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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

**NINTH 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 SISF, 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 SISF 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 SISF 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 SISF, 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* (the "**Application**"), 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. Following the notification of the Application, the Monitor hereby issues its ninth report (the "**Ninth Report**"), which will cover the following items:
- I. Transactions Completed as Part of the Solicitation Processes and Sale of Assets of the Xebec Group
 - II. Update on Various Aspects of the Restructuring Process since the Eighth Report
 - III. Update on Recognition Proceedings in the United States
 - IV. Monitor's Second Application for Payments
 - V. Intercompany Payments
 - VI. Update on the Intercompany Transactions Report and on the Proposed Allocation to be Filed by the Monitor
 - VII. Payments to Critical Suppliers
 - VIII. Update on Letters of Credit
 - IX. Actual Receipts and Disbursements
 - X. Overview of the Cash-Flow Projections
 - XI. Extension of the Stay Period
 - XII. Monitor's Conclusions and Recommendations
43. In preparing the Ninth 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 Ninth 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 Ninth 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.
- 44. Future oriented financial information referred to in this Ninth 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.
- 45. Unless otherwise indicated, the Monitor's understanding of factual matters expressed in this Ninth Report concerning the Petitioners and their business is based on the Information, and not independent factual determinations made by the Monitor.
- 46. 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 Ninth 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.
- 47. 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. TRANSACTIONS COMPLETED AS PART OF THE SOLICITATION PROCESSES AND SALE OF CERTAIN ASSETS OF THE XEBEC GROUP

A. STATUS ON COMPLETED TRANSACTIONS

- 48. **Appendix A** to this Ninth Report provides a summary of the Xebec Group entities (both Petitioners and non-Petitioners) for which transactions have been completed.
- 49. As a result of the SISP Process and the Remaining Assets Solicitation Process, the Monitor currently holds a net amount of approximately \$20.60M (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 Third DIP Facility and remaining KERP payments, the whole as further detailed in the breakdown of Net Proceeds provided at **Appendix B**.
- 50. As detailed in the previous reports, the Tiger Transaction, the ACS Transaction, the HyGear Transaction, the FSTQ Transaction, the Sullair Transaction, the Ivys Transaction, the Next Air Transaction, the Fluid-Aire Transaction, the Curtis Transaction and the Total Energy Transaction have closed.
- 51. Since the Eighth Report, one (1) additional transaction has closed as a result of the Remaining Assets Solicitation Process, namely the EnergyLink Transaction in respect of UEC.

B. CLOSING OF THE ENERGYLINK TRANSACTION

- 52. Although it was estimated that the closing of the EnergyLink Transaction was to take place shortly after the issuance of the Fifth ARIO, which was granted on March 27, 2023, the EnergyLink Transaction closing date was slightly postponed and occurred on April 5, 2023.
- 53. On April 5, 2023, the Monitor notified its certificate to the service list, confirming that the EnergyLink Transaction had closed.

54. On April 13, 2023, Xebec Inc. issued a press release, which was published on SEDAR, confirming the closing of the Fluid-Aire Transaction, the Total Energy Transaction and the EnergyLink Transaction.

C. NEGOTIATIONS AND SALE OF CERTAIN ASSETS OF THE XEBEC GROUP SINCE THE EIGHTH REPORT

55. While all transactions as part of the SISP and the Remaining Assets Solicitation Process have been completed, certain assets of the Petitioners remain to be sold and/or monetized, such as assets excluded from transactions, assets which were not part of a transaction and potential claims of the Petitioners against non-Petitioner related entities (the "**Other Remaining Assets**").
56. **Appendix A** to this Ninth Report includes 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.
57. As further described below and since the issuance of the Eighth Report, the Petitioners, in consultation with the Monitor, have engaged discussions with certain parties in view of monetizing the Other Remaining Assets.
58. Para. 51c) of the Fifth ARIO provides authorization to convey, transfer, assign, lease, or in any manner dispose of the Petitioners' property, outside of the ordinary course of business, in whole or in part, provided that the approval of the Monitor is obtained and that the price in each case does not exceed \$750K or \$2.5M in the aggregate. Consequently, certain of the Other Remaining Assets were or will be monetized in accordance to para. 51c).
59. Since the First Day Initial Order, the total amount received for Petitioners' property monetized in accordance with para 51c) is approximately \$1,341K, which remains under the \$2.5M threshold provided by the Fifth ARIO. The detailed list of these sales, completed since the First Day Initial Order, is presented in **Appendix C**.

i. SALE OF AIR PRODUCTS PURCHASED ASSETS

60. The EnergyLink Transaction excluded, *inter alia*, all work in process, raw materials, inventory, parts, components and accessories, all prepaid amounts including deposits, and the accounts receivable, if any, relating to the "Air Products Contract".
61. A dispute existed regarding the title over the assets relating to the Air Products Contract, and potential claims of Air Products & Chemicals, Inc. and Air Products LLC (collectively, "**Air Products**") against UEC.
62. Air Products made a without prejudice settlement offer for the acquisition of the Air Products Assets, including, *inter alia*, all of the equipment, materials, facilities, project-specific drawings and work in progress produced by UEC relating to the Air Products project (the "**Air Products Assets**"), and negotiations ensued with Air Products and its US and Canadian legal counsel.
63. After careful consideration of all available alternatives and the after the ensuing negotiations relating thereto, the Company determined, in consultation with the Monitor and with the secured lenders, that the ultimate offer from Air Products was the most advantageous to the stakeholders of UEC and of the Xebec Group generally, as it provided a realization value which would otherwise be uncertain and potentially lesser, while limiting any further costs related thereto and avoiding potential litigation. This transaction further provided for the mutual releases of any and all claims. This was not a going concern transaction.

64. On April 5, 2023, Air Products and UEC, with the consent of the Monitor, executed a *Settlement and Mutual Release Agreement* (the "**Air Products Agreement**").
65. The Air Products Agreement provides, *inter alia*, payment of a lump sum of US\$175K, to the trust account of the Canadian counsel for Air Products (the "**Air Products Settlement Amount**"), to be disbursed to the Monitor upon satisfactory inspection and physical delivery of the Air Products Purchased Assets to Air Products (the "**Air Products Transaction**").
66. The Air Products Settlement Amount of US\$175K does not exceed the threshold of \$750K of para. 51c) of the Fifth ARIO and therefore no Court approval was required in the CCAA Proceedings.
67. In the week ended April 8, 2023, Air Products took delivery of the Air Product Assets at UEC's premises.
68. On April 11, 2023, the Air Products Settlement Amount was released by Air Products' counsel and received by the Monitor in its trust account, which amount now forms part of the Net Proceeds.

ii. OUTSTANDING OTHER REMAINING ASSETS

69. In addition to the Air Products Purchased Assets, certain Other Remaining Assets remain to be sold or monetized, including the ones described below.

The Western Assets

70. The EnergyLink Transaction also excludes, *inter alia*, all work in process, raw materials, inventory, parts, components and accessories, all prepaid amounts including deposits and accounts receivable, if any, relating to the "Western Contract".
71. Western Midstream Operating, LP ("**Western**") has made an offer for the acquisition of the Western Assets, including, *inter alia*, all of the equipment, materials, facilities, project-specific drawings and work in progress produced by UEC relating to the Western project, as well as certain subcontracts entered into by UEC in connection with its contracts with Western (the "**Western Assets**").
72. A draft agreement is circulating pertaining to a settlement and mutual release transaction between Western and UEC, which transaction namely contemplates the transfer of the Western Assets (including UEC's rights in the applicable subcontracts) and the payment of an amount to the Monitor. This transaction was negotiated in consultation with the Monitor, who supports it. It is expected to be finalized in the coming days.

The Biostream/Brightmark Assets

73. The EnergyLink Transaction also excludes, *inter alia*, all work in process, raw materials, inventory, parts, components and accessories and all prepaid amounts including deposits relating to, and the accounts receivable, if any, relating to the "Brightmark Contract" (the "**Biostream/Brightmark Assets**").
74. The "Brightmark Contract" is a contract between Brightmark RNG Original LLC and BLA, which was an excluded contract under the Ivys Transaction.
75. The Biostream/Brightmark Assets consist of five (5) partially assembled biostream units of UEC which have reached various levels of completion, and are currently located in Denver, Colorado, on UEC's former premises.

76. The Monitor has been holding discussions with several potential counterparties, including namely Brightmark and Ivys, in view of concluding a transaction relating to the Biostream/Brightmark Assets that will maximize the recovery for the creditors of the Petitioners and be in the best interest of the Petitioners' stakeholders. Such transaction is expected to necessitate the approval of the CCAA Court. The Monitor will report on the matter in due time.

The AIR Fleet

77. Upon execution of the Curtis Transaction, the excluded assets were, *inter alia*, comprised of accounts receivable as well as a fleet of twenty (20) vehicles (the "**AIR Fleet**").

78. AIR, in consultation with the Monitor, received a total of four (4) offers from three (3) different entities in respect to the AIR Fleet, which is mainly comprised of aging, damaged and high-mileage vehicles, currently parked on Curtis' premises.

79. AIR, in consultation with the Monitor and with the approval of the secured lenders, has accepted an offer from an auctioneer in respect of the AIR Fleet in the amount of US\$80K, plus any applicable sales taxes and all fees associated with the delivery of the AIR Fleet, which is at the sole responsibility of the purchaser.

80. The sale of the AIR Fleet does not exceed the threshold of \$750K or \$2.5M in the aggregate provided for in para. 51c) of the Fifth ARIO and therefore no Court approval is required.

81. The Monitor supports this transaction.

The XSU filters

82. XSU, which is a cost centre for US Flow Services entities, does not have significant operations other than covering certain corporate costs. It did, however, have certain limited and specific assets such as filters. The Company, in consultation with the Monitor, is considering all available alternatives in order to monetize these assets.

The London RNG LC and Receivable

83. As previously reported, the receivable owed by London RNG to BLA remains unpaid was excluded from the Ivys transaction and, as per the London RNG LC Order, an amount of \$2.4M is currently held in trust by the Monitor pending the determination of the parties' rights. The collection of the London RNG receivable and/or the release in favour of BLA of the amounts held in trust by the Monitor would add to the Net Proceeds available for distribution to the creditors.

84. On or about April 13, 2023, London RNG's counsel submitted a without prejudice letter to the Petitioners' counsel describing its alleged damage claims against BLA. The Petitioners and the Monitor are currently reviewing same and the Monitor will report on the matter in due time.

The BLA Claim in the Xebec Italy Proceedings

85. As previously reported, at the beginning of November 2022, Xebec Italy, BLA's Italian subsidiary, filed an assignment in bankruptcy under applicable Italian laws. BLA, in consultation with the Monitor, filed a proof of claim for the "commercial portion" of its claim against Xebec Italy representing amounts owed for goods delivered or services rendered, which claim would rank *pari passu* with other unsecured creditors. BLA filed its proof of claim by the deadline of January 20, 2023. The Monitor understands that the trustee of Xebec Italy is currently liquidating the assets of Xebec Italy 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.

The BLA Claim in the Inmatec Proceedings

86. 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.

II. UPDATE ON VARIOUS ASPECTS OF THE RESTRUCTURING PROCESS SINCE THE EIGHTH REPORT

87. The Seventh and Eighth Reports issued respectively on March 15 and March 24, 2023, and the testimonies of the representatives of the Monitor at the hearings held on March 16 and March 27, 2023, provided detailed information regarding the Xebec Group's communications and operations since the Sixth Report and the Monitor's activities.
88. An update since the Eighth Report regarding various aspects of the restructuring process is provided below.

A. THIRD INTERIM FINANCING AND REDUCTION OF THE ADMINISTRATION CHARGE

89. On April 13, 2023, the first tranche of the Third DIP Facility in the amount of \$1.5M was disbursed to the Petitioners. On the same day, the Monitor, in accordance with the Third Interim Financing Term Sheet and the Fifth ARIQ, 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 \$1.25M.
90. The Third DIP Term Sheet also provides that, upon the disbursement of the second tranche of \$1.95M of the Third DIP Facility and upon the issuance of the Monitor's certificate confirming same, the amount of the Administration Charge is to be reduced by \$250K, to the amount of \$1.0M.
91. On April 28, 2023, the Petitioners issued a draw notice for the disbursement of the second tranche of the Third DIP Facility.
92. On May 2, 2023, the Petitioners collected the second tranche of the Third DIP Facility.
93. On May 3, 2023, the Monitor issued its certificate to the service list confirming receipt of the second tranche of the Third DIP Facility and effecting the reduction of the Administrative Charge, which was then reduced to \$1.0M.

B. REDUCTION OF THE KERP CHARGE

94. On April 6, 2023, the Petitioners paid certain remaining amounts owed to 9 employees under the KERPs, which are secured by the KERP Charge.
95. The above-mentioned KERP payments were initially made to employees through the existing payroll system, rather than from the Net Proceeds as was contemplated by the Monitor Payments Order.
96. On April 13, 2023, given that this payment should have been made from the Net Proceeds, the Monitor issued a reimbursement of the payment to the Company from the Net Proceeds, and issued its certificate to the service list, thereby effecting the reduction of the KERP Charge to an amount of \$100K.

97. As of April 28, 2023, the remaining amounts payable under the KERPs is \$45K, as detailed at **Appendix D (under seal)**.

C. WAGE EARNER PROTECTION PROGRAM

98. In accordance with the WEPP Order, the Company, with the assistance of the Monitor, took the necessary steps to file claims under the federal Wage Earner Protection Program Act in view of providing relief to over 40 former employees of BLA, ACS and CAI that have not been retained by the respective purchasers. The Monitor has prepared all the information required and has communicated with the eligible employees, requesting them to review and complete a statement of claim, which will be provided by the Monitor to governmental authorities.
99. The Monitor is diligently conducting this process and will report further on same in due time.

D. CLASS ACTION SETTLEMENT APPLICATION

100. As detailed above, on April 28, 2023, the Petitioners notified the Class Action Settlement Application, which is intended to provide, *inter alia*, a partial lifting of the stay so as to allow the filing of materials required to give effect and obtain approval of the Class Action Settlement.
101. As indicated in the Class Action Settlement Application and in the exhibits filed in support thereto, the Class Action Settlement does not provide for any payment to be made directly by the Petitioners, but rather by the Petitioners' insurers.
102. The Class Action Settlement is beneficial to the Restructuring Process as it allows to resolve a situation which could impact the CCAA Proceedings, for example through a potential contestation by the class action plaintiffs of the releases expected to be sought by the Petitioners for the benefit of their directors and officers and relief related thereto.
103. The Monitor has not reviewed the claim set forth in the Class Action File and cannot comment or opine on its merit, but understands that it is vehemently contested and would most probably necessitate lengthy litigation in order for it to be adjudicated.
104. As previously reported in the First Report and in the Sixth Report, an extension of the reporting period coverage for the insurance policy bearing number QSDO29060 in the amount of \$10M and issued by Chubb has been issued for the period until December 1, 2023. This policy solely provides coverage, with an extended reporting period, for acts prior to December 1, 2022.
105. At this stage, the Monitor is unaware of any other recourses pertaining to pre-filing D&O claims that would have been initiated; as for the potential pre-filing D&O liabilities relating to any remaining pre-filing vacations, the Petitioners intend to pay them in due time and, in any event, the amount is relatively nominal in comparison with the remaining coverage under the applicable D&O insurance policy.
106. For the reasons set out above, the Monitor supports the Class Action Settlement Application.

E. DISCLAIMER OF AGREEMENTS

107. Since the Eighth Report, pursuant to section 32 of the CCAA, the Monitor issued three (3) notices of disclaimer or resiliation of agreements in connection with leased vehicles in the United States, and four (4) in connection with agreements entered into by Petitioner entities in relation to IT services. At this time, no contestation of these disclaimers has been received.

108. Management is currently in the process of identifying all recurring payment obligations pursuant to existing agreements, in order to determine if other notices under Section 32 CCAA should be sent, taking into consideration the applicable 30-day notice.

F. XEBEC GROUP'S COMMUNICATIONS AND MONITOR'S ACTIVITIES SINCE THE EIGHTH REPORT

109. Since the Eighth Report, the Monitor has continued to respond to inquiries received from various parties in respect of the Restructuring Process and the CCAA Proceedings.
110. Since the Eighth Report, the Monitor posted on its website, *inter alia*, a copy of the CCAA Proceedings' materials, the Eighth Report, the Fifth ARIO, the certificates of the Monitor issued from time to time, as well as all the orders and other materials related to recognition proceedings under Chapter 15 of the US Bankruptcy Code. The Monitor's website is diligently updated on a regular and proactive basis, as is the service list.
111. Since the Eighth Report, the Monitor continues to assist the Petitioners in their discussions with their main customers, suppliers and other key stakeholders and shareholders. The Monitor and its counsel have participated in numerous meetings and/or had many communications with a number of stakeholders, including *inter alia*:
- a) EDC, as Third DIP Lender and secured creditor of certain Petitioners, and its legal and financial advisor;
 - b) NBC, as secured creditor of the Petitioners, and its legal advisor;
 - c) several of the Company's customers, suppliers and creditors, or their legal advisors;
 - d) certain of the Company's employees, laid-off employees and other personnel; and
 - e) certain interested parties regarding the Other Remaining Assets.
112. More generally, the Monitor has been responding diligently to questions and inquiries of various stakeholders in relation to the CCAA Proceedings and the Restructuring Process.
113. The Monitor has continued to have regular discussions with the Company and has been kept apprised of the Petitioners' operations and other material issues the Petitioners encounter from time to time.
114. The Monitor has continued its daily review of the Petitioners' bank accounts and receipts and disbursements. Since the Eighth Report, daily information relating to the payment of goods or services supplied to the Petitioners has continued to be presented to the Monitor by the Petitioners.
115. The Monitor is also closely monitoring the bank balances in the accounts of certain entities, which bank accounts are expected to be closed shortly. A review of the receipts in these accounts is ongoing and will be finalized prior to the termination of same, in order in particular to determine if any amounts must be remitted to the respective purchasers of the assets of these entities, in the case where they would have been received subsequently to the closing of transactions.
116. The Monitor has continued to assist the Company in establishing the Petitioners' revised cash-flow projections and modelling the different scenarios regarding its operations for the upcoming period.
117. Since the Eighth Report and in accordance with the Third DIP Term Sheet, the Monitor has continued to provide EDC with detailed weekly update reports in order to keep it informed of the Petitioners' financial position and to provide weekly reporting on the Petitioners' cash position as well as detailed receipts and disbursements analysis.

118. Since the Eighth Report, the Company, with the assistance of the Monitor has been planning to secure storage to preserve the books and records, documentation and information of all Petitioners and coordinating the necessary transition of information between Petitioner entities and various purchasers, as the case may be.
119. Upon payment of remaining post-filing payables of respective Petitioners, the Company with the assistance of the Monitor, intends to progressively close all bank accounts other than certain BLA and XSU bank accounts, and has initiated steps in this respect.
120. The Company has submitted its February sales tax declaration in an amount of \$340K. Since the Eighth Report, the Company has collected \$667K relating to the months of October to January as well as some provincial sales tax returns in connection with certain months prior to the filing date. However, the Company has not yet received the refund for the January provincial sales tax of \$167K. The Company, with the assistance of the Monitor, is monitoring the situation closely and is in contact with the governmental authorities to that effect.
121. The Monitor has received good cooperation from Management in connection with the items described above.

III. UPDATE ON RECOGNITION PROCEEDINGS IN THE UNITED STATES

122. On March 15, 2023, in the context of the issuance of the TIT AVO, the XBC AVO and the UEC AVO, the Petitioners filed three Motions for an *Order (I) Recognizing and Enforcing CCAA Vesting Orders; (II) Approving the Sale of Certain of Debtor's Assets Free and Clear of Any and All Liens, Claims, and Encumbrances; (III) Approving Assumption and Assignment of Certain Contracts; and (IV) Granting Related Relief* (collectively, the "**TIT, XBC and UEC Recognition Orders**") before the United States Bankruptcy Court for the District of Delaware (the "**US Court**").
123. On the same day, the Petitioners also filed three *Notices of Assumption and Assignment and Cure Amounts With Respect to Executory Contracts and Unexpired Leases of the Debtors*.
124. On March 22, 2023, the Petitioners filed a *Motion of the Foreign Representative to Amend the Case Caption*, following modifications to the legal designation of certain Petitioners.
125. On March 23, 2023, the Petitioners filed a *Foreign Representative's Motion for Entry of Order (I) Recognizing and Enforcing Fifth and Restated CCAA Order; and (II) Authorizing Third DIP Financing Recognizing* before the US Court.
126. On March 31, 2023, the US Court issued the *Order Amending Case Caption*.
127. On March 31, 2023, the US Court also issued the TIT, XBC and UEC Recognition Orders.
128. On April 4, 2023, the US Court issued the *Order (I) Recognizing and Enforcing Fifth Amended and Restated CCAA Order; and (II) Authorizing Third DIP Financing*.
129. On April 6, 2023, the US Court issued the *Order Granting Air Products & Chemicals, Inc.'s Request to Modify the Automatic Stay*, as part of the Air Products Agreement, which, at the request of Air Products and as a condition thereto, provided for the filing in the U.S. of a certification of counsel and stipulation and a partial lifting of the stay of proceedings in said jurisdiction, solely to allow Air Products to retrieve the Air Products Assets.
130. 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 is accessible to all stakeholders.

IV. MONITOR'S SECOND APPLICATION FOR PAYMENTS

131. As more fully detailed and explained in the Second Application for Payments, and as mentioned in para. 49 above, the Monitor currently holds Net Proceeds in the approximate amount of \$20.60M, further to the breakdown of Net Proceeds provided at **Appendix B**.
132. On March 16, 2023, the Court issued the Monitor Payments Order which allowed the Petitioners to pay, from the Net Proceeds, sums owed to various beneficiaries of CCAA Charges, after which the Monitor issued certificates effecting the reduction and/or discharge of related CCAA Charges. As further detailed in the Monitor's Second Application for Payments and in accordance with the Monitor Payments Order, the Monitor has since proceeded to such payments and issued the following certificates:
 - a) March 23, 2023: Cancellation and Discharge of the Transaction Charge;
 - b) March 23, 2023: Cancellation and Discharge of the DIP Charge;
 - c) March 23, 2023: Cancellation and Discharge of the Second DIP Charge;
 - d) March 24, 2023: Reduction of the KERP Charge to an amount of \$400,000;
 - e) April 13, 2023: Second Reduction of the KERP Charge to an amount of \$100,000.
133. In order to (i) cease incurring interest and fees in connection with the Third DIP Facility, (ii) avoid the necessity to extend the maturity date of the Third DIP Facility, and (iii) eliminate the Third DIP Charge upon payment of the obligations guaranteed by said charge, the Monitor believes it is justified and desirable to allow for the payment of sums owed under the Third DIP Facility, and to provide for a similar mechanism to discharge the Third DIP Charge.
134. The process and mechanism set forth in the Monitor's Second Application for Payments and in the draft order filed in support thereof, is identical, *mutatis mutandis*, to the mechanism approved by the Court in the Monitor Payments Order.
135. Prior to the Monitor's Second Application for Payments, the Monitor's counsel advised EDC's counsel of the intent to file said application in order to allow for the reimbursement of the Third DIP Facility.
136. As detailed in the Second Application for Payments, and subject to the issuance of the order sought, the Monitor will issue its certificate, upon payment of sums owed under the Third DIP Facility and upon confirmation of the receipt of these sums by EDC, which will effect the cancellation and discharge of the Third DIP Charge without requiring a further order from the Court.

V. INTERCOMPANY PAYMENTS

137. 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.
138. The detailed list of all intercompany payments since the Eighth Report is presented at **Appendix E** of this report. As indicated in the notes of said **Appendix E** and hereinabove, 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.

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

139. As provided for pursuant to para. 30 of the Fifth ARIO, the Monitor is in the process of preparing the Intercompany Transactions Report and the Proposed Allocation.
140. 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 monetary payments made since the initial of the CCAA Proceedings on which the Monitor has reported in each of its reports.
141. As indicated previously, this process is currently underway and a preliminary and incomplete draft allocation analysis has been provided to EDC pursuant to the terms of the Third DIP Term Sheet.
142. The Monitor intends to file in the coming weeks its Proposed Allocation, which will present amounts by Petitioner prior to any distribution to secured and unsecured creditors. Several methods and scenarios are being analyzed and the report of the Monitor on the Proposed Allocation will describe them.
143. As previously mentioned in the Seventh 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 lack for NBC and EDC of a perfected security interest on the bank accounts of Petitioner entities in the US, 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. PAYMENTS TO CRITICAL SUPPLIERS

144. No update to provide since the issuance of the Eighth Report.

VIII. UPDATE ON LETTERS OF CREDIT

145. The First Report indicated that the Company's indebtedness towards NBC excluded outstanding letters of credit in the amount of approximately \$7.5M. The Monitor has since been made aware that amounts of approximately US\$360K and CA\$2.4M, for an aggregate amount of approximately CA\$2.9M, were drawn against letters of credit, as reported respectively in the Third Report and Eighth Report.
146. The drawn letter of credit of approximately US\$2.4M relates to the London RNG LC. In accordance with the London RNG LC Order, on March 17, 2023, NBC directed the sums to be paid in accordance with the letter of credit to the Monitor, which are held *in trust* until a determination of the parties' respective rights is made by the competent court or until an agreement is entered into by the parties. The Monitor is kept apprised of developments in relation to discussions and negotiations between the parties, but it is too early to report on any progress.
147. Since the Eighth Report, two additional (2) letters of credit have expired or been officially cancelled:
 - a) the HyGear letter of credit in an amount of approximately EUR\$404K (being approximately CA\$593K), which has been replaced as part of the HyGear Transaction; and
 - b) the UEC letter of credit in an amount of approximately US\$565K (being approximately CA\$773K), which has been replaced by EnergyLink in the context of closing the EnergyLink transaction.

148. As of the date of this Ninth Report, and as it further appears from **Appendix F** hereto, two (2) letters of credit remain outstanding, in the aggregate amount of approximately CA\$241K. These letters of credit are set to expire in the coming months and are not expected to be renewed by NBC and it remains to be determined whether they will be drawn, replaced or will simply expire. The Monitor will report in due time.
149. As mentioned previously, the proceeds from the Tiger transaction in excess of the balance of the Revolver Facility and of the professional fees owing to NBC's legal counsel (Canada, US and UK) and NBC's financial advisor have been allocated to cash collateralizing a significant portion of the obligations under the letters of credit, which could secure the repayment of any indebtedness resulting from a draw on letters of credit. Please refer to **Appendix F** for more details.

IX. ACTUAL RECEIPTS AND DISBURSEMENTS

150. 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.
151. Xebec Group's financial performance highlights for the period from March 5, 2023, to April 15, 2023, are presented in the Actual Cash Flow appended hereto as **Appendix G**. 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 April 15, 2023, of \$3.7M, which is \$3.1M higher than budgeted. This favourable variance mainly results from:
 - i. a favourable variance of \$2.1M in cash inflows explained by higher collections from operations (\$0.8M) and transfers from related parties (\$3.3M). However, the second tranche of the Third Interim Financing (\$1.95M) was not received as of April 15, 2023, but rather on May 2, 2023, thus creating a temporary unfavourable variance. Please refer to **Appendix G** for more details.
 - ii. A favourable variance of \$1.0M in cash outflows, which is mainly explained by lower disbursements in purchases (\$2.4M) and professionals' fees (\$1.4M). This is compensated by transfers to related parties (\$3.3M). Please refer to **Appendix G** for more details.
152. As of the date of this report, there were 0.7M\$ of outstanding invoices received from the professionals for services covered by the Administrative Charge. Please refer to **Appendix H** for the detail.

153. As of the date of this Ninth 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.

X. OVERVIEW OF THE CASH-FLOW PROJECTIONS

154. The Company, with the assistance of the Monitor, has prepared the statement of projected cash-flow (the "**Cash Flow Statement**") for the 6-week period from April 16, 2023, to May 27, 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 I** to this report.

155. 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 J** to this report.
156. 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 J** 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.
157. 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 Ninth 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.
158. 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.
159. The Cash Flow Statement has been prepared solely for the purpose described in the Notes to the Cash Flow Statement (**Appendix J**), and readers are cautioned that the Cash Flow Statement may not be appropriate for other purposes.
160. 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.
161. Management continues to anticipate potential restrictive payment terms for purchases from suppliers due to the CCAA Proceedings.
162. 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.
163. Management has advised the Monitor that it believes that the forecast reflected in the Cash Flow Statement is reasonable.
164. This being said, the Cash Flow Statement of the Company for the Cash Flow Period and for the period subsequent to same will depend in particular on the evolution of discussions with its suppliers and customers, but also on the ongoing negotiations with potential acquirers of assets leading up to closing one or more transaction(s).

XI. EXTENSION OF THE STAY PERIOD

165. The Stay Period currently expires on May 5, 2023. The extension of the Stay Period until May 24, 2023, sought by the Petitioners is namely required to (i) pursue efforts to monetize the Other Remaining Assets of the Petitioners, (ii) continue the work in connection with the Intercompany Transactions Report and the Proposed Allocation, as well as (iii) organizing an orderly wind down of certain entities, as part of the CCAA Proceedings or otherwise.
166. As described in this Ninth 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.

XII. MONITOR'S CONCLUSIONS AND RECOMMENDATIONS

167. In the context referred to above and herein, the Monitor supports the relief sought by the Application, the Class Action Settlement Application and the Second Monitor Payments Application.
168. It is the Monitor's view that the continuation of the Restructuring Process is beneficial to the creditors and stakeholders as a whole.
169. 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, the Class Action Settlement Application and the Second Application for Payments is appropriate.

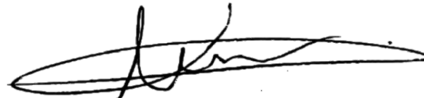
DATED AT MONTREAL, this 3rd day of May 2023.

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 April 27, 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.

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	TBD							*												
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, accepted an offer from an auctioneer for the sale of 20 vehicles currently owned by Enerphase Industrial Solutions Inc. (AIR). The transaction is expected to be concluded during the week ending May 6, 2023.

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 & Monitor's counsel's trust accounts			
<i>In \$000s CAD, as of April 27, 2023</i>			
	Petitioners	Note	Amounts
PROCEEDS FROM TRANSACTIONS			
Transactions - Part of the SISP process			
1396905 B.C. LTD	ACS	1	400
FSTQ	GNR	2	100
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 & 3	1,402
Total Energy Systems	XBC	2	1,477
EnergyLink	UEC	2	4,037
			28,643
Closed transactions - Remaining Other Assets			
Air Products	UEC	5	236
Total proceeds		A	28,879
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
Interest and fees on DIP Financing			31
Transaction Fee			975
KERP			413
Other (Bank fees, interest revenues and other)			13
Foreign exchange loss (gain)			(141)
		B	8,280
Outstanding balance as of April 27, 2023	4	C=(A-B)	20,599
PAYMENTS TO BE MADE TO THE BENEFICIARIES OF THE CCAA CHARGES			
Third DIP Facility - Reimbursement to EDC			3,450
KERP			45
		D	3,495
Outstanding balance after priority charges		E=(C-D)	17,104
POTENTIAL TRANSACTIONS - OTHER REMAINING ASSETS			
Biostream Assets	UEC	5	TBD
Western Midstream	UEC	5	TBD
Enerphase - Vehicle Fleet sales	AIR	5	TBD
Filters	XSU	5	TBD
Claims to Non-Petitioners	IGT	5	TBD
Claims to Non-Petitioners	ITA	5	TBD
London RNG	BLA	6	TBD
Total proceeds from transactions to be completed		F	-
Estimated net proceeds and transactions from the Monitor's trust accounts		G=(E+F)	17,104

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: 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 that the funds were transferred to the Monitor's trust account on May 2, 2023.

Note 4: Assuming FX rate of 1.3612 USD as per the Bank of Canada on April 27, 2023.

Note 5: Please refer to the Appendix A for the detail on the Remaining Other Assets.

Note 6: 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 April 27, 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
Total				1,340,669
Threshold in the aggregate - Max \$2,5M			2	2,500,000
Availability				1,159,331

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
Under Seal

Appendix E - Intercompany Payments

Intercompany Transactions - Monetary transfers summary		In thousand CAD						
<i>For the week ending</i>		11-Mar-23	18-Mar-23	25-Mar-23	1-Apr-23	8-Apr-23	15-Apr-23	Total
Collections								
XSU from AIR ⁽¹⁾	Enerphase Industrial Solutions Inc. --> Xebec Adsorption USA Inc.	206	-	412	171	20	203	1,012
BLA from CAI ⁽²⁾	Compressed Air International Inc. --> Xebec Adsorption Inc.	150	-	-	-	-	-	150
BLA from UEC ⁽²⁾	Xebec Systems USA LLC --> Xebec Adsorption Inc.	-	-	-	-	-	1,344	1,344
BLA from TIT ⁽²⁾	The Titus Company --> Xebec Adsorption Inc.	-	-	343	-	-	-	343
BLA from ACS ⁽²⁾	Applied Compression Systems Ltd. --> Xebec Adsorption Inc.	9	-	-	-	-	-	9
BLA from NOR ⁽²⁾	Nortek Belair Corporation --> Xebec Adsorption Inc.	311	-	-	-	27	-	338
NOR from BLA ⁽²⁾	Xebec Adsorption Inc. --> Nortek Belair Corporation	-	85	-	-	-	-	85
CAL from BLA ⁽³⁾	Xebec Adsorption Inc. --> California Compression, LLC	-	-	69	-	-	-	69
BLA from CAL ⁽³⁾	California Compression, LLC --> Xebec Adsorption Inc.	-	-	-	90	-	-	90
NOR from AIR ⁽⁴⁾	Enerphase Industrial Solutions Inc. --> Nortek Belair Corporation	-	-	-	-	-	3	3
CAL from AIR ⁽⁴⁾	Enerphase Industrial Solutions Inc. --> California Compression, LLC	-	-	-	-	-	9	9
Total Collections		676	85	824	261	47	1,559	3,452
Disbursements								
AIR to XSU ⁽¹⁾	Enerphase Industrial Solutions Inc. --> Xebec Adsorption USA Inc.	206	-	412	171	20	203	1,012
CAI to BLA ⁽²⁾	Compressed Air International Inc. --> Xebec Adsorption Inc.	150	-	-	-	-	-	150
UEC to BLA ⁽²⁾	Xebec Systems USA LLC --> Xebec Adsorption Inc.	-	-	-	-	-	1,344	1,344
TIT to BLA ⁽²⁾	The Titus Company --> Xebec Adsorption Inc.	-	-	343	-	-	-	343
ACS to BLA ⁽²⁾	Applied Compression Systems Ltd. --> Xebec Adsorption Inc.	9	-	-	-	-	-	9
NOR to BLA ⁽²⁾	Nortek Belair Corporation --> Xebec Adsorption Inc.	311	-	-	-	27	-	338
BLA to NOR ⁽²⁾	Xebec Adsorption Inc. --> Nortek Belair Corporation	-	85	-	-	-	-	85
BLA to CAL ⁽³⁾	Xebec Adsorption Inc. --> California Compression, LLC	-	-	69	-	-	-	69
CAL to BLA ⁽³⁾	California Compression, LLC --> Xebec Adsorption Inc.	-	-	-	90	-	-	90
AIR to NOR ⁽⁴⁾	Enerphase Industrial Solutions Inc. --> Nortek Belair Corporation	-	-	-	-	-	3	3
AIR to CAL ⁽⁴⁾	Enerphase Industrial Solutions Inc. --> California Compression, LLC	-	-	-	-	-	9	9
Total Disbursements		676	85	824	261	47	1,559	3,452

Appendix E - Intercompany Payments (cont'd)

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. In order to secure the funds, shortly after closing a transaction, funds were transferred to BLA as an Intercompany Transaction (as defined in the Fifth ARIO) and used as part of the cash flow of the Petitioners. Note that Management is undergoing a complete reconciliation of all post-closing transactions which may lead to intercompany transfers or payments from BLA on behalf of entities for which bank accounts are closed.
3. Funds held in a collateral account (as deposits for credit cards), were not accessible by CAL. Considering that a payment owed to an ex-employee had to be made before March 15, 2023, a temporary advance of funds was made from BLA to CAL in order to make the payment in accordance with the agreement with this ex-employee. The funds in the collateral account were released by the bank during the week ending April 1, 2023, and immediately returned to BLA.
4. Transfers made for payments to tax professionals related to the 2022 US Tax declarations.

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 – Letters of credit Summary

XEBEC ADSORPTION INC. & AI.

Letters of credit
As of April 27, 2023

Notes

OUTSTANDING LETTERS OF CREDIT

<u>Letter of Credit</u>	<u>No.</u>	<u>Applicants</u>	<u>Original Amount</u>	<u>Currency [1]</u>	<u>Converted Amount in \$CAD</u>
Letter of Credit #1	OGUA60344	Xebec Adsorption Inc.	200,000	CAD	200,000
Letter of Credit #2	OGUA72991	Xebec Adsorption Inc.	30,275	USD	41,210
Total					241,210

LETTER OF CREDIT DRAWN

<u>Letter of Credit</u>	<u>No.</u>	<u>Applicants</u>	<u>Original Amount</u>	<u>Currency [1]</u>	<u>Converted Amount in \$CAD</u>
Letter of Credit Drawn #1	OGUA63070	Xebec Adsorption Inc.	360,000	USD	490,032
Letter of Credit Drawn #2	OGUA58735	Xebec Adsorption Inc.	2,394,010	CAD	2,394,010
Total					2,884,042

Notes

1. Assuming FX rate of USD 1.3612 and FX rate of EUR 1.4997 as per the Bank of Canada on April 27, 2023.
2. Pursuant to the London RNG LC Order issued on March 16, 2023, funds totaling \$2.4M in relation to the Letter of Credit OGUA58735 (the "LRNG LC") are currently held in trust by the Monitor until determination of the parties' respective rights is made by final judgment of a Court or other forum having jurisdiction or until an agreement is entered into by the parties.

**Appendix G – Actual Cash-flow
(period from March 5, 2022, to April 15, 2023)**

Consolidated - North America Budget-to-Actual Analysis ("BTA") In \$000s CAD	For the 6-week period ended Apr 15, 2023				
	Actual	Projections	Var. (\$)	Var. (%)	Notes
Collections					
Sales from operation	3,457	2,693	764	28%	1
Second DIP Financing - Collection	1,250	1,250	-	-	2
Sales taxes - Collection	904	834	70	8%	3
Third DIP Financing - Collection	1,500	3,450	(1,950)	-57%	4
Other collections	15	118	(103)	-87%	5
Transfer from related party - Collection	3,452	148	3,304	2232%	6
	10,578	8,493	2,085	25%	
Disbursements					
Payroll	1,807	1,934	127	7%	7
Vacation payable	407	451	44	10%	7
Trade payable	2,072	4,477	2,405	54%	8
Obligation under capital leases	144	175	31	18%	9
Professional fees	2,606	4,019	1,413	35%	10
Transfer to related party - Disbursements	3,452	148	(3,304)	-2232%	6
KERP	47	-	(47)	-	11
Fees and interest on DIP Financing	117	257	140	54%	12
Sales Taxes - Payment	30	46	16	35%	
EDC - fees and interests payments	151	329	178	54%	13
NBF - Transaction fee payments	146	146	-	-	14
	10,979	11,982	1,003	8%	
Net cash flow	(401)	(3,489)	3,088		
Net cash (Shortfall) - Beginning - Xebec	4,139	4,139	-		
Net cash (Shortfall) - Ending - Xebec	3,738	650	3,088		
Net cash (shortfall) related to NewCo in the petitioners bank accounts					
Xebec Adsorption Inc.	(1)	-	(1)		15
Compressed Air International Inc.	143	-	143		15
California Compression LLC	24	-	24		15
CDA Systems, LLC	22	-	22		15
The Titus Company	149	-	149		15
XBC Flow Services - Wisconsin Inc.	62	-	62		15
Xebec Systems USA LLC	74	-	74		15
	473	-	473		
Net cash (Shortfall) - Ending - Including NewCo	4,211	650	3,561		
Trust Account					
For the 6-week period ended Apr 15, 2023					
Trust Account Budget-to-Actual Analysis ("BTA") In \$000s CAD	Actual	Projections	Var. (\$)	Var. (%)	Notes
Collections					
Other collections	60	-	60	-	5
Proceeds from transactions - Trust	6,875	8,107	(1,232)	-15%	16
	6,935	8,107	(1,172)	-14%	
Disbursements					
DIP Financing - Reimbursement - Trust	5,500	5,500	-	-	17
KERP - Trust	432	479	47	10%	11
NBF - Transaction fee payments - Trust	975	975	-	-	14
Interest and fees on DIP Financing - Trust	31	31	-	-	
Foreign Exchange	418	-	(418)	-	
	7,356	6,985	(371)	-5%	
Net cash flow	(421)	1,122	(801)		
Net cash (Shortfall) - Beginning	19,327	19,327	-		
Net cash (Trust accounts) - Ending	18,906	20,449	(1,543)		
Funds held in reserve not included in the Net Cash (Trust account)	2,398				18
Funds held in reserve not included in the Net Cash (Trust account)	256				18
Total cash under the control of the Monitor	21,560				

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

Consolidated - North America
Notes on Budget-to-Actual Analysis ("BTA")
For the 6-week Period ended April 15, 2023 (the "Period")

Note 1	Sales from operation	Collections of sales from operation were \$0.8M higher than projected during the Period. This favourable variance is mainly the result of higher collection than anticipated prior to the closing of the transactions.
Note 2	Second DIP Financing - Collection	Pursuant to the Third Amended and Restated Initial Order and the Second Interim Financing Term Sheet, EDC granted a Second Interim Financing Facility ("Second DIP") up to a maximum amount of \$2.5M. Management has submitted two drawdown requests on February 17 and 21, 2023 each for an amount of \$1.25M. On February 21, 2023, Xebec Adsorption Inc. collected the first tranche of the Second DIP. The second tranche was collected on March 16, 2023.
Note 3	Sales Tax - Collection	The budget for the cumulative period is comprised of the GST and QST refund for the four months from October to January (total amount of \$834K). From that amount, \$667K has been collected. The January QST (\$167K) remains outstanding. However, Xebec, as of April 15, 2023, has also collected \$232K of pre-filing amount receivable which was expected to be received the week-ending May 6, 2023. Both variances result in a net temporary favourable variance of \$70K.
Note 4	Third DIP Financing - Collection	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 collection of the second tranche of \$1.95M was budgeted during the week ending April 8, 2023. A drawdown certificate for the second tranche was sent to EDC the week ending April 29, 2023 and was collected on May 2, 2023.
Note 5	Other collections	The cumulative temporary unfavourable variance of \$103K is due to a delay in the closing of the UEC transaction and the issuance of the chargeback invoices to Energy Link (UEC purchaser).
Note 6	Transfers - related party	A detailed list of intercompany transfers is presented in the Appendix E of this report.
Note 7	Payroll	Payroll related disbursements are \$171K lower than expected, which is mainly the result of earlier than projected closing of the transactions.
Note 8	Purchases	Disbursements for purchases were \$2.4M lower than projected during the Period. The favourable variance is mainly due to the earlier than projected closing of the transactions.
Note 9	Leases and Obligation under capital leases	Disbursements are generally in line with the projections and the favourable variance is due to earlier than anticipated closing of the transactions.
Note 10	Professional fees	During the Period, disbursements made to the professionals were \$1.4M lower than projected. This favourable variance is mainly due to the timing of the invoices received by Xebec.

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

Consolidated - North America
Notes on Budget-to-Actual Analysis ("BTA")
 For the 6-week Period ended April 15, 2023 (the "Period")

Note 11	KERP	During the Period, the 3rd instalment of the KERP was paid as provided in the amended list of participants approved by the Order Extending the Stay of Proceedings and Granting Ancillary Relief.
Note 12	Fees and interest on DIP Financing	<p>On a cumulative basis, the favorable variance is due to :</p> <ul style="list-style-type: none"> ▾ A permanent favorable variance of \$63K for the Second Tranche DIP Fees to EDC and NBF that had already been paid prior to March 5, 2023. ▾ A temporary favorable variance of \$69K for the Third DIP Fees to NBF that remain unpaid.
Note 13	EDC payments	Fees and Interests are generally paid by Management upon receipt of EDC's invoice.
Note 14	NBF - Transaction fee payments	The tax portion of the NBF Transaction fee payment is paid from BLA cashflow. The NBF Transaction fee (before taxes) was paid from the Monitor's trust account in accordance with the Order authorizing the Monitor to pay certain amounts owed to beneficiaries of CCAA charges.
Note 15	Net cash (shortfall) pertaining to Newco	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.
Note 16	Proceeds from transactions - trust	<p>During the Period, proceeds related to the XBC, AIR and UEC transactions were collected in the Monitor's trust accounts. In addition, unbudgeted proceeds for the sale of some excluded assets from the UEC transaction were also collected by the Monitor.</p> <p>On a cumulative basis, the majority of the unfavourable variance is due to the proceeds of the TIT transaction totalling \$1.5M currently being held in the trust account of the Monitor's counsel.</p>
Note 17	DIP Financing - Reimbursement - Trust	First DIP reimbursements to NBC and EDC and Second DIP reimbursements to EDC based on the payout letters sent by the DIP lenders.
Note 18	Funds held in reserve	<p>Pursuant to the Order Directing Payment In Trust to the Court-Appointed Monitor rendered on March 16, 2023, funds totalling \$2.4M in relation to the Letter of Credit OGU58735 (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 from BLA 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 H – PROFESSIONAL FEES

Estimated Amounts Payable to Professionals		
<i>As of May 1, 2023</i>	Estimated Amounts	Services rendered for
<i>In \$000 CAD</i>	Payable ⁽¹⁾	the period ended
Xebec Counsels		
Osler	196	1-May-23
Clifford Chance ⁽²⁾	163	31-Mar-23
McDonald Hopkins	-	14-Apr-23
	<u>359</u>	
Monitor		
Deloitte	250	29-Apr-23
McCarthy	120	29-Apr-23
	<u>370</u>	
SISP Manager		
National Bank Financial ⁽³⁾	-	1-Apr-23
	<u>-</u>	
Total	<u><u>729</u></u>	

(1) - Estimated Amounts payable are based on invoices issued known to the Company and the Monitor, and are subject to change and could be higher than presented above. In addition, some invoices are in foreign currencies and have been converted with the most recent foreign exchange rate as per the Bank of Canada.

(2) - Professional fees of approximately \$100K in relation to the HyGear transaction were paid during the week ended April 8th, 2023. The remaining fees pertain to other streams such as BLA corporate & restructuring matters as the parent company of European entities and such as China in view of closing the Ivys Transaction (\$55K).

(3) - The NBF engagement was recently terminated following the conclusion of the SISP process. Last monthly fee was paid in March.

Appendix I - Cash-flow statement

Consolidated - North America							
Weekly cash flow transactions							
	<i>Forecast</i>	<i>Forecast</i>	<i>Forecast</i>	<i>Forecast</i>	<i>Forecast</i>	<i>Forecast</i>	
For the week ending	22-Apr-23	29-Apr-23	6-May-23	13-May-23	20-May-23	27-May-23	Total
In 000 CAD - Week #	1	2	3	4	5	6	W1 - W6
Collections							
Sales from operation	-	-	21	21	21	21	84
Other collections	-	141	-	-	-	-	141
Transfer from related party - Collection	135	269	-	-	-	-	404
Amounts from Proceeds or Third DIP Financing - Collection	-	-	1,950	-	-	-	1,950
Sales Tax - Collections	-	68	166	271	-	-	505
Collections - Total	135	478	2,137	292	21	21	3,084
Disbursements							
Payroll	-	157	-	162	-	157	476
Purchases	201	641	397	340	115	140	1,834
Obligation under capital leases	-	-	7	-	-	-	7
Professional fees	914	164	207	505	305	239	2,334
Transfer to related party - Disbursements	135	269	-	-	-	-	404
KERP	-	-	-	-	-	-	-
Fees and interest on DIP Financing	-	70	-	17	-	-	87
EDC - interests payments	-	-	169	-	-	-	169
Sales Taxes - Payment	-	-	36	-	-	-	36
Disbursements - Total	1,250	1,301	816	1,024	420	536	5,347
Net cash flow - Total	(1,115)	(823)	1,321	(732)	(399)	(515)	(2,263)
Net Cash (Shortfall) - Beginning	3,738	2,623	1,800	3,121	2,389	1,990	3,738
Net Cash (Shortfall) - End	2,623	1,800	3,121	2,389	1,990	1,475	1,475
DIP Financing - EDC (Third DIP)	1,500	1,500	3,450	-	-	-	
Consolidated - Monitor's trust accounts							
Weekly cash flow transactions							
	<i>Forecast</i>	<i>Forecast</i>	<i>Forecast</i>	<i>Forecast</i>	<i>Forecast</i>	<i>Forecast</i>	
For the week ending	22-Apr-23	29-Apr-23	6-May-23	13-May-23	20-May-23	27-May-23	Total
In 000 CAD - Week #	1	2	3	4	5	6	W1 - W6
Collections							
Other collections	-	(61)	-	-	-	-	(61)
Proceeds from transactions - Trust	-	-	1,402	-	-	-	1,402
Collections - Total	-	(61)	1,402	-	-	-	1,341
Disbursements							
Foreign exchange	(249)	(103)	-	-	-	-	(352)
DIP Financing - Reimbursement - Trust	-	-	-	3,450	-	-	3,450
KERP - Trust	-	-	-	-	-	45	45
NBF - Transaction fee payments - Trust	-	-	-	-	-	-	-
Interest and fees on DIP Financing - Trust	-	-	-	-	-	-	-
Disbursements - Total	(249)	(103)	-	3,450	-	45	3,143
Net cash flow - Total	249	42	1,402	(3,450)	-	(45)	(1,802)
Net Cash (Shortfall) - Beginning	18,906	19,155	19,197	20,599	17,149	17,149	18,906
Net Cash (Shortfall) - End	19,155	19,197	20,599	17,149	17,149	17,104	17,104

Appendix J

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 J (cont'd)

Notes to the Cash-flow statement

NOTE D—ASSUMPTIONS

Assumptions	Source	Probable Assumption	Hypothetical Assumption
Opening cash balance	Based on current bank balances.	X	
Forecast cash receipts:			
Sales from operation	Mostly based on AIR accounts receivable as of April 16, 2023, and AIR's historical collection days data.	X	
Other collections	Based on the latest forecasts available prepared by Management.	X	
Sales taxes - Collection	Based on the latest declarations prepared by Management and the latest communications from the tax authorities.	X	
Forecast cash disbursements:			
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 amendment to the list of participants to the KERPs.	X	
Fees and interest on DIP Financing	Interim lender fees and interest payments as per the Third Interim Facility agreement.	X	
Sales taxes - Payment	Based on the latest forecasts available prepared by Management.	X	