

**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 WITH RESPECT TO**  
**JTI-MACDONALD CORP.**

**TENTH REPORT OF THE MONITOR**  
**September 20, 2021**

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**INTRODUCTION**

1. On March 8, 2019, JTI-Macdonald Corp. (“**JTIM**” or the “**Applicant**”) filed for and obtained protection under the *Companies' Creditors Arrangement Act* (the “**CCAA**”). Pursuant to the Order of this Court granted on the same date (the “**Original Initial Order**”), Deloitte Restructuring Inc. was appointed as the Monitor in these proceedings (in such capacity, the “**Monitor**”). The proceedings commenced by the Applicant under the CCAA are referred to herein as the “**CCAA Proceedings**”.
2. The CCAA Proceedings are being conducted in parallel with CCAA proceedings of Imperial Tobacco Canada Limited and Imperial Tobacco Company Limited (collectively, “**ITL**”), and Rothmans, Benson & Hedges Inc. (“**RBH**”, together with JTIM and ITL, the “**CCAA Applicants**”). The stated objective of these parallel, unconsolidated CCAA proceedings is to provide the CCAA Applicants with an opportunity to identify and settle multi-billion dollar claims against each of them through a structured process.

3. In furtherance of the collective goal of resolving the numerous, substantial and complicated claims, the Honourable Warren K. Winkler, Q.C. has been appointed as mediator (the “**Court-Appointed Mediator**”), with a mandate to oversee and coordinate a multiparty, comprehensive mediation among the CCAA Applicants and their key stakeholders (the “**Mediation**”).
4. As further set out in this Tenth Report of the Monitor (the “**Tenth Report**”), the Applicant has been working diligently and in good faith and is participating in the Mediation in the manner requested by the Court-Appointed Mediator in order to achieve a pan-Canadian resolution of the various claims asserted against it and the other CCAA Applicants. The Mediation itself, and the issues raised during Mediation are legally and factually complex. As a result, additional time is required for the Mediation process to unfold beyond September 30, 2021, when the stay of proceedings ordered by the Original Initial Order, as subsequently extended by further orders of the Court (the “**Stay**”), expires.
5. JTIM has brought a motion seeking an order extending the Stay through to March 31, 2022, which will enable it to continue to advance the Mediation. For the reasons set out in this Tenth Report, the Monitor supports the requested extension of the Stay. JTIM’s day-to-day business and operations have continued in the ordinary course, against this backdrop of the Court-supervised CCAA Proceedings and are expected to continue in the ordinary course through the period to March 31, 2022.

## PURPOSE

6. The purpose of this Tenth Report is to provide the Court with information and updates on the following:
  - a) a brief summary of these CCAA Proceedings, including the orders and endorsements made to date herein;
  - b) the activities of JTIM and the Monitor from March 22, 2021, the date of the Ninth Report of the Monitor, filed in connection with the previous motion to extend the Stay (the “**Ninth Report**”), to the date of this Tenth Report;
  - c) a comparison of actual cash flow results against forecast, for the first 26-week period of the 30-week cash flow statement (the “**Cash Flow Statement**”) that was included in the Ninth Report. The Cash Flow Statement covered the 30-week period from March 8, 2021 to October 1, 2021, and the comparison is against the first 26 weeks ending September 3, 2021;
  - d) JTIM’s revised cash flow projection (the “**Revised Cash Flow Statement**”) for the 30-week period from September 6, 2021 to April 1, 2022 (the “**Revised Cash Flow Period**”);
  - e) the Applicant’s request for an Order to extend the Stay to March 31, 2022; and
  - f) the Monitor’s recommendations.

7. This Tenth Report should be read in conjunction with the Affidavit of William Aziz sworn September 17, 2021 in support of the Applicant's motion for the extension of the Stay (the "**Aziz Affidavit**").

#### **TERMS OF REFERENCE AND DISCLAIMER**

8. In preparing this Tenth 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 JTIM, and discussions with management and advisors of the Applicant ("**Management**") (collectively, the "**Information**").
9. 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 the Information in a manner that would wholly or partially comply with Canadian Generally Accepted Assurance Standards ("**Canadian GAAS**") pursuant to the *Chartered Professional Accountants Canada Handbook* and, accordingly, the Monitor expresses no opinion or other form of assurance contemplated under Canadian GAAS in respect of the Information.
10. Due to restrictions imposed as a result of the ongoing Coronavirus pandemic ("**Covid-19**"), the Monitor has been unable to perform its usual procedures to verify or test the Information provided by Management, including physical attendance at JTIM's premises and meetings with Management.

11. Some of the information referred to in this Tenth Report consists of financial projections. An examination or review of the financial forecasts and projections, as outlined in the *Chartered Professional Accountants Canada Handbook*, has not been performed.
12. Future-oriented financial information referred to in this Tenth Report was prepared based on Management's estimates and assumptions. Readers are cautioned that since projections are based upon assumptions about future events and conditions that are not ascertainable, the actual results will vary from the projections, even if the assumptions materialize, and the variations could be significant.
13. While this Tenth Report refers to some of the known effects of Covid-19 on the Applicant's current and future operations, there may be further effects not yet identified that may impact sales, production, supply chain or other aspects of the business. These effects may have an adverse impact on the performance of the Applicant. Readers should consider the increasingly broad effects on the financial condition of the Applicant, as a result of the negative impact on Canada, the global economy and major financial markets from Covid-19.
14. Unless otherwise stated, all monetary amounts noted herein are expressed in Canadian dollars.

## HISTORY OF THE CCAA PROCEEDINGS

15. The Original Initial Order commencing these CCAA Proceedings and appointing the Monitor was granted on March 8, 2019. The Original Initial Order provided for the Stay in respect of, among other parties, the Applicant, until and including April 5, 2019.
16. Since then, a number of further Orders and endorsements have been issued in the CCAA Proceedings. The following provides a summary of select Orders and endorsements of the Court that are material to these proceedings:
  - a) on March 19, 2019, the Court issued an endorsement (the “**March 19 Endorsement**”) suspending the payment of: (i) principal and interest, in respect of certain secured indebtedness, and (ii) royalties owing by the Applicant to JTI-Macdonald TM Corp. in respect of certain licensed trademarks;
  - b) on April 5, 2019, the Original Initial Order was amended and restated to, among other things, (i) clarify that certain Court-ordered charges do not apply to cash collateral provided by the Applicant to certain third parties, (ii) appoint the Court-Appointed Mediator, and (iii) extend the Stay;
  - c) on April 26 and 29, 2019, the Court: (i) dismissed the motion of Her Majesty the Queen in Right of Ontario (“**Ontario**”) to lift the Stay to allow the Ontario health care cost recovery action to proceed, and (ii) granted certain relief with respect to the Second Amended Fresh as Amended Statement of Claim of Ontario;

- d) on May 24, 2019, the Court issued an endorsement approving a communication and confidentiality protocol between the Court and the Court-Appointed Mediator;
  - e) on June 26, 2019, the Court: (i) granted an Order that, among other things, permitted the Applicant to deposit additional cash collateral with a third party, and (ii) issued an endorsement referring certain matters raised by the QCAPs to the Court-Appointed Mediator;
  - f) On December 9, 2019, the Court granted an Order appointing representative counsel to represent certain individuals that may be able to assert claims against the CCAA Applicants arising from alleged “tobacco related wrongs”, to the extent such individuals are not otherwise members of a certified class action; and
  - g) On April 6, 2021, the Court issued an endorsement declining the request of the Ontario Flue-Cured Tobacco Board (the “**Growers**”) to lift the Stay in respect of the Growers claims against the CCAA Applicants. The Growers subsequently filed motion materials on June 27 regarding declarations with respect to the nature of the Growers’ claim. This motion was adjourned *sine die* by the Court on July 29, 2021.
17. During the CCAA Proceeding, the Stay has been extended numerous times by further Order, most recently up to and including September 30, 2021.
18. Copies of all orders and endorsements granted in the CCAA Proceedings are located on the Monitor’s website, accessible at: <https://www.insolvencies.deloitte.ca/en-ca/pages/JTIMacdonaldCorp.aspx>. The Monitor encourages interested stakeholders to



review the Monitor's Website for a complete history of the CCAA Proceedings, including the various Orders and endorsements issued.

#### **ACTIVITIES OF JTIM AND THE MONITOR SINCE THE NINTH REPORT**

19. The activities of JTIM since the Ninth Report are set out in the Aziz Affidavit at paragraph 13.
20. The Monitor has undertaken the following activities since the Ninth Report:
  - a) assisted JTIM in preparing revised cash flow projections and cash flow variance reporting;
  - b) attended calls and meetings with Management regarding business operations, interim financial results, compilation of financial and other information for inclusion in a data room created by the Monitor containing comprehensive information about the Applicant's business, operations and finances, for the sole purpose of providing information to specified participants in the Mediation (the "**Data Room**"), and the conduct of the CCAA Proceedings;
  - c) continued to populate the Data Room with commercially sensitive and confidential information compiled by the Applicant;
  - d) coordinated with the ITL and RBH Monitors and their respective counsel on the Mediation, population of financial and other information in the Data Room and the Data Rooms created for ITL and RBH, and procedural aspects of the three CCAA proceedings;

- e) attended the Mediation and various confidential meetings in relation thereto;
- f) attended to matters in connection with the motion brought by the Growers;
- g) communicated with the Court with respect to certain procedural matters;
- h) monitored receipts from, and payments to, related parties of JTIM, in respect of goods and services provided. The Monitor confirms that, subject to the amendments related to the Global Transformation Project described below, it is not aware of any deviation from standard payment terms in connection with the various related party contracts, other than as required by the March 19 Endorsement;
- i) reviewed and approved the intercompany agreement (the “**Global Business Services Agreement**”) between JTIM and JTI GBS Philippines Inc. (“**GBS Manila**”) executed as part of the ongoing Global Transformation Project. As described in the Monitor’s Fifth Report and subparagraph 13(c) of the Aziz Affidavit, the Global Transformation Project is a multi-year initiative whereby certain of the Applicant’s activities in human resources, finance, information technology, and purchasing will be transferred to a centralized global business centre. The Global Business Services Agreement replaced services previously provided by the JTI Manchester Business Service Centre effective as of January 1, 2021. The Applicant continues to transfer responsibilities for affected positions to GBS Manila. Pursuant to paragraph 9 of the Second Amended Initial Order<sup>1</sup>, the

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<sup>1</sup> Paragraph 9 states: This Court orders that the Applicant is authorized to complete outstanding transactions and engage in new transactions with the members of the JTI Group... All Intercompany Transactions in the ordinary

Monitor reviewed and approved the Global Business Services Agreement on the basis that the agreement was entered into as part of the ongoing, company-wide transformation of the international subsidiaries of Japan Tobacco Inc. and that the terms of the agreement are generally consistent with the scope and cost of services of previous intercompany arrangements;

- j) reviewed the key terms of the collective bargaining agreement (“CBA”) between the Applicant and certain of its unionized employees represented by the Syndicat International de Travailleurs et Travailleuses de la Boulangerie, Confiserie, Tabac et Meunerie, Section Local 235T. The previous CBA expired in 2020; however, both parties agreed to a temporary moratorium and assumed the status quo due to Covid-19. Pursuant to paragraph 7(a) of the Second Amended Initial Order<sup>2</sup>, the Monitor approved the Applicant entering into the new CBA on the basis that the terms of the new agreement are generally consistent with those of the previous CBA, save for an increase to the duration of the CBA, minor adjustments to the average earnings calculation and pay increases, and the provision of additional benefits for

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course of business between the Applicant and any member of the JTI Group, including the provision of goods and services from any member of the JTI Group to the Applicant, shall continue on terms consistent with existing arrangements or past practice or as otherwise approved by the Monitor. [emphasis added]

<sup>2</sup> Paragraph 7(a) states: This Court orders that the Applicant shall be entitled but not required to pay ... all outstanding and future wages, salaries, commissions, compensations, vacation pay, bonuses, incentive plan payments, employee and retiree pension and other benefits and related contributions and payments ... incurred in the ordinary course of business and consistent with existing compensation policies and arrangements, or with Monitor approval. [emphasis added]

active members and retirees. The new CBA was signed in July 2021 and has a six-year term, retroactive from May 1, 2020;

- k) reviewed capital expenditures incurred in the procurement of plain packaging compliant machinery and equipment (in advance of the November 2021 plain packaging requirements) and in the maintenance and repair of the Applicant's Quebec manufacturing facilities. Pursuant to paragraph 8(a) of the Second Amended Initial Order<sup>3</sup>, the Monitor did not object to the capital expenditures as they were incurred for the preservation of the Property and the Business;
- l) provided fee disclosure, in accordance with and subject to, the terms of the Fee Disclosure Order, to those parties that have requested same; and
- m) maintained and updated the Monitor's website for these CCAA Proceedings.

## **CASH FLOW STATEMENT AND RESULTS RELATIVE TO FORECAST**

21. Summarized in the following table are JTIM's actual cash receipts and disbursements for the 26-week period ended September 3, 2021 (the "**Reporting Period**"), as compared to the corresponding weeks in the Cash Flow Statement included in the Ninth Report.

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<sup>3</sup> Paragraph 8(a) states: This Court orders that ... the Applicant shall be entitled but not required to pay all reasonable expenses incurred by the Applicant in carrying on the Business in the ordinary course ... which expense shall include, without limitation (a) all expenses and capital expenditures reasonable necessary for the preservation of the Property or the Business.

<b>JTI-Macdonald Corp.</b>				
<b>Summary of Actual versus Forecast Cash Flows</b>				
<b>For the 26-week period ended September 3, 2021</b>				
<b>\$CAD '000, unaudited</b>	<b>Notes</b>	<b>Actual</b>	<b>Forecast</b>	<b>Variance</b>
<b>Receipts</b>				
Sales	<i>a</i>	770,715	699,635	71,079
Intercompany Receipts	<i>a</i>	161,435	146,275	15,159
Tax Refunds		16,406	15,467	939
Other Receipts	<i>b</i>	2,278	1,038	1,240
<b>Total Receipts</b>		<b>950,834</b>	<b>862,416</b>	<b>88,418</b>
<b>Disbursement</b>				
General Expenses		(45,764)	(46,371)	606
Payroll and Benefits		(34,916)	(35,051)	135
Pension		(6,889)	(6,591)	(298)
Promotions and Marketing	<i>c</i>	(47,476)	(65,190)	17,714
Leaf	<i>d</i>	(6,056)	(752)	(5,305)
Capital Expenditures and Leases	<i>e</i>	(12,416)	(18,028)	5,612
Professional Fees		(470)	(735)	265
Restructuring Costs	<i>f</i>	(3,109)	(7,460)	4,351
Domestic and Import Duty	<i>g</i>	(359,772)	(245,263)	(114,509)
GST and HST		(42,977)	(43,890)	913
Intercompany Disbursements	<i>h</i>	(219,253)	(205,988)	(13,265)
Intercompany Royalties		-	-	-
Intercompany Interest		-	-	-
Intercompany Principal		-	-	-
Income Tax Instalments and PTT	<i>i</i>	(49,184)	(62,900)	13,716
<b>Total Disbursements</b>		<b>(828,283)</b>	<b>(738,217)</b>	<b>(90,066)</b>
<b>Cashflow Surplus/Deficit (-)</b>		<b>122,551</b>	<b>124,199</b>	<b>(1,648)</b>
<b>Opening Cash Balance</b>		<b>581,861</b>	<b>581,861</b>	<b>-</b>
<b>FX Adjustment</b>		<b>1,524</b>	<b>-</b>	<b>1,524</b>
<b>Closing Cash Balance</b>		<b>705,936</b>	<b>706,060</b>	<b>(124)</b>
<b>Cash Collateral pledged to Citibank</b>				
Opening Balance		11,900	11,900	-
Cash Collateral Deposit / (Withdrawal)		-	-	-
<b>Closing Balance</b>		<b>11,900</b>	<b>11,900</b>	<b>-</b>
<b>Closing Cash net of Cash Collateral</b>		<b>694,036</b>	<b>694,160</b>	<b>(124)</b>

22. JTIM's actual net cash flow for the Reporting Period was \$122.6 million, compared to forecast net cash flow of \$124.2 million resulting in an unfavourable variance of \$1.6 million. A summary of the major variances are as follows:

- a) favourable variances of \$71.1 million in third-party sales receipts and \$15.2 million in intercompany receipts are permanent differences due to: (i) higher than expected volume during the Reporting Period, and (ii) higher than expected price increases, including an increase in excise duty in April 2021 that was not previously forecasted;
- b) a favourable variance of \$1.2 million in other receipts is a permanent difference due to the receipt of an income tax refund related to tax equalization for expatriate employees and an insurance claim recovery on stolen products not previously forecast;
- c) a favourable variance of \$17.7 million in promotions and marketing disbursements due in part to a permanent difference arising from the impact of Covid-19 on the number of marketing events held and in part to a timing difference which is expected to reverse in future periods;
- d) an unfavourable variance of \$5.3 million in leaf disbursements is a permanent difference due to higher than expected sales volume during the Reporting Period and the availability of leaf due to favourable crop and weather conditions as well as relaxation of some previous Covid-19 related limitations for importing leaf;
- e) a favourable variance of \$5.6 million in capital expenditures is a permanent difference as actual costs were less than forecast;
- f) a favourable variance of \$4.4 million in restructuring costs is a timing difference that is expected to reverse in future periods;

- g) an unfavourable variance of \$114.5 million in domestic and import duty that is expected to be both a permanent and timing variance arising from, among other things:
- i. higher than expected sales volume during the Reporting Period (permanent);
  - ii. an unexpected increase to excise duty rates effective April 2021 as mentioned above (permanent); and
  - iii. the continuation of inventory stockpiling due to the upcoming decommissioning of bevel edge machinery that will be followed by the installation of slide and shell machinery as a result of the plain packaging regulations (timing);
- h) an unfavourable variance of \$13.3 million in intercompany disbursements is a permanent difference due to: (i) a \$17.7 million unfavourable variance in finished goods purchase primarily resulting from higher than expected sales volumes during the Reporting Period, which is partially offset by (ii) a favorable variance of \$3.3 million in services and expenses due to the recovery of Global Transformation Project payroll severance costs incurred for global function employees based in Canada, and (iii) a favourable variance of \$1.2 million in intercompany leaf purchases; and
- i) a favourable variance of \$13.7 million in income tax instalments and PTT is a permanent difference. Income tax instalment payments in 2021 were front-loaded to limit any potential instalment interest expense that could be due to Canada Revenue Agency as a result of an increased taxable income for 2020 or caused by possible

provincial reallocations. JTIM began paying lower monthly income installments beginning in July 2021 to reflect the impact of this front-loading, however this reduction of income tax instalment payments was not initially forecasted in the Cash Flow Statement.

#### **APPLICANT'S REVISED CASH FLOW STATEMENT**

23. The Applicant, with the assistance of the Monitor, has prepared the Revised Cash Flow Statement for the purposes of projecting the estimated results of the Applicant's planned operations and other activities during the Revised Cash Flow Period. A copy of the Revised Cash Flow Statement is attached as **Appendix "A"**, and is summarized below for the 30-week period ending April 1, 2022:



<b>JTI-Macdonald Corp.</b>		
<b>30-week Revised Cash Flow Statement</b>		
<b>\$CAD '000, unaudited</b>		
<b>For the week beginning</b>	<b>Notes</b>	<b>30-week Total to April 1, 2022</b>
<b>Receipts</b>		
Sales	2	767,920
Intercompany Receipts	3	159,931
Tax Refunds	4	10,178
Other Receipts	5	775
<b>Total Receipts</b>		<b>938,804</b>
<b>Disbursement</b>		
General Expenses	6	64,676
Payroll and Benefits	7	48,875
Pension	8	8,367
Promotions and Marketing	9	94,787
Leaf	10	7,438
Capital Expenditures	11	9,298
Professional Fees	12	467
Restructuring Costs	13	4,200
Domestic and Import Duty	14	309,945
GST and HST	15	48,512
Intercompany Disbursements	16	228,816
Intercompany Royalties	17	-
Intercompany Interest	18	-
Intercompany Principal	18	-
Income Tax Instalments and PTT	19	49,280
<b>Total Disbursements</b>		<b>874,661</b>
<b>Cashflow Surplus/Deficit (-)</b>		<b>64,143</b>
<b>Opening Cash Balance</b>	1	705,936
<b>Closing Cash Balance</b>		<b>770,079</b>
<b>Cash Collateral pledged to Citibank</b>		
Opening Balance		11,900
Cash Collateral Deposit / (Withdrawal)		-
<b>Closing Balance</b>		<b>11,900</b>
<b>Closing Cash net of Cash Collateral</b>		<b>758,179</b>

24. The Revised Cash Flow Statement is presented on a weekly basis during the Revised Cash Flow Period and represents Management's best estimate of the projected cash flows during the Revised Cash Flow Period. The Revised Cash Flow Statement has been prepared by

Management using the assumptions set out in the notes to the Revised Cash Flow Statement (the “**Revised Assumptions**”).

25. JTIM’s opening cash balance on September 6, 2021 was \$705.9 million. The forecast cash flow surplus for the Revised Cash Flow Period is estimated to be \$64.1 million. Accordingly, the Applicant has sufficient liquidity during the proposed period of extension of the Stay.
26. The Monitor has reviewed the Revised Cash Flow Statement 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 based on the monitor’s findings. The Canadian Association of Insolvency and Restructuring Professionals’ (“**CAIRP**”) 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 statement.
27. In accordance with the CCAA and CAIRP standards, the Monitor’s review of the Revised Cash Flow Statement consisted of inquiries, analytical procedures and discussions related to the Revised Cash Flow Statement and Revised Assumptions. Since the Revised 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 Revised Cash Flow Statement. The Monitor also reviewed the support provided by Management for the Revised Assumptions and the preparation and presentation of the Revised Cash Flow Statement.

28. Based on the Monitor's review, nothing has come to its attention that causes it to believe, in all material aspects, that:
- a) the Revised Assumptions are not consistent with the purpose of the Revised Cash Flow Statement;
  - b) as at the date of this Tenth Report, the Revised Assumptions are not suitably supported and consistent with the plans of the Applicant or do not provide a reasonable basis for the Revised Cash Flow Statement, given the Revised Assumptions; or
  - c) the Revised Cash Flow Statement does not reflect the Revised Assumptions.
29. Since the Revised Cash Flow Statement is based on Revised Assumptions regarding future events, actual results will vary from the information presented even if the Revised Assumptions occur, and the variations could be material. Accordingly, the Monitor expresses no assurance as to whether the Revised Cash Flow Statement 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 Revised Cash Flow Statement or the Information relied upon by the Monitor in preparing this Tenth Report.
30. The Revised Cash Flow Statement has been prepared solely for the purposes described above, and readers of this Tenth Report are cautioned that it may not be appropriate for other purposes.

## STAY EXTENSION

31. The current Stay expires on September 30, 2021. The Applicant is seeking the extension of the Stay up to and including March 31, 2022, in order for the Applicant, with the assistance of the Monitor, to:
- a) preserve the *status quo* and continue to maintain the stability of operations;
  - b) seek a collective solution for the benefit of all stakeholders in respect of the claims asserted against the Applicant and the other CCAA Applicants in the hundreds of billions of dollars, including through advancing the Mediation led by the Court-Appointed Mediator; and
  - c) determine next steps in respect of the CCAA Proceedings.
32. In the Monitor's view, progress has been made in the Mediation since the last Stay extension hearing on March 30, 2021. The CCAA Applicants have continued to populate separate Data Rooms with financial information to advance discussions with key stakeholders in the Mediation. The Applicant has responded to stakeholder questions and requests for additional information. The Monitor continues to work with the Applicant to populate the Data Room with financial and other information, as requested in the Mediation.
33. Since the Ninth Report, the Court-Appointed Mediator, with the assistance of the JTIM, ITL, and RBH monitors, continues to conduct meetings in the Mediation and engage in discussions with the CCAA Applicants and the key stakeholders. The Mediation is

confidential. However, the Monitor confirms that the parties continue to advance the Mediation to facilitate a global settlement of the various claims asserted against the CCAA Applicants.

34. Extending the Stay for the requested time will allow the Applicant to continue operating in the normal course while participating in the Mediation and pursuing a global settlement. In the Monitor's view, the Applicant's request for an extension of the Stay until March 31, 2022, is reasonable and appropriate in the circumstances.
35. As described above, the Revised Cash Flow Statement indicates that the Applicant will have sufficient liquidity during the Revised Cash Flow Period.
36. In the Monitor's view, the Applicant has acted and continues to act in good faith and with due diligence in the CCAA Proceedings.

**RECOMMENDATION**

37. The Monitor supports the relief sought by the Applicant in its motion to extend the Stay to March 31, 2022 and respectfully recommends that the Court grant the requested relief.

All of which is respectfully submitted this 20<sup>th</sup> day of September, 2021.

**Deloitte Restructuring Inc.,  
Solely in its capacity as Court-appointed Monitor  
of JTIM and not in its personal capacity**



Per:  
Phil Reynolds, LIT  
Senior Vice-President

Appendix "A"

Revised Cash Flow Statement

**JTI-Macdonald Corp.**  
**30-week Revised Cash Flow Statement**  
**\$CAD '000, unaudited**

For the week beginning	Notes	6-Sep-21	13-Sep-21	20-Sep-21	27-Sep-21	4-Oct-21	11-Oct-21	18-Oct-21	25-Oct-21	1-Nov-21	8-Nov-21	15-Nov-21	22-Nov-21	29-Nov-21
<b>Receipts</b>														
Sales	2	25,410	26,147	28,307	29,690	33,551	25,962	26,041	25,300	27,839	25,669	24,970	24,310	24,909
Intercompany Receipts	3	1,716	2,159	2,223	3,178	6,881	5,505	7,783	6,908	6,020	6,020	6,020	6,897	5,127
Tax Refunds	4	-	1,028	-	-	1,200	325	-	-	1,200	325	-	-	-
Other Receipts	5	-	50	-	55	-	70	-	-	55	-	50	-	55
<b>Total Receipts</b>		<b>27,126</b>	<b>29,384</b>	<b>30,530</b>	<b>32,923</b>	<b>41,632</b>	<b>31,862</b>	<b>33,824</b>	<b>32,208</b>	<b>35,114</b>	<b>32,014</b>	<b>31,040</b>	<b>31,207</b>	<b>30,091</b>
<b>Disbursement</b>														
General Expenses	6	1,810	2,262	2,262	2,435	3,125	2,500	2,500	2,500	1,875	1,875	1,875	1,875	2,607
Payroll and Benefits	7	1,855	455	2,355	630	1,855	455	2,355	630	1,855	455	1,855	955	2,030
Pension	8	160	752	160	-	160	513	160	-	160	-	673	-	160
Promotions and Marketing	9	2,703	3,378	3,378	3,515	4,061	4,061	3,249	4,061	3,654	3,654	3,654	3,654	3,976
Leaf	10	-	-	-	-	25	-	-	-	-	-	-	-	-
Capital Expenditures	11	516	516	516	516	486	486	486	486	885	885	885	885	164
Professional Fees	12	14	14	14	14	17	17	17	17	17	17	17	17	14
Restructuring Costs	13	140	140	140	140	140	140	140	140	140	140	140	140	140
Domestic and Import Duty	14	-	-	-	14,800	-	-	-	53,720	-	-	-	200	47,459
GST and HST	15	-	-	-	8,400	-	-	-	7,384	-	-	-	-	6,505
Intercompany Disbursements	16	8,081	8,081	8,081	7,855	3,262	2,268	2,835	3,661	9,064	9,673	9,064	10,165	6,445
Intercompany Royalties	17	-	-	-	-	-	-	-	-	-	-	-	-	-
Intercompany Interest	18	-	-	-	-	-	-	-	-	-	-	-	-	-
Intercompany Principal	18	-	-	-	-	-	-	-	-	-	-	-	-	-
Income Tax Instalments and PTT	19	2,600	500	-	920	2,500	500	-	920	-	2,500	500	-	920
<b>Total Disbursements</b>		<b>17,878</b>	<b>16,098</b>	<b>16,906</b>	<b>39,224</b>	<b>15,632</b>	<b>10,941</b>	<b>11,743</b>	<b>73,520</b>	<b>17,651</b>	<b>19,200</b>	<b>18,664</b>	<b>17,892</b>	<b>70,420</b>
<b>Cashflow Surplus/Deficit (-)</b>		<b>9,248</b>	<b>13,286</b>	<b>13,624</b>	<b>(6,300)</b>	<b>26,000</b>	<b>20,921</b>	<b>22,081</b>	<b>(41,312)</b>	<b>17,463</b>	<b>12,814</b>	<b>12,376</b>	<b>13,315</b>	<b>(40,329)</b>
<b>Opening Cash Balance</b>	1	705,936	715,184	728,470	742,094	735,794	761,794	782,715	804,797	763,485	780,947	793,761	806,137	819,452
<b>Closing Cash Balance</b>		<b>715,184</b>	<b>728,470</b>	<b>742,094</b>	<b>735,794</b>	<b>761,794</b>	<b>782,715</b>	<b>804,797</b>	<b>763,485</b>	<b>780,947</b>	<b>793,761</b>	<b>806,137</b>	<b>819,452</b>	<b>779,123</b>
<b>Cash Collateral pledged to Citibank</b>	20													
Opening Balance		11,900	11,900	11,900	11,900	11,900	11,900	11,900	11,900	11,900	11,900	11,900	11,900	11,900
Cash Collateral Deposit / (Withdrawal)		-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Closing Balance</b>		<b>11,900</b>	<b>11,900</b>	<b>11,900</b>	<b>11,900</b>	<b>11,900</b>	<b>11,900</b>	<b>11,900</b>	<b>11,900</b>	<b>11,900</b>	<b>11,900</b>	<b>11,900</b>	<b>11,900</b>	<b>11,900</b>
<b>Closing Cash net of Cash Collateral</b>		<b>703,284</b>	<b>716,570</b>	<b>730,194</b>	<b>723,894</b>	<b>749,894</b>	<b>770,815</b>	<b>792,897</b>	<b>751,585</b>	<b>769,047</b>	<b>781,861</b>	<b>794,237</b>	<b>807,552</b>	<b>767,223</b>



**JTI-Macdonald Corp.**  
**30-week Revised Cash Flow Statement**  
**\$CAD '000, unaudited**

For the week beginning	Notes	6-Dec-21	13-Dec-21	20-Dec-21	27-Dec-21	3-Jan-22	10-Jan-22	17-Jan-22	24-Jan-22	31-Jan-22	7-Feb-22	14-Feb-22	21-Feb-22
<b>Receipts</b>													
Sales	2	26,049	36,875	7,869	34,050	30,265	27,438	23,236	36,635	18,875	20,845	21,383	21,951
Intercompany Receipts	3	6,798	7,088	6,798	4,079	2,200	2,750	2,750	3,208	6,150	7,000	7,000	7,153
Tax Refunds	4	1,200	325	-	-	1,200	325	-	-	1,200	325	-	-
Other Receipts	5	-	50	-	-	55	70	-	-	55	-	50	-
<b>Total Receipts</b>		<b>34,047</b>	<b>44,337</b>	<b>14,668</b>	<b>38,129</b>	<b>33,720</b>	<b>30,583</b>	<b>25,986</b>	<b>39,843</b>	<b>26,280</b>	<b>28,170</b>	<b>28,433</b>	<b>29,104</b>
<b>Disbursement</b>													
General Expenses	6	3,095	3,095	2,476	2,476	1,340	1,675	1,675	1,675	1,895	1,950	1,950	1,950
Payroll and Benefits	7	455	1,855	955	2,030	455	1,855	955	1,855	630	1,855	455	11,855
Pension	8	-	672	-	160	-	160	579	160	-	160	579	2,100
Promotions and Marketing	9	4,190	4,190	3,352	3,352	2,200	2,750	2,750	2,750	2,850	2,875	2,875	2,875
Leaf	10	-	-	-	-	25	-	-	-	-	7,388	-	-
Capital Expenditures	11	164	164	164	164	162	162	162	162	21	21	21	21
Professional Fees	12	14	14	14	14	24	24	24	24	13	13	13	13
Restructuring Costs	13	140	140	140	140	140	140	140	140	140	140	140	140
Domestic and Import Duty	14	-	-	-	56,750	-	-	-	44,628	-	-	-	41,643
GST and HST	15	-	-	-	7,488	-	-	-	6,487	-	-	-	7,487
Intercompany Disbursements	16	7,657	7,048	8,364	5,638	9,560	11,250	11,250	12,188	7,050	6,536	6,000	6,958
Intercompany Royalties	17	-	-	-	-	-	-	-	-	-	-	-	-
Intercompany Interest	18	-	-	-	-	-	-	-	-	-	-	-	-
Intercompany Principal	18	-	-	-	-	-	-	-	-	-	-	-	-
Income Tax Instalments and PTT	19	2,500	500	-	920	-	3,000	-	5,000	-	2,500	500	14,500
<b>Total Disbursements</b>		<b>18,216</b>	<b>17,679</b>	<b>15,466</b>	<b>79,133</b>	<b>13,905</b>	<b>21,015</b>	<b>17,534</b>	<b>75,067</b>	<b>12,600</b>	<b>23,438</b>	<b>12,534</b>	<b>89,543</b>
<b>Cashflow Surplus/Deficit (-)</b>		<b>15,831</b>	<b>26,659</b>	<b>(798)</b>	<b>(41,004)</b>	<b>19,816</b>	<b>9,568</b>	<b>8,452</b>	<b>(35,224)</b>	<b>13,680</b>	<b>4,732</b>	<b>15,899</b>	<b>(60,439)</b>
<b>Opening Cash Balance</b>	1	779,123	794,954	821,613	820,814	779,810	799,626	809,194	817,646	782,422	796,102	800,834	816,733
<b>Closing Cash Balance</b>		<b>794,954</b>	<b>821,613</b>	<b>820,814</b>	<b>779,810</b>	<b>799,626</b>	<b>809,194</b>	<b>817,646</b>	<b>782,422</b>	<b>796,102</b>	<b>800,834</b>	<b>816,733</b>	<b>756,294</b>
<b>Cash Collateral pledged to Citibank</b>	20												
Opening Balance		11,900	11,900	11,900	11,900	11,900	11,900	11,900	11,900	11,900	11,900	11,900	11,900
Cash Collateral Deposit / (Withdrawal)		-	-	-	-	-	-	-	-	-	-	-	-
<b>Closing Balance</b>		<b>11,900</b>	<b>11,900</b>	<b>11,900</b>	<b>11,900</b>	<b>11,900</b>	<b>11,900</b>	<b>11,900</b>	<b>11,900</b>	<b>11,900</b>	<b>11,900</b>	<b>11,900</b>	<b>11,900</b>
<b>Closing Cash net of Cash Collateral</b>		<b>783,054</b>	<b>809,713</b>	<b>808,914</b>	<b>767,910</b>	<b>787,726</b>	<b>797,294</b>	<b>805,746</b>	<b>770,522</b>	<b>784,202</b>	<b>788,934</b>	<b>804,833</b>	<b>744,394</b>

**JTI-Macdonald Corp.**  
**30-week Revised Cash Flow Statement**  
**\$CAD '000, unaudited**

<b>For the week beginning</b>	<b>Notes</b>	<b>28-Feb-22</b>	<b>7-Mar-22</b>	<b>14-Mar-22</b>	<b>21-Mar-22</b>	<b>28-Mar-22</b>	<b>30-week Total to April 1, 2022</b>
<b>Receipts</b>							
Sales	2	21,826	22,193	22,786	23,383	24,158	767,920
Intercompany Receipts	3	5,800	5,500	5,500	6,068	7,650	159,931
Tax Refunds	4	-	1,200	325	-	-	10,178
Other Receipts	5	55	-	50	-	55	775
<b>Total Receipts</b>		<b>27,681</b>	<b>28,893</b>	<b>28,661</b>	<b>29,450</b>	<b>31,863</b>	<b>938,804</b>
<b>Disbursement</b>							
General Expenses	6	2,230	1,840	1,840	1,840	2,173	64,676
Payroll and Benefits	7	630	1,855	455	2,355	630	48,875
Pension	8	-	160	579	160	-	8,367
Promotions and Marketing	9	2,275	2,125	2,125	2,125	2,129	94,787
Leaf	10	-	-	-	-	-	7,438
Capital Expenditures	11	39	39	39	39	39	9,298
Professional Fees	12	11	11	11	11	11	467
Restructuring Costs	13	140	140	140	140	140	4,200
Domestic and Import Duty	14	-	-	-	-	50,745	309,945
GST and HST	15	-	-	-	-	4,761	48,512
Intercompany Disbursements	16	8,400	9,460	7,200	7,200	8,521	228,816
Intercompany Royalties	17	-	-	-	-	-	-
Intercompany Interest	18	-	-	-	-	-	-
Intercompany Principal	18	-	-	-	-	-	-
Income Tax Instalments and PTT	19	-	2,500	500	-	5,000	49,280
<b>Total Disbursements</b>		<b>13,725</b>	<b>18,130</b>	<b>12,889</b>	<b>13,870</b>	<b>74,150</b>	<b>874,661</b>
<b>Cashflow Surplus/Deficit (-)</b>		<b>13,957</b>	<b>10,763</b>	<b>15,772</b>	<b>15,581</b>	<b>(42,287)</b>	<b>64,143</b>
<b>Opening Cash Balance</b>	1	756,294	770,251	781,013	796,785	812,366	705,936
<b>Closing Cash Balance</b>		<b>770,251</b>	<b>781,013</b>	<b>796,785</b>	<b>812,366</b>	<b>770,079</b>	<b>770,079</b>
<b>Cash Collateral pledged to Citibank</b>							
Opening Balance	20	11,900	11,900	11,900	11,900	11,900	11,900
Cash Collateral Deposit / (Withdrawal)		-	-	-	-	-	-
<b>Closing Balance</b>		<b>11,900</b>	<b>11,900</b>	<b>11,900</b>	<b>11,900</b>	<b>11,900</b>	<b>11,900</b>
<b>Closing Cash net of Cash Collateral</b>		<b>758,351</b>	<b>769,113</b>	<b>784,885</b>	<b>800,466</b>	<b>758,179</b>	<b>758,179</b>

**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 JTI-MACDONALD CORP.**

**("JTIM" or the "Applicant")**

**Notes to the Applicant's Unaudited Revised Cash Flow Statement**

**Disclaimer**

In preparing this cash flow projection (the "**Revised Cash Flow Statement**"), the Applicant has relied upon unaudited interim financial information and the major assumptions listed below. The Revised Cash Flow Statement includes estimates concerning the operations of the Applicant with consideration to the impact of a filing under the *Companies' Creditors Arrangement Act*, as amended (the "**CCAA**"). The Revised Cash Flow Statement is based on assumptions about future events and the actual results achieved during the forecast period will vary from the Cash Flow Statement, even if the assumptions materialize, and such variations may be material. There is no representation, warranty or other assurance that any of the estimates, forecasts or projections will be realized. Parties using the Revised Cash Flow Statement for reasons other than to assess the cash flows of the Applicant during the forecast period are cautioned that it may not be appropriate for their purposes.

The Revised Cash Flow Statement does not include any consideration of the likely impact of Coronavirus ("**Covid-19**") on sales, production, supply chain or any other aspect of the business of JTIM as the situation continues to evolve, and many uncertainties remain as to the effect the Covid-19 crisis will have on the Applicant and the broader domestic and global economies. Changes to market conditions could substantively affect JTIM and the Revised Cash Flow Statement.

**Overview**

The Revised Cash Flow Statement reflects cash flows from JTIM. The Applicant, with the assistance of the Monitor, has prepared the Revised Cash Flow Statement based primarily on historical results and JTIM's current expectations derived from their annual budgeting process. Consistent with the Applicant's budgeting process, the Revised Cash Flow Statement is presented in thousands of Canadian Dollars. Receipts and disbursements denominated in U.S. Dollars have been converted into Canadian Dollars using an exchange rate of **CDN\$1.25 = USD\$1.00**.

## Major Assumptions

### RECEIPTS

#### 1. Opening cash balance

This is the opening cash balance at the start of the cash flow projection.

#### 2. Sales

Receipts from JTIM's trade sales are estimated based on a weekly forecast of collections from existing accounts. The projected sales are derived from JTIM's annual budget, which includes assumptions surrounding future pricing. JTIM collects payment from its customers via direct debit once product is shipped. The vast majority of JTIM's customers are tobacco wholesalers. JTIM sells smaller volumes directly to retail accounts.

#### 3. Intercompany Receipts

JTIM is owned indirectly by Japan Tobacco Inc. ("**Japan Tobacco**"), a publicly listed company in Japan. Certain employees of JTIM, located at either the Mississauga head office or Montreal factory locations, perform services for non-Canadian entities. A charge for time spent is applied to the related party corporation benefiting from the services. The charge is based on time spent by the employees based on an annual submission that the employee provides. The fee rate is based on the cost of each employee to JTIM, plus a 5% mark-up.

JTIM provides other related-party international tobacco companies outside of Japan ("**JT International**") with skilled personnel (i.e. expatriates working abroad), and is reimbursed the costs of such employees.

JTIM performs contract manufacturing for non-Canadian branded cigarettes at the Montreal manufacturing facility for JT International SA ("**JTI-SA**").

JTIM also provides services to JTI Canada Tech Inc. with respect to the distribution of potentially reduced risk products in Canada. However, as JTI Canada Tech Inc. has ceased selling e-cigarettes in Canada, no service revenues from JTI Canada Tech Inc. are forecast beginning in January 2022.

JTIM exports Canadian brand cigarettes to other JT International entities for sale.

#### **4. Tax Refunds**

The projected tax refunds relate to the collection of QST refunds in Quebec, excise tax refunds for product that require rework or destruction and customs duty refunds for imported product that require destruction.

#### **5. Other Receipts**

Other receipts relate to interest income earned from short-term investments and high interest savings accounts.

### **DISBURSEMENTS**

#### **6. General Expenses**

These projected disbursements include payments related to non-tobacco materials, travel, service related activities, utilities and rent. Additional expenditures are forecast for regional sales office leases, vehicles used by sales representatives and miscellaneous information technology requirements.

#### **7. Payroll and Benefits**

These projected disbursements include payroll and benefit costs for all salaried and hourly plant employees. The forecast amounts are based on historic run rates. Hourly plant employees are paid weekly and salaried employees are paid bi-weekly. Payroll disbursements include all employee source deductions, employee and employer portions of CPP/QPP and EI and other payroll-related taxes, and reflect the terms of the collective bargaining agreement signed in July 2021. Payroll and benefit costs also include retention bonuses and severance costs related to the global transformation project.

#### **8. Pension**

These projected disbursements represent payments to JTIM's registered employees plan, registered executive employees plan and the executive supplemental benefit plan. The pension amounts forecast in the cash flow include all current and special obligation amounts.

## **9. Promotions and Marketing**

These projected disbursements relate to the various marketing and promotional initiatives, such as inventory support programs and brand support programs. Initiatives are generally paid 30 days in arrears or via quarterly installments.

## **10. Leaf**

These projected disbursements represent payments to third party suppliers of tobacco leaf. Third party purchases are used in circumstances where JTI-SA does not have a specific grade of tobacco available at the time required to meet the plant's tobacco blend requirements to reduce disruptions in the production process.

## **11. Capital Expenditures**

These projected disbursements relate to capital expenditures for plant and equipment purchases at the Montreal production facility. These capital expenditures include investments in new plain packaging machinery for statutory compliance, roof refurbishment at JTIM's Quebec manufacturing facilities, machine upgrades, new product flow control systems, renovation of JTIM headquarters and regional locations and environmental health and safety.

## **12. Professional Fees**

These projected disbursements include payments to JTIM's legal advisors for corporate matters.

## **13. Restructuring Costs**

These projected disbursements include payments to JTIM's legal advisors for specialist restructuring advice, the fees and costs of the Monitor and its counsel, the fees and costs of the Chief Restructuring Officer, the fees and costs of the Court-Appointed Mediator and his advisors, and the fees and costs of the Representative Counsel and its advisors.

## **14. Domestic and Import Duty**

These projected disbursements relate to payments to the Canada Revenue Agency ("CRA") with respect to tobacco products produced under the *Excise Act*, 2001 and customs duty and GST on

imported leaf and other raw materials, spare parts or machinery. Excise duty returns and payments are due on the last day of the month following the reporting period (e.g. a return for a period ending February 28 is due by March 31). Import duty payments are paid once a month on a rolling basis with the 21st being the end of the month.

## **15. GST and HST**

These projected disbursements represent payments to the CRA with respect to GST and HST. Historically, JTIM has always been in a monthly net payable position.

## **16. Intercompany Disbursements**

These projected disbursements represent: (i) payments for goods and services provided by JT International entities such as tobacco products from JTI-SA, LLC Cres Neva, LLC Petro, JTI (US) Holding Inc., JT International Canarias S.A.U., and Japan Tobacco International USA Inc., (ii) IT services provided by JTI-SA, (iii) global administrative services provided by JTI GBS Philippines Inc., (iv) employee arrangements provided by JTI Services Switzerland SA, and (v) global headquarter services provided by JT International Holding B.V.

## **17. Intercompany Royalties**

JTI-Macdonald TM Corp. (“TM”) provides licenses to JTIM to use the trademarks to manufacture and sell goods bearing the trademarks in exchange for a monthly royalty payment. The intercompany royalty payments have been suspended pursuant to the Endorsement of Justice McEwen dated March 19, 2019. The amount of approximately \$1,100,000 continues to be accrued monthly. Additionally, default interest is accruing on royalty payments due and unpaid.

## **18. Intercompany Interest and Principal**

This disbursement represents monthly interest payments on the \$1.2 billion secured convertible debentures by JTIM to TM. The intercompany interest and principal payments have been suspended pursuant to the Endorsement of Justice McEwen dated March 19, 2019. The interest amount of approximately \$7.7 million continues to be accrued monthly. Additionally, default interest is accruing on interest and principal payments due and unpaid.

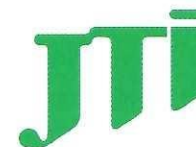
## **19. Income Tax Instalments and Provincial Tobacco Taxes**

These projected disbursements represent corporate income tax instalments and payments of Provincial Tobacco Taxes (“PTT”) on direct retail sales. Income tax instalment payments in 2022 are front-loaded towards the beginning of the year to minimize any potential non-deductible instalment interest expense due to 2021 taxable income estimation ahead of the June 30, 2022 filing deadline.

## **20. Cash Collateral**

Cash collateral of \$11.9 million was pledged to Citibank pursuant to agreements dated in 2016, 2017, and 2019 to allow for continued central travel account card services and cash management services provided by Citibank.





September 17, 2021

Deloitte Restructuring Inc.  
Bay Adelaide East  
8 Adelaide Street West  
Suite 200  
Toronto, Ontario M5H 0A9  
Canada

Attention: Warren Leung

Dear Sirs:

**Re: Proceedings under the *Companies' Creditors Arrangement Act* ("CCAA")  
Responsibilities/Obligations and Disclosure with Respect to Cash Flow  
Projections**

In connection with the CCAA proceedings in respect of JTI-Macdonald Corp. ("**JTIM**"), the management of JTIM ("**Management**") has prepared the attached Revised Cash Flow Statement and the assumptions on which the Revised Cash Flow Statement is based.

JTIM confirms that:

1. The Revised Cash Flow Statement and the underlying assumptions are the responsibility of JTIM;
2. All material information relevant to the Revised Cash Flow Statement and to the underlying assumptions has been made available to Deloitte Restructuring Inc., in its capacity as Monitor of JTIM;
3. Management has taken all actions that it considers necessary to ensure:
  - a. That the individual assumptions underlying the Revised Cash Flow Statement are appropriate in the circumstances;
  - b. That the individual assumptions underlying the Revised Cash Flow Statement, taken as a whole, are appropriate in the circumstances; and

- c. That all relevant assumptions have been properly presented in the Revised Cash Flow Statement or in the notes accompanying the Revised Cash Flow Statement.
4. Management understands and agrees that the determination of what constitutes a material adverse change in the projected cash flow or financial circumstances, for the purposes of our monitoring the on-going activities of JTIM, is ultimately at your sole discretion, notwithstanding that Management may disagree with such determination;
5. Management understands its duties and obligations under the CCAA and that a breach of these duties and obligations could make the JTIM's Management liable to fines and imprisonment in certain circumstances; and
6. The Revised Cash Flow Statement and assumptions have been reviewed and approved by the JTIM's board of directors or Management has been duly authorized by JTIM's board of directors to prepare and approve the cash flow assumptions.

Yours truly,



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Name: Robert McMaster

Title: Treasurer

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 WITH RESPECT TO **JTI-MACDONALD CORP.**

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

Proceeding commenced at Toronto

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**TENTH REPORT OF THE MONITOR  
September 20, 2021**

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