

Court File No. CV-19-616077-00CL

**Imperial Tobacco Canada Limited and
Imperial Tobacco Company Limited**

TWENTY-SIXTH REPORT OF THE MONITOR

January 22, 2025

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**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*,
R.S.C. 1985, c. C-36, AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF
IMPERIAL TOBACCO CANADA LIMITED AND IMPERIAL TOBACCO COMPANY
LIMITED

**TWENTY-SIXTH REPORT TO THE COURT
SUBMITTED BY FTI CONSULTING CANADA INC.,
IN ITS CAPACITY AS MONITOR**

A. GENERAL

1. This Report addresses Imperial's motion for an extension of the Stay of Proceedings, returnable January 31, 2025.
2. In this Report, unless otherwise defined, all capitalized terms shall have the respective meanings specified in the glossary attached to this Report as Appendix "A". The first instance of each capitalized term, if defined in the glossary, is bookmarked to the glossary.

B. INTRODUCTION

3. The principal purpose of these CCAA Proceedings and their related Chapter 15 Proceedings is to restructure and compromise Imperial's liabilities; specifically, the liabilities arising from the Tobacco Claims, including the Quebec Appeal Judgment.
4. The Initial Order in these CCAA Proceedings was issued by the Court on March 12, 2019, amended and restated on April 5, 2019, further amended and restated on April 25, 2019, and updated by written endorsement on March 6, 2020. On April 17, 2019, the U.S. Bankruptcy Court issued the Foreign Recognition Order recognizing the CCAA Proceedings as the main proceedings and staying proceedings against ITCAN in the United States.

5. A list of the Orders issued by the Court and the U.S. Bankruptcy Court in these CCAA Proceedings can be found in Appendix “B” to this Report.

C. BACKGROUND

6. Imperial is the largest distributor of Tobacco Products in Canada. It operates two businesses: tobacco and logistics. The tobacco business includes the marketing and sale of Tobacco Products and Vapour Products. The logistics business distributes Tobacco Products and Vapour Products for tobacco manufacturers along with certain non-tobacco products.
7. Imperial is highly integrated with BAT and its affiliates. It benefits from a wide range of services, licences, and rights that certain BAT affiliates provide. These services and functions have been and continue to be vital to Imperial’s business.
8. Further information regarding these CCAA Proceedings and a background on Imperial have been provided in previous Monitor’s Reports.
9. All Court materials filed and orders issued in these CCAA Proceedings and the related Chapter 15 Proceedings are available on the Monitor’s website at: <http://cfcanada.fticonsulting.com/imperialtobacco>.

D. TERMS OF REFERENCE AND DISCLAIMER

10. In preparing this Report, the Monitor has relied upon certain financial information and forecasts prepared by Imperial as well as discussions and correspondence with senior management and advisors to Imperial, amongst others. The Monitor has not audited or otherwise attempted to verify the accuracy or completeness of this information. Accordingly, the Monitor expresses no opinion or other form of assurance respecting the information contained in this Report or relied on in its preparation. Forward-looking financial information reported or relied upon in preparing this Report is based on Imperial management’s assumptions regarding future events. Actual results may diverge from such forecasts, and these variations may be material.

11. Unless otherwise stated, all monetary amounts contained herein are expressed in Canadian Dollars.
12. This Report should be read in conjunction with the January 2025 Thauvette Affidavit, which can be found [here](#).

E. PURPOSE OF THIS REPORT

13. The purpose of this Report is to provide the Court with information regarding:
 - (a) an update on the Court proceedings;
 - (b) Imperial's business activities, industry developments, and trends impacting Imperial's business;
 - (c) Imperial's budget to actual cash-flow results for the 13-week period ending January 3, 2025;
 - (d) the Cash Flow Forecast for the 30-week period commencing the week of January 6, 2025, through the week ending August 1, 2025;
 - (e) the activities of the Monitor and its counsel since October 25, 2024, the date of the Nineteenth Report;
 - (f) Imperial's request for an order extending the Stay of Proceedings to the Effective Time; and
 - (g) the Monitor's conclusion in respect of the foregoing matters.

F. UPDATE ON COURT PROCEEDINGS

14. On October 31, 2024, the Court issued orders: (i) extending the Stay Period to January 31, 2025; (ii) granting the Meeting Order; and (iii) granting the Claims Procedure Order. A copy of the October 31, 2024 Stay Extension Order can be found [here](#). A copy of the Meeting Order can be found [here](#). A copy of the Claims Procedure Order can be found [here](#).

15. On November 22, 2024, the Court issued an endorsement granting orders amending the Representative Counsel Order in each of the Tobacco CCAA Proceedings to update certain definitions and provisions to reflect the current scope of Wagners' mandate and provide for its continued services if the Imperial Plan is implemented. A copy of the Amended and Restated Representative Counsel Order can be found [here](#).
16. On December 23, 2024, the Court issued an endorsement in all of the Tobacco CCAA Proceedings granting orders, which, among other things, (i) set the time and date for the hearing for approval and sanction of the Imperial Plan (the “**Sanction Hearing**”), (ii) ratified the litigation timetable leading up to the Sanction Hearing and (iii) approved the dissemination of the agenda including the procedure for the Sanction Hearing (collectively, the “**Sanction Protocol Order**”). A copy of the Sanction Protocol Order can be found [here](#).
17. The motion for an extension to the Stay Period returnable January 31, 2025 will be heard during the Sanction Hearing, and will proceed via a hybrid in-person/virtual format according to the Sanction Protocol Order granted by Chief Justice Morawetz. The general public will have access to the hearing via a secure, dedicated YouTube livestream. The hybrid in-person/virtual protocol for the Sanction Hearing has been served on the consolidated service list, is posted on the Monitor's website and can be found in Appendix “C” to the Report.

G. IMPERIAL'S BUSINESS ACTIVITIES, INDUSTRY DEVELOPMENTS AND TRENDS IMPACTING IMPERIAL'S BUSINESS

(i) Termination of IHGI Pension Plan

18. As discussed in the Seventeenth Report, IHGI is a foreign subsidiary of ITCAN and holds certain legacy obligations resulting from the historical acquisition and restructuring of various companies. IHGI liabilities include the IHGI Plan. In March 2024, ITCAN received permission from the Court, subject to certain conditions, to terminate the IHGI Plan in order to save money on future pension funding costs, provided that the total termination costs do not exceed US \$6 million (excluding

amounts required to fund the financial-year 2024 contribution). The Monitor understands that in the first half of 2025, IHGI will contract with one or multiple insurers to acquire annuities for the beneficiaries of the IHGI Plan with the wind-up of the IHGI Plan to be completed as soon as possible thereafter.

(ii) Bastos Quebec Facility

19. As discussed in the Eighteenth Report, in August 2024, flooding rendered inoperable certain Imperial machinery installed at a third-party manufacturing facility owned by Bastos du Canada Limitée.
20. Imperial, with support of the BAT Group and some original equipment manufacturers, has since been able to restore most of the manufacturing and packaging machinery at such facility. Production at the facility is expected to resume gradually, reaching full capacity by July 2025. Imperial has filed a claim with its insurers for the financial losses associated with this event.

(iii) Genstar Plans Settlement

21. ITCAN has reached an agreement with the Representative Counsel appointed by this Court on behalf of the beneficiaries of the Deferred Income Plan, Supplemental Executive Retirement Plan and Supplementary Pension Plan of Genstar (collectively, the “**Genstar Plans**”) with respect to their unsecured claims in these CCAA proceedings, which CCAA claims were preserved by the settlement approval order dated June 26, 2019 in relation to unpaid amounts under the Genstar Plans. Subject to approval of this Court, the parties have agreed to a one-time payment of US \$850,000 to Representative Counsel (on behalf of the beneficiaries of the Genstar Plans) in consideration for the withdrawal of the Miscellaneous Claim (as defined in the Imperial Plan) previously filed on behalf of the beneficiaries.

(iv) Canada Revenue Agency and Revenu Québec – Flintkote Claim Settlement

22. On January 15, 2025, ITCAN entered into a settlement agreement with the Canada Revenue Agency (the “**CRA**”) and Revenu Québec (“**RQ**”) to settle a tax dispute

relating to the Flintkote Issue (as more fully described in the Tenth Report), as well as certain other federal and Quebec tax issues that ITCAN disputes. Subject to approval of this Court, pursuant to the settlement agreement ITCAN shall make an aggregate payment of \$1.5 million in full and final satisfaction of the Flintkote Issue to be distributed equally between CRA and RQ. In return, the CRA and RQ shall withdraw the Miscellaneous Claims that were filed with the Monitor relating to this tax matter.

(v) New Federal Packaging Regulations

23. As discussed in the Sixteenth Report and Seventeenth Report, on August 1, 2023, the Canadian government promulgated the *Regulations Amending the Tobacco Products Regulations (Plain and Standardized Appearance)*, which, amongst other things, require health warnings to be labelled directly on individual cigarettes. The regulations will be implemented in phases with different implementation timelines for manufacturers and retailers.
24. Imperial has advised the Monitor that it has completed preparations to comply with the regulations when they come into force on January 31, 2025.

(vi) CBSA Assessment and Revenue Management (“CARM”) System

25. As discussed in the Eighteenth Report, on May 13, 2024, the Canada Border Services Agency (CBSA) launched a CARM system with a goal to align the importation reporting cycles and related federal excise tax payments to a calendar month, instead of the current cycles that overlap every two months. Imperial has advised the Monitor that the CARM system was implemented on October 21, 2024 and the federal excise tax payments are now reported by Imperial on a calendar month cycle.

H. RECEIPTS AND DISBURSEMENTS FOR THE 13-WEEK PERIOD ENDING JANUARY 3, 2025

26. Imperial’s cash balance as of the week ended January 3, 2025 was approximately \$4,819 million, as compared to the forecasted cash balance of approximately \$4,822 million. Imperial’s actual net cash flows were approximately \$320 million, as

compared to the forecasted net cash inflow of approximately \$322 million over the 13-week period resulting in a negative variance of approximately \$2 million, as explained below:

VARIANCE REPORT	Actuals	Forecast	Variance
<i>(CAD\$ in thousands)</i>	For the 13-week period ending Jan 03, 2025		
RECEIPTS			
Trade Receipts	1,075,213	1,148,290	(73,077)
DISBURSEMENTS			
<i>Operating Disbursements</i>			
Taxes and Levies	(590,957)	(637,762)	46,805
Operations	(208,953)	(235,927)	26,974
<i>Total Operating Disbursements</i>	<u>(799,910)</u>	<u>(873,689)</u>	<u>73,779</u>
OPERATING CASH FLOWS	<u>275,303</u>	<u>274,601</u>	<u>702</u>
<i>Financing Disbursements</i>			
Interest and Related Fees on Existing Facilities	49,865	55,579	(5,714)
<i>Restructuring Disbursements</i>			
Professional Fees	(4,977)	(7,737)	2,760
NET CASH FLOWS	<u>320,190</u>	<u>322,442</u>	<u>(2,253)</u>
CASH			
Beginning Balance	4,499,236	4,499,236	-
Net Cash Inflows / (Outflows)	320,190	322,442	(2,253)
Foreign Exchange Gain / (Loss)	(252)	-	(252)
ENDING CASH	<u>4,819,174</u>	<u>4,821,678</u>	<u>(2,504)</u>

The significant budget-to-actual variances and corresponding explanations are as follows:

- (a) *trade receipts*: negative variance of approximately \$73 million, or -6.4% against the forecast, primarily driven by lower-than-forecasted sales volumes for cigarettes and Vapour Products during the reporting period. Imperial experienced a volume shortfall of 7% for its cigarettes against the forecast during the reporting period and a shortfall of 11% during the reporting period versus the same period last year.
- (b) *taxes and levies*: positive variance of approximately \$47 million, or 7.3% against the forecast, driven by lower-than-forecasted excise tax payments as a result of the shortfall in sales volumes noted above.

- (c) *operating disbursements*: positive permanent variance of approximately \$27 million, as a result of lower than forecasted cigarette and Vapour Products purchases.
- (d) *interest income*: negative timing variance of approximately \$6 million driven by the lower-than-forecasted interest collected on funds and short-term investments held by Imperial due to the timing of maturity terms.
- (e) *professional fees*: positive variance of approximately \$3 million due to timing of professional fee payments. The variance is expected to reverse in the next reporting period as professional fee invoices are processed.

I. CASH FLOW FORECAST

- 27. Imperial, with the assistance of the Monitor, has prepared a Cash Flow Forecast for the 30-week period through the week ending August 1, 2025. The Cash Flow Forecast is attached as Appendix “D” to this Report.
- 28. During the Forecast Period, total operating receipts are forecast to be approximately \$2,041 million and total operating disbursements are forecast to be approximately \$1,884 million, resulting in a net positive operating cash flow of approximately \$157 million. In addition, Imperial forecasts interest income of approximately \$97 million in respect of cash balances on deposit in Canada and professional fee disbursements of approximately \$16 million, such that net cash inflow is forecast to be approximately \$237 million.
- 29. Cash flows are forecast to be negative for eight weeks during the Forecast Period. These negative cash flows are primarily due to the timing of tax and government levy payments based on monthly reporting periods. Cash flows in the weeks that fall on or around tax payment dates are forecast to be negative and then offset by positive cash flows during the remainder of the applicable month. Due to changes in the federal excise tax reporting cycle as a result of the CARM system implementation described above, the Cash Flow Forecast includes excise tax payments of approximately \$156

- million in January 2025 that relate to cigarette products imported and sold in December 2024.
30. The Monitor has reviewed the Cash Flow Forecast to the standard required of a Court-appointed monitor by Section 23(1)(b) of the CCAA. Section 23(1)(b) requires a monitor to review the debtor's cash flow statement as to its reasonableness and to file a report with the court on the monitor's findings. The Canadian Association of Insolvency and Restructuring Professionals' Standards of Professional Practice include a standard for a monitor fulfilling its statutory responsibilities under the CCAA in respect of its report on the Cash Flow Forecast.
31. In accordance with the above noted standard, the Monitor's review of the Cash Flow Forecast consisted of inquiries, analytical procedures and discussions related to the Cash Flow Forecast and its underlying assumptions. The Monitor's procedures with respect to the assumptions were limited to evaluating whether they were consistent with the purpose of the Cash Flow Forecast. The Monitor also reviewed the support provided by Imperial's management for the assumptions and the preparation and presentation of the Cash Flow Forecast.
32. Based on the Monitor's review, nothing has come to its attention that causes it to believe, in any material respect, that:
- (a) the assumptions are not consistent with the purpose of the Cash Flow Forecast;
 - (b) as at the date of this Report, the assumptions are not suitably supported and consistent with the plans of Imperial or do not provide a reasonable basis for the Cash Flow Forecast; or
 - (c) the Cash Flow Forecast does not reflect the assumptions.
33. As described in the Terms of Reference above, since the Cash Flow Forecast is based on assumptions regarding future events, actual results will diverge from the information presented even if the assumptions occur, and the variations could be material.

Accordingly, the Monitor expresses no assurances as to whether the Cash Flow Forecast will be achieved. In addition, the Monitor expresses no opinion or other form of assurance with respect to the accuracy of the financial information presented in the Cash Flow Forecast or relied upon by the Monitor in preparing this Report.

34. The Cash Flow Forecast has been prepared solely for the purposes described above and may not be suitable or appropriate for other purposes.

J. NEW TOBACCO AND VAPING REGULATIONS

35. Tobacco Products and Vapour Products continue to come under increased scrutiny globally, resulting in stringent regulations and, in some cases, outright bans.
36. Appendix “E” to this Report summarizes the various regulatory changes related to Tobacco Products and Vapour Products that have been considered and/or implemented across Canada since the date of the Nineteenth Report.

K. OVERVIEW OF THE MONITOR’S ACTIVITIES

37. Since the date of the Nineteenth Report, the Monitor and its counsel have held numerous meetings and discussions with Imperial and its counsel to:
- (a) monitor Imperial’s business activities;
 - (b) monitor Imperial’s receipts and disbursements;
 - (c) assist in the preparation of the Cash Flow Forecast;
 - (d) prepare monthly professional fee disclosures;
 - (e) gather and review Information to be included in the Imperial Data Room;
 - (f) address vendor and stakeholder inquiries;
 - (g) evaluate a variety of legal and operational issues as they arise;
 - (h) attend monthly board meetings; and

- (i) further their understanding of Imperial's business environment and the factors expected to impact its future business prospects.
38. The Monitor has also regularly attended meetings with the Court-Appointed Mediator and the Mediation Participants and has provided the Court-Appointed Mediator with information necessary to advance the Mediation.
39. The Tobacco Monitors and their counsel have met regularly to discuss ongoing matters including the Mediation, the development of the CCAA Plans, reviewing Information to be included in the Applicants' Data Rooms, procedural aspects of these CCAA Proceedings and the relief sought herein.

(i) Litigation Update

40. The Monitor is aware of, and has been monitoring, various ancillary litigation matters and information requests involving or respecting Imperial which arose subsequent to the initiation of the CCAA Proceedings and the implementation of the Stay of Proceedings. The Monitor believes that Imperial has been acting in good faith with respect to such matters, addressing the litigation on a case-by-case basis and apprising the Monitor of the actions it intends to take ahead of time.

(ii) Professional Fee Disclosure

41. Pursuant to the Professional Fee Disclosure Order, the Monitor continues to provide to the Quebec Litigation Plaintiffs and other parties who requested such information a summary, broken down by firm, of the restructuring fees incurred on or after March 12, 2019, and paid to the CCAA Professionals each month.

(iii) Imperial Plan

42. As discussed in the Twenty-Fifth Report, the Monitor worked with the Court-Appointed Mediator to develop the CCAA Plans. The Monitor and its counsel have expended considerable effort to implement the Imperial Plan including:
- i. seeking and obtaining the Meeting Order and Claims Procedure Order;

- ii. reviewing and revising the CCAA Plans in coordination with the Court-appointed Mediator to make necessary, but non-material administrative changes;
- iii. delivering Negative Notice Claims Packages, Claims Packages and Meeting Materials;
- iv. holding the meeting of Imperial's Eligible Voting Creditors (as defined in the Imperial Plan) to vote on the Imperial Plan and reporting to the Court on the results;
- v. seeking and obtaining the Sanction Protocol Order; and
- vi. delivering the Omnibus Sanction Hearing Notice, the Sanction Hearing Objection Notice and a copy of the Sanction Protocol Order.

L. CONCLUSION

- 43. Imperial is seeking an extension of the Stay Period to the Effective Time. The Monitor supports an extension of the Stay Period to the Effective Time, as contemplated in the Imperial Plan, assuming it is sanctioned.
- 44. The Monitor supports the extension of the Stay Period for the following reasons:
 - (a) Imperial is acting in good faith and with due diligence;
 - (b) the Cash Flow Forecast indicates that Imperial is projected to have sufficient funding to continue to operate in the normal course throughout the proposed extension to the Stay of Proceedings; and
 - (c) should the Court grant the sanction order in respect of the Imperial Plan, additional time will be required to implement the Imperial Plan.

The Monitor respectfully submits this 26th Report.

Dated this 22nd day of January 2025.

FTI Consulting Canada Inc.

FTI Consulting Canada Inc.

in its capacity as Monitor of Imperial Tobacco Canada Limited and Imperial Tobacco Company Limited, and not in its personal capacity.

APPENDIX “A” GLOSSARY

“**Amended and Restated Representative Counsel Order**” means the order of the Court issued on November 22, 2024, amending and restating the Representative Counsel Order.

“**Applicants**” means, collectively, Imperial, JTIM and Rothmans.

“**BAT**” means British American Tobacco p.l.c., a public company listed on the London Stock Exchange.

“**BAT Group**” means, collectively, BAT, B.A.T. International Finance p.l.c., B.A.T. Industries p.l.c., British American Tobacco (Investments) Limited, Carreras Rothmans Limited or entities related to or affiliated with them other than Imperial and the ITCAN Subsidiaries.

“**BAT Mexico**” means British American Tobacco Mexico S.A. de C.V.

“**Cash Flow Forecast**” means the cash flow forecast of Imperial’s receipts and disbursements for the 30-week period commencing the week of January 6, 2025, and continuing through the week ending August 1, 2025.

“**CCAA**” means the *Companies’ Creditors Arrangement Act*, R.S.C., 1985, c. C-36, as amended.

“**CCAA Plans**” means collectively, the Court-Appointed Mediator’s and Monitor’s plans of compromise and arrangement pursuant to the CCAA concerning, affecting and involving each of Imperial, RBH and JTIM, including all schedules to each CCAA Plan.

“**CCAA Proceedings**” means Court File No. CV-19-616077-00CL commenced by Imperial under the CCAA.

“**CCAA Professionals**” means the Monitor, counsel to the Monitor, counsel to Imperial, and any financial advisor Imperial has retained in connection with these CCAA Proceedings, except for any financial advisor in respect of whose work Imperial properly asserts solicitor-client, settlement, litigation or other privilege.

“**Chapter 15 Proceedings**” means the proceedings commenced by ITCAN on March 13, 2019, for relief under Chapter 15 of the U.S. Bankruptcy Code.

“**Claims Package**” means the documents attached as Schedule A to the Claims Procedure Order.

“**Claims Procedure Order**” means the order of the Court (including all schedules and appendices thereto) issued on October 31, 2024 establishing and approving the Claims Procedure in respect of Imperial.

“**Comeback Motion**” means the Comeback Motion, as defined in the Initial Order, which was heard on April 4, 5, 25 and 26, 2019.

“**Consortium of Provinces**” means, collectively, the Province of British Columbia, the Province of Manitoba, the Province of New Brunswick, the Province of Nova Scotia, the Province of Prince Edward Island and the Province of Saskatchewan, in each province’s capacity as a plaintiff in the HCCR Claims.

“**Court**” means the Ontario Superior Court of Justice (Commercial List).

“**Court-Appointed Mediator**” means the Honourable Warren K. Winkler K.C., acting as an officer of the Court and as a neutral third party to mediate a pan-Canadian global settlement in the context of these Tobacco CCAA Proceedings.

“**Data Rooms**” means data rooms containing Information in respect of the Applicants which are responsive to requests submitted by Mediation Participants, and as well as other information, which the Tobacco Monitors considered relevant.

“**Deloitte**” means Deloitte Restructuring Inc.

“**Effective Time**” means such time on the Plan Implementation Date (as defined in the Imperial Plan) as the Court-Appointed Mediator and the Monitor may determine and designate.

“**Eighteenth Report**” means the report filed by the Monitor on September 28, 2024.

“**Eighth Report**” means the eighth report of the Monitor filed on September 22, 2020.

“**Eleventh Report**” means the eleventh report of the Monitor filed on March 15, 2022.

“**EY**” means Ernst & Young Inc.

“**Fifteenth Report**” means the report filed by the Monitor on March 22, 2023.

“**Fifth Report**” means the report filed by the Monitor on September 25, 2019.

“**First Report**” means the report filed by the Monitor on April 3, 2019 in connection with the relief sought at the Comeback Motion.

“**Flintkote Issue**” means the lawsuit brought against ITCAN in respect of certain distributions received by ITCAN from the Flintkote Company (a previous indirect subsidiary of a predecessor of ITCAN) and legal expenses related to same, as more fully described in the Tenth Report.

“**Forecast Period**” means the 30-week period commencing the week of January 6, 2025 through the week ending August 1, 2025.

“**Fourteenth Report**” means the report filed by the Monitor on March 14, 2023.

“**Fourth Report**” means the report filed by the Monitor on June 24, 2019.

“**FTI**” means FTI Consulting Canada Inc.

“**Future Tobacco Harm Stakeholders**” as defined in the HSF Representation Motion, means those individuals who will buy and use tobacco products (or be exposed to the use of tobacco products) subsequent to the commencement of the CCAA Proceedings.

“**Genstar**” means Genstar Corporation, a subsidiary of ITCAN.

“**HCCR Claims**” means the claims started by each of the Provinces under each Province’s health care cost recovery legislation, to recover health care costs associated with smoking and the use of Tobacco Products.

“**HSF**” means the Heart and Stroke Foundation of Canada.

“**HSF Leave Motion**” means a motion brought by HSF returnable April 14, 2023 for leave to bring the HSF Representation Motion.

“**HSF Leave Motion Endorsement**” means a judgment issued by the Court on June 26, 2023 denying the HSF Leave Motion seeking leave to bring the HSF Representation Motion.

“**HSF Representation Motion**” means a motion brought by HSF dated September 19, 2022, seeking the appointment of Tyr LLP as representative counsel for the Future Tobacco Harm Stakeholders.

“**HSF Representation Motion Leave Hearing Order and Endorsement**” means an order and endorsement issued by the Court on February 14, 2023, setting a hearing date of April 14, 2023 for the hearing respecting leave to bring the HSF Representation Motion.

“**IHGI**” means Imasco Holdings Group Inc.

“**IHGI Plan**” means the U.S. tax qualified, registered defined benefit pension plan covering approximately 935 former U.S. employees of certain of Imperial’s predecessor companies.

“**Imperial**” means, collectively, ITCAN and ITCO.

“**Imperial Data Room**” means a data room containing Information in respect of Imperial.

“**Imperial Plan**” means the plan of compromise and arrangement in respect of Imperial filed by the Monitor on October 17, 2024, as amended by the first amended and restated plan of compromise and arrangement in respect of Imperial filed by the Monitor on December 5, 2024.

“**Information**” means common categories of information in respect of the Applicants which are responsive to requests submitted by Mediation Participants, as well as other information which the Tobacco Monitors considered relevant.

“**Initial Order**” means the initial order granted by the Court on March 12, 2019, as amended and restated as of April 5, 2019 and further amended and restated as of April 25, 2019 and updated by written endorsement on March 6, 2020, which authorized, among other things, the Stay of Proceedings and FTI’s appointment as Monitor of Imperial’s CCAA Proceedings.

“**ITCAN**” means Imperial Tobacco Canada Limited.

“**ITCAN Subsidiaries**” means Imperial Tobacco Services Inc., Imperial Tobacco Products Limited, Marlboro Canada Limited, Cameo Inc., Medallion Inc., Allan Ramsay and Company Limited, John Player & Sons Ltd., Imperial Brands Ltd., 2004969 Ontario Inc., Construction Romir Inc., Genstar, IHGI, ITL (USA) limited, Genstar Pacific Corporation, Imasco Holdings Inc., Southward Insurance Ltd., Liggett & Myers Tobacco Company of Canada Limited or entities related to or affiliated with them other than Imperial and the BAT Group.

“**ITCO**” means Imperial Tobacco Company Limited.

“**January 2025 Thauvette Affidavit**” means the Affidavit of Eric Thauvette, Vice President and Chief Financial Officer of ITCAN, sworn on January 15, 2025.

“**JTIM**” means JTI-Macdonald Corp.

“***Knight* Class Action Plaintiffs**” has the meaning given to such term pursuant to the Imperial Plan.

“**March 2020 Stay Extension Order**” means an Order of the Court, dated October 8, 2019, extending the length of the Stay of Proceedings to March 12, 2020.

“**March 2021 Stay Extension Order**” means an Order of the Court, dated September 29, 2020, extending the length of the Stay of Proceedings to March 31, 2021.

“**March 2022 Stay Extension Order**” means an Order of the Court, dated September 27, 2021, extending the length of the Stay of Proceedings to March 31, 2022.

“**March 2023 Stay Extension Order**” means an Order of the Court, dated September 29, 2022, extending the length of the Stay of Proceedings to March 31, 2023.

“**March 2024 Stay Extension Order**” means an order of the Court, dated October 5, 2023, extending the length of the Stay of Proceedings to March 29, 2024.

“**Mediation**” means the mediation process conducted by the Court-Appointed Mediator.

“**Mediation Participants**” means the Applicants, the Consortium of Provinces, the Provinces of Alberta, Newfoundland and Labrador, Ontario, and Quebec, the Quebec Litigation Plaintiffs, the Pan-Canadian Claimants represented by Wagners, the *Knight* Class Action Plaintiffs, and the Tobacco Growers’ Marketing Board.

“**Meeting Materials**” means (i) the proxy forms and instructions attached to the Meeting Order, (ii) a copy of the Meeting Order, (iii) the Imperial Plan and (iv) an omnibus notice published in accordance with the Omnibus Notice Program attached as Schedule C to the Claims Procedure Order.

“**Meeting Order**” means the order of the Court issued on October 31, 2024 directing the calling and holding of the meeting of Affected Creditors on December 12, 2024 to consider and vote on the Imperial Plan, as such order may be amended, restated or varied from time to time.

“**Monitor**” means FTI Consulting Canada Inc.

“**Monitor’s Reports**” means collectively, the Pre-Filing Report, the First Report, the Second Report, the Third Report, the Fourth Report, the Fifth Report, the Sixth Report, the Seventh Report, the Eighth Report, the Ninth Report, the Tenth Report, the Eleventh Report, the Twelfth Report, the Thirteenth Report, the Fourteenth Report, the Fifteenth Report, the Sixteenth Report, the Seventeenth Report, the Eighteenth Report, the Nineteenth Report, the Twentieth Report, the Twenty-First Report, the Twenty-Second Report, the Twenty-Third Report, the Twenty-Fourth Report, the Twenty-Fifth Report and this Report.

“**Negative Notice Claims Package**” means the package sent to each Claimant (as defined in the Imperial Plan) consisting of (i) a statement of negative notice claim setting out the value and number of votes attributable to the Claimant’s Affected Claim (as defined in the Imperial Plan) and (ii) a form for the dispute of the value and/or number of votes contained in the statement of negative notice claim.

“**New Excise Act Security Order**” means the order issued on July 11, 2022, authorizing ITCAN to post security as required by certain amendments to the Excise Act and to take any steps necessary to otherwise comply with the requirements of such security.

“**Nineteenth Report**” means the report filed by the Monitor on October 25, 2024.

“**Ninth Report**” means the report filed by the Monitor on March 19, 2021.

“**October 1, 2024 Stay Extension Order**” means an order of the Court, dated October 1, 2024, extending the Stay Period to October 31, 2024.

“**October 31, 2024 Stay Extension Order**” means an order of the Court, dated October 31, 2024, extending the Stay Period to January 31, 2025.

“**October Endorsement**” means an Endorsement of the Court, dated October 18, 2019, providing reasons for the March 2020 Stay Extension Order and the deferment of the issue of certain payments to BAT Mexico.

“**Omnibus Sanction Hearing Notice**” means the notice attached as Schedule B to the Sanction Protocol Order.

“**Pan-Canadian Claimants**” has the meaning given to such term pursuant to the Imperial Plan.

“**PCC Representative Counsel**” means counsel for the Pan-Canadian Claimants.

“Pre-Filing Report” means the report filed by the Monitor on March 12, 2019, in its capacity as proposed monitor of Imperial, in connection with Imperial’s initial application for relief under the CCAA.

“Professional Fee Disclosure Order” means an order of the Court which authorized, among other things, the disclosure of the professional restructuring fees in these CCAA Proceedings by the Monitor on or before the 15th of every month, beginning with June 2019.

“Provinces” means all of the provinces of Canada.

“Quebec Appeal Judgment” means the Court of Appeal of Quebec’s decision on the appeal of the Quebec Judgment issued March 1, 2019.

“Quebec Judgment” means the Quebec Superior Court’s judgment on the “Letourneau action” and the “Blais action” released on May 27, 2015 and corrected on June 9, 2015.

“Quebec Litigation Plaintiffs” means, collectively, the representative plaintiffs and the certified class members in each of the “Letourneau action” and the “Blais action”, as described in the March 12, 2019 Thauvette Affidavit.

“Report” means this Twenty-Sixth Report of the Monitor dated January 22, 2025.

“Representative Counsel” means Ari Kaplan of Kaplan Law, as appointed by the Court under the Representation Order issued on April 25, 2019.

“Representative Counsel Order” means the order by the Court on December 9, 2019, appointing Wagners as representative counsel to the Pan-Canadian Claimants.

“Rothmans” means Rothmans Benson & Hedges Inc.

“Sanction Hearing Objection Notice” means the notice attached as Schedule C to the Sanction Protocol Order.

“Second Amended and Restated Initial Order” means the Initial Order, as amended and restated as of April 25, 2019.

“Second Report” means the report filed by the Monitor on April 24, 2019.

“September 2021 Stay Extension Order” means an order of the Court, dated March 30, 2021, extending the length of the Stay of Proceedings to September 30, 2021.

“September 2022 Stay Extension Order” means an order of the Court, dated September 29, 2022, extending the length of the Stay of Proceedings to March 31, 2023.

“September 2023 Stay Extension Order” means an order of the Court, dated March 30, 2023, extending the length of the Stay of Proceedings to September 29, 2023.

“**September 2024 Stay Extension Order**” means an order of the Court, dated March 25, 2024, extending the Stay Period to September 30, 2024.

“**Seventeenth Report**” means the report filed by the Monitor on March 18, 2024.

“**Seventh Report**” means the report filed by the Monitor on February 13, 2020.

“**Shapiro**” means Daniel Shapiro Legal Professional Corporation.

“**Sixteenth Report**” means the report filed by the Monitor on September 20, 2023.

“**Sixth Report**” means the report filed by the Monitor on November 26, 2019.

“**Stay of Proceedings**” means the stay of proceedings during the Stay Period in favour of Imperial and their non-applicant subsidiaries, including Liggett & Meyers Tobacco Company of Canada Limited, as well as a limited stay in favour of BAT and certain BAT affiliates.

“**Stay Period**” means the term of the Stay of Proceedings.

“**Tenth Report**” means the report filed by the Monitor on September 20, 2021.

“**Third Report**” means the report filed by the Monitor on May 13, 2019.

“**Thirteenth Report**” means the report filed by the Monitor on September 23, 2022.

“**Tobacco CCAA Proceedings**” means these CCAA Proceedings, Court File No. 19-CV-615862-00CL commenced by JTIM under the CCAA and Court File No. CV-19-616779-00CL commenced by Rothmans under the CCAA.

“**Tobacco Claims**” means all claims brought or that could be brought under applicable law against the Applicants in relation to the development, manufacturing, production, marketing, advertising of, any representations made in respect of, the purchase, sale, and use of, or exposure to, the Tobacco Products.

“**Tobacco Monitors**” means, collectively, the Monitor, EY in its capacity as monitor for Rothmans, and Deloitte in its capacity as monitor for JTIM.

“**Tobacco Products**” means tobacco or any product made or derived from tobacco or containing nicotine that is intended for human consumption, including any component, part, or accessory of or used in connection with a tobacco product, including cigarettes, cigarette tobacco, roll your own tobacco, smokeless tobacco, and any other tobacco or nicotine delivery systems and shall include materials, products and by-products derived from or resulting from the use of any tobacco products, but does not include heat-not-burn tobacco products or Vapour Products.

“**Twelfth Report**” means the twelfth report of the Monitor filed on July 8, 2022.

“**Twentieth Report**” means the twentieth report of the Monitor dated October 25, 2024, in respect of the Meeting Order.

“**Twenty-Fifth Report**” means the twenty-fifth report of the Monitor dated January 15, 2025.

“**Twenty-First Report**” means the twenty-first report of the Monitor dated October 25, 2024, in respect of the Claims Procedure Order.

“**Twenty-Fourth Report**” means the twenty-fourth report dated December 13, 2024.

“**Twenty-Second Report**” means the twenty-second report of the Monitor dated November 13, 2024.

“**Twenty-Third Report**” means the twenty-third report of the Monitor dated December 5, 2024.

“**U.S.**” means the United States of America.

“**U.S. Bankruptcy Code**” means title 11 of the United States Code.

“**U.S. Bankruptcy Court**” means the United States Bankruptcy Court for the Southern District of New York.

“**Vapour Products**” means potential reduced risk, rechargeable, battery-powered devices that heat liquid formulations – e-liquids – to create a vapour which is inhaled, and which are sold under the tradename of Vype/Vuse.

“**Wagners**” means The Law Practice of Wagner & Associates, Inc.

APPENDIX “B” ORDERS

Please see below for a description of the orders issued by the Court and the U.S. Bankruptcy Court in these CCAA Proceedings.

1. Initial Order:

The Initial Order of the Ontario Superior Court of Justice (Commercial List) made on March 12, 2019, as amended and restated as of April 5, 2019 and further amended and restated as of April 25, 2019, pursuant to which:

- (a) Imperial was granted an initial stay of proceedings under the CCAA until April 11, 2019; and
- (b) FTI was appointed as the Monitor.

A copy of the Initial Order can be found [here](#).

2. Comeback Motion:

The Comeback Motion was heard on April 4 and 5, 2019. Following the Comeback Motion:

- (a) the Court issued an order dated April 5, 2019 extending the Stay of Proceedings to June 28, 2019, a copy of which can be found [here](#);
- (b) the Court issued the Insurance Lift-Stay Order dated April 5, 2019, partially lifting the Stay of Proceedings to allow the Quebec Litigation Plaintiffs to seek the approval of certain insurance settlements, a copy of which can be found [here](#); and
- (c) the Court issued an order dated April 5, 2019 amending and restating the Initial Order and appointing Hon. Warren K. Winkler, Q.C. as the Court-Appointed Mediator, a copy of which can be found [here](#).

3. Foreign Recognition Order:

On April 17, 2019, the U.S. Bankruptcy Court issued the Foreign Recognition Order recognizing the CCAA Proceedings as the main proceedings and staying proceedings against ITCAN in the United States. The Foreign Recognition Order can be found [here](#).

4. Second Amended and Restated Initial Order:

The Second Amended and Restated Initial Order was issued following the continuation of the Comeback Motion on April 25 and 26, 2019, a copy of which can be found [here](#).

5. Representation Order:

On April 25, 2019, the Court issued the Representation Order appointing Ari Kaplan of Kaplan Law as Representative Counsel to Robert M. Brown and George A. Foster, the court-appointed representatives of all persons with entitlements under certain retirements plans, including survivors and beneficiaries of such persons and any other person under the Representation Order. A copy of the Representation Order can be found [here](#).

6. Order to Amend the Ontario Claim:

On April 29, 2019, the Court issued the Order to Amend the Ontario Claim, partially lifting the Stay of Proceedings to permit the Province of Ontario to seek leave to amend its Amended Fresh as Amended Statement of Claim in the proceedings related to Ontario's HCCR Claims. A copy of the Order to Amend the Ontario Claim can be found [here](#).

7. Notice Procedure Order:

On May 14, 2019, the Court issued the Notice Procedure Order, which among other things, appointed Vivian Bennan-Dolezar as an additional representative to the represented parties under the Representation Order and approved the form and manner of notice of the Settlement Approval Hearing to such represented parties. A copy of the Notice Procedure Order can be found [here](#).

8. Professional Fee Disclosure Order:

The Professional Fee Disclosure Order was issued on May 14, 2019 and can be found [here](#).

9. Communication and Confidentiality Protocol Endorsement:

On May 24, 2019, the Court issued the Communication and Confidentiality Protocol Endorsement, pursuant to which the Court approved the communication and confidentiality protocol as between the Court and the Court-Appointed Mediator. A copy of the Communication and Confidentiality Protocol Endorsement can be found [here](#).

10. Clarification of Insurance Lift-Stay Order:

On May 31, 2019, the Court issued the Clarification of Insurance Lift-Stay Order which clarified the scope of the Insurance Lift-Stay Order. A copy of the Clarification of Insurance Lift-Stay Order can be found [here](#).

11. October Stay Extension Order:

The October Stay Extension Order was issued on June 26, 2019 and extended the Stay of Proceedings to October 4, 2019. A copy of the October Stay Extension Order can be found [here](#).

12. Genstar Settlement Approval Order:

The Genstar Settlement Approval Order was issued on June 26, 2019, approving, among other things (i) the settlement entered into on April 25, 2019 between ITCAN and Robert M. Brown and George A. Foster, as representatives in respect of those certain retirement plans; and (ii) the distribution of the proceeds of such settlement among all persons with entitlements under certain retirements plans, including survivors and beneficiaries of such persons and any other person under the Representation Order. A copy of the Genstar Settlement Approval Order can be found [here](#).

13. Order Appointing a Financial Advisor to the Court-Appointed Mediator:

The Order Appointing a Financial Advisor to the Court-Appointed Mediator was issued on June 27, 2019, which appointed Alvarez & Marsal Canada Inc. as the financial advisor to the Court-Appointed Mediator. A copy of the Order Appointed a Financial Advisor to the Court-Appointed Mediator can be found [here](#).

14. Court-to-Court Communications Order:

On July 9, 2019, the Court issued the Court-to-Court Communications Order, approving court-to-court communications between the Court, the U.S. Bankruptcy Court and any other court in any province or territory of Canada. A copy of the Court-to-Court Communications Order can be found [here](#).

15. Order Recognizing the Genstar Settlement Approval Order:

The U.S. Bankruptcy Court granted an order recognizing the Genstar Settlement Approval Order on July 18, 2019. A copy of which can be found [here](#).

16. Order Recognizing the Court-to-Court Communications Order:

The U.S. Bankruptcy Court granted an order recognizing the Court-to-Court Communications Order on September 5, 2019. A copy of which can be found [here](#).

17. March 2020 Stay Extension Order and October Endorsement:

The March 2020 Stay Extension Order was issued on October 2, 2019 and extended the Stay of Proceedings to March 12, 2020. A copy of the March 2020 Stay Extension Order can be found [here](#). Justice McEwen released the October Endorsement on October 18, 2019 providing reasons for the March 2020 Stay Extension Order and the deferment of the issue of certain payments to BAT Mexico. A copy of the October Endorsement can be found [here](#).

18. Representative Counsel Order:

The Representative Counsel Order was issued on December 9, 2019 and appointed Wagners as representative counsel to the Pan-Canadian Claimants. A copy of the Representative Counsel Order can be found [here](#).

19. September Stay Extension Order:

The September Stay Extension Order was issued on February 20, 2020 and extended the Stay of Proceedings to September 30, 2020. A copy of the September Stay Extension Order can be found [here](#).

20. Notice Protocol Endorsement:

The Notice Protocol Endorsement was issued on March 6, 2020 and further amended the Second Amended and Restated Initial Order by adding paragraphs to govern the notice protocol for moving and responding parties in the CCAA Proceedings. A copy of the Notice Protocol Endorsement can be found [here](#).

21. Limited Lift of Stay Order:

The Limited Lift of Stay Order was issued on March 16, 2020 and partially lifted the Stay of Proceedings to allow ITCAN to be added as a respondent to the application brought by the City of Ottawa bearing Court File No. 19-81809. A copy of the Limited Lift of Stay Order can be found [here](#).

22. Consultant Order:

The Consultant Order was issued on September 15, 2020 and appointed Shapiro as consultant to the Court-Appointed Mediator. A copy of the Consultant Order can be found [here](#).

23. March 2021 Stay Extension Order:

The March 2021 Stay Extension Order was issued on September 29, 2020, extending the Stay of Proceedings to March 31, 2021. A copy of the March 2021 Stay Extension Order can be found [here](#).

24. September 2021 Stay Extension Order:

The September 2021 Stay Extension Order was issued on March 30, 2021, extending the Stay of Proceedings to September 30, 2021. A copy of the September 2021 Stay Extension Order can be found [here](#).

25. March 2022 Stay Extension Order:

The March 2022 Stay Extension Order was issued on September 27, 2021, extending the Stay of Proceedings to March 31, 2022. A copy of the March 2022 Stay Extension Order can be found [here](#).

26. September 2022 Stay Extension Order:

The September 2022 Stay Extension Order was issued on March 22, 2022, extending the Stay of Proceedings to September 30, 2022. A copy of the September 2022 Stay Extension Order can be found [here](#).

27. New Excise Act Security Order:

The New Excise Act Security Order was issued on July 11, 2022, authorizing ITCAN to post security as required by certain amendments to the Excise Act in an aggregate amount not exceeding \$5 million, and to take any steps necessary to otherwise comply with the requirements of such security. A copy of the New Excise Act Security Order can be found [here](#).

28. March 2023 Stay Extension Order:

The March 2023 Stay Extension Order was issued on September 29, 2022, extending the Stay of Proceedings to March 31, 2023. A copy of the March 2023 Stay Extension Order can be found [here](#).

29. HSF Representation Motion Leave Hearing Order and Endorsement:

The HSF Representation Motion Leave Hearing Order and Endorsement was issued by the Court on February 14, 2023, setting a hearing date of April 14, 2023 for the hearing on whether to grant the HSF Leave Motion, by which HSF seeks leave to bring the HSF Representation Motion. A copy of the endorsement in respect of the HSF Representation Motion Leave Hearing Order and Endorsement can be found [here](#). A copy of the HSF Representation Motion can be found [here](#).

30. September 2023 Stay Extension Order:

The September 2023 Stay Extension Order was issued on March 30, 2022, extending the Stay of Proceedings to September 29, 2023. A copy of the September 2023 Stay Extension Order can be found [here](#).

31. HSF Leave Motion Endorsement:

The HSF Leave Motion Endorsement was issued on June 26, 2023 denying the HSF Leave Motion, which sought leave to bring the HSF Representation Motion. A copy of the HSF Leave Motion Endorsement can be found [here](#).

32. March 2024 Stay Extension Order

The March 2024 Stay Extension Order was issued on October 5, 2023, extending the length of the Stay of Proceedings to March 29, 2024. A copy of the March 2024 Stay Extension Order can be found [here](#).

33. September 2024 Stay Extension Order

The September 2024 Stay Extension Order was issued on March 25, 2024, extending the length of the Stay of Proceedings to September 30, 2024. A copy of the September 2024 Stay Extension Order can be found [here](#).

34. Order Recognising the IHGI Pension Wind-Up Order

On August 26, 2024, the U.S. Bankruptcy Court granted an order recognising the Court's March 25, 2024 order approving the termination of the IHGI Plan. A copy of the order can be found [here](#).

35. October 1, 2024 Stay Extension Order

The October 1, 2024 Stay Extension Order was issued on October 1, 2024, extending the length of the Stay of Proceedings to October 31, 2024 and adjourning the Applicants' motions for an extension of the Stay Period until October 31, 2024. A copy of the October 1, 2024 Stay Extension Order can be found [here](#).

36. October 31, 2024 Stay Extension Order

The October 31, 2024 Stay Extension Order was issued on October 31, 2024, extending the length of the Stay of Proceedings to January 31, 2025. A copy of the October 31, 2024 Stay Extension Order can be found [here](#).

37. Meeting Order

The Meeting Order was issued on October 31, 2024, authorizing the Monitor to, among other things, call, hold and conduct a meeting of Affected Creditors to vote on the Imperial Plan. A copy of the Meeting Order can be found [here](#).

38. Claims Procedure Order

The Claims Procedure Order was issued on October 31, 2024, establishing the Claims Procedure for the identification of Affected Claims against Imperial. A copy of the Claims Procedure Order can be found [here](#).

39. Amended and Restated Representative Counsel Order

The Amended and Restated Representative Counsel Order amending and restating the Representative Counsel Order appointing Wagners as PCC Representative Counsel was issued on November 22, 2024. A copy of the Amended and Restated Representative Counsel Order can be found [here](#).

40. Interlocutory Injunctive Relief Orders

Orders granting interlocutory injunctive relief to PCC Representative Counsel and the Quebec Class Action Plaintiffs Counsel against Actis Law Group and Ms. Andrea Grass were issued on

December 10, 2024. A copy of the orders for Wagner can be found [here](#). A copy of the orders for Quebec Class Action Plaintiffs Counsel can be found [here](#).

41. Sanction Protocol Order

The Sanction Protocol Order was issued on December 23, 2024, to, among other things, set the time and date of the Sanction Hearing and ratify the litigation timeline leading up to the Sanction Hearing. A copy of the Sanction Protocol Order can be found [here](#).

APPENDIX “C”
HYBRID IN-PERSON/VIRTUAL HEARING PROTOCOL

Please see attached.

PROTOCOL FOR HYBRID MOTION

Scheduling and Specific Requirements

1. Any person on the Service List that wishes to appear **virtually** on the motion(s) (“**Virtual Participants**”) must register by 4:00 p.m. two (2) business days in advance of the hearing (Monday, January 27th, 2025 for the motion(s) scheduled for Wednesday, January 29th, 2025), by emailing each Monitor’s counsel (aperley@dwpv.com, sfernandes@cassels.com, nancy.thompson@blakes.com). In their email, Virtual Participants should provide contact information, including their name, the party they are acting for, their email address and phone number for the Participant Information Form, along with a statement regarding whether they intend to make submissions and the position they intend to take with respect to the motion(s).
2. Any person on the Service List that wishes to appear **in person** on the motion(s) (“**In Person Participants**” and collectively with Virtual Participants, “**Participants**”) must register by 4:00 p.m. two (2) business days in advance of the hearing (Monday, January 27th, 2025 for the motion(s) scheduled for Wednesday, January 29th, 2025), by emailing each Monitor’s counsel (aperley@dwpv.com, sfernandes@cassels.com, nancy.thompson@blakes.com). In their email, In Person Participants should provide contact information, including their name, the party they are acting for, their email address and phone number for the Participant Information Form, along with a statement regarding whether they intend to make submissions and the position they intend to take with respect to the motion(s).
3. Subject to the Court’s overriding discretion over all matters, Monitors’ counsel will coordinate with Participants and the Court to develop an agenda for the hearing.
4. All material for use on the motion(s) is to be posted on Case Center, as more fully described in Appendix “B”.
5. Zoom links will be distributed to registered Virtual Participants only. Virtual Participants are not permitted to forward or share the Zoom link. No person should have access to the hearing on Zoom other than Virtual Participants. If a Virtual Participant is unable to attend by video, they should contact Monitors’ counsel. Virtual Participants should carefully review the technical requirements below.
6. Counsel are required to gown for the hearing.
7. For access by the general public, a YouTube link will be posted on each of the Monitors’ websites by 10:00 a.m. not less than two (2) business days prior to the hearing. The YouTube link will allow the general public to view a livestream of the hearing, but not participate in the

hearing. For greater clarity, individuals viewing the livestream via YouTube will not be heard or seen by the Court, Judge or Participants.

8. No recording of any part of the hearing (including audio) may be made unless authorized in advance by the Court.

9. For greater certainty, notice and service requirements are set out in the Rules of Civil Procedure and the various orders and endorsements in the proceedings. For ease of reference, we have included paragraphs 58-63 of the Second Amended and Restated Initial Order dated March 8, 2019 in the JTIM proceedings, attached as Appendix "A". It should be noted that similar notice and service requirements have been set out in various orders and endorsements in the parallel proceedings of Imperial and RBH. Nothing in this protocol modifies or amends Orders of the Court related to service requirements, the Rules of Civil Procedure, any Commercial List Practice Direction or other applicable rules.

10. Virtual Participants will be placed into a virtual waiting room upon entering the Zoom meeting.

Technical Requirements for Zoom Participants

11. Virtual Participants will require a device with a working microphone and camera. The device can be a computer (desktop or laptop), tablet or smartphone. The device must be connected to an internet connection that is sufficient to send and receive video and audio.

12. Each Virtual Participant is responsible for ensuring that they have suitable equipment to participate in the hearing and that such equipment works properly. Virtual Participants must test such equipment well in advance of the scheduled hearing to ensure:

- (a) that they are familiar with how to use such equipment;
- (b) the compatibility and functioning of such equipment; and
- (c) that the remote location has adequate internet bandwidth to support the use of Zoom without interruption.

13. Each Virtual Participant is also responsible for ensuring that they are familiar with the features and operation of Zoom. Virtual Participants must ensure that they have downloaded any necessary software, and practiced using Zoom, well in advance of the scheduled hearing.

14. Counsel on Zoom should identify their display name in the following format: [First Name] [Last name], for [Client].

15. Virtual Participants should log on using the Zoom link provided approximately 30 minutes before the hearing is scheduled to begin. During this time, Virtual Participants should speak to each other to determine if there are any audio/visual/connection issues.
16. It is suggested that Virtual Participants use the “gallery view” mode, rather than the “active speaker” mode, available on Zoom.
17. It is suggested that only counsel who are making submissions turn on their cameras during the hearing.
18. Should a Virtual Participant become disconnected from Zoom or experience technical difficulties during the hearing, they should immediately inform the Court by sending an email to each Monitor’s counsel (aperley@dwpv.com, sfernandes@cassels.com, nancy.thompson@blakes.com).
18. Further Virtual Participant information is included in Appendix “B.”

APPENDIX "A"

58. **THIS COURT ORDERS** that, subject to paragraph 59, all motions in this proceeding are to be brought on not less than seven (7) calendar days' notice to all persons on the Service List. Each Notice of Motion shall specify a date (the "**Return Date**") and time for the hearing.

59. **THIS COURT ORDERS** that motions for relief on an urgent basis need not comply with the notice protocol described herein.

60. **THIS COURT ORDERS** that any interested Person wishing to object to the relief sought in a motion must serve responding motion material or, if they do not intend to file material, a notice in all cases stating the objection to the motion and the grounds for such objection in writing (the "**Responding Material**") to the moving party, the Applicant and the Monitor, with a copy to all Persons on the Service List, no later than 5 p.m. on the date that is four (4) calendar days prior to the Return Date (the "**Objection Deadline**").

61. **THIS COURT ORDERS** that, if no Responding Materials are served by the Objection Deadline, the judge having carriage of the motion (the "**Presiding Judge**") may determine:

- (a) whether a hearing is necessary;
- (b) whether such hearing will be in person, by telephone or by written submissions only; and
- (c) the parties from whom submissions are required

(collectively, the "**Hearing Details**"). In the absence of any such determination, a hearing will be held in the ordinary course.

62. **THIS COURT ORDERS** that, if no Responding Materials are served by the Objection Deadline, the Monitor shall communicate with the Presiding Judge regarding whether a determination has been made by the Presiding Judge concerning the Hearing Details. The Monitor shall thereafter advise the Service List of the Hearing Details and the Monitor shall report upon its dissemination of the Hearing Details to the Court in a timely manner, which may be contained in the Monitor's next report in the proceeding.

63. **THIS COURT ORDERS** that if any party objects to the motion proceeding on the Return Date or believes that the Objection Deadline does not provide sufficient time to respond to the motion, such objecting party shall, promptly upon receipt of the Notice of Motion and in any event prior to the Objection Deadline, contact the moving party and the Monitor (together with the objecting party and any other party who has served Responding Materials, the "**Interested Parties**") to advise of such objection and the reasons therefor. If the Interested Parties are unable to resolve the objection to the timing and schedule for the motion following good faith consultations, the Interested Parties may seek a scheduling appointment before the Presiding Judge to be held prior to the Return Date or on such other date as may be mutually agreed by the Interested Parties or as directed by the Presiding Judge to establish a schedule for the motion. At the scheduling appointment, the Presiding Judge may provide directions including a schedule for the delivery of any further materials and the hearing of the contested motion, and may address such other matters, including interim relief, as the Court may see fit. Notwithstanding the foregoing, the Presiding Judge may require the Interested Parties to proceed with the contested motion on the Return Date or on any other date as may be directed by the Presiding Judge or as may be mutually agreed by the Interested Parties, if otherwise satisfactory to the Presiding Judge.

APPENDIX “B”

1. All Virtual Participants will have their microphones muted and may only unmute their own microphones when they are addressing the Court. When parties are not muted, they must avoid making extraneous noise (including for example, typing and shuffling papers) as these noises may interfere with the hearing.
2. Virtual Participants must ensure that they participate in the Zoom hearing from a well-lit room so that they are easily visible. Virtual Participants must also ensure that no filters are active that may distort or otherwise conceal their appearance.
3. Virtual Participants must ensure that they participate in the Zoom hearing from a quiet location where they (and the Court) will not be interrupted or disturbed during the hearing.
4. All mobile devices must be turned off or put on silent mode during the hearing.
5. Participants must refrain from speaking over other Participants.
6. Participants should make submissions in accordance with the order set out in the agenda. If there is a need to make submissions out of sequence, Participants should make a request in a manner directed by the Court. The Court may ask Participants to signal when they intend to address the Court by raising their hand (either by physically raising their hand or by using the virtual “raise hand” feature in Zoom).
7. Participants must state their name and who they represent before addressing the Court.
8. Upon entry into the virtual waiting room, each Virtual Participant joining by video should identify themselves, including any person off camera that may be viewing the video feed. This also allows any audio or visual issues to be identified. Each Virtual Participant is obligated to immediately notify the presiding judge if any additional person joins them in viewing the video feed.
9. If a Participant intends to rely on any documents, the materials you intend to rely on must be served and shared on the relevant Case Center bundle and all references during the hearing should reference the Case Center page numbering associated with such Case Center bundle.
10. If a party wishes to share certain documents during the hearing, the documents should be provided to the Monitors in advance so that it can be added to the agenda and a method for sharing can be set up.

APPENDIX "D"
CASH FLOW FORECAST

Please see attached.

Imperial Tobacco Canada Limited

CCAA Cash Flow Forecast

(CAD\$ in thousands)

Week Beginning (Monday)	6-Jan-25	13-Jan-25	20-Jan-25	27-Jan-25	3-Feb-25	10-Feb-25	17-Feb-25	24-Feb-25	3-Mar-25	10-Mar-25	17-Mar-25	24-Mar-25	31-Mar-25	7-Apr-25	14-Apr-25	
Forecast Week	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	
RECEIPTS																
Trade Receipts	[2]	45,371	18,765	38,128	48,204	43,445	47,702	46,233	60,783	63,734	60,956	66,830	74,000	68,479	69,798	71,780
DISBURSEMENTS																
<i>Operating Disbursements</i>																
Taxes and Levies	[3]	(119)	(22,901)	(35,364)	(256,667)	-	-	(9,562)	(41,853)	(31,643)	-	(31,427)	(27,192)	(97,294)	-	(15,252)
Operations	[4]	(13,086)	(3,610)	(5,354)	(37,018)	(14,638)	(10,227)	(14,615)	(61,915)	(13,361)	(8,559)	(11,376)	(33,849)	(15,841)	(4,027)	(11,020)
<i>Total Operating Disbursements</i>		(13,205)	(26,512)	(40,718)	(293,685)	(14,638)	(10,227)	(24,176)	(103,768)	(45,004)	(8,559)	(42,803)	(61,041)	(113,135)	(4,027)	(26,273)
OPERATING CASH FLOWS																
		32,166	(7,747)	(2,589)	(245,481)	28,807	37,475	22,056	(42,985)	18,730	52,397	24,027	12,960	(44,656)	65,771	45,507
<i>Financing Income</i>																
Interest and Related Fees	[5]	2,230	-	3,319	7,486	7,369	-	-	4,883	6,617	-	-	-	13,259	-	-
<i>Restructuring Disbursements</i>																
Professional Fees	[6]	(2,445)	(482)	(482)	(482)	(482)	(482)	(482)	(482)	(482)	(482)	(482)	(482)	(482)	(482)	(482)
NET CASH FLOWS																
		31,951	(8,229)	247	(238,477)	35,694	36,993	21,574	(38,585)	24,865	51,915	23,545	12,477	(31,880)	65,289	45,025
CASH																
Beginning Balance		4,819,174	4,851,125	4,842,896	4,843,143	4,604,666	4,640,361	4,677,353	4,698,928	4,660,343	4,685,208	4,737,123	4,760,667	4,773,145	4,741,265	4,806,554
Net Cash Inflows / (Outflows)		31,951	(8,229)	247	(238,477)	35,694	36,993	21,574	(38,585)	24,865	51,915	23,545	12,477	(31,880)	65,289	45,025
ENDING CASH																
		4,851,125	4,842,896	4,843,143	4,604,666	4,640,361	4,677,353	4,698,928	4,660,343	4,685,208	4,737,123	4,760,667	4,773,145	4,741,265	4,806,554	4,851,579

Notes to the CCAA Forecast:

- [1] The purpose of this cash flow forecast is to estimate the liquidity requirements of the Company during the forecast period.
- [2] Forecast Trade Receipts include collections from the sale of tobacco-related products and other categories, net of returns, and inclusive of sales taxes. The sales forecast is based on historical sales patterns, seasonality, and current management's expectations. The cash flow forecast includes certain price increases. The Company's ability to maintain the price increase is dependent on market conditions.
- [3] Forecast Taxes and Levies disbursements reflect the remittance of the federal excise tax, provincial tobacco taxes, sales taxes, and the Company's corporate income taxes.
- [4] Forecast Operations disbursements include employee-related costs, selling, general, administrative costs and intercompany costs. Intercompany costs include costs relating to the purchase of tobacco-related products and other categories, and services including: innovation fees, consulting and advisory fees, IT-related costs, product development and testing, accounting and human resources. Previous forecasts have reflected a disbursement of \$55 million to BAT Mexico for costs associated with the retirement of certain equipment and materials that are obsolete after the implementation of the Tobacco Products Regulations (Plain and Standardized Appearance). The disbursement to BAT Mexico is not expected to be paid in the Forecast Period and therefore, is excluded from the cash flow forecast.
- [5] Forecast Interest and Related Fees reflect interest income earned net of any sundry payments relating to existing facilities.
- [6] Forecast Professional Fees include fees for the Company's Counsel, the Monitor, the Monitor's Counsel, the Company's US Counsel, the Monitor's US Counsel, the US Noticing Agent, the Court-Appointed Mediator, the Court-Appointed Mediator's Counsel and the Representative Counsel for the TRW Claimants.

Imperial Tobacco Canada Limited

CCAA Cash Flow Forecast

(CAD\$ in thousands)

Week Beginning (Monday)	21-Apr-25	28-Apr-25	5-May-25	12-May-25	19-May-25	26-May-25	2-Jun-25	9-Jun-25	16-Jun-25	23-Jun-25	30-Jun-25	7-Jul-25	14-Jul-25	21-Jul-25	28-Jul-25	30-Week Total	
Forecast Week	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30		
RECEIPTS																	
Trade Receipts	[2]	69,961	73,130	74,946	79,596	76,024	78,840	76,464	77,625	88,243	87,463	72,370	85,527	105,445	84,732	86,096	2,040,669
DISBURSEMENTS																	
<i>Operating Disbursements</i>																	
Taxes and Levies	[3]	(17,938)	(140,111)	-	(23,772)	(17,922)	(136,163)	(32,068)	-	(61,184)	(2,618)	(217,657)	-	(28,833)	(22,144)	(174,526)	(1,444,212)
Operations	[4]	(37,409)	(15,330)	(2,469)	(9,122)	(7,422)	(40,307)	(6,887)	(9,314)	(3,412)	(34,534)	(7,625)	(5,390)	(6,639)	36,261	(31,832)	(439,928)
<i>Total Operating Disbursements</i>		(55,348)	(155,441)	(2,469)	(32,894)	(25,344)	(176,470)	(38,955)	(9,314)	(64,596)	(37,152)	(225,283)	(5,390)	(35,472)	14,116	(206,357)	(1,884,140)
OPERATING CASH FLOWS																	
		14,613	(82,311)	72,477	46,702	50,680	(97,631)	37,509	68,311	23,647	50,311	(152,912)	80,137	69,972	98,848	(120,261)	156,530
<i>Financing Income</i>																	
Interest and Related Fees	[5]	-	13,058	-	-	-	5,711	7,501	-	-	-	12,861	-	-	-	12,786	97,079
<i>Restructuring Disbursements</i>																	
Professional Fees	[6]	(482)	(482)	(482)	(482)	(482)	(482)	(482)	(482)	(482)	(482)	(482)	(482)	(482)	(482)	(482)	(16,425)
NET CASH FLOWS																	
		14,131	(69,735)	71,996	46,220	50,198	(92,402)	44,527	67,829	23,164	49,829	(140,533)	79,655	69,491	98,366	(107,957)	237,184
CASH																	
Beginning Balance		4,851,579	4,865,711	4,795,975	4,867,971	4,914,191	4,964,389	4,871,988	4,916,515	4,984,344	5,007,508	5,057,336	4,916,803	4,996,458	5,065,948	5,164,315	4,819,174
Net Cash Inflows / (Outflows)		14,131	(69,735)	71,996	46,220	50,198	(92,402)	44,527	67,829	23,164	49,829	(140,533)	79,655	69,491	98,366	(107,957)	237,184
ENDING CASH																	
		4,865,711	4,795,975	4,867,971	4,914,191	4,964,389	4,871,988	4,916,515	4,984,344	5,007,508	5,057,336	4,916,803	4,996,458	5,065,948	5,164,315	5,056,358	5,056,358

Notes to the CCAA Forecast:

- [1] The purpose of this cash flow forecast is to estimate the liquidity requirements of the Company during the forecast period.
- [2] Forecast Trade Receipts include collections from the sale of tobacco-related products and other categories, net of returns, and inclusive of sales taxes. The sales forecast is based on historical sales patterns, seasonality, and current management's expectations. The cash flow forecast includes certain price increases. The Company's ability to maintain the price increase is dependent on market conditions.
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APPENDIX “E” REGULATORY CHANGES

Please see below for a summary of the tobacco and vaping regulations that are being considered and implemented across Canada since the date of the Nineteenth Report.

Tobacco

1. **Prince Edward Island:** On November 29, 2024, Bill 71 – *An Act to Amend the Tobacco and Electronic Smoking Device Sales and Access Act* received Royal Assent. Bill 71, among other things, adds a prohibition against selling or offering to sell, in a tobacconist shop, a prescribed flavouring agent or an electronic smoking device with a nicotine concentration above a prescribed maximum. This act will come into force upon the proclamation of the Lieutenant Governor in Council on a date which has not been set.
2. **Quebec:**
 - i. On December 4, 2024, Bill 80, *An Act to give effect to fiscal measures announced in the Budget Speech delivered on 12 March 2024 and amending other provisions* received Royal Assent. Bill 80, among other things, amends the *Tobacco Tax Act* to enable the Canada Border Services Agency to collect tobacco tax on property bound for Quebec that is present in a preclearance area or preclearance perimeter.
 - ii. On December 5, 2024, Bill 75, *An Act to give effect to fiscal measures announced in the Budget Speech delivered on 12 March 2024 and to certain other measures* received Royal Assent. Bill 75, among other things, amends the *Tobacco Tax Act* and increases the specific tax rates on Tobacco Products.

Vaping

Federal: On October 25, 2024, the Canadian Government published the *Regulations Amending the Excise Duties on Vaping Products Regulations* pursuant to the *Excise Act, 2001*. These regulations amend the previous Excise Duties on Vaping Products Regulations to formalize the decisions of New Brunswick, Manitoba, Prince Edward Island, Alberta and Yukon to join the coordinated vaping product taxation system, which had previously included only Ontario, Quebec, Northwest Territories and Nunavut. Vapour Products sold in these new jurisdictions must bear a province/territory specific “DUTY PAID” excise stamp by April, 2025.

IN THE MATTER OF *THE COMPANIES' CREDITORS ARRANGEMENT ACT*,
R.S.C.1985, c. C-36, AS AMENDED AND IN THE MATTER OF A PLAN OF
COMPROMISE OR ARRANGEMENT OF IMPERIAL TOBACCO CANADA LIMITED AND IMPERIAL TOBACCO COMPANY LIMITED

Court File No. CV-19-616077-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

Proceeding commenced at Toronto

**TWENTY-SIXTH REPORT OF THE MONITOR
JANUARY 22, 2025**

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