

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

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

**THIRTEENTH REPORT OF THE MONITOR**

**September 23, 2022**

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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

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

**A. GENERAL**

1. 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**

2. The principal purpose of these CCAA Proceedings, and the 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.
3. The Initial Order in these CCAA Proceedings was issued by the Court on March 12, 2019, as amended and restated on April 5, 2019, further amended and restated on April 25, 2019, and updated by written endorsement on March 6, 2020. 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 on April 17, 2019.
4. 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**

5. Imperial is the largest distributor of Tobacco Products in Canada and 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, as well as certain non-tobacco products.
6. Imperial is highly integrated with BAT and its affiliates. Imperial 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.
7. Further information regarding these CCAA Proceedings and Imperial's background is provided in the previous Monitor's Reports.
8. 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://cfcanda.fticonsulting.com/imperialtobacco>.

**D. TERMS OF REFERENCE AND DISCLAIMER**

9. In preparing this Report, the Monitor has relied upon certain financial information and forecasts prepared by Imperial, and discussions and correspondence with, among others, the senior management and advisors to Imperial. 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 on the information contained in this Report or relied on in its preparation. Future-oriented financial information reported or relied on in preparing this Report is based on Imperial management's assumptions regarding future events; actual results may vary from the forecast, and such variations may be material.
10. Unless otherwise stated, all monetary amounts contained herein are expressed in Canadian Dollars.

11. This Report should be read in conjunction with the September 2022 Thauvette Affidavit, which can be found [here](#).

**E. PURPOSE OF THIS REPORT**

12. The purpose of this Report is to provide this Court with information regarding:
  - i. an update on the Mediation;
  - ii. an update on the continued impact of the COVID-19 Pandemic on Imperial's business, and steps taken to mitigate the effects of future business interruptions;
  - iii. Imperial's business activities, industry developments and trends impacting Imperial's business and Imperial's related business contingency plan;
  - iv. Imperial's budget to actual cash flow results for the 27-week period ending September 4, 2022;
  - v. the Cash Flow Forecast for the 30-week period commencing the week of September 5, 2022, through the week of March 31, 2023;
  - vi. the activities of the Monitor and its counsel since March 15, 2022, the date of the Eleventh Report;
  - vii. Imperial's request for an order extending the Stay of Proceedings up to and including March 31, 2023; and
  - viii. the Monitor's comments and recommendations in respect of the foregoing matters.

**F. UPDATE ON COURT PROCEEDINGS**

13. On March 22, 2022, the Court heard a motion seeking the extension of the Stay of Proceedings and issued the September 2022 Stay Extension Order, which extended the Stay Period to September 30, 2022. A copy of the September 2022 Stay Extension Order can be found [here](#).

14. On July 11, 2022, the Court issued the New Excise Act Security Order authorizing ITCAN to post security in an aggregate amount not exceeding \$5 million as required by certain amendments to the Excise Tax Act and to take any steps necessary to otherwise comply with such amendments, notwithstanding any restrictions that might otherwise arise under the terms of the Initial Order. A copy of the New Excise Act Security Order can be found [here](#).
15. On July 15, 2022, the Monitor, by its U.S. Counsel, filed the third status report to advise the U.S. Bankruptcy Court of the ongoing developments in these CCAA Proceedings. There was no hearing associated with such filing. A copy of the third status report can be found [here](#).
16. On August 10, 2022, the U.S. Bankruptcy Court reassigned the Chapter 15 Proceedings to Judge John P. Mastando III.
17. We also note that, on April 26, 2022, the scheduling manager for the Supreme Court of British Columbia advised counsel to the Monitor that Madam Justice Jackson had been assigned the HCCR Claims proceedings currently before the Supreme Court of British Columbia.
18. This hearing on the motion to extend the Stay of Proceedings will proceed by Zoom Video Conference according to the protocol developed by counsel to the Tobacco Monitors. The general public will have access to the hearing via a secure, dedicated YouTube livestream. This protocol has been served on the consolidated service list, is posted on the Monitor's website and can be found in Appendix "C" to this Report.

#### **G. UPDATE ON THE MEDIATION**

19. The Monitor continues to work with Imperial to populate the Imperial Data Room with financial and other information relevant to these CCAA Proceedings and to respond to information requests. The Imperial Data Room is accessible only to those advisors of Mediation Participants who have executed NDAs.

20. The Court-Appointed Mediator, with the assistance of the Tobacco Monitors, has continued to conduct the Mediation and engage in meaningful discussions with the Applicants and stakeholders. Although the Mediation is confidential, the Monitor can report that the parties are continuing to advance the Mediation with a view to facilitating a pan-Canadian global settlement of the Tobacco Claims.

## **H. COVID-19 PANDEMIC IMPACT UPDATE**

21. As noted in the Monitor's Eleventh Report, the BAT Group purchased and reallocated certain manufacturing and packaging equipment to be installed in the United States and Chile for BAT to produce product for Imperial to prevent a recurrence of the supply chain disruptions that Imperial incurred at the outset of the COVID-19 pandemic. Certain of the equipment was purchased by the BAT Group directly from the manufacturer, while other equipment was reallocated from affiliates of BAT. The total cost of the equipment was approximately \$29 million. Ownership of the equipment remains with the BAT Group. Imperial has advised the Monitor that it has incurred total development costs of \$5.8 million in connection with these contingency arrangements. Imperial has advised the Monitor that the installation of the equipment was completed in the United States by April 2022 and in Chile in September 2022.

## **I. IMPERIAL'S BUSINESS ACTIVITIES, INDUSTRY DEVELOPMENTS AND TRENDS IMPACTING IMPERIAL'S BUSINESS**

### **(i) Canadian Distribution Centres Upgrade**

22. As discussed in the Eleventh Report, the automated equipment in Imperial's Canadian distribution centres operated by Ryder is nearing the end of its useful life and will need to be replaced. As further noted in the Eleventh Report, following a request for proposals, Imperial selected the best proposal based on the terms of the request for proposals. Imperial has advised the Monitor that the projected timeline set out in the Eleventh Report has been revised based on the design phase resulting in a revised scope, and the project is now expected to be completed in June 2024.

**(ii) Vuse Store Openings**

23. As part of Imperial’s strategy to market its “Vuse” Vapour Products it has opened additional Vuse retail stores. As of the date of this Report, ITCAN currently operates eight Vuse stores and anticipates opening three additional Vuse stores across Canada by 2023.

**(iii) Nova Scotia Vaping Products Taxation Security**

24. On July 18, 2022, the audit and enforcement branch of the Department of Service Nova Scotia and Internal Services sought additional security in the amount of \$100,000 under section 82 of the *Revenue Act* (Nova Scotia) in relation to Imperial’s vaping products registration in the province.
25. On August 26, 2022, Counsel to Imperial responded to the July 18<sup>th</sup> request for additional security asserting that Nova Scotia’s request for \$100,000 in additional security is inconsistent with the terms of paragraphs 11 and 12 of the Initial Order, which together set out a framework concerning bonding and security for certain governmental entities. In addition, counsel to Imperial asserted that the request is unnecessary in view of paragraph 25 of the Initial Order, which provides for a charge in favour of certain governments for any amounts owing in respect of Sales & Excise Taxes (as defined in the Initial Order).

**J. ENVIRONMENTAL RISK ASSESSMENT OF AYLMER PROCESSING PLANT**

26. On November 14, 2018, the Ministry of the Environment, Conservation and Parks accepted ITCAN’s risk assessment report on Area 101 at 259 Elm Street in Aylmer, Ontario. ITCAN committed to installing a soil cover over the pesticide-contaminated soils at the site. The estimate to complete this work, which was delayed due to the COVID-19 Pandemic, is approximately \$600,000. ITCAN anticipates that this work will commence in the fourth quarter of 2022. The Monitor agrees that this work should proceed during these CCAA Proceedings.

**K. RECEIPTS AND DISBURSEMENTS FOR THE 27-WEEK PERIOD ENDING SEPTEMBER 4, 2022**

27. Imperial’s cash balance as of the week ended September 4, 2022, was \$2,886 million, an increase of approximately \$310 million, as compared to the forecasted net cash inflow of



\$463 million over the 27-week period ending September 4, 2022, giving a net negative variance of \$153 million as explained below:

<b>VARIANCE REPORT</b>	<b>Actuals</b>	<b>Forecast</b>	<b>Variance</b>
<i>CAD in thousands</i>	<b>For the 27-week period ending Sep 04, 2022</b>		
<b>RECEIPTS</b>			
Trade Receipts	2,348,373	2,561,106	(212,734)
<b>DISBURSEMENTS</b>			
<i>Operating Disbursements</i>			
Taxes and Levies	(1,561,893)	(1,654,141)	92,248
Operations	(490,828)	(445,204)	(45,624)
<i>Total Operating Disbursements</i>	<u>(2,052,721)</u>	<u>(2,099,345)</u>	<u>46,624</u>
<b>OPERATING CASH FLOWS</b>	<b><u>295,651</u></b>	<b><u>461,761</u></b>	<b><u>(166,110)</u></b>
<i>Financing Disbursements</i>			
Interest and Related Fees on Existing Facilities	18,200	7,089	11,111
<i>Restructuring Disbursements</i>			
Professional Fees	(3,997)	(5,493)	1,496
<b>NET CASH FLOWS</b>	<b><u>309,855</u></b>	<b><u>463,357</u></b>	<b><u>(153,502)</u></b>
<b>CASH</b>			
Beginning Balance	2,572,504	2,572,504	-
Net Cash Inflows / (Outflows)	309,855	463,357	(153,502)
Other (FX)	3,499	-	3,499
<b>ENDING CASH</b>	<b><u>2,885,858</u></b>	<b><u>3,035,861</u></b>	<b><u>(150,003)</u></b>

28. The significant budget to actual variances and corresponding explanations are as follows:
- i. *trade receipts*: negative variance of \$213 million, or 8% against the forecast, primarily driven by lower-than-forecast sales volumes. As described in paragraph 12 of the September 2022 Thauvette Affidavit, the lower sales were mainly driven by a higher than forecasted decline in overall industry volumes.
  - ii. *taxes and levies*: positive permanent variance of \$92 million, primarily driven by the lower-than-forecast importation of cigarettes into Canada primarily driven by the lower-than-forecast industry volumes.
  - iii. *operating disbursements*: negative timing variance of \$46 million, primarily driven by accelerated inventory purchases for Vapour Products of approximately \$93 million as contingency arrangements to address potential regulatory and

geopolitical issues, which was then partially offset by positive timing differences of \$47 million relating to marketing programs primarily driven by the lower-than-forecast sales which are expected to reverse in future reporting periods as well as reimbursement of Nicoventure expenses for services incurred in previous periods.

- iv. *interest income*: positive permanent variance of \$11 million that is driven by the higher-than-forecast interest rate earned on funds held by the company as a result of rising interest rates.
- v. *professional fees*: positive variance of \$1.5 million that consists of a positive permanent variance of \$1.0 million and a positive timing variance of \$0.5 million that is expected to reverse in the future reporting period.

## **L. CASH FLOW FORECAST**

- 29. Imperial, with the assistance of the Monitor, has prepared a Cash Flow Forecast for the 30-week period ending the week of March 31, 2023. The Cash Flow Forecast is attached as Appendix “D” to this Report.
- 30. During the Forecast Period, total operating receipts are forecast to be approximately \$2,259 million and total operating disbursements are forecast to be approximately \$2,108 million, resulting in a net positive operating cash flow of approximately \$151 million. In addition, Imperial forecasts interest income of approximately \$37 million in respect of cash balances on deposit in Canada and professional fee disbursements of approximately \$6 million, such that net cash inflow is forecast to be approximately \$182 million.
- 31. Although net cash flows are positive during the Forecast Period, there are 11 weeks within this period which are forecasted to have negative operating cash flows. These are largely driven by the timing of the payment of taxes and government levies due at the end of each month. Cash flows in the weeks that fall on or around month-end tax payments are expected to be negative and then offset by the receipt of the positive cash flows during the remainder of the month.

32. 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.
33. In accordance with the 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.
34. Based on the Monitor's review, nothing has come to its attention that causes it to believe, in all material respects, that:
- i. the assumptions are not consistent with the purpose of the Cash Flow Forecast;
  - ii. 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
  - iii. the Cash Flow Forecast does not reflect the assumptions.
35. As described in the Terms of Reference above, since the Cash Flow Forecast is based on assumptions regarding future events, actual results will vary from the information presented even if the assumptions occur, and the variations could be material. Accordingly, the Monitor expresses no assurance 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.

36. The Cash Flow Forecast has been prepared solely for the purposes described above, and readers are cautioned that it may not be appropriate for other purposes.

37. **NEW TOBACCO AND VAPOUR REGULATIONS**

38. Tobacco Products and Vapour Products continue to come under increased global scrutiny resulting in stringent regulation and, in some cases, bans. As noted in previous Monitor's Reports, the Monitor has been advised by Imperial that, due to the new vaping regulations, there continues to be a high level of uncertainty surrounding the consumer demand for Vapour Products in particular.

39. 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 Eleventh Report.

**M. OVERVIEW OF THE MONITOR'S ACTIVITIES**

40. Since the date of the Eleventh Report, the Monitor and its counsel have held numerous meetings and discussions with Imperial and its counsel to:

- i. monitor Imperial's business activities;
- ii. monitor Imperial's receipts and disbursements;
- iii. assist in the preparation of the Cash Flow Forecast;
- iv. prepare monthly professional fee disclosures;
- v. gather and review Information to be included in the Imperial Data Room;
- vi. address vendor and stakeholder inquiries;
- vii. evaluate a variety of legal and operational issues as they arise;
- viii. attend monthly board meetings;
- ix. review proposed capital expenditures; and

- x. further their understanding of Imperial's business environment and the factors expected to impact its future business prospects.
41. As discussed above, the Monitor has continued to engage with Imperial to understand the supply chain disruptions to its operations caused by the COVID-19 Pandemic and review Imperial's business contingency plan.
  42. The Monitor has also regularly attended meetings with the Court-Appointed Mediator and stakeholders and has provided the Court-Appointed Mediator with information necessary to advance the Mediation.
  43. The Tobacco Monitors and their counsel have met regularly to discuss ongoing matters including the Mediation, reviewing Information to be included in the Applicants' Data Rooms, procedural aspects of these CCAA Proceedings and the relief sought herein.

#### **Professional Fee Disclosure**

44. 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, by firm, of the restructuring fees incurred on or after March 12, 2019, and paid to the CCAA Professionals each month.

#### **N. STAY OF PROCEEDINGS**

45. Imperial is seeking an extension of the Stay Period up to and including March 31, 2023. The Monitor understands that such extension is necessary for Imperial to operate the business in the ordinary course as it continues to engage in the Mediation conducted by the Court-Appointed Mediator and to work towards developing a plan of compromise or arrangement for a pan-Canadian global settlement of the Tobacco Claims.
46. The Monitor supports an extension of the Stay of Proceedings for the following reasons:
  - (a) Imperial is acting in good faith and with due diligence;

- (b) Imperial is continuing to engage meaningfully in the Mediation with the Court-Appointed Mediator in an effort to reach a pan-Canadian global settlement of the Tobacco Claims; and
- (c) the Cash Flow Forecast reflects that Imperial is projected to have sufficient funding to continue to operate in the normal course through the proposed extension to the Stay of Proceedings.

The Monitor respectfully submits this Report.

Dated this 23rd day of September 2022.

*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

“**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, British American Tobacco p.l.c., 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 September 5, 2022 through the week of March 31, 2023.

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

“**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.

“**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 Q.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.

“**COVID-19 Pandemic**” means the global pandemic caused by the novel coronavirus.

“**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.

“**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.

“**Excluded Claims**” means the claims excluded from the definition of TRW Claimants as described in paragraph 26 of Appendix “C” to the Sixth Report.

“**EY**” means Ernst & Young Inc.

“**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**” means the Flintkote Company.

“**Flintkote Issue**” means the lawsuit brought against ITCAN in respect of certain distributions received by ITCAN from Flintkote (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 31-week period commencing the week of February 28, 2022 through the week of September 30, 2022.

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

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

“**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.

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

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

“**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, Imasco Holdings Group, Inc., 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.

**"JTIM"** means JTI-Macdonald Corp.

**"JTIM Group"** means the entities currently or formerly related to or affiliated with JTIM.

**"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 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.

**"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 TRW Claimants represented by Wagners, the "personal injury class action plaintiffs" represented by Merchant, the "tobacco light class action plaintiffs", and the Tobacco Growers' Marketing Board.

**"Merchant"** means Merchant Law Group LLP.

**"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 and this Report.

**"NDA"** means a non-disclosure agreement for the purposes of gaining access to the Data Rooms.

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

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

**“PMI Group”** means Philip Morris International Inc. and all entities related to or affiliated with it, other than Rothmans.

**“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 15<sup>th</sup> 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 whereby the Court of Appeal substantially upheld the Quebec Judgment with two notable modifications: (i) the total claim amount was reduced by just over \$1 million; and (ii) the interest schedule was adjusted, reducing the interest payable on the total claim amount.

**“Quebec Judgment”** means the Quebec Superior Court’s judgment on the “Letourneau action” and the “Blais action” released on May 27, 2015 in which the trial judge found the co-defendants jointly liable for \$15.6 billion, with Imperial’s share being approximately \$10.6 billion.

**“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 eleventh report of the Monitor filed on March 15, 2022.

**“Rothmans”** means Rothmans Benson & Hedges Inc.

**“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 Thauvette Affidavit”** means the Affidavit of Eric Thauvette, Vice President and Chief Financial Officer of ITCAN, sworn September 20, 2022.

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

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

“**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, to March 31, 2022.

“**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.

“**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.

“**Tobacco-Related Wrongs**” means all claims or causes of action in respect of: (i) the development, manufacture, production, importation, marketing, advertising, distribution, purchase or sale of Tobacco Products; (ii) the historical or ongoing use of or exposure to Tobacco Products; or (iii) any representation in respect of Tobacco Products, including, without limitation, claims for contribution or indemnity, personal injury or tort damages, restitutionary recovery, non-pecuniary damages or claims for recovery grounded in provincial consumer protection legislation, but does not include the Excluded Claims.

“**TRW Claimants**” means all individuals (including their respective successors, heirs, assigns, litigation guardians and designated representatives under applicable provincial family law legislation) who assert or may be entitled to assert a claim or cause of action as against one or more of the Applicants, the ITCAN subsidiaries, the BAT Group, the JTIM Group or the PMI Group, or persons indemnified by such entities, in respect of Tobacco-Related Wrongs in Canada, or in the case of the Applicants, anywhere else in the world.

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

“**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.

“**U.S. Counsel**” means Morgan, Lewis & Bockius LLP, U.S. counsel to the Monitor.

“**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 Stay Extension Order and October Endorsement**

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



**APPENDIX “C”**  
**PROTOCOL FOR MOTION BY ZOOM VIDEO CONFERENCE**

Please see attached.

## PROTOCOL FOR MOTION BY ZOOM VIDEO CONFERENCE

### Scheduling and Specific Requirements

1. Any person on the Service List that wishes to appear virtually on the motion (“**Participants**”) must register by 4:00 p.m. two (2) business days in advance of the hearing (Monday, September 26, 2022, for the motion scheduled Wednesday, September 28, 2022), by emailing Veritext Litigation Solutions Canada, Inc. (scheduling@neesonsreporting.com) and copying each Monitor’s counsel (tbarbiero@dwpv.com, msassi@casselsbrock.com, nancy.thompson@blakes.com). In their email, Participants should provide contact information, including a name, the party they are acting for, an email address and phone number for the counsel slip, along with a statement regarding whether they intend to make submissions.
2. Subject to the Court’s overriding discretion over all matters, the Monitors’ counsel will coordinate with Participants and the Court to develop an agenda for the hearing.
3. All material for use on the motion is to be posted on CaseLines, as more fully described in Appendix “B”.
4. Participants will appear by video. Veritext will distribute the Zoom link to Participants. Participants are not permitted to forward or share the Zoom link. No person should have access to the hearing on Zoom other than Participants. If a Participant is unable to attend by video, they should contact Monitors’ counsel. Participants should carefully review the technical requirements below.
5. Counsel is required to gown for the hearing.
6. 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.
7. No recording of any part of the hearing (including audio) may be made unless authorized in advance by the Court.
8. 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.

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

#### Technical Requirements for Zoom Participants

10. 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.

11. Each Participant is responsible for ensuring that they have suitable equipment to participate in the hearing and that such equipment works properly. 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.

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

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

14. Participants should log on using the Zoom link provided approximately 30 minutes before the hearing is scheduled to begin. During this time, Participants should speak to each other to determine if there are any audio/visual/connection issues.

15. It is suggested that Participants use the “gallery view” mode, rather than the “active speaker” mode, available on Zoom.

16. It is suggested that only counsel who are making submissions turn on their cameras during the hearing.

17. Should a Participant become disconnected from Zoom or experience technical difficulties during the hearing, they should immediately inform the Court by sending an email to Veritext (scheduling@neesonsreporting.com).

18. Further 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 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. Participants must ensure that they participate in the Zoom hearing from a well-lit room so that they are easily visible. Participants must also ensure that no filters are active that may distort or otherwise conceal their appearance.
3. 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 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 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 CaseLines bundle and all references during the hearing should reference the CaseLines page numbering associated with such CaseLines 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)	5-Sep-22	12-Sep-22	19-Sep-22	26-Sep-22	3-Oct-22	10-Oct-22	17-Oct-22	24-Oct-22	31-Oct-22	7-Nov-22	14-Nov-22	21-Nov-22	28-Nov-22	5-Dec-22	12-Dec-22	
Forecast Week	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	
<b>RECEIPTS</b>																
Trade Receipts	[2]	79,731	80,963	79,755	78,143	82,079	78,907	77,979	75,959	75,768	74,660	77,750	77,206	76,806	87,711	86,677
<b>DISBURSEMENTS</b>																
<i>Operating Disbursements</i>																
Taxes and Levies	[3]	-	(71,906)	(40,501)	(34,071)	(117,692)	(37,352)	(69,546)	(23,437)	(131,400)	(31,002)	(25,342)	(32,811)	(137,357)	-	(61,777)
Operations	[4]	(12,195)	(8,786)	(7,381)	(43,356)	(16,480)	(17,353)	(12,746)	13,482	(10,069)	(10,592)	(5,459)	(65,769)	(9,810)	(13,275)	(7,861)
<i>Total Operating Disbursements</i>		(12,195)	(80,691)	(47,882)	(77,427)	(134,171)	(54,705)	(82,292)	(9,955)	(141,469)	(41,594)	(30,801)	(98,580)	(147,167)	(13,275)	(69,639)
<b>OPERATING CASH FLOWS</b>																
		67,537	272	31,873	716	(52,092)	24,201	(4,313)	66,004	(65,701)	33,067	46,949	(21,374)	(70,361)	74,436	17,038
<i>Financing Disbursements</i>																
Interest and Related Fees	[5]	-	-	-	5,400	-	-	-	4,979	-	-	-	5,164	-	-	-
<i>Restructuring Disbursements</i>																
Professional Fees	[6]	(600)	(200)	(200)	(200)	(200)	(200)	(200)	(200)	(200)	(200)	(200)	(200)	(200)	(200)	(200)
<b>NET CASH FLOWS</b>																
		66,937	72	31,673	5,917	(52,292)	24,002	(4,512)	65,804	(60,921)	32,867	46,750	(21,574)	(65,396)	74,237	16,838
<b>CASH</b>																
Beginning Balance		2,885,858	2,952,795	2,952,867	2,984,540	2,990,457	2,938,165	2,962,167	2,957,654	3,023,459	2,962,537	2,995,404	3,042,154	3,020,580	2,955,184	3,029,420
Net Cash Inflows / (Outflows)		66,937	72	31,673	5,917	(52,292)	24,002	(4,512)	65,804	(60,921)	32,867	46,750	(21,574)	(65,396)	74,237	16,838
Other (FX)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>ENDING CASH</b>		<b>2,952,795</b>	<b>2,952,867</b>	<b>2,984,540</b>	<b>2,990,457</b>	<b>2,938,165</b>	<b>2,962,167</b>	<b>2,957,654</b>	<b>3,023,459</b>	<b>2,962,537</b>	<b>2,995,404</b>	<b>3,042,154</b>	<b>3,020,580</b>	<b>2,955,184</b>	<b>3,029,420</b>	<b>3,046,258</b>

### 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, including the estimated impact of transition to plain-packaging regulations. 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. Included in the intercompany costs is 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).
- [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)	19-Dec-22	26-Dec-22	2-Jan-23	9-Jan-23	16-Jan-23	23-Jan-23	30-Jan-23	6-Feb-23	13-Feb-23	20-Feb-23	27-Feb-23	6-Mar-23	13-Mar-23	20-Mar-23	27-Mar-23	30-Week Total	
Forecast Week	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30		
<b>RECEIPTS</b>																	
Trade Receipts	[2]	108,750	123,416	87,614	71,103	69,688	70,624	70,034	52,145	54,476	51,660	53,182	54,131	66,368	67,530	68,166	2,258,981
<b>DISBURSEMENTS</b>																	
<i>Operating Disbursements</i>																	
Taxes and Levies	[3]	(28,901)	(26,060)	(113,231)	(13,986)	(71,208)	(4,553)	(147,084)	(20,903)	(16,058)	(18,328)	(115,234)	(22,847)	(21,576)	(17,884)	(118,499)	(1,570,545)
Operations	[4]	(67,211)	(1,085)	(6,194)	(12,614)	(3,056)	2,075	(3,383)	(7,952)	(6,292)	(89,907)	(6,755)	(5,792)	(6,448)	(27,201)	(67,975)	(537,436)
<i>Total Operating Disbursements</i>		(96,112)	(27,145)	(119,425)	(26,600)	(74,264)	(2,477)	(150,466)	(28,855)	(22,350)	(108,235)	(121,988)	(28,638)	(28,024)	(45,085)	(186,474)	(2,107,981)
<b>OPERATING CASH FLOWS</b>																	
		12,639	96,271	(31,811)	44,502	(4,576)	68,147	(80,432)	23,290	32,126	(56,576)	(68,807)	25,493	38,344	22,445	(118,308)	150,999
<i>Financing Disbursements</i>																	
Interest and Related Fees	[5]	-	5,455	-	-	-	-	5,661	-	-	-	5,356	-	-	-	5,000	37,015
<i>Restructuring Disbursements</i>																	
Professional Fees	[6]	(200)	(200)	(200)	(200)	(200)	(200)	(200)	(200)	(200)	(200)	(200)	(200)	(200)	(200)	(200)	(6,388)
<b>NET CASH FLOWS</b>																	
		12,439	101,527	(32,011)	44,303	(4,776)	67,947	(74,971)	23,090	31,926	(56,775)	(63,650)	25,293	38,144	22,246	(113,508)	181,626
<b>CASH</b>																	
Beginning Balance		3,046,258	3,058,697	3,160,224	3,128,213	3,172,516	3,167,740	3,235,688	3,160,717	3,183,807	3,215,734	3,158,958	3,095,308	3,120,602	3,158,746	3,180,992	2,885,858
Net Cash Inflows / (Outflows)		12,439	101,527	(32,011)	44,303	(4,776)	67,947	(74,971)	23,090	31,926	(56,775)	(63,650)	25,293	38,144	22,246	(113,508)	181,626
Other (FX)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>ENDING CASH</b>		<b>3,058,697</b>	<b>3,160,224</b>	<b>3,128,213</b>	<b>3,172,516</b>	<b>3,167,740</b>	<b>3,235,688</b>	<b>3,160,717</b>	<b>3,183,807</b>	<b>3,215,734</b>	<b>3,158,958</b>	<b>3,095,308</b>	<b>3,120,602</b>	<b>3,158,746</b>	<b>3,180,992</b>	<b>3,067,484</b>	<b>3,067,484</b>

### 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, including the estimated impact of transition to plain-packaging regulations. 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. Included in the intercompany costs is 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).
- [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.

**APPENDIX “E”**  
**REGULATION OF TOBACCO AND VAPOUR PRODUCTS**

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 Eleventh Report.

**Tobacco**

1. **Federal** On June 11, 2022, the Canadian Government published proposed *Regulations Amending the Tobacco Products Regulations (Plain and Standardized Appearance)*. The proposed regulations would introduce a mandatory display of health warnings directly on the tipping paper of individual cigarettes. The proposed regulations would also extend the display of health warnings and toxicity information to all tobacco product packages, and some products would see their health warning size increase from 50% to 75%. The proposed regulations would introduce a rotation scheme for all health-related messages (ranging from 24 to 36 months) and would allow future changes to the content of the health-related messages to be made by Health Canada without the need for a new regulation. The consultation period closed on August 25, 2022.

**Vaping**

2. **Northwest Territories** On February 9, 2022, the Government of the Northwest Territories enacted the *Tobacco and Vapour Products Control Regulations*, which came into force on March 25, 2022. The Regulations ban the sale of all flavoured vaping products, except tobacco-flavoured products, in all retail channels in the Territory.
3. **Federal** On June 20, 2022, the Canadian Government introduced proposed *Regulations Amending the Tobacco Products Regulations (Plain and Standardized Appearance)*. The draft regulations would require manufacturers of vaping products to submit reports on quarterly sales figures for devices and consumables as well as details of all ingredients used in vaping consumables. The consultation period closed on August 2, 2022.
4. **Federal** On June 24, 2022, the Canadian Government gave royal assent to Bill C-19, *Budget Implementation Act, 2022, No. 1*, which amends the *Excise Act, 2001* and its

regulations. The Act introduces a federal excise tax on nicotine-containing e-liquids. This excise rate is set at \$1 per 2 mL of substance in each container up to 10 mL, plus \$1 per 10 mL of liquid above that. The Act comes into force on October 1, 2022. By January 1, 2023, all vaping substances sold at retail must carry a federal “DUTY PAID” excise stamp. The federal excise will not apply to vaping devices, batteries or other accessories.

**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

**THIRTEENTH REPORT OF THE MONITOR**  
**SEPTEMBER 23, 2022**

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