



NEWS RELEASE
For immediate release

KP Tissue Releases Second Quarter 2023 Financial Results
Margin recovery and strong top-line growth driving Adjusted EBITDA

Mississauga (ON), August 10, 2023 - KP Tissue Inc. (KPT) (TSX: KPT) reports the Q2 2023 financial and operational results of KPT and Kruger Products Inc. (Kruger Products). Kruger Products is Canada's leading manufacturer of quality tissue products for the Consumer market (Cashmere®, Purex®, SpongeTowels®, Scotties®, White Swan® and Bonterra™) and the Away-From-Home (AFH) market and continues to grow in the U.S. Consumer tissue business with the White Cloud® brand and premium private label products. KPT currently holds a 13.3% interest in Kruger Products.

Kruger Products Q2 2023 Business and Financial Highlights

- Revenue was \$466.3 million in Q2 2023 compared to \$397.5 million in Q2 2022, an increase of \$68.8 million or 17.3%.
- Adjusted EBITDA¹ was \$55.0 million in Q2 2023, compared to \$11.8 million in Q2 2022, an increase of 365.8%.
- Net income was \$14.5 million in Q2 2023 compared to a net loss of \$35.5 million in Q2 2022, an increase of \$50.0 million.
- Declared a quarterly dividend of \$0.18 per share to be paid on October 16, 2023.

"We are pleased that margin recovery, along with improved sales volume and a better mix in our Consumer business, generated strong Adjusted EBITDA of \$55.0 million in the second quarter of 2023," stated KP Tissue's Chief Executive Officer, Dino Bianco. "Ongoing cost management initiatives, including productivity gains and cost controls, also contributed to increasing profitability. In addition, our Away-From-Home segment delivered a fourth consecutive quarter of positive Adjusted EBITDA to maintain its growth momentum. As a result, our financial performance in the second quarter normalized versus a more challenging market and operating environment in the same period last year. On a sequential basis, revenue and Adjusted EBITDA continued to improve, rising 3.4% and 10.2% in the quarter, respectively."

"Looking ahead to the second half of 2023, we anticipate a more favourable landscape as input costs trend downwards, TAD Sherbrooke and the Sherbrooke Expansion Project continue to ramp up production capacity to meet customer demand, and margins are restored to their pre-pandemic levels," Mr. Bianco added.

Outlook for Q3 2023

For the third quarter of 2023, as commodity and other input costs begin to decline, we will focus on maintaining our margins while also continuing to reinvest in the business to drive long-term value. Accordingly, Adjusted EBITDA¹ in Q3 2023 is expected to be in the range of Q2 2023.

Kruger Products Q2 2023 Financial Results

Revenue was \$466.3 million in Q2 2023 compared to \$397.5 million in Q2 2022, an increase of \$68.8 million or 17.3%. The increase in revenue was primarily due to the favourable impact of selling price increases implemented across all segments and regions during 2022, along with favourable sales mix and higher sales volume in the Consumer business. Revenue was also favourably impacted by foreign exchange fluctuations on U.S. dollar sales.

Cost of sales was \$395.8 million in Q2 2023 compared to \$372.5 million in Q2 2022, an increase of \$23.3 million or 6.2%. Higher sales volumes increased cost of sales, along with the unfavourable impact of foreign exchange fluctuations on U.S. dollar costs, partially offset by improvements in Memphis operations. While the significant inflation experienced during 2022 has moderated in the second quarter of 2023, manufacturing input costs remain higher than the year ago quarter. Freight rates were lower

¹ Adjusted EBITDA is a non-GAAP financial measure. Refer to the *Non-GAAP Financial Measures* section of this news release for more information on these measures

compared to Q2 2022 as supply constraints and inflation moderated, while warehousing costs increased as a result of additional logistics network costs. As a percentage of revenue, cost of sales was 84.9% in Q2 2023 compared to 93.7% in Q2 2022.

Selling, general and administrative (SG&A) expenses were \$40.6 million in Q2 2023 compared to \$35.1 million in Q2 2022, an increase of \$5.5 million or 15.7%. The increase was primarily due to higher personnel costs, foreign exchange losses related to foreign denominated working capital and a loss on disposal of fixed assets, partially offset by lower advertising spend in the quarter. As a percentage of revenue, SG&A expenses were 8.7% in Q2 2023 compared to 8.8% in Q2 2022.

Adjusted EBITDA¹ was \$55.0 million in Q2 2023 compared to \$11.8 million in Q2 2022, an increase of \$43.2 million or 365.8%. The significant increase was primarily due to a combination of factors: selling price increases in 2022, favourable sales mix along with higher sales volumes, improvements in Memphis operations and lower freight rates. These factors were partially offset by inflation on input costs compared to Q2 2022, higher warehousing and SG&A expenses and the unfavourable impact of foreign exchange fluctuations.

Net income was \$14.5 million in Q2 2023 compared to a loss of \$35.5 million in Q2 2022, an increase of \$50.0 million. The increase was primarily due to higher Adjusted EBITDA¹ and higher foreign exchange gains, partially offset by higher income tax and depreciation expenses, higher interest expense and other finance costs and a loss on sale of fixed assets.

Kruger Products Q2 2023 Liquidity

Total liquidity, representing cash and availability under the revolving credit agreements, was \$181.5 million as of June 30, 2023. In addition, \$13.8 million of cash was held by Kruger Products for the Sherbrooke Expansion Project.

KPT Q2 2023 Financial Results

KPT had net income of \$2.0 million in Q2 2023. Included in net income was \$2.1 million representing KPT's share of Kruger Products' net income, a dilution gain of \$0.2 million and depreciation expense of \$0.3 million related to adjustments to carrying amounts on acquisition.

Dividends on Common Shares

The Board of Directors of KPT declared a quarterly dividend of \$0.18 per share to be paid on October 16, 2023 to shareholders of record at the close of business on October 2, 2023.

Additional Information

For additional information please refer to Management's Discussion and Analysis (MD&A) of KPT and Kruger Products for the second quarter ended June 30, 2023 available on SEDAR at www.sedar.com or our website at www.kptissueinc.com.

Second Quarter Results Conference Call Information

KPT will hold its second quarter conference call on Thursday, August 10, 2023 at 8:30 a.m. Eastern Time.

Via telephone: 1-800-319-4610 or 604-638-5340

Via the internet at: www.kptissueinc.com

Presentation material referenced during the conference call will be available at www.kptissueinc.com.

A rebroadcast of the conference call will be available until midnight, August 17, 2023 by dialing 1-855-669-9658 or 604-674-8052 and entering passcode 0272.

The replay of the webcast will remain available on the website until midnight, August 17, 2023.

¹ Adjusted EBITDA is a non-GAAP financial measure. Refer to the *Non-GAAP Financial Measures* section of this news release for more information on these measures

About KP Tissue Inc. (KPT)

KPT was created to acquire, and its business is limited to holding, a limited equity interest in Kruger Products, which is accounted for as an investment on the equity basis. KPT currently holds a 13.3% interest in Kruger Products. For more information visit www.kptissueinc.com.

About Kruger Products

Kruger Products is Canada's leading manufacturer of quality tissue products for household, industrial and commercial use. Kruger Products serves the Canadian consumer market with such well-known brands as Cashmere®, Purex®, SpongeTowels®, Scotties®, White Swan® and Bonterra™. In the U.S., Kruger Products manufactures the White Cloud® brand, as well as many private label products. The Away-From-Home division manufactures and distributes high-quality, cost-effective product solutions to a wide range of commercial and public entities. Kruger Products has approximately 2,700 employees and operates nine FSC® COC-certified (FSC® C-104904) production facilities in North America. For more information visit www.krugerproducts.ca.

Non-GAAP Financial Measures

This press release uses certain non-GAAP financial measures which Kruger Products believes provide useful information to management of Kruger Products and the readers of the financial information in measuring the financial performance and financial condition of Kruger Products. These measures do not have a standardized meaning prescribed by GAAP and therefore may not be comparable to similarly titled measures presented by other companies. An example of such a measure is Adjusted EBITDA. Adjusted EBITDA is not a measurement of operating performance computed in accordance with GAAP and should not be considered as a substitute for operating income, net income or cash flows from operating activities computed in accordance with GAAP. "Adjusted EBITDA" is calculated by Kruger Products as net income (loss) before (i) interest expense and other finance costs, (ii) income taxes, (iii) depreciation, (iv) amortization, (v) impairment (gain on sale) of non-financial assets, (vi) loss (gain) on disposal of property, plant and equipment, (vii) foreign exchange loss (gain), (viii) costs related to restructuring activities, (ix) changes in amortized cost of Partnership units liability, (x) change in fair value of derivatives, (xi) consulting costs related to operational transformation initiatives, (xii) corporate development related costs and (xiii) loss (gain) on sale of shares. A reconciliation of Adjusted EBITDA to the relevant reported results can be found in the Segment and Geographic Results table of this news release.

Forward-Looking Statements

Certain statements in this press release about KPT's and Kruger Products' current and future plans, expectations and intentions, results, levels of activity, performance, goals or achievements or any other future events or developments constitute forward-looking statements. Forward-looking statements in this press release include, but are not limited to, statements regarding continued growth in the U.S. Consumer tissue business with the White Cloud® brand and premium private label products, the expected impact of our Sherbrooke Expansion Project, the expected start-up dates of the facial tissue line and paper machine of the Sherbrooke Expansion Project, expected growth and profitability in 2023 and our expectation that Adjusted EBITDA¹ in Q3 2023 will be in the range of Q2 2023. The words "may", "will", "would", "should", "could", "expects", "plans", "intends", "trends", "indications", "anticipates", "believes", "estimates", "predicts", "likely" or "potential" or the negative or other variations of these words or other comparable words or phrases, are intended to identify forward-looking statements. The forward-looking statements are based on certain key expectations and assumptions made by KPT or Kruger Products, including that inflationary pressure has stabilized. Although KPT and Kruger Products believe that the expectations and assumptions on which such forward-looking information is based are reasonable, undue reliance should not be placed on the forward-looking statements since no assurance can be given that such expectations and assumptions will prove to be correct.

The outlook provided in respect of Adjusted EBITDA¹ for Q3 2023 and expected growth and profitability in 2023 is forward-looking information and is based on the assumptions and subject to the risk and uncertainties referred to below. The purpose of the outlook is to provide the reader with an indication of management's expectations, at the date of this press release, regarding Kruger Products' future financial performance. Readers are cautioned that this information may not be appropriate for other purposes.

¹ Adjusted EBITDA is a non-GAAP financial measure. Refer to the *Non-GAAP Financial Measures* section of this news release for more information on these measures

Many factors could cause Kruger Products' actual results, level of activity, performance or achievements or future events or developments (which could in turn affect the economic benefits derived from KPT's economic interest in Kruger Products), to differ materially from those expressed or implied by the forward-looking statements, including, without limitation, the following factors, which are discussed in greater detail in the "Risk Factors – Risks Related to Kruger Products' Business" section of the KPT Annual Information Form dated March 9, 2023 available on SEDAR at www.sedar.com: Kruger Inc.'s influence over Kruger Products; Kruger Products' reliance on Kruger Inc.; consequences of an event of insolvency relating to Kruger Inc.; risks associated with the TAD Sherbrooke Project; risks associated with the Sherbrooke Expansion Project; operational risks; significant increases in input costs; reduction in supply of fibre; increased pricing pressure and intense competition; Kruger Products' inability to innovate effectively; adverse economic conditions; dependence on key retail trade customers; damage to the reputation of Kruger Products or Kruger Products' brands; Kruger Products' sales being less than anticipated; Kruger Products' failure to implement its business and operating strategies; Kruger Products' obligation to make regular capital expenditures; Kruger Products' entering into unsuccessful acquisitions; Kruger Products' dependence on key personnel; Kruger Products' inability to retain its existing customers or obtain new customers; Kruger Products' loss of key suppliers; Kruger Products' failure to adequately protect its intellectual property rights; Kruger Products' reliance on third party intellectual property licenses; adverse litigation and other claims affecting Kruger Products; material expenditures due to comprehensive environmental regulation affecting Kruger Products' cash flow; Kruger Products' pension obligations are significant and can be materially higher than predicted if Kruger Products Management's underlying assumptions are incorrect; labour disputes adversely affecting Kruger Products' cost structure and Kruger Products' ability to run its plants; exchange rate and U.S. competitors; Kruger Products' inability to service all of its indebtedness; exposure to potential consumer product liability; covenant compliance; interest rate and refinancing risk; and risks relating to information technology; cyber-security; insurance; internal controls; trade; and risks related to COVID-19.

Readers should not place undue reliance on forward-looking statements made herein. The forward-looking information contained herein is expressly qualified in its entirety by this cautionary statement. The forward-looking information contained herein is made as of the date of press release and KPT undertakes no obligation to publicly update such forward-looking information to reflect new information, subsequent or otherwise, unless required by applicable securities laws.

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Kruger Products Inc.
Unaudited Condensed Consolidated Statements of Financial Position
(thousands of Canadian dollars)

	June 30, 2023	December 31, 2022
	\$	\$
Assets		
Current assets		
Cash and cash equivalents	88,245	71,261
Restricted cash	9,702	7,145
Trade and other receivables	118,777	119,681
Receivables from related parties	245	223
Inventories	262,509	286,566
Income tax recoverable	4,119	1,306
Prepaid expenses	14,301	5,640
	<u>497,898</u>	<u>491,822</u>
Non-current assets		
Property, plant and equipment	1,321,358	1,294,838
Right-of-use assets	78,066	81,715
Other long-term assets	13,843	27,554
Pensions	80,264	83,080
Goodwill	152,021	152,021
Intangible assets	28,374	30,027
Deferred income taxes	29,375	95,711
Total assets	<u><u>2,201,199</u></u>	<u><u>2,256,768</u></u>
Liabilities		
Current liabilities		
Trade and other payables	277,667	279,425
Payables to related parties	9,633	11,363
Dividends payable	13,261	-
Distributions payable	-	12,866
Current portion of long-term debt	34,134	34,411
Current portion of lease liabilities	28,313	28,349
Current portion of long-term payable to related party	5,800	5,800
Current portion of provisions	2,737	3,252
	<u>371,545</u>	<u>375,466</u>
Non-current liabilities		
Long-term debt	1,077,746	1,077,297
Long-term lease liabilities	65,253	70,579
Long-term payable to related party	34,460	39,042
Long-term provisions	2,863	3,076
Pensions	20,555	20,847
Post-retirement benefits	46,244	43,739
Liabilities to non-equityholders	<u>1,618,666</u>	<u>1,630,046</u>
Long-term portion of Partnership units liability	-	133,551
Total Partnership units liability	<u>-</u>	<u>133,551</u>
Total liabilities	<u><u>1,618,666</u></u>	<u><u>1,763,597</u></u>
Equity		
Share capital	650,469	-
Partnership units	-	494,459
Deficit	(158,661)	(87,835)
Accumulated other comprehensive income	81,295	86,547
Equity attributable to Kruger Products	<u>573,103</u>	<u>493,171</u>
Non-controlling interest	<u>9,430</u>	<u>-</u>
Total equity	<u><u>582,533</u></u>	<u><u>493,171</u></u>
Total equity and liabilities	<u><u>2,201,199</u></u>	<u><u>2,256,768</u></u>

Kruger Products Inc.
Unaudited Condensed Consolidated Statements of Income (Loss)
(thousands of Canadian dollars)

	3-month period ended June 30, 2023	3-month period ended June 30, 2022	6-month period ended June 30, 2023	6-month period ended June 30, 2022
	\$	\$	\$	\$
Revenue	466,302	397,499	917,294	796,238
Expenses				
Cost of sales	395,712	372,489	784,736	736,344
Selling, general and administrative expenses	40,640	35,111	76,901	63,966
Loss on sale of non-financial assets	13	5	16	10
Restructuring costs, net	84	352	1,223	868
Operating income (loss)	29,853	(10,458)	54,418	(4,950)
Interest expense and other finance costs	18,539	17,369	35,063	34,903
Other (income) expense	(8,849)	12,599	(9,265)	8,284
Income (loss) before income taxes	20,163	(40,426)	28,620	(48,137)
Income tax expense (recovery)	5,162	(4,913)	63,735	(14,061)
Net income (loss) including non-controlling interest	15,001	(35,513)	(35,115)	(34,076)
Net income (loss) attributable to non-controlling interest	517	-	(338)	-
Net income (loss) attributable to Kruger Products	14,484	(35,513)	(34,777)	(34,076)

Kruger Products Inc.
Unaudited Condensed Consolidated Statements of Comprehensive Income (Loss)
(thousands of Canadian dollars)

	3-month period ended June 30, 2023	3-month period ended June 30, 2022	6-month period ended June 30, 2023	6-month period ended June 30, 2022
	\$	\$	\$	\$
Net income (loss) including non-controlling interest	15,001	(35,513)	(35,115)	(34,076)
Other comprehensive income (loss)				
Items that will not be reclassified to net income (loss):				
Remeasurements of pensions	(4,037)	89,304	(19,881)	194,925
Remeasurements of post-retirement benefits	(452)	6,190	10,190	14,051
Items that may be subsequently reclassified to net income (loss):				
Cumulative translation adjustment	(5,040)	8,422	(5,252)	4,385
Other comprehensive income (loss)	(9,529)	103,916	(14,943)	213,361
Total comprehensive income (loss) including non-controlling interest	5,472	68,403	(50,058)	179,285
Total comprehensive income (loss) attributable to non-controlling interest	517	-	(338)	-
Total comprehensive income (loss) attributable to Kruger Products	4,955	68,403	(49,720)	179,285

Kruger Products Inc.
Unaudited Condensed Consolidated Statements of Cash Flows
(thousands of Canadian dollars)

	3-month period ended June 30, 2023 \$	3-month period ended June 30, 2022 \$	6-month period ended June 30, 2023 \$	6-month period ended June 30, 2022 \$
Cash flows from (used in) operating activities				
Net income (loss) including non-controlling interest	15,001	(35,513)	(35,115)	(34,076)
Items not affecting cash				
Depreciation	22,889	20,778	46,078	42,760
Amortization	1,096	1,125	2,161	2,169
Loss on sale of property, plant and equipment	1,114	18	1,109	18
Gain on disposal of leased assets	-	-	(488)	-
Foreign exchange (gain) loss	(8,849)	12,599	(9,265)	8,284
Interest expense and other finance costs	18,539	17,369	35,063	34,903
Pension and post-retirement benefits	2,224	3,576	4,112	7,270
Provisions	508	733	1,939	494
Income tax expense (recovery)	5,162	(4,913)	63,735	(14,061)
Loss on sale of non-financial assets	13	5	16	10
Total items not affecting cash	42,696	51,290	144,460	81,847
Net change in non-cash working capital	68,307	(20,031)	16,858	(66,521)
Contributions to pension and post-retirement benefit plans	(2,680)	(4,157)	(5,198)	(8,340)
Provisions paid	(2,585)	(3,733)	(3,274)	(3,915)
Income tax payments, net	(1,621)	(1,168)	(1,458)	(1,488)
Net cash from (used in) operating activities	119,118	(13,312)	116,273	(32,493)
Cash flows from (used in) investing activities				
Purchases of property, plant and equipment	(4,669)	(18,431)	(8,680)	(18,930)
Purchases of property, plant and equipment and software related to the TAD Sherbrooke Project	(743)	(5,598)	(743)	(10,929)
Purchases of property, plant and equipment related to the Sherbrooke Expansion Project	(36,798)	(14,704)	(68,460)	(20,748)
Interest paid on credit facilities related to the Sherbrooke Expansion Project	(119)	(306)	(216)	(306)
Government assistance received	-	-	1,250	-
Purchases of software	(437)	(304)	(508)	(4,759)
Proceeds on sale of property, plant and equipment	2,443	1	2,448	1
Net cash used in investing activities	(40,323)	(39,342)	(74,909)	(55,671)
Cash flows from (used in) financing activities				
Proceeds from long-term debt	21,281	75,550	56,782	217,506
Repayment of long-term debt	(14,874)	(6,907)	(23,569)	(125,446)
Payment of deferred financing fees	(134)	823	(380)	(1,312)
Payment of lease liabilities	(7,046)	(7,426)	(13,796)	(14,411)
Change in Restricted cash	(1,332)	(1,166)	(2,557)	(2,312)
Interest paid on long-term debt	(17,641)	(16,094)	(31,360)	(24,987)
Payment to related party	(5,700)	-	(5,700)	-
Dividends paid, net	(1,761)	-	(3,504)	-
Distributions and advances paid, net	-	(7,046)	-	(14,021)
Net cash from (used in) financing activities	(27,207)	37,734	(24,084)	35,017
Effect of exchange rate changes on cash and cash equivalents held in foreign currency	(259)	426	(296)	160
Increase (decrease) in cash and cash equivalents during the period	51,329	(14,494)	16,984	(52,987)
Cash and cash equivalents - Beginning of period	36,916	110,026	71,261	148,519
Cash and cash equivalents - End of period	88,245	95,532	88,245	95,532

Kruger Products Inc.
Segment and Geographic Results
(thousands of Canadian dollars)

	3-month period ended June 30, 2023 \$	3-month period ended June 30, 2022 \$	6-month period ended June 30, 2023 \$	6-month period ended June 30, 2022 \$
Segment Information				
Segment Revenue				
Consumer	383,477	326,333	759,997	669,175
AFH	82,825	71,166	157,297	127,063
Total segment revenue	<u>466,302</u>	<u>397,499</u>	<u>917,294</u>	<u>796,238</u>
Adjusted EBITDA				
Consumer	53,308	14,298	104,642	49,681
AFH	5,834	(451)	6,718	(3,672)
Corporate and other costs	(4,093)	(2,027)	(6,355)	(5,134)
Total Adjusted EBITDA	55,049	11,820	105,005	40,875
Reconciliation to net income (loss):				
Depreciation and amortization	23,985	21,903	48,239	44,929
Interest expense and other finance costs	18,539	17,369	35,063	34,903
Loss on sale of property, plant and equipment	1,114	18	1,109	18
Loss on sale of non-financial assets	13	5	16	10
Restructuring costs, net	84	352	1,223	868
Foreign exchange (gain) loss	(8,849)	12,599	(9,265)	8,284
Income (loss) before income taxes	20,163	(40,426)	28,620	(48,137)
Income tax recovery	5,162	(4,913)	63,735	(14,061)
Net income (loss)	<u>15,001</u>	<u>(35,513)</u>	<u>(35,115)</u>	<u>(34,076)</u>
Geographic Revenue				
Canada	265,165	239,286	525,945	482,206
US	201,137	158,213	391,349	314,032
Total revenue	<u>466,302</u>	<u>397,499</u>	<u>917,294</u>	<u>796,238</u>

KP Tissue Inc.
Unaudited Condensed Statements of Financial Position
(thousands of Canadian dollars)

	June 30, 2023	December 31, 2022
	<u>\$</u>	<u>\$</u>
Assets		
Current assets		
Dividends receivable	1,791	-
Distributions receivable	-	1,790
Income tax recoverable	580	580
	<u>2,371</u>	<u>2,370</u>
Non-current assets		
Investment in associate	<u>68,785</u>	<u>79,338</u>
Total assets	<u><u>71,156</u></u>	<u><u>81,708</u></u>
Liabilities		
Current liabilities		
Dividend payable	1,791	1,790
Payable to investee	170	-
Payable to Partnership	-	170
	<u>1,961</u>	<u>1,960</u>
Non-current liabilities		
Deferred income taxes	<u>-</u>	<u>5,718</u>
Total liabilities	<u><u>1,961</u></u>	<u><u>7,678</u></u>
Equity		
Common shares	22,458	22,379
Contributed surplus	144,819	144,819
Deficit	(114,188)	(108,008)
Accumulated other comprehensive income	<u>16,106</u>	<u>14,840</u>
Total equity	<u><u>69,195</u></u>	<u><u>74,030</u></u>
Total liabilities and equity	<u><u>71,156</u></u>	<u><u>81,708</u></u>

KP Tissue Inc.
Unaudited Condensed Statements of Income (Loss) and Comprehensive Income (Loss)
(thousands of Canadian dollars, except share and per share amounts)

	3-month period ended June 30, 2023	3-month period ended June 30, 2022	6-month period ended June 30, 2023	6-month period ended June 30, 2022
	\$	\$	\$	\$
Equity income (loss)	1,761	(6,423)	(5,298)	(7,531)
Dilution gain	252	127	525	200
Income (loss) before income taxes	2,013	(6,296)	(4,773)	(7,331)
Income tax expense (recovery)	-	(2,348)	3,892	(4,361)
Net income (loss)	2,013	(3,948)	(8,665)	(2,970)
Other comprehensive income (loss)				
net of tax expense (recovery)				
Items that will not be reclassified to net income (loss):				
Remeasurements of pensions	(514)	7,884	4,209	18,132
Remeasurements of post-retirement benefits	(82)	729	1,859	1,399
Items that may be subsequently reclassified to net income (loss):				
Cumulative translation adjustment	(817)	1,186	1,266	591
Other comprehensive income (loss)	(1,413)	9,799	7,334	20,122
Total comprehensive income (loss)	600	5,851	(1,331)	17,152
Basic earnings (loss) per share	0.20	(0.40)	(0.87)	(0.30)
Weighted average number of shares outstanding	9,953,131	9,935,108	9,951,513	9,930,492

KP Tissue Inc.
Unaudited Condensed Statements of Cash Flows
(thousands of Canadian dollars)

	3-month period ended June 30, 2023	3-month period ended June 30, 2022	6-month period ended June 30, 2023	6-month period ended June 30, 2022
	\$	\$	\$	\$
Cash flows from (used in) operating activities				
Net income (loss)	2,013	(3,948)	(8,665)	(2,970)
Items not affecting cash				
Equity loss (income)	(1,761)	6,423	5,298	7,531
Dilution gain	(252)	(127)	(525)	(200)
Income tax expense (recovery)	-	(2,348)	3,892	(4,361)
Total items not affecting cash	(2,013)	3,948	8,665	2,970
Net change in non-cash working capital	-	(169)	-	(169)
Tax payments, net	-	169	-	131
Tax Distribution received, net	-	-	-	38
Net cash from (used in) operating activities	-	-	-	-
Cash flows from investing activities				
Dividends received	1,761	-	3503	-
Partnership unit distributions received	-	1,741	-	3,144
Net cash from investing activities	1,761	1,741	3,503	3,144
Cash flows used in financing activities				
Dividends paid, net	(1,761)	(1,741)	(3,503)	(3,144)
Net cash used in financing activities	(1,761)	(1,741)	(3,503)	(3,144)
Increase (decrease) in cash and cash equivalents during the period	-	-	-	-
Cash and cash equivalents - Beginning of period	-	-	-	-
Cash and cash equivalents - End of period	-	-	-	-