



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

**KP Tissue Releases Fourth Quarter and Full Year 2021 Financial Results**

*Strong topline growth tempered by supply chain and inflation challenges*

**Mississauga (ON), March 10, 2022** - KP Tissue Inc. (KPT) (TSX: KPT) reports the Q4 2021 and full year 2021 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, White Swan and Bonterra) and the Away-From-Home (AFH) market, and continues to expand in the U.S. Consumer market with the White Cloud® brand and premium private label products. KPT currently holds a 14.4% interest in KPLP.

**KPLP Q4 2021 Business and Financial Highlights**

- Revenue was \$424.1 million in Q4 2021 compared to \$385.0 million in Q4 2020, an increase of \$39.1 million or 10.2%.
- Adjusted EBITDA<sup>1</sup> was \$38.3 million in Q4 2021, compared to \$36.2 million in Q4 2020, an increase of 5.8%.
- Net income was \$42.3 million in Q4 2021, compared to a loss of \$28.5 million in Q4 2020, an increase of \$70.8 million.
- Announced additional investment of \$111.5 million in the Sherbrooke Expansion Project, for a total investment of \$351.5 million.
- Declared a quarterly dividend of \$0.18 per share to be paid on April 15, 2022.

**KPLP Full Year 2021 Financial Highlights**

- Revenue was \$1,465.2 million in 2021 compared to \$1,516.0 million in 2020, a decrease of \$50.8 million or 3.4%.
- Adjusted EBITDA<sup>1</sup> was \$153.4 million in 2021, down from \$197.8 million in 2020, a decrease of 22.4%.
- Net income was \$42.0 million in 2021, up from \$27.3 million in 2020, an increase of \$14.7 million.

"We are pleased by our performance in the face of volatile market conditions and unprecedented headwinds in 2021 and contrasted against an extraordinary market environment in 2020. The first half of 2021 was marked by destocking challenges due to the COVID-19 pandemic, while mounting supply chain and inflationary pressures affected both our Consumer and Away-From-Home segments in the latter part of the year. We did regain sales momentum in the second half of 2021 and closed the fourth quarter on a high note with more than 10% revenue growth and improved adjusted EBITDA," stated KP Tissue's Chief Executive Officer, Dino Bianco.

"Against this backdrop, we continued to invest in the future through market-driven innovations. The successful launch of SpongeTowels Ultra Pro™ in 2021 delivered significant share gains in the paper towel category. This year we have introduced a new sustainably focused brand, Bonterra™, to offer consumers a more environmentally conscious option with unique features addressing packaging, recycled fibre, a neutral carbon footprint and partnerships with 4Ocean and One Tree Planted. In addition, we have upgraded Cashmere and Purex UltraLuxe to offer our softest and most luxurious bathroom tissue ever."

"In terms of network modernization, Year 1 of TAD Sherbrooke proved to be a major success with a ramp-up curve well above our expectations. We also announced the Sherbrooke expansion project early into 2021 and followed up with an incremental investment at the end of the year to double production capacity to over 60,000 metric tonnes by 2024. The project's total value of approximately \$350 million will effectively create a tissue hub in Canada using both TAD and conventional technologies."

"Looking ahead to 2022, we intend to leverage our ongoing investments, innovations and share gains to drive revenue growth, while pricing the business and managing costs to offset inflation," Mr. Bianco concluded.

**Outlook for Q1 2022**

We anticipate Q1 sales momentum to continue in both AFH and Consumer as customer and consumer behaviour returns to more pre-COVID levels. However, cost inflation across the supply chain is expected to continue impacting results in the near-term, therefore Q1 2022 Adjusted EBITDA is expected to be in the range of \$30-\$35 million.

<sup>1</sup> 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

### **KPLP Q4 2021 Financial Results**

Revenue was \$424.1 million in Q4 2021 compared to \$385.0 million in Q4 2020, an increase of \$39.1 million or 10.2%. The increase in revenue was due to a selling price increase in Consumer Canada and higher sales volume in the Consumer segment compared to the year ago quarter, partially offset by the unfavourable impact of foreign exchange fluctuations on U.S. dollar sales.

Cost of sales was \$376.0 million in Q4 2021 compared to \$332.2 million in Q4 2020, an increase of \$43.8 million or 13.2%. Manufacturing costs increased primarily due to higher sales volumes, increased pulp costs, and the unfavourable impact of labour shortages in Memphis manufacturing, along with higher depreciation expense, overhead absorption resulting from reduced inventory levels during the quarter, and inflation. These increases were partially offset by the favourable impact of more in-house production in AFH and favourable foreign exchange fluctuations on U.S. dollar costs. Freight costs and warehousing expenses also increased compared to Q4 2020. As a percentage of revenue, cost of sales was 88.7% in Q4 2021 compared to 86.3% in Q4 2020.

Selling, general and administrative (SG&A) expenses were \$31.7 million in Q4 2021 compared to \$36.7 million in Q4 2020, a decrease of \$5.0 million or 13.6%. The decrease was primarily due to lower advertising and promotion expenses, a lower foreign exchange loss in Q4 2021 compared to the year ago quarter and lower Information Technology spending in the fourth quarter. As a percentage of revenue, SG&A expenses were 7.5% in Q4 2021 compared to 9.5% in Q4 2020.

Adjusted EBITDA was \$38.3 million in Q4 2021 compared to \$36.2 million in Q4 2020, an increase of \$2.1 million or 5.8%. The increase was primarily due to higher sales volume and the Consumer selling price increase in Canada, lower SG&A expenses, and the net favourable impact of foreign exchange fluctuations, partially offset by the unfavourable impact of sales mix, higher pulp prices and other inflation, labour shortages in Memphis manufacturing and higher freight rates and warehousing costs.

Net income was \$42.3 million in Q4 2021 compared to a loss of \$28.5 million in Q4 2020, an increase of \$70.8 million. The increase was primarily due to higher income tax recovery, lower other expense, an impairment charge in Fiscal 2020 and higher Adjusted EBITDA as discussed above, partially offset by higher interest expense and other finance costs and higher depreciation and amortization.

### **KPLP Q4 2021 Liquidity**

Total liquidity, representing cash and availability under the revolving credit agreements, was \$263.8 million as of December 31, 2021. In addition, \$86.5 million of cash was held by KPLP for the TAD Sherbrooke and Sherbrooke Expansion Projects.

### **KPLP 2021 Financial Results**

Revenue was \$1,465.2 million in Fiscal 2021 compared to \$1,516.0 million in Fiscal 2020, a decrease of \$50.8 million or 3.4%. The decrease in revenue was primarily due to a significant sales volume decrease in Canada resulting from the following: the comparison to high COVID-19 buying activity during the first half of 2020; the de-stocking of tissue inventories by both retailers and consumers in the Consumer segment during the first half of 2021; the unfavourable impact of COVID-19 related restrictions in the AFH segment that continued through the first half of 2021; and the unfavourable impact of foreign exchange fluctuations on U.S. dollar sales. The decrease was partially offset by a Consumer selling price increase in Canada in the second half of 2021 and an AFH selling price increase.

Adjusted EBITDA was \$153.4 million in Fiscal 2021 compared to \$197.8 million in Fiscal 2020, a decrease of \$44.4 million or 22.4%. The decrease was primarily due to the impact of lower sales volumes net of overhead absorption, along with the unfavourable impact of higher pulp prices and higher freight rates and warehousing costs, partially offset by a selling price increase in Consumer Canada, lower SG&A expenses, and the favourable impact of foreign exchange fluctuations.

Net income was \$42.0 million in Fiscal 2021 compared to \$27.3 million in Fiscal 2020, an increase of \$14.7 million. The increase was primarily due to higher income tax recovery, lower other expense and an impairment charge in Fiscal 2020, partially offset by lower Adjusted EBITDA as discussed above, higher interest expense and other finance costs and higher depreciation and amortization.

### **KPT Q4 2021 Financial Results**

KPT had a net income of \$3.4 million in Q4 2021. Included in the net income was \$6.1 million representing KPT's share of KPLP's net income and a dilution gain of \$0.1 million, depreciation expense of \$1.3 million related to adjustments to carrying amounts on acquisition and an income tax expense of \$1.5 million.

### **KPT 2021 Financial Results**

KPT had a net income of \$1.2 million in 2021. Included in net income was \$6.1 million representing KPT's share of KPLP's net income, a dilution gain of \$0.3 million, depreciation expense of \$5.3 million related to adjustments to carrying amounts on acquisition and income tax recovery of \$0.1 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, 2022 to shareholders of record at the close of business on April 1, 2022.

### **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, 2021 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 10, 2022 at 8:30 a.m. Eastern Time.

Via telephone: 1-800-599-5188 or 647-365-5897

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 17, 2022 by dialing 1-800-770-2030 or 647-362-9199 and entering passcode 9884406.

The replay of the webcast will remain available on the website until midnight, March 17, 2022.

### **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 14.4% 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®, White Swan® and Bonterra™. 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 2,700 employees and operates nine FSC® COC-certified (FSC® C-104904) production facilities in North America. For more information visit [www.krugerproducts.ca](http://www.krugerproducts.ca).

### **Non-GAAP Financial Measures**

This press release uses certain non-GAAP 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 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 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 Segment and Geographic Results table of this news release.

### **COVID-19**

COVID-19 has resulted in local governments enacting emergency measures to combat the spread of the virus, with significant monetary and fiscal interventions designed to stabilize economic conditions. Our priorities during the COVID-19 pandemic continue to be to protect the health and safety of our employees, while increasing the availability of our products, which are

essential to consumers each and every day. It is difficult to estimate the length and potential severity of the changed behaviours across our business segments or reliably quantify the impact this pandemic could have on KPLP in future periods.

### **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 and the Sherbrooke Expansion Project, expected revenue growth and KPLP's future business strategy. 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 2022 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 9, 2022 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; 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; 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 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.

### **INFORMATION:**

Francois Paroyan  
General Counsel and Corporate Secretary  
KP Tissue Inc.  
Tel.: 905.812.6936  
[francois.paroyan@krugerproducts.ca](mailto:francois.paroyan@krugerproducts.ca)

### **INVESTORS:**

Mike Baldesarra  
Director of Investor Relations  
KP Tissue Inc.

Tel.: 905.812.6962  
[IR@KPTissueinc.com](mailto:IR@KPTissueinc.com)

**Kruger Products L.P.**  
**Consolidated Statement of Financial Position**  
(thousands of Canadian dollars)

	<b>December 31, 2021</b>	<b>December 31, 2020</b>
	<b>\$</b>	<b>\$</b>
<b>Assets</b>		
<b>Current assets</b>		
Cash, cash equivalents and restricted cash	151,025	128,739
Trade and other receivables	88,802	88,041
Receivables from related parties	271	13
Advances to partners	13,752	5,647
Inventories	251,071	215,934
Income tax recoverable	1,171	358
Prepaid expenses	5,455	8,315
	<u>511,547</u>	<u>447,047</u>
<b>Non-current assets</b>		
Property, plant and equipment	1,224,698	1,194,191
Right-of-use assets	91,626	107,633
Other long-term assets	37,456	10
Goodwill	152,021	152,021
Intangible assets	29,222	26,205
Deferred income taxes	75,742	24,217
	<u>2,122,312</u>	<u>1,951,324</u>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Trade and other payables	258,626	332,072
Payables to related parties	11,485	9,097
Income tax payable	300	554
Distributions payable	12,300	11,919
Current portion of provisions	3,705	4,913
Current portion of long-term debt	48,550	9,495
Current portion of lease liabilities	30,170	25,341
	<u>365,136</u>	<u>393,391</u>
<b>Non-current liabilities</b>		
Long-term debt	920,331	743,978
Long-term lease liabilities	82,354	105,634
Long-term payable to related party	42,454	-
Long-term provisions	6,929	9,549
Other long-term liabilities	-	575
Pensions	58,481	161,333
Post-retirement benefits	57,331	63,038
	<u>1,533,016</u>	<u>1,477,498</u>
<b>Liabilities to non-unitholders</b>		
Current portion of Partnership units liability	14,064	31,244
Long-term portion of Partnership units liability	159,137	154,180
	<u>173,201</u>	<u>185,424</u>
<b>Total Partnership units liability</b>		
	<u>1,706,217</u>	<u>1,662,922</u>
<b>Equity</b>		
Partnership units	461,536	439,571
Deficit	(117,123)	(224,503)
Accumulated other comprehensive income	71,682	73,334
	<u>416,095</u>	<u>288,402</u>
<b>Total equity</b>		
	<u>2,122,312</u>	<u>1,951,324</u>
<b>Total equity and liabilities</b>		

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

	3-month period ended December 31, 2021	3-month period ended December 31, 2020	12-month period ended December 31, 2021	12-month period ended December 31, 2020
	\$	\$	\$	\$
<b>Revenue</b>	424,029	384,971	1,465,161	1,515,983
<b>Expenses</b>				
Cost of sales	375,966	332,193	1,279,851	1,264,448
Selling, general and administrative expenses	31,668	36,669	118,072	128,062
Loss on sale of non-financial assets	4	-	9	1
Impairment charge	-	8,918	-	8,918
Restructuring costs, net	377	2	584	1,275
<b>Operating income</b>	16,014	7,189	66,645	113,279
Interest expense and other finance costs	22,785	9,306	70,710	40,965
Other expense (recovery)	(5,838)	25,724	4,943	36,353
<b>Income (loss) before income taxes</b>	(933)	(27,841)	(9,008)	35,961
<b>Income tax expense (recovery)</b>	(43,184)	600	(51,007)	8,655
<b>Net income (loss) for the period</b>	42,251	(28,441)	41,999	27,306
<b>Other comprehensive income (loss)</b>				
<b>Items that will not be reclassified to net income (loss):</b>				
Remeasurements of pensions	(31,450)	23,820	106,968	(16,977)
Remeasurements of post-retirement benefits	891	(1,044)	6,910	(4,871)
<b>Items that may be subsequently reclassified to net income (loss):</b>				
Cumulative translation adjustment	(1,721)	(13,585)	(1,652)	(5,678)
<b>Total other comprehensive income (loss) for the period</b>	(32,280)	9,191	112,226	(27,526)
<b>Comprehensive income (loss) for the period</b>	9,971	(19,250)	154,225	(220)

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

	3-month period ended December 31, 2021 \$	3-month period ended December 31, 2020 \$	12-month period ended December 31, 2021 \$	12-month period ended December 31, 2020 \$
<b>Cash flows from (used in) operating activities</b>				
Net income (loss) for the period	42,251	(28,441)	41,999	27,306
Items not affecting cash				
Depreciation	20,789	18,632	82,081	67,129
Amortization	1,099	473	3,638	1,657
Loss on sale of property, plant and equipment	55	822	381	909
Change in amortized cost of Partnership units liability	(4,971)	36,109	5,312	47,012
Foreign exchange gain	(1,258)	(10,385)	(760)	(10,299)
Change in fair value of derivatives	-	-	-	(360)
Interest expense and other finance costs	22,785	9,306	70,710	40,965
Pension and post-retirement benefits	3,700	3,514	16,186	14,635
Provisions	398	94	1,945	6,231
Income tax expense (recovery)	(43,184)	600	(51,007)	8,655
Loss on sale of non-financial assets	4	-	9	1
Impairment charge	-	8,918	-	8,918
Total items not affecting cash	(583)	68,083	128,495	185,453
Net change in non-cash working capital	53,974	33,242	(66,769)	60,328
Contributions to pension and post-retirement benefit plans	(4,071)	(3,829)	(15,522)	(15,622)
Provisions paid	(100)	(140)	(4,273)	(2,194)
Income tax payments	(533)	70	(2,552)	(1,738)
<b>Net cash from operating activities</b>	<b>90,938</b>	<b>68,985</b>	<b>81,378</b>	<b>253,533</b>
<b>Cash flows from (used in) investing activities</b>				
Purchases of property, plant and equipment	(26,693)	(18,823)	(46,131)	(31,581)
Purchases of property, plant and equipment and software related to the TAD Sherbrooke Project and the Sherbrooke Expansion Project	(10,787)	(69,230)	(99,060)	(263,348)
Interest paid on credit facilities related to the TAD Sherbrooke Project	-	(3,509)	(608)	(10,676)
Government assistance received	931	398	931	398
Purchases of software	(50)	(3,341)	(824)	(4,974)
Purchases of trademarks	-	(4,538)	-	(4,538)
Proceeds on sale of shares	-	-	-	992
Proceeds on sale of property, plant and equipment	5	-	13	-
<b>Net cash used in investing activities</b>	<b>(36,594)</b>	<b>(99,043)</b>	<b>(145,679)</b>	<b>(313,727)</b>
<b>Cash flows from (used in) financing activities</b>				
Proceeds from long-term debt	14,085	69,135	239,282	262,673
Repayment of long-term debt	(2,030)	(8,194)	(23,943)	(92,714)
Payment of deferred financing fees	(610)	(9)	(9,545)	(509)
Payment of lease liabilities	(5,646)	(4,777)	(24,600)	(19,283)
Interest paid on long-term debt	(17,228)	(3,944)	(41,981)	(25,706)
Distributions and advances paid, net	(10,466)	(8,032)	(51,826)	(26,404)
<b>Net cash from (used in) financing activities</b>	<b>(21,895)</b>	<b>44,179</b>	<b>87,387</b>	<b>98,057</b>
<b>Effect of exchange rate changes on cash and cash equivalents held in foreign currency</b>	<b>(63)</b>	<b>(2,851)</b>	<b>(800)</b>	<b>(2,265)</b>
<b>Increase in cash, cash equivalents and restricted cash during the period</b>	<b>32,386</b>	<b>11,270</b>	<b>22,286</b>	<b>35,598</b>
<b>Cash, cash equivalents and restricted cash - Beginning of period</b>	<b>118,639</b>	<b>117,469</b>	<b>128,739</b>	<b>93,141</b>
<b>Cash, cash equivalents and restricted cash - End of period</b>	<b>151,025</b>	<b>128,739</b>	<b>151,025</b>	<b>128,739</b>



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

	3-month period ended December 31, 2021	3-month period ended December 31, 2020	12-month period ended December 31, 2021	12-month period ended December 31, 2020
	\$	\$	\$	\$
<b>Segment Information</b>				
<b>Segment Revenue</b>				
Consumer	363,959	333,199	1,260,103	1,304,599
AFH	60,070	51,772	205,058	211,384
Total segment revenue	<u>424,029</u>	<u>384,971</u>	<u>1,465,161</u>	<u>1,515,983</u>
<b>Adjusted EBITDA</b>				
Consumer	43,726	44,198	167,289	223,391
AFH	(1,733)	(2,358)	(4,907)	(8,990)
Corporate and other costs	(3,655)	(5,627)	(8,951)	(16,566)
Total Adjusted EBITDA	<u>38,338</u>	<u>36,213</u>	<u>153,431</u>	<u>197,835</u>
<b>Reconciliation to Net Income (loss)</b>				
Depreciation and amortization	21,888	19,105	85,719	68,786
Interest expense and other finance costs	22,785	9,306	70,710	40,965
Change in amortized cost of Partnership units liability	(4,971)	36,109	5,312	47,012
Other expense	391	-	391	-
Change in fair value of derivatives	-	-	-	(360)
Loss on sale of property, plant and equipment	55	822	381	909
Loss on sale of non-financial assets	4	-	9	1
Impairment charge	-	8,918	-	8,918
Restructuring costs, net	377	2	584	1,275
Foreign exchange gain	(1,258)	(10,385)	(760)	(10,299)
Consulting costs				
related to operational transformation initiatives	-	-	-	4,331
Corporate development related costs	-	177	93	336
Income (loss) before income taxes	(933)	(27,841)	(9,008)	35,961
Income tax expense (recovery)	(43,184)	600	(51,007)	8,655
Net income (loss)	<u>42,251</u>	<u>(28,441)</u>	<u>41,999</u>	<u>27,306</u>
<b>Geographic Revenue</b>				
Canada	245,142	244,093	892,658	915,898
U.S.	178,887	140,878	572,503	600,085
Total revenue	<u>424,029</u>	<u>384,971</u>	<u>1,465,161</u>	<u>1,515,983</u>

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

	<b>December 31, 2021</b>	<b>December 31, 2020</b>
	<u>\$</u>	<u>\$</u>
<b>Assets</b>		
<b>Current assets</b>		
Distributions receivable	1,781	1,755
Receivable from Partnership	-	21
Income tax recoverable	208	-
	<u>1,989</u>	<u>1,776</u>
<b>Non-current assets</b>		
Investment in associate	<u>78,727</u>	<u>69,537</u>
<b>Total assets</b>	<u><u>80,716</u></u>	<u><u>71,313</u></u>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Dividend payable	1,781	1,755
Payable to Partnership	246	-
Current portion of advances from Partnership	2,014	874
Income tax payable	-	1,722
	<u>4,041</u>	<u>4,351</u>
<b>Non-current liabilities</b>		
Deferred income taxes	<u>806</u>	<u>634</u>
<b>Total liabilities</b>	<u>4,847</u>	<u>4,985</u>
<b>Equity</b>		
Common shares	21,844	20,355
Contributed surplus	144,819	144,819
Deficit	(103,561)	(111,907)
Accumulated other comprehensive income	<u>12,767</u>	<u>13,061</u>
<b>Total equity</b>	<u>75,869</u>	<u>66,328</u>
<b>Total liabilities and equity</b>	<u><u>80,716</u></u>	<u><u>71,313</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, 2021	3-month period ended December 31, 2020	12-month period ended December 31, 2021	12-month period ended December 31, 2020
	\$	\$	\$	\$
Equity income (loss)	4,833	(5,583)	800	(1,428)
Dilution gain	78	106	321	634
Income (loss) before income taxes	4,911	(5,477)	1,121	(794)
Income tax expense (recovery)	1,424	(1,181)	(118)	1,159
Net income (loss) for the period	3,487	(4,296)	1,239	(1,953)
Other comprehensive income (loss) net of tax expense (recovery)				
Items that will not be reclassified to net income (loss):				
Remeasurements of pensions	(3,584)	2,169	13,568	(1,841)
Remeasurements of post-retirement benefits	78	(94)	614	(442)
Items that may be subsequently reclassified to net income (loss):				
Cumulative translation adjustment	(252)	(2,064)	(294)	(936)
Total other comprehensive income (loss) for the period	(3,758)	11	13,888	(3,219)
Comprehensive income (loss) for the period	(271)	(4,285)	15,127	(5,172)
Basic earnings (loss) per share	0.35	(0.44)	0.13	(0.20)
Weighted average number of shares outstanding	9,889,893	9,747,812	9,835,582	9,703,625

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

	3-month period ended December 31, 2021	3-month period ended December 31, 2020	12-month period ended December 31, 2021	12-month period ended December 31, 2020
	\$	\$	\$	\$
<b>Cash flows from (used in) operating activities</b>				
Net income (loss) for the period	3,487	(4,296)	1,239	(1,953)
Items not affecting cash				
Equity (income) loss	(4,833)	5,583	(800)	1,428
Dilution gain	(78)	(106)	(321)	(634)
Income taxes expense (recovery)	1,424	(1,181)	(118)	1,159
Total items not affecting cash	(3,487)	4,296	(1,239)	1,953
Net change in non-cash working capital	138	52	233	146
Tax payments	(709)	(297)	(4,020)	(1,801)
Tax Distribution received	-	-	1,738	781
Advances received	571	245	2,049	874
<b>Net cash from (used in) operating activities</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Cash flows from investing activities</b>				
Partnership unit distributions received	1,402	1,402	5,560	5,595
<b>Net cash from investing activities</b>	<u>1,402</u>	<u>1,402</u>	<u>5,560</u>	<u>5,595</u>
<b>Cash flows used in financing activities</b>				
Dividends paid, net	(1,402)	(1,402)	(5,560)	(5,595)
<b>Net cash used in financing activities</b>	<u>(1,402)</u>	<u>(1,402)</u>	<u>(5,560)</u>	<u>(5,595)</u>
<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>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>