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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.)**

**THE TITUS COMPANY**

**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

**EIGHTH 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 (the "**First Report**") 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 granted the Initial Application and rendered 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 the 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 notified to the Service List and filed with the Court an *Application for the Issuance of an Amended and Restated Initial Order* (the "**ARIO Application**"), 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 \$3M 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). At this time, this has yet to be heard and no presentation date has been scheduled.
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 ARIO Application.
14. On October 20, 2022, just prior to the scheduled hearing on the ARIO Application, the secured lenders NBC and EDC agreed to 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 these terms are defined under the Bidding Procedures Order.
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 notified to the Service List 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, the "**Application for Second ARIO**"), 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 Approval and Vesting Order**"), 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 Petitioners' Application for 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 granted the Application for Second ARIO and issued the ACS Approval and Vesting Order and the *Second Amended and Restated Initial Order* (the "**Second ARIO**").
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* (hereinafter, the "**Application for Third ARIO**") 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**", (collectively defined herein, with the ACS AVO, as the "**AVOs**") 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 (collectively, "**Ivys**"), (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. ("**GNR GP**") (collectively, "**GNR**") (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 \$3M, 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), an update in respect of (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 granted the Application for the Third ARIO and issued the Sullair AVO, the FSTQ AVO and the *Third Amended and Restated Initial Order* (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 ("**Shenergy**") and Shanghai Liuhuan Investment Corp. ("**Liuhuan**").
29. In the night from March 11 to March 12, 2023, the Petitioners notified the *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 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 (currently provided for under para. 60c) of the Third ARIO); and
  - f) the extension of the Stay Period up and until May 5, 2023.
30. In the night from March 11 to March 12, 2023, the Monitor served the *Application for Authorization to Make Payments in Connection with the CCAA and Related Relief* (hereinafter, the "**Application for Payments**") seeking, *inter alia*, an 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. In the night from March 14 to March 15, 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* (the "**Amended Fourth ARIO, AVO and WEPPA Application**"), 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:
- a) 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. 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 Petitioners' request for the issuance of the Fourth Amended and Restated Initial Order (the "**Fourth ARIO**"), 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 granting of the *Urgent Application for the issuance of an order directing payment in trust to the Court-appointed Monitor* (the "**London RNG Application**"), (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.
33. The Monitor provided in the Seventh Report, *inter alia*, updated information in respect of : (i) the SISP, completed transactions in connection thereto (GNR, CDA, CAL, BLA and CAI), closed transactions subject to the Monitor's approval (AIR and NOR) and transactions to be approved (TIT, XBC and UEC), (ii) the financing of the restructuring process and ongoing discussions with EDC for a Third DIP financing, (iii) the recognition proceedings in the United States (iv) the security held by NBC and EDC, and (v) actual cash flows until March 4, 2023 and cash-flow projections until May 6, 2023.
34. On March 16, 2023, the Court granted the Application for the Fourth ARIO and issued the TIT AVO, the XBC AVO and the UEC AVO. On the same date, the Court also issued the Wage Earner Protection Program Act Order (the "**WEPPA Order**"), and the *Order authorizing the Monitor to pay certain amounts owed to the beneficiaries of CCAA charges*, as sought by the Application for Payments, and also issued the *Order Directing Payment in Trust to the Court-appointed Monitor*, as sought by the London RNG Application.
35. On March 22, 2023, the Petitioners served the *Application for the Issuance of a Fifth Amended and Restated Initial Order (Interim Financing)* (hereinafter, the "**Application**") seeking *inter alia*, (i) the approval of a 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.
36. Following the notification of the Application, the Monitor hereby issues its eighth report (the "**Eighth Report**"), which will cover the following items:
- I. General Update since the Seventh Report
  - II. Transactions and Update on the SISPA and sales of the Xebec Group's Remaining Assets since the Seventh Report
  - III. Third DIP Facility, Third DIP Charge and reduction of the Administration Charge

IV. General comments on the updated 9-Week Cash-Flow Projections contained in the Seventh Report

V. Monitor's Conclusions and Recommendations

37. In preparing the Eighth 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 Eighth 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 Eighth 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.

38. Future oriented financial information referred to in this Eighth 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.

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

40. 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 Eighth 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.

41. 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. GENERAL UPDATE SINCE THE SEVENTH REPORT**

42. The Seventh Report issued on March 15, 2023, and the testimony of the representative of the Monitor at the hearing of March 16, 2023, contained detailed information regarding the Xebec Group's communications and operations since the Sixth Report (including in respect to transactions as part of the Remaining Assets Solicitation Process) and the Monitor's activities. No material update is to be reported as at the date of this Eighth Report regarding the Xebec Group's communications and operations and the Monitor's activities, other than pertaining to the specific items described below.

43. On March 16, 2023, the second tranche of the Second DIP Facility in the amount of \$1.5M was received. Pursuant to the Third ARIO and the Second Interim Financing Term Sheet, the Administration Charge was reduced to \$1.5M following the final disbursement of the Second DIP and the issuance of the Monitor's certificate to the service list, which was sent on March 17, 2023.
44. On March 16, 2023, the Court granted the London RNG Application and issued the London RNG Order. In accordance with the London RNG Order, on March 17, 2023, NBC directed the sums paid in accordance with the letter of credit to the Monitor, which are held *in trust* until determination of the parties' respective rights is made by the competent court or until an agreement is entered into by the parties.
45. On March 22, 2023, the Monitor paid the sum of \$1,121,006.25 (\$975,000 plus applicable taxes) from the Net Proceeds to the SISP Manager. The Monitor issued and notified its related certificate to the service list on March 24, 2023, and thus effected the cancellation and discharge of the Transaction Charge. On March 24, 2023, in accordance with the cashflow presented with the Seventh Report, the Company paid the sum of \$146,006.25, representing the sales taxes, to the Monitor, which was placed in the account holding the Net Proceeds.
46. On March 22, 2023, the Petitioners paid certain amounts owed under the KERPs and secured by the KERP Charge. On March 24, 2023, the Monitor issued and notified its related certificate to the service list and thus effected the reduction of the KERP Charge to an amount of \$400,000. As at March 24, 2023, the remaining amounts payable under the KERPs is approximately \$359K, as provided at **Appendix A (under seal)**.
47. On March 23, 2023 the amounts owed to NBC (\$1,510,113.71) and EDC (\$1,510,113.71) under the DIP Facility were paid by the Monitor from the Net Proceeds, following its receipt and review of payment statements issued by EDC and NBC. The Monitor issued and notified its related certificate to the service list, on March 24, 2023, and thus effected the cancellation and discharge of the DIP Charge.
48. On March 23, 2023 the amounts owed to EDC (\$2,510,993.16) in respect to the Second DIP Facility were paid by the Monitor from the Net Proceeds, following its receipt and review of the payment statement issued by EDC. The Monitor issued and notified its related certificate to the service list, on March 24, 2023, and thus effected the cancellation and discharge of the Second DIP Charge.
49. In accordance with the Fourth ARIO and following the issuance of the WEPPA Order, the Company, with the assistance of the Monitor, will take the necessary steps to file claims under the federal Wage Earner Protection Program Act in view of its relief being available to over 40 former employees of BLA, ACS and CAI that have not been retained by the respective purchasers. The Monitor has initiated the preparation of the information required and will communicate in the near future with the eligible employees.

**II. TRANSACTIONS COMPLETED AND UPDATE ON THE SISP AND SALES FOR THE XEBEC GROUP'S REMAINING ASSETS SINCE THE SEVENTH REPORT**

**A. STATUS ON THE TRANSACTIONS COMPLETED**

50. **Appendix B** to this Eighth Report provides a summary in relation to the Xebec Group entities (both Petitioners and non-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.



51. The Monitor currently holds a net amount of approximately \$16.9M available for a future distribution (the "**Net Proceeds**"), as a result of the SISP Process further to the breakdown of Net Proceeds provided at **Appendix C**.

**B. TRANSACTIONS: FLUID-AIRE, TOTAL ENERGY AND ENERGYLINK**

52. As detailed previously in the Fifth Report, the Sixth Report and the Seventh Report, the Tiger Transaction, the ACS Transaction, the HyGear Transaction, the FSTQ Transaction, the Sullair Transaction and the Ivys Transaction were closed.
53. Since the Seventh Report, two (2) additional transactions have closed, namely, the following entities as part of the Remaining Assets Solicitation Process :
- a) Fluid-Aire Transaction in respect of TIT;
  - b) Total Energy Transaction in respect of XBC;
54. The EnergyLink Transaction in respect of UEC is also expected to close as soon as materially possible, and it is expected that it will have occurred between the date of this Eighth Report and the hearing on the Application, scheduled for March 27, 2023.

The Fluid-Aire Transaction (TIT)

55. On March 16, 2023, the Court issued the Fluid-Aire Approval and Vesting Order. The sale of substantially all assets of TIT (the "**Fluid-Aire Transaction**"), a Petitioner, closed shortly thereafter on March 20, 2023, and the Monitor issued and notified its certificate to the service list on March 21, 2023, which confirmed that the Fluid-Aire Transaction closed on the effective date of March 20, 2023. Pursuant to the terms included in the Asset Purchase Agreement with Fluid-Aire (the "**Fluid-Aire APA**"), the final price adjustment lowered the purchase price by an amount of USD \$325K. The Monitor received approximately CAD \$1.4M of net proceeds from the Fluid-Aire Transaction as detailed in Appendix C.
56. As further detailed in the Seventh Report, the Fluid-Aire Transaction provides for, *inter alia*, the sale of substantially all assets of TIT and the continuation of the business by the purchaser, including the employment of sixteen (16) individuals.
57. The Fluid-Aire Transaction has been entered into on an "as is, where is" basis without any legal warranty and at the risk and peril of the Purchaser. The Fluid-Aire Transaction excludes namely the cash of TIT and any intercompany receivables owing to TIT from any affiliates, including from other Petitioners. The cash of TIT has been used or will be used to make the last payments pertaining to the payroll (including deductions at source) until the closing date, and the balance is expected to be transferred to BLA as an Intercompany Transaction pursuant to the Fourth ARIO and used as part of the cash flow of the Petitioners.
58. On March 15, 2023, a motion to obtain the U.S. Sale Order (as defined in the Amended Fourth ARIO, AVO and WEPPA Application) was filed, with the US Recognition Order as part of the Chapter 15 Proceedings being a post closing condition.
59. In conformity with the Fluid-Aire APA, the net proceeds from the Fluid-Aire Transaction were paid to the Monitor's counsel, to be held in trust until the US Recognition Order is final and non-appealable.
60. On March 21, 2023, the Company issued a press release announcing the closing of the Fluid-Aire Transaction.

The Total Energy Transaction (XBC)

61. On March 16, 2023, the Court issued the Total Energy Approval and Vesting Order (the "**Total Energy AVO**"). The sale of substantially all assets of XBC (the "**Total Energy Transaction**"),

a Petitioner, closed shortly thereafter on the effective date of March 23, 2023, and the Monitor issued its certificate to the service list on March 24, 2023.

62. The Total Energy Transaction provides for, *inter alia*, the sale of substantially all assets of XBC and the continuation of the business by the purchaser, including the employment of the nine (9) individuals.
63. The Total Energy Transaction has been entered into on an "as is, where is" basis without any legal warranty and at the risk and peril of the Purchaser. The Total Energy Transaction excludes namely the cash of XBC and any intercompany receivables owing to XBC from any affiliates, including from other Petitioners. The cash of XBC has been used or will be used to make the last payments pertaining to the payroll (including deductions at source) until the closing date, and the balance is expected to be transferred to BLA as an Intercompany Transaction pursuant to the Fourth ARIO and used as part of the cash flow of the Petitioners.
64. As indicated above, on March 15, 2023, a motion to obtain the U.S. Sale Order was filed, with the US Recognition Order as part of the Chapter 15 Proceedings being a post closing condition.
65. In conformity with the Total Energy APA, the net proceeds from the Total Energy Transaction were paid in trust to the Monitor, to be held until the US Recognition Order is final and non-appealable.

#### The EnergyLink Transaction (UEC)

66. On March 16, 2023, the Court issued the EnergyLink Approval and Vesting Order (the "**EnergyLink AVO**"). The sale of substantially all assets of UEC (the "**EnergyLink Transaction**"), a Petitioner, is set to close in the coming days. The Monitor remains confident that the remaining steps in view of concluding the EnergyLink Transaction should be completed shortly. Once closed, the Monitor will issue and notify its certificate to the service list.
67. As further detailed in the Seventh Report, the EnergyLink Transaction provides for, *inter alia*, the sale of substantially all assets of UEC and the continuation of the business by the purchaser, including the employment of fifty-five (55) individuals.
68. The EnergyLink Transaction has been entered into on an "as is, where is" basis without any legal warranty and at the risk and peril of the Purchaser. The EnergyLink Transaction excludes namely the cash of UEC and any intercompany receivables owing to UEC from any affiliates, including from other Petitioners. The cash of UEC has been used or will be used to make the last payments pertaining to the payroll (including deductions at source) until the closing date, and the balance is expected to be transferred to BLA as an Intercompany Transaction pursuant to the Fourth ARIO and used as part of the cash flow of the Petitioners.
69. As indicated above, on March 15, 2023, a motion to obtain the U.S. Sale Order was filed, with the US Recognition Order as part of the Chapter 15 Proceedings being a post closing condition.
70. In conformity with the EnergyLink APA, the net proceeds from the EnergyLink Transaction will be paid to the Monitor, to be held in trust until the US Recognition Order is final and non-appealable.
71. As previously reported, the motions to obtain the U.S. Sale Order for the Fluid-Aire Transaction, the Total Energy Transaction and the EnergyLink Transaction are scheduled to be heard on April 5, 2023, in order to request approval of said transactions, which constitutes a post-closing condition.

**III. THIRD DIP FACILITY, THIRD DIP CHARGE AND REDUCTION OF THE AMOUNT OF THE ADMINISTRATION CHARGE**

72. Since the Seventh Report, the Petitioners were able to secure additional financing from EDC, pursuant to the Third DIP Facility, in order to obtain sufficient financing in order to continue the Restructuring Process.
73. As appears from the Application, the Company has negotiated the terms of an additional interim financing facility term sheet (the "**Third DIP Term Sheet**") with EDC, which is filed under seal as part of the Application, allowing the Xebec Group to borrow up to a principal amount of \$3.45M, in two tranches of \$1.5M and \$1.95M, subject to the terms and conditions set forth in the Third DIP Term Sheet, which include notably that (i) prior to the initial advance, EDC shall have obtained from the Monitor a preliminary draft allocation analysis of its estimated recovery, which will remain subject to further review and amendment by the Monitor, the borrower (BLA) and their counsel prior to being submitted in a final form, and that (ii) a recognition order be obtained prior to a subsequent advance in the Chapter 15 proceedings, the hearing on such requested relief being scheduled for April 5, 2023.
74. The proceeds from the Third DIP Facility are to be used in accordance with the cash flow projections included as **Appendix D** to the Eighth Report, along with the notes to the cash flow enclosed as **Appendix E** including notably to pay general corporate expenses of the Petitioners and fees pertaining to the continuation of the restructuring process, the CCAA proceedings and the Chapter 15 proceedings.
75. The Third DIP Term Sheet requires that all amounts advanced thereunder be secured by the Third DIP Charge in the amount of \$4.1M on all of the Petitioners' present and future assets and property, in priority to all other existing encumbrances and Court-ordered charges, except for the Administration Charge and the D&O Charge.
76. The Third DIP Term Sheet also provides that, upon the disbursement of the first tranche of \$1.5M of the Third DIP Facility, the amount of the Administration Charge is to be reduced by \$250K, to \$1.25M, and upon the disbursement of the second tranche of \$1.95M of the Third DIP Facility, the amount of the Administration Charge is to be reduced by \$250K, to \$1.0M. The Fifth ARIO contemplates that these reductions to the Administration Charge will be effected upon the issuance of certificates of the Monitor confirming the respective disbursements of the Third DIP Facility.
77. In excess of the information provided above, further details in connection with the Third DIP Facility are provided for in the Application, and additional details are included in the Third DIP Term Sheet, which has been filed *under seal* in support of the Application, as were prior DIP Term Sheets in the context of its approval by the Court.
78. In terms of cash, as further illustrated in the Cash Flow Statement, considering the second tranche of the Second DIP Facility was collected, the Petitioners are expected to have sufficient funds to meet their obligations as they become due, up and until May 5, 2023, provided that it collects (i) both advances to be made under the Third DIP Facility, and (ii) its sales tax reimbursements from the fiscal authorities, a portion of which is expected to be received in the week ending March 25, 2023, as further detailed at Appendix D.
79. As indicated in the Application and in the Seventh Report, without the approval of the Third DIP Facility, the Petitioners would not have the sufficient liquidity to continue the Restructuring Process, unless authorized to use the Net Proceeds to fund operations and expenses.

80. The Monitor was kept apprised of the efforts undertaken by the Petitioners in order to secure interim financing and was party to many discussions with secured creditor EDC in connection thereto, and was given the opportunity to review the terms of the Third DIP Term Sheet prior to it being executed.
81. The Monitor supports the Company's request for the authorization of the Third DIP Facility and the granting of the Third DIP Charge for the following reasons:
- (i) In the Monitor's view, no creditor will be materially and/or unduly prejudiced as a result of the Third DIP Facility and Third DIP Charge;
  - (ii) The funding is expected to allow the Company to continue the restructuring process to finance their operations and cash-flow requirements;
  - (iii) It is unlikely that alternative financing could have been arranged with a third party at this cost; and
  - (iv) The Monitor considers the terms of the Third DIP Facility and its costs (fees and interest rate) reasonable in the circumstances and in line with what is regularly offered in the market and what was provided for in the initial DIP Facility and the Second DIP Facility.
82. The Monitor supports the approval of the Third DIP Facility and the granting of the Third DIP Charge sought by the Application. Given the impact on the operations of the Petitioners and on the restructuring generally, the Monitor is of the view that it is urgent that the Third DIP Facility be approved by the Court without delay.

**IV. GENERAL COMMENTS ON THE UPDATED 9-WEEK CASH-FLOW PROJECTIONS CONTAINED IN THE SEVENTH REPORT**

83. In the Seventh Report, dated March 15, 2023, the Monitor provided a 9-week cash-flow projections up and until the end of the proposed Stay Period in the Application, namely until the period ending May 6, 2023.
84. As mentioned earlier in this Seventh Report, the Petitioners were able to secure a Third DIP Facility. In accordance with the terms of the Third DIP Facility, the Petitioners updated the 9-week cash flow projections contained in the Seventh Report to consider, in particular: (i) the collections of the first and second tranches of the Third DIP Facility, and (ii) the interests and fees of the Third DIP Facility and EDC's secured loan.
85. The cash flow projection provides namely that all deductions at source will continue to be paid by the Petitioners when they become due.

**V. MONITOR'S CONCLUSIONS AND RECOMMENDATIONS**

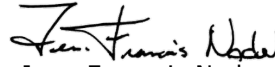
86. In the context referred to above and herein, the Monitor supports the relief sought by the Application, including in particular the approval of the Third DIP Facility from EDC in an amount of the \$3.45M and the granting of the Third DIP Charge in the amount of \$4.1M.
87. It is the Monitor's view that the continuation of the Restructuring Process is beneficial to the creditors and stakeholders as a whole.
88. Without the relief sought by the Petitioners in the Application, measures would be required to be put in place on an urgent basis to grant permission to the Petitioners to finance their operations and cash-flow requirements with the Net Proceeds.

89. The Monitor believes that the Petitioners have acted, and are acting, in good faith and with due diligence and that the relief sought by the Application is appropriate.

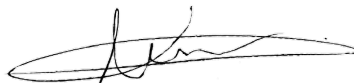
**DATED AT MONTREAL**, this 24<sup>th</sup> day of March 2023.

**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 – KERP**  
**(under seal)**

## Appendix B – SISP Summary Monitor Summary Recapitulation

### XEBEC ADSORPTION INC. & A.I.

Scope of Bids - SISP Summary

As of March 24, 2023

| Bidder                 | Transaction Date |           | Petitioners |     |     |     |     |     |     |     |     |     |     |        | Non-Petitioners |          |        |        |     |         |
|------------------------|------------------|-----------|-------------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|--------|-----------------|----------|--------|--------|-----|---------|
|                        | Closing          | Expected  | BLA         | CAI | ACS | GNR | CAL | CDA | NOR | AIR | TIT | XBC | UEC | Note 1 |                 | Note 2   |        | Note 1 |     |         |
|                        |                  |           |             |     |     |     |     |     |     |     |     |     |     | XSU    | TIGER           | Shanghai | HyGear |        | ITA | Inmatec |
| Forum Family Office    | 27-Jan-23        | -         |             |     |     |     |     |     |     |     |     |     |     |        |                 |          | *      |        |     |         |
| HoSt Bioenergy Systems | 6-Feb-23         | -         |             |     |     |     |     |     |     |     |     |     |     |        |                 |          |        |        | *   |         |
| 1396905 B.C. LTD       | 7-Feb-23         | -         |             |     | *   |     |     |     |     |     |     |     |     |        |                 |          |        |        |     |         |
| FSTQ                   | 15-Feb-23        | -         |             |     |     | *   |     |     |     |     |     |     |     |        |                 |          |        |        |     |         |
| Sulair                 | 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             | -                | 24-Mar-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.

## Appendix C – Breakdown of Net Proceeds

### XEBEC ADSORPTION INC. & AL.

Breakdown of Net Proceeds  
In \$000s CAD, as of March 24, 2023

#### AMOUNTS RECEIVED FROM TRANSACTIONS

| Transactions                            | Petitioners  | Net Proceeds <sup>(1) (2)</sup> |          |
|---|--|---------------------------------|----------|
| ACS Transaction                         | Applied Compression Systems Ltd.                           | 400                             |          |
| FSTQ Transaction                        | Xebec RNG Holdings Inc.                                    | 100                             |          |
| Sullair Transaction                     | CDA Systems, LLC<br>California Compression, LLC            | 12 208                          |          |
| Ivys Transaction                        | Xebec Adsorption Inc.<br>Compressed Air International Inc. | 7 910                           |          |
| Next Air Transaction                    | Nortekbelair Corporation                                   | 209                             |          |
| Curtis Transaction                      | Enerphase Industrial Solutions Inc.                        | 896                             |          |
| Fluid-Aire Transaction                  | The Titus Company  | 1 407                           |          |
| Total Energy Transaction                | XBC Flow Services – Wisconsin Inc.                         | 1 482                           |          |
| EnergyLink Transaction                  | Xebec Systems USA, LLC                                     | 411                             |          |
| Gain on foreign exchange <sup>(2)</sup> |  | 202                             |          |
|   |  | <b>25 225</b>                   | <b>A</b> |

#### PAYMENTS MADE TO THE BENEFICIARIES OF THE CCAA CHARGES

|  |               |                    |
|--|---------------|--------------------|
| 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         |                    |
| Transaction Fee  | 975           |                    |
| KERP   | 120           |                    |
| Bank fees and other charges (net of interest revenue)          | 35            |                    |
|  | <b>8 119</b>  | <b>B</b>           |
| <b>Outstanding balance as of March 24, 2023 <sup>(3)</sup></b> | <b>17 106</b> | <b>C = (A - B)</b> |

#### PAYMENTS TO BE MADE TO THE BENEFICIARIES OF THE CCAA CHARGES

|  |               |                    |
|--|---------------|--------------------|
| Third DIP Facility - Reimbursement to EDC                        | 3 450         |                    |
| KERP   | 359           |                    |
|  | <b>3 809</b>  | <b>D</b>           |
| <b>Outstanding balance after priority charges <sup>(3)</sup></b> | <b>13 297</b> | <b>E = (C - D)</b> |

#### REMAINING AMOUNTS TO BE RECEIVED FROM TRANSACTIONS

| <u>Transactions</u>                                     | <u>Petitioners</u>     | <u>Estimated Net Proceeds <sup>(2)</sup></u> |          |
|---|------------------------|--|----------|
| EnergyLink Transaction                                  | Xebec Systems USA, LLC | 3 702  |          |
| <b>Total proceeds from transactions to be completed</b> |                        | <b>3 702</b>                                 | <b>F</b> |

#### Estimated Balance Available for Distribution

|  |               |                    |
|--|---------------|--------------------|
| <b>Estimated Balance Available for Distribution <sup>(2)</sup></b> | <b>16 999</b> | <b>G = (E + F)</b> |
|--|---------------|--------------------|

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

**Note 2:** In conformity with the Fluid-Aire APA and as previously mentioned in this Eighth Report, the net proceeds from the Fluid-Aire Transaction were paid to the Monitor's counsel, to be held in trust until the US Recognition Order is final and non-appealable.

**Note 3:** Assuming FX rate of 1.3712 USD as per the Bank of Canada on March 22, 2023.



## Appendix D - Cash-flow statement

| Consolidated - North America                              |               |                |                |               |               |               |               |               |                |                 |
|---|---------------|----------------|----------------|---------------|---------------|---------------|---------------|---------------|----------------|-----------------|
| Weekly cash flow transactions                             |               |                |                |               |               |               |               |               |                |                 |
| For the week ending                                       | Forecast      | Forecast       | Forecast       | Forecast      | Forecast      | Forecast      | Forecast      | Forecast      | Forecast       | Forecast        |
| in 000 CAD - Week #                                       | 11-Mar-23     | 18-Mar-23      | 25-Mar-23      | 1-Apr-23      | 8-Apr-23      | 15-Apr-23     | 22-Apr-23     | 29-Apr-23     | 6-May-23       | Total           |
| in 000 CAD - Week #                                       | 1             | 2              | 3              | 4             | 5             | 6             | 7             | 8             | 9              |                 |
| <b>Collections</b>  |               |                |                |               |               |               |               |               |                |                 |
| Sales from operation                                      | 75            | 75             | 75             | 75            | -             | -             | -             | -             | -              | 300             |
| Opening accounts receivable collection                    | 563           | 563            | 563            | 563           | 71            | 71            | 71            | 71            | 71             | 2 807           |
| Sales taxes - Collection                                  | -             | -              | 667            | -             | -             | 167           | -             | -             | 376            | 1 210           |
| Second DIP Financing - Collection                         | -             | 1 250          | -              | -             | -             | -             | -             | -             | -              | 1 250           |
| Amounts from Proceeds or Third DIP Financing - Collection | -             | -              | -              | 1 500         | 1 950         | -             | -             | -             | -              | 3 450           |
| Other collections   | -             | 34             | 34             | 34            | 17            | -             | -             | -             | -              | 119             |
| Transfer from related party - Collection                  | -             | 148            | -              | -             | -             | -             | -             | -             | -              | 148             |
| <b>Collections - Total</b>                                | <b>638</b>    | <b>2 070</b>   | <b>1 339</b>   | <b>2 172</b>  | <b>2 038</b>  | <b>238</b>    | <b>71</b>     | <b>71</b>     | <b>447</b>     | <b>8 084</b>    |
| <b>Disbursements</b>                                      |               |                |                |               |               |               |               |               |                |                 |
| <b>From the operations</b>                                |               |                |                |               |               |               |               |               |                |                 |
| Payroll   | 163           | 695            | 158            | 492           | 291           | 135           | 16            | 135           | 16             | 2 101           |
| Post-filing vacation payable                              | 38            | 29             | -              | 314           | -             | -             | -             | -             | 83             | 484             |
| Pre-filing vacation payable                               | -             | -              | -              | 70            | -             | -             | -             | -             | -              | 70              |
| Trade payable   | 1 025         | 1 141          | 887            | 665           | 481           | 279           | 95            | 55            | 55             | 4 883           |
| Professional fees   | 10            | 1 521          | 1 247          | 536           | 303           | 402           | 219           | 219           | 219            | 4 678           |
| Obligation under capital leases                           | -             | -              | -              | 175           | -             | -             | -             | -             | 30             | 305             |
| Transfer to related party - Disbursements                 | -             | 148            | -              | -             | -             | -             | -             | -             | -              | 148             |
| Interest and fees on DIP Financing                        | -             | -              | -              | 235           | 22            | -             | -             | -             | 17             | 274             |
| Sales taxes - Payment                                     | -             | 36             | -              | 10            | -             | -             | -             | -             | -              | 48              |
| EDC - Capital reimbursements                              | -             | -              | -              | -             | -             | -             | -             | -             | -              | -               |
| EDC - fees and interests payments                         | -             | 165            | -              | -             | -             | 165           | -             | -             | -              | 330             |
| NBC - Capital reimbursements                              | -             | -              | -              | -             | -             | -             | -             | -             | -              | -               |
| NBF - Transaction fee payments (sales tax)                | -             | -              | 146            | -             | -             | -             | -             | -             | -              | 146             |
|   | <b>1 238</b>  | <b>3 735</b>   | <b>2 438</b>   | <b>2 487</b>  | <b>1 087</b>  | <b>881</b>    | <b>330</b>    | <b>408</b>    | <b>420</b>     | <b>13 143</b>   |
| <b>From the proceeds<sup>(1)</sup></b>                    |               |                |                |               |               |               |               |               |                |                 |
| DIP Financing - Reimbursement                             | -             | -              | 5 500          | -             | -             | -             | -             | -             | 3 450          | 8 950           |
| Interest and fees on DIP Financing                        | -             | -              | 31             | -             | -             | -             | -             | -             | -              | 31              |
| KERP  | -             | -              | 120            | -             | 359           | -             | -             | -             | -              | 479             |
| NBF - Transaction fee payments                            | -             | -              | 975            | -             | -             | -             | -             | -             | -              | 975             |
|   | <b>1 238</b>  | <b>3 735</b>   | <b>9 084</b>   | <b>2 487</b>  | <b>1 468</b>  | <b>881</b>    | <b>330</b>    | <b>408</b>    | <b>3 870</b>   | <b>23 678</b>   |
| <b>Disbursements - Total</b>                              | <b>1 238</b>  | <b>3 735</b>   | <b>9 084</b>   | <b>2 487</b>  | <b>1 468</b>  | <b>881</b>    | <b>330</b>    | <b>408</b>    | <b>3 870</b>   | <b>23 678</b>   |
| <b>Net cash flow - Total</b>                              | <b>(598)</b>  | <b>(1 665)</b> | <b>(7 725)</b> | <b>(325)</b>  | <b>582</b>    | <b>(743)</b>  | <b>(259)</b>  | <b>(338)</b>  | <b>(3 423)</b> | <b>(14 484)</b> |
| <b>Operational Cash</b>                                   |               |                |                |               |               |               |               |               |                |                 |
| <b>Net cash from the operations - Beginning</b>           | <b>4 138</b>  | <b>3 541</b>   | <b>1 878</b>   | <b>777</b>    | <b>462</b>    | <b>1 383</b>  | <b>860</b>    | <b>391</b>    | <b>53</b>      | <b>4 138</b>    |
| Net cash flow - from the operations                       | (598)         | (1 665)        | (1 099)        | (325)         | 941           | (743)         | (259)         | (338)         | 27             | (4 059)         |
| <b>Net cash from the operations - End</b>                 | <b>3 541</b>  | <b>1 878</b>   | <b>777</b>     | <b>462</b>    | <b>1 383</b>  | <b>860</b>    | <b>391</b>    | <b>53</b>     | <b>80</b>      | <b>80</b>       |
| <b>Cash from the Proceeds</b>                             |               |                |                |               |               |               |               |               |                |                 |
| <b>Net Cash from Proceeds - Beginning</b>                 | <b>19 327</b> | <b>19 327</b>  | <b>19 327</b>  | <b>12 701</b> | <b>20 808</b> | <b>20 448</b> | <b>20 448</b> | <b>20 448</b> | <b>20 448</b>  | <b>19 327</b>   |
| Proceeds from transactions                                | -             | -              | -              | 8 107         | -             | -             | -             | -             | -              | 8 107           |
| Disbursements from the proceeds                           | -             | -              | (6 626)        | -             | (359)         | -             | -             | -             | (3 450)        | (10 435)        |
| <b>Net Cash from Proceeds - End</b>                       | <b>19 327</b> | <b>19 327</b>  | <b>12 701</b>  | <b>20 808</b> | <b>20 448</b> | <b>20 448</b> | <b>20 448</b> | <b>20 448</b> | <b>16 998</b>  | <b>16 998</b>   |
| DIP Financing - NBC (First DIP)                           | 1 500         | 1 500          | -              | -             | -             | -             | -             | -             | -              | -               |
| DIP Financing - EDC (First DIP)                           | 1 500         | 1 500          | -              | -             | -             | -             | -             | -             | -              | -               |
| DIP Financing - EDC (Second DIP)                          | 1 250         | 2 500          | -              | -             | -             | -             | -             | -             | -              | -               |
| DIP Financing - EDC (Third DIP)                           | -             | -              | -              | 1 500         | 3 450         | 3 450         | 3 450         | 3 450         | -              | -               |

Note 1: DIP Financing reimbursements, Transaction fee, KERP and other amounts if noted.

## Appendix E

### 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 E (cont'd)**

**Notes to the Cash-flow statement**

**NOTE D—ASSUMPTIONS**

| <b>Assumptions</b>                                       | <b>Source</b>  | <b>Probable Assumption</b> | <b>Hypothetical Assumption</b> |
|--|--|----------------------------|--------------------------------|
| <b>Opening cash balance</b>                              | Based on current bank balances.  | X                          |                                |
| <b>Forecast cash receipts:</b>                           |  |                            |                                |
| Sales from operation                                     | Based on the latest forecasts available prepared by Management.  | X                          |                                |
| Opening accounts receivable                              | Mostly based on the accounts receivable as of March 6, 2023, and Petitioners' historical collection days data.   | X                          |                                |
| Sales taxes - Collection                                 | Based on the latest declarations prepared by Management and the latest communications from the tax authorities.  | X                          |                                |
| Second DIP Financing collections                         | Second tranche of the Second DIP Financing in accordance with the Supplemental DIP Term Sheet (Second DIP) made available by the secured lenders as approved by the Court in the Third Amended and Restated Initial Order rendered on February 13, 2023 and received on March 16, 2023 | X                          |                                |
| Amounts from proceeds or Third DIP Financing collections | Third DIP Facility made available by EDC and subject to the Court approval in the Fifth Amended and Restated Initial Order.<br><br>If a Third DIP Facility Order is not approved, the use of Net Proceeds from the completed transactions will be required.                            | X                          |                                |
| Other collections  | Based on the latest forecasts available prepared by Management.  | X                          |                                |
| <b>Forecast cash disbursements:</b>                      |  |                            |                                |
| Payroll  | Based on Petitioners' historical payroll reports and on budgeted number of employees.  | X                          |                                |
| Post-filing and pre-filing vacation payable              | Based on the latest calculations provided by Management, which include a portion relating to pre-filing vacation amounts in UEC, which will be paid in the week ending April 1, 2023.  | X                          |                                |
| Trade payable  | Based on the latest forecasts available prepared by Management.  | X                          |                                |
| Professional fees  | Management estimate of professional fees to be incurred in the following months for the Monitor, financial advisors and legal services.  |                            | X                              |

|                                 |  |   |   |
|---------------------------------|--|---|---|
|                                 | The forecasted professional fees include NBC's professional fees that were paid from the Tiger transaction's sales proceeds that closed on January 27, 2023. EDC has requested that these NBC's professional fees be paid through the Company's cashflow. The mechanism in connection hereto remains to be determined. |   |   |
| Obligation under capital leases | Based on lease agreements.   | X |   |
| Transfer to related party       | Management estimate of funds to be transferred to Petitioners.   |   | X |
| Sales taxes - Payment           | Based on the latest forecasts available prepared by Management.  | X |   |
| Debt reimbursement and interest | Secured lenders interest payments and capital repayments as per the credit agreements and the Third DIP Facility.  | X |   |