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C A N A D A
PROVINCE OF QUEBEC
DISTRICT OF QUEBEC
COURT. No.: 500-11-061483-224

S U P E R I O R C O U R T
Commercial Division

**IN THE MATTER OF A PLAN OF
ARRANGEMENT OR COMPROMISE OF:**

**FORMERXBC INC. (formerly, XEBEC
ADSORPTION INC.)**

**11941666 CANADA INC. (formerly, XEBEC
RNG HOLDINGS INC.)**

**1224933 ONTARIO INC. (formerly,
COMPRESSED AIR INTERNATIONAL INC.)**

APPLIED COMPRESSION SYSTEMS LTD.

**FORMERXBC HOLDING USA INC.
(formerly, XEBEC HOLDING USA INC.)**

ENERPHASE INDUSTRIAL SOLUTIONS INC.

CDA SYSTEMS, LLC

**FORMERXBC ADSORPTION USA INC.
(formerly, XEBEC ADSORPTION USA INC.)**

**FORMERXBC PENNSYLVANIA COMPANY
(formerly, THE TITUS COMPANY)**

**FORMERXBC NOR CORPORATION
(formerly, NORTEKBELAIR
CORPORATION)**

**FORMERXBC FLOW SERVICES –
WISCONSIN INC. (formerly, XBC FLOW
SERVICES – WISCONSIN INC.)**

CALIFORNIA COMPRESSION, LLC

- and -

**FORMERXBC SYSTEMS USA, LLC (formerly
XEBEC SYSTEMS USA, LLC)**

Debtors/Petitioners

- and -

DELOITTE RESTRUCTURING INC.

Monitor

**TENTH REPORT TO THE COURT
SUBMITTED BY DELOITTE RESTRUCTURING INC.
IN ITS CAPACITY AS MONITOR**
(Companies' Creditors Arrangement Act)

INTRODUCTION

1. Unless otherwise stated, all monetary amounts contained herein are expressed in Canadian dollars.
2. Unless otherwise stated, the Debtors/Petitioners in the Application (as defined hereafter) are collectively referred to herein as the "**Petitioners**" or the "**Debtors**."
3. The Petitioners and the other material direct or indirect subsidiaries of FormerXBC Inc. ("**Xebec Inc.**" or "**BLA**"), which are not currently parties in the CCAA Proceedings (as defined hereafter), are collectively referred to herein as the "**Xebec Group**" or the "**Company**."
4. Capitalized terms not otherwise defined herein are as defined in the previous reports of the Monitor.
5. On September 28, 2022, the Petitioners filed an *Application for the Issuance of a First Day Initial Order, a Deemed Extension of the Stay Period and a Bidding Procedures Order* (the "**Initial Application**") under the *Companies' Creditors Arrangement Act* ("**CCAA**").
6. On September 29, 2022, Deloitte Restructuring Inc., then in its capacity as Proposed Monitor, issued its First Report to the Court (as part of the Debtors' CCAA proceedings (the "**CCAA Proceedings**"). The purpose of the First Report was to provide information to the Court with respect of I) the business, financial affairs and financial results of Xebec Group; II) the Petitioners' main creditors; III) the proposed restructuring process; IV) the proposed sale and investment solicitation process; V) charges sought in the proposed "First Day Initial Order"; VI) payments to Critical Suppliers; VII) overview of the Cash Flow Projections as of the date of the First Report; VIII) Deloitte's qualification to act as Monitor; IX) Recognition Proceedings in the United States; and X) the Proposed Monitor's conclusions and recommendations.
7. On September 29, 2022, the Court issued the First Day Initial Order and the Bidding Procedures Order which provided for, *inter alia*, (i) a stay of proceedings against the Petitioners until and including October 9, 2022 (the "**Stay Period**"); (ii) a stay of proceedings against the directors and officers; (iii) the appointment of Deloitte Restructuring Inc. as monitor under the CCAA ("**Deloitte**" or the "**Monitor**"); (iv) the authorization to pay Critical Suppliers up to a maximum aggregate amount of \$700K; (v) an Administration Charge of \$250K, a D&O Charge of \$2.2M, a Transaction Charge of \$975K; and (vi) the approval of the SISP along with the bidding procedures for the conduct of same (the "**Bidding Procedures**").
8. On October 4, 2022, the Petitioners notified to the Service List and filed with the Court an *Application for an Extension of the Stay of Proceedings*, seeking an extension of the First Day Initial Order until October 20, 2022.
9. On October 6, 2022, the Monitor issued its Second Report. The purpose of the Second Report was to provide information to the Court on the activities of Xebec and of the Monitor since the beginning of the CCAA Proceedings and to support the Petitioners' demand for the issuance of the Order Extending the Stay of Proceedings. The Monitor provided, *inter alia*, updated information in respect to the SISP, payments to Critical Suppliers, as well as to cash-flow projections.
10. On October 7, 2022, the Court extended the Stay Period and the application of the First Day Initial Order up to and including October 20, 2022.
11. On October 18, 2022, the Petitioners filed an *Application for the Issuance of an Amended and Restated Initial Order*, seeking, *inter alia*, (i) the issuance of an Amended and Restated Initial Order (the "**ARIO**"); (ii) the extension of the Stay Period until November 28, 2022; (iii) an increase of the Administration Charge from \$250K to \$900K; (iv) an increase of the D&O Charge from \$2.2M to \$3.7M; (v) the approval of a DIP Facility for a total amount of \$3.0M

and of a DIP Charge in the amount of \$3.6M; and (vi) the approval of KERPs and of a KERP Charge up to a maximum amount of \$1.08M.

12. On October 18, 2022, the Petitioners notified to the Service List the *Application for the Extension of the Stay of Proceedings to Certain Third Parties*, seeking *inter alia*, an order extending the stay of proceedings to any Person named as a defendant or respondent in the Class Actions (as these terms are defined in the aforementioned application). No presentation date has been scheduled in respect of this application.
13. On October 19, 2022, the Monitor issued its Third Report. The purpose of the Third Report was to provide information to the Court on the activities of Xebec and of the Monitor since the commencement of the CCAA Proceedings and to support the issuance of the ARIO.
14. On October 20, 2022, the secured lenders NBC and EDC put forward a term sheet to provide for a DIP Facility in a total amount of \$3M, on a *pari passu* basis.
15. On October 20, 2022, the Court issued the ARIO, and authorized the DIP Facility from NBC and EDC. On October 24, 2022, the Court issued its reasons in support of the issuance of the ARIO, which also included its reasons in respect of dismissing specific requests and addressing allegations from certain class action petitioners and from Mr. Simon Arnsby, a shareholder of Xebec Inc. ("**Mr. Arnsby**").
16. On November 22, 2022, the Petitioners notified to the Service List and filed with the Court an *Application for an Extension of the Stay of Proceedings and for Ancillary Relief*, seeking, *inter alia* (i) the extension of the Stay Period until February 3, 2023, and (ii) the approval of an amendment to the list of participants to the KERPs.
17. On November 24, 2022, the Monitor issued its Fourth Report. The purpose of the Fourth Report was to provide information to the Court on the activities of Xebec and of the Monitor since the beginning of the CCAA Proceedings and to support the aforementioned Application.
18. On November 28, 2022, the Court issued the *Order Extending the Stay of Proceedings and Granting Ancillary Relief* (the "**Extension Order**"). This Extension Order was namely meant to allow for the substantial completion phase 2 of the SISP, and to allow the Petitioners, *inter alia*, to (i) select the Successful Bid(s), (ii) negotiate Definitive Documentation, and (iii) file the Approval Application in respect of the Successful Bid(s), as contemplated by the Bidding Procedures.
19. On November 29, 2022, the Court issued its reasons in support of the issuance of the extension, as well as its reasons in respect of dismissing Mr. Arnsby's *Urgent Ex Parte Application for Investigation*.
20. On January 28, 2023, the Petitioners filed an *Application for the Issuance of a Second Amended and Restated Initial Order and an Approval and Vesting Order* (as amended by the *Amended Application for the Issuance of a Second Amended and Restated Initial Order and an Approval and Vesting Order* dated February 1, 2023), seeking, *inter alia* (i) the extension of the Stay Period until February 13, 2023, (ii) the increase of the Administration Charge to a maximum amount of \$3M, and (iii) the issuance of an approval and vesting order (the "**ACS AVO**"), in respect of the proposed sale of substantially all of the assets of Applied Compression Systems Ltd. ("**ACS**").
21. On February 1, 2023, the Monitor issued its Fifth Report. The purpose of the Fifth Report was to report on the activities of Xebec and of the Monitor since the beginning of the CCAA Proceedings and to support the issuance of the Second ARIO.
22. The Monitor also provided in the Fifth Report, *inter alia*, updated information in respect to (i) the SISP and certain transactions in connection thereto (Holding UK and ACS), (ii) operations

of Petitioners and non-Petitioners and the impact of the results of phase 2 of the SISP on same, (iii) the need for a supplemental interim financing facility and ongoing discussions with EDC in connection thereto, (iv) subsequent exchanges with various stakeholders, and (v) actual cash flows and cash-flow projections until March 18, 2023.

23. On February 3, 2023, the Court issued the Second ARIO and the ACS AVO.
24. On February 8, 2023, the Petitioners served the *Application for the Issuance of a Third Amended and Restated Initial Order and Approval and Vesting Orders*, seeking *inter alia*:
- a) the approval of the Second DIP Facility provided by EDC in the amount of \$2.5M (the "**Second DIP Facility**") and the granting of a "**Second DIP Charge**" in the amount of \$3.0M;
 - b) the issuance of three approval and vesting orders (the "**Sullair AVO**", the "**Ivys AVO**" and the "**FSTQ AVO**") regarding, respectively:
 - i. the proposed sale of substantially all of the assets of CDA Systems, LLC ("**CDA**") and California Compression, LLC ("**CAL**") to Sullair (the "**Sullair Transaction**");
 - ii. the proposed sale of substantially all of the assets of Xebec Inc. and Compressed Air International Inc. ("**CAI**") to Ivys Inc. and Ivys Adsorption, Inc., as purchasers (the "**Ivys Transaction**"); and
 - iii. the sale of Xebec Inc.'s limited partnership interests in the capital of GNR Québec Capital L.P. ("**GNR LP**") and the shares of RNG Holdings in the capital of GNR Québec Capital Management Inc. (the "**FSTQ Transaction**"); and
 - c) the extension of the Stay Period up and until March 17, 2023.
25. On February 10, 2023, the Monitor issued its Sixth Report. The purpose of the Sixth Report was to report on the activities of Xebec and of the Monitor since the Fifth Report and to support the Petitioners' request for the issuance of the Third ARIO, including (i) an extension of the Stay Period until March 17, 2023, (ii) the approval of a Second DIP Facility from EDC in an amount of \$2.5M, (iii) the granting of a Second DIP Charge of \$3.0M, the (iv) reduction of the Administration Charge to \$2.25M following the disbursement of the first tranche of the Second DIP, and (v) the issuance of the Sullair AVO, Ivys AVO and FSTQ AVO.
26. The Monitor provided, in the Sixth Report, updated information in respect to, *inter alia*, (i) the SISP, certain completed transactions in connection thereto (Holding UK, ACS and Hygear) and certain transactions to be approved and closed (CDA, CAL, BLA, CAI and GNR), (ii) the supplemental DIP facility and ongoing discussions with EDC, as well as (iii) information in respect to the 8-week cash-flow projections contained in the Fifth Report.
27. On February 13, 2023, the Court issued the Third ARIO.
28. On February 17, 2023, the Court issued the Ivys AVO, as well as its reasons for issuing the Third ARIO, which included reasons in respect of dismissing submissions of opponents to the Ivys Transaction, namely Shanghai Shenergy Energy Innovation & Development Co. Ltd and Shanghai Lihuan Investment Corp.
29. On March 11, 2023, the Petitioners filed an *Application for the Issuance of a Fourth Amended and Restated Initial Order, Approval and Vesting Orders, a Wage Earner Protection Program Act Order and Ancillary Relief*, seeking *inter alia*:

- a) the issuance of two approval and vesting orders (the "**TIT AVO**" and the "**XBC AVO**") in relation to, respectively:
 - i. the proposed sale of substantially all of the assets of The Titus Company ("**TIT**") to FAD Pennsylvania Inc. (the "**Fluid-Aire Transaction**"); and
 - ii. the proposed sale of substantially all of the assets of XBC Flow Services – Wisconsin Inc. ("**XBC**") to Total Energy Systems, LLC (the "**Total Energy Transaction**").
 - b) the termination of the First DIP Charge, the Second DIP Charge and of the Transaction Charge, further to the mechanism set forth in the Monitor's Application for Payments (as defined hereunder) and in accordance with the order sought in relation thereto;
 - c) the approval of an amendment to the list of participants to the KERPs and of an increased KERP amount;
 - d) the issuance of an order (the "**WEPP Order**") declaring that pursuant to section 5(5) of the *Wage Earner Protection Program Act*, S.C. 2005, c. 47, s. 1 ("**WEPPA**") that FormerXBC Inc., ACS and CAI meet the criteria established by section 3.2 of the *Wage Earner Protection Program Regulations*, SOR/2008-222 (the "**WEPP Regulations**") (the "**WEPP Relief**");
 - e) the increase of the aggregate amount for transactions subject to the Monitor's approval (as it then was provided for under para. 60c) of the Third ARIO); and
 - f) the extension of the Stay Period up and until May 5, 2023.
30. The Monitor concurrently filed an *Application for Authorization to Make Payments in Connection with the CCAA and Related Relief* (hereinafter, the "**Application for Payments**") seeking, *inter alia*, an order (the "**Monitor Payments Order**"):
- a) authorizing the Monitor to pay, from the Net Proceeds of Transactions (as defined in the Application for Payments), amounts to the beneficiaries of CCAA Charges, including in respect of the DIP Charge, the Second DIP Charge, the Transaction Charge and the KERP Charge; and
 - b) providing a mechanism for the discharge and/or reduction of the above-mentioned CCAA Charges, pursuant to the issuance of certificates of the Monitor and without further order of the Court.
31. On or about March 14, 2023, the Petitioners notified the *Amended Application for the Issuance of a Fourth Amended and Restated Initial Order, Approval and Vesting Orders, a Wage Earner Protection Program Act Order and Ancillary Relief*, following the execution of an Asset Purchase Agreement (the "**UEC APA**") entered into between Xebec Systems USA LLC ("**UEC**"), as seller, and EnergyLink US Inc., as purchaser. In light of same, the Application was amended in order to also seek the issuance of an approval and vesting order (the "**UEC AVO**") in relation to the proposed sale of substantially all the assets of UEC.
32. Also on March 14, 2023, the Petitioners filed an *Urgent Application for the Issuance of an Order Directing Payment in Trust to the Court-Appointed Monitor*, seeking, *inter alia*, to order (i) NBC to direct any payment to be made pursuant to the irrevocable standby letter of credit No. OGUA58735 (the "**London RNG LC**") in trust to the Monitor, and (ii) the Monitor to maintain in its trust account any payment made by NBC in connection with the London RNG LC, until determination of the parties' respective rights under the London RNG LC is made in

a final judgment of a Court or other forum having jurisdiction, or until an agreement is entered into by the parties (the "**London RNG LC Order**").

33. On March 15, 2023, the Monitor issued its Seventh Report. The purpose of the Seventh Report was to report on the activities of Xebec and of the Monitor since the Sixth Report and to support the issuance of the Fourth ARIO and related orders, including (i) an extension of the Stay Period until May 5, 2023, (ii) the approval of an amendment to the list of participants to the KERPs and of an increased KERP amount, (iii) the approval of the WEPP Relief, (iv) the issuance of the London RNG LC Order, (v) the increase of the aggregate amount for transactions subject to the Monitor's approval, and (vi) the issuance of the TIT AVO, XBC AVO and UEC AVO.
34. The Monitor provided in the Seventh Report, *inter alia*, updated information in respect of (i) completed transactions as part of the SISP (GNR, CDA, CAL, BLA and CAI), closed transactions subject to the Monitor's approval (AIR and NOR) and transactions to be approved by the Court (TIT, XBC and UEC), (ii) the financing of the restructuring process and ongoing discussions with EDC in relation to the Third DIP Facility, (iii) recognition proceedings in the United States, (iv) the security held by NBC and EDC, and (v) actual cash flows as of the week-ending March 4, 2023 and cash-flow projections until the week-ending May 6, 2023.
35. On March 16, 2023, the Court issued a series of orders, namely the Fourth ARIO, the TIT AVO, the XBC AVO, the UEC AVO, the WEPP Order, the London RNG LC Order and the Monitor Payments Order.
36. On March 22, 2023, the Petitioners filed an *Application for the Issuance of a Fifth Amended and Restated Initial Order (Interim Financing)* seeking *inter alia*, (i) the approval of the Third DIP Facility provided by EDC in the amount of \$3.45M (the "**Third DIP Facility**"), (ii) the granting of a "**Third DIP Charge**" in the amount of \$4.1M, and (iii) a mechanism for the reduction of the Administration Charge, upon receipt of disbursements from EDC under the Third DIP Facility and subject to the issuance of a certificate by the Monitor.
37. On March 24, 2023, the Monitor issued its eighth report (the "**Eighth Report**"). The purpose of the Eighth Report was to support the Petitioners' request for the issuance of the Fifth ARIO, including principally the approval of the Third DIP Facility, and to report on the activities of Xebec and the Monitor since the Seventh Report, including on the following items: (i) a general update since the Seventh Report, (ii) the SISP and sales of the Xebec Group's Remaining Assets, (iii) the Third DIP Facility, Third DIP Charge and reduction of the Administration Charge, and (iv) general comments on the updated 9-Week Cash-Flow Projections contained in the Seventh Report.
38. On March 27, 2023, the Court issued the Fifth ARIO.
39. On April 28, 2023, the Petitioners notified the *Application for an Extension of the Stay of Proceedings*, seeking an extension of the Stay Period up and until May 24, 2023.
40. On April 28, 2023, the Petitioners also notified the *Application for a de Bene Esse Authorization to Execute a Settlement Agreement and for Partial Lift of the Stay of Proceedings* (the "**Class Action Settlement Application**"), seeking, *inter alia*, (i) a partial lift of proceedings so as to allow the filing of all necessary materials required in order to obtain the approval of a settlement agreement in Court file no. 500-06-001135-215 (the "**Class Action File**"), (ii) authorizing Xebec Inc. to execute the settlement agreement in the Class Action File (the "**Class Action Settlement**"), and (iii) authorizing Xebec Inc. to execute and deliver, or cause to be executed and delivered, such further documents and instruments or to take, or cause to be taken, such further actions as may be necessary or may be ordered or requested by the Superior Court of Québec (Class Action Division) to make effective the Class Action Settlement.

41. On April 28, 2023, the Monitor notified its *Application of the Monitor for Authorization to Make Payments in Connection with the Third DIP Facility and the Third DIP Charge* (the "**Second Application for Payments**"), seeking the Court's authorization to (i) pay, from the Net Proceeds, amounts owed by the Petitioners to EDC under the Third DIP Facility and secured by the Third DIP Charge, and to (ii) issue a Monitor's certificate upon EDC's receipt of the amounts owed under the Third DIP Facility, thereby effecting a cancellation and discharge of the Third DIP Charge.
42. On May 3, 2023, the Monitor issued its ninth report (the "**Ninth Report**"). The purpose of the Ninth Report was, *inter alia*, to support the Class Action Settlement Action, the extension of the stay period up and until May 24, 2023, and to report on the activities of Xebec and the Monitor since the Eighth Report, including on the following items: (i) the transactions completed as part of the SISP and sales of the Xebec Group's Remaining Assets and Other Remaining Assets, (ii) an update on various aspects of the restructuring process since the Eighth Report, (iii) an update on recognition proceedings, (iv) an update on the Intercompany Payments, (v) an update on the Intercompany Transactions Report and on the Proposed Allocation to be filed by the Monitor, (vi) the payments to Critical Suppliers, (vii) an update on Letters of credit, (viii) an update on Actual Receipts and Disbursements, and (ix) on the 6-Week Cash-Flow Projections.
43. On May 5, 2023, the Court issued a series of orders namely, the (i) *Order Authorizing the Monitor to Pay Amounts Owed Under the Third DIP Facility and Secured by the Third DIP Charge* (the "**Monitor Third DIP Payment Order**"), the (ii) *Order Extending the stay of Proceedings*, and (iii) the *Order Partially Lifting the Stay of Proceedings (Class Action Settlement)*, but solely as to allow the partial lift of the stay of proceedings to allow the filing materials in order to seek the approval of settlement agreement.
44. On May 19, 2023, the Petitioners filed an *Application for (i) an Extension of the Stay of Proceedings, (ii) the Establishment of a Claims Process, (iii) the authorization to Use Net Proceeds to Fund Cash-Flow Requirements, and (iv) the Issuance of an Approval and Vesting Order* (the "**Application**"), as well as draft orders P-1 to P-4 relating thereto.
45. Following the notification of the Application, the Monitor hereby issues its tenth report (the "**Tenth Report**"), which will cover the following items:
 - I. Update on Various Aspects of the Restructuring Process since the Ninth Report
 - II. Biostream/Brightmark Assets Transaction
 - III. Update on Recognition Proceedings in the United States
 - IV. Intercompany Payments
 - V. Payments to Critical Suppliers
 - VI. Update on the Intercompany Transactions Report and on the Proposed Allocation to be Filed by the Monitor
 - VII. Claims Process
 - VIII. Actual Receipts and Disbursements
 - IX. Petitioners' Application for Use of Proceeds
 - X. Overview of the Cash-Flow Projections

XI. Extension of the Stay Period and Outline of Next Steps

XII. Monitor's Conclusions and Recommendations

46. In preparing the Tenth Report and making the comments herein, the Monitor has been provided with, and has relied upon, unaudited financial information, the Petitioners' books and records and financial information prepared by the same and discussions with management ("**Management**") of the Petitioners (collectively, the "**Information**"). Except as described in this Tenth Report in respect of the Debtors' Cash Flow Statement (as defined below):

(i) The Monitor has reviewed the Information for reasonableness, internal consistency and use in the context in which it was provided. However, the Monitor has not audited or otherwise attempted to verify the accuracy or completeness of such information in a manner that would wholly or partially comply with Generally Accepted Assurance Standards ("**GAAS**") pursuant to the Chartered Professional Accountants Canada Handbook and, accordingly, the Monitor expresses no opinion or other form of assurance contemplated under GAAS in respect of the Information; and

(ii) Some of the information referred to in this Tenth Report consists of forecasts and projections. An examination or review of the financial forecast and projections, as outlined in Chartered Professional Accountants Canada Handbook, has not been performed.

47. Future oriented financial information referred to in this Tenth Report was prepared based on Management's estimates and assumptions. Readers are cautioned that since projections are based upon assumptions about future events and conditions that are not ascertainable, the actual results will vary from the projections, even if the assumptions materialize, and the variations could be significant.

48. Unless otherwise indicated, the Monitor's understanding of factual matters expressed in this Tenth Report concerning the Petitioners and their business is based on the Information, and not independent factual determinations made by the Monitor.

49. The Information that was analyzed does not include the extent of the impact of Coronavirus ("**COVID-19**") on the Petitioners' operations. At the time of the Tenth Report, the situation is continuing to evolve, and many uncertainties remain as to the effect the COVID-19 crisis has had and may continue to have on the Petitioners and the broader domestic and global economies.

50. The Monitor relied, in part, on publicly available information, Management forecasts and other information provided by Management in relation to the effect COVID-19 has had and may continue to have on the Petitioners.

I. UPDATE ON VARIOUS ASPECTS OF THE RESTRUCTURING PROCESS SINCE THE NINTH REPORT

51. The Ninth Report issued on May 3, 2023, and the testimony of the representative of the Monitor provided to the Court at the hearing held on May 5, 2023, contained detailed information regarding the Xebec Group's communications and operations since the Eighth Report issued on March 24, 2023 and the Monitor's activities since that time.

52. No material update is to be reported as at the date of this Tenth Report regarding the Xebec Group's communications and operations and the Monitor's activities, other than pertaining to the specific items described in the sections below.

A. STATUS ON SALE OF CERTAIN OTHER REMAINING ASSETS OF THE XEBEC GROUP SINCE THE NINTH REPORT

53. **Appendix A** to this Tenth Report includes:

- a) a summary of the Xebec Group entities (both Petitioners and non-Petitioners) for which transactions have been completed; and
- b) a summary of the Other Remaining Assets (in relation to the Petitioners) for which transactions have been completed or are expected to be completed in the near term, subject to ongoing negotiations and to Court approval and recognition proceedings, as the case may be and as required.

54. Since the Ninth Report, AIR, in consultation with the Monitor and with the approval of the secured lenders, has completed the sale of the fleet of twenty (20) vehicles (the "**AIR Fleet**"). As reported at the hearing of May 5, 2023, payment for the AIR Fleet has been received on May 3, 2023. The AIR Fleet purchaser, Ho Ho LLC, confirmed on May 8, 2023 that it had taken delivery of the AIR Fleet and that the property of these assets had been duly transferred.

55. Since the First Day Initial Order, the total amount collected following the monetization of certain of the Petitioners' property and transactions made outside of the usual course of business with the consent of the Monitor in accordance with para. 51c) of the Fifth ARIO, currently totals \$1.341M, which remains under the \$2.5M threshold provided thereunder. The detailed list of these transactions, completed since the First Day Initial Order, is presented in **Appendix C**.

56. In addition to the Air Fleet, as detailed in the Ninth Report, certain Other Remaining Assets remain to be sold or monetized, including the Western Assets, for which an agreement is currently being finalized, the XSU filters, the London RNG LC and receivable, the BLA Claims in Xebec Italy and Inmatec Proceedings.

57. Since the Ninth Report, active discussions between the parties have been ongoing to conclude a transaction in respect of the sale of the Biostream/Brightmark Assets.

58. As is reported in the following section, on May 19, 2023, UEC and Ivys entered into a binding letter of intent in respect of the Biostream/Brightmark Assets, which is submitted to the Court for approval as part of the Application, with a request that same be filed under seal.

B. THIRD INTERIM FINANCING AND REDUCTION OF THE ADMINISTRATION CHARGE AND THE THIRD DIP CHARGE

59. On May 2, 2023, the second tranche of the Third DIP Facility in the amount of \$1.95M was disbursed to the Petitioners. On May 3, 2023, the Monitor, in accordance with the Third Interim Financing Term Sheet and the Fifth ARIO, issued its certificate to the service list confirming receipt of the initial advance of the Third DIP Facility and effecting the reduction of the Administrative Charge, which was then reduced to \$1.0M.

60. On May 10, 2023, the Monitor reimbursed the amounts owing under the Third DIP Facility out of the Net Proceeds, and issued its certificate to the service list, confirming the reimbursement of the Third DIP Facility and effecting the cancellation and discharge of the Third DIP Charge, in accordance, the whole in accordance with the Monitor Third DIP Payment Order.

C. KERP PAYMENT AND REDUCTION OF THE KERP CHARGE

61. Given the Monitor Payment Mechanism provided for in the Monitor Payments Order, the Monitor intends to proceed with payment of amounts owed under the KERPs, as they become due.
62. As further detailed in the Monitor Payments Order, the Monitor will issue certificates, from time to time, which will effect the reduction and/or the cancellation and discharge of the KERP Charge, as applicable.

D. WAGE EARNER PROTECTION PROGRAM

63. In accordance with the WEPP Order, the Company, with the assistance of the Monitor, filed 35 claims under the federal Wage Earner Protection Program Act in view of providing relief to former employees of BLA, ACS and CAI.
64. The Monitor has prepared all the information required and has communicated with the eligible employees, requesting them to review, complete and sign a proof of claim evidencing amounts owed. The Monitor prepared and distributed to the eligible employees 35 proof of claims. To date, 28 employees have provided signed copies of their proof of claims to the Monitor and have registered their claim with Service Canada.
65. Of these 28 employees, the Monitor is informed that 24 have received the payment under the Wage Earner Protection Program Act.
66. The Monitor is diligently conducting this process and will report further on same in due time.

E. OTHER MONITOR'S ACTIVITIES SINCE THE NINTH REPORT

Collection Of Sales Tax Refunds

67. Since the Ninth report, the Company has submitted its March sales tax declaration in an amount of \$378K and has collected \$281K relating to the months of January and February as well as unbudgeted sales tax refunds in CAI. However, the Company has not yet received the refund for the February provincial sales tax returns in the amount of \$271K. The Company, with the assistance of the Monitor, is monitoring the situation closely and is in contact with the governmental authorities to that effect.

Claims Process

68. The Monitor has also worked with the Debtors to develop a process for the identification, review and determination of claims in accordance with the CCAA (the "**Claims Process**"), as further detailed in the Application.
69. The Monitor and the Debtors are of the view that the initiation of the Claims Process at this time is appropriate, particularly given that:
 - a) the completion of the SISP and Remaining Assets Solicitation Process;
 - b) the Western Assets and Biostream/Brightmark Assets transactions which are expected to be finalized in the coming days;
 - c) as mentioned in the Ninth Report, it is contemplated that distributions will be made to unsecured creditors of many Petitioners, subject namely to the completion of the Proposed Allocation and its approval by the Court.

70. As explained more fully below, the Monitor has been consulted in connection with the proposed Claims Process and approves of the modalities of same, as set out therein and as further detailed in this report and in the Application.

II. BIOSTREAM/BRIGHTMARK ASSETS TRANSACTION

71. As reported in the Application, on May 19, 2023, UEC and Ivys entered into a binding letter of intent (the "**Brightmark LOI**") in respect of the sale of the Biostream/Brightmark Assets (the "**Biostream/Brightmark LOI**"), of which they seek this Court's approval.

72. The Biostream/Brightmark LOI follows lengthy discussions with Ivys to which the Monitor actively participated. It contemplates the purchase by Ivys of the Biostream/Brightmark Assets, on an "as is, where is" basis, for a purchase price that is confidential at this time, a portion of which will be payable at closing (which must occur no later than June 9, 2023) and the balance of which will be paid through installments payable upon acceptance of each of the 5 units by Ivys, by no later than September 30, 2023.

73. The abovementioned payments will be made directly to the Monitor as per the Biostream/Brightmark LOI.

74. It is contemplated that all payment obligations of the Purchaser under the Biostream/Brightmark Assets Transaction will be secured by a court-ordered charge specifically granted on these units (the "**Biostream Charge**") which will become effective upon issuance of a Monitor's certificate confirming that (i) a definitive contract (Asset Purchase Agreement) has been entered into reflecting the terms of the Biostream/Brightmark LOI, (ii) the initial payment at closing has been received by the Monitor, (iii) the Biostream/Brightmark Assets Transaction has closed.

75. The Biostream Charge will thereafter be reduced and/or discharged on a unit by unit basis following payment of each installment and following the issuance of a Monitor's certificate evidencing same, the whole as provided for in the Biostream/Brightmark LOI.

76. Ivys and UEC expect to conclude a definitive contract evidencing the terms of the Biostream/Brightmark LOI on or before June 9, 2023, and a closing date which should occur on or before June 16, 2023, subject to certain conditions being met.

77. The Biostream/Brightmark Assets Transaction is subject to the approval of the Court, which is being sought on May 24, 2023 and, to the extent it is obtained, to the recognition of such order in the Chapter 15 Proceedings which the Petitioners intend to seek to obtain prior to June 16, 2023.

78. The Monitor supports the Biostream/Brightmark Assets Transaction and the Biostream Charge relating thereto.

III. UPDATE ON RECOGNITION PROCEEDINGS IN THE UNITED STATES

79. No material update is to be reported since the Ninth Report, other than the below.

80. On April 26, 2023, the US Court issued the Order Approving Stipulation by and Between the Foreign Representative and Keybank National Association Granting Relief from the Automatic Stay to Terminate of Certain Service Agreement and Schedules, whereby banking services agreements in respect of UEC were terminated.

81. As is the case since the onset of the CCAA Proceedings, the Monitor's website is regularly updated and information and materials pertaining to the recognition proceedings are accessible to all stakeholders.

82. As indicated above, the Petitioners intend to seek recognition of the order sought in respect of the Biostream/Brightmark Assets Transaction as soon as possible.

IV. INTERCOMPANY PAYMENTS

83. As mentioned in the previous reports, and as provided by the First Day Initial Order, intercompany funding has been required between entities of the Xebec Group in order to preserve value and maintain going concern operations and pay post-filing obligations. As mentioned in the Fourth Report, the Monitor has implemented the Intercompany Protocol in order to be informed of these intercompany payments and reviews them. In addition, in conformity with the Fifth ARIO and the Third DIP Term Sheet, the Monitor has reported these intercompany payments to EDC.
84. The detailed list of all intercompany payments since the Ninth Report is presented at **Appendix D** of this report. As indicated in the notes of said **Appendix D** and herein above, the mechanics regarding the Petitioners' allocated share of the restructuring costs and other intercompany payments, as the case may be, could be adjusted retroactively as part of the CCAA Proceedings and/or upon completion of the SISP and the Remaining Assets Solicitation Process and upon the Other Remaining Assets being monetized, prior to distributions of the proceeds from transactions.

V. PAYMENTS TO CRITICAL SUPPLIERS

85. No update to provide since the issuance of the Ninth Report. Considering that the Petitioners have ceased most operations following the completion of the SISP and the Remaining Assets Solicitation Process, no further payments to critical suppliers will be made. The Monitor will therefore cease reporting on payments to critical suppliers in subsequent reports.

VI. UPDATE ON THE INTERCOMPANY TRANSACTIONS REPORT AND ON THE PROPOSED ALLOCATION TO BE FILED BY THE MONITOR

86. As provided for pursuant to para. 30 of the Fifth ARIO, the Monitor is continuing its work to complete the Intercompany Transactions Report and the Proposed Allocation. The process is currently well underway.
87. The Intercompany Transactions Report will detail the Intercompany Transactions which will have occurred since the date of the Initial Order, being noted that such Intercompany Transactions go beyond the intercompany transfers made since the initiation of the CCAA Proceedings and on which the Monitor has reported in each of its reports.
88. It is expected that in the coming weeks the Monitor will file with the Court an application and a report, relating to the allocation method and framework forming the basis of the allocation between the Petitioners' estates of proceeds realized from transactions, disbursements made and expenses incurred during the CCAA Proceedings.
89. At this time, several methods and scenarios are being analyzed by the Monitor.
90. As previously mentioned in the Ninth Report, in light namely of (i) the transactions completed and proceeds realized with respect to entities on which EDC does not hold security and (ii) the potential impact of the absence of a perfected security interest in favour of NBC or EDC on the bank accounts of the US Petitioner entities, it is contemplated that distributions will be available for unsecured creditors, at least in certain estates, subject to the completion of the Proposed Allocation and its approval by the Court.

VII. THE PROPOSED CLAIMS PROCESS

91. Pursuant to the Application, the Petitioners seek the approval of the Claims Process, as contemplated in the proposed Claims Procedure Order (the "**Proposed CPO**"). A detailed timeline of the Claims Process is included at **Appendix E** of this report. All capitalized terms used but not otherwise defined in this section of the Tenth Report have the meanings ascribed to them in the Proposed CPO.
92. The Proposed CPO contemplates the establishment of a process that incorporates, *inter alia*, the following features:
- a. the transmission to Creditors and publication on its website by the Monitor of the essential documents related to the Claims Process as well as the publication of a Newspaper Notice in widely distributed newspapers in Canada and in the United States;
 - b. the determination of a Claims Bar Date for Creditors to assert all Claims, except Restructuring Claims, which may be asserted within 30 days following the receipt by the applicable Creditor of a notice giving rise to such Restructuring Claim;
 - c. a process in relation to claims from Scheduled Employees; and
 - d. the establishment of procedures for the review and determination by the Monitor and the Petitioners of all Claims against the Petitioners and the Directors and Officers.
93. The Monitor is of the view that the Claims Process will allow for the effective and efficient review and determination of Claims in a manner that is fair to Creditors and that will facilitate the Restructuring. In particular, the Claims Process will allow the Petitioners to assess, in a timely manner, the nature and quantum of all Claims against them and against the Directors and Officers, which will assist in the elaboration of a plan or plans of compromise or arrangement, as well as the eventual Proposed Allocation.
94. Consequently, the Monitor fully supports the approval of the Proposed CPO.
95. To the extent the Proposed CPO is issued by the Court on May 24, 2023, the Petitioners intend to seek recognition of same in the Chapter 15 Proceedings prior to June 16, 2023.

VIII. ACTUAL RECEIPTS AND DISBURSEMENTS

96. The Petitioners, with the assistance of the Monitor, have remained careful and vigilant in managing the Company's liquidities in the context of the Restructuring Process.
97. Xebec Group's financial performance highlights for the period from April 16, 2023 to May 13, 2023, are presented in the Actual Cash Flow appended hereto as **Appendix F**. The Monitor's comments on the Petitioners' financial performance during this period are as follows:
- a) compared with the Cash Flow Statement, the actual Xebec Group's receipts and disbursements demonstrate a net cash balance as at May 13, 2023, of \$3.2M, which is \$0.8M higher than budgeted. This favourable variance mainly results from:
 - i. a favourable variance of \$0.2M in total cash inflows explained by higher collections from operations (\$0.2M) and transfers from related parties (\$0.2M). These favorable variances were however compensated by the delay in collection of the sales taxes resulting in an unfavorable variance of \$0.2M. Please refer to **Appendix F** for more details.

- ii. A favourable variance of \$0.6M in cash outflows, which is mainly explained by lower disbursements in purchases (\$0.6M) and EDC – Fees and interests payments (\$0.2M). These favorable variances were however compensated by higher transfers to related parties (\$0.2M). Please refer to **Appendix F** for more details.

98. As of the date of this Tenth Report and for the extension of the Stay Period, the invoices relating to goods delivered and services rendered to the Petitioners after the First Day Initial Order have been paid or are forecasted to be paid in the normal course of business out of the existing working capital of the Petitioners, including its different bank accounts.

IX. PETITIONERS' APPLICATION TO USE THE NET PROCEEDS

99. As a result of the SISP Process, the Remaining Assets Solicitation Process and the sale of certain Other Remaining Assets, the Monitor currently holds a net amount of approximately \$17.07M (the "**Net Proceeds**"), after certain payments made to beneficiaries of CCAA Charges in conformity with previous orders of the Court and prior to the reimbursement of the remaining KERP payments, the whole as further detailed in the breakdown of Net Proceeds provided at **Appendix B**.

100. As indicated in the cash-flow appended to the present report at **Appendix G**, the Petitioners will require additional funds in an amount of at least \$3M to continue the Restructuring Process.

101. Considering that the SISP and the Remaining Assets Solicitation Process are completed and that the operations of the Petitioners have ceased, the Monitor and the Debtors are of the view that it would be appropriate, at this time, that the Net Proceeds be used to provide the necessary funding.

102. In addition, and as further detailed in the Application, the Petitioners believe that it is justified and desirable to allow for the use of Net Proceeds to fund cash-flow requirements during the Restructuring Process in order in particular to avoid incurring interest and fees which would be payable in the event that the Petitioners would need to negotiate additional interim financing facilities.

103. As described in this Tenth Report, the Cash Flow Statement indicates that the Petitioners should have sufficient liquidity to continue to meet their obligations in the ordinary course of business during the extension period sought in the Application, with continued access to their current liquidities and existing working capital, provided that the Petitioners are authorized to use the Net Proceeds to fund operations.

X. OVERVIEW OF THE CASH-FLOW PROJECTIONS

104. The Company, with the assistance of the Monitor, has prepared the statement of projected cash-flow (the "**Cash Flow Statement**") for the 20-week period from May 14, 2023, to September 30, 2023 (the "**Cash Flow Period**") for the purpose of projecting the Company's estimated liquidity needs during the Cash Flow Period. A copy of the Cash Flow Statement is attached as **Appendix G** to this report.

105. The Cash Flow Statement has been prepared by the Company using probable and hypothetical assumptions set out in the notes to the Cash Flow Statement attached as **Appendix G** to this report.

106. The Monitor's review of the Cash Flow Statement consisted of inquiries, analytical procedures and discussions relating to information supplied to it by Management. The Monitor's procedures with respect to the assumptions set forth in **Appendix H** were limited to evaluating whether they were consistent with the purpose of the Cash Flow Statement. The Monitor also reviewed the documents provided by Management in support of the probable assumptions, and the preparation and presentation of the Cash Flow Statement.
107. Based on the Monitor's review and subject to the foregoing qualifications and limitations, nothing has come to its attention that causes it to believe that, in all material respects:
- (i) The hypothetical assumptions are not consistent with the purpose of the Cash Flow Statement;
 - (ii) As at the date of this Tenth Report, the probable assumptions developed by Management are not suitably supported and consistent with the plans of the Company or do not provide a reasonable basis for the Cash Flow Statement, given the hypothetical assumptions; or
 - (iii) The Cash Flow Statement does not reflect the probable and hypothetical assumptions.
108. Since the Cash Flow Statement 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, the Monitor expresses no opinion as to whether the projections in the Cash Flow Statement will be achieved. The Monitor expresses no opinion or other form of assurance with respect to the accuracy of any financial information presented in this report or, relied upon in preparing this report. Neither does the Monitor express any opinion as to the performance of the Company's statutory obligations with regard to projected payments to be made in accordance with the Cash Flow Statement, *inter alia* the payment of wages, the government remittances and the payroll deductions to be made by the Petitioners.
109. The Cash Flow Statement has been prepared solely for the purpose described in the Notes to the Cash Flow Statement (**Appendix H**), and readers are cautioned that the Cash Flow Statement may not be appropriate for other purposes.
110. As mentioned above, the key assumptions used in the Cash Flow Statement are based on the Petitioners' most recent sales and costs trends, as previously described.
111. Management continues to anticipate potential restrictive payment terms for purchases from suppliers due to the CCAA Proceedings.
112. As appears from the Cash Flow Statement and as indicated herein, the Petitioners intend to continue to pay its trade creditors for services rendered and goods supplied in the normal course of business during these CCAA Proceedings.
113. Management has advised the Monitor that it believes that the forecast reflected in the Cash Flow Statement is reasonable.

XI. EXTENSION OF THE STAY PERIOD AND OUTLINE OF NEXT STEPS

114. The Stay Period currently expires on May 24, 2023. The extension of the Stay Period until September 29, 2023 sought by the Petitioners is namely required to (i) pursue efforts to monetize the Other Remaining Assets of the Petitioners, including to close the Biostream/Brightmark Assets Transaction, (ii) allow the Monitor to continue its work in connection with the Intercompany Transactions Report and the Proposed Allocation and to complete same, (iii) organize an orderly wind down of the Petitioners, as part of the CCAA Proceedings or otherwise (iv) proceed with the proposed Claims Process, as well as (iv) prepare one or more plans of arrangement.
115. The Monitor and the Petitioners have prepared an approximate timeline of the upcoming material steps and milestones expected in the CCAA, which is presented in **Appendix E** herein. Readers are however cautioned that this outline is subject, *inter alia*, to the ongoing CCAA Proceedings, as well as the availability of the Courts both in Canada and the United States. The outline is therefore subject to material changes and is solely provided for information purposes and on an indicative basis.
116. As described in this Tenth Report, the Cash Flow Statement indicates that the Petitioners should have sufficient liquidity to continue to meet their obligations in the ordinary course of business with continued access to their current liquidities and existing working capital, provided however that the Petitioners are authorized to use the Net Proceeds to fund operations.

XII. MONITOR'S CONCLUSIONS AND RECOMMENDATIONS

117. In the context referred to above and herein, the Monitor supports the relief sought in the Application, including:
- a. the approval of the Claims Process contemplated in the Proposed CPO;
 - b. the use of Net Proceeds to fund the Petitioners' cash-flow requirements;
 - c. the approval of the Biostream/Brightmark Assets Transaction and the granting of the Biostream Charge; and
 - d. the extension of the Stay Period up and until September 29, 2023.
118. It is the Monitor's view that the continuation of the Restructuring Process is beneficial to the creditors and stakeholders as a whole.
119. The Monitor believes that the Petitioners have acted, and are acting, in good faith and with due diligence and that the relief sought in the Application.

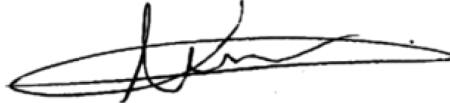
DATED AT MONTREAL, this 19th day of May 2023.

DELOITTE RESTRUCTURING INC.

In its capacity as Court-Appointed Monitor of the
Petitioners



Jean-François Nadon, CPA, CIRP, LIT



Julie Mortreux, CPA, CIRP, LIT

Appendix A – SISP Summary Monitor Summary Recapitulation

XEBEC ADSORPTION INC. & AI.

Transaction summary
As of May 17, 2023

Bidder	Notes	Closing Date	Petitioners													Non-Petitioners				
			BLA	CAI	ACS	GNR	CAL	CDA	NOR	AIR	TIT	XBC	UEC	XSU	TIGER	Shanghai	HyGear	ITA	Inmatec	
Transactions part of the SISP Process																				
Forum Family Office		27-Jan-23														*				
HoSt Bioenergy Systems		6-Feb-23																*		
1396905 B.C. LTD		7-Feb-23			*															
FSTQ		15-Feb-23				*														
Sullair		21-Feb-23					*													
Ivys Energy Solutions		24-Feb-23	*														*			
Next Air & Gas		14-Mar-23						*												
Curtis-Toledo		15-Mar-23							*											
Fluid-Aire Dynamics		20-Mar-23								*										
Total Energy Systems		23-Mar-23									*									
EnergyLink		5-Apr-23										*								

¹ Following the Phase 2 Bid and Remaining Assets Bid Deadline, these entities did not receive an acceptable binding offer, as further detailed in the Fifth Report.

² Xebec Italy filed an assignment in bankruptcy under applicable Italian laws. These assets are expected to be liquidated as part of the bankruptcy.

³ Inmatec, BLA's German subsidiary, filed formal insolvency proceedings under applicable German laws at the end of March 2023. In due course, the Monitor understands that BLA will file a proof of claim for amounts owed by Inmatec. The Monitor understands that the trustee of Inmatec is currently seeking a potential transaction for the business of Inmatec and, to the extent that there is a distribution to BLA as unsecured creditor, this would add to the realization proceeds available to distribution to the Petitioners' creditors.

Other Remaining Assets

Air Products	4	22-Apr-23										*						
Western Midstream	5	TBD										*						
Biostream	6	TBD										*						
Enerphase Vehicles	7	4-May-23							*									
Filters	8	TBD											*					
Claims to non-petitioners (ITA)	9	TBD	*														Claim	
Claims to non-petitioners (Inmatec)	3	TBD	*															Claim
London RNG	10	TBD	*															

⁴ A transaction took place on April 22, 2023 with Air Products for the inventory related to their contract with UEC. This inventory was specifically excluded from the transaction with Energy Link.

⁵ Specific assets related to the contract between UEC and Western Midstream were excluded from the transaction with Energy Link. Management and the Monitor are in active discussion with this client to conclude a transaction for these assets.

⁶ The Biostream related inventory owned by UEC was specifically excluded from the transaction with Energy Link. Management and the Monitor are in active discussion with potential buyers in order to conclude a transaction for these assets.

⁷ Management, with the support of the Monitor, concluded the sale of the vehicles owned by Enerphase Industrial Solutions Inc. (AIR).

⁸ Management is currently in discussions with several potential buyers for the sale of filters owned by the entity Xebec Adsorption USA Inc. (XSU).

⁹ BLA submitted a claim in the bankruptcy of Xebec Italy and may benefit from a potential distribution following the liquidation of the assets and the administration of the bankruptcy.

¹⁰ Pursuant to the Order Directing Payment In Trust to the Court-Appointed Monitor rendered on March 16, 2023, funds totaling \$2.4M in relation to the Letter of Credit OGUA58735 (the "LRNG LC") are currently held as a reserve in a distinct trust account until determination of the parties' respective rights under the LRNG LC is made in a final judgment of a Court or other forum having jurisdiction or until an agreement is entered into by the parties.

Appendix B – Breakdown of Net Proceeds

XEBEC ADSORPTION INC. & AI.			
Breakdown of net proceeds and transactions from the Monitor's In \$000s CAD, as of May 17, 2023			
	Petitioners	Note	Amounts
PROCEEDS FROM TRANSACTIONS			
Transactions - Part of the SISP process			
1396905 B.C. LTD	ACS	1	
FSTQ	GNR	2	400
Sullair	CDA & CAL	2	12,222
Ivys Energy Solutions	BLA & CAI	2	7,900
Next Air & Gas	NOR	2	209
Curtis Toledo	AIR	2	895
Fluid-Aire Dynamics	TIT	2	1,402
Total Energy Systems	XBC	2	1,477
EnergyLink	UEC	2	4,037
			28,643
Closed transactions - Remaining Other Assets			
Air Products	UEC	2 & 4	236
Enerphase - Vehicle Fleet sales	AIR	2 & 4	109
Total proceeds		A	28,988
PAYMENTS MADE TO THE BENEFICIARIES OF THE CCAA CHARGES AND OTHER DISBURSEMENTS			
Professional fees			1,489
DIP Facility - Reimbursement to NBC			1,500
DIP Facility - Reimbursement to EDC			1,500
Second DIP Facility - Reimbursement to EDC			2,500
Third DIP Facility - Reimbursement to EDC			3,450
Interest and fees on DIP Financing			31
Transaction Fee			975
KERP			432
Interest revenues (net of bank fees)			(23)
Foreign exchange loss (gain)			58
		B	11,912
Outstanding balance as of May 18, 2023	3	C=(A-B)	17,075
UPCOMING DISBURSEMENTS FROM THE TRUST ACCOUNTS			
KERP			45
Funds from net proceeds - Transfer to the operation accounts			3,000
		D	3,045
Outstanding balance after priority charges		E=(C-D)	14,030
POTENTIAL TRANSACTIONS - OTHER REMAINING ASSETS			
Biostream Assets	UEC	4	TBD
Western Midstream	UEC	4	TBD
Filters	XSU	4	TBD
Claims to Non-Petitioners	IGT	4	TBD
Claims to Non-Petitioners	ITA	4	TBD
London RNG	BLA	5	TBD
Total proceeds from transactions to be completed		F	-
Estimated net proceeds and transactions from the Monitor's trust accounts		G=(E+F)	14,030

Note 1: These proceeds do not include Tiger's proceeds that were paid directly to NBC.

Note 2: Assuming closing FX rates at the date of the transactions as per the Bank of Canada.

Note 3: Assuming FX rate of 1.3534 USD as per the Bank of Canada on May 13, 2023.

Note 4: Please refer to the Appendix A for the detail on the Remaining Other Assets.

Note 5: Pursuant to the Order Directing Payment In Trust to the Court-Appointed Monitor rendered on March 16, 2023, funds totaling \$2.4M in relation to the Letter of Credit OGUA58735 (the "LRNG LC") are currently held as a reserve in a distinct trust account until determination of the parties' respective rights under the LRNG LC is made in a final judgment of a Court or other forum having jurisdiction or until an agreement is entered into by the parties.

Appendix C – Sale of Other Assets of the Xebec Group

XEBEC ADSORPTION INC. & AI.

Sales of the assets out of the ordinary course of business

In \$000s CAD, as of May 17, 2023

Transactions	Petitioners	Closing date	Notes	Proceeds ^{(1) (2)}
Nortek - Next Air & Gas	NOR	14-Mar-23		209,231
Curtis Toledo - Warehouse equipment	AIR	15-Mar-23		37,592
Curtis Toledo - Office furniture	AIR	15-Mar-23		7,084
Curtis Toledo - Office equipment (ES)	AIR	15-Mar-23		6,080
Curtis Toledo - Office equipment	AIR	15-Mar-23		111,559
Curtis Toledo - Stock inventory	AIR	15-Mar-23		733,172
Air Products	UEC	22-Apr-23		235,953
Enerphase - Vehicle Fleet sales	AIR	4-May-23		108,528
Total				1,449,197
Treshold in the aggregate - Max \$2,5M			2	2,500,000
Availability				1,050,803

Note 1: Assuming closing FX rates at the date of the transactions as per the Bank of Canada.

Note 2: As per the Fifth Amended and Restated Initial Order issued by the Court, the Petitioners, subject to prior approval of the Monitor or further order of the Court, as the case may be, shall have the right to convey, transfer, assign, lease, or in any other manner dispose of the Property, outside of the ordinary course of business, in whole or in part, provided that the price in each case does not exceed \$750,000 or \$2,500,000 in the aggregate.

Appendix D - Intercompany Payments

Intercompany Transactions - Monetary transfers summary		In thousand CAD				
<i>For the week ending</i>		22-Apr-23	29-Apr-23	6-May-23	13-May-23	Total
Collections						
XSU from TIT ⁽¹⁾	The Titus Company --> Xebec Adsorption USA Inc.	-	177	-	201	378
XSU from XBC ⁽¹⁾	XBC Flow-Services - Wisconsin Inc. --> Xebec Adsorption USA Inc.	-	-	17	10	27
XSU from AIR ⁽¹⁾	Enerphase Industrial Solutions Inc. --> Xebec Adsorption USA Inc.	135	-	-	-	135
BLA from TIT ⁽²⁾	The Titus Company --> Xebec Adsorption Inc.	-	-	-	84	84
Total Collections		135	177	17	295	624
Disbursements						
TIT to XSU ⁽¹⁾	The Titus Company --> Xebec Adsorption USA Inc.	-	177	-	201	378
XBC to XSU ⁽¹⁾	XBC Flow-Services - Wisconsin Inc. --> Xebec Adsorption USA Inc.	-	-	17	10	27
AIR to XSU ⁽¹⁾	Enerphase Industrial Solutions Inc. --> Xebec Adsorption USA Inc.	135	-	-	-	135
TIT to BLA ⁽²⁾	The Titus Company --> Xebec Adsorption Inc.	-	-	-	84	84
Total Disbursements		135	177	17	295	624

Notes

1. XSU, being a corporate office, is mainly a cost centre entity with overhead costs including amongst other things, payroll and insurance. The transfers to XSU represent the allocated share of payroll and overhead expenses.
2. Transfer of the remaining funds to BLA in preparation of the closing of the bank account.

General Note

As indicated by the Monitor previously and namely in the Third Monitor's Report, the mechanics of intercompany payments, as the case may be, could be adjusted retroactively as part of the CCAA Proceedings and/or once the SISP is complete. These intercompany payments constitute Intercompany Transactions that will form part of an Intercompany Transactions Report by the Monitor in due time, in conformity with the Amended and Restated Initial Order (ARIO) issued on October 20, 2022, which also approved the DIP Term Sheet of the same day. The ARIO and the DIP Term Sheet provides that the Petitioners must notify the DIP Lenders at least 2 days in advance of Intercompany payments to be made. The Second and Third Interim Financing Term Sheets additionally provides that the intercompany monetary transfers shall be subject to the consent of EDC. The Monitor has established a Protocol for Intercompany Monetary Payments and Pre-Filing Payments in order to ensure good and uniform practice and to facilitate notification to the DIP Lenders and reporting by the Monitor.

**Appendix F – Actual Cash-flow
(period from April 16, 2022, to May 13, 2023)**

Consolidated - North America Budget-to-Actual Analysis ("BTA") In \$000s CAD	For the 4-week period ended May 13, 2023				
	Actual	Projections	Var. (\$)	Var. (%)	Notes
Collections					
Sales from operation	232	43	189	440%	1
Sales taxes - Collection	281	506	(225)	-44%	2
Third DIP Financing - Collection	1,950	1,950	-	-	3
Other collections	122	141	(19)	-13%	4
Transfer from related party - Collection	624	404	220	54%	5
	3,209	3,044	165	5%	
Disbursements					
Payroll	309	318	9	3%	6
Purchases	1,015	1,582	567	36%	7
Leases and Obligation under capital leases	8	7	(1)	-14%	
Professional fees	1,730	1,790	60	3%	8
Transfer to related party - Disbursements	624	404	(220)	-54%	5
Fees and interest on DIP Financing	87	87	-	-	9
Sales Taxes - Payment	5	36	31	86%	10
EDC - fees and interests payments	-	169	169	100%	11
	3,778	4,393	615	14%	
Net cash flow	(569)	(1,349)	780		
Net cash (Shortfall) - Beginning - Xebec	3,738	3,738	-		
Net cash (Shortfall) - Ending - Xebec	3,169	2,389	780		
Net cash (shortfall) related to NewCo in the petitionners bank accounts					
Xebec Adsorption Inc.	15	-	15		12
Compressed Air International Inc.	58	-	58		12
California Compression LLC	20	-	20		12
CDA Systems, LLC	37	-	37		12
The Titus Company	-	-	-		12
XBC Flow Services - Wisconsin Inc.	97	-	97		12
Xebec Systems USALLC	331	-	331		12
	558	-	558		
Net cash (Shortfall) - Ending - Including NewCo	3,727	2,389	1,338		

Trust Account Budget-to-Actual Analysis ("BTA") In \$000s CAD	For the 4-week period ended May 13, 2023				
	Actual	Projections	Var. (\$)	Var. (%)	Notes
Collections					
Other collections	(61)	(61)	-	-	4
Proceeds from transactions - Trust	1,506	1,402	104	7%	13
	1,445	1,341	104	8%	
Disbursements					
DIP Financing - Reimbursement - Trust	3,450	3,450	-	-	
	3,450	3,450	-	0%	
Foreign Exchange gain (loss)	174	352	(178)	-51%	14
Net cash flow	(1,831)	(1,757)	(74)	4%	
Net cash (Shortfall) - Beginning	18,906	18,906	-	-	
Net cash (Trust accounts) - Ending	17,075	17,149	(74)		
Funds held in reserve not included in the Net Cash (Trust account)	2,398				15
Funds held in reserve not included in the Net Cash (Trust account)	256				15
Total cash under the control of the Monitor	19,729				

Appendix F – Actual Cash-flow (cont'd)

Consolidated - North America
Notes on Budget-to-Actual Analysis ("BTA")
For the 4-week Period ended May 13, 2023 (the "Period")

Note 1	Sales from operation	Collections of sales from operation relates to the remaining accounts receivable of AIR that were collected earlier than projected.
Note 2	Sales Tax - Collection	The unfavorable variance mainly relates to the sales tax of BLA. Over the 4 week-period, the February QST refund (\$271) was not collected remain unpaid at the date of this report.
Note 3	Third DIP Financing - Collection	<p>Pursuant to the Fifth ARIO and the Third Interim Financing Term Sheet, EDC granted a Third Interim Financing Facility ("Third DIP") up to a maximum amount of \$3.45M. The first tranche of \$1.5M was collected on April 13, 2023 and the second tranche of \$1.95M was collected on May 2, 2023.</p> <p>The Third Interim Financing was reimbursed from the Monitor's trust account in accordance with the Order authorizing the Monitor to pay amounts owed under the third DIP facility and secured by the third DIP charge rendered on May 5, 2023 by the Court.</p>
Note 4	Other collections	Other Collections represent the chargebacks to the buyer of UEC (Energy Link) as part of the transaction. An amount initially paid in the Monitor's trust account was thereafter remitted to UEC bank account (which explains the negative Other Collections amount on the Monitor's trust account).
Note 5	Transfers - related party	Please refer to Appendix E of this report for the detailed list of intercompany transfers.
Note 6	Payroll	Disbursements for payroll were generally in line with the projected amounts during the Period.
Note 7	Purchases	Disbursements for purchases were lower than projected during the Period due to timing of some disbursements.
Note 8	Professional fees	During the Period, payments made to professionals were generally in line with the projected amounts.
Note 9	Fees and interest on DIP Financing	All fees related to the DIP Financing were paid.
Note 10	Sales tax payments	The unfavorable variance is mainly the result of the delay in the payment of the sales taxes of one of the Petitioners.
Note 11	EDC payments	The March invoice from EDC for the interest on its debt was not paid during the 4-week period which resulted in a favorable variance.
Note 12	Net cash (shortfall) pertaining to Newco	<p>Petitioners whose assets were sold have been receiving funds on behalf of the buyers. Periodically, Management remits the funds to the buyers' new bank accounts after reviewing the transactions. The Monitor and Management are currently reviewing all post-closing transactions to ensure an appropriate cut-off.</p> <p>Note that most bank accounts are in the process of being closed by Management.</p>
Note 13	Proceeds from transactions - trust	During the Period, proceeds from the TIT transaction representing \$1.4M previously held in the trust account of the Monitor's counsel were remitted in the Monitor's trust account. In addition, the transaction for the AIR vehicles generated a favorable variance.
Note 14	Foreign Exchange	Represent the foreign exchange variance between CAD and USD during the Period in the Monitor's trust account.
Note 15	Funds held in reserve	<p>Pursuant to the Order Directing Payment In Trust to the Court-Appointed Monitor rendered on March 16, 2023, funds totaling \$2.4M in relation to the Letter of Credit OGUA58735 (the "LRNG LC") are currently held as a reserve in a distinct trust account until determination of the parties' respective rights under the LRNG LC is made in a final judgment of a Court or other forum having jurisdiction or until an agreement is entered into by the parties.</p> <p>Consequent to the condition precedent to the Initial Advance in the Third Interim Financing Term Sheet, a payment in an amount of \$256K was made in a trust account maintained by the Monitor, representing the professional fees of NBC's advisors that were paid out of the proceeds from the Xebec UK/Tiger transaction.</p>

Appendix G - Cash-flow statement

Consolidated - North America

Weekly cash flow transactions

	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	
For the week ending	20-May-23	27-May-23	3-Jun-23	10-Jun-23	17-Jun-23	24-Jun-23	1-Jul-23	8-Jul-23	15-Jul-23	22-Jul-23	Total
In 000 CAD - Week #	1	2	3	4	5	6	7	8	9	10	W1 - W10
Collections											
Transfer from related party - Collection	226	-	-	-	-	-	-	-	-	-	226
Funds from net proceeds	-	-	-	-	-	1,000	-	-	-	1,000	2,000
Sales Tax - Collections	271	-	378	-	-	-	-	-	-	-	649
Collections - Total	497	-	378	-	-	1,000	-	-	-	1,000	2,875
Disbursements											
Payroll	13	150	-	150	-	167	-	150	-	150	780
Purchases	117	193	149	353	125	121	32	133	25	33	1,281
Obligation under capital leases	-	-	7	-	-	-	7	-	-	-	14
Professional fees	194	338	247	267	187	183	131	116	110	111	1,884
Transfer to related party - Disbursements	226	-	-	-	-	-	-	-	-	-	226
Sales Taxes - Payment	-	-	-	36	-	-	-	-	-	-	36
Disbursements - Total	550	681	403	806	312	471	170	399	135	294	4,221
Net cash flow - Total	(53)	(681)	(25)	(806)	(312)	529	(170)	(399)	(135)	706	(1,346)
Net Cash (Shortfall) - Beginning	3,169	3,116	2,435	2,410	1,604	1,292	1,821	1,651	1,252	1,117	3,169
Net Cash (Shortfall) - End	3,116	2,435	2,410	1,604	1,292	1,821	1,651	1,252	1,117	1,823	1,823

	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	
For the week ending	29-Jul-23	5-Aug-23	12-Aug-23	19-Aug-23	26-Aug-23	2-Sep-23	9-Sep-23	16-Sep-23	23-Sep-23	30-Sep-23	Total
In 000 CAD - Week #	11	12	13	14	15	16	17	18	19	20	W11 - W20
Collections											
Transfer from related party - Collection	-	-	-	-	-	-	-	-	-	-	-
Funds from net proceeds	-	-	-	1,000	-	-	-	-	-	-	1,000
Sales Tax - Collections	-	-	-	-	-	-	-	-	-	-	-
Collections - Total	-	-	-	1,000	-	-	-	-	-	-	1,000
Disbursements											
Payroll	-	150	-	150	-	150	-	150	-	150	750
Purchases	25	90	25	33	25	90	25	33	25	83	454
Obligation under capital leases	-	23	-	-	-	7	-	-	-	-	30
Professional fees	111	111	139	134	134	139	151	158	168	168	1,413
Transfer to related party - Disbursements	-	-	-	-	-	-	-	-	-	-	-
Sales Taxes - Payment	-	-	-	-	-	-	-	-	-	-	-
Disbursements - Total	136	374	164	317	159	386	176	341	193	401	2,647
Net cash flow - Total	(136)	(374)	(164)	683	(159)	(386)	(176)	(341)	(193)	(401)	(1,647)
Net Cash (Shortfall) - Beginning	1,823	1,687	1,313	1,149	1,832	1,673	1,287	1,111	770	577	1,823
Net Cash (Shortfall) - End	1,687	1,313	1,149	1,832	1,673	1,287	1,111	770	577	176	176

Appendix H

Notes to the Cash-flow statement

NOTE A – PURPOSE

The purpose of these cash-flow projections is to determine the liquidity requirements of the Petitioners during the CCAA Proceedings.

NOTE B

The Cash Flow Statement has been prepared by the Company using probable and hypothetical assumptions set out in the notes to the Cash Flow Statement.

The Monitor's review of the Cash Flow Statement consisted of inquiries, analytical procedures and discussions related to Information supplied to it by Management. Since the hypothetical assumptions need not be supported, the Monitor's procedures with respect to them were limited to evaluating whether they were consistent with the purpose of the Cash Flow Statement. The Monitor also reviewed the support provided by Management for the probable assumptions, and the preparation and presentation of the Cash Flow Statement.

NOTE C - DEFINITIONS

(1) CASH-FLOW STATEMENT:

In respect of a Company, means a statement indicating, on a weekly basis (or such other basis as is appropriate in the circumstances), the projected cash-flow of the Company as defined in section 2(1) of the Act based on Probable and Hypothetical Assumptions that reflect the Company's planned course of action for the period covered.

(2) HYPOTHETICAL ASSUMPTIONS:

Means assumptions with respect to a set of economic conditions or courses of action that are not necessarily the most probable in the Company's judgment, but are consistent with the purpose of the Cash-Flow Statement.

(3) PROBABLE ASSUMPTIONS:

Means assumptions that:

- (i) The Company believes reflect the most probable set of economic conditions and planned courses of action, **Suitably Supported** that are consistent with the plans of the Company; and
- (ii) Provide a reasonable basis for the Cash-Flow Statement.

(4) SUITABLY SUPPORTED:

Means that the Assumptions are based on either one or more of the following factors:

- (i) The past performance of the Company;
- (ii) The performance of other industries/market participants engaged in similar activities as the Company;
- (iii) Feasibility studies;
- (iv) Marketing studies; or
- (v) Any other reliable source of information that provides objective corroboration of the reasonableness of the Assumptions.

The extent of detailed information supporting each Assumption, and an assessment as to the reasonableness of each Assumption, will vary according to circumstances and will be influenced by factors such as the significance of the Assumption and the availability and quality of the supporting information.

Appendix H (cont'd)

Notes to the Cash-flow statement

NOTE D—ASSUMPTIONS

Assumptions	Source	Probable Assumption	Hypothetical Assumption
<u>Opening cash balance</u>	Based on current bank balances.	X	
<u>Forecast cash receipts:</u>			
Sales taxes - Collection	Based on the latest declarations prepared by Management and the latest communications from the tax authorities.	X	
Funds from Net Proceeds	Based on the assumption that the Court will authorize the use of Net Proceeds sought by the Application.	X	
<u>Forecast cash disbursements:</u>			
Payroll	Based on Petitioners' historical payroll reports and on budgeted number of employees.	X	
Purchases	Based on the latest forecasts available prepared by Management.	X	
Obligation under capital leases	Based on lease agreements.	X	
Professional fees	Management estimate of professional fees to be incurred in the following months for the Monitor, financial advisors and legal services.		X
Transfer to related party	Management estimate of funds to be transferred to Petitioners.		X
KERP	Based on the list of participants to the remaining KERPs.	X	
Sales taxes - Payment	Based on the latest forecasts available prepared by Management.	X	