

**RICHTER**

Court File No.: CV-20-00643158-00CL

**ROBERTS COMPANY CANADA LIMITED**

**THIRD REPORT OF RICHTER ADVISORY GROUP INC.,  
IN ITS CAPACITY AS MONITOR**

**AUGUST 21, 2020**

## TABLE OF CONTENTS

I. INTRODUCTION .....	1
II. PURPOSE OF THE THIRD REPORT .....	2
III. DISCLAIMER AND TERMS OF REFERENCE .....	3
IV. ACTIVITIES OF THE COMPANY .....	3
V. ACTIVITIES OF THE MONITOR .....	4
VI. CASH RECEIPTS AND DISBURSEMENTS FROM JULY 18, 2020 TO AUGUST 14, 2020 .....	5
VII. RCCL'S REQUEST TO EXTEND THE STAY PERIOD TO OCTOBER 30, 2020 .....	7
VIII. MONITOR'S RECOMMENDATIONS.....	8

### APPENDICES

**APPENDIX "A"** – Extended Cash Flow Forecast, Management's Report re: Extended Cash Flow Forecast

**APPENDIX "B"** – Monitor's Report re: Extended Cash Flow Forecast

**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  
ROBERTS COMPANY CANADA LIMITED**

**THIRD REPORT OF RICHTER ADVISORY GROUP INC.  
IN ITS CAPACITY AS MONITOR**

**AUGUST 21, 2020**

## I. INTRODUCTION

1. On June 29, 2020 (the “**Filing Date**”), the Ontario Superior Court of Justice (Commercial List) (the “**Court**”) issued an initial order (the “**Initial Order**”) granting Roberts Company Canada Limited (“**RCCL**” or the “**Company**”) protection pursuant to the *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the “**CCAA**”). Pursuant to the Initial Order, Richter Advisory Group Inc. (“**Richter**”) was appointed as the Company’s Monitor (the “**Monitor**”). The proceedings commenced by RCCL under the CCAA are herein referred to as the “**CCAA Proceedings**”.
  
2. The Initial Order, *inter alia*:
  - (i) granted a stay of proceedings in favour of the Company until July 9, 2020 (the “**Stay Period**”);
  - (ii) approved a charge in respect of the fees and disbursements of the Monitor, its counsel and counsel to the Company, in the amount of \$500,000; and
  - (iii) approved an indemnity and charge in favour of RCCL’s directors and officers in the amount of \$250,000 in respect of obligations and liabilities that the directors and officers may incur from and after the Filing Date.
  
3. On July 8, 2020, the Court issued the Amended and Restated Initial Order (the “**Amended and Restated Initial Order**”), which incorporated certain amendments to the Initial Order, including, *inter alia*:
  - (i) expanding the Company’s restructuring authority and the Monitor’s ability to assist with the Company’s restructuring efforts;
  - (ii) approving the Company’s key employee retention plan (the “**KERP**”) and a charge in favour of the KERP beneficiaries up to the maximum aggregate amount of \$200,000 to secure payments due under the KERP;
  - (iii) authorizing the Company, in consultation with the ABL Lender (as defined in the Pre-Filing Report of the Proposed Monitor dated June 26, 2020 (the “**Pre-Filing Report**”)), and with the consent of the Monitor, to pay pre-filing amounts owing to certain of RCCL’s third party suppliers;
  - (iv) granting a charge in favour of the ABL Lender as security for all of the obligations of the Company to the ABL Lender relating to advances made to the Company under the ABL Agreement (as defined in the Pre-Filing Report) from and after the date of the Amended and Restated Initial Order; and
  - (v) extending the Stay Period up to and including August 31, 2020.

4. On July 28, 2020, the Court granted an order (the “**Claims Procedure Order**”) approving, among other things, a process (the “**Claims Process**”) to identify, quantify and resolve certain claims against the Company and the Company’s current and former directors and officers (the “**Directors and Officers**”).
5. This report is the Monitor’s third report (the “**Third Report**”) to Court. Richter, in its capacity as Proposed Monitor, filed the Pre-Filing Report in support of, *inter alia*, the Company’s application for the Initial Order. The Monitor’s first report dated July 6, 2020 (the “**First Report**”) was filed with the Court to, among other things, provide an update on the activities of the Company and the Monitor since the issuance of the Initial Order and support the Company’s request for the Court to approve the amendments provided for in the Amended and Restated Initial Order, including, the extension of the Stay Period up to and including August 31, 2020. The Monitor’s second report dated July 23, 2020 (the “**Second Report**” and collectively with the Pre-Filing Report and the First Report, the “**Prior Reports**”) was filed with the Court to, among other things, provide an update on the activities of the Company and the Monitor since the date of the First Report and support the Company’s request for the Court to grant the Claims Procedure Order. Copies of the Prior Reports, the Amended and Restated Initial Order, the Claims Procedure Order and other materials pertaining to the CCAA Proceedings are available on the Monitor’s website at <http://www.richter.ca/insolvencycase/roberts-company-canada-limited/> (the “**Monitor’s Website**”).
6. The principal purpose of the CCAA Proceedings is to stabilize RCCL’s business and to provide a forum to explore a plan of compromise or arrangement under the CCAA (a “**Plan**”) that would seek to maximize creditor and stakeholder recoveries.

## II. PURPOSE OF THE THIRD REPORT

7. The purpose of this Third Report is to provide information to the Court pertaining to:
  - (i) the activities of the Company and the Monitor since the date of the Second Report;
  - (ii) the Company’s reported receipts and disbursements for the period from July 18, 2020 to August 14, 2020, including a comparison of reported to forecasted results;
  - (iii) the Company’s request for an order (the “**Stay Extension Order**”), *inter alia*,
    - (a) extending the Stay Period to October 30, 2020, including the RCCL’s extended cash flow forecast for the period August 15, 2020 to November 13, 2020 (the “**Extended Cash Flow Forecast**”); and
    - (b) approving this Third Report and the activities, actions and conduct of the Monitor set out herein; and
  - (iv) the Monitor’s conclusions and recommendations.

### III. DISCLAIMER AND TERMS OF REFERENCE

8. The Third Report should be read in conjunction with the Affidavit of Ravi Williams-Singh sworn August 21, 2020 (the “**August 21 Williams-Singh Affidavit**”) filed by the Company in support of its request for the Stay Extension Order, as certain information contained in the August 21 Williams-Singh Affidavit has not been included herein in order to avoid unnecessary duplication.
9. In preparing the Third Report, the Monitor has relied solely on information and documents provided by the Company and its advisors, including unaudited financial information, declarations and the August 21 Williams-Singh Affidavit (collectively, the “**Information**”). In accordance with industry practice, except as otherwise described in the Third Report, Richter 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 Generally Accepted Auditing 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.
10. Future orientated financial information contained in the Extended Cash Flow Forecast is based on the Company's estimates and assumptions regarding future events. Actual results will vary from the information presented even if the hypothetical assumptions occur, and variations may be material. Accordingly, the Monitor expresses no assurance as to whether the Extended Cash Flow Forecast will be achieved.
11. Unless otherwise stated, all monetary amounts noted herein are expressed in Canadian dollars.
12. Capitalized terms not defined herein shall have the meanings ascribed thereto in the Claims Procedure Order.

### IV. ACTIVITIES OF THE COMPANY

13. In addition to managing its operations in the normal course and working to stabilize its business in light of the CCAA Proceedings, the activities of the Company, since the date of the Second Report, with the support of their legal advisors, have included:
  - (i) advancing the Claims Process in accordance with the procedures and timelines provided in the Claims Procedure Order;
  - (ii) communicating with RCCL's creditors, the ABL Lender, suppliers and other stakeholders regarding various matters pertaining to the CCAA Proceedings;

- (iii) managing cash flows and making payments in accordance with the Amended and Restated Initial Order;
- (iv) reporting receipts, disbursements and variances to the Company's cash flow forecasts, to the Monitor and the ABL Lender;
- (v) working towards formulating a Plan;
- (vi) preparing, with the assistance of the Monitor, the Extended Cash Flow Forecast; and
- (vii) preparing Court materials, together with the Monitor and its legal counsel, to seek the relief sought in the within motion.

## **V. ACTIVITIES OF THE MONITOR**

14. Since the date of the Second Report, the Monitor's activities have included:

- (i) attending via videoconference at the Court hearing in respect of the Company's motion for the Claims Procedure Order;
- (ii) maintaining the Monitor's Website, where all Court documents and other material documents pertaining to the CCAA Proceedings are available in electronic form;
- (iii) implementing procedures for the monitoring of the Company's cash flows and for the ongoing reporting of variances to the Company's cash flow forecast, including assisting the Company with its ongoing reporting of variances to the ABL Lender;
- (iv) assisting the Company in its preparation of the Extended Cash Flow Forecast;
- (v) attending at the Company's leased facility in Waterloo, Ontario;
- (vi) corresponding extensively with the Company and its legal counsel regarding the Claims Process, cash management, the Extended Cash Flow Forecast and various other matters in connection with the CCAA Proceedings;
- (vii) corresponding with Borden Ladner Gervais LLP, the Monitor's legal counsel, as well as Bennett Jones LLP, counsel to the Company;
- (viii) responding to calls and enquiries from creditors and other stakeholders in connection with the CCAA Proceedings;

- (ix) reviewing materials filed with the Court in respect of the CCAA Proceedings; and
- (x) preparing this Third Report.

### **Claims Process Update and Activities**

15. As noted in the Second Report, the Claims Process is intended to identify and quantify claims against the Company and its Directors and Officers, for the purposes of providing clarity to the Company, its stakeholders and the Monitor, as to the number, nature and value of certain Claims against the Company and its Directors and Officers. This information will assist the Company with its restructuring efforts, including the formulation of a Plan.
16. Since the date of the Claims Procedure Order, the Monitor's activities in respect of the Claims Process and in accordance with the Claims Procedure Order have included:
  - (i) sending a Claims Package to (a) each Known Claimant and (b) any Claimant that was not a Known Claimant following a request made to the Monitor for a copy of the Claims Package;
  - (ii) sending a Notice of Employee Restructuring Claim to 23 eligible Employees;
  - (iii) publishing a notice in the *Globe and Mail* (National Edition) on July 31, 2020 regarding the Claims Process;
  - (iv) posting a copy of the Claims Procedure Order, RCCL's motion record in respect of the Claims Procedure Order and the Claims Package on the Monitor's Website;
  - (v) reviewing and logging Proofs of Claim filed by Claimants;
  - (vi) responding to calls and enquiries from Claimants, including Employees, regarding the Claims Process; and
  - (vii) dealing with other matters in connection with the Claims Process not specifically set out above.
17. Upon the completion of the Claims Process, the Monitor understands that the Company intends to return to Court at a later date to seek, among other things, a Meeting Order to convene a meeting of creditors to consider and vote on a Plan.

### **VI. CASH RECEIPTS AND DISBURSEMENTS FROM JULY 18, 2020 TO AUGUST 14, 2020**

18. As noted in the First Report, RCCL, with the assistance of the Monitor, prepared a cash flow forecast for the period June 29, 2020 to September 25, 2020 (the "Initial Forecast Period") in support of its application for the Initial Order. As further noted in the First Report, in support of its motion for the Amended and Restated Initial



Order, RCCL filed a revised cash flow forecast (the “**Revised Cash Flow Forecast**”) to incorporate certain changes to the Company’s projected receipts and disbursements during the Initial Forecast Period.

19. The Company has continued to provide the Monitor with its co-operation and access to its books and records as requested by the Monitor. The Monitor has implemented various procedures for monitoring the Company’s receipts and disbursements on a weekly basis. The Monitor has also prepared forecast-to-actual variance analyses with respect to the Company’s weekly receipts and disbursements, as compared to the Revised Cash Flow Forecast.
20. A comparison of the Company’s actual cash receipts and disbursements, as compared to the Revised Cash Flow Forecast for the three-week period from June 29, 2020 to July 17, 2020 was provided and discussed in the Second Report. A comparison of the Company’s actual cash receipts and disbursements, as compared to the Revised Cash Flow Forecast for the four-week period from July 18, 2020 to August 14, 2020 (the “**Comparison Period**”), is summarized as follows:

<b>Roberts Company Canada Limited</b>			
<b>Cash Flow Variances</b>			
<b>For the Period July 18, 2020 to August 14, 2020</b>			
<b>In C\$; unaudited</b>			
	<b>Actual</b>	<b>Forecast</b>	<b>Variance</b>
<b>Receipts</b>	<b>4,426,056</b>	<b>3,015,000</b>	<b>1,411,056</b>
<b>Disbursements</b>			
Purchases	544,078	1,615,000	1,070,922
Payroll	434,449	489,300	54,851
Rent	124,660	112,158	(12,503)
Operating expenses	655,211	894,250	239,039
Professional fees	331,457	452,000	120,543
HST payables	283,503	180,000	(103,503)
Interest	132,644	150,000	17,356
KERP	-	-	-
<b>Total disbursements</b>	<b>2,506,003</b>	<b>3,892,708</b>	<b>1,386,705</b>
<b>Net cashflow</b>	<b>1,920,053</b>	<b>(877,708)</b>	<b>2,797,761</b>
Opening revolver balance	(18,013,295)	(22,306,265)	4,292,970
Net cash inflow / (outflow)	1,920,053	(877,708)	2,797,761
Foreign exchange adjustment	220,540	-	220,540
<b>Subtotal</b>	<b>(15,872,702)</b>	<b>(23,183,973)</b>	<b>7,311,271</b>
Court-order charges	(950,000)	(950,000)	-
Other reserves	(200,000)	(200,000)	-
<b>Ending revolver balance</b>	<b>(17,022,702)</b>	<b>(24,333,973)</b>	<b>7,311,271</b>
CDN borrowing base	25,774,320	26,468,282	(693,962)
<b>Availability</b>	<b>8,751,618</b>	<b>2,134,310</b>	<b>6,617,309</b>

21. As reflected in the summary table above, the Company reported a net cash inflow of approximately \$1.9 million over the Comparison Period, and the Company had a revolver balance of approximately \$17.0 million as at August 14, 2020. The Company has a favourable cash flow variance of approximately \$2.8 million in comparison to the Revised Cash Flow Forecast during the Comparison Period.

22. The favourable cash flow variance of approximately \$2.8 million pertains principally to the following:
- (i) favourable timing differences attributable to higher than forecasted receipts and lower than forecasted operating costs (including with respect to the payment of critical vendor deposits), professional fees and interest; and
  - (ii) favourable permanent differences attributable to lower than projected purchases due to availability of inventory on hand, and a reduction in payroll costs due to lower than projected headcount. The foregoing favourable permanent differences were partially offset by higher than projected sales taxes.

## VII. RCCL'S REQUEST TO EXTEND THE STAY PERIOD TO OCTOBER 30, 2020

23. The current Stay Period expires on August 31, 2020. RCCL is seeking an extension of the Stay Period to October 30, 2020 to, among other things, advance the Claims Process and provide the Company with the time needed to formulate a Plan.
24. As the Revised Cash Flow Forecast only runs until September 25, 2020, the Company, with the assistance of the Monitor, has prepared the Extended Cash Flow Forecast, a copy of which, including Management's Report on the Extended Cash Flow Forecast, is attached hereto as **Appendix "A"** and is summarized below:

Roberts Company Canada Limited	
Consolidated Weekly Cashflow Forecast	
For the Period August 15, 2020 to November 13, 2020	
In C\$; unaudited	Total
<b>Receipts</b>	<b>9,550,000</b>
<b>Disbursements</b>	
Purchases	4,600,000
Payroll	1,776,356
Rent	692,603
Operating expenses	1,928,250
Professional fees	1,220,000
HST payables	540,000
Interest	225,000
KERP	200,000
<b>Total disbursements</b>	<b>11,182,209</b>
<b>Net cashflow</b>	<b>(1,632,209)</b>
Opening revolver balance	(15,872,702)
Net cash inflow / (outflow)	(1,632,209)
<b>Subtotal</b>	<b>(17,504,912)</b>
Court-order charges	(950,000)
Other reserves	(280,000)
<b>Ending revolver balance</b>	<b>(18,734,912)</b>
CDN borrowing base	23,541,456
<b>Availability</b>	<b>4,806,544</b>

25. The Monitor's Report on the Extended Cash Flow Forecast is attached hereto as **Appendix "B"**.

26. The Extended Cash Flow Forecast indicates that the Company will have sufficient liquidity to fund both operating costs and the costs of the CCAA Proceedings during the extension of the Stay Period, if granted.
27. The Monitor is of the view that the extension of the Stay Period is appropriate in the circumstances and supports RCCL's request for an extension of the Stay Period to October 30, 2020 for the following reasons:
- (i) RCCL has acted and continues to act in good faith and with due diligence;
  - (ii) the extension will provide the time necessary for RCCL to (a) assess the claims submitted, or may still be submitted, as part of the Claims Process, (b) continue its review of strategic alternatives with the assistance of the Monitor and (c) formulate a Plan; and
  - (iii) the extension should not materially prejudice any creditor, as RCCL is projected to have sufficient funds to pay post-filing services and supplies, as contemplated in the Extended Cash Flow Forecast.

#### **VIII. MONITOR'S RECOMMENDATIONS**

28. Based on the foregoing, the Monitor respectfully recommends that this Honourable Court grant the Stay Extension Order.

All of which is respectfully submitted this 21<sup>st</sup> day of August 2020.

**RICHTER ADVISORY GROUP INC.  
IN ITS CAPACITY AS MONITOR OF  
ROBERTS COMPANY CANADA LIMITED  
AND NOT IN ITS PERSONAL CAPACITY**

Per:



---

**Paul van Eyk,**  
**CPA, CA-IFA, CIRP, LIT, Fellow of INSOL**  
Senior Vice President



---

**Duncan Lau**  
**CPA, CMA, CIRP**  
Vice President

# Appendix “A”

**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  
ROBERTS COMPANY CANADA LIMITED**

**MANAGEMENT'S REPORT ON CASH FLOW STATEMENT  
(paragraph 10(2)(b) of the CCAA)**

The management of Roberts Company Canada Limited (the "**Company**") has developed the assumptions and prepared the attached statement of projected cash flow as of the 21<sup>st</sup> day of August 2020, consisting of the period from August 15, 2020 to November 13, 2020 (the "**Extended Cash Flow Forecast**"),

The hypothetical assumptions are reasonable and consistent with the purpose of the Extended Cash Flow Forecast described in the notes therein, and the probable assumptions are suitably supported and consistent with the plans of the Company and provide a reasonable basis for the Extended Cash Flow Forecast. All such assumptions are disclosed in the notes therein.

Since the Extended Cash Flow Forecast is based on assumptions regarding future events, actual results will vary from the information presented, and the variations may be material.

The Extended Cash Flow Forecast has been prepared solely for the purpose described in the notes therein, using the probable and hypothetical assumptions set out therein. Consequently, readers are cautioned that the Extended Cash Flow Forecast may not be appropriate for other purposes.

Dated at Brampton, in the Province of Ontario, this 21<sup>st</sup> day of August 2020.

**Roberts Company Canada Limited**



---

**Ravi Williams-Singh  
Director / Chief Administrative Officer**

Roberts Company Canada Limited  
Consolidated Weekly Cashflow Forecast  
For the Period August 15, 2020 to November 13, 2020  
In C\$; unaudited

	Notes	21-Aug-20	28-Aug-20	4-Sep-20	11-Sep-20	18-Sep-20	25-Sep-20	2-Oct-20	9-Oct-20	16-Oct-20	23-Oct-20	30-Oct-20	6-Nov-20	13-Nov-20	Total
<b>Receipts</b>	1 2	800,000	800,000	750,000	750,000	750,000	725,000	725,000	725,000	725,000	700,000	700,000	700,000	700,000	9,550,000
<b>Disbursements</b>															
Purchases	3	300,000	300,000	300,000	300,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000	300,000	300,000	4,600,000
Payroll	4	209,000	14,000	209,000	107,119	209,000	14,000	209,000	14,000	302,119	14,000	184,000	14,000	277,119	1,776,356
Rent	5	112,158	-	112,158	-	112,158	-	112,158	-	112,158	-	19,658	92,500	19,658	692,603
Operating expenses	6	121,500	121,500	211,500	167,750	206,500	106,500	211,500	111,500	167,750	111,500	111,500	111,500	167,750	1,928,250
Professional fees	7	100,000	135,000	135,000	85,000	85,000	85,000	85,000	85,000	85,000	85,000	85,000	85,000	85,000	1,220,000
HST payables	8	-	-	-	180,000	-	-	-	180,000	-	-	-	-	180,000	540,000
Interest	9	-	75,000	-	-	-	-	75,000	-	-	-	75,000	-	-	225,000
KERP	10	-	-	-	-	-	-	-	-	-	-	-	-	200,000	200,000
<b>Total disbursements</b>		<b>842,658</b>	<b>645,500</b>	<b>967,658</b>	<b>839,869</b>	<b>1,012,658</b>	<b>605,500</b>	<b>1,092,658</b>	<b>790,500</b>	<b>1,067,026</b>	<b>610,500</b>	<b>875,158</b>	<b>603,000</b>	<b>1,229,526</b>	<b>11,182,209</b>
<b>Net cashflow</b>		<b>(42,658)</b>	<b>154,500</b>	<b>(217,658)</b>	<b>(89,869)</b>	<b>(262,658)</b>	<b>119,500</b>	<b>(367,658)</b>	<b>(65,500)</b>	<b>(342,026)</b>	<b>89,500</b>	<b>(175,158)</b>	<b>97,000</b>	<b>(529,526)</b>	<b>(1,632,209)</b>
Opening revolver balance		(15,872,702)	(15,915,360)	(15,760,860)	(15,978,517)	(16,068,386)	(16,331,044)	(16,211,544)	(16,579,201)	(16,644,701)	(16,986,728)	(16,897,228)	(17,072,385)	(16,975,385)	(15,872,702)
Net cash inflow / (outflow)		(42,658)	154,500	(217,658)	(89,869)	(262,658)	119,500	(367,658)	(65,500)	(342,026)	89,500	(175,158)	97,000	(529,526)	(1,632,209)
<b>Subtotal</b>		<b>(15,915,360)</b>	<b>(15,760,860)</b>	<b>(15,978,517)</b>	<b>(16,068,386)</b>	<b>(16,331,044)</b>	<b>(16,211,544)</b>	<b>(16,579,201)</b>	<b>(16,644,701)</b>	<b>(16,986,728)</b>	<b>(16,897,228)</b>	<b>(17,072,385)</b>	<b>(16,975,385)</b>	<b>(17,504,912)</b>	<b>(17,504,912)</b>
Court-order charges		(950,000)	(950,000)	(950,000)	(950,000)	(950,000)	(950,000)	(950,000)	(950,000)	(950,000)	(950,000)	(950,000)	(950,000)	(950,000)	(950,000)
Other reserves		(280,000)	(280,000)	(280,000)	(280,000)	(280,000)	(280,000)	(280,000)	(280,000)	(280,000)	(280,000)	(280,000)	(280,000)	(280,000)	(280,000)
<b>Ending revolver balance</b>		<b>(17,145,360)</b>	<b>(16,990,860)</b>	<b>(17,208,517)</b>	<b>(17,298,386)</b>	<b>(17,561,044)</b>	<b>(17,441,544)</b>	<b>(17,809,201)</b>	<b>(17,874,701)</b>	<b>(18,216,728)</b>	<b>(18,127,228)</b>	<b>(18,302,385)</b>	<b>(18,205,385)</b>	<b>(18,734,912)</b>	<b>(18,734,912)</b>
CDN borrowing base		25,775,185	24,976,548	24,789,478	24,612,944	24,423,203	24,346,702	24,270,200	24,140,376	24,069,003	23,997,631	23,869,638	23,739,884	23,541,456	23,541,456
<b>Availability</b>		<b>8,629,826</b>	<b>7,985,688</b>	<b>7,580,961</b>	<b>7,314,558</b>	<b>6,862,159</b>	<b>6,905,158</b>	<b>6,460,999</b>	<b>6,265,674</b>	<b>5,852,275</b>	<b>5,870,403</b>	<b>5,567,253</b>	<b>5,534,499</b>	<b>4,806,544</b>	<b>4,806,544</b>

**Roberts Company Canada Limited**  
**13-Week Extended Cash Flow Forecast**  
**Notes and Summary of Assumptions**

---

**In the Matter of the CCAA Proceedings of Roberts Company Canada Limited (“RCCL” or the “Company”).**

**Disclaimer**

In preparing this extended cash flow forecast (the “**Extended Cash Flow Forecast**”), RCCL has relied upon unaudited financial information and has not attempted to further verify the accuracy or completeness of such information. Since the Extended Cash Flow Forecast is based on assumptions about future events and conditions that are not ascertainable, the actual results achieved during the Extended Cash Flow Forecast period will vary from the Extended Cash Flow Forecast, 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.

The Extended Cash Flow Forecast is presented in Canadian dollars. Receipts and disbursements denominated in US dollars have been converted to Canadian dollars at an exchange rate of US/CAD = \$1.32. All defined terms that are not otherwise defined herein are to have the same meaning ascribed to them in the Third Report of the Monitor dated August 21, 2020 (the “**Third Report**”).

**Note 1 Purpose of the Extended Cash Flow Forecast**

The purpose of the Extended Cash Flow Forecast is to present the estimated cash receipts and disbursements of RCCL for the period from August 15, 2020 to November 13, 2020 (the “**Forecast Period**”), in respect of its proceedings under the CCAA. The Extended Cash Flow Forecast has been prepared by management of RCCL (“**Management**”) based on available financial information as at the date of the Third Report in accordance with Section 10(2)b) of the CCAA. Readers are cautioned that this information may not be appropriate or relied upon for any other purpose.

**Note 2 Receipts**

Receipts comprise of income earned from the sale of goods to various retail stores, independent residential contractors and distributors. The Extended Cash Flow Forecast assumes a reduced revenue plan based on Management’s best estimate in light of COVID-19 and collections are based on historical payment terms of key customers.

**Note 3 Purchases**

RCCL purchases inventory from various third-party vendors. The Extended Cash Flow Forecast assumes inventory is purchased 60 days in advance and purchases are reflective of the reduced revenue plan.

**Note 4 Payroll**

Payroll expenses include salaries and wages, payroll taxes and remittances, accrued vacation, and employee benefits paid to RCCL Employees. Payroll expenses are forecasted based on a headcount reduction plan and are paid bi-weekly, with an exception for payroll expenses related to manufacturing employees, which are paid on a weekly basis.

- Note 5 Rent**  
Represents rental payments for the Company's four leased facilities. Rental payments include taxes, maintenance, insurance and other costs provided for in the respective leases. Rent is forecasted based on historical run-rates and paid in two equal payments on the first and fifteenth day of each month.
- Note 6 Operating Expenses**  
Operating expenses comprise of general business expenses, including marketing, insurance, utilities, freight and shipping, general and administrative, research and development, among others.
- Note 7 Professional Fees**  
Professional fees include payments to the Company's legal counsel, the Monitor, the Monitor's legal counsel, and the secured lender's legal counsel.
- Note 8 HST Payables**  
The Company is projecting to be in a net HST payable position and files HST returns and remits HST on a monthly basis.
- Note 9 Interest**  
Represents interest paid during the Forecast Period to the ABL Lender. Additionally, the Extended Cash Flow Forecast assumes no principal payments during the Forecast Period.
- Note 10 KERP**  
Represents amounts paid to employees relating to the Key Employee Retention Plan (the "KERP").



# Appendix “B”

**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  
ROBERTS COMPANY CANADA LIMITED**

**MONITOR'S REPORT ON CASH FLOW STATEMENT  
(paragraph 23(1)(b) of the CCAA)**

The attached statement of projected cash flow of Roberts Company Canada Limited ("RCCL" or the "Company") prepared as of the 21<sup>st</sup> day of August 2020, consisting of the period from August 15, 2020 to November 13, 2020 (the "Extended Cash Flow Forecast"), has been prepared by management of the Company for the purpose described in Note 1, using the probable and hypothetical assumptions set out in the notes to the Extended Cash Flow Forecast.

Our review consisted of inquiries, analytical procedures and discussions related to information supplied by management and employees of RCCL. Since hypothetical assumptions need not be supported, our procedures with respect to them were limited to evaluating whether they were consistent with the purpose of the Extended Cash Flow Forecast. We have also reviewed the support provided by management for the probable assumptions and the preparation and presentation of the Extended Cash Flow Forecast.

Based on our review, nothing has come to our attention that causes us to believe that, in all material respects:

- (a) the hypothetical assumptions are not consistent with the purpose of the Extended Cash Flow Forecast;
- (b) as at the date of this report, the probable assumptions developed by management are not suitably supported and consistent with the plans of the Company or do not provide a reasonable basis for the Extended Cash Flow Forecast, given the hypothetical assumptions; or
- (c) the Extended Cash Flow Forecast does not reflect the probable and hypothetical assumptions.

Since the Extended Cash Flow Forecast is based on assumptions regarding future events, actual results will vary from the information presented even if the hypothetical assumptions occur, and the variations may be material. Accordingly, we express no assurance as to whether the Extended Cash Flow Forecast will be achieved.

The Extended Cash Flow Forecast has been prepared solely for the purpose described in the notes thereto and readers are cautioned that it may not be appropriate for other purposes.

Dated at Toronto, in the Province of Ontario, this 21<sup>st</sup> day of August 2020.

**RICHTER ADVISORY GROUP INC.  
IN ITS CAPACITY AS CCAA MONITOR OF  
ROBERTS COMPANY CANADA LIMITED  
AND NOT IN ITS PERSONAL CAPACITY**

Per:



---

**Paul van Eyk**  
**CPA, CA, CIRP, LIT, IFA, Fellow of INSOL**

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  
ROBERTS COMPANY CANADA LIMITED

---

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

---

**THIRD REPORT OF THE  
MONITOR, RICHTER ADVISORY  
GROUP INC.**

---

**BORDEN LADNER GERVAIS LLP**  
Barristers and Solicitors  
East Tower, Bay Adelaide Centre  
22 Adelaide St West #3400  
Toronto, ON M5H 4E3

**Roger Jaipargas**  
Tel: (416) 367-6266  
Fax: (416) 361-7067  
(LSO #43275C)

**Charlotte Chien**  
Tel: (416) 367-7267  
Fax: (416) 367-6749  
(LSO #79340C)

Lawyers for Richter Advisory Group Inc.