



**NEWS RELEASE**  
**For immediate release**

**KP Tissue Releases Fourth Quarter and Full Year 2019 Financial Results**

*Strong results driven by focus on key initiatives and a favourable cost environment*

**Mississauga (ON), March 12, 2020** - KP Tissue Inc. (KPT) (TSX: KPT) reports the Q4 2019 and full year 2019 financial and operational results of KPT and Kruger Products L.P. (KPLP). Kruger Products is Canada's leading manufacturer of quality tissue products for the Consumer market (Cashmere, Purex, SpongeTowels, Scotties, and White Swan) and the Away-From-Home 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 15.0% interest in KPLP.

**KPLP Q4 2019 Business and Financial Highlights**

- Revenue decreased by \$11.2 million or 3.1% to \$348.1 million in Q4 2019 compared to \$359.3 million in Q4 2018.
- Excluding the divested Mexico business, Q4 2019 revenue increased by \$13.1 million or 3.9%.
- Adjusted EBITDA was \$46.0 million in Q4 2019 compared to \$24.5 million in Q4 2018, an increase of 87.5%.
- TAD Sherbrooke facility progressing on time and on budget.
- Declared a quarterly dividend of \$0.18 per share to be paid on April 15, 2020.

**KPLP Full Year 2019 Business and Financial Highlights**

- Revenue increased by 4.6% to \$1,434.1 million in 2019 compared to \$1,370.4 million in 2018.
- Adjusted EBITDA was \$145.0 million in 2019, up from \$118.3 million in 2018, an increase of 22.6%.
- Amended Senior Credit Facility to increase overall borrowing capacity by \$50 million.

"Our fourth quarter Adjusted EBITDA increased by a strong 87.5% to \$46.0 million compared to a weak Q4 last year. We are very pleased with Fiscal 2019's performance, particularly with the strong second half, reflecting volume growth and the benefit of previous pricing actions in all business segments and a favourable cost environment," said Dino Bianco, CEO of KP Tissue and KPLP.

"TAD Sherbrooke is progressing on all fronts as planned and on budget. The launch of commercial production remains on target for early 2021, which will allow us to continue to grow our business in North America with our brands and customers.

"Our operational transformation initiatives including the Operational Excellence (OpEx) program are yielding the anticipated cost savings and will continue into 2020 with a goal of \$15 - \$20 million on a run-rate basis by the end of this year. More importantly, the OpEx program is a significant component of KP's transformational journey and will be an integral part of our culture going forward.

"We enter 2020 with great confidence in our vision and strategic plan to move KP forward as a North American tissue leader. This would not be possible without the initiative of our exceptional and dedicated team," concluded Mr. Bianco.

**Outlook**

With favourable input costs compared to Q1 2019 along with the benefits of our operational transformation initiatives, partially offset by incremental spending, Q1 2020 Adjusted EBITDA is expected to be higher than the year ago quarter, while being sequentially lower than Q4 2019 due to seasonally lower sales volume. We continue to monitor the risks associated with the coronavirus Covid-19 and the uncertainty that it represents.

**KPLP Q4 2019 Financial Results**

Revenue was \$348.1 million in Q4 2019 compared to \$359.3 million in Q4 2018, a decrease of \$11.2 million or 3.1%. The decrease in revenue was primarily the result of no Mexico sales volume in Q4 2019 due to the sale of shares at the end of the third quarter, partially offset by the benefit of previous price increases and higher volume. Revenue in Mexico decreased \$24.3 million compared to the year ago quarter. Excluding the Mexico business, revenue increased by \$13.1 million or 3.9%.

Cost of sales was \$294.1 million in Q4 2019 compared to \$327.0 million in Q4 2018, a decrease of \$32.9 million or 10.1%. Manufacturing costs decreased primarily due to no Mexico sales volume and lower pulp costs compared to Q4 2018. These were partially offset by the cost of outsourced manufacturing, additional maintenance costs, increased warehousing costs and inflation. As a percentage of revenue, cost of sales were 84.5% in Q4 2019 compared to 91.0% in Q4 2018.

Selling, general and administrative (SG&A) expenses were \$26.4 million in Q4 2019 compared to \$24.1 million in Q4 2018, an increase of \$2.3 million or 9.9%. As a percentage of revenue, SG&A expenses were 7.6% in Q4 2019 compared to 6.7% in Q4 2018.

Adjusted EBITDA was \$46.0 million in Q4 2019 compared to \$24.5 million in Q4 2018, an increase of \$21.5 million or 87.5%. The higher Adjusted EBITDA resulted primarily from lower pulp costs, the benefit of previous price increases across all business segments and favourable sales mix, and the benefit from operational transformation initiatives, partially offset by the cost of outsourced manufacturing and maintenance costs, and higher SG&A costs.

Net loss was \$6.1 million in Q4 2019 compared to net income of \$38.0 million in Q4 2018, a decrease of \$44.1 million. The decrease was primarily due to a change in other expense resulting primarily from a swing in the change in amortized cost of partnership units liability, higher income tax expense and consulting costs related to operational transformation initiatives, partially offset by higher Adjusted EBITDA and a decrease in interest expense.

Total liquidity, representing cash and cash equivalents and availability under the credit line within covenant limitations, was \$233.2 million as of December 31, 2019, including \$16.4 million of cash and cash equivalents held by KPSI and committed to the TAD Sherbrooke Project, compared to \$186.4 million as of September 30, 2019.

#### **KPLP 2019 Financial Results**

Revenue was \$1,434.1 million in Fiscal 2019 compared to \$1,370.4 million in Fiscal 2018, an increase of \$63.7 million or 4.6%. The increase in revenue was primarily due to price increases across all business segments, volume increases in Canada and the U.S. and the benefit of foreign exchange fluctuations on U.S. sales, partially offset by lower sales volume in Mexico resulting from the sale of shares at the end of the third quarter. Fiscal 2019 revenue in Mexico decreased \$10.6 million, or 12.1%. Excluding the Mexico business, revenue increased by \$74.3 million or 5.8% in 2019.

Adjusted EBITDA was \$145.0 million in Fiscal 2019 compared to \$118.3 million in Fiscal 2018, an increase of \$26.7 million or 22.6%. The increase was primarily due to price increases across all business segments and favourable sales mix, the impact of lower pulp prices in the second half of 2019, and the favourable impact of operational transformation initiatives, partially offset by the cost of outsourced manufacturing, higher maintenance and SG&A costs and the unfavourable impact of foreign exchange fluctuations.

Net income was \$2.1 million in Fiscal 2019 compared to \$45.4 million in Fiscal 2018, a decrease of \$43.3 million. The decrease was primarily due to a change in other expense resulting primarily from a swing in the change in amortized cost of partnership units liability, consulting costs related to operational transformation initiatives, and higher income tax expense, partially offset by higher Adjusted EBITDA as discussed above, and a decrease in interest expense.

#### **KPT Q4 2019 Financial Results**

KPT had a net loss of \$1.6 million in Q4 2019. Included in the net loss was \$1.0 million representing KPT's share of KPLP's net loss, depreciation expense of \$1.4 million related to adjustments to carrying amounts on acquisition and an income tax recovery of \$0.6 million.

#### **KPT 2019 Financial Results**

KPT had a net loss of \$6.5 million in 2019. Included in the net loss was \$0.3 million representing KPT's share of KPLP's net income, depreciation expense of \$5.7 million related to adjustments to carrying amounts on acquisition, income tax expense of \$1.7 million and a dilution gain of \$0.6 million.

#### **Dividends on Common Shares**

The Board of Directors of KPT declared a quarterly dividend of \$0.18 per share to be paid on April 15, 2020 to shareholders of record at the close of business on April 1, 2020.

### **Additional Information**

For additional information please refer to Management's Discussion and Analysis (MD&A) of KPT and KPLP for the fourth quarter and fiscal year ended December 31, 2019 available on SEDAR at [www.sedar.com](http://www.sedar.com) or our website at [www.kptissueinc.com](http://www.kptissueinc.com).

### **Fourth Quarter Results Conference Call Information**

KPT will hold its fourth quarter conference call on Thursday, March 12, 2020 at 8:30 a.m. Eastern Time.

Via telephone: 1-877-223-4471 or 647-788-4922

Via the internet at: [www.kptissueinc.com](http://www.kptissueinc.com)

Presentation material referenced during the conference call will be available at [www.kptissueinc.com](http://www.kptissueinc.com).

A rebroadcast of the conference call will be available until midnight, March 19, 2020 by dialing 1-800-585-8367 or 416-621-4642 and entering passcode 6459278.

The replay of the webcast will remain available on the website until midnight, March 19, 2020.

### **About KP Tissue Inc. (KPT)**

KPT was created to acquire, and its business is limited to holding, a limited partnership interest in KPLP, which is accounted for as an investment on the equity basis. KPT currently holds a 15.0% interest in KPLP. For more information visit [www.kptissueinc.com](http://www.kptissueinc.com).

### **About Kruger Products L.P. (KPLP)**

KPLP is Canada's leading manufacturer of quality tissue products for household, industrial and commercial use. KPLP serves the Canadian consumer market with such well-known brands as Cashmere®, Purex®, SpongeTowels®, Scotties® and White Swan®. In the U.S., KPLP 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. KPLP has approximately 2,500 employees and operates eight FSC® COC-certified (FSC® C-104904) production facilities in North America. For more information visit [www.krugerproducts.ca](http://www.krugerproducts.ca).

### **Non-IFRS Measures**

This press release uses certain non-IFRS financial measures which KPLP believes provide useful information to management of KPLP and the readers of the financial information in measuring the financial performance and financial condition of KPLP. These measures do not have a standardized meaning prescribed by IFRS and therefore may not be comparable to similarly titled measures presented by other companies. An example of such a measure is Adjusted EBITDA. Beginning with Q4 2015 in accordance with Canadian Securities Administrators Staff Notice 52-306 (Revised), we have referenced Adjusted EBITDA as a non-IFRS financial measure. This term replaces the previously referenced non-IFRS financial measure EBITDA. Adjusted EBITDA is not a measurement of operating performance computed in accordance with IFRS and should not be considered as a substitute for operating income, net income or cash flows from operating activities computed in accordance with IFRS. "Adjusted EBITDA" is calculated by KPLP as net income (loss) before (i) interest expense, (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 MD&A of KPT and KPLP for the year ended December 31, 2019 available on SEDAR at [www.sedar.com](http://www.sedar.com).

### **Forward-Looking Statements**

Certain statements in this press release about KPT's and KPLP's 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 the projected capacity of the TAD Sherbrooke Project, the anticipated benefits of the TAD Sherbrooke Project and the expected dates for commencement of construction and production of the TAD Sherbrooke Project. 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 KPLP.

Although KPT and KPLP 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 EBITDA for Q1 2020 is forward-looking information and is 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 KPLP's future financial performance. Readers are cautioned that this information may not be appropriate for other purposes.

Many factors could cause KPLP's 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 KPLP), 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 KPLP's Business" section of the KPT Annual Information Form dated March 13, 2020 available on SEDAR at [www.sedar.com](http://www.sedar.com): Kruger Inc.'s influence over KPLP; KPLP's reliance on Kruger Inc.; consequences of an event of insolvency relating to Kruger Inc.; risks associated with the TAD Sherbrooke Project; operational risks; significant increases in input costs; reduction in supply of fibre; increased pricing pressure and intense competition; KPLP's inability to innovate effectively; adverse economic conditions; dependence on key retail trade customers; damage to the reputation of KPLP or KPLP's brands; KPLP's sales being less than anticipated; KPLP's failure to implement its business and operating strategies; KPLP's obligation to make regular capital expenditures; KPLP's entering into unsuccessful acquisitions; KPLP's dependence on key personnel; KPLP's inability to retain its existing customers or obtain new customers; KPLP's loss of key suppliers; KPLP's failure to adequately protect its intellectual property rights; KPLP's reliance on third party intellectual property licenses; adverse litigation and other claims affecting KPLP; material expenditures due to comprehensive environmental regulation affecting KPLP's cash flow; KPLP's pension obligations are significant and can be materially higher than predicted if KPLP Management's underlying assumptions are incorrect; labour disputes adversely affecting KPLP's cost structure and KPLP's ability to run its plants; exchange rate and U.S. competitors; KPLP's 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 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 L.P.**  
**Consolidated Statement of Financial Position**  
(thousands of Canadian dollars)

	December 31, 2019	Restated December 31, 2018	Restated January 1, 2018
	\$	\$	\$
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	93,141	169,884	8,837
Trade and other receivables	89,236	127,633	113,194
Receivables from related parties	59	172	85
Current portion of advances to partners	80	-	1,928
Inventories	190,686	202,916	192,394
Income tax recoverable	466	362	522
Prepaid expenses	8,341	4,065	5,509
	<u>382,009</u>	<u>505,032</u>	<u>322,469</u>
<b>Non-current assets</b>			
Advances to partners	-	1,704	4,489
Property, plant and equipment	935,010	786,022	761,610
Right-of-use assets	97,582	94,247	99,174
Other long-term assets	1,766	10	6,331
Goodwill	160,939	160,939	160,939
Intangible assets	15,317	14,924	15,327
Deferred income taxes	30,988	33,440	26,092
<b>Total assets</b>	<u><u>1,623,611</u></u>	<u><u>1,596,318</u></u>	<u><u>1,396,431</u></u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Bank indebtedness	-	-	9,051
Trade and other payables	242,357	238,856	190,698
Payables to related parties	6,809	5,620	2,596
Income tax payable	325	80	498
Distributions payable	11,393	10,723	10,382
Current portion of provisions	759	292	333
Current portion of long-term debt	11,937	13,939	190,947
Current portion of lease liabilities	18,080	16,178	15,169
	<u>291,660</u>	<u>285,688</u>	<u>419,674</u>
<b>Non-current liabilities</b>			
Long-term debt	579,125	563,955	225,368
Lease liabilities	100,682	98,952	104,888
Provisions	6,148	5,398	5,973
Pensions	140,674	104,939	119,558
Post-retirement benefits	57,005	54,051	60,457
<b>Liabilities to non-unitholders</b>	<u>1,175,294</u>	<u>1,112,983</u>	<u>935,918</u>
Current portion of Partnership units liability	5,103	-	1,928
Long-term portion of Partnership units liability	138,412	116,524	158,381
<b>Total Partnership units liability</b>	<u>143,515</u>	<u>116,524</u>	<u>160,309</u>
<b>Total liabilities</b>	<u><u>1,318,809</u></u>	<u><u>1,229,507</u></u>	<u><u>1,096,227</u></u>
<b>Equity</b>			
Partnership units	408,978	376,274	356,240
Deficit	(183,188)	(102,502)	(123,123)
Accumulated other comprehensive income	79,012	93,039	67,087
<b>Total equity</b>	<u>304,802</u>	<u>366,811</u>	<u>300,204</u>
<b>Total equity and liabilities</b>	<u><u>1,623,611</u></u>	<u><u>1,596,318</u></u>	<u><u>1,396,431</u></u>

**Kruger Products L.P.**  
**Consolidated Statement of Comprehensive Income (Loss)**  
(thousands of Canadian dollars)

	3-month period ended December 31, 2019 \$	Restated 3-month period ended December 31, 2018 \$	12-month period ended December 31, 2019 \$	Restated 12-month period ended December 31, 2018 \$
<b>Revenue</b>	348,104	359,334	1,434,113	1,370,432
<b>Expenses</b>				
Cost of sales	294,095	327,099	1,256,979	1,228,156
Selling, general and administrative expenses	26,426	24,042	99,603	87,577
(Gain) loss on sale of non-financial assets	6	3	13	(204)
Restructuring costs, net	58	-	1,904	1
<b>Operating income</b>	27,519	8,190	75,614	54,902
Interest expense	10,896	13,549	45,071	53,460
Other (income) expense	21,894	(41,334)	25,951	(40,790)
<b>Income (loss) before income taxes</b>	(5,271)	35,975	4,592	42,232
<b>Income taxes</b>	838	(1,989)	2,494	(3,174)
<b>Net income (loss) for the period</b>	(6,109)	37,964	2,098	45,406
<b>Other comprehensive income (loss)</b>				
<b>Items that will not be reclassified to net income (loss):</b>				
Remeasurements of pensions	24,708	(11,701)	(35,422)	17,021
Remeasurements of post-retirement benefits	4,631	42	(2,121)	7,532
<b>Items that may be subsequently reclassified to net income (loss):</b>				
Cumulative translation adjustment	(5,551)	16,005	(14,027)	25,952
<b>Total other comprehensive income (loss) for the period</b>	23,788	4,346	(51,570)	50,505
<b>Comprehensive income (loss) for the period</b>	17,679	42,310	(49,472)	95,911

**Kruger Products L.P.**  
**Consolidated Statement of Cash Flows**  
(thousands of Canadian dollars)

	3-month period ended December 31, 2019	Restated 3-month period ended December 31, 2018	12-month period ended December 31, 2019	Restated 12-month period ended December 31, 2018
	\$	\$	\$	\$
<b>Cash flows from (used in) operating activities</b>				
Net income (loss) for the period	(6,109)	37,964	2,098	45,406
Items not affecting cash				
Depreciation	15,580	15,800	59,113	61,583
Amortization	437	348	1,542	1,426
(Gain) loss on sale of property, plant and equipment	(13)	188	(18)	622
Change in amortized cost of Partnership units liability	22,350	(42,573)	26,991	(41,857)
Loss on sale of shares	-	-	586	-
Foreign exchange (gain) loss	(816)	1,308	(1,986)	1,431
Change in fair value of derivatives	360	(69)	360	(364)
Interest expense	10,896	13,549	45,071	53,460
Pension and post-retirement benefits	2,789	3,104	11,064	12,954
Provisions	621	(95)	4,058	(9)
Income taxes	838	(1,989)	2,494	(3,174)
(Gain) loss on sale of non-financial assets	6	3	13	(204)
Total items not affecting cash	53,048	(10,426)	149,288	85,868
Net change in non-cash working capital	34,442	61,577	1,487	26,968
Contributions to pension and post-retirement benefit plans	(3,834)	(2,904)	(15,475)	(15,212)
Provisions paid	(177)	-	(1,037)	(247)
Income tax payments	(327)	(615)	(2,741)	(2,478)
<b>Net cash from operating activities</b>	<b>77,043</b>	<b>85,596</b>	<b>133,620</b>	<b>140,305</b>
<b>Cash flows from (used in) investing activities</b>				
Purchases of property, plant and equipment	(10,670)	2,222	(29,942)	(33,647)
Purchases of property, plant and equipment related to the TAD Sherbrooke Project	(45,127)	(26,638)	(139,587)	(26,638)
Interest paid on credit facilities related to the TAD Sherbrooke Project	(1,339)	(184)	(3,546)	(184)
Government assistance received	325	18,044	325	19,226
Purchases of software	(478)	-	(1,935)	(1,023)
Proceeds on sale of shares	2,410	-	5,724	-
Proceeds on sale of property, plant and equipment	13	(3)	18	320
<b>Net cash used in investing activities</b>	<b>(54,866)</b>	<b>(6,559)</b>	<b>(168,943)</b>	<b>(41,946)</b>
<b>Cash flows from (used in) financing activities</b>				
Proceeds from long-term debt	29,948	289,754	53,933	484,755
Repayment of long-term debt	(26,018)	(199,384)	(35,382)	(326,900)
Payment of deferred financing fees	(103)	(14,386)	(1,383)	(18,489)
Payment of lease liabilities	(4,365)	(4,221)	(16,978)	(16,041)
Interest paid on long-term debt	(9,478)	(8,691)	(29,526)	(34,351)
Distributions and advances paid, net	(1,257)	(1,132)	(10,243)	(19,506)
<b>Net cash from (used in) financing activities</b>	<b>(11,273)</b>	<b>61,940</b>	<b>(39,579)</b>	<b>69,468</b>
<b>Effect of exchange rate changes on cash and cash equivalents held in foreign currency</b>				
	(170)	1,978	(1,841)	2,271
<b>Increase (decrease) in cash and cash equivalents during the period</b>	<b>10,734</b>	<b>142,955</b>	<b>(76,743)</b>	<b>170,098</b>
<b>Cash and cash equivalents - Beginning of period</b>	<b>82,407</b>	<b>26,929</b>	<b>169,884</b>	<b>(214)</b>
<b>Cash and cash equivalents - End of period</b>	<b>93,141</b>	<b>169,884</b>	<b>93,141</b>	<b>169,884</b>

**Kruger Products L.P.**  
**Segment and Geographic Results**  
(thousands of Canadian dollars)

	Restated		Restated	
	3-month period ended December 31, 2019	3-month period ended December 31, 2018	12-month period ended December 31, 2019	12-month period ended December 31, 2018
	\$	\$	\$	\$
<i>Segment Information</i>				
<b>Segment Revenue</b>				
Consumer	285,580	300,783	1,186,461	1,139,345
AFH	62,524	58,551	247,652	231,087
Total segment revenue	<u>348,104</u>	<u>359,334</u>	<u>1,434,113</u>	<u>1,370,432</u>
<b>Adjusted EBITDA</b>				
Consumer	47,437	29,618	158,869	132,269
AFH	(1,142)	(3,810)	(12,690)	(9,432)
Corporate and other costs	(308)	(1,279)	(1,142)	(4,507)
Total Adjusted EBITDA	<u>45,987</u>	<u>24,529</u>	<u>145,037</u>	<u>118,330</u>
<b>Reconciliation to Net Income (loss)</b>				
Depreciation and amortization	16,017	16,148	60,655	63,009
Interest expense	10,896	13,549	45,071	53,460
Change in amortized cost of Partnership units liability	22,350	(42,573)	26,991	(41,857)
Change in fair value of derivatives	360	(69)	360	(364)
(Gain) loss on sale of property, plant and equipment	(13)	188	(18)	622
(Gain) loss on sale of non-financial assets	6	3	13	(204)
Loss on sale of shares	-	-	586	-
Restructuring costs, net	58	-	1,904	1
Foreign exchange (gain) loss	(816)	1,308	(1,986)	1,431
Consulting costs related to operational transformation initiatives	2,400	-	6,015	-
Corporate development related costs	-	-	854	-
Income (loss) before income taxes	<u>(5,271)</u>	<u>35,975</u>	<u>4,592</u>	<u>42,232</u>
Income taxes	838	(1,989)	2,494	(3,174)
Net income (loss)	<u>(6,109)</u>	<u>37,964</u>	<u>2,098</u>	<u>45,406</u>
<b>Geographic Revenue</b>				
Canada	222,144	206,774	840,902	803,565
U.S.	125,960	128,278	516,305	479,364
Mexico	-	24,282	76,906	87,503
Total revenue	<u>348,104</u>	<u>359,334</u>	<u>1,434,113</u>	<u>1,370,432</u>



**KP Tissue Inc.**  
**Statement of Financial Position**  
(thousands of Canadian dollars)

	December 31, 2019	Restated December 31, 2018	Restated January 1, 2018
	\$	\$	\$
<b>Assets</b>			
<b>Current assets</b>			
Distributions receivable	1,733	1,694	1,658
Receivable from Partnership	247	269	-
Income tax recoverable	-	230	826
	<u>1,980</u>	<u>2,193</u>	<u>2,484</u>
<b>Non-current assets</b>			
Investment in associate	81,052	99,421	94,952
<b>Total assets</b>	<u><u>83,032</u></u>	<u><u>101,614</u></u>	<u><u>97,436</u></u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Dividend payable	1,733	1,694	1,658
Payable to Partnership	-	-	52
Current portion of advances from Partnership	80	-	309
Income tax payable	944	-	-
	<u>2,757</u>	<u>1,694</u>	<u>2,019</u>
<b>Non-current liabilities</b>			
Advances from Partnership	-	269	731
Deferred income taxes	3,158	3,634	515
<b>Total liabilities</b>	<u>5,915</u>	<u>5,597</u>	<u>3,265</u>
<b>Equity</b>			
Common shares	18,997	17,090	15,014
Contributed surplus	144,819	144,819	144,819
Deficit	(100,696)	(82,269)	(77,706)
Accumulated other comprehensive income	13,997	16,377	12,044
<b>Total equity</b>	<u>77,117</u>	<u>96,017</u>	<u>94,171</u>
<b>Total liabilities and equity</b>	<u><u>83,032</u></u>	<u><u>101,614</u></u>	<u><u>97,436</u></u>

**KP Tissue Inc.**  
**Statement of Comprehensive Income (Loss)**  
(thousands of Canadian dollars, except share and per share amounts)

	3-month period ended December 31, 2019 \$	3-month period ended December 31, 2018 \$	12-month period ended December 31, 2019 \$	12-month period ended December 31, 2018 \$
Equity income (loss)	(2,353)	4,576	(5,375)	1,390
Dilution gain	209	58	574	196
Income (loss) before income taxes	(2,144)	4,634	(4,801)	1,586
Income taxes	(531)	1,808	1,727	1,759
Net income (loss) for the period	(1,613)	2,826	(6,528)	(173)
Other comprehensive income (loss) net of tax expense (recovery)				
Items that will not be reclassified to net income (loss):				
Remeasurements of pensions	2,690	(1,640)	(4,769)	2,334
Remeasurements of post-retirement benefits	441	16	(200)	776
Items that may be subsequently reclassified to net income (loss):				
Cumulative translation adjustment	(905)	2,679	(2,380)	4,333
Total other comprehensive income (loss) for the period	2,226	1,055	(7,349)	7,443
Comprehensive income (loss) for the period	613	3,881	(13,877)	7,270
Basic income (loss) per share	(0.17)	0.30	(0.68)	(0.02)
Weighted average number of shares outstanding	9,618,637	9,400,074	9,542,384	9,319,683

**KP Tissue Inc.**  
**Statement of Cash Flows**  
(thousands of Canadian dollars)

	3-month period ended December 31, 2019	3-month period ended December 31, 2018	12-month period ended December 31, 2019	12-month period ended December 31, 2018
	\$	\$	\$	\$
<b>Cash flows from (used in) operating activities</b>				
Net income (loss) for the period	(1,613)	2,826	(6,528)	(173)
Items not affecting cash				
Equity (income) loss	2,353	(4,576)	5,375	(1,390)
Dilution gain	(209)	(58)	(574)	(196)
Income taxes	(531)	1,808	1,727	1,759
Total items not affecting cash	1,613	(2,826)	6,528	173
Net change in non-cash working capital	21	-	189	-
Tax refunds	-	736	-	462
Advances received	-	-	-	274
Advances paid	(21)	(736)	(189)	(736)
<b>Net cash from (used in) operating activities</b>	-	-	-	-
<b>Cash flows from investing activities</b>				
Partnership unit distributions received	1,278	1,158	4,984	4,640
<b>Net cash from investing activities</b>	1,278	1,158	4,984	4,640
<b>Cash flows used in financing activities</b>				
Dividends paid	(1,278)	(1,158)	(4,984)	(4,640)
<b>Net cash used in financing activities</b>	(1,278)	(1,158)	(4,984)	(4,640)
<b>Increase (decrease) in cash and cash equivalents during the period</b>	-	-	-	-
<b>Cash and cash equivalents - Beginning of period</b>	-	-	-	-
<b>Cash and cash equivalents - End of period</b>	-	-	-	-