



NEWS RELEASE
For immediate release

KP Tissue Releases Fourth Quarter and Full Year 2023 Financial Results

Strong performance while investing in the business

Mississauga (ON), March 7, 2024 - KP Tissue Inc. (KPT) (TSX: KPT) reports the Q4 2023 and full year 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 12.9% interest in Kruger Products.

Kruger Products Q4 2023 Business and Financial Highlights

- Revenue was \$482.3 million in Q4 2023 compared to \$458.1 million in Q4 2022, an increase of \$24.2 million or 5.3%.
- Adjusted EBITDA¹ was \$61.2 million in Q4 2023, compared to \$44.4 million in Q4 2022, an increase of 37.9%.
- Net income was \$16.5 million in Q4 2023 compared to \$16.0 million in Q4 2022, an increase of \$0.5 million.
- Declared a quarterly dividend of \$0.18 per share to be paid on April 15, 2024.
- Facial tissue line in the Sherbrooke Expansion Project started up successfully in February 2024.
- Announced a 25% increase in facial production at the Gatineau plant on March 5, 2024 with a \$14.5 million investment.

Kruger Products Full Year 2023 Financial Highlights

- Revenue was \$1,873.0 million in Fiscal 2023 compared to \$1,681.4 million in Fiscal 2022, an increase of \$191.6 million or 11.4%.
- Adjusted EBITDA¹ was \$238.6 million in Fiscal 2023, compared to \$116.0 million in Fiscal 2022, an increase of 105.7%.
- Net loss was \$5.3 million in Fiscal 2023 compared to \$56.9 million in Fiscal 2022, a decrease in the loss of \$51.6 million.

"We are pleased with our financial results in fiscal 2023, highlighted by record sales of \$1.9 billion and record Adjusted EBITDA of \$238.6 million driven by many positive factors," stated KP Tissue's Chief Executive Officer, Dino Bianco. "Overall, our business benefited from robust volume, positive margin management with continued volatile costs, and strong operational efficiency across our network."

"In our Consumer segment, we gained market share within the facial tissue and paper towel categories, while improving our share trend on bathroom tissue. We also stepped up to support and supply our Scotties facial tissue to customers and consumers given the exit of Kleenex from the Canadian grocery market. Our Away-From-Home business continued to deliver sustainable results with another strong Adjusted EBITDA quarter and year."

"In the fourth quarter, our underlying results remained solid with Adjusted EBITDA growing 37.9% year-over-year to \$61.2 million, despite strategically increasing investments in marketing and maintenance to enable us to enter 2024 in a stronger competitive position. Looking ahead, we plan to manage our margins amid rising costs, continue to invest in our brands, grow our facial tissue position, and implement a successful start-up of our Sherbrooke Expansion," Mr. Bianco concluded.

Outlook for Q1 2024

For the first quarter of 2024, we expect margins to remain consistent and Adjusted EBITDA¹ to be in a similar range to Q4 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

Kruger Products Q4 2023 Financial Results

Revenue was \$482.3 million in Q4 2023 compared to \$458.1 million in Q4 2022, an increase of \$24.2 million or 5.3%. The increase in revenue was primarily due to higher sales volume, partially offset by increased promotional spending compared to the prior year quarter.

Cost of sales was \$400.5 million in Q4 2023 compared to \$416.4 million in Q4 2022, a decrease of \$15.9 million or 3.8%. Manufacturing costs decreased due primarily to lower pulp and other input costs resulting from moderating inflation and productivity improvements in plant operations, which were only partially offset by higher volume. Freight costs were lower compared to Q4 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 83.0% in Q4 2023 compared to 90.9% in Q4 2022.

Selling, general and administrative (SG&A) expenses were \$50.3 million in Q4 2023 compared to \$30.6 million in Q4 2022, an increase of \$19.7 million or 64.4%. The increase was primarily due to significantly higher advertising and IT spend in the quarter, higher personnel and selling expenses to support additional sales volume, and a loss on disposal of fixed assets. As a percentage of revenue, SG&A expenses were 10.4% in Q4 2023 compared to 6.7% in Q4 2022.

Adjusted EBITDA¹ was \$61.2 million in Q4 2023 compared to \$44.4 million in Q4 2022, an increase of \$16.8 million or 37.9%. The significant increase was primarily due to higher sales volume, lower pulp and other input costs, productivity improvements in plant operations and lower freight costs, partially offset by slightly lower selling prices, higher warehousing and SG&A expenses.

Net income was \$16.5 million in Q4 2023 compared to \$16.0 million in Q4 2022, an increase of \$0.5 million. The increase was primarily due to higher Adjusted EBITDA¹, lower depreciation expense and restructuring costs related primarily to the shutdown of certain Memphis plant production assets in Q4 2022, higher foreign exchange gains and lower interest expense, partially offset by the change in the amortized cost of Partnership Units Liability in Q4 2022, a loss on sale of fixed assets, higher income tax expense and a loss from non-controlling interest.

Kruger Products 2023 Financial Results

Revenue was \$1,873.0 million in Fiscal 2023 compared to \$1,681.4 million in Fiscal 2022, an increase of \$191.6 million or 11.4%. The increase in revenue was primarily due to higher sales volume along with the favourable impact of selling price increases implemented across all segments and regions during Fiscal 2022. Revenue was also favourably impacted by foreign exchange fluctuations on U.S. dollar sales.

Adjusted EBITDA¹ was \$238.6 million in Fiscal 2023 compared to \$116.0 million in Fiscal 2022, an increase of \$122.6 million or 105.7%. The significant increase was primarily due to the favourable impact of selling price increases implemented in Fiscal 2022 along with higher sales volume, lower pulp prices, improvements in Memphis operations and lower freight costs, partially offset by other input cost inflation compared to Fiscal 2022, higher manufacturing overhead spending, and higher warehousing and SG&A expenses along with the unfavourable impact of foreign exchange fluctuations.

Net loss was \$5.3 million in Fiscal 2023 compared to \$56.9 million in Fiscal 2022, a decrease in the loss of \$51.6 million. The decrease in the loss was primarily due to higher Adjusted EBITDA¹, a lower foreign exchange loss, lower interest and depreciation expenses and lower consulting and restructuring costs, partially offset by higher income tax expense, the change in the amortized cost of Partnership Units Liability in Fiscal 2022, a loss on sale of fixed assets and a loss from non-controlling interest.

Kruger Products Q4 2023 Liquidity

Total liquidity, representing cash and availability under the revolving credit agreements, was \$326.7 million as of December 31, 2023. In addition, \$14.9 million of cash was held for the Sherbrooke Expansion Project.

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

KPT Q4 2023 Financial Results

KPT had net income of \$2.0 million in Q4 2023. Included in net income was \$2.2 million representing KPT's share of Kruger Products' net income, a dilution gain of \$0.3 million, depreciation expense of \$0.3 million related to adjustments to carrying amounts on acquisition and an income tax expense of \$0.2 million.

KPT 2023 Financial Results

KPT had a net loss of \$4.9 million in Fiscal 2023. Included in the net loss was \$0.7 million representing KPT's share of Kruger Products' net loss, a dilution gain of \$1.1 million, depreciation expense of \$1.2 million related to adjustments to carrying amounts on acquisition and an income tax expense of \$4.1 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, 2024 to shareholders of record at the close of business on April 1, 2024.

Additional Information

For additional information please refer to Management's Discussion and Analysis (MD&A) of KPT and Kruger Products for the fourth quarter and fiscal year ended December 31, 2023 available on SEDAR+ at www.sedarplus.ca or our website at www.kptissueinc.com.

Fourth Quarter Results Conference Call Information

KPT will hold its fourth quarter conference call on Thursday, March 7, 2024 at 8:30 a.m. Eastern Time.

Via telephone: 1-888-664-6383 or 416-764-8650

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, March 14, 2024 by dialing 1-888-390-0541 or 416-764-8677 and entering passcode 631417.

The replay of the webcast will remain available on the website until midnight, March 14, 2024.

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 12.9% 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 2,800 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

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

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) loss (gain) on disposal of property, plant and equipment, (vi) foreign exchange loss (gain), (vii) costs related to restructuring activities, (viii) changes in amortized cost of Partnership units liability, (ix) consulting costs related to operational transformation initiatives and (x) corporate development related costs. 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. 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 the moderation of inflationary pressure on input costs and continued inflationary pressure on SG&A as labour, marketing and IT costs continue to rise. 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 Q1 2024 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.

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 7, 2024 available on SEDAR+ at www.sedarplus.ca: 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 ownership of the TAD Sherbrooke Project; risks associated with the operation of 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; and trade.

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.

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

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

	December 31, 2023	December 31, 2022
	<u>\$</u>	<u>\$</u>
Assets		
Current assets		
Cash and cash equivalents	135,728	71,261
Restricted cash	12,451	7,145
Trade and other receivables	130,157	119,681
Receivables from related parties	842	223
Inventories	254,372	286,566
Income tax recoverable	4,578	1,306
Prepaid expenses	4,726	5,640
	<u>542,854</u>	<u>491,822</u>
Non-current assets		
Property, plant and equipment	1,421,650	1,294,838
Right-of-use assets	84,866	81,715
Other long-term assets	3,808	27,554
Pensions	69,839	83,080
Goodwill	152,021	152,021
Intangible assets	26,852	30,027
Deferred income taxes	23,740	95,711
Total assets	<u><u>2,325,630</u></u>	<u><u>2,256,768</u></u>
Liabilities		
Current liabilities		
Trade and other payables	400,385	279,425
Payables to related parties	10,973	11,363
Dividends payable	13,675	-
Distributions payable	-	12,866
Current portion of long-term debt	35,229	34,411
Current portion of lease liabilities	27,154	28,349
Current portion of long-term payable to related party	5,800	5,800
Current portion of provisions	3,952	3,252
	<u>497,168</u>	<u>375,466</u>
Non-current liabilities		
Long-term debt	1,034,016	1,077,297
Long-term lease liabilities	71,865	70,579
Long-term payable to related party	35,580	39,042
Long-term provisions	5,740	3,076
Pensions	18,935	20,847
Post-retirement benefits	48,699	43,739
Liabilities to non-equityholders	<u>1,712,003</u>	<u>1,630,046</u>
Long-term portion of Partnership units liability	<u>-</u>	<u>133,551</u>
Total liabilities	<u><u>1,712,003</u></u>	<u><u>1,763,597</u></u>
Equity		
Share capital	278,252	-
Partnership units	-	494,459
Contributed surplus	395,382	-
Deficit	(164,029)	(87,835)
Accumulated other comprehensive income	81,011	86,547
Equity attributable to Kruger Products	<u>590,616</u>	<u>493,171</u>
Non-controlling interest	<u>23,011</u>	<u>-</u>
Total equity	<u><u>613,627</u></u>	<u><u>493,171</u></u>
Total equity and liabilities	<u><u>2,325,630</u></u>	<u><u>2,256,768</u></u>

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

	3-month period ended December 31, 2023 \$	3-month period ended December 31, 2022 \$	12-month period ended December 31, 2023 \$	12-month period ended December 31, 2022 \$
Revenue	482,269	458,139	1,872,962	1,681,403
Expenses				
Cost of sales	400,476	416,378	1,571,587	1,547,318
Selling, general and administrative expenses	50,319	30,612	167,209	124,648
Restructuring costs, net	274	3,543	1,574	4,550
Operating income	31,200	7,606	132,592	4,887
Interest expense and other finance costs	18,515	20,658	70,255	74,468
Other expense (income)	(8,482)	(30,956)	(9,352)	3,373
Income (loss) before income taxes	21,167	17,904	71,689	(72,954)
Current tax expense (recovery)	689	(97)	2,632	1,288
Deferred tax expense (recovery)	1,916	2,005	70,776	(17,360)
Income tax expense (recovery)	2,605	1,908	73,408	(16,072)
Net income (loss) including non-controlling interest	18,562	15,996	(1,719)	(56,882)
Net income attributable to non-controlling interest	2,026	-	3,594	-
Net income (loss) attributable to Kruger Products	16,536	15,996	(5,313)	(56,882)

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

	3-month period ended December 31, 2023 \$	3-month period ended December 31, 2022 \$	12-month period ended December 31, 2023 \$	12-month period ended December 31, 2022 \$
Cash flows from (used in) operating activities				
Net income (loss) including non-controlling interest	18,562	15,996	(1,719)	(56,882)
Items not affecting cash				
Depreciation	26,691	32,008	96,996	98,452
Amortization	1,106	1,142	4,377	4,419
Loss on sale of property, plant and equipment	1,945	103	3,043	121
Gain on disposal of leased assets	-	-	(488)	-
Change in amortized cost of Partnership unit liability	-	(25,586)	-	(25,586)
Foreign exchange loss (gain)	(8,482)	(5,418)	(9,352)	28,911
Interest expense and other finance costs	18,515	20,658	70,255	74,468
Pension and post-retirement benefits	2,200	3,656	8,656	14,632
Provisions	998	1,373	3,702	2,640
Income tax expense (recovery)	2,605	1,908	73,408	(16,072)
Loss on sale of non-financial assets	3	1	24	12
Total items not affecting cash	45,581	29,845	250,621	181,997
Net change in non-cash working capital	45,895	20,004	110,162	(65,241)
Contributions to pension and post-retirement benefit plans	(1,098)	(2,638)	(8,537)	(15,192)
Provisions paid	(862)	(150)	(4,305)	(4,153)
Income tax payments, net	174	(49)	(1,834)	(1,806)
Net cash from operating activities	108,252	63,008	344,388	38,723
Cash flows from (used in) investing activities				
Purchases of property, plant and equipment	(19,980)	(10,349)	(34,653)	(37,660)
Purchases of property, plant and equipment and software related to the TAD Sherbrooke Project	(855)	(5,517)	(2,435)	(20,702)
Purchases of property, plant and equipment related to the Sherbrooke Expansion Project	(57,943)	(23,174)	(147,938)	(53,118)
Interest paid on credit facilities related to the Sherbrooke Expansion Project, net	(133)	51	(454)	(238)
Government assistance received	-	-	1,250	1,023
Purchases of software	(646)	(7)	(1,202)	(4,946)
Proceeds on sale of property, plant and equipment	121	-	2,586	1
Net cash used in investing activities	(79,436)	(38,996)	(182,846)	(115,640)
Cash flows from (used in) financing activities				
Proceeds from long-term debt, net	43,411	(4,071)	130,954	244,255
Repayment of long-term debt	(57,874)	(5,801)	(127,780)	(141,519)
Payment of deferred financing fees	(494)	(218)	(899)	(3,036)
Payment of lease liabilities	(9,984)	(6,850)	(30,819)	(28,113)
Change in Restricted cash	(1,369)	(1,167)	(5,306)	(4,639)
Interest paid on long-term debt	(15,109)	(15,750)	(49,390)	(51,948)
Payment to related party	-	-	(5,700)	-
Dividends paid, net	(1,743)	-	(6,988)	-
Distributions paid, net	-	(1,731)	-	(17,495)
Net cash used in financing activities	(43,162)	(35,588)	(95,928)	(2,495)
Effect of exchange rate changes on cash and cash equivalents held in foreign currency	(1,071)	714	(1,147)	2,154
Increase (decrease) in cash and cash equivalents during the period	(15,417)	(10,862)	64,467	(77,258)
Cash and cash equivalents - Beginning of period	151,145	82,123	71,261	148,519
Cash and cash equivalents - End of period	135,728	71,261	135,728	71,261

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

	3-month period ended December 31, 2023 \$	3-month period ended December 31, 2022 \$	12-month period ended December 31, 2023 \$	12-month period ended December 31, 2022 \$
Segment Information				
Segment Revenue				
Consumer	400,867	378,814	1,551,157	1,394,052
AFH	81,402	79,325	321,805	287,351
Revenue from external customers	<u>482,269</u>	<u>458,139</u>	<u>1,872,962</u>	<u>1,681,403</u>
Adjusted EBITDA				
Consumer	59,842	42,709	230,310	117,428
AFH	5,714	5,690	20,792	7,375
Corporate and other costs	(4,337)	(3,993)	(12,496)	(8,812)
Total Adjusted EBITDA	<u>61,219</u>	<u>44,406</u>	<u>238,606</u>	<u>115,991</u>
Reconciliation to net income (loss):				
Depreciation and amortization	27,797	33,150	101,373	102,871
Interest expense and other finance costs	18,515	20,658	70,255	74,468
Change in amortized cost of Partnership unit liability	-	(25,586)	-	(25,586)
Loss on sale of property, plant and equipment	1,945	103	3,043	121
Loss on sale of non-financial assets	3	1	24	12
Other expense	-	48	-	48
Restructuring costs, net	274	3,543	1,574	4,550
Foreign exchange loss (gain)	(8,482)	(5,418)	(9,352)	28,911
Consulting costs related to operational transformation initiatives	-	3	-	3,550
Income (loss) before income taxes	<u>21,167</u>	<u>17,904</u>	<u>71,689</u>	<u>(72,954)</u>
Income tax expense (recovery)	<u>2,605</u>	<u>1,908</u>	<u>73,408</u>	<u>(16,072)</u>
Net income (loss) including non-controlling interest	<u>18,562</u>	<u>15,996</u>	<u>(1,719)</u>	<u>(56,882)</u>
Geographic Revenue				
Canada	274,843	262,335	1,068,376	994,368
US	207,426	195,804	804,586	687,035
Total revenue	<u>482,269</u>	<u>458,139</u>	<u>1,872,962</u>	<u>1,681,403</u>

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

	December 31, 2023	December 31, 2022
	\$	\$
Assets		
Current assets		
Dividends receivable	1,793	-
Distributions receivable	-	1,790
Income tax recoverable	652	580
	<u>2,445</u>	<u>2,370</u>
Non-current assets		
Investment in associate	68,162	79,338
	<u>68,162</u>	<u>79,338</u>
Total assets	<u>70,607</u>	<u>81,708</u>
Liabilities		
Current liabilities		
Dividend payable	1,793	1,790
Payable to investee	457	170
	<u>2,250</u>	<u>1,960</u>
Non-current liabilities		
Deferred income taxes	-	5,718
	<u>-</u>	<u>5,718</u>
Total liabilities	<u>2,250</u>	<u>7,678</u>
Equity		
Common shares	22,560	22,379
Contributed surplus	144,819	144,819
Deficit	(115,027)	(108,008)
Accumulated other comprehensive income	16,005	14,840
	<u>16,005</u>	<u>14,840</u>
Total equity	<u>68,357</u>	<u>74,030</u>
Total liabilities and equity	<u>70,607</u>	<u>81,708</u>

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

	3-month period ended December 31, 2023	3-month period ended December 31, 2022	12-month period ended December 31, 2023	12-month period ended December 31, 2022
	\$	\$	\$	\$
Share of income (loss)	2,212	2,339	(697)	(8,086)
Depreciation of fair value increments	(279)	(1,271)	(1,165)	(5,213)
Equity income (loss)	1,933	1,068	(1,862)	(13,299)
Dilution gain	245	269	1,032	752
Income (loss) before income taxes	2,178	1,337	(830)	(12,547)
Current tax expense (recovery)	215	38	215	(410)
Deferred tax expense (recovery)	-	2,289	3,892	(1,888)
Income tax expense (recovery)	215	2,327	4,107	(2,298)
Net income (loss)	1,963	(990)	(4,937)	(10,249)
Basic earnings (loss) per share	0.20	(0.10)	(0.50)	(1.03)
Weighted average number of shares outstanding	9,962,907	9,944,972	9,955,981	9,936,187

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

	3-month period ended December 31, 2023	3-month period ended December 31, 2022	12-month period ended December 31, 2023	12-month period ended December 31, 2022
	\$	\$	\$	\$
Cash flows from (used in) operating activities				
Net income (loss)	1,963	(990)	(4,937)	(10,249)
Items not affecting cash				
Equity loss (income)	(1,933)	(1,068)	1,862	13,299
Dilution gain	(245)	(269)	(1,032)	(752)
Income tax expense (recovery)	215	2,327	4,107	(2,298)
Total items not affecting cash	(1,963)	990	4,937	10,249
Net change in non-cash working capital	424	-	287	(76)
Tax refunds (payments), net	(424)	-	(287)	38
Tax Distribution received, net	-	-	-	38
Net cash from (used in) operating activities	-	-	-	-
Cash flows from investing activities				
Dividends received, net	1,742	-	6,984	-
Partnership unit distributions received, net	-	1,731	-	6,617
Net cash from investing activities	1,742	1,731	6,984	6,617
Cash flows used in financing activities				
Dividends paid, net	(1,742)	(1,731)	(6,984)	(6,617)
Net cash used in financing activities	(1,742)	(1,731)	(6,984)	(6,617)
Increase (decrease) in cash and cash equivalents during the period	-	-	-	-
Cash and cash equivalents - Beginning of period	-	-	-	-
Cash and cash equivalents - End of period	-	-	-	-