 (42.34%)	145,889 (42.34%)
David LaSalle ⁽¹⁾	Director	2,174,600 (15.12%)	30,000 (7.40%)	Nil (0%)	Nil (0%)
Tania Bortolotto	Director	23,500 (0.16%)	30,000 (7.40%)	Nil (0%)	Nil (0%)
Tracy Tidy ⁽²⁾	Director	7,927,321 (55.12%)	Nil (0%)	Nil (0%)	Nil (0%)
Neil McDonnell	Independent Director	Nil (0%)	Nil (0%)	Nil (0%)	Nil (0%)
Bartley Bull ⁽³⁾	Former Director	1,510,001 (10.50%)	Nil (0%)	Nil (0%)	Nil (0%)
Dennis Dyke	Vice President (Supply Chain)	8,200 (0.057%)	82,679 (20.40%)	117,701 (34.15%)	117,701 (34.15%)
Laura Barski	Vice President (Marketing and Product)	Nil (0%)	Nil (0%)	81,033 (23.51%)	81,033 (23.51%)
	Total:	14,380,701	405,179	344,623	344,623

Notes:

⁽¹⁾ Mr. Lasalle controls shares held through Perlus Microcap Fund L.P.

⁽²⁾ 7,927,321 Shares are held by Pender Growth Fund Inc. and certain funds for which PenderFund Capital Management Ltd. acts as trustee and manager (collectively, “**Pender**”). Ms. Tidy is an employee of Pender and does not exercise control or direction over such shares. Ms. Tidy was nominated for election as a director by Pender, the majority Shareholder of Inscape.

⁽³⁾ 1,510,001 Shares are held by Mr. Bull through Bullish Management Ltd., a company under his control and direction.

13. Trading in Securities of Inscape

None of Inscape or the Directors or officers of Inscape or, to their knowledge after reasonable enquiry, any associate or affiliate of any insider of Inscape, any associate or affiliate of Inscape, any insider of Inscape other than a Director or officer of Inscape or any person or company acting jointly or in concert with Inscape, has engaged in any transaction in securities of Inscape during the six-month period preceding the date of this Directors' Circular.

14. Issuances of Securities of Inscape to the Directors, Officers and other Insiders

The following table sets out the Shares and securities convertible into Shares that have been issued to the Directors, officers and other insiders of Inscape during the two-year period preceding the date of this Directors' Circular.

Name	Position	Nature of Issue	Class of Securities Issued	Number of Securities Issued	Price Per Share ⁽¹⁾	Date Issued
Bartley Bull	Former Director	Grant of Options	Options	7,500	NA	March 2020
		Grant of Options	Options	7,500	NA	December 2020
		Grant of Options	Options	7,500	NA	December 2021
David Lasalle	Director	Grant of Options	Options	7,500	NA	March 2020
		Grant of Options	Options	7,500	NA	December 2020
		Grant of Options	Options	7,500	NA	December 2021
Dezso Horvath	Former Director	Grant of Options	Options	7,500	NA	March 2020
		Grant of Options	Options	7,500	NA	December 2020
		Grant of Options	Options	7,500	NA	December 2021
Eric Ehgoetz	Director and CEO	Grant of Options	Options	7,500	NA	March 2020
		Grant of Options	Options	7,500	NA	December 2020
		Grant of Options	Options	150,000	NA	September 2021
		Grant of Options	Options	7,500	NA	December 2021
Jon Szczur	CFO	Grant of Options	Options	75,000	NA	December 2021
Quentin Kong	Former Director	Grant of Options	Options	7,500	NA	March 2020
		Grant of Options	Options	7,500	NA	December 2020
		Grant of Options	Options	7,500	NA	December 2021
Tania Bortolotto	Director	Grant of Options	Options	7,500	NA	March 2020
		Grant of Options	Options	7,500	NA	December 2020
		Grant of Options	Options	7,500	NA	December 2021

Notes:

⁽¹⁾ Options granted to Former Directors have been cancelled following their departure. All remaining Options are "out of the money" and will be cancelled pursuant to Cancellation Agreements executed between each applicable Option holder and Hilco. See the section of this Directors' Circular entitled "*Outstanding Inscape Securities*".

15. Arrangements Between Inscape and its Directors and Officers

Other than as described below or elsewhere in this Directors' Circular, no agreement, commitment or understanding has been made, or is proposed to be made, between Inscape and any of its Directors or officers, including any agreement, commitment or understanding pursuant to which a payment or other benefit is proposed to be made or given by way of compensation for loss of office or as to their remaining in or retiring from office if the Hilco Offer is successful.

Termination and Change of Control Benefits

Inscape has entered into employment agreements with Eric Ehgoetz and Jon Szczur in connection with each of their respective services as executive officers of Inscape, which provide for payments to each of them in connection with termination, retirement, or change of control of Inscape, as described below. The terms of the employment agreements for Mr. Ehgoetz and Mr. Szczur are described in the management information circular of Inscape dated July 29, 2022, which is available on SEDAR at www.sedar.com.

Eric Ehgoetz, Chief Executive Officer

Termination without Cause

Pursuant to the terms of Mr. Ehgoetz 's employment agreement, in the event that Mr. Ehgoetz's employment is terminated by Inscape without just cause, Mr. Ehgoetz is entitled to a severance payment equal to six months base salary and a continuation of benefits, such as medical and dental benefits, during that time period.

Treatment of Options

As a condition of the Hilco Offer, Mr. Ehgoetz executed an option cancellation agreement with Inscape, pursuant to which all of Mr. Ehgoetz's options will be cancelled for no cash consideration, all conditional upon completion of the Hilco Offer.

Jon Szczur, Chief Financial Officer

Termination without Cause

Pursuant to the terms of Mr. Szczur's employment agreement, in the event that Mr. Szczur's employment is terminated by Inscape without just cause, Mr. Szczur is entitled to a severance payment equal to six months base salary and a continuation of benefits, such as medical and dental benefits, during that time period.

Treatment of Options, RSUs and PSUs

As a condition of the Hilco Offer, Mr. Szczur executed a cancellation agreement with Inscape, pursuant to which all of Mr. Szczur's options, RSUs, and PSUs will be cancelled for no cash consideration, all conditional upon completion of the Hilco Offer.

Estimated Incremental Payment on Termination Without Cause

The estimated incremental payments and benefits from Inscape to each of Mr. Ehgoetz and Mr. Szczur upon termination without cause, would be approximately \$162,500 (plus benefits) and \$120,000 (plus benefits), respectively. Neither Mr. Ehgoetz nor Mr. Szczur are entitled to similar payments solely upon the occurrence of a change of control of Inscape.

16. Arrangements Between Hilco and Securityholders of Inscape

Other than the Lock-Up Agreements, Inscape is not aware of any agreement, commitment or understanding made or proposed to be made between Hilco (or its affiliates) and a securityholder of Inscape relating to the Hilco Offer.

17. Relationship Between Hilco and the Directors and Officers of Inscape

To the knowledge of Inscape, except as otherwise disclosed herein, there are no arrangements, commitments or understandings made or proposed to be made between Hilco (or its affiliates) and any of the Directors or officers of Inscape, including any arrangements, commitments or understandings pursuant to which a payment or other benefit is proposed to be made or given by way of compensation for loss of office or as to Inscape's Directors or officers remaining in or retiring from office if the Hilco Offer is successful. No Directors or officers of Inscape are also directors or officers of Hilco or any of its subsidiaries.

18. Interests in Material Contracts of Hilco

None of the Directors or officers of Inscape or any of their respective associates or, to their knowledge after reasonable enquiry, any person or company who owns more than 10% of the Shares has any interest in any material transaction to which Hilco (or its affiliates) is a party.

19. Ownership of Securities of Hilco

None of Inscape or the Directors or officers of Inscape or, to their knowledge after reasonable enquiry, any associate or affiliate of any insider of Inscape, any associate or affiliate of Inscape, any insider of Inscape other than a Director or officer of Inscape or any person or company acting jointly or in concert with Inscape, beneficially owns, or exercises control or direction over, any securities of Hilco.

20. Other Transactions

Other than as described or referred to in the Hilco Offer and Circular or in this Directors' Circular, no negotiations are underway which relate to or would result in (a) an extraordinary transaction such as a merger or reorganization involving Inscape or any of its subsidiaries, (b) the purchase, sale or transfer of a material amount of assets by Inscape or any of its subsidiaries, (c) a competing take-over bid, (d) a bid by Inscape for its own securities or for those of another issuer, or (e) any material change in the present capitalization or dividend policy of Inscape.

Other than as described or referred to in this Directors' Circular, there is no transaction, Board resolution, agreement in principle or signed contract of Inscape which has occurred in response to the Hilco Offer and that related to one of the matters set forth in the preceding paragraph.

21. Material Changes in the Affairs of Inscape

Except as described in this Directors' Circular, no information is known to the Directors or officers of Inscape that indicates any material change in the affairs of Inscape since September 8, 2022, the date of the last published interim financial report of Inscape.

22. Other Information

Except as described in this Directors' Circular, no information is known to the Directors of Inscape that would reasonably be expected to affect the decision of Shareholders to accept or reject the Hilco Offer.

23. Statutory Rights

Securities legislation in the provinces and territories of Canada provides security holders of Inscape with, in addition to any other rights they may have at law, one or more rights of rescission, price revision or to damages, if there is a misrepresentation in a circular or notice that is required to be delivered to those security holders. However, such rights must be exercised within prescribed time limits. Security holders should refer to the applicable provisions of the securities legislation of their province or territory for particulars of those rights or consult a lawyer.

24. Directors of Inscape

The directors of Inscape are as follows: Neil McDonnell (Chair), Tracy Tidy, David LaSalle, Eric Ehgoetz, and Tania Bortolotto.

25. Approval of Directors' Circular

The content of this Directors' Circular has been approved and its sending has been authorized by the Board.

CONSENT OF EVANS & EVANS, INC.

Dated: November 25, 2022

To the Board of Directors of Inscape Corporation.

We hereby consent to the references to our firm name and to the references to our fairness opinion dated October 28, 2022 (the “**Opinion**”), contained under the headings “Summary”, “Analysis and Reasons for the Board’s Conclusion and Recommendation”, “Opinion of the Financial Advisor” and “Background to the Hilco Offer” within the Directors’ Circular of Inscape Corporation (“**Inscape**”) dated November 25, 2022 (the “**Circular**”), and to the inclusion of the text of the Opinion as Schedule A to the Circular. The Opinion was given as at October 28, 2022 and remains subject to the assumptions, qualifications and limitations contained therein. In providing our consent, we do not intend that any person other than the Directors of Inscape shall be entitled to rely upon the Opinion.

(Signed) “EVANS & EVANS, INC.”
Evans & Evans, Inc.

CERTIFICATE OF INSCAPE CORPORATION

The foregoing contains no untrue statement of a material fact and does not omit to state a material fact that is required to be stated or that is necessary to make a statement not misleading in the light of the circumstances in which it was made.

Dated: November 25, 2022

On behalf of the Board of Directors

(Signed) "Eric Ehgoetz"
Director

(Signed) "Neil McDonnell"
Director

**SCHEDULE A
OPINION OF EVANS & EVANS, INC.**

(SEE ATTACHED)

EVANS & EVANS, INC.

SUITE 130, 3RD FLOOR, BENTALL II, 555 BURRARD STREET
VANCOUVER, BRITISH COLUMBIA
CANADA V7X 1M8

19TH FLOOR, 700 2ND STREET SW
CALGARY, ALBERTA
CANADA T2P 2W2

6TH FLOOR, 176 YONGE STREET
TORONTO, ONTARIO
CANADA M5C 2L7

October 28, 2022

INSCAPE CORPORATION

67 Toll Road
Holland Landing, Ontario L9N 1H2

Attention: Special Committee of the Board of Directors

Dear Sirs / Mesdames:

Subject: Fairness Opinion

1.0 Introduction

1.01 Evans & Evans, Inc. (“Evans & Evans” or the “authors of the Opinion”) was engaged by the Special Committee (the “Committee”) of the Board of Directors (the “Board”) of Inscape Corporation (“Inscape” or the “Company”) to prepare a Fairness Opinion (the “Opinion”) with respect to the planned sale of 100% of the issued and outstanding shares (“Proposed Transaction”) of Inscape to Hilco Capital Limited (“Hilco” or the “Purchaser Parent”) in exchange for cash.

Evans & Evans has been requested by the Committee to prepare the Opinion to provide an independent opinion as to the fairness of the Consideration (as defined in section 1.04 below), from a financial standpoint to the shareholders of Inscape (the “Inscape Shareholders”) as at October 28, 2022.

Inscape is a designer and manufacturer of furnishings and movable wall systems for the workplace. The Company’s shares are listed for trading on the Toronto Stock Exchange (the “Exchange”) under the symbol “INQ”. Hilco is a private equity investment arm of Hilco Trading, LLC, specializing in restructuring of distressed investment, refinancing or acquisition of under-performing businesses.

1.02 Unless otherwise noted, all monetary amounts referenced herein are Canadian dollars.

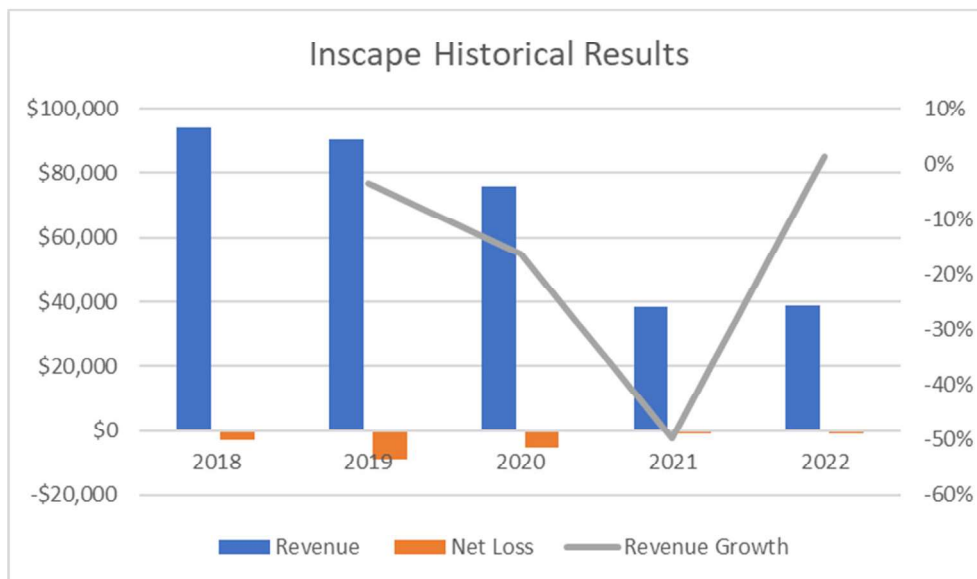
1.03 The Company was incorporated in Canada under the laws and regulations of the *Canada Business Corporations Act*. It operates through two segments - the Furniture segment includes storage, benching, systems and seating products, and the Walls segment includes architectural and movable walls. The Company serves its clients through a network of dealers and representatives. Founded in 1888, the Company’s products are manufactured in two facilities: a 313,000 square foot plant in Holland Landing, Ontario, and a 30,000 square foot plant in Jamestown, New York, USA. Inscape has three showrooms, located in Chicago, New York and Washington, DC.

Financial Results

Inscape’s fiscal year (“FY”) ends on April 30. As can be seen from the following chart, for FYs 2018 to 2022, the Company’s revenues have ranged between \$38.2 and \$99.9 million. For FY2021, revenues dropped substantially to \$38.2 million, a decline of 49.6%, mainly due to the impact of COVID-19, which reduced the customer demand and disrupted supply logistics. For FY2022, revenue increased by 1.4% to \$38.7 million as the business gradually rebound after the restrictions of COVID-19 lessened.

The Company generated a cumulative loss of approximately \$18.9 million for FYs 2018 to 2022. In FY2022, the Company incurred a net loss of \$0.8 million, compared to a net loss of \$0.9 million in FY2021. Inscape realized significant gains on the sale and leaseback of the Holland Landing head office property and on the sale of the adjacent unused land in FY2022. With the exclusion of these gains, in addition to other items such as stock-based compensation and severance expenses, FY2022 had an adjusted net loss before taxes of \$16.5 million.

In FY2021, the Company’s sales were significantly lowered due largely to the impact of the COVID-19 pandemic, however there were significant unrealized gains related to derivative contracts, other income from tranche 2 forgivable government loan proceeds were received, and a deferred tax recovery related to assets held for sale. With the exclusion of these items in addition to other items such as stock-based compensation and severance expenses, FY2021 had an adjusted net loss before taxes of \$13.0 million compared with adjusted net loss before taxes of \$5.2 million in FY2020.



The two business segments for the Company are Furniture and Walls, accounting for approximately 74% and 26% of total revenues for FY 2022 respectively. A majority of the Company’s revenue are derived from the US region, at approximately 95% of total revenue in FY2022.

Financial Position

As at September 30, 2022, Inscape had cash-free debt-free working capital of approximately \$4.5 million and approximately \$27.9 million debt¹. The below table shows the key ratios of the Company as of September 30, 2022. As of the date of the Opinion, the Company’s financial position had declined, and the cash position was nil.

(in thousands of Canadian Dollars)	As at Sept 30,		For the fiscal years ending April 30,			
	2022	2022	2021	2020	2019	2018
Cash-Free Debt-Free Net Working Capital	4,529	5,898	7,747	4,807	5,537	9,832
% of LTM Revenue	11.6%	15.2%	20.3%	6.3%	6.1%	10.5%
Current Ratio	1.5 x	2.1 x	1.3 x	1.3 x	1.4 x	2.0 x
Long Term Debt to Equity Ratio	6.4 x	1.9 x	0.7 x	0.2 x	0.0 x	0.0 x
Total Debt to Equity	7.0 x	2.0 x	1.3 x	0.6 x	0.0 x	0.0 x

Capital Structure

The capital structure of the Company is summarized as below.

	No. of issued and outstanding shares as of the date of the Opinion
Class A multiple voting	-
Class B subordinated voting	14,380,701
Total	14,380,701

The Class B subordinated voting shares (“Class B shares”) are listed and posted for trading on the Exchange. As of April 30, 2022, the Company had issued and outstanding share options of 520,145, which were issued as a long-term incentive plan to the employee. The options are convertible into Class B shares at exercise prices ranging from \$0.78 to \$4.02. All of options are out of the money as of the date of the Opinion.

1.04 As of the date of the Opinion, Evans & Evans had been provided with a proposal (the “Proposal”) issued by the Purchaser to the Company. The Proposal sets out the key terms of the Proposed Transaction as outlined below. As of the date of the Opinion, the Proposed Transaction had not been publicly announced.

- The Purchaser will make a formal offer to acquire 100% of the issued share capital of Inscape and initiate the process to take the Company private through a takeover bid for an upfront purchase price of \$0.007 per share (the “Consideration”), approximately \$100,000 in aggregate.
- The Purchaser will provide an interim secured 24-month working capital facility to the Company up to \$5,000,000 at 12% above the Canadian Prime Rate annualized, given the immediate funding requirement of the business and the time required to complete the Proposed Transaction. The termination fee is 5% of facility size.

¹ Debt includes lease liabilities only.

Evans & Evans was not provided with a draft definitive agreement related to the Proposed Transaction and as such can comment only on the aspects of the Proposed Transaction as outlined above.

1.05 The Committee retained Evans & Evans to act as an independent advisor to the Committee and to prepare and deliver the Opinion to the Committee and the Board to provide an independent opinion as to the fairness of the Proposed Transaction, from a financial point of view, to the Inscape's shareholders as at the date of the Opinion.

2.0 Engagement of Evans & Evans, Inc.

2.01 Evans & Evans was formally engaged by the Committee pursuant to an engagement letter signed October 18, 2022 (the "Engagement Letter") to prepare the Opinion.

2.02 The Engagement Letter provides the terms upon which Evans & Evans has agreed to provide the Opinion to the Committee. The terms of the Engagement Letter provide that Evans & Evans is to be paid a fixed professional fee for its services. In addition, Evans & Evans is to be reimbursed for its reasonable out-of-pocket expenses and to be indemnified by Inscape in certain circumstances. The fee established for the Opinion is not contingent upon the opinions presented.

2.03 Evans & Evans has no present or prospective interest in Inscape or the Purchaser Parent, or any entity that is the subject of this Opinion, and we have no personal interest with respect to the parties involved.

3.0 Scope of Review

3.01 In connection with preparing the Opinion, Evans & Evans has reviewed and relied upon, or carried out, among other things, the following:

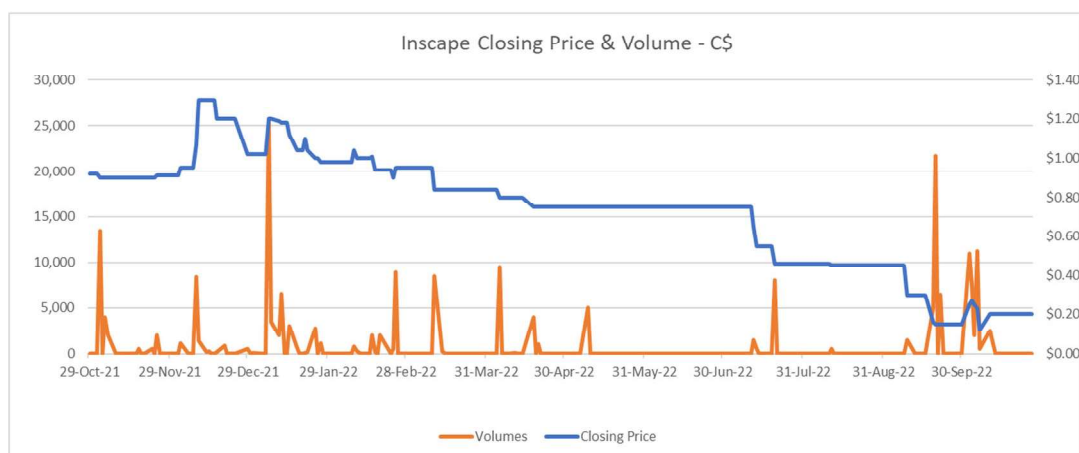
- Interviewed management on several occasions to understand the current position of the Company, short-term expectations, and the rationale for the Proposed Transaction.
- Reviewed the Company's website www.myinscape.com.
- Reviewed the Proposal dated October 5, 2022, prepared by the Purchaser Parent.
- Reviewed the Company's consolidated financial statements for the years ended April 30, 2019 to 2022 as audited by Deloitte LLP of Toronto, Ontario.
- Reviewed the unaudited interim financial statements of the Company for the quarter ended July 31, 2022.
- Reviewed the unaudited consolidated financial statements of the Company for the five months ended September 30, 2022

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- Reviewed the Company's annual reports for FYs 2019 to 2022.
- Reviewed management-prepared documents for the Special Committee meeting dated May 3, 2022, which include liquidation value analysis of Inscape.
- Reviewed management-prepared documents for Board of Directors meetings dated July 14, 2022 and September 7, 2022, which includes minutes, CEO's overview, market update, competitor assessment, supply chain update, FY2023 forecast and liquidation value analysis, etc.
- Reviewed management-prepared documents for the Audit Committee meeting dated September 7, 2022, which include FY2023 Q1 business update, variance analysis, and FY2023 forecast.
- Reviewed the FY23 Forecast Update Addendum of the Company prepared by the management.
- Reviewed the account receivable aging summary as of October 20, 2022.
- Reviewed the key terms of leasehold termination penalties as summarized by the management.
- Reviewed right of use and lease liabilities amortization breakdown as at August 31, 2022.
- Reviewed the trading price of the Company on the Exchange for the period between October 28, 2021 and October 27, 2022. As can be seen from the chart below, the Company's stock price declined significantly in 2022. The share price achieved a high of \$1.30 in December 2021 and then gradually declined to \$0.20 in October 2022. Overall, trading volumes tend to be very low, with the average daily trading volume being less than 0.7% of total issued shares in the 90-days preceding the date of the Opinion.



- Reviewed the Company’s press releases for the 18 months preceding the date of the Opinion.
- Reviewed information on mergers & acquisitions involving companies in the office furnishings and equipment industry.
- Reviewed stock market trading data and financial information on the following companies: MillerKnoll, Inc., Interface, Inc., HNI Corporation, Kimball International, Inc., Virco Mgt. Corporation, Steelcase Inc. and DIRT Environment Solution Ltd.
- Reviewed information on the Company’s market from a variety of sources.

Limitation and Qualification: Evans & Evans did not visit the Company’s office.

4.0 Market Overview

- 4.01 In assessing the fairness of the Proposed Transaction as of the date of the Opinion, Evans & Evans did review the Company’s market.
- 4.02 The U.S. office furniture market size was valued at USD 14.0 billion in 2021 and is expected to expand at a compound annual growth rate (“CAGR”) of 5.3% from 2022 to 2030. One of the major factors impacting the market growth over the forecast period is the increasing building of households, offices, and commercial complexes. The growing number of people working from home or from remote locations is increasing the demand for home office equipment among retailers and manufacturers. Customers are attracted to smart, comfy, and flexible furniture design because of the easy and quick delivery alternatives.²
- 4.03 One of the primary factors propelling the market growth is the widespread adoption of the work-from-home (“WFH”) paradigm as a result of the COVID-19 pandemic. Because of the unexpected spread of the infection and the statewide lockdown, many people are continuing to work from home, which is boosting the demand for comfortable and sturdy office furniture for home offices.²
- 4.04 Unlike home office products, demand in institutional or corporate office furniture is cyclical, with lagged fluctuations in macroeconomic trends such as employment level, construction and leasing activity in office, government and commercial building. According to a study issued by Business Institutional Furniture Manufacturers Association (“BIFMA”) in May 2021, residential construction declined in 2022, and home improvement spending outpaced new construction. Home offices remain in demand. Increased remote work will reduce the need for office space and it could be five years before growth resumes.³

² <https://www.grandviewresearch.com/industry-analysis/us-office-furniture-market>

³ https://cdn.ymaws.com/www.bifma.org/resource/resmgr/forecast/ihs_economic_forecast_may_21.pdf

4.05 Given the slowing economy and the cyclical nature of the office furniture industry, softening order rates are now observed for some market players. Both MillerKnoll Inc. and Steelcase Inc. recently reported reductions in incoming order rates that occurred despite solid quarterly sales gains. MillerKnoll Inc. reported that orders for the recently completed first quarter of fiscal year 2023 declined 17% organically from a year earlier in the key Americas business unit and 11% globally. Executives of the two companies are seeing clients ease into adapting their offices to the new work environment and taking longer than expected to transition to hybrid work models.⁴

5.0 Prior Valuations

5.01 Inscape represented to Evans & Evans that there have been no formal valuations or appraisals relating to Inscape or any affiliate or any of its material assets or liabilities made in the preceding two years which are in the possession or control of Inscape.

6.0 Conditions and Restrictions

6.01 The Opinion is for the Committee's internal use only. The Opinion may be shared with the Committee's legal advisors, the Board and management of Inscape at the discretion of the Committee. The final Opinion is intended for placement on Inscape's file. The final Opinion may be included in any materials provided to the Company's shareholders. The final Opinion may be shared with the court approving the Proposed Transaction.

6.02 The Opinion may not be issued to any international stock exchange and/or regulatory authority beyond the Exchange.

6.03 The Opinion may not be issued and/or used to support any type of value with any other third parties, legal authorities, nor stock exchanges, or other regulatory authorities, nor any tax authority. Nor can it be used or relied upon by any of these parties or relied upon in any legal proceeding and/or court matter.

6.04 Any use beyond that defined above is done so without the consent of Evans & Evans and readers are advised of such restricted use as set out above.

6.05 The Opinion should not be construed as a formal valuation or appraisal of Inscape or its securities or assets. Evans & Evans, has, however, conducted such analyses as we considered necessary in the circumstances.

6.06 In preparing the Opinion, Evans & Evans has relied upon and assumed, without independent verification, the truthfulness, accuracy and completeness of the information and the financial data provided by the Company. Evans & Evans has therefore relied upon all specific information as received and declines any responsibility should the results presented be affected by the lack of completeness or truthfulness of such information.

⁴ <https://mibiz.com/sections/manufacturing/return-to-office-uncertainty-softening-orders-for-furniture-giants>

Publicly available information deemed relevant for the purpose of the analyses contained in the Opinion has also been used.

The Opinion is based on: (i) our interpretation of the information which Inscape, as well as its representatives and advisers, have supplied to-date; (ii) our understanding of the terms of the Proposed Transaction; and (iii) the assumption that the Proposed Transaction will be consummated in accordance with the expected terms.

- 6.07 The Opinion is necessarily based on economic, market and other conditions as of the date hereof, and the written and oral information made available to us until the date of the Opinion. It is understood that subsequent developments may affect the conclusions of the Opinion, and that, in addition, Evans & Evans has no obligation to update, revise or reaffirm the Opinion.
- 6.08 Evans & Evans denies any responsibility, financial, legal, or other, for any use and/or improper use of the Opinion however occasioned.
- 6.09 Evans & Evans is expressing no opinion as to the price at which any securities of Inscape will trade on any stock exchange at any time.
- 6.10 Evans & Evans is expressing no opinion as to whether any alternative transaction might have been more beneficial to the Inscape Shareholders.
- 6.11 Evans & Evans reserves the right to review all information and calculations included or referred to in the Opinion and, if it considers it necessary, to revise part and/or its entire Opinion and conclusion in light of any information which becomes known to Evans & Evans during or after the date of this Opinion.
- 6.12 In preparing the Opinion, Evans & Evans has relied upon a letter from management of Inscape confirming to Evans & Evans in writing that the information and management's representations made to Evans & Evans in preparing the Opinion are accurate, correct, and complete, and that there are no material omissions of information that would affect the conclusions contained in the Opinion.
- 6.13 Evans & Evans has based its Opinion upon a variety of factors. Accordingly, Evans & Evans believes that its analyses must be considered as a whole. Selecting portions of its analyses or the factors considered by Evans & Evans, without considering all factors and analyses together, could create a misleading view of the process underlying the Opinion. The preparation of a fairness opinion is a complex process and is not necessarily susceptible to partial analysis or summary description. Any attempt to do so could lead to undue emphasis on any particular factor or analysis. Evans & Evans' conclusions as to the fairness, from a financial point of view to the Inscape Shareholders of the Proposed Transaction were based on its review of the Proposed Transaction taken as a whole, in the context of all of the matters described under "Scope of Review", rather than on any particular element of the Proposed Transaction or the Proposed Transaction outside the

context of the matters described under “Scope of Review”. The Opinion should be read in its entirety.

- 6.14 Evans & Evans was not requested to, and we did not, solicit indications of interest or proposals from third parties regarding a possible acquisition of or merger with the Company. Our opinion also does not address the relative merits of the Proposed Transaction as compared to any alternative business strategies or transactions that might exist for the Company, the underlying business decision of the Company to proceed with Proposed Transaction, or the effects of any other transaction in which the Company will or might engage.
- 6.15 Evans & Evans expresses no opinion or recommendation as to how any Inscape Shareholder should vote or act in connection with the Proposed Transaction, any related matter, or any other transactions. We are not experts in, nor do we express any opinion, counsel, or interpretation with respect to, legal, regulatory, accounting or tax matters. We have assumed that such opinions, counsel, or interpretation have been or will be obtained by the Company from the appropriate professional sources. Furthermore, we have relied, with the Company’s consent, on the assessments by the Company and its advisors, as to all legal, regulatory, accounting and tax matters with respect to the Company and the Proposed Transaction, and accordingly we are not expressing any opinion as to the value of the Company’s tax attributes or the effect of the Proposed Transaction thereon.
- 6.16 Evans & Evans and all of its Principal’s, Partner’s, staff or associates’ total liability for any errors, omissions, or negligent acts, whether they are in contract or in tort or in breach of fiduciary duty or otherwise, arising from any professional services performed or not performed by Evans & Evans, its Principal, Partner, any of its directors, officers, shareholders or employees, shall be limited to the fees charged and paid for the Opinion. No claim shall be brought against any of the above parties, in contract or in tort, more than two years after the date of the Opinion.

7.0 Assumptions

- 7.01 In preparing the Opinion, Evans & Evans has made certain assumptions as outlined below.
- 7.02 With the approval of Inscape and as provided for in the Engagement Letter, Evans & Evans has relied upon, and has assumed the completeness, accuracy and fair presentation of, all financial information, business plans, forecasts and other information, data, advice, opinions and representations obtained by it from public sources or provided by the Company or its affiliates or any of their respective officers, directors, consultants, advisors or representatives (collectively, the “Information”). The Opinion is conditional upon such completeness, accuracy, and fair presentation of the Information. In accordance with the terms of the Engagement Letter, but subject to the exercise of its professional judgment, and except as expressly described herein, Evans & Evans has not attempted to verify independently the completeness, accuracy, or fair presentation of any of the Information.

- 7.03 Senior officers of Inscape represented to Evans & Evans that, among other things: (i) the Information (other than estimates or budgets) provided orally by an officer or employee of Inscape or in writing by Inscape (including, in each case, affiliates and their respective directors, officers, consultants, advisors and representatives) to Evans & Evans relating to Inscape, its affiliates or the Proposed Transaction, for the purposes of the Engagement Letter, including in particular preparing the Opinion was, at the date the Information was provided to Evans & Evans, fairly and reasonably presented and complete, true and correct in all material respects, and did not, and does not, contain any untrue statement of a material fact in respect of Inscape, its affiliates or the Proposed Transaction and did not and does not omit to state a material fact in respect Inscape, its affiliates or the Proposed Transaction that is necessary to make the Information not misleading in light of the circumstances under which the Information was made or provided; (ii) with respect to portions of the Information that constitute financial estimates or budgets, they have been fairly and reasonably presented and reasonably prepared on bases reflecting the best currently available estimates and judgments of management of Inscape or its associates and affiliates as to the matters covered thereby and such financial estimates and budgets reasonably represent the views of management of Inscape; and (iii) since the dates on which the Information was provided to Evans & Evans, except as disclosed in writing to Evans & Evans, there has been no material change, financial or otherwise, in the financial condition, assets, liabilities (contingent or otherwise), business, operations or prospects of the Company or any of its affiliates and no material change has occurred in the Information or any part thereof which would have, or which would reasonably be expected to have, a material effect on the Opinion.
- 7.04 In preparing the Opinion, we have made several assumptions, including that all final or executed versions of documents will conform in all material respects to the drafts provided to us, all of the conditions required to implement the Proposed Transaction will be met, all consents, permissions, exemptions or orders of relevant third parties or regulating authorities will be obtained without adverse condition or qualification, the procedures being followed to implement the Proposed Transaction are valid and effective and that the disclosure provided or (if applicable) incorporated by reference in any documents provided to shareholders with respect to Inscape and the Proposed Transaction will be accurate in all material respects and will comply with the requirements of applicable law. Evans & Evans also made numerous assumptions with respect to industry performance, general business, market and economic conditions and other matters, many of which are beyond the control of Evans & Evans and any party involved in the Proposed Transaction. Although Evans & Evans believes that the assumptions used in preparing the Opinion are appropriate in the circumstances, some or all of these assumptions may nevertheless prove to be incorrect.
- 7.05 The Company and all of its related parties and their principals had no contingent liabilities, unusual contractual arrangements, or substantial commitments, other than in the ordinary course of business, nor litigation pending or threatened, nor judgments rendered against, other than those disclosed by management and included in the Opinion that would affect the evaluation or comment.

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- 7.06 As of September 30, 2022 all assets and liabilities of Inscape, have been recorded in their accounts and financial statements and follow International Financial Reporting Standards.
- 7.07 There were no material changes in the financial position of the Company between the date of the financial statements and the date of the Opinion unless noted in the Opinion.
- 7.08 Representations made by the Company as to the number of shares outstanding and the share structure of the Company are accurate.
- 7.09 The Consideration will be paid in cash at closing of the Proposed Transaction.

8.0 Purchase Price

- 8.01 As outlined above, the Consideration is C\$100,000 for 100% equity interest of the Company, implying C\$0.007 per share. As of September 30, 2022, the Company had debt of approximately \$27.9 million, and no excess cash balance is assumed as operating cash is required in coming months as discussed below, implying an enterprise value (“EV”) of approximately \$28.0 million.

9.0 Analysis of Inscape

- 9.01 In assessing the fairness of the Consideration, Evans & Evans considered the following analyses and factors, amongst others: (1) guideline company analysis; (2) precedent transaction analyses; (3) current trading price; (4) asset-based approach; and (5) other considerations.
- 9.02 Evans & Evans reviewed the financial position of Inscape as of the date of the Opinion. Inscape was in a positive working capital position; however, it had not yet achieved profitable operations. The Company did generate gross proceeds of \$34.5 million from the sale and lease back of the land and buildings at 67 Toll Road in Holland Landing, Ontario, resulting in an overall increase in cash balance at the end of FY2022.

In FY 2022, Inscape’s cash outflow from operating activities, including change in working capital, was \$18.8 million, implying monthly cash requirement of \$1.57 million to maintain the operation. Similar result is observed in the first five months of FY 2023. Operating cash outflow from May to September 2023 was \$8.3 million, equivalent to a monthly cash burn of approximately \$1.67 million.

Overall, with total cash balance of approximately \$4 million as of September 30, 2022, and monthly cash burn of \$1.57 to \$1.67 million, the Company did not have insufficient funds to operate, which is in line with the FY 2023 Forecast Update Addendum prepared by the management that deficit cash balance and funding of approximately \$1 million was required between September to December of 2022. The Committee represented to Evans & Evans that as of the date of the Opinion the Company’s cash balance was \$nil.

INSCAPE CORPORATION

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- 9.03 Evans & Evans assessed the reasonableness of the \$0.007 price per share based on a review of the trading price of the Company's shares on the Exchange. As can be seen from the following table, the Company's average closing share price has been declining over the 180-trading days preceding the date of the Opinion.

Trading Price (C\$)	October 27, 2022		
	<u>Minimum</u>	<u>Average</u>	<u>Maximum</u>
10-Days Preceding	\$0.20	\$0.20	\$0.20
30-Days Preceding	\$0.12	\$0.19	\$0.30
90-Days Preceding	\$0.12	\$0.42	\$0.75
180-Days Preceding	\$0.12	\$0.62	\$1.01

It is important to note that the recent decline in the Company's trading price has come on very small trading volumes. As can be seen from the following table, only 81,300 shares of Inscape traded in the 90 trading days preceding the date of the Opinion, representing less than 0.7% of the Company's issued and outstanding common shares. Overall, trading volumes were less than 1,000 shares per day in the 90 trading days preceding the date of the Opinion, which makes it difficult to assess the reasonableness of the market capitalization as a means of determining the fundamental value of Inscape.

Trading Volume	October 27, 2022				
	<u>Minimum</u>	<u>Average</u>	<u>Maximum</u>	<u>Total</u>	<u>%</u>
10-Days Preceding	0	0	0	0	0.0%
30-Days Preceding	0	2,310	21,700	69,300	0.5%
90-Days Preceding	0	903	21,700	81,300	0.6%
180-Days Preceding	0	687	21,700	123,700	0.9%

- 9.04 Evans & Evans assessed the reasonableness of the implied \$28.0 million EV by comparing certain of the related valuation metrics to the metrics indicated by transactions involving the acquisition of companies within Inscape's industry. Evans & Evans identified four transactions in the 24 months preceding the date of the Opinion. The review of transactions included a transaction involving Inscape, whereby Pender Growth Fund Inc. acquired a 47.89% equity interest from Bhayana Management Ltd. in November 2020. From the identified transactions, Evans & Evans found that EV to revenue multiples ranged from 0.22x to 1.96x. The EV to revenue multiple implied by the Proposed Transaction is within the range of the selected transactions.

(Canadian Dollars Millions)			Enterprise	EV /	
Date	Target	Description	Value	Revenues	Revenues
18-Nov-20	Inscape Corporation	Inscape Corporation, together with its subsidiaries, manufactures office furniture and wall products in the United States and Canada.	6.51	66.51	0.22 (x)
10-Jun-22	HALCON Corporation	HALCON Corporation designs, manufactures, and markets customized office furniture.	175.85	89.85	1.96 (x)
19-Jul-21	Knoll, Inc.	Knoll, Inc., together with its subsidiaries, designs, manufactures, markets, and sells commercial and residential furniture, accessories, and coverings for the workplace and residential markets in the United States, Canada, Europe, and internationally.	2,553.69	1,452.48	1.76 (x)
21-May-21	ISI Store Fixtures, Inc.	ISI Store Fixtures, Inc. designs, manufactures, and markets display fixtures and closed-cell foam products for supermarket chains in North America and internationally.	108.24	84.54	1.28 (x)

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9.05 Evans & Evans assessed the reasonableness of the implied \$28.0 million EV by comparing certain of the related valuation metrics to the metrics indicated for referenced guideline public companies. The identified guideline companies selected were considered reasonably comparable to Inscope. In the table below we have summarized the EV to trailing 12-month (“TTM”) revenues of selected public companies. Inscope currently trades at a multiple that is within the range of its peers.

The Proposed Transaction pricing implies an EV / TTM revenues⁵ of 0.72x which is close to the average of guideline companies trading. However, in reviewing the data on the guideline companies, most companies had either positive earnings before interest, taxes, depreciation and amortization (“EBITDA”) or were realizing significantly higher growth rates in revenues as compared to Inscope.

(in millions of Canadian Dollars) Company Name	Exchange / Ticker	Market Capitalization	Enterprise Value	TTM Revenue	TTM EBITDA	EV/ TTM Revenue	EV/ CFY Revenue	EV/ NFY Revenue	EV/ EBITDA
Inscope Corporation	TSX:INQ	3	25	40	-16	0.6 x	0.6 x	N/A	N/A
MillerKnoll, Inc.	NasdaqGS:MLKN	2,038	4,561	5,547	556	0.8 x	0.9 x	0.8 x	8.2 x
Interface, Inc.	NasdaqGS:TILE	870	1,609	1,662	233	1.0 x	1.1 x	0.9 x	6.9 x
HNI Corporation	NYSE:HNI	1,568	1,960	3,289	224	0.6 x	0.7 x	0.7 x	8.7 x
Kimball International, Inc.	NasdaqGS:KBAL	349	450	858	40	0.5 x	0.5 x	0.4 x	11.2 x
Virco Mfg. Corporation	NasdaqGM:VIRC	93	160	272	10	0.6 x	0.7 x	N/A	16.6 x
Steelcase Inc.	NYSE:SCS	1,117	2,091	4,023	172	0.5 x	0.6 x	0.5 x	12.2 x
DIRTT Environmental Solutions Ltd.	TSX:DRT	40	145	206	-74	0.7 x	0.8 x	0.5 x	N/A
					Minimum	0.5 x	0.5 x	0.4 x	6.9 x
					Average	0.7 x	0.7 x	N/A	N/A
					Median	0.6 x	0.7 x	N/A	N/A
					Maximum	1.0 x	1.1 x	0.9 x	16.6 x
					Coefficient of Variance	0.2	0.2	N/A	N/A

9.06 Evans & Evans also assessed the fairness of the Consideration under a liquidation scenario by using Asset-Based Approach. Evans & Evans estimated a liquidation value of the Company as at the date of the Opinion based on the financial position as of September 30, 2022. Liquidation value refers to the estimated amount of money received when the assets are sold, and the debts are paid.

The calculation of liquidation value is often related to bankruptcy procedures. Intangible assets, like goodwill, intellectual property, and brands, are not considered as part of estimation of liquidation value. Receivables are often sold for at a discount to book value as the purchaser assumes the risk of delayed payments and non-collections. Inventories liquidation value is often based on a certain percentage of the book value, depending on the degree of obsolescence and condition. The equipment value depends on its age, condition, and purpose.

By referencing the recovery rates and liquidation costs applied in the liquidation analysis for the Board of Directors Meeting dated September 7, 2022, a liquidation value of Inscope was estimated.

In determining the liquidation value, Evans & Evans also considered the cash burn over the period of an orderly liquidation, severance costs and legal and accounting expenses associated with winding up the Company. In undertaking the liquidation analysis, Evans

⁵ TTM revenues to September 30, 2022

& Evans found the midpoint of the high and low scenario was supportive of the Proposed Transaction.

9.07 In assessing the reasonableness of the above, Evans & Evans considered the following:

- there are a limited number of directly comparable public companies, when one considers differentiating factors such as size and market niche
- no company considered in the analysis is identical to Inscope.
- an analysis of the results of the foregoing necessarily involves complex considerations and judgments concerning the differences in the financial and operating characteristics of Inscope, comparable public companies, the Proposed Transaction and other factors that could affect the trading value and aggregate transaction values of the companies to which they are being compared
- loss making performance and cash required by Inscope to operate in coming months

Given the above-noted factors and our analysis of the observed multiples of selected public companies, Evans & Evans considered this approach with the precedent transaction analysis and a review of investor interest in the sector in making the final determination of the reasonableness of the consideration and the fairness of the Proposed Transaction.

10.0 Fairness Conclusions

10.01 In considering fairness, from a financial point of view, Evans & Evans considered the Consideration from the perspective of the Inscope Shareholders as a group and did not consider the specific circumstances of any particular shareholder, including with regard to income tax considerations.

10.02 Based upon and subject to the foregoing and such other matters as we consider relevant, it is our opinion, as of the date of the Opinion, that the Consideration is fair, from a financial point of view to the Inscope Shareholders. In arriving at this conclusion, Evans & Evans considered the following.

- a. The implied enterprise value of Inscope is supported by precedent transactions.
- b. The implied enterprise value of Inscope under the guideline company analysis is reasonable.
- c. The ability of Inscope Shareholders to receive greater than the Consideration under a liquidation scenario is limited, and highly subject to numerous conditions, e.g., discounts to dispose the assets or liquidation costs.
- d. The Company did engage an advisor in March 2022 to undertake a strategic process, looking for purchase or invest in Inscope from strategic and financial buyers / investors.

The process was suspended shortly thereafter. The advisor had been actively involved and in discussions with management and the Board since March/April of 2020. In essence, Inscape was exposed to the market and no offers were received that exceeded the Consideration. Generally, when a formal process has been undertaken, the offers received are reflective of the market value of the asset.

- e. The Company does require short-term funding to maintain its operations. Given the recent results of Inscape there is no assurance equity financing would be available on terms that are not highly dilutive to the Inscape Shareholders.

11.0 Qualifications & Certification

- 11.01 The Opinion preparation was carried out by Jennifer Lucas and thereafter reviewed by Michael Evans.

Mr. Michael A. Evans, MBA, CFA, CBV, ASA, Principal, founded Evans & Evans, Inc. in 1988. For the past 36 years, he has been extensively involved in the financial services and management consulting fields in Vancouver, where he was a Vice-President of two firms, The Genesis Group (1986-1989) and Western Venture Development Corporation (1989-1990). Over this period, he has been involved in the preparation of over 3,000 technical and assessment reports, business plans, business valuations, and feasibility studies for submission to various Canadian stock exchanges and securities commissions as well as for private purposes.

Mr. Michael A. Evans holds: a Bachelor of Business Administration degree from Simon Fraser University, British Columbia (1981); a Master's degree in Business Administration from the University of Portland, Oregon (1983) where he graduated with honors; the professional designations of Chartered Financial Analyst (CFA), Chartered Business Valuator (CBV) and Accredited Senior Appraiser. Mr. Evans is a member of the CFA Institute, the Canadian Institute of Chartered Business Valuators ("CICBV") and the American Society of Appraisers ("ASA").

Ms. Jennifer Lucas, MBA, CBV, ASA, Partner, joined Evans & Evans in 1997. Ms. Lucas possesses several years of relevant experience as an analyst in the public and private sector in British Columbia and Saskatchewan. Her background includes working for the Office of the Superintendent of Financial Institutions of British Columbia as a Financial Analyst. Ms. Lucas has also gained experience in the Personal Security and Telecommunications industries. Since joining Evans & Evans Ms. Lucas has been involved in writing and reviewing over 1,500 valuation and due diligence reports for public and private transactions.

Ms. Lucas holds: a Bachelor of Commerce degree from the University of Saskatchewan (1993), a Masters in Business Administration degree from the University of British Columbia (1995). Ms. Lucas holds the professional designations of Chartered Business Valuator and Accredited Senior Appraiser. She is a member of the CICBV and the ASA.

INSCAPE CORPORATION

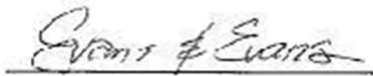
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11.02 The analyses, opinions, calculations and conclusions were developed, and this Opinion has been prepared in accordance with the standards set forth by the Canadian Institute of Chartered Business Valuators.

11.03 The authors of the Opinion have no present or prospective interest in the Company, or any entity that is the subject of this Opinion, and we have no personal interest with respect to the parties involved.

Yours very truly,

A handwritten signature in cursive script that reads "Evans & Evans". The signature is written in dark ink and is positioned above a horizontal line.

EVANS & EVANS, INC.

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