

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)
(IN BANKRUPTCY AND INSOLVENCY)

IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF
TRIBALSCALE INC.
OF THE CITY OF TORONTO,
IN THE PROVINCE OF ONTARIO

SECOND REPORT TO THE COURT
SUBMITTED BY MNP LTD.,
IN ITS CAPACITY AS TRUSTEE UNDER THE
NOTICE OF INTENTION TO MAKE A PROPOSAL OF
TRIBALSCALE INC.

JULY 27, 2020

I. INTRODUCTION

1. On May 19, 2020, Tribalscale Inc. (“**Tribalscale**” or the “**Company**”) filed a Notice of Intention to Make a Proposal (“**NOI**”) pursuant to Section 50.4 of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the “**BIA**”). MNP Ltd. (“**MNP**”) was named proposal trustee in the NOI proceeding (the “**Proposal Trustee**”). A copy of the certificate of filing of the NOI is attached hereto and marked as **Exhibit “A”**.
2. On June 15, 2020, Tribalscale filed a Notice of Motion and a Motion Record returnable June 17, 2020, seeking, among other things, a court order extending the time within which Tribalscale had to file a proposal. The Proposal Trustee served its first report, dated June 16, 2020 (the “**First Report**”) in support of Tribalscale’s motion. A copy of the First Report, without exhibits, is attached hereto and marked as **Exhibit “B”**.
3. On June 17, 2020, the Court approved (the “**June 17th Court Order**”) the following:

- a. an extension of the time for the Company to make a proposal to July 31, 2020;
 - b. a first ranking charge (the “**Administrative Charge**”) on the properties, assets and undertakings of the Company (collectively the “**Property**”) in an amount not to exceed \$125M in favour of the Proposal Trustee, Borden Ladner Gervais LLP, the Proposal Trustee’s independent legal counsel, and the Company’s legal counsel, (collectively, the “**Administrative Professionals**”) to secure payment of their reasonable fees and disbursements.
4. Information regarding the NOI proceedings has been posted to the Proposal Trustee’s case website at www.mnpdebt.ca/tribalscale.
5. The primary purpose of these proceedings is to create a stabilized environment to continue operating as a going concern business while the Company works with the Proposal Trustee to restructure its affairs and devise a plan to mitigate the impact on their business due to the COVID-19 pandemic.

II. RESTRICTIONS

6. In preparing this Second report and making the comments herein, the Proposal Trustee has been provided with, and has relied upon, certain unaudited, draft and/or internal financial information, the affidavits of Sheetal Jaitly, dated June 15, 2020 and July 25, 2020 (the “**Jaitly Affidavits**”), Tribalscale’s books and records, discussions with Tribalscale’s management (“**Management**”) and information from other third-party sources (collectively, the “**Information**”). Except as specifically noted in this Second Report, the Proposal Trustee has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would wholly or partially comply with Generally Accepted Assurance Standards of the Chartered Professional Accountants of Canada.
7. The Proposal Trustee also bases its report on the Company’s cash flow projections and underlying assumptions and notes that its review and commentary thereon were performed in accordance with the requirements set out in the Canadian Association of Insolvency and Restructuring Professionals’ Standards of Professional Practice No. 9 (Cash Flow

Statement). Certain of the information referred to in this Second Report consists of financial forecasts and/or projections. An examination or review of financial forecasts and projections and procedures, in accordance with standards set by the Chartered Professional Accountants of Canada, has not been performed. Future oriented financial information referred to in this Second Report was prepared based on estimates and assumptions provided by Management. Readers are cautioned that since financial forecasts and/or projections are based upon assumptions about future events and conditions that are not ascertainable, actual results will vary from the projections, and such variations could be material. On March 17, 2020, the Province of Ontario declared a state of emergency due to the COVID-19 pandemic. The effect of this declaration along with other federal, provincial and municipal actions regarding the COVID-19 pandemic on the Company's business and the economy in general has yet to be determined. In developing the Cash Flow Projections (defined below), Management has reflected its current view of the potential impact of the COVID-19 pandemic on its cash flow. However, the ongoing uncertainty and instability caused by the COVID-19 pandemic and various government regulatory actions in response thereto, may cause actual results to differ from the projected amounts and these variations may be material.

8. Unless otherwise stated, all monetary amounts contained in this First Report are expressed in Canadian dollars.

III. PURPOSE OF THIS REPORT

9. The purpose of this Report is to:
 - a. Update the Court with respect to:
 - i. the activities of the Company and the Proposal Trustee since the First Report;
 - ii. report on the Company's actual cash flows for the period June 8, 2020 to July 19, 2020; and
 - iii. updated and extended cash flow projections (the “**Revised Cash Flow Projections**”) for the period from July 20, 2020 to October 31, 2020 (the

- “**Extended Projection Period**”) being filed herein, and the Proposal Trustee’s observations regarding same;
- iv. the Company’s intention to seek a continuation of the stay of proceedings by applying for an initial order under the CCAA (the “**Initial Order**”); and
- b. provide the Court with the Proposal Trustee’s recommendation for an order, *inter alia*,
- i. approving the continuation of the stay of proceedings under the CCAA;
 - ii. approving the proposed Initial Order, including the proposed Court-ordered charges and the appointment of MNP as Monitor; and
 - iii. approving the activities of the Proposal Trustee as set out in this Report.

IV. BACKGROUND INFORMATION

10. Tribalscale is an Ontario corporation that, until May 19, 2020, was carrying on business out of leased premises located at 200 Wellington Street West, Toronto, Ontario.
11. Tribalscale is a technology innovation firm providing services to companies located in Canada and United States on digital product strategy, design and development for web, mobile and emerging tech. The Company partners with large enterprises and teaches them the practices and approaches needed to release digital products to market that satisfy their consumers.
12. The Company commenced its business in 2015 and had early success, recording strong growth in 2017 and 2018. However, it attributes its financial difficulties primarily to slowdown in receipt of new contracts in 2019, delay in collections from certain existing customers due to disputes, coupled with high operating and payroll expenses. COVID-19 has further resulted in reducing the spending power of its existing and prospective customers, which has directly impacted the business and financial performance of the Company.
13. Prior to filing the NOI, the Company had made certain operational changes as part of a restructuring to address its liquidity challenges, as detailed in the Jaitly Affidavits.

IV. ACTIVITIES OF THE PROPOSAL TRUSTEE

14. Since the First Report, the Proposal Trustee has undertaken the following activities, *inter alia*:

- a. updated the Proposal Trustee's case website as necessary;
- b. prepared drafts of written and oral communications to assist the Company in its correspondence with suppliers and employees;
- c. prepared and sent notices under Section 65.11 of BIA to have the Company disclaim or resiliate certain agreements as part of its ongoing restructuring;
- d. carried out further review and investigation into the Company's assets, particularly its speculative equity position in external companies;
- e. communicated with the concerned suppliers through the Proposal Trustee's email at Tribalscale@mnp.ca;
- f. monitored Tribalscale's actual cash flows in comparison with the Cash Flow Projections (as such term is later defined);
- g. prepared this Second Report; and
- h. engaged in discussion with the Company and its counsel regarding the Company's efforts to restructure its operations.

V. CASH FLOW PROJECTIONS

15. To date, Tribalscale has provided the Proposal Trustee with its full co-operation and unrestricted access to its books and records.

16. In accordance with the provisions of the BIA, the Company filed with the Official Receiver a projected cash flow statement dated May 29, 2020, which was reviewed and signed by the Proposal Trustee and Tribalscale (the "**Cash Flow Projections**"). The Cash Flow Projections covered the period starting on May 25, 2020 and ending on September 4, 2020.

17. The Proposal Trustee has implemented procedures for monitoring the Company's receipts and disbursements and has kept in close contact with Management to ensure that operations are continuing in the normal course of business and in accordance with the Cash Flow Projections.
18. A summary of the Company's actual receipts and disbursements as compared to those presented in the Cash Flow Projections for the period June 8, 2020 through July 19, 2020 ("Monitored Period") are as follows (subject to rounding errors):

Tribalscale Inc. Actual Receipts and Disbursements For six week period June 8 till July 19, 2020 (Unaudited, in \$ CAD)			
	<i>Cumulative Six-Week Period Ended July 19, 2020</i>		
	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
Receipts from customers	499,937	332,727	167,209
Canada Emergency Wage subsidy	198,979	100,179	98,800
Disbursements			
Payment to suppliers	(33,966)	-	(33,966)
Payments for operating expenses	(158,008)	(107,600)	(50,408)
Payroll (inc. contractors)	(312,021)	(340,528)	28,507
Interest and loan repayment	-	(4,737)	4,737
Tax	(54,853)	(37,592)	(17,261)
Total Disbursements	(558,850)	(490,457)	(68,393)
Operating Net Cash Flow	140,066	(57,551)	197,616
Administrative Fees	(50,351)	(65,000)	14,649
Net Cash Flow	89,715	(122,551)	212,266
Beginning Cash	806,309	799,657	6,652
Net Cash Flow	89,715	(122,551)	212,266
Interim Financing/(repayment)	-	-	-
Ending Cash	896,024	677,106	218,917

19. Overall, Tribalscale realized a positive net cash flow variance of approximately \$212.27M during the Monitored Period. The key components of the variance are as follows:

- a. Receipts from customers: The favorable variance of approximately \$167.2M is largely a reversal of previously reported unfavorable timing difference relating to collections from one customer.
- b. Canada Emergency Wage Subsidy (“CEWS”): The favorable variance of \$98.9M is timing in nature and represents receipt of CEWS for the month of May and June 2020 against projected receipt only for the month of May 2020. The Cash Flow Projections were prepared at a time when the CEWS was available through to June 6, 2020. The CEWS program has since been extended twice, which provided Tribalscale remains eligible to benefit from CEWS, will, in time, result in greater than anticipated recoveries from this program.
- c. Payment to suppliers: The unfavorable variance of \$33.97M is largely a reversal of previously reported favorable timing difference of \$39.9M relating to delay in payment of certain pre-NOI expenses including certain reimbursable employee expenses and taxes payable to governments in the United States. The remaining favorable timing difference of approximately of \$6M reported in the previous period is expected to reverse by September 2020.
- d. Payment of operating expenses: The unfavorable variance of \$50.4M is permanent in nature and is primarily attributable to an increase in professional expenses by approximately \$66M for preparation of 2019 scientific research and experimental development expenditures claim of approximately \$758M. It is offset by lower than projected expenditures on office relocation, as some of Tribalscale’s redundant furniture was offered to the relocation service provider in exchange for reduced relocation charges.
- e. Payroll expenses: The favorable variance of \$28.5M is permanent in nature and is primarily attributable to the (i) receipt of government grant of \$28M by Tribalscale US through which salary of the US employee of approximately \$21.5M has been

paid and the Company was not required to transfer such funds to their US entity;
(ii) reduction in salary payment by \$5M as an employee resigned and left in the third week of June and (ii) decline in CPP and EI contributions by approximately \$1.4M as several employees reached their maximum eligible amount of CPP and EI contribution.

- f. Interest and loan repayment: The favourable variance of \$4M is timing in nature.
 - g. Tax Payments: The unfavorable variance is primarily a reversal of a previously reported favorable timing difference.
 - h. Administrative fees: The favorable variance is a timing difference and is expected to reverse upon receipt of invoices from the Administrative Professionals.
20. In support of the Company's motion returnable July 31, 2020, the Company, with the assistance of the Proposal Trustee, prepared the Revised Cash Flow Projections, a copy of which, together with the reports of management and the Proposal Trustee on said reports, are attached hereto as **Exhibit "C" and "D"**, respectively. The Revised Cash Flow Projections have been prepared using the probable and hypothetical assumptions set out in the notes attached to the Revised Cash Flow.
21. The Proposal Trustee's review of the Revised Cash Flow Projections consisted of enquiries, analytical procedures and discussions related to information supplied to us. Since hypothetical assumptions need not be supported, the procedures with respect to those assumptions were limited to evaluating whether they were consistent with the purpose of the forecast. The Proposal Trustee has also reviewed the support for the probable assumptions and the preparation and presentation of the forecast.
22. Based on our review, nothing has come to our attention that causes us to believe that, in all material respects:
- a. the hypothetical assumptions are not consistent with the purpose of the forecast;
 - b. as at the date of the Second Report, the probable assumptions used in developing the Revised Cash Flow Projections are not suitably supported and consistent with

the plans of the Company or do not provide a reasonable basis for the forecast, given the hypothetical assumptions; and

- c. the Revised Cash Flow Projections does not reflect the probable and hypothetical assumptions.

23. A summary of the Revised Cash Flow Projections is provided in the following table (subject to rounding errors):

Tribalscale Inc.

Projected cash flows

For the period July 20 to Oct 31, 2020

Currency: CAD	<u>Amount</u>
Receipts from customers	1,088,628
US tax refund	2,082
Canada Emergency Wage subsidy	267,521
Disbursements	
Payment to suppliers	(11,354)
Payments for operating expenses	(183,047)
Payroll (inc. contractors)	(729,066)
Interest and loan repayment	(23,685)
Tax	(45,608)
Total Disbursements	(992,760)
Operating Net Cash Flow	365,471
Administrative Fees	(226,413)
Net Cash Flow	139,058
Beginning Cash	896,024
Net Cash Flow	139,058
Ending Cash	1,035,082

24. During the Extended Projection Period, the Company projects a net cash surplus of \$139.09M and a remaining cash balance of \$1.035MM at the end of the Extended Projection Period.

25. Based on the Revised Cash Flow Projections and the actual results to date, it appears as if Tribalscale has sufficient funds available to carry on its operations through the Extended Projection Period.

VI. REQUEST FOR AN CONVERSION TO CCAA PROCEEDINGS

26. Tribalscale is insolvent and for the reasons set out in the Jaitly Affidavits, seeks to continue the restructuring efforts initiated through these NOI proceedings under the CCAA, pursuant to Section 11.6 of the statute.

27. The Proposal Trustee considers the conversion to CCAA proceedings and the relief sought in the Initial Order to be reasonable in the circumstances for the following reasons:

- a. Tribalscale is acting in good faith and with due diligence;
- b. the continuation of the stay of proceedings under the CCAA will provide the Company with the time and protection it requires to undertake a restructuring of its business for the benefit of its stakeholders; and
- c. the conversion to CCAA proceedings and the extension of the stay of proceedings does not adversely affect or materially prejudice creditors as Tribalscale is projected to have sufficient funds to pay for services and supplies during the Extended Period.

28. The relief requested by the Company includes, *inter alia*:

- a. the granting of a continued stay of proceedings against the Company under the CCAA;
- b. the appointment of MNP as Monitor; and
- c. the granting of certain charges over the Property, including to secure the indemnity in favour of the directors and officers and the professional fees and disbursements of the Administrative Professionals under the CCAA Proceedings.

29. MNP has reviewed the Initial Order and provides comments and observations on certain provisions below.

Proposed Court Ordered Charges Over Tribalscale's Assets

Administrative Charge

30. As noted above, in order to protect the fees and expenses of the Administrative Professionals, as part of the June 17th Court Order, the Court ordered the Administrative Charge as security for their professional fees and disbursements incurred at the standard rates and charges of the Administrative Professionals. The proposed Initial Order contemplates the continuation of the Administrative Charge in the CCAA proceedings, without change to the quantum or rank.

31. The Administrative Charge is reasonable and appropriate in the circumstances having regard to, among other things:

- a. Each of the professionals whose fees have been and will continue to be secured by the Administration Charge have played and will continue to play a critical role in Tribalscale's restructuring;
- b. Tribalscale intends to satisfy the fees and disbursements of the Administrative Professionals from cash flow during the CCAA Proceedings. The Administrative Charge is sought to protect the Administrative Professionals in the event that the restructuring is not successful or a sale as a going concern is not completed; and
- c. The complexity of these CCAA proceedings.

Directors' Charge

32. The Cash Flow Statement contemplates that post-CCAA obligations, including all statutorily required remittances will be paid in the ordinary course of business.

33. The directors and officers have requested protection from statutory claims and liabilities that may arise during the restructuring. Accordingly, Tribalscale is proposing that the

Company shall indemnify Tribalscale's directors and officers against all obligations and liabilities that they may incur as directors and officers of the Company after the commencement of the CCAA proceedings, except to the extent that the obligation or liability was incurred as a result of such director's or officer's gross negligence or willful misconduct. As security for this indemnity, it is proposed that Tribalscale's directors and officers be entitled to the benefit of a charge over the Property not to exceed an aggregate amount of \$125M (the "**Directors' Charge**").

34. The proposed Directors' Charge is to rank behind the Administrative Charge. Based on the information provided to the Proposal Trustee by the Company, the Directors' Charge has been calculated with reference to exposure to potential unpaid wages, vacation pay, employee benefits and certain tax liabilities accruing during the CCAA Proceedings. The proposed Initial Order provides that the availability of the Directors' Charge is only to the extent the existing insurance coverage does not apply or is insufficient to cover a liability.

35. The Proposal Trustee is of the view that the Directors' Charge is reasonable and appropriate in the circumstances.

Priority of Charges Created by the proposed Initial Order

36. The priorities of the Administrative Charge, and the Directors' Charge (the "**Charges**") are proposed to be as follows:

- a. First – Administration Charge (to the maximum amount of \$125M);
- b. Second – Directors' Charge (to the maximum amount of \$125M);

37. In summary, MNP in its capacity as proposed Monitor has reviewed the calculations that support the Administrative Charge and the Directors' Charge and believes that the amounts are reasonable in the circumstances. The Charges will have priority over all other debts and obligations of the Company other than those parties who have not been notified of the Company's application.

Appointment of MNP as Monitor

38. The proposed Initial Order contemplates the appointment of MNP as Monitor under Tribalscale's CCAA. MNP has acted as Proposal Trustee under the NOI and in this capacity has acquired knowledge of Tribalscale's business and financial affairs and has been assisting the Company with its restructuring. Accordingly, the appointment of MNP as Monitor under the CCAA is both cost effective and efficient.

VII. CONCLUSION AND RECOMMENDATION

39. Based on the foregoing, the Proposal Trustee respectfully recommends that the Court make an order granting the relief detailed in paragraph 9.

All of which is respectfully submitted on this 27^h day of July 2020.

MNP LTD.,
in its capacity as Proposal Trustee under
the Notice of Intention to Make a Proposal of
Tribalscale Inc.
Per:



Sheldon Title
Licensed Insolvency Trustee

Estate No.: 31-2646144
Court No.: 31-2646144

**IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL
OF TRIBALSCALE INC., OF THE CITY OF TORONTO, IN THE PROVINCE OF ONTARIO**

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)
(IN BANKRUPTCY AND INSOLVENCY)

**SECOND REPORT TO THE COURT SUBMITTED BY MNP
LTD., IN ITS CAPACITY AS PROPOSAL TRUSTEE UNDER
THE
NOTICE OF INTENTION TO MAKE A PROPOSAL OF
TRIBALSCALE INC.**

MNP LTD.
300-111 Richmond Street West
Toronto, ON M5H 2G4

Sheldon Title
Tel: (416) 263-6945
Fax: (416) 323-5242
Email: sheldon.title@mnp.ca

Exhibit “A”



Industry Canada

Office of the Superintendent
of Bankruptcy Canada

Industrie Canada

Bureau du surintendant
des faillites Canada

District of Ontario
Division No. 09 - Toronto
Court No. 31-2646144
Estate No. 31-2646144

In the Matter of the Notice of Intention to make a
proposal of:

Tribalscale Inc.
Insolvent Person

MNP LTD / MNP LTÉE
Licensed Insolvency Trustee

Date of the Notice of Intention: May 19, 2020

CERTIFICATE OF FILING OF A NOTICE OF INTENTION TO MAKE A PROPOSAL
Subsection 50.4 (1)

I, the undersigned, Official Receiver in and for this bankruptcy district, do hereby certify that the aforementioned insolvent person filed a Notice of Intention to Make a Proposal under subsection 50.4 (1) of the *Bankruptcy and Insolvency Act*.

Pursuant to subsection 69(1) of the Act, all proceedings against the aforementioned insolvent person are stayed as of the date of filing of the Notice of Intention.

Date: May 20, 2020, 08:22

E-File/Dépôt Electronique

Official Receiver

151 Yonge Street, 4th Floor, Toronto, Ontario, Canada, M5C2W7, (877)376-9902

Canada

Exhibit “B”

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)
(IN BANKRUPTCY AND INSOLVENCY)

IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF
TRIBALSCALE INC.
OF THE CITY OF TORONTO,
IN THE PROVINCE OF ONTARIO

FIRST REPORT TO THE COURT
SUBMITTED BY MNP LTD.,
IN ITS CAPACITY AS TRUSTEE UNDER THE
NOTICE OF INTENTION TO MAKE A PROPOSAL OF
TRIBALSCALE INC.

JUNE 16, 2020

I. INTRODUCTION

1. On May 19, 2020 (the “**Filing Date**”), Tribalscale Inc. (“**Tribalscale**” or the “**Company**”) filed a Notice of Intention to Make a Proposal (“**NOI**”) pursuant to Section 50.4 of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the “**BIA**”). MNP Ltd. was named proposal trustee in the NOI proceeding (the “**Proposal Trustee**”). A copy of the certificate of filing of the NOI is attached hereto and marked as **Exhibit “A”**.
2. Notice of the NOI as prescribed by the BIA was sent on May 25, 2020 to all of Tribalscale’s known creditors. A copy of such notice is attached hereto and marked **Exhibit “B”**.
3. Information regarding the NOI proceedings has been posted to the Proposal Trustee’s case website at www.mnpdebt.ca/tribalscale.

4. The primary purpose of these proceedings is to create a stabilized environment to continue operating as a going concern business while the Company works with the Proposal Trustee to restructure its affairs and devise a plan to mitigate the impact on their business due to the COVID-19 pandemic.

II. RESTRICTIONS

5. In preparing this First report and making the comments herein, the Proposal Trustee has been provided with, and has relied upon, certain unaudited, draft and/or internal financial information, the affidavit of Sheetal Jaitly, dated June 15, 2020 (the “**Laity Affidavit**”), Tribalscale’s books and records, discussions with Tribalscale’s management (“**Management**”) and information from other third-party sources (collectively, the “**Information**”). Except as specifically noted in this First Report, the Proposal Trustee has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would wholly or partially comply with Generally Accepted Assurance Standards of the Chartered Professional Accountants of Canada.
6. The Proposal Trustee also bases its report on the Company’s cash flow projections and underlying assumptions and notes that its review and commentary thereon were performed in accordance with the requirements set out in the Canadian Association of Insolvency and Restructuring Professionals’ Standards of Professional Practice No. 9 (Cash Flow Statement). Certain of the information referred to in this First Report consists of financial forecasts and/or projections. An examination or review of financial forecasts and projections and procedures, in accordance with standards set by the Chartered Professional Accountants of Canada, has not been performed. Future oriented financial information referred to in this First Report was prepared based on estimates and assumptions provided by Management. Readers are cautioned that since financial forecasts and/or projections are based upon assumptions about future events and conditions that are not ascertainable, actual results will vary from the projections, and such variations could be material. On March 17, 2020, the Province of Ontario declared a state of emergency due to the COVID-19 pandemic. The effect of this declaration along with other federal, provincial and municipal actions regarding the COVID-19 pandemic on the Company’s business and the

economy in general has yet to be determined. In developing the Cash Flow Projections (defined below), Management has reflected its current view of the potential impact of the COVID-19 pandemic on its cash flow. However, the ongoing uncertainty and instability caused by the COVID-19 pandemic and various government regulatory actions in response thereto, may cause actual results to differ from the projected amounts and these variations may be material.

7. Unless otherwise stated, all monetary amounts contained in this First Report are expressed in Canadian dollars.

III. PURPOSE OF THIS REPORT

8. The purpose of this Report is to:
 - a. Provide information to the Court with respect to the administration of Tribalscale's proposal proceedings, including:
 - i. background information regarding the Company's operations and the circumstances leading to the filing of the NOI;
 - ii. report on the Cash Flow Projections (defined below) and actual cash flows for the period May 25, 2020 to June 7, 2020; and
 - b. Provide the Court with the Proposal Trustee's support for, and observations in respect of the Company's request that the Court grant an Order, *inter alia*:
 - i. approving a first ranking charge on the properties, assets and undertakings (collectively the "**Property**") of the Company in an amount not to exceed \$125M in favour of Weisz Fell Kour LLP ("**WFK**"), the Company's legal counsel, the Proposal Trustee, and Borden Ladner Gervais LLP ("**BLG**"), the Proposal Trustee's independent legal counsel (collectively, the "**Administrative Professionals**") to secure payment of their reasonable fees and disbursements;
 - ii. authorizing the Proposal Trustee and BLG to immediately apply any payments made by the Company towards their fees and disbursements

- and such amounts shall constitute advances against its remuneration and disbursements when and as approved by this Court; and
- iii. approving an extension of the time for the Company to file a proposal to July 31, 2020 (the “**Extended Period**”).

IV. BACKGROUND INFORMATION

9. Tribalscale is an Ontario corporation that until May 19, 2020 was carrying on business out of leased premises located at 200 Wellington Street West, Toronto, Ontario (the “**Leased Premises**”).
10. TribalScale is a technology innovation firm providing services to companies located in Canada, United States and United Arab Emirates on digital product strategy, design and development for web, mobile and emerging tech. The Company partners with large enterprises and teaches them the practices and approaches needed to release digital products to market that satisfy their consumers.
11. The Company commenced its business in 2015 and had early success, recording strong growth in 2017 and 2018. However, it attributes its financial difficulties primarily to slowdown in receipt of new contracts in 2019, delay in collections from certain existing customers due to disputes, coupled with high operating and payroll expenses. COVID-19 has further resulted in reducing the spending power of its existing and prospective customers, which has directly impacted the business and financial performance of the Company.
12. Prior to filing the NOI, the Company had made certain operational changes as part of a restructuring to address its liquidity challenges, as detailed in the Laity Affidavit.

13. A summary of the Company's historical financial results for 2017, 2018 and 2019 (Year ended September) is set out below:¹

Currency: CAD'000	Year ended September		
	2017	2018	2019
Revenue	13,045	25,066	16,496
Operating expenses	10,910	25,313	19,040
EBITDA	2,135	(247)	(2,544)
Other income	348	830	2,313
Other expenses	124	360	2,465
EBT	2,359	223	(2,696)
Income taxes (recovery)	(109)	126	22
Net income	2,467	97	(2,718)

V. ASSETS

14. Given the nature of the business, Tribalscale's assets are comprised of cash, customer contracts, accounts receivable, capital assets, goodwill and intangible assets.
15. As at May 22, 2020, Tribalscale had accounts receivable with a net book value of approximately \$1.680MM and capital assets with a net book value of approximately \$1MM, of which approximately \$300M was in respect of leasehold premises at the Leased Premises².

VI. CREDITORS

Secured Creditors

16. A search of the Ontario *Personal Property Security Act* (the "**PPSA**") registry, as of May 18, 2020, indicates that 1924191 Ontario Inc. ("**192 ONT**"), Business Development Bank of Canada ("**BDC**"), Roynat Capital Inc. ("**Roynat**") and FundThrough have each registered a secured interest against the Company.
17. The Company advised the Proposal Trustee that prior to filing the NOI it fully satisfied its obligations to FundThrough and Roynat. Based on the NOI, Tribalscale's indebtedness to

¹ Based on unaudited draft financial statements.

² Tribalscale's landlord terminated the lease in respect of the Leased Premises on May 19, 2020.

192 ONT and BDC is \$2.465MM and \$116.48M, respectively (collectively the “**Secured Creditor Indebtedness**”)

Other Creditors

18. The NOI lists creditors with claims of \$5.805MM as at May 19, 2020 including the Secured Creditor Indebtedness.

VII. CASH FLOW PROJECTIONS

19. To date, Tribalscale has provided the Proposal Trustee with its full co-operation and unrestricted access to its books and records.

20. In accordance with the provisions of the BIA, the Company filed with the Official Receiver a projected cash flow statement dated May 29, 2020, which was reviewed and signed by the Proposal Trustee and Tribalscale (the “**Cash Flow Projections**”). The Cash Flow Projections covered the period starting on May 25, 2020 and ending on September 4, 2020 (the “**Projection Period**”) A copy of the Cash Flow Projection, and related reports, are attached hereto as **Exhibit “C”**.

21. The Proposal Trustee has implemented procedures for monitoring the Company’s receipts and disbursements and has kept in close contact with Management to ensure that operations are continuing in the normal course of business and in accordance with the Cash Flow Projections.

22. The principal assumptions of the Cash Flow Projections are that:

- a. The forecasted collection time on post-NOI sales is approximately 90 days and is dependent on successful completion of milestones as per the Master Consulting Agreement and Statement of Work;
- b. Existing accounts receivable will be collected within 90 days of the Filing Date. It is assumed that any insurance claims for losses on the recovery of an existing accounts receivable made under the Company’s Export Receivables Policy (the “**Receivables Policy**”) will be collected subsequent to the period of the projection;

- c. Operating expenses are assumed to be paid on a current basis;
- d. No provision has been made for payment of obligations incurred prior to May 19, 2020, the filing date of the NOI, except for the following amounts:

i. Reimbursement of employee expenses	\$59,133
ii. Ongoing legal advisory services	\$ 8,441
iii. Independent consultant	\$23,264
iv. The Receivables Policy	\$ 4,876
v. US Tax payments	\$ 8,186
vi. Critical service provider	\$11,622
- e. On May 19, 2020, the Company received notice of termination with respect to the Leased Premises, and accordingly, the Cash Flow Projections provide for reasonable relocation expenses;
- f. Monthly interest and repayment to BDC is to be continued in accordance with the terms of the executed agreement with BDC;
- g. The payroll costs (i.e. wages, benefits, government remittances, etc.) are based on the 'actual' payroll costs prior to the NOI, adjusted to reflect the reductions arising out of planned terminations and downward revision in salaries/working hours of certain employees;
- h. Administrative fees include charges for Company's counsel, the Proposal Trustee's fees and expenses, including the fees and disbursements of the Proposal Trustee's independent legal counsel;
- i. Other disbursements are based on Management's best estimates;
- j. No provision for income taxes has been made; and
- k. The Company had received benefits of Canada Emergency Wage Subsidy ("CEWS") in May 2020 for the period March 15 to April 11, 2020. The Company has assumed that it remains eligible to receive CEWS benefits for the period of the Cash Flow Projections.

23. A summary of the Company's actual receipts and disbursements as compared to those presented in the Cash Flow Projections for the two weeks ended June 7, 2020 are as follows ("Monitored Period"):

Tribalscale Inc. Actual Receipts and Disbursements For two week period ending June 7, 2020 (Unaudited, in \$ CAD)			
	<i>Cumulative Two-Week Period Ended June 7, 2020</i>		
	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
Receipts from customers	622	165,240	(164,618)
Canada Emergency Wage subsidy	104,695	104,695	-
Disbursements			
Payment to suppliers	(75,580)	(115,522)	39,942
Payments for operating expenses	(24,608)	(40,805)	16,197
Payroll (inc. contractors)	(114,338)	(136,187)	21,850
Interest and loan repayment	(4,690)	(4,737)	47
Tax	-	(28,234)	28,234
Total Disbursements	(219,215)	(325,486)	106,270
Operating Net Cash Flow	(113,899)	(55,551)	(58,348)
Administrative Fees	-	(65,000)	65,000
Net Cash Flow	(113,899)	(120,551)	6,652
Beginning Cash	920,208	920,208	(0)
Net Cash Flow	(113,899)	(120,551)	6,652
Interim Financing/(repayment)	-	-	-
Ending Cash	806,309	799,657	6,652

24. Overall, Tribalscale realized a positive net cash flow variance of approximately \$6.6M during the Monitored Period. The key components of the variance are as follows:

- a. Receipts from customers: Unfavorable variance of approximately \$164.6M relates to a timing difference associated with a delay in receipt of collections from one customer. Subsequent to the Monitored Period, this customer notified Tribalscale that it has electronically transferred payment of the \$164.6M to Tribalscale.

- b. Payment to suppliers: The favorable variance of \$39.9M is timing in nature and represents delay in payment of certain pre-NOI expenses including certain reimbursable employee expenses, the Receivable Policy premiums and taxes payable to governments in the United States.
 - c. Payment of operating expenses: The favorable variance of \$16M is primarily timing in nature.
 - d. Payroll expenses: Approximately \$19M of the favorable variance of \$21.8M is timing in nature, as the Company: (i) is waiting for an invoice of \$10.7M from a contractor; and (ii) had salary of a US employee amounting to \$8.5M, which was anticipated to be paid by the Company, paid by Tribalscale US (which the Company advises it will reimburse the US subsidiary). The remaining variance is a permanent difference due to reduction in group benefit expense.
 - e. Tax Payments: The variance is timing in nature.
 - f. Administrative fees: The favorable variance is a timing difference and is expected to reverse.
25. Based on the Cash Flow Projections and the actual results to date, it appears as if Tribalscale has sufficient funds available to carry on its operations through the Extended Period.
26. As noted below, the Company seeks an extension of time within which to file a Proposal. The Cash Flow Projections cover the Extended Period, and accordingly, have not been extended or revised at this time.

VIII. ACTIVITIES OF THE PROPOSAL TRUSTEE

27. Since the Filing Date, the Proposal Trustee has undertaken the following activities, *inter alia*:
- a. updated the Proposal Trustee's case website as necessary;

- b. prepared drafts of written and oral communications to assist the Company in its correspondence with suppliers and employees;
- c. attended virtually at a meeting of the Company's employees;
- d. aided the Company in preparing a letter to be sent to certain vendors informing each of the termination of their services;
- e. prepared and sent notices under Section 65.11 of BIA to have the Company disclaim or resiliate agreements;
- f. communicated with the concerned suppliers through Proposal Trustee's email at Tribalscale@mnp.ca;
- g. monitored Tribalscale's actual cash flows in comparison with the Cash Flow Projections;
- h. prepared this First Report and
- i. engaged in discussion with the Company and WFK regarding the NOI filing and the Company's efforts to restructure its operations.

IX. ADMINISTRATIVE PROFESSIONALS CHARGE AND AUTHORIZATION TO DRAW FEES

28. In order to protect the fees and expenses of the Administrative Professionals, the Company is seeking a charge (the “**Administrative Professionals Charge**”) on the Property to secure payment of the reasonable fees and expenses of the Administrative Professionals in an amount of \$125,000.
29. The Company is requesting that the Administrative Professionals Charge rank in priority to the claims of all secured and unsecured creditors over the Property.
30. The Proposal Trustee recommends the Administrative Professional Charge be approved for the following reasons:

- a. each of the professionals whose fees are to be secured by the Administrative Professionals Charge has played and will continue to play a critical role in the Company's restructuring process; and
 - b. The Company intends to satisfy the fees and disbursements of the Administrative Professionals from cash flow during the NOI proceedings. The Administrative Professionals Charge is sought to protect the Administrative Professionals if the restructuring is not successful.
31. The Cash Flow Projections provide for the payment of professional fees related to administration of the proposal proceedings, including the fees and disbursements of the Administrative Professionals.
32. Section 25(1.3) of the BIA provides that the Proposal Trustee cannot withdraw any money from the estate trust account without the permission in writing of the inspectors or pursuant to a court order, except for the payment of dividends and charges incidental to the administration of the estate. Similarly, BLG's legal fees must be approved by the Court.
33. The NOI proceedings are ongoing. The Proposal Trustee and BLG are desirous of receiving interim draws towards payment of their fees and expenses, and at their request, the Company seeks the Court's authorization that the Proposal Trustee and BLG be permitted to immediately apply any payments made by the Company towards their fees and disbursements and such amounts shall constitute advances against its remuneration and disbursements when and as approved by this Court.

X. REQUEST FOR AN EXTENSION OF TIME FOR FILING A PROPOSAL

34. In order to allow Tribalscale sufficient time to stabilize its operations and complete the restructuring process, Tribalscale seeks an extension of the time for filing of a proposal to July 31, 2020.
35. In view of the foregoing, the Proposal Trustee supports Tribalscale's request for an extension and has also considered that:
- a. Tribalscale is acting in good faith and with due diligence;

- b. the additional time will allow the Company to more fully restructure its affairs, including greater discussions with 192 ONT, to be in a position to formulate a viable proposal; and
- c. the extension should not adversely affect or materially prejudice creditors as Tribalscale is projected to have sufficient funds to pay for services and supplies during the Extended Period.

XI. CONCLUSION AND RECOMMENDATION

36. Based on the foregoing, the Proposal Trustee respectfully recommends that the Court make an order granting the relief detailed in paragraph 8.

All of which is respectfully submitted on this 16th day of June 2020.

MNP LTD.,
in its capacity as Proposal Trustee under
the Notice of Intention to Make a Proposal of
Tribalscale Inc.
Per:



Sheldon Title
Licensed Insolvency Trustee

Estate No.: 31-2646144
Court No.: 31-2646144

**IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL
OF TRIBALSCALE INC., OF THE CITY OF TORONTO, IN THE PROVINCE OF ONTARIO**

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)
(IN BANKRUPTCY AND INSOLVENCY)

**FIRST REPORT TO THE COURT SUBMITTED BY MNP
LTD., IN ITS CAPACITY AS PROPOSAL TRUSTEE UNDER
THE
NOTICE OF INTENTION TO MAKE A PROPOSAL OF
TRIBALSCALE INC.**

MNP LTD.
300-111 Richmond Street West
Toronto, ON M5H 2G4

Sheldon Title
Tel: (416) 263-6945
Fax: (416) 323-5242
Email: sheldon.title@mnp.ca

Exhibit “C”

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)
(IN BANKRUPTCY AND INSOLVENCY)**

**IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF
TRIBALSCALE INC.
OF THE CITY OF TORONTO,
IN THE PROVINCE OF ONTARIO**


**(THE “APPLICANT”)
MANAGEMENT’S REPORT ON CASH FLOW STATEMENT**

Tribalscale Inc. have developed the assumptions and prepared the attached Revised Cash Flow Projections as of the 27th day of July 2020 for the period July 20, 2020 to October 31, 2020 (“**Cash Flow**”). All such assumptions are disclosed in the Notes to the Cash Flow.

The hypothetical assumptions are reasonable and consistent with the purpose of the Cash Flow as described in Note 1 to the Cash Flow, and the probable assumptions are suitably supported and consistent with the plans of the Applicant and provide a reasonable basis for the Cash Flow. Since the Cash Flow is based on assumptions regarding future events, actual results will vary from the information presented and the variations may be material.

The Cash Flow has been prepared solely for the purpose outlined in Note 1 using a set of hypothetical and probable assumptions set out therein. Consequently, readers are cautioned that the Cash Flow may not be appropriate for other purposes.

Dated at Toronto, Ontario this 27 day of July 2020.

DocuSigned by:

86106E1509E14DB...
Sheetal Jaitly

CEO

Tribalscale Inc.
 Projected cash flows
 For the period ended Oct 31, 2020

Currency: CAD	Week 9	Week 10	Week 11	Week 12	Week 13	Week 14	Week 15	Week 16	Week 17	Week 18	Week 19	Week 20	Week 21	Week 22	Week 23
Week beginning	20-Jul-20	27-Jul-20	3-Aug-20	10-Aug-20	17-Aug-20	24-Aug-20	31-Aug-20	7-Sep-20	14-Sep-20	21-Sep-20	28-Sep-20	5-Oct-20	12-Oct-20	19-Oct-20	26-Oct-20
Opening cash balance	896,024	853,989	743,317	639,970	991,516	923,929	911,192	1,075,197	953,034	1,010,214	991,817	1,116,842	1,007,833	1,018,942	1,093,234
Receipts															
Collection from new sales	-	-	-	6,791	-	-	264,911	-	70,791	-	245,447	-	114,373	-	59,787
Collections from existing Accounts Receivables	-	-	2,272	261,975	62,282	-	-	-	-	-	-	-	-	-	-
US Tax refund	-	-	2,082	-	-	-	-	-	-	-	-	-	-	-	-
Wage subsidy	-	-	-	90,617	-	-	-	-	88,452	-	-	-	-	88,452	-
Total receipts	-	-	4,354	359,383	62,282	-	264,911	-	159,243	-	245,447	-	114,373	88,452	59,787
Disbursements															
Pre-NOI expenses	-	-	-	-	-	-	-	11,354	-	-	-	-	-	-	-
Payroll (including taxes)	-	106,697	10,731	1,100	96,606	-	96,606	15,135	96,764	-	96,764	15,135	96,764	-	96,764
Accounting expenses	10,622	-	13,560	2,000	13,560	-	1,000	13,560	2,000	13,560	-	13,560	2,000	13,560	-
Operating and other miscellaneous expenses	8,992	3,975	8,672	-	3,900	8,000	3,300	12,113	3,300	100	10,500	10,313	4,500	600	5,800
Repayment of BDC loan	-	-	4,160	4,160	-	4,160	-	-	-	4,160	-	-	-	-	4,160
Interest on BDC loan	-	-	577	577	-	577	-	-	-	577	-	-	-	-	577
Administrative fees	16,413	-	70,000	-	-	-	-	70,000	-	-	-	70,000	-	-	-
HST payments	6,008	-	-	-	15,804	-	-	-	-	-	13,158	-	-	-	10,638
Total disbursements	42,035	110,672	107,700	7,837	129,870	12,737	100,906	122,162	102,064	18,397	120,422	109,009	103,264	14,160	117,939
Closing cash balance	853,989	743,317	639,970	991,516	923,929	911,192	1,075,197	953,034	1,010,214	991,817	1,116,842	1,007,833	1,018,942	1,093,234	1,035,082

To be read in conjunction with the Notes to Revised Cash Flow Projections.

The Statement of Revised Cash Flow Projections of Tribalscale Inc. (the “**Company**”) includes the following assumptions:

Purpose of the Assumptions

1. The purpose of the projections is to present a cash forecast of the Company for the period July 20, 2020 to October 31, 2020 (the “**Extended Projection Period**”) in respect of their proposal proceedings under the Bankruptcy and Insolvency Act.

Hypothetical Assumptions

2. In developing the Statement of Revised Cash Flow Projections, Management has reflected its current view of the potential impact of the COVID-19 pandemic on its cash flow. However, the ongoing uncertainty and instability caused by COVID-19 pandemic and various government regulatory actions may cause actual results to differ from the projected amounts and these variations may be material.
3. Sales are based on Management’s best estimate and is dependent on provision of services for the period from July through September 2020 as per the recently signed SOW.

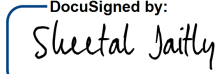
Probable Assumptions

4. Receipts from customers (pertaining to accounts receivables and new sales) primarily comprise collections from two current customers amounting to \$830M and \$192M respectively. The forecasted collection time from them are 90 days and 45 days respectively from the date of invoicing. Besides above, collections also include receipts of \$62M from an old customer. The collections are dependent on successful completion of milestones as per the Master Consulting Agreement and Statement of Work (“**SOW**”).
5. Total accounts receivables as at July 22, 2020 are approximately \$1.6MM out of which accounts receivables of \$755.76M are considered doubtful. For the purpose of preparing the Statement of Revised Cash Flow Projections, the Company has assumed that any collection from doubtful accounts receivable will occur after the Extended Projection Period.
6. Pre-NOI expense payments includes commission of \$6.5M payable to an employee and the Receivable Policy premiums amounting to approximately \$4.8M.
7. Payroll expenses includes payments to be made to employees in Canada and an employee and consultants in the United States.
8. Operating expenses are assumed to be paid on a current basis and include accounting expenses of \$92M payable to Xxact Inc., who provide back office support for the Company and cost of technical and sales tools of approximately \$35M.

9. Administrative fees include charges for Company's counsel, the Proposal Trustee's fees and expenses, including the fees and disbursements of the Proposal Trustee's independent legal counsel.
10. Other disbursements are based on management's best estimates.
11. No provision for income taxes has been made.
12. Monthly interest and repayment on BDC Lease Loan have been considered as per the terms of the executed agreement with BDC.
13. The Company had received benefits of Canada Emergency Wage Subsidy ("CEWS") for the first three pay periods through June 2020. The Company has assumed that it remains eligible to receive CEWS benefits for the period of the Revised Cash Flow Projections.
14. The Company has applied for the Scientific Research and Experimental Development tax credit; which credit is subject to assessment. The Company does not anticipate receiving the refund during the Extended Projection Period.

Dated at the City of Toronto in the Province of Ontario, this 27th day of July 2020.

Tribalscale Inc.

DocuSigned by:

86106E1509E14DB

Sheetal Jaitly
CEO

Exhibit “D”

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)
(IN BANKRUPTCY AND INSOLVENCY)**

**IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF
TRIBALSCALE INC.
OF THE CITY OF TORONTO,
IN THE PROVINCE OF ONTARIO

(THE “APPLICANT”)**

PROPOSAL TRUSTEE’S REPORT ON CASH FLOW STATEMENT

JULY 27, 2020

The attached Revised Cash Flow Projections of Tribalscale Inc. as at the 27 day of July 2020, consisting of a weekly projected cash flow statement for the period July 20, 2020 to October 31, 2020 (“**Cash Flow**”) has been prepared by the management of the Applicant for the purpose described in Note 1, using the probable and hypothetical assumptions set out in the Notes to the Revised Cash Flow Projections.

Our review consisted of inquiries, analytical procedures and discussion related to information supplied by the management, employees and the representatives of the Applicant. Since hypothetical assumptions need not be supported, our procedures with respect to them were limited to evaluating whether they were consistent with the purpose of the Cash Flow. We have also reviewed the support provided by management of the Applicant for the probable assumptions, and the preparation and presentation of the Cash Flow.

Based on our review, nothing has come to our attention that causes us to believe that, in all material respects:

- a) the hypothetical assumptions are not consistent with the purpose of the Cash Flow.
- b) as at the date of this report, the probable assumptions developed by management are not suitably supported and consistent with the plans of the Applicant or do not provide a reasonable basis for the Cash Flow, given the hypothetical assumptions; or
- c) the Cash Flow does not reflect the probable and hypothetical assumptions.

Since the Cash Flow is based on Assumptions regarding future events, actual results will vary from the information presented even if the hypothetical assumptions occur, and the variations may be material. Accordingly, we express no assurance as to whether the Cash Flow will be achieved. We express no opinion or other forms of assurance with respect to the accuracy of any financial information presented in this report or relied upon in preparing this report.

The Cash Flow has been prepared solely for the purpose described in Note 1 and readers are cautioned that it may not be appropriate for other purposes.

Dated at Toronto, this 27 day of July 2020.

MNP LTD.

IN ITS CAPACITY AS PROPOSAL TRUSTEE OF TRIBALSCALE INC.

Per:



Sheldon Title, CPA, CA, CIRP, LIT

Senior Vice-President

Tribalscale Inc.
Projected cash flows
For the period ended Oct 31, 2020

Currency: CAD	Week 9	Week 10	Week 11	Week 12	Week 13	Week 14	Week 15	Week 16	Week 17	Week 18	Week 19	Week 20	Week 21	Week 22	Week 23
Week beginning	20-Jul-20	27-Jul-20	3-Aug-20	10-Aug-20	17-Aug-20	24-Aug-20	31-Aug-20	7-Sep-20	14-Sep-20	21-Sep-20	28-Sep-20	5-Oct-20	12-Oct-20	19-Oct-20	26-Oct-20
Opening cash balance	896,024	853,989	743,317	639,970	991,516	923,929	911,192	1,075,197	953,034	1,010,214	991,817	1,116,842	1,007,833	1,018,942	1,093,234
Receipts															
Collection from new sales	-	-	-	6,791	-	-	264,911	-	70,791	-	245,447	-	114,373	-	59,787
Collections from existing Accounts Receivables	-	-	2,272	261,975	62,282	-	-	-	-	-	-	-	-	-	-
US Tax refund	-	-	2,082	-	-	-	-	-	-	-	-	-	-	-	-
Wage subsidy	-	-	-	90,617	-	-	-	-	88,452	-	-	-	-	88,452	-
Total receipts	-	-	4,354	359,383	62,282	-	264,911	-	159,243	-	245,447	-	114,373	88,452	59,787
Disbursements															
Pre-NOI expenses	-	-	-	-	-	-	-	11,354	-	-	-	-	-	-	-
Payroll (including taxes)	-	106,697	10,731	1,100	96,606	-	96,606	15,135	96,764	-	96,764	15,135	96,764	-	96,764
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To be read in conjunction with the Notes to Revised Cash Flow Projections.

The Statement of Revised Cash Flow Projections of Tribalscale Inc. (the “**Company**”) includes the following assumptions:

Purpose of the Assumptions

1. The purpose of the projections is to present a cash forecast of the Company for the period July 20, 2020 to October 31, 2020 (the “**Extended Projection Period**”) in respect of their proposal proceedings under the Bankruptcy and Insolvency Act.

Hypothetical Assumptions

2. In developing the Statement of Revised Cash Flow Projections, Management has reflected its current view of the potential impact of the COVID-19 pandemic on its cash flow. However, the ongoing uncertainty and instability caused by COVID-19 pandemic and various government regulatory actions may cause actual results to differ from the projected amounts and these variations may be material.
3. Sales are based on Management’s best estimate and is dependent on provision of services for the period from July through September 2020 as per the recently signed SOW.

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14. The Company has applied for the Scientific Research and Experimental Development tax credit; which credit is subject to assessment. The Company does not anticipate receiving the refund during the Extended Projection Period.

Dated at the City of Toronto in the Province of Ontario, this 27th day of July 2020.

MNP Ltd. - Licensed Insolvency Trustee



300 - 111 Richmond Street West

Toronto ON M5H 2G4

Phone: (416) 596-1711 Fax: (416) 323-5242