

ANNEX C

AUTHORIZATION AND HEARING TO APPROVE PROPOSED SETTLEMENT OF XEBEC ADSORPTION INC. SECURITIES CLASS ACTION

DID YOU ACQUIRE SHARES OF XEBEC ADSORPTION INC. BETWEEN NOVEMBER 10, 2019 AND MARCH 24, 2021?

Please read this notice carefully. A proposed settlement may affect your legal rights.

A proposed class action was authorized for settlement purposes only against FormerXBC Inc., formerly Xebec Adsorption Inc. (“Xebec”), Kurt Sorschak, Stéphane Archambault, Louis Dufour, William Beckett, Guy Saint Jacques, Desjardins Securities Inc., National Bank Financial Inc., Canaccord Genuity Group Inc., Raymond James Ltd., Beacon Securities Limited, TD Securities Inc., and Stifel Nicolaus Canada Inc., on behalf of:

All persons and entities, wherever they may reside or may be domiciled, who purchased securities of Xebec pursuant to a prospectus, in the secondary market, through a private placement, or who acquired the securities of Xebec in exchange for shares of HyGear Technology and Services B.V. during the period from November 10, 2019, to March 24, 2021, inclusively (“Class Period”), and held some or all of such securities as of the close of trading on the TSX on March 11, 2021 or March 24, 2021, other than the “Excluded Persons”.

Excluded Persons means:

- (i) Xebec;
- (ii) the Underwriter Defendants and their respective past or present subsidiaries, directors, officers, legal representatives, predecessors, successors and assigns;
- (iii) the Individual Defendants, members of their immediate families and any entity in which the Individual Defendants hold a controlling interest; and
- (iv) SDI, Oost NL and the Trust Foundation, as those entities are defined in the Share Purchase Agreement dated December 8, 2020 with Xebec Europe B.V.

This class action alleges that the Defendants made misrepresentations in Xebec disclosure documents. The Plaintiffs and Xebec have reached a proposed settlement of the class action (the “Settlement”), which is subject to approval by the Superior Court of Québec (the “Court”). The Settlement is a compromise of disputed claims. **The Defendants deny any wrongdoing or liability. The Settlement does not constitute an admission of wrongdoing or liability by Xebec or any Defendant.** This notice provides information about the proposed Settlement and related matters and how to exclude yourself (“opt-out”) from the class action.

Your legal rights are affected even if you do nothing. Please read this notice carefully.

SUMMARY OF THE SETTLEMENT TERMS:

Under the Settlement, CAD \$5,000,000 (the “Settlement Amount”) will be paid in full and final settlement of all claims against the Defendants, including Class Counsel’s fees, applicable taxes and expenses, and interest, in exchange for a full release and settlement of the class action. The net Settlement Amount will be divided between all Class Members who submit a valid Claim Form during the claim period, pursuant to a proposed Plan of Allocation that must be approved by the Court. The Settlement must be approved by the Court before it can be implemented.

If the Settlement is approved, a Claims Administrator will be selected by the Court to process Class Members’ claims to a share of the Settlement Amount, after deductions by the Court. All Class Members except those who validly opt-out of the class action will be asked to submit a Claim Form and other documentation confirming their acquisition of eligible Xebec securities. Once the deadline for Claim Form submission has passed, the Claims Administrator will calculate each Class Members’ entitlement on a *pro rata* basis up to the value of their calculated loss, and make payment. If approved, each Class Member’s entitlement will be calculated in accordance with the proposed Plan of Allocation. The proposed Plan of Allocation is available at:

Investors can opt-out of this Class Action (and thus of the proposed Settlement as well) and pursue their own action with their own lawyer at their own expense.

WHAT COULD I GET FROM THIS ACTION

What you can recover from the Settlement Amount is a function of two variables: (1) The size of your Recognized Claim; and (2) How many other Claimants make claims for a portion of the net Settlement Amount as all recognized claims will be distributed *pro rata* if there are insufficient funds available to pay all claims. Note however that the Settlement Amount will first be reduced by legal fees, notice costs, and administration expenses and there will therefore not be \$5,000,000 available for distribution.

WHAT IS A RECOGNIZED CLAIM

In order to be eligible to make a claim you have to have purchased or acquired Xebec Shares during the Class Period and held the Xebec Shares until specific times. The exact time periods relevant to make Recognized Claims are set out below and set out in more detail in the Plan of Allocation available [here](#).

The size of your Recognized Claim depends on 2 factors: (1) The size of your loss measured by the formula in the Plan of Allocation set out [here](#); and (2) your Risk Adjustment factor.

RISK ADJUSTMENT FACTOR

Not all persons who acquired Xebec Shares in the Class Period have claims of the same strength. For example, persons who acquired Xebec Shares in the secondary market (like the TSX) or because they were HyGear shareholders, do not have the same claims as persons who purchased pursuant to a Prospectus. The Plan of Allocation, which still must be approved by the Court, creates a Risk Adjustment factor as set out below, such that each Claimant's loss as calculated in the Plan of Allocation will be adjusted or reduced to arrive at the Recognized Claim amount. A chart of the relevant Risk Adjustments is set out below.

TYPE OF CLAIMANT	RISK ADJUSTMENT FACTOR
<u>Bought in Secondary Market:</u> (i.e., bought Xebec shares on a stock exchange between November 10, 2019 – March 24 2021)	35%
<u>Bought Pursuant to a Prospectus:</u> (i.e., bought Xebec Subscription Receipts pursuant to the Final Short Form Prospectus dated December 21, 2020)	50%
<u>Bought in a Private Placement:</u> (i.e., bought Xebec Subscription Receipts in the private placement carried out in December 2020)	10%
<u>HyGear Investors:</u> (i.e., received Xebec shares in exchange for shares of HyGear Technology and Services B.V.)	35%

WHAT IS THE EFFECT OF THE RISK ADJUSTMENT

The Risk Adjustment reduces a claim such that the Recognized Claim is the percentage of the claim set out above. For example, a Claimant that would have a claim for \$100 and is subject to a Risk Adjustment of 35% has a Recognized Claim for \$35. A Claimant with the same claim for \$100 who has a Risk Adjustment of 50% has a Recognized Claim for \$50. If there is not enough money to pay all the Recognized Claims in full, the claims will be paid *pro rata*.

MOTION TO APPROVE SETTLEMENT AGREEMENT AND CLASS COUNSEL FEES:

There will be a hearing (the "Settlement Approval Hearing") in which Class Counsel will request the Court to approve (i) the

Settlement; and (ii) their legal fees and expenses. The Settlement Approval Hearing shall take place on **September 29, 2023**, at 9:30 AM ET, in room 16.04 of the Montreal Courthouse (located at 1 Notre-Dame Street East, Montreal, Quebec, Canada, H2Y 1B5).

At the Settlement Approval Hearing, the Court will determine whether the Agreement is fair, reasonable and in the best interests of the Class. At the Settlement Approval Hearing, Class Counsel will also seek Court approval of their request for fees equating to 30% of the Settlement Amount plus reimbursement of their relevant expenses. Class Counsel has been working pursuant to a contingency-fee agreement and has not been paid as the matter has proceeded, and has paid all of the out-of-pocket expenses of conducting the litigation. Class Counsel will be requesting that the legal fees and disbursements be deducted from the Settlement Amount.

Class Members who wish to participate in the Settlement Approval Hearing to object to or comment on the Settlement, may do so if permitted by the Court, so long as they email or fax any objections or comments to the address for Class Counsel provided below no later than September 8, 2023 at 11:59 p.m. ET. Class Members who do not email or fax an objection or comment by that date will not be permitted to participate in the Settlement Approval Hearing.

The Class Members are not required to intervene, object, or attend the Settlement Approval Hearing to remain in the Class Action.

YOUR LEGAL RIGHTS AND OPTIONS:

You have three options:

1. STAY IN THE CLASS ACTION AND DO NOTHING:

You do not have to do anything to stay in the class action. If you stay in the class action and the Settlement is approved, you will be bound by all orders and judgments of the Court in this proceeding, you will give up your right to sue the Defendants on your own, and you will not be permitted to bring other legal proceedings in relation to the matters alleged in the action against the Defendants, or any person released by the approved Settlement.

If the Court approves the Settlement, it will be distributed according to its terms. If you are eligible and submit a valid Claim Form, you will receive your share of the net Settlement Amount.

2. STAY IN THE CLASS ACTION AND OBJECT TO OR COMMENT ON THE AGREEMENT:

If you want to object to or comment on the proposed Settlement, you must submit an objection or comment stating your name, when and how many shares of Xebec you acquired, and your comment or the reason for your objection, by email or fax to Class Counsel at the address indicated below. Your objection or comment must be provided by September 8, 2023 at 11:59 p.m. ET.

If the Settlement is approved despite your objection or comment, you will still be bound by all orders and judgments of the Court in this proceeding, you will give up your right to sue the Defendants on your own, and you will not be permitted to bring other legal proceedings in relation to the matters alleged in the action against the Defendants, or any person released by the approved Settlement.

3. OPT-OUT OF THE CLASS ACTION:

All Class Members will be bound by the Class Action and the terms of the Settlement, unless they opt-out.

The opt-out form is available at: <https://knd.law/class-actions/xebec-adsorption-inc/>, or by faxing or emailing Class Counsel at the address below. **Any Class Member who wishes to opt-out of the class action must deliver a completed opt-out form by email or fax to the address indicated below. The opt-out form must be received on or before August 31, 2023 at 11:59 p.m. ET to be valid.**

PERSONAL LEGAL ADVICE:

The lawyers for the Plaintiffs are KND Complex Litigation and Lex Group Inc. Class Members who seek the advice or guidance of their personal lawyers do so at their own expense.

QUESTIONS:

You may obtain further information at: <https://knd.law/class-actions/xebec-adsorption-inc/>, and <https://www.lexgroup.ca/classaction/xebec-adsorption-inc-securities-class-action/> or contact Class Counsel by fax or email

addressed to:

Xebec Class Action Counsel

KND Complex Litigation

c/o Taek Soo Shin

Email: xebec@knd.law

Fax: (416) 352-7638

THE SUPERIOR COURT OF QUÉBEC HAS AUTHORIZED DISTRIBUTION OF THIS NOTICE.

**QUESTIONS ABOUT THIS NOTICE SHOULD BE DIRECTED TO CLASS COUNSEL AND SHOULD NOT BE
DIRECTED TO THE COURT.**