

**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 AND ARRANGEMENT OF
ROTHMANS, BENSON & HEDGES INC.**

Applicant

**NINTH REPORT OF THE MONITOR
March 15, 2022**

INTRODUCTION

1. On March 22, 2019, Rothmans, Benson & Hedges Inc. (“**RBH**”, the “**Company**” or the “**Applicant**”) applied for and obtained an initial order (the “**Initial Order**”) under the Companies’ Creditors Amendment Act (“**CCAA**”) that, amongst other things, (i) granted a stay of proceedings in favour of the Applicant and a limited stay of proceedings in favour of members of the PMI Group from certain proceedings and Other Pending Litigation, and (ii) appointed EYI as Monitor of the Applicant in this CCAA proceeding (the “**CCAA Proceeding**”).
2. On April 26, 2019, this Court issued a further amended and restated Initial Order (the “**Second Amended and Restated Initial Order**”) and amongst other things, extended a limited stay of proceedings to the Other Defendants.
3. Pursuant to an Order dated September 27, 2021, the Stay Period was extended to March 31, 2022.

PURPOSE

4. The purpose of this ninth report of the Monitor (the “**Ninth Report**”) is to provide information to this Court with respect to:
 - i) the status of the CCAA Proceeding;

- ii) the actual receipts and disbursements of the Applicant from September 6, 2021 to February 27, 2022 (the “**Reporting Period**”);
- iii) the Applicant’s updated cash flow forecast for the period from February 28, 2022 to October 2, 2022; and
- iv) the Applicant’s request for an order that the stay of proceedings be extended up to and including September 30, 2022.

TERMS OF REFERENCE

- 5. In preparing this Ninth Report and making the comments herein, the Monitor has been provided with, and has relied upon, unaudited financial information, books and records and financial information prepared by the Applicant, the Luongo Affidavits (as defined below), and discussions with RBH management (collectively, the “**Information**”). Except as described in this Ninth Report:
 - i) the Monitor has reviewed the Information for reasonableness, internal consistency and use in the context in which it was provided. However, the Monitor has not audited, or otherwise attempted to verify the accuracy or completeness of such information in a manner that would wholly or partially comply with Generally Accepted Assurance Standards (“**GAAS**”) pursuant to the Chartered Professional Accountants of Canada Handbook and, accordingly, the Monitor expresses no opinion or other form of assurance contemplated under GAAS in respect of the Information; and
 - ii) some of the information referred to in this Ninth Report consists of forecasts and projections. An examination or review of the financial forecast and projections, as outlined in Chartered Professional Accountants of Canada Handbook, has not been performed.
- 6. Future oriented financial information referred to in this Ninth Report was prepared based on the Company’s estimates and assumptions. Readers are cautioned that since projections are based upon assumptions about future events and conditions that are not ascertainable, the actual results will vary from the projections, even if the assumptions materialize, and the variations could be significant.

7. Unless otherwise indicated, the Monitor’s understanding of factual matters expressed in this Ninth Report concerning the Applicant and its business is based on the Information, and not independent factual determinations made by the Monitor.
8. As a result of the global COVID-19 pandemic (the “**COVID Pandemic**”), the Monitor has been unable to attend at RBH Toronto head office or meet with RBH’s management team in person. As such, all of the Monitor’s communications with RBH have taken place remotely.
9. Unless otherwise stated, all monetary amounts contained herein are expressed in Canadian Dollars.
10. Capitalized terms used but not defined in this Ninth Report are defined in the affidavit of Peter Luongo sworn March 11, 2022 in connection with the stay extension request and his prior affidavits (collectively, the “**Luongo Affidavits**”), the Proposed Monitor’s Pre-filing Report dated March 22, 2019 and the Monitor’s prior reports (together, the “**Monitor’s Reports**”) and the Second Amended and Restated Initial Order.
11. Copies of the Monitor’s Reports, including a copy of this Ninth Report, and all motion records and Orders in the CCAA Proceeding are available on the Monitor’s website at www.ey.com/ca/rbh. The Monitor has also established a toll-free phone number that is referenced on the Monitor’s website so that parties may contact the Monitor if they have questions with respect to the CCAA Proceeding.

OVERVIEW OF THE APPLICANT

12. The Applicant is a private company with its head office in Toronto, Ontario. The ultimate parent of the Applicant is PMI. The Applicant’s two primary business segments include:
 - i) **Traditional Cigarette and Tobacco Product Business** – the Applicant is the second largest supplier of traditional tobacco products in the tax-paid Canadian market. It manufactures and sells cigarettes and fine-cut tobacco, and distributes pipe tobacco and cigar products; and
 - ii) **Reduced Risk Product Business: IQOS and Vaping Products** – the Applicant sells and distributes IQOS and vaping products to consumers via 3rd party retail outlets, as

well as via an online platform. IQOS is an electronic device that generates a nicotine-containing aerosol by heating tobacco products manufactured for use with the IQOS device.

13. The Applicant provides employment or consultant work to approximately 715 employees and 43 contractors in Canada.¹

STATUS OF THE CCAA PROCEEDING

Update on Mediation

14. The Tobacco Applicants have continued to populate separate data rooms with financial information to continue advancing mediation discussions with key stakeholders. Stakeholder advisors have been admitted to the data rooms after execution of non-disclosure agreements. The Monitor continues to work with the Applicant to update the Applicant's data room with financial and other information, as requested.
15. Since the last Monitor's report, the Court-Appointed Mediator, with the assistance of the Tobacco Monitors, continues to conduct mediation meetings, facilitate the exchange of information, and engage in discussions with the Tobacco Applicants and the key stakeholders. The mediation negotiations are confidential; however, the parties continue to work to advance the mediation process with the goal to facilitate a global settlement of the Tobacco Claims.

Operational Update

16. Since the granting of the Initial Order, the Applicant, with the assistance of the Monitor, has been operating on a business as usual basis, subject to the Second Amended and Restated Initial Order, and continues to operate its cash flow positive Business for the benefit of all stakeholders.
17. The Applicant, with the assistance of the Monitor, has responded to suppliers regarding the CCAA Proceeding as needed.

¹ As of February 28, 2022

18. Pursuant to the Professional Fees Disclosure Order dated May 16, 2019, the Monitor continues to disclose, through its counsel, the Monitor's and its counsel's professional fees and disbursements and the Applicant's counsel's professional fees and disbursements to the requesting parties.
19. In March 2020, in an effort to control the spread of the COVID Pandemic in Canada, the Canadian government and certain provincial governments issued various orders and implemented certain restrictions and guidelines which continue to impact the normal operations of many non-essential businesses in Canada.
20. RBH closed its Toronto head office on March 13, 2020 and implemented a work-from-home protocol in response to the COVID Pandemic; however, RBH's sole Canadian manufacturing plant in Quebec continues to operate. As at the date of this Ninth Report, the Toronto head office has been reopened, with the work-from-home option being available for employees. No operational interruptions related to the COVID Pandemic have been experienced since the last Monitor's report.
21. On April 24, 2019, Health Canada's *Tobacco Products Regulations (Plain and Standardized Appearance)* (the "**Regulations**") came into effect. It is the Monitor's understanding that these regulations mandate, amongst other things, the appearance of tobacco products, their packaging and the format of the packaging.
22. The second stage of the Regulations, which mandate that all tobacco products must be sold in 'slide and shell' packaging, was implemented in November 2021. The Monitor understands that RBH has completed the transition of its manufacturing processes to meet the new requirements. The Monitor understands that RBH's Mexico affiliate also produces 'slide and shell' products, with shipments of these products now being regularly received by RBH in Canada, making up approximately 25% of RBH's inventory. As previously described in the Seventh Report, RBH anticipated certain employment level reductions in its Quebec manufacturing plant due to the dual sourcing of product from Mexico and Canada. The Monitor understands that these reductions as a result of this process, along with certain other reductions that were previously deferred due to the COVID pandemic were completed during the Reporting Period.

23. As further described in the Luongo Affidavit, the Monitor understands that RBH launched VEEV, a vaping product into a limited segment of the Canadian market during fall 2021. Actual cash flows and disbursements from VEEV and IQOS products are included in RBH's results, which are discussed in more detail below.
24. The Monitor has been advised that effective February 28, 2022, William Giff, RBH's Director, Finance has retired. Mr. Giff was replaced by Facundo Gonzalez Lobo. Mr. Gonzalez Lobo was most recently the Vice President Finance, Latin America & Canada for Philip Morris International.

ACTUAL RECEIPTS AND DISBURSEMENTS FOR THE PERIOD SEPTEMBER 6, 2021 TO FEBRUARY 27, 2022

25. For the period from September 6, 2021 to February 27, 2022, RBH had total receipts of approximately \$1,373.7 million and total disbursements of approximately \$1,088.8 million for net cash flow of approximately \$284.9 million.
26. Actual net cash flow was unfavourable to forecast by \$22.3 million. Significant items contributing to this overall favourable variance were as follows:
 - i) a permanent unfavourable variance of approximately \$108.9 million in Collection of Accounts Receivable primarily as a result of lower than forecast sales during the Reporting Period;
 - ii) an unfavourable variance of approximately \$11.9 million in Other Receipts primarily due to approximately \$8.9 million of compensation for Risk Reduced Products being re-timed to be collected in March 2022, combined with a permanent variance of approximately \$3.4 million due to lower than forecast compensation for Risk Related Products as a result of lower than forecast spend during the Reporting Period;
 - iii) a favourable timing variance of \$5.0 million in Payroll (Gross) and Benefits primarily due to certain employee payments being re-timed to be paid in the subsequent period;

- iv) a favourable variance in Third Party Operating Costs of approximately \$23.5 million primarily due to lower than forecast expenses and the re-timing of certain disbursements to the subsequent period;
- v) a favourable timing variance in Leaf Purchases of approximately \$9.0 million as certain payments and purchases are re-timed to be paid in the subsequent period;
- vi) a favourable variance of approximately \$23.6 million in Net Intercompany Disbursements primarily due to:
 - i. a favourable variance of approximately \$13.7 million for intercompany finished goods purchases primarily due to lower than forecast prices and certain payments that are re-timed to be paid in the subsequent period;
 - ii. a favourable timing variance of approximately \$5.0 million related to trademark royalties, which have been re-timed to the subsequent period, combined with \$1.5 million related to lower than forecast sales on certain products that attract royalty payments during the Reporting Period; and
 - iii. a favourable timing variance of approximately \$2.9 million related to the purchase of certain Risk Reduced Products;
- vii) a favourable variance of approximately \$33.2 million in Taxes (Excise/Duty/GST/PTT) primarily due to:
 - i. a favourable permanent variance of approximately \$42.2 million primarily as a result of lower than forecast sales and production;
 - ii. a favourable timing variance of approximately \$7.6 million primarily as a result of a six-month deferral of certain provincially administered taxes. These disbursements have been re-timed to the subsequent period; partially offset by
 - iii. an unfavourable permanent variance of approximately \$16.9 million primarily as a result of higher than forecast customs duties on higher than forecast imports

of finished goods from RBH's Mexican affiliate, partially offset by lower than forecast imports of other products (including Risk Reduced Products); and

- viii) a favourable permanent variance of approximately \$2.7 million in Restructuring Costs as professional fees were lower than originally forecast.
27. A summary of the Applicant's actual receipts and disbursements as compared to the projection set out in the Eighth Report for the period of September 6, 2021 to February 27, 2022, is attached as Appendix "A" to this Ninth Report.

UPDATED CASH FLOW FORECAST

28. The Applicant, with the assistance of the Monitor, has prepared a cash flow forecast (the "**March 2022 Cash Flow Forecast**") for the thirty-one (31) week period from February 28, 2022 to October 2, 2022 (the "**Cash Flow Period**"). A copy of the March 2022 Cash Flow Forecast is attached as Appendix "**B**".
29. As at February 28, 2022, the Applicant had available cash and equivalents of approximately \$3.83 billion.
30. The March 2022 Cash Flow Forecast estimates the Applicant will have total receipts of approximately \$1,949.6 billion and total disbursements of approximately \$1,485.4 billion for net cash flow of approximately \$464.2 million during the Cash Flow Period.
31. The March 2022 Cash Flow Forecast has been prepared by the Applicant for the purpose of the CCAA Proceeding, using probable and hypothetical assumptions as set out below:
- i) Accounts receivable collections have been estimated by the Applicant based on revenue forecasts and historical customer collection experience prior to the COVID Pandemic. Temporary payment terms provided to customers during the COVID Pandemic are no longer applicable and the related outstanding accounts receivable have been collected;
 - ii) Pre-filing intercompany amounts owing are stayed;

- iii) All post-filing goods and services from suppliers and service providers and all post-filing intercompany goods and services will be settled in the ordinary course;
- iv) All outstanding and future wages, salaries, commissions, compensation, vacation pay, bonuses, incentive plan payments, employee and retiree pension and other benefits and related contributions and payments (including, without limitation, expenses related to employee and retiree medical, dental, disability, life insurance and similar benefit plans or arrangements, employee assistance programs and contributions to or any payments in respect of the Registered Pension Plans, the Non-Registered Pension Plans and the RRSP), reimbursement expenses, termination pay, salary continuance and severance pay, all of which is payable to or in respect of employees, independent contractors and other personnel, in each case incurred in the ordinary course of business and consistent with existing compensation policies and arrangements or with Monitor approval will be paid;
- v) Restructuring Costs have been forecast based on anticipated run rates and includes an estimate of costs associated with the Court-Appointed Mediator and Representative Counsel. All outstanding fees and disbursements of the Assistants retained or employed by the Applicant will be paid;
- vi) Any payment under or in respect of any Trade Program operated by the Applicant will be paid;
- vii) Post-filing expenses and capital expenditures necessary for the preservation of the Property or the business including, payments in respect of insurance (including directors' and officers' insurance), maintenance and security services, as well as, certain capital expenditures to replace or supplement the Property or that are otherwise a benefit to the business, will be paid;
- viii) All statutory deemed trust amounts in favour of the Crown in right of Canada or of any Province or other taxing authority that are required to be deducted from employee wages including, in respect of employee insurance, Canada Pension Plan, Quebec Pension Plan and income taxes will be remitted;

- ix) Corporate income tax installments and payments are made in normal course;
 - x) All pre-filing and post-filing Sales & Excise Taxes accrued or collected in connection with the sale of goods and services by the Applicant will be remitted;
 - xi) Any payments in respect of the Quebec Class Actions and the Other Pending Litigation (which includes an action brought by the Ontario Flue-Cured Tobacco Growers' Marketing Board) are stayed;
 - xii) The on-going sourcing of a portion of finished goods from RBH's Mexico affiliate and the continuing launch of the vaping product have been included in the March 2022 Cash Flow Forecast; and
 - xiii) Certain amounts that have been re-timed from the Reporting Period and are now forecast to be disbursed during the Cash Flow Period.
32. The Monitor understands the Applicant, with the consent of the Monitor, has paid in the ordinary course the pre-filing claims of third-party trade creditors that are not in dispute and necessary to maintain on going operations. The Applicant considers such payments to be necessary and desirable for the ongoing operations. The Monitor believes this course of action will preserve the Applicant's operations while it seeks to address the claims asserted against it in the Quebec Class Actions and Other Pending Litigation.
33. The Monitor's review of the March 2022 Cash Flow Forecast consisted of inquiries, analytical procedures and discussions related to Information supplied to it by the Company. Since the probable and hypothetical assumptions need not be supported, the Monitor's procedures with respect to them were limited to evaluating whether they were consistent with the purpose of the March 2022 Cash Flow Forecast. The Monitor also reviewed the support provided by the Company for the probable and hypothetical assumptions, and the preparation and presentation of the March 2022 Cash Flow Forecast.
34. Based on the Monitor's review, nothing has come to its attention that causes it to believe that, in all material respects:

- i) the probable and hypothetical assumptions are not consistent with the purpose of the March 2022 Cash Flow Forecast;
 - ii) as at the date of this Report, the probable and hypothetical assumptions developed by the Company are not suitably supported and consistent with the restructuring plans of the Applicant or do not provide a reasonable basis for the March 2022 Cash Flow Forecast, given the probable and hypothetical assumptions; or
 - iii) the March 2022 Cash Flow Forecast does not reflect the probable and hypothetical assumptions.
35. As described in the Terms of Reference above, the March 2022 Cash Flow Forecast is based on assumptions regarding future events and actual results will vary from the information presented even if the probable and hypothetical assumptions occur, and such variations may be material. Accordingly, the Monitor expresses no assurance as to whether the March 2022 Cash Flow Forecast will be achieved. In addition, the Monitor expresses no opinion or other form of assurance with respect to the accuracy of financial information presented in the March 2022 Cash Flow Forecast or relied upon by the Monitor in preparing this Report.
36. The March 2022 Cash Flow Forecast has been prepared solely for the purpose described above, and readers are cautioned that it may not be appropriate for other purposes.

REQUEST FOR AN EXTENSION OF THE STAY PERIOD

37. The Stay Period is currently set to expire on March 31, 2022. The Applicant is seeking the extension of the Stay Period up to and including September 30, 2022 in order for the Applicant to continue to operate its Business and participate in the process established by the Court-Appointed Mediator to resolve the Global Damages Award and all Other Pending Litigation claims.
38. As described above, the Applicant's March 2022 Cash Flow Forecast projects the Applicant will have sufficient liquidity and generate positive cash flow during the Cash Flow Period.
39. It is the Monitor's view that the Applicant has acted in accordance with the Second Amended and Restated Initial Order and is working diligently and in good faith.

CONCLUSION AND RECOMMENDATION

40. For the reasons outlined in this Ninth Report, the Monitor supports the relief sought by the Applicant in their motion and respectfully recommends that this Court grant an order extending the Stay Period for a period of up to and including September 30, 2022.

All of which is respectfully submitted this 15th day of March, 2022.

ERNST & YOUNG INC.
In its capacity as Monitor of
Rothmans, Benson & Hedges Inc.

Per:

A handwritten signature in black ink, appearing to read "Murray A. McDonald", written in a cursive style.

Murray A. McDonald
Chairman

APPENDIX "A"

Rothmans, Benson & Hedges Inc. - September 6, 2021 to February 27, 2022

Forecast Cash Flow - Variances

CAD (Millions)

	Forecast	Actuals	Variances
Start of period	06-Sep-21	06-Sep-21	06-Sep-21
End of period	27-Feb-22	27-Feb-22	27-Feb-22

1 . Receipts & Disbursements

Receipts

Collection of Accounts Receivable	1,472.4	1,363.5	(108.9)
Other Receipts	22.1	10.2	(11.9)

Total Receipts

1,494.5	1,373.7	(120.8)
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Disbursements

Payroll (Gross) and Benefits	52.4	47.4	5.0
Pension and PRB Contributions	7.1	8.2	(1.1)
Third Party Operating Costs	117.5	94.0	23.5
Leaf Purchases	9.8	0.8	9.0
Net Intercompany Disbursements	99.7	76.1	23.6
Capex	3.6	1.1	2.5
Corporate Income Taxes	97.9	97.8	0.1
Taxes (Excise / Duty / GST / PTT)	794.3	761.1	33.2
Restructuring Costs	5.0	2.3	2.7

Total Disbursements

1,187.3	1,088.8	98.5
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Net Cash Flow

307.2	284.9	(22.3)
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Opening Available Cash Balance

3,548.1	3,548.1	-
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Closing Available Cash Balance

3,855.3	3,833.0	(22.3)
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Restricted Cash	31.1	31.1	(0.0)
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Quebec Security Deposit	226.0	226.0	-
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Total Cash + Restricted Cash

4,112.4	4,090.0	(22.3)
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APPENDIX "B"

Rothmans, Benson & Hedges Inc.	Forecast						
Forecast Cash Flow							
millions, CAD	28-Feb-22	7-Mar-22	14-Mar-22	21-Mar-22	28-Mar-22	4-Apr-22	11-Apr-22
	6-Mar-22	13-Mar-22	20-Mar-22	27-Mar-22	3-Apr-22	10-Apr-22	17-Apr-22
Receipts							
Collection of Accounts Receivable	53.9	52.7	52.7	52.7	53.4	56.1	44.9
Other Receipts	8.9	0.2	1.5	0.2	0.0	0.6	0.7
Total Receipts	62.8	52.9	54.2	52.9	53.4	56.7	45.6
Disbursements							
Payroll (Gross) and Benefits	(9.5)	(0.4)	(1.9)	(2.2)	(1.7)	(2.8)	(1.8)
Pension and PRB Contributions	(0.3)	(0.3)	(0.1)	(0.1)	(0.3)	(0.3)	(0.1)
Third Party Operating Costs	(4.4)	(4.8)	(2.9)	(2.9)	(3.2)	(4.4)	(3.6)
Leaf Purchases	-	-	(2.0)	(2.0)	(1.0)	(1.1)	(5.6)
Net Intercompany Disbursements	(2.5)	(0.3)	(12.9)	(3.2)	(4.7)	(0.7)	(6.7)
Capex	-	-	-	-	-	-	-
Corporate Income Taxes	(33.4)	-	-	-	(20.3)	-	-
Taxes (Excise / Duty / GST / PTT)	(87.9)	-	(14.4)	(0.3)	(108.1)	-	(6.1)
Restructuring Costs	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)
Total Disbursements	(138.2)	(6.0)	(34.4)	(10.9)	(139.5)	(9.5)	(24.1)
Net Cash Flow	(75.4)	46.9	19.8	42.0	(86.1)	47.2	21.5
Opening Available Cash Balance	3,833.0	3,757.6	3,804.5	3,824.3	3,866.3	3,780.2	3,827.4
Closing Available Cash Balance	3,757.6	3,804.5	3,824.3	3,866.3	3,780.2	3,827.4	3,848.9
Restricted Cash	31.1	31.1	31.1	31.1	31.1	31.1	31.1
Quebec Security Deposit	226.0	226.0	226.0	226.0	226.0	226.0	226.0
Total Available, Restricted Cash & Quebec Security Deposit	4,014.7	4,061.6	4,081.4	4,123.4	4,037.3	4,084.5	4,106.0

Rothmans, Benson & Hedges Inc.	Forecast						
Forecast Cash Flow							
millions, CAD	18-Apr-22	25-Apr-22	2-May-22	9-May-22	16-May-22	23-May-22	30-May-22
	24-Apr-22	1-May-22	8-May-22	15-May-22	22-May-22	29-May-22	5-Jun-22
Receipts							
Collection of Accounts Receivable	56.1	56.1	66.0	66.0	66.0	52.8	71.1
Other Receipts	1.3	0.0	0.0	5.1	0.8	0.1	0.0
Total Receipts	57.4	56.1	66.0	71.1	66.8	52.9	71.1
Disbursements							
Payroll (Gross) and Benefits	(2.8)	(2.1)	(2.3)	(1.8)	(2.3)	(0.4)	(3.5)
Pension and PRB Contributions	(0.1)	(0.6)	(0.3)	(0.1)	(0.1)	(0.1)	(0.5)
Third Party Operating Costs	(4.4)	(4.4)	(4.0)	(4.0)	(4.0)	(3.3)	(3.8)
Leaf Purchases	(1.1)	(1.1)	(0.2)	(0.2)	(0.2)	(0.2)	-
Net Intercompany Disbursements	(0.8)	(7.5)	-	(7.1)	(0.5)	(5.9)	-
Capex	-	-	-	-	-	-	(0.1)
Corporate Income Taxes	-	-	(20.3)	-	-	-	(20.3)
Taxes (Excise / Duty / GST / PTT)	(10.7)	(26.2)	(90.8)	(5.4)	(10.4)	(3.5)	(107.3)
Restructuring Costs	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)
Total Disbursements	(20.1)	(42.1)	(118.1)	(18.8)	(17.7)	(13.6)	(135.7)
Net Cash Flow	37.3	14.0	(52.1)	52.3	49.1	39.3	(64.6)
Opening Available Cash Balance	3,848.9	3,886.2	3,900.2	3,848.1	3,900.4	3,949.5	3,988.8
Closing Available Cash Balance	3,886.2	3,900.2	3,848.1	3,900.4	3,949.5	3,988.8	3,924.2
Restricted Cash	31.1	31.1	31.1	31.1	31.1	31.1	31.1
Quebec Security Deposit	226.0	226.0	226.0	226.0	226.0	226.0	226.0
Total Available, Restricted Cash & Quebec Security Deposit	4,143.3	4,157.3	4,105.2	4,157.5	4,206.6	4,245.9	4,181.3

Rothmans, Benson & Hedges Inc.	Forecast						
Forecast Cash Flow							
millions, CAD	6-Jun-22	13-Jun-22	20-Jun-22	27-Jun-22	4-Jul-22	11-Jul-22	18-Jul-22
	12-Jun-22	19-Jun-22	26-Jun-22	3-Jul-22	10-Jul-22	17-Jul-22	24-Jul-22
Receipts							
Collection of Accounts Receivable	74.5	74.5	59.6	59.6	69.8	69.8	69.8
Other Receipts	0.3	0.4	0.2	0.0	0.7	1.0	0.3
Total Receipts	74.8	74.9	59.8	59.6	70.5	70.8	70.1
Disbursements							
Payroll (Gross) and Benefits	(0.4)	(2.6)	(1.4)	(1.9)	(2.0)	(1.8)	(1.1)
Pension and PRB Contributions	(0.1)	(0.1)	(0.1)	(0.3)	(0.3)	(0.1)	(0.1)
Third Party Operating Costs	(3.8)	(3.8)	(3.1)	(3.1)	(4.2)	(4.2)	(4.2)
Leaf Purchases	-	-	-	-	-	-	-
Net Intercompany Disbursements	-	(7.4)	(7.4)	(0.2)	-	(7.7)	-
Capex	(0.1)	(0.1)	(0.1)	(0.1)	-	-	-
Corporate Income Taxes	-	-	-	(20.3)	-	-	-
Taxes (Excise / Duty / GST / PTT)	-	(6.7)	(12.2)	(114.3)	(77.4)	(7.6)	(13.6)
Restructuring Costs	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)
Total Disbursements	(4.6)	(20.9)	(24.5)	(140.4)	(84.1)	(21.6)	(19.2)
Net Cash Flow	70.2	54.0	35.3	(80.8)	(13.6)	49.2	50.9
Opening Available Cash Balance	3,924.2	3,994.4	4,048.4	4,083.7	4,002.9	3,989.3	4,038.5
Closing Available Cash Balance	3,994.4	4,048.4	4,083.7	4,002.9	3,989.3	4,038.5	4,089.4
Restricted Cash	31.1	31.1	31.1	31.1	31.1	31.1	31.1
Quebec Security Deposit	226.0	226.0	226.0	226.0	226.0	226.0	226.0
Total Available, Restricted Cash & Quebec Security Deposit	4,251.5	4,305.5	4,340.8	4,260.0	4,246.4	4,295.6	4,346.5

Rothmans, Benson & Hedges Inc.	Forecast						
Forecast Cash Flow							
millions, CAD	25-Jul-22	1-Aug-22	8-Aug-22	15-Aug-22	22-Aug-22	29-Aug-22	5-Sep-22
	31-Jul-22	7-Aug-22	14-Aug-22	21-Aug-22	28-Aug-22	4-Sep-22	11-Sep-22
Receipts							
Collection of Accounts Receivable	69.8	53.8	67.2	67.2	67.2	67.6	54.5
Other Receipts	0.0	0.1	0.1	9.9	0.1	0.0	0.3
Total Receipts	69.8	53.9	67.3	77.1	67.3	67.6	54.8
Disbursements							
Payroll (Gross) and Benefits	(3.1)	(2.1)	(0.5)	(2.6)	(1.4)	(3.4)	(0.5)
Pension and PRB Contributions	(0.3)	(0.3)	(0.1)	(0.1)	(0.1)	(0.3)	(0.3)
Third Party Operating Costs	(4.2)	(2.5)	(3.1)	(3.1)	(3.1)	(3.1)	(2.7)
Leaf Purchases	-	-	-	-	-	-	-
Net Intercompany Disbursements	(6.5)	-	(6.5)	(0.2)	(6.1)	-	-
Capex	-	-	-	-	-	-	-
Corporate Income Taxes	-	(20.3)	-	-	-	(20.3)	-
Taxes (Excise / Duty / GST / PTT)	(23.0)	(95.0)	(13.8)	(19.4)	(4.3)	(94.0)	(18.1)
Restructuring Costs	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)
Total Disbursements	(37.3)	(120.4)	(24.2)	(25.6)	(15.2)	(121.3)	(21.8)
Net Cash Flow	32.5	(66.5)	43.1	51.5	52.1	(53.7)	33.0
Opening Available Cash Balance	4,089.4	4,121.9	4,055.4	4,098.5	4,150.0	4,202.1	4,148.4
Closing Available Cash Balance	4,121.9	4,055.4	4,098.5	4,150.0	4,202.1	4,148.4	4,181.4
Restricted Cash	31.1	31.1	31.1	31.1	31.1	31.1	31.1
Quebec Security Deposit	226.0	226.0	226.0	226.0	226.0	226.0	226.0
Total Available, Restricted Cash & Quebec Security Deposit	4,379.0	4,312.5	4,355.6	4,407.1	4,459.2	4,405.5	4,438.5

Rothmans, Benson & Hedges Inc.	Forecast	Forecast	Forecast	Total
Forecast Cash Flow				
millions, CAD	12-Sep-22	19-Sep-22	26-Sep-22	28-Feb-22
	18-Sep-22	25-Sep-22	2-Oct-22	2-Oct-22
Receipts				
Collection of Accounts Receivable	68.1	68.1	54.5	1,916.1
Other Receipts	0.7	0.0	0.0	33.5
Total Receipts	68.8	68.1	54.5	1,949.6
Disbursements				
Payroll (Gross) and Benefits	(1.9)	(2.3)	(1.8)	(66.3)
Pension and PRB Contributions	(0.1)	(0.1)	(0.3)	(6.4)
Third Party Operating Costs	(3.3)	(3.3)	(4.6)	(113.5)
Leaf Purchases	-	-	-	(14.7)
Net Intercompany Disbursements	(6.8)	(6.9)	-	(108.5)
Capex	-	-	-	(0.5)
Corporate Income Taxes	-	-	-	(155.2)
Taxes (Excise / Duty / GST / PTT)	(7.3)	(11.5)	(24.8)	(1,014.1)
Restructuring Costs	(0.2)	(0.2)	(0.2)	(6.2)
Total Disbursements	(19.6)	(24.3)	(31.7)	(1,485.4)
Net Cash Flow	49.2	43.8	22.8	464.2
Opening Available Cash Balance	4,181.4	4,230.6	4,274.4	3,833.0
Closing Available Cash Balance	4,230.6	4,274.4	4,297.2	4,297.2
Restricted Cash	31.1	31.1	31.1	31.1
Quebec Security Deposit	226.0	226.0	226.0	226.0
Total Available, Restricted Cash & Quebec Security Deposit	4,487.7	4,531.5	4,554.3	4,554.3

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 ROTHMANS, BENSON & HEDGES INC.

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

PROCEEDING COMMENCED AT TORONTO

NINTH REPORT OF ERNST & YOUNG INC.

Cassels Brock & Blackwell LLP

2100 SCOTIA PLAZA
40 KING STREET WEST
TORONTO, ON M5H 3C2

R. Shayne Kukulowicz

Tel: 416-860-6463

Email: skukulowicz@casselsbrock.com

Jane Dietrich

Tel: 416-860-5223

Email: jdietrich@casselsbrock.com

Joseph Bellissimo

Tel: 416-860-6572

Email: jbellissimo@casselsbrock.com

Monique Sassi

Tel: 416-860-6886

Email: msassi@casselsbrock.com

Lawyers for the Monitor