



**KRUGER PRODUCTS L.P.**

**UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENT  
FOR THE 3-MONTH AND 9-MONTH PERIODS ENDED SEPTEMBER 30, 2019  
AND SEPTEMBER 30, 2018**

# Kruger Products L.P.

## Unaudited Condensed Consolidated Statement of Financial Position

(tabular amounts are in thousands of Canadian dollars)

	September 30, 2019	Restated (note 19) December 31, 2018	Restated (note 19) January 1, 2018
	\$	\$	\$
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	82,407	169,884	8,837
Trade and other receivables	107,515	127,633	113,194
Receivables from related parties (note 14)	-	172	85
Current portion of advances to partners (note 12)	101	-	1,928
Inventories	196,410	202,916	192,394
Income tax recoverable	555	362	522
Prepaid expenses	6,025	4,065	5,509
	<u>393,013</u>	<u>505,032</u>	<u>322,469</u>
<b>Non-current assets</b>			
Advances to partners (note 12)	-	1,704	4,489
Property, plant and equipment (note 6)	861,226	786,022	761,610
Right-of-use assets (note 7)	105,128	94,247	99,174
Other long-term assets	8,115	10	6,331
Goodwill	160,939	160,939	160,939
Intangible assets	15,276	14,924	15,327
Deferred income taxes	32,713	33,440	26,092
<b>Total assets</b>	<u>1,576,410</u>	<u>1,596,318</u>	<u>1,396,431</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Bank indebtedness	-	-	9,051
Trade and other payables	192,775	238,856	190,698
Payables to related parties (note 14)	6,840	5,620	2,596
Income tax payable	463	80	498
Distributions payable (notes 12 and 14)	11,195	10,723	10,382
Current portion of provisions (note 9)	761	292	333
Current portion of long-term debt (note 10)	9,306	13,939	190,947
Current portion of lease liabilities (note 11)	16,745	16,178	15,169
	<u>238,085</u>	<u>285,688</u>	<u>419,674</u>
<b>Non-current liabilities</b>			
Long-term debt (note 10)	587,065	563,955	225,368
Lease liabilities (note 11)	109,380	98,952	104,888
Provisions (note 9)	5,427	5,398	5,973
Pensions (note 8)	165,269	104,939	119,558
Post-retirement benefits (note 8)	61,420	54,051	60,457
<b>Liabilities to non-unitholders</b>	<u>1,166,646</u>	<u>1,112,983</u>	<u>935,918</u>
Current portion of Partnership units liability (note 12)	6,187	-	1,928
Long-term portion of Partnership units liability (note 12)	114,978	116,524	158,381
<b>Total Partnership units liability</b>	<u>121,165</u>	<u>116,524</u>	<u>160,309</u>
<b>Total liabilities</b>	<u>1,287,811</u>	<u>1,229,507</u>	<u>1,096,227</u>
<b>Equity</b>			
Partnership units (note 12)	399,061	376,274	356,240
Deficit	(195,025)	(102,502)	(123,123)
Accumulated other comprehensive income	84,563	93,039	67,087
<b>Total equity</b>	<u>288,599</u>	<u>366,811</u>	<u>300,204</u>
<b>Total equity and liabilities</b>	<u>1,576,410</u>	<u>1,596,318</u>	<u>1,396,431</u>
<b>Subsequent events (note 12)</b>			

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

**Kruger Products L.P.**  
**Unaudited Condensed Consolidated Statement of Comprehensive Income (Loss)**  
**For the 3-month and 9-month periods ended September 30, 2019 and September 30, 2018**

(tabular amounts are in thousands of Canadian dollars)

	3-month period ended September 30, 2019 \$	Restated (note 19) 3-month period ended September 30, 2018 \$	9-month period ended September 30, 2019 \$	Restated (note 19) 9-month period ended September 30, 2018 \$
<b>Revenue (note 14)</b>	369,358	348,590	1,086,009	1,011,098
<b>Expenses</b>				
Cost of sales (note 14)	317,053	311,400	962,884	901,057
Selling, general and administrative expenses (note 14)	25,751	20,553	73,177	63,535
(Gain) loss on sale of non-financial assets	1	1	7	(207)
Restructuring costs, net (note 9)	1,549	-	1,846	1
<b>Operating income</b>	25,004	16,636	48,095	46,712
Interest expense	11,445	13,425	34,175	39,911
Other (income) expense (note 5)	2,344	(465)	4,057	544
<b>Income before income taxes</b>	11,215	3,676	9,863	6,257
<b>Income taxes (note 13)</b>	728	(545)	1,656	(1,185)
<b>Net income for the period</b>	10,487	4,221	8,207	7,442
<b>Other comprehensive income (loss)</b>				
<b>Items that will not be reclassified to net income:</b>				
Remeasurements of pensions	(9,718)	11,051	(60,130)	28,722
Remeasurements of post-retirement benefits	(421)	7,068	(6,752)	7,490
<b>Items that may be subsequently reclassified to net income:</b>				
Cumulative translation adjustment	4,037	(4,963)	(8,476)	9,947
<b>Total other comprehensive income (loss) for the period</b>	(6,102)	13,156	(75,358)	46,159
<b>Comprehensive income (loss) for the period</b>	4,385	17,377	(67,151)	53,601

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

# Kruger Products L.P.

## Unaudited Condensed Consolidated Statement of Changes in Equity

For the 9-month periods ended September 30, 2019 and September 30, 2018

(tabular amounts are in thousands of Canadian dollars, except unit amounts)

	Partnership units		Deficit \$	Accumulated other comprehensive income \$	Total equity \$
	#	\$			
<b>As of January 1, 2018 Restated (note 19)</b>	57,675,039	356,240	(123,123)	67,087	300,204
Change in accounting policy (note 3)	-	-	(6,331)	-	(6,331)
<b>Restated total equity as of January 1, 2018</b>	<u>57,675,039</u>	<u>356,240</u>	<u>(129,454)</u>	<u>67,087</u>	<u>293,873</u>
Distributions payable (note 12)	-	-	(10,620)	-	(10,620)
Distributions paid (note 12)	-	-	(20,976)	-	(20,976)
Fair value adjustment (note 12)	-	467	(467)	-	-
Change in actuarial gain on pension	-	-	28,722	-	28,722
Change in actuarial gain on post-retirement benefits	-	-	7,490	-	7,490
Cumulative translation adjustment	-	-	-	9,947	9,947
Net income for the period	-	-	7,442	-	7,442
Issuance of partnership units (note 12)	1,325,105	14,694	-	-	14,694
<b>As of September 30, 2018 Restated</b>	<u>59,000,144</u>	<u>371,401</u>	<u>(117,863)</u>	<u>77,034</u>	<u>330,572</u>
<b>As of December 31, 2018 Restated (note 19)</b>	59,571,399	376,274	(102,502)	93,039	366,811
Distributions payable (note 12)	-	-	(11,195)	-	(11,195)
Distributions paid (note 12)	-	-	(21,912)	-	(21,912)
Fair value adjustment (note 12)	-	741	(741)	-	-
Change in actuarial loss on pension	-	-	(60,130)	-	(60,130)
Change in actuarial loss on post-retirement benefits	-	-	(6,752)	-	(6,752)
Cumulative translation adjustment	-	-	-	(8,476)	(8,476)
Net income for the period	-	-	8,207	-	8,207
Issuance of partnership units (note 12)	2,624,704	22,046	-	-	22,046
<b>As of September 30, 2019</b>	<u>62,196,103</u>	<u>399,061</u>	<u>(195,025)</u>	<u>84,563</u>	<u>288,599</u>

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

# Kruger Products L.P.

## Unaudited Condensed Consolidated Statement of Cash Flows

For the 9-month periods ended September 30, 2019 and September 30, 2018

(tabular amounts are in thousands of Canadian dollars)

	9-month period ended September 30, 2019	Restated (note 19) 9-month period ended September 30, 2018
	\$	\$
<b>Cash flows from (used in) operating activities</b>		
Net income for the period	8,207	7,442
Items not affecting cash		
Depreciation	43,533	45,783
Amortization	1,105	1,078
Loss (gain) on sale of property, plant and equipment	(5)	434
Change in amortized cost of Partnership units liability (note 5)	4,641	716
Loss on sale of shares (note 5)	586	-
Foreign exchange loss (gain) (note 5)	(1,170)	123
Change in fair value of derivatives (note 5)	-	(295)
Interest expense	34,175	39,911
Pension and post-retirement benefits (note 8)	8,275	9,850
Provisions (note 9)	3,437	86
Income taxes	1,656	(1,185)
Loss (gain) on sale of non-financial assets	7	(207)
Total items not affecting cash	96,240	96,294
Net change in non-cash working capital (note 17)	(32,955)	(34,609)
Contributions to pension and post-retirement benefit plans	(11,641)	(12,308)
Provisions paid (note 9)	(860)	(247)
Income tax payments	(2,414)	(1,863)
<b>Net cash from operating activities</b>	<b>56,577</b>	<b>54,709</b>
<b>Cash flows from (used in) investing activities</b>		
Purchases of property, plant and equipment	(19,272)	(35,869)
Purchases of property, plant and equipment related to the TAD2 project	(94,460)	-
Interest paid on credit facilities related to the TAD2 project	(2,207)	-
Government assistance received	-	1,182
Purchases of software	(1,457)	(1,023)
Proceeds on sale of shares (note 5)	3,314	-
Proceeds on sale of property, plant and equipment	5	323
<b>Net cash used in investing activities</b>	<b>(114,077)</b>	<b>(35,387)</b>
<b>Cash flows from (used in) financing activities (note 18)</b>		
Proceeds from long-term debt	23,985	195,001
Repayment of long-term debt	(9,364)	(127,516)
Payment of deferred financing fees	(1,280)	(4,103)
Payment of lease liabilities	(12,613)	(11,820)
Interest paid on long-term debt	(20,048)	(25,660)
Distributions and advances paid, net (note 12)	(8,986)	(18,374)
<b>Net cash from (used in) financing activities</b>	<b>(28,306)</b>	<b>7,528</b>
<b>Effect of exchange rate changes on cash and cash equivalents held in foreign currency</b>	<b>(1,671)</b>	<b>293</b>
<b>Increase (decrease) in cash and cash equivalents during the period</b>	<b>(87,477)</b>	<b>27,143</b>
<b>Cash and cash equivalents - Beginning of period</b>	<b>169,884</b>	<b>(214)</b>
<b>Cash and cash equivalents - End of period</b>	<b>82,407</b>	<b>26,929</b>

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

# Kruger Products L.P.

## Notes to Unaudited Condensed Consolidated Financial Statements

For the 9-month periods ended September 30, 2019 and September 30, 2018

---

(tabular amounts are in thousands of Canadian dollars, except unit amounts)

### 1 General information

Kruger Products L.P. (KPLP or the Partnership) is a limited partnership registered in the Province of Quebec, Canada whose partners are Kruger Inc. (ultimate parent), KPGP Inc. (KPGP), and KP Tissue Inc. (KPT). The Partnership manufactures, sells and distributes tissue products for household, industrial and commercial use. The Partnership has plants in New Westminster, British Columbia; Crabtree, Quebec; Sherbrooke, Quebec; Gatineau, Quebec; Scarborough and Trenton, Ontario and Memphis, Tennessee. The Partnership's headquarters are located in Mississauga, Ontario, Canada.

### 2 Basis of presentation

These unaudited condensed consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) applicable to the preparation of interim financial statements, including International Accounting Standard (IAS) 34 - Interim Financial Reporting as issued by the International Accounting Standards Board (IASB), and with interpretations of the International Financial Reporting Committee which the Canadian Accounting Standards Board has approved for incorporation into Part 1 of the CPA Canada Handbook - Accounting. These unaudited condensed consolidated financial statements should be read in conjunction with the annual audited consolidated financial statements of the Partnership for the year ended December 31, 2018.

The 3-month period ended September 30, 2019 represents the 92 day period from July 1 to September 30, 2019 and the 3-month period ended September 30, 2018 represents the 91 day period from July 2 to September 30, 2018. The 9-month period ended September 30, 2019 represents the 273 day period from January 1 to September 30, 2019 and the 9-month period ended September 30, 2018 represents the 273 day period from January 1 to September 30, 2018.

These unaudited condensed consolidated financial statements were approved by the board of directors of KPGP on November 6, 2019.

### 3 Summary of significant accounting policies

The Partnership adopted IFRS 15, Revenue from Contracts with Customers on January 1, 2018 using the modified retrospective approach. The adoption of this standard had no significant impact on the unaudited condensed consolidated financial statements of the Partnership. The application of IFRS 15 resulted in a change in the Partnership's revenue recognition related to dispensers and related revenue. The Partnership recorded a transitional adjustment of \$6.3 million in the deficit, to reduce the balance related to the dispensers recorded in Other long term assets at December 31, 2017.

The significant accounting policies that have been used in the preparation of these unaudited condensed consolidated financial statements are described in the annual audited consolidated financial statements of the Partnership for the year ended December 31, 2018 and have been applied to all periods presented except the following accounting policies, which were adopted effective January 1, 2019.

- (i) IAS 19, Employee Benefits. In February 2018, the IASB issued an amendment in connection with defined benefit plans and accounting for plan amendments, settlements or curtailments. The mandatory effective date was for annual periods beginning on or after January 1, 2019. The amended standard had no impact on the unaudited condensed consolidated financial statements.
- (ii) IAS 23, Borrowing Costs. In December 2017, the IASB issued Annual Improvements to IFRS Standards 2015-2017 Cycle, which includes an amendment to IAS 23, Borrowing Costs. The amendment clarifies borrowing costs eligible for capitalization. The mandatory effective date was for annual periods beginning on or after January 1, 2019. The amended standard had no impact on the unaudited condensed consolidated financial statements.

# Kruger Products L.P.

## Notes to Unaudited Condensed Consolidated Financial Statements

For the 9-month periods ended September 30, 2019 and September 30, 2018

---

(tabular amounts are in thousands of Canadian dollars, except unit amounts)

- (iii) IAS 28, Interests in Associates and Joint Ventures. In February 2018, the IASB issued an amendment to clarify that an entity applies IFRS 9, including its impairment requirements, to long term interests in an associate or joint venture to which the equity method is not applied. The mandatory effective date was for annual periods beginning on or after January 1, 2019. The amended standard had no impact on the unaudited condensed consolidated financial statements.
- (iv) Effective January 1, 2019, the Partnership adopted IFRS 16 Leases, using the full retrospective approach. Under this approach all comparative period information has been restated to reflect the adoption of IFRS 16. An opening statement of financial position at the beginning of the earliest comparative period, January 1, 2018, is presented, as is a restated statement of financial position at December 31, 2018. Impacts on the unaudited condensed consolidated statement of financial position, the unaudited condensed consolidated statement of comprehensive income (loss) and the unaudited condensed consolidated statement of cash flows are disclosed in note 19.

IFRS 16 establishes principles on how to recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all major leases. IFRS 16 superseded the current lease recognition guidance, including IAS 17 Leases and the related interpretations, when it became effective.

The primary changes to lease accounting as a result of adopting IFRS 16 include the following:

- The definition of a lease has changed under the new standard. Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Previously, the Partnership determined at contract inception whether an arrangement is or contains a lease under IFRIC 4;
- Under IFRS 16, the lessee recognizes a right-of-use asset and a lease liability upon lease commencement for leases with a lease term of greater than one year. The right-of-use asset is initially measured at the amount of the lease liability plus any initial direct costs incurred by the lessee. Subsequent measurement is determined based on the nature of the underlying asset. The lease liability is initially measured at the present value of the lease payments payable over the lease term and discounted at the implied lease rate. If the implied lease rate cannot be readily determined, the lessee uses its incremental borrowing rate. Subsequent re-measurement is required under specific circumstances.

Previously, the Partnership classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Partnership;

- IFRS 16 provides detailed guidance on determining the lease term when the Partnership has an option to extend the lease; and
- The new standard includes extensive disclosure requirements that differ from previous requirements.

At inception of a contract, the Partnership assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Partnership recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured based on the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

# Kruger Products L.P.

## Notes to Unaudited Condensed Consolidated Financial Statements

For the 9-month periods ended September 30, 2019 and September 30, 2018

---

(tabular amounts are in thousands of Canadian dollars, except unit amounts)

The right-of-use asset is subsequently depreciated to the earlier of the end of their useful life or the lease term using the straight-line method as this most closely reflects the expected pattern of consumption of the future economic benefits as follows:

Land	25 years
Buildings	1 to 34 years
Equipment	1 to 10 years
Motor vehicles	1 to 4 years

The lease term includes periods covered by an option to extend if the Partnership is reasonably certain to exercise that option.

In addition, the right-of-use asset may be periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Partnership's incremental borrowing rate. Generally, the Partnership uses its incremental borrowing rate as the discount rate. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Partnership's estimate of the amount expected to be payable under a residual value guarantee, or if the Partnership changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Partnership has elected to present right-of-use assets separately from property, plant and equipment and lease liabilities are presented under current and non-current liabilities in the unaudited condensed consolidated statement of financial position.

At the inception of the lease, the Partnership records the right-of-use asset based on the corresponding lease liability over the term of the lease. Right-of-use assets of \$94.2 million and lease obligations of \$115.1 million were recorded as of January 1, 2019, adjusted for \$2.8 million of lease payments made at or before January 1, 2019, with a \$23.7 million net impact on the deficit. When measuring lease liabilities, the Partnership discounted lease payments using its incremental borrowing rate at the lease commencement date. The weighted-average rate applied is 4.63% at September 30, 2019.

Payments to suppliers includes payments for leases of low-value assets, payments for short-term leases and variable lease payments not included in the measurement of lease liabilities. Interest paid includes cash payments for the interest portion of lease liabilities.

In applying IFRS 16 upon initial adoption, the Partnership has used the following practical expedients permitted by the standard:

- The Partnership adopted the recognition exemptions permitted for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The lease payments associated with these leases are recognized as an expense on a straight-line basis over the lease term;



# Kruger Products L.P.

## Notes to Unaudited Condensed Consolidated Financial Statements

For the 9-month periods ended September 30, 2019 and September 30, 2018

---

(tabular amounts are in thousands of Canadian dollars, except unit amounts)

- The Partnership has applied the practical expedient whereby the Partnership is not required to reassess which transactions are leases on the date of initial application, as previously assessed under IAS 17 and IFRIC 4. The Partnership applied the definition of a lease under IFRS 16 to contracts entered into or changed on or after January 1, 2019;
- The Partnership has applied the practical expedient whereby certain classes of underlying assets are not required to separate non-lease components from lease components, and instead account for each lease component and any associated non-lease components within the contract as a single lease component.

The application of IFRS 16 Leases requires significant judgements and certain key estimations to be made.

Critical judgements required in the application of IFRS 16 include the following:

- Identifying whether a contract (or part of a contract) includes a lease;
- Determining whether it is reasonably certain that an extension or termination option will be exercised;
- Determining whether variable payments are in-substance fixed;
- Establishing whether there are multiple leases in an arrangement; and
- Determining the stand-alone selling price of lease and non-lease components.

Key sources of estimation uncertainty in the application of IFRS 16 includes the following:

- Estimating the lease term;
- Determining the appropriate rate to discount lease payments; and
- Assessing whether a right-of-use asset is impaired.

The impact of new standards, amendments to standards and interpretations that have been issued but not yet effective for financial periods beginning on or after January 1, 2020 and have not been early adopted have been discussed in the annual audited consolidated financial statements for the year ended December 31, 2018, except for the following:

- (i) IAS 1 and IAS 8, Definition of Material. In October 2018, the IASB issued amendments to the definition of material in IAS 1 and IAS 8 and provide guidance to improve consistency in the application of the concept whenever it is used. The mandatory effective date would be annual periods beginning on or after January 1, 2020, with early adoption permitted. The amended standards are not expected to have an impact on the unaudited condensed consolidated financial statements.
- (ii) IFRS 3, Definition of a Business. In October 2018, the IASB issued an amendment that revises the definition of a business. The amendment aims to resolve the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The mandatory effective date would be annual periods beginning on or after January 1, 2020, with early adoption permitted. The amended standard is not expected to have an impact on the unaudited condensed consolidated financial statements.
- (iii) IFRS 9/IAS 39 and IFRS 7, Interest Rate Benchmark Reform (Phase 1). In September 2019, the IASB issued amendments that provide temporary relief from applying specific hedge accounting requirements to hedging relationships directly affected by IBOR reform and require certain related disclosures. The mandatory effective date would be annual periods beginning on or after January 1, 2020, with early adoption permitted. The amended standards are not expected to have an impact on the unaudited condensed consolidated financial statements.

# Kruger Products L.P.

## Notes to Unaudited Condensed Consolidated Financial Statements

For the 9-month periods ended September 30, 2019 and September 30, 2018

(tabular amounts are in thousands of Canadian dollars, except unit amounts)

### 4 Critical accounting estimates and judgements

The preparation of these unaudited condensed consolidated financial statements in conformity with IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities in the unaudited condensed consolidated financial statements and the disclosure of contingencies at the dates of the unaudited condensed consolidated statements of financial position, and the reported amounts of revenues and expenses during the reporting period. On a regular basis and with the information available, management reviews its estimates. Actual results could differ from those estimates. When adjustments become necessary, they are reported in earnings in the period in which they occur. The estimates and judgement applied by management that most significantly affect the unaudited condensed consolidated financial statements are the same as the ones that applied to the annual audited consolidated financial statements for the year ended December 31, 2018 except for new significant judgements and key source of estimation uncertainty related to the application of IFRS 16 which are described in note 3. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and the future periods if the revision affects both current and future periods.

### 5 Other (income) expense

	3-month period ended September 30, 2019	3-month period ended September 30, 2018	9-month period ended September 30, 2019	9-month period ended September 30, 2018
	\$	\$	\$	\$
Foreign exchange (gain) loss	488	(534)	(1,170)	123
Change in amortized cost of Partnership units liability	1,547	-	4,641	716
Change in fair value of derivatives	(277)	69	-	(295)
Loss on sale of shares	586	-	586	-
	<u>2,344</u>	<u>(465)</u>	<u>4,057</u>	<u>544</u>

On September 20, 2019, the Partnership sold its share interest in Grupo Tissue de Mexico (GTM) for expected proceeds of US\$5.1 million. The Partnership received partial proceeds of US\$2.5 million during the 3-month period ended September 30, 2019, with the remainder expected to be received no later than December 13, 2019. The remaining proceeds expected to be received are included in Trade and other receivables. The sale resulted in a loss of \$0.6 million, which was reclassified from Accumulated other comprehensive income to Other (income) expense during the 3-month period ended September 30, 2019.

# Kruger Products L.P.

## Notes to Unaudited Condensed Consolidated Financial Statements

For the 9-month periods ended September 30, 2019 and September 30, 2018

(tabular amounts are in thousands of Canadian dollars, except unit amounts)

### 6 Property, plant and equipment

	Land \$	Buildings \$	Machinery and equipment \$	Assets under construction or development \$	Total \$
<b>As of January 1, 2019</b>					
Cost	38,006	201,684	1,183,635	36,751	1,460,076
Accumulated depreciation	-	(91,200)	(582,854)	-	(674,054)
<b>Net book value as of January 1, 2019</b>	38,006	110,484	600,781	36,751	786,022
Additions	-	-	-	117,926	117,926
Capitalized interest	-	-	-	6,291	6,291
Disposals	-	-	(5)	-	(5)
Remeasurement adjustment (note 9(a))	-	(2,265)	-	-	(2,265)
Transfers	-	559	19,311	(19,870)	-
Depreciation	-	(3,800)	(31,858)	-	(35,658)
Exchange differences	(46)	(1,656)	(9,333)	(50)	(11,085)
<b>As of September 30, 2019</b>	37,960	103,322	578,896	141,048	861,226
<b>As of September 30, 2019</b>					
Cost	37,960	197,844	1,188,729	141,048	1,565,581
Accumulated depreciation	-	(94,522)	(609,833)	-	(704,355)
<b>Net book value as of September 30, 2019</b>	37,960	103,322	578,896	141,048	861,226

# Kruger Products L.P.

## Notes to Unaudited Condensed Consolidated Financial Statements

For the 9-month periods ended September 30, 2019 and September 30, 2018

(tabular amounts are in thousands of Canadian dollars, except unit amounts)

### 7 Right-of-use assets

	Land \$	Buildings \$	Equipment \$	Motor vehicles \$	Total \$
<b>As of January 1, 2018</b>					
Cost	34,852	118,236	3,974	1,742	158,804
Accumulated right-of-use depreciation	(20,560)	(36,279)	(2,075)	(716)	(59,630)
<b>Net book value</b>					
<b>as of January 1, 2018</b>	14,292	81,957	1,899	1,026	99,174
Additions	-	4,171	1,047	442	5,660
Right-of-use depreciation	(1,393)	(7,841)	(877)	(529)	(10,640)
Exchange differences	-	28	16	9	53
<b>As of December 31, 2018</b>	12,899	78,315	2,085	948	94,247
<b>As of December 31, 2018</b>					
Cost	34,852	122,435	5,062	2,202	164,551
Accumulated right-of-use depreciation	(21,953)	(44,120)	(2,977)	(1,254)	(70,304)
<b>Net book value</b>					
<b>as of December 31, 2018</b>	12,899	78,315	2,085	948	94,247
Additions	9,162	8,455	1,696	326	19,639
Right-of-use depreciation	(1,048)	(6,412)	(859)	(415)	(8,734)
Exchange differences	-	(14)	(7)	(3)	(24)
<b>As of September 30, 2019</b>	21,013	80,344	2,915	856	105,128
<b>As of September 30, 2019</b>					
Cost	44,014	130,877	6,740	2,521	184,152
Accumulated right-of-use depreciation	(23,001)	(50,533)	(3,825)	(1,665)	(79,024)
<b>Net book value</b>					
<b>as of September 30, 2019</b>	21,013	80,344	2,915	856	105,128

### 8 Pensions and post-retirement benefits

The following were the significant assumptions for the defined benefit pension plans and other benefit plans:

	Pensions		Post-retirement benefit plans	
	September 30, 2019 %	December 31, 2018 %	September 30, 2019 %	December 31, 2018 %
Assumptions				
Discount rate - accrued benefit obligation	2.88	3.65	2.88	3.65
Rate of compensation increases	3.25 - 4.00	3.25 - 4.00		

# Kruger Products L.P.

## Notes to Unaudited Condensed Consolidated Financial Statements

For the 9-month periods ended September 30, 2019 and September 30, 2018

(tabular amounts are in thousands of Canadian dollars, except unit amounts)

The net benefit pension plan expense included the following components:

	Pensions		Post-retirement benefit plans	
	3-month period ended September 30, 2019 \$	3-month period ended September 30, 2018 \$	3-month period ended September 30, 2019 \$	3-month period ended September 30, 2018 \$
<b>Net benefit plan expense</b>				
Current service cost	2,434	2,313	469	519
Interest cost	5,578	5,340	447	460
Expected return on plan assets	(4,488)	(4,361)	-	-
Administrative cost	171	99	-	-
	3,695	3,391	916	979
	Pensions		Post-retirement benefit plans	
	9-month period ended September 30, 2019 \$	9-month period ended September 30, 2018 \$	9-month period ended September 30, 2019 \$	9-month period ended September 30, 2018 \$
<b>Net benefit plan expense</b>				
Current service cost	6,469	7,877	1,376	1,555
Interest cost	16,739	16,030	1,342	1,381
Expected return on plan assets	(13,899)	(13,074)	-	-
Administrative cost	430	418	-	-
	9,739	11,251	2,718	2,936

# Kruger Products L.P.

## Notes to Unaudited Condensed Consolidated Financial Statements

For the 9-month periods ended September 30, 2019 and September 30, 2018

(tabular amounts are in thousands of Canadian dollars, except unit amounts)

### 9 Provisions

	Environmental and asset retirement obligations <sup>(a)</sup>	Long-term incentives, DSUs, PSUs and RSUs <sup>(b)</sup>	Restructuring	Total
	\$	\$	\$	\$
<b>Provisions as of</b>				
<b>January 1, 2019</b>	4,831	859	-	5,690
<b>Current</b>	-	292	-	292
<b>Non-current</b>	4,831	567	-	5,398
<b>Provisions as of</b>				
<b>January 1, 2019</b>	4,831	859	-	5,690
Additional provisions	-	1,591	1,846	3,437
Remeasurement adjustment (note 6)	(2,265)	-	-	(2,265)
Paid during the period	-	(176)	(684)	(860)
Interest accretion	186	-	-	186
<b>Provisions as of</b>				
<b>September 30, 2019</b>	2,752	2,274	1,162	6,188
<b>Current</b>	-	263	498	761
<b>Non-current</b>	2,752	2,011	664	5,427

(a) Environmental and asset retirement obligations

The Partnership has made a provision for the potential obligation under a land lease at one of its plant locations to demolish the building and restore the land at the end of the lease to its original condition. The current lease ends in 2028. During the 3-month period ended September 30, 2019, the Partnership entered into a new lease agreement for a term of five years commencing March 28, 2028 with four options to extend the lease for respective periods of five years each, to be fully completed no later than March 27, 2053. This resulted in a remeasurement of the original obligation for \$2.3 million due to changes in the expected timing of settlement. The estimated undiscounted amount to settle this obligation would be between \$13.1 million and \$17.3 million. The liability is estimated using a discounted cash flow with a discount rate of 4.655% (December 31, 2018 – 5.135%).

(b) Long-term incentives, DSUs, PSUs and RSUs

Long-term incentives include the Executive Long-Term Incentive Plan (LTIP) for the Partnership. The LTIP uses performance share units (PSUs) and restricted share units (RSUs). Performance results are based primarily on Adjusted EBITDA return on capital employed using a three year average, along with other components. The LTIP is paid in cash in May of the year following the three year period it is earned. The compensation expense is recognized over the same three year period.

The Partnership has adopted a policy that requires that each director own a minimum of 5,000 common shares and/or share equivalents in the form of deferred share units (DSUs) of KPT. A deferred share unit plan (Plan) has been adopted which allows independent directors to receive all or part of their director retainer fees in the form of DSUs. The Plan allows for the issuance of additional units as dividend equivalents when KPT declares and issues a dividend to shareholders. Upon the individual ceasing to be a director, the DSUs will be paid out in cash. As of September 30, 2019, DSUs of \$0.2 million were recorded (December 31, 2018 – \$0.08 million).

# Kruger Products L.P.

## Notes to Unaudited Condensed Consolidated Financial Statements

For the 9-month periods ended September 30, 2019 and September 30, 2018

(tabular amounts are in thousands of Canadian dollars, except unit amounts)

### 10 Long-term debt

	Maturity	September 30, 2019 \$	December 31, 2018 \$
Senior Credit Facility <sup>(a)</sup>	2023	123,069	109,008
Senior Unsecured Notes	2025	122,244	121,887
AgCredit Agreement	2036	190,467	190,191
IQ Debenture	2028	91,007	86,925
Quebec PM Loan	2026	28,177	32,626
Nordea2 Credit Facility	2029	33,461	24,832
Nordea Credit Facility	2019	4,369	8,960
Ontario Loan	2026	3,577	3,465
		<u>596,371</u>	<u>577,894</u>
Less: Current portion of long-term debt		<u>9,306</u>	<u>13,939</u>
		<u>587,065</u>	<u>563,955</u>

- (a) On September 19, 2019, the Partnership entered into a second supplemental credit agreement to the sixth amended and restated credit agreement (the Senior Credit Agreement) related to its revolving credit facility (the Senior Credit Facility). The maturity date of the Senior Credit Facility was also amended to September 19, 2023.

The Senior Credit Facility was increased to \$250.0 million from \$200.0 million. The Senior Credit Agreement requires the Restricted Credit Parties to comply with certain financial covenants. The financial covenants are calculated on an Adjusted Consolidated Basis (as defined in the Senior Credit Agreement) such that the Unrestricted Credit Parties are accounted for as investments but not consolidated. As such, the Unrestricted Subsidiaries' EBITDA are not included in such calculations. The Partnership is no longer required to maintain the Ratio of Total Net Funded Debt to EBITDA.

The Partnership shall maintain on an adjusted consolidated basis and quarterly financial basis:

Ratio of Senior Secured Net Funded Debt to EBITDA not greater than:

- (i) 3.00 to 1.00 until December 31, 2018, inclusively;
- (ii) 3.25 to 1.00 from January 1, 2019 to March 31, 2019;
- (iii) 3.75 to 1.00 from April 1, 2019 to September 30, 2019;
- (iv) 3.50 to 1.00 from October 1, 2019 to June 30, 2020;
- (v) 3.25 to 1.00 from July 1, 2020 to September 30, 2020; and
- (vi) 3.00 to 1.00 thereafter;

Interest Coverage Ratio of at least 3.00 to 1.00.

Borrowings under the Senior Credit Facility bear interest at a base rate of Canadian Prime Rate, U.S. Base Rate, LIBOR, Banker's Acceptance Stamping Fees or LC Fees, plus a margin varying between 0.20% and 3.50% depending on the Ratio of Total Net Funded Debt to EBITDA (as defined in the Senior Credit Agreement) and the type of advance. Stand-By Fees are also payable on the available portion of the Senior Credit Facility at a rate varying between 0.24% and 0.70% depending on the Restricted Credit Parties' Ratio of Total Net Funded Debt to EBITDA (as defined in the Senior Credit Agreement).

# Kruger Products L.P.

## Notes to Unaudited Condensed Consolidated Financial Statements

For the 9-month periods ended September 30, 2019 and September 30, 2018

(tabular amounts are in thousands of Canadian dollars, except unit amounts)

### 11 Lease liabilities

The Partnership's leases relate to right-of-use of land, buildings, equipment and motor vehicles. As of September 30, 2019, the contractual undiscounted cash flows for lease liabilities were as follows:

	<b>September 30, 2019</b>
	<b>\$</b>
Less than 1 year	16,745
Between 1 and 5 years	77,457
More than 5 years	72,431
	<u>166,633</u>

Renewal options have been included in the measurement of lease liabilities when it is reasonably certain that the Partnership will exercise the renewal option.

Interest expense on lease liabilities, expenses relating to variable payments not included in the measurement of lease liabilities and expenses relating to low-value leases were as follows:

	<b>3-month period ended September 30, 2019</b>	<b>3-month period ended September 30, 2018</b>	<b>9-month period ended September 30, 2019</b>	<b>9-month period ended September 30, 2018</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Interest expense on lease liabilities <sup>(a)</sup>	1,421	1,385	3,992	4,060
Expenses relating to variable payments not included in the measurement of lease liabilities <sup>(b)</sup>	1,347	1,332	3,929	3,879
Expenses relating to low-value leases <sup>(b)</sup>	75	75	229	229
	<u>2,843</u>	<u>2,792</u>	<u>8,150</u>	<u>8,168</u>

(a) Included in interest expense in the Unaudited Condensed Consolidated Statement of Comprehensive Income (Loss).

(b) Included in cost of sales and selling, general and administrative expenses in the Unaudited Condensed Consolidated Statement of Comprehensive Income (Loss).

Expenses relating to variable payments not included in the measurement of lease liabilities include variable lease payments for operating costs, property taxes and insurance.

For the 9-month period ended September 30, 2019, expenses relating to short-term leases were not significant.



# Kruger Products L.P.

## Notes to Unaudited Condensed Consolidated Financial Statements

For the 9-month periods ended September 30, 2019 and September 30, 2018

(tabular amounts are in thousands of Canadian dollars, except unit amounts)

### 12 Distributions and Partnership units liability

	<b>Partnership units liability</b>
	<b>\$</b>
As of January 1, 2019	116,524
Change in amortized cost of Partnership units liability (note 5)	4,641
As of September 30, 2019	<u>121,165</u>

The Partnership unit distributions paid, the portion of the distribution reinvested by the partners, the additional Partnership units issued at the unit price, and the gross proceeds were as follows:

<b>Distribution Payment Date</b>	<b>9-month period ended September 30, 2019</b>			
	<b>Partnership unit distributions</b>	<b>Unit price</b>	<b>Issuance of Partnership units</b>	<b>Gross proceeds</b>
	<b>\$</b>	<b>\$</b>	<b>#</b>	<b>\$</b>
January 15, 2019	10,723	8.36	875,273	7,317
April 15, 2019	10,880	8.70	839,801	7,306
July 15, 2019	11,032	8.16	909,630	7,423
	<u>32,635</u>		<u>2,624,704</u>	<u>22,046</u>

<b>Distribution Payment Date</b>	<b>9-month period ended September 30, 2018</b>			
	<b>Partnership unit distributions</b>	<b>Unit price</b>	<b>Issuance of Partnership units</b>	<b>Gross proceeds</b>
	<b>\$</b>	<b>\$</b>	<b>#</b>	<b>\$</b>
January 15, 2018	10,382	13.50	361,174	4,876
April 16, 2018	10,447	10.70	457,788	4,898
July 16, 2018	10,529	9.72	506,143	4,920
	<u>31,358</u>		<u>1,325,105</u>	<u>14,694</u>

On October 15, 2019, the Partnership paid a distribution of \$11.2 million to the partners. Pursuant to the Partnership's Distribution Reinvestment Plan (DRIP), a portion of the distribution was reinvested by the partners, resulting in the Partnership issuing 1,097,033 Partnership units at a price of \$9.04. During the 9-month period ended September 30, 2019, a fair value adjustment of \$0.7 million was recorded to reflect the market value of the Partnership units issued.

Subsequent to September 30, 2019, the Partnership declared a distribution of \$11.4 million, payable on January 15, 2020.

# Kruger Products L.P.

## Notes to Unaudited Condensed Consolidated Financial Statements

For the 9-month periods ended September 30, 2019 and September 30, 2018

(tabular amounts are in thousands of Canadian dollars, except unit amounts)

The Partnership paid (received) Partnership unit distributions, Tax Distributions and advances to its related parties as follows:

	9-month period ended September 30, 2019		
	Advances received	Partnership unit distributions	Total
	\$	\$	\$
Paid to (received from) Kruger Inc. <sup>(a)</sup>	(1,436)	6,880	5,444
Paid to KPGP	-	3	3
Paid to (received from) KPT <sup>(b)</sup>	(167)	3,706	3,539
Total paid (received from)	(1,603)	10,589	8,986

  

	9-month period ended September 30, 2018		
	Advances paid	Partnership unit distributions	Total
	\$	\$	\$
Paid to Kruger Inc. <sup>(a)</sup>	1,436	13,179	14,615
Paid to KPGP	-	3	3
Paid to KPT <sup>(b)</sup>	274	3,482	3,756
Total paid	1,710	16,664	18,374

(a) During the 9-month periods ended September 30, 2019 and September 30, 2018, Partnership unit distributions were paid to Kruger Inc. net of the DRIP reinvestment. During the 9-month period ended September 30, 2019, Kruger Inc.'s DRIP reinvestment was \$20.6 million (9-month period ended September 30, 2018 - \$13.2 million).

(b) During the 9-month periods ended September 30, 2019 and September 30, 2018, Partnership unit distributions were paid to KPT net of the DRIP reinvestment. During the 9-month period ended September 30, 2019, KPT's DRIP reinvestment was \$1.4 million (9-month period ended September 30, 2018 - \$1.5 million).

### *Tax Distributions*

Pursuant to the Tax Distribution as defined in the Partnership Agreement, the Partnership would typically declare a Tax Distribution on February 28, 2019, related to taxes owing resulting from the taxable income of KPT for the year ended December 31, 2018. However, KPT incurred a loss for tax purposes for the year ended December 31, 2018 and as a result no Tax Distribution was declared on February 28, 2019. The excess advances over the Tax Distribution were \$1.7 million. Of that amount, \$0.1 million was used to pay the monthly tax instalment on behalf of KPT and is repayable to KPLP on or before March 31, 2020. The remaining \$1.6 million was repaid to KPLP by Kruger Inc. and KPT during the 9-month period ended September 30, 2019. The advances are non-interest bearing and non-recourse in nature and will be settled when the Tax Distribution is declared annually.

### 13 Income taxes

The Partnership is not a tax paying entity for the 9-month periods ended September 30, 2019 and September 30, 2018. The income (loss) from the Partnership flows to the partners, Kruger Inc., KPGP, and KPT. However, the Partnership's subsidiaries KP USA, KTG, TAD Canco Inc., GTM, TAD Luxembourg S.A.R.L, KP TAD Holdco Inc., TAD1 Canco I Inc., TAD1 Canco II Inc., TAD1 GP ULC, TAD2 GP ULC, and KPSI are corporate entities and, therefore, are subject to tax.

# Kruger Products L.P.

## Notes to Unaudited Condensed Consolidated Financial Statements

For the 9-month periods ended September 30, 2019 and September 30, 2018

(tabular amounts are in thousands of Canadian dollars, except unit amounts)

Income tax expense (recovery) was recognized based on management's best estimate of the weighted average annual income tax rate expected for the full financial year. The estimated weighted average annual income tax rate for the 9-month period ended September 30, 2019 was 16.8% (9-month period ended September 30, 2018 – (19.0%)).

The components of income taxes were as follows:

	3-month period ended September 30, 2019	3-month period ended September 30, 2018	9-month period ended September 30, 2019	9-month period ended September 30, 2018
	\$	\$	\$	\$
Current tax expense	638	640	2,753	1,727
Deferred tax expense (recovery)	90	(1,185)	(1,097)	(2,912)
Income taxes	728	(545)	1,656	(1,185)

### 14 Related party transactions

The Partnership makes sales to and acquires goods and services from Kruger Inc. and its subsidiary companies (related parties) in the normal course of business. These transactions are measured at the exchange amount, which is the amount agreed on by the related parties, and are non-interest bearing.

Kruger Inc. is also providing certain management and support services related to the TAD Sherbrooke Project including project management services, and engineering, construction, accounting and corporate finance support services.

Sales of goods to Kruger Inc. for the 9-month period ended September 30, 2019 were \$0.1 million (9-month period ended September 30, 2018 - \$0.4 million). Sales of goods to subsidiaries of Kruger Inc. for the 9-month period ended September 30, 2019 were \$0.1 million (9-month period ended September 30, 2018 - \$0.1 million). Goods are sold based on the price lists in force and terms that would be available to third parties.

Purchases of goods and services from Kruger Inc. for the 9-month period ended September 30, 2019 were \$4.3 million (9-month period ended September 30, 2018 - \$5.4 million). Purchases of goods and services from subsidiaries of Kruger Inc. for the 9-month period ended September 30, 2019 were \$31.1 million (9-month period ended September 30, 2018 - \$25.9 million). Goods are purchased from Kruger Inc. and related parties under normal commercial terms and conditions. These purchases of goods and services are included within cost of sales and selling, general and administrative expenses in the unaudited condensed consolidated statement of comprehensive income (loss). During the 9-month period ended September 30, 2019, management fees of \$3.3 million (9-month period ended September 30, 2018 - \$3.3 million) were paid to Kruger Inc. for management services provided to the Partnership.

# Kruger Products L.P.

## Notes to Unaudited Condensed Consolidated Financial Statements

For the 9-month periods ended September 30, 2019 and September 30, 2018

(tabular amounts are in thousands of Canadian dollars, except unit amounts)

Balances due to and from related parties were as follows:

	September 30, 2019 \$	December 31, 2018 \$
Receivables from Kruger Inc.	-	157
Receivables from subsidiaries of Kruger Inc.	-	15
	-	172
Payables to Kruger Inc.	2,367	2,785
Payables to subsidiaries of Kruger Inc.	3,986	2,566
Payables to KPT	487	269
	6,840	5,620

The receivables from and payables to related parties are based on commercial terms agreed on between the parties, unsecured and non-interest bearing. There were no provisions related to the receivables from related parties as of September 30, 2019 and December 31, 2018. There were no loans outstanding with related parties as of September 30, 2019 and December 31, 2018.

The Partnership declared distributions which are payable to its related parties as follows:

	September 30, 2019 \$	December 31, 2018 \$
Distribution payable to Kruger Inc.	9,470	9,028
Distribution payable to KPGP	1	1
Distribution payable to KPT	1,724	1,694
Total distribution payable	11,195	10,723

### 15 Segment information

#### Reportable segments

Management has determined the operating segments based on the reports reviewed by the Chief Executive Officer who is considered to be the Chief Operating Decision Maker. The Partnership operates in two industry segments: Consumer and AFH.

(a) Consumer

This segment operates using the Partnership's manufacturing facilities in Canada (New Westminster, British Columbia; Crabtree, Quebec; Sherbrooke, Quebec; Gatineau, Quebec) and in the United States (Memphis, Tennessee). The Consumer segment includes sales of branded tissue products such as Cashmere™, Purex™, White Swan™, Scotties™, Sponge Towels™ and White Cloud™ and private label tissue products.

(b) AFH

This segment operates using the Partnership's manufacturing facilities in Canada. The AFH business sells tissue products primarily through distributors to businesses involved in property management, health care, food service, manufacturing and lodging and also to public facilities.

Segment operating income is the earnings (loss) for each such segment 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)

# Kruger Products L.P.

## Notes to Unaudited Condensed Consolidated Financial Statements

For the 9-month periods ended September 30, 2019 and September 30, 2018

(tabular amounts are in thousands of Canadian dollars, except unit amounts)

changes in amortized cost of Partnership units liability, (x) change in fair value of derivatives, (xi) one-time consulting costs related to operational transformation initiatives, (xii) mergers and acquisitions (M&A) related costs and (xiii) loss (gain) on sale of shares. “Consumer Segment Adjusted EBITDA”, “AFH Segment Adjusted EBITDA” and “Other Segment Adjusted EBITDA” means in each case the Segment operating income for the respective reportable segment of KPLP.

### Corporate and other costs

Certain overhead costs of the Partnership and timing adjustments for certain manufacturing costs included in inventory are not allocated to the Consumer and AFH segments, since those items are reviewed separately by management.

The Partnership previously included in Corporate and other costs the profit or loss associated with the sales of parent rolls to other tissue manufacturing companies, primarily in the United States, and sales of recycled fibre, primarily to its parent company in Canada. These profits or losses are now included in Consumer or AFH as appropriate.

The Partnership’s assets, operations and employees are located primarily in Canada and the United States. The same long-term assets of the Partnership are used for the Consumer and AFH segments. Accordingly, assets cannot be allocated to these segments.

	3-month period ended September 30, 2019			Total \$
	Consumer \$	AFH \$	Corporate and other costs \$	
Revenue from external customers	305,033	64,325	-	369,358
Adjusted EBITDA	45,985	(1,919)	(55)	44,011
Depreciation and amortization				15,010
Interest expense				11,445
Change in amortized cost of Partnership units liability				1,547
Change in fair value of derivatives				(277)
Loss on sale of non-financial assets				1
Loss on sale of shares				586
Restructuring costs, net				1,549
Foreign exchange loss				488
One-time consulting costs related to operational transformation initiatives				2,332
M&A related costs				115
Income before income taxes				11,215
Income taxes				728
Net Income				10,487

# Kruger Products L.P.

## Notes to Unaudited Condensed Consolidated Financial Statements

For the 9-month periods ended September 30, 2019 and September 30, 2018

(tabular amounts are in thousands of Canadian dollars, except unit amounts)

	Restated (note 19)			Total \$
	3-month period ended September 30, 2018			
	Consumer \$	AFH \$	Corporate and other costs \$	
Revenue from external customers	289,162	59,428	-	348,590
Adjusted EBITDA	37,282	(3,496)	(1,266)	32,520
Depreciation and amortization				15,883
Interest expense				13,425
Change in fair value of derivatives				69
Loss on sale of non-financial assets				1
Foreign exchange gain				(534)
Income before income taxes				3,676
Income taxes				(545)
Net income				4,221

	9-month period ended September 30, 2019			Total \$
	Corporate and			
	Consumer \$	AFH \$	other costs \$	
Revenue from external customers	900,881	185,128	-	1,086,009
Adjusted EBITDA	111,432	(11,548)	(834)	99,050
Depreciation and amortization				44,638
Interest expense				34,175
Change in amortized cost of Partnership units liability				4,641
Gain on sale of property, plant and equipment				(5)
Loss on sale of non-financial assets				7
Loss on sale of shares				586
Restructuring costs, net				1,846
Foreign exchange gain				(1,170)
One-time consulting costs related to operational transformation initiatives				3,615
M&A related costs				854
Income before income taxes				9,863
Income taxes				1,656
Net income				8,207

# Kruger Products L.P.

## Notes to Unaudited Condensed Consolidated Financial Statements

For the 9-month periods ended September 30, 2019 and September 30, 2018

(tabular amounts are in thousands of Canadian dollars, except unit amounts)

	Restated (note 19)			Total \$
	9-month period ended September 30, 2018			
	Consumer \$	AFH \$	Corporate and other costs \$	
Revenue from external customers	838,562	172,536	-	1,011,098
Adjusted EBITDA	102,651	(5,622)	(3,228)	93,801
Depreciation and amortization				46,861
Interest expense				39,911
Change in amortized cost of Partnership units liability				716
Change in fair value of derivatives				(295)
Loss on sale of property, plant and equipment				434
Gain on sale of non-financial assets				(207)
Restructuring costs, net				1
Foreign exchange loss				123
Income before income taxes				6,257
Income taxes				(1,185)
Net income				7,442

### Geographic segments

The Partnership has generated revenue in Canada, the United States and Mexico. Revenue and assets were allocated to geographic segment based on the location of the customer and long-term assets, respectively.

	3-month period ended September 30, 2019	3-month period ended September 30, 2018	9-month period ended September 30, 2019	9-month period ended September 30, 2018
	\$	\$	\$	\$
<b>Revenue</b>				
Canada	213,179	205,254	618,758	596,791
US	130,769	119,726	390,345	351,086
Mexico (note 5)	25,410	23,610	76,906	63,221
	369,358	348,590	1,086,009	1,011,098

	September 30, 2019			Total \$
	Canada \$	US \$	Mexico \$	
Property, plant and equipment	502,281	358,945	-	861,226
Goodwill	160,939	-	-	160,939
Intangible assets	15,276	-	-	15,276

# Kruger Products L.P.

## Notes to Unaudited Condensed Consolidated Financial Statements

For the 9-month periods ended September 30, 2019 and September 30, 2018

(tabular amounts are in thousands of Canadian dollars, except unit amounts)

	December 31, 2018			
	Canada	US	Mexico	Total
	\$	\$	\$	\$
Property, plant and equipment	405,741	380,258	23	786,022
Goodwill	160,939	-	-	160,939
Intangible assets	14,924	-	-	14,924

### 16 Financial instruments

#### *Classification of financial instruments*

As of September 30, 2019, the classification of the financial instruments, as well as their carrying amounts and fair values, was as follows:

	Classification	Carrying amount	Fair value
		\$	\$
Cash and cash equivalents	financial assets at amortized cost	82,407	82,407
Trade and other receivables	financial assets at amortized cost	107,515	107,515
Advances to partners	financial assets at amortized cost	101	101
Embedded derivative	embedded derivative at fair value through profit and loss	10	10
Trade payables	financial liabilities at amortized cost	(91,246)	(91,246)
Accrued expenses	financial liabilities at amortized cost	(66,792)	(66,792)
Contract liabilities	financial liabilities at amortized cost	(34,614)	(34,614)
Derivative liabilities	financial liabilities at fair value through profit and loss	(123)	(123)
Payables to related parties	financial liabilities at amortized cost	(6,840)	(6,840)
Distributions payable	financial liabilities at amortized cost	(11,195)	(11,195)
Long-term debt	financial liabilities at amortized cost	(596,371)	(609,138)
Lease liabilities	financial liabilities at amortized cost	(126,125)	(126,125)
Partnership units liability	financial liabilities at amortized cost	(121,165)	(121,165)

The following table details the fair value hierarchy of financial instruments by level as of September 30, 2019:

	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Embedded derivative	-	10	-	10
Derivative liabilities	-	(123)	-	(123)
Long-term debt	-	(609,138)	-	(609,138)
Partnership units liability	-	-	(121,165)	(121,165)



# Kruger Products L.P.

## Notes to Unaudited Condensed Consolidated Financial Statements

For the 9-month periods ended September 30, 2019 and September 30, 2018

(tabular amounts are in thousands of Canadian dollars, except unit amounts)

As of December 31, 2018, the classification of the financial instruments, as well as their carrying amounts and fair values, was as follows:

	Classification	Restated (note 19) Carrying amount \$	Restated (note 19) Fair value \$
Cash and cash equivalents	financial assets at amortized cost	169,884	169,884
Trade and other receivables	financial assets at amortized cost	127,633	127,633
Receivables from related parties	financial assets at amortized cost	172	172
Advances to partners	financial assets at amortized cost	1,704	1,704
Embedded derivative	embedded derivative at fair value through profit and loss	10	10
Trade payables	financial liabilities at amortized cost	(136,650)	(136,650)
Accrued expenses	financial liabilities at amortized cost	(59,207)	(59,207)
Contract liabilities	financial liabilities at amortized cost	(42,999)	(42,999)
Payables to related parties	financial liabilities at amortized cost	(5,620)	(5,620)
Distributions payable	financial liabilities at amortized cost	(10,723)	(10,723)
Long-term debt	financial liabilities at amortized cost	(577,894)	(597,220)
Lease liabilities	financial liabilities at amortized cost	(115,130)	(115,130)
Partnership units liability	financial liabilities at amortized cost	(116,524)	(116,524)

The following table details the fair value hierarchy of financial instruments by level as of December 31, 2018:

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Embedded derivative	-	10	-	10
Long-term debt	-	(597,220)	-	(597,220)
Partnership units liability	-	-	(116,524)	(116,524)

### Fair value

Cash and cash equivalents, trade and other receivables, receivables from related parties, advances to partners, embedded derivative, bank indebtedness, trade payables, accrued expenses, contract liabilities, payables to related parties and distributions payable are short-term financial instruments whose fair value approximates the carrying amount, given they will mature in the near future. As of September 30, 2019, the fair values of the Senior Credit Facility, the Senior Unsecured Notes, the AgCredit Agreement, the Nordea2 Credit Facility and the Nordea Credit Facility were \$125.0 million, \$125.0 million, \$194.1 million, \$37.0 million and \$4.4 million (December 31, 2018 – \$110.2 million, \$125.0 million, \$200.4 million, \$28.6 million and \$9.0 million), respectively, which approximates the current principal amount outstanding as the interest rate approximates current market interest rates. As of September 30, 2019, the fair values of the IQ Debenture, the Quebec PM Loan and the Ontario Loan were \$91.6 million, \$28.4 million and \$3.6 million (December 31, 2018 – \$87.6 million, \$33.0 million and \$3.4 million), respectively, which are recorded on discounted future cash flows using market rates of 6.0%, 4.4% and 4.4% accordingly, net of the government grant recorded on the below-market rate of interest.

Management has estimated the fair value of the embedded derivative using a probability-weighted interest rate pricing method. The valuation methodology used is categorized as a Level 2 methodology.

The fair value of the derivative liabilities was based on foreign exchange rates and interest rates in the active market. The change in the fair value of the derivative liabilities based on foreign exchange rates was nil during the 9-month

# Kruger Products L.P.

## Notes to Unaudited Condensed Consolidated Financial Statements

For the 9-month periods ended September 30, 2019 and September 30, 2018

(tabular amounts are in thousands of Canadian dollars, except unit amounts)

period ended September 30, 2019 (9-month period ended September 30, 2018 – \$0.3 million gain), which was recorded in the unaudited condensed consolidated statement of comprehensive income (loss) in Other (income) expense. The valuation methodology used was categorized as a Level 2 methodology. The change in the fair value of the derivative liabilities based on interest rates was \$0.3 million loss during the 9-month period ended September 30, 2019 (9-month period ended September 30, 2018 – \$0.1 million gain), which was recorded in the unaudited condensed consolidated statement of comprehensive income (loss) in Interest expense. The valuation methodology used was categorized as a Level 2 methodology.

### *Fair value of the Partnership units liability*

The Partnership units liability is classified as a financial liability at amortized cost. Management has estimated the fair value of the Partnership units liability using a discounted cash flow model. Significant assumptions include the income tax obligation, discount rate and an industry capitalization rate. There were no significant changes in the assumptions during the 9-month period ended September 30, 2019.

### *Currency risk*

From time to time, the Partnership uses derivative financial instruments to manage foreign currency risk. Foreign exchange swaps and foreign exchange forwards are used to manage U.S. dollar borrowings. As of September 30, 2019, the Partnership had foreign exchange swaps outstanding of nil (December 31, 2018 – nil) and foreign exchange forwards outstanding of nil (December 31, 2018 – nil).

### *Interest rate risk*

The Partnership holds interest rate swaps, contracted to fix the interest rate on a notional amount of \$100.0 million at September 30, 2019 (December 31, 2018 – \$100.0 million). The interest rate swaps are maturing during the 3-month period ended March 31, 2020.

## 17 Non-cash working capital

The change in non-cash working capital on the unaudited condensed consolidated statement of cash flows comprised the following:

	<b>9-month period ended September 30, 2019</b>	<b>9-month period ended September 30, 2018</b>
	<b>\$</b>	<b>\$</b>
Decrease (increase) in trade and other receivables	1,411	(31,702)
Decrease (increase) in receivables from related parties	172	(132)
Decrease (increase) in inventories	2,714	(9,801)
Increase in prepaid expenses	(3,304)	(1,765)
Decrease (increase) in income taxes	(91)	384
Increase (decrease) in trade and other payables	(35,077)	6,457
Increase in payables to related parties	1,220	1,950
	<u>(32,955)</u>	<u>(34,609)</u>

# Kruger Products L.P.

## Notes to Unaudited Condensed Consolidated Financial Statements

For the 9-month periods ended September 30, 2019 and September 30, 2018

(tabular amounts are in thousands of Canadian dollars, except unit amounts)

### 18 Cash flows from (used in) financing activities

The change in financing activities on the unaudited condensed consolidated statement of cash flows comprised the following:

	Advances to partners	Prepaid interest	Accrued interest	Distri- butions payable	Long term debt	Partner- ship units	Lease liabilities	Total
	\$	\$	\$	\$	\$	\$	\$	\$
<b>As of January 1, 2018</b>	(6,417)	(623)	149	10,382	416,315	356,240	120,057	896,103
Proceeds from long-term debt	-	-	-	-	195,001	-	-	195,001
Repayment of long-term debt	-	-	-	-	(127,516)	-	-	(127,516)
Payment of deferred financing fees	-	-	-	-	(4,103)	-	-	(4,103)
Payment of lease liabilities	-	-	-	-	-	-	(11,820)	(11,820)
Interest paid on long-term debt	-	(5,478)	(19,481)	-	(701)	-	-	(25,660)
Distributions and advances paid, net	(1,710)	-	-	(31,358)	-	14,694	-	(18,374)
Movements not in financing activities	1,928	4,889	22,825	31,596	10,391	467	8,305	80,401
<b>As of September 30, 2018</b>	<u>(6,199)</u>	<u>(1,212)</u>	<u>3,493</u>	<u>10,620</u>	<u>489,387</u>	<u>371,401</u>	<u>116,542</u>	<u>984,032</u>
<b>As of January 1, 2019</b>	(1,704)	(404)	3,230	10,723	577,894	376,274	115,130	1,081,143
Proceeds from long-term debt	-	-	-	-	23,985	-	-	23,985
Repayment of long-term debt	-	-	-	-	(9,364)	-	-	(9,364)
Payment of deferred financing fees	-	-	-	-	(1,280)	-	-	(1,280)
Payment of lease liabilities	-	-	-	-	-	-	(12,613)	(12,613)
Interest paid on long-term debt	-	(5,598)	(13,833)	-	(617)	-	-	(20,048)
Distributions and advances paid, net	1,603	-	-	(32,635)	-	22,046	-	(8,986)
Movements not in financing activities	-	5,133	17,991	33,107	5,753	741	23,608	86,333
<b>As of September 30, 2019</b>	<u>(101)</u>	<u>(869)</u>	<u>7,388</u>	<u>11,195</u>	<u>596,371</u>	<u>399,061</u>	<u>126,125</u>	<u>1,139,170</u>

### 19 IFRS 16 Transition reconciliation

The following are reconciliations from the previous lease recognition guidance in IAS 17, to the new standard on leases, IFRS 16, adopted January 1, 2019. Reconciliations are provided for the unaudited condensed consolidated statement of financial position at September 30, 2019, December 31, 2018 and January 1, 2018, the unaudited condensed consolidated statement of comprehensive income (loss) for the 3-month and 9-month periods ended September 30, 2019 and September 30, 2018, the unaudited condensed consolidated statement of cash flows for the 9-month periods ended September 30, 2019 and September 30, 2018 and the Segment Adjusted EBITDA for the 3-month and 9-month periods ended September 30, 2019 and September 30, 2018. Refer to note 3 for additional information.

# Kruger Products L.P.

## Notes to Unaudited Condensed Consolidated Financial Statements

For the 9-month periods ended September 30, 2019 and September 30, 2018

(tabular amounts are in thousands of Canadian dollars, except unit amounts)

	September 30, 2019			December 31, 2018		
	IAS 17	Transition effect	IFRS 16	IAS 17	Transition effect	IFRS 16
	\$	\$	\$	\$	\$	\$
<b>Assets</b>						
<b>Current assets</b>						
Cash and cash equivalents	82,407	-	82,407	169,884	-	169,884
Trade and other receivables	107,515	-	107,515	127,633	-	127,633
Receivables from related parties	-	-	-	172	-	172
Current portion of advances to partners	101	-	101	-	-	-
Inventories	196,410	-	196,410	202,916	-	202,916
Income tax recoverable	555	-	555	362	-	362
Prepaid expenses	8,864	(2,839)	6,025	6,904	(2,839)	4,065
	<u>395,852</u>	<u>(2,839)</u>	<u>393,013</u>	<u>507,871</u>	<u>(2,839)</u>	<u>505,032</u>
<b>Non-current assets</b>						
Advances to partners	-	-	-	1,704	-	1,704
Property, plant and equipment	861,226	-	861,226	786,022	-	786,022
Right-of-use assets	-	105,128	105,128	-	94,247	94,247
Other long-term assets	8,115	-	8,115	10	-	10
Goodwill	160,939	-	160,939	160,939	-	160,939
Intangible assets	15,276	-	15,276	14,924	-	14,924
Deferred income taxes	32,713	-	32,713	33,440	-	33,440
<b>Total assets</b>	<u>1,474,121</u>	<u>102,289</u>	<u>1,576,410</u>	<u>1,504,910</u>	<u>91,408</u>	<u>1,596,318</u>
<b>Liabilities</b>						
<b>Current liabilities</b>						
Bank indebtedness	-	-	-	-	-	-
Trade and other payables	192,775	-	192,775	238,856	-	238,856
Payables to related parties	6,840	-	6,840	5,620	-	5,620
Income tax payable	463	-	463	80	-	80
Distributions payable	11,195	-	11,195	10,723	-	10,723
Current portion of provisions	761	-	761	292	-	292
Current portion of long-term debt	9,306	-	9,306	13,939	-	13,939
Current portion of lease liabilities	-	16,745	16,745	-	16,178	16,178
	<u>221,340</u>	<u>16,745</u>	<u>238,085</u>	<u>269,510</u>	<u>16,178</u>	<u>285,688</u>
<b>Non-current liabilities</b>						
Long-term debt	587,065	-	587,065	563,955	-	563,955
Lease liabilities	-	109,380	109,380	-	98,952	98,952
Provisions	5,427	-	5,427	5,398	-	5,398
Pensions	165,269	-	165,269	104,939	-	104,939
Post-retirement benefits	61,420	-	61,420	54,051	-	54,051
<b>Liabilities to non-unitholders</b>	<u>1,040,521</u>	<u>126,125</u>	<u>1,166,646</u>	<u>997,853</u>	<u>115,130</u>	<u>1,112,983</u>
Current portion of Partnership units liability	6,187	-	6,187	-	-	-
Long-term portion of Partnership units liability	114,978	-	114,978	116,524	-	116,524
<b>Total Partnership units liability</b>	<u>121,165</u>	<u>-</u>	<u>121,165</u>	<u>116,524</u>	<u>-</u>	<u>116,524</u>
<b>Total liabilities</b>	<u>1,161,686</u>	<u>126,125</u>	<u>1,287,811</u>	<u>1,114,377</u>	<u>115,130</u>	<u>1,229,507</u>
<b>Equity</b>						
Partnership units	399,061	-	399,061	376,274	-	376,274
Deficit	(171,189)	(23,836)	(195,025)	(78,780)	(23,722)	(102,502)
Accumulated other comprehensive income	84,563	-	84,563	93,039	-	93,039
<b>Total equity</b>	<u>312,435</u>	<u>(23,836)</u>	<u>288,599</u>	<u>390,533</u>	<u>(23,722)</u>	<u>366,811</u>
<b>Total equity and liabilities</b>	<u>1,474,121</u>	<u>102,289</u>	<u>1,576,410</u>	<u>1,504,910</u>	<u>91,408</u>	<u>1,596,318</u>

# Kruger Products L.P.

## Notes to Unaudited Condensed Consolidated Financial Statements

For the 9-month periods ended September 30, 2019 and September 30, 2018

(tabular amounts are in thousands of Canadian dollars, except unit amounts)

	January 1, 2018		
	IAS 17	Transition effect	IFRS 16
	\$	\$	\$
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	8,837	-	8,837
Trade and other receivables	113,194	-	113,194
Receivables from related parties	85	-	85
Current portion of advances to partners	1,928	-	1,928
Inventories	192,394	-	192,394
Income tax reoverable	522	-	522
Prepaid expenses	8,007	(2,498)	5,509
	324,967	(2,498)	322,469
<b>Non-current assets</b>			
Advances to partners	4,489	-	4,489
Property, plant and equipment	761,610	-	761,610
Right-of-use assets	-	99,174	99,174
Other long-term assets	6,331	-	6,331
Goodwill	160,939	-	160,939
Intangible assets	15,327	-	15,327
Deferred income taxes	26,092	-	26,092
<b>Total assets</b>	1,299,755	96,676	1,396,431
<b>Liabilities</b>			
<b>Current liabilities</b>			
Bank indebtedness	9,051	-	9,051
Trade and other payables	190,698	-	190,698
Payables to related parties	2,596	-	2,596
Income tax payable	498	-	498
Distributions payable	10,382	-	10,382
Current portion of provisions	333	-	333
Current portion of long-term debt	190,947	-	190,947
Current portion of lease liabilities	-	15,169	15,169
	404,505	15,169	419,674
<b>Non-current liabilities</b>			
Long-term debt	225,368	-	225,368
Lease liabilities	-	104,888	104,888
Provisions	5,973	-	5,973
Pensions	119,558	-	119,558
Post-retirement benefits	60,457	-	60,457
<b>Liabilities to non-unitholders</b>	815,861	120,057	935,918
Current portion of Partnership units liability	1,928	-	1,928
Long-term portion of Partnership units liability	158,381	-	158,381
<b>Total Partnership units liability</b>	160,309	-	160,309
<b>Total liabilities</b>	976,170	120,057	1,096,227
<b>Equity</b>			
Partnership units	356,240	-	356,240
Deficit	(99,742)	(23,381)	(123,123)
Accumulated other comprehensive income	67,087	-	67,087
<b>Total equity</b>	323,585	(23,381)	300,204
<b>Total equity and liabilities</b>	1,299,755	96,676	1,396,431



# Kruger Products L.P.

## Notes to Unaudited Condensed Consolidated Financial Statements

For the 9-month periods ended September 30, 2019 and September 30, 2018

(tabular amounts are in thousands of Canadian dollars, except unit amounts)

	9-month period ended September 30, 2019			9-month period ended September 30, 2018		
	IAS 17	Transition effect	IFRS 16	IAS 17	Transition effect	IFRS 16
	\$	\$	\$	\$	\$	\$
<b>Cash flows from (used in) operating activities</b>						
Net income for the period	8,320	(113)	8,207	7,442	-	7,442
Items not affecting cash						
Depreciation	34,799	8,734	43,533	38,023	7,760	45,783
Amortization	1,105	-	1,105	1,078	-	1,078
Loss (gain) on sale of property, plant and equipment	(5)	-	(5)	434	-	434
Change in amortized cost of Partnership units liability	4,641	-	4,641	716	-	716
Loss on sale of shares	586	-	586	-	-	-
Foreign exchange loss (gain)	(1,170)	-	(1,170)	123	-	123
Change in fair value of derivatives	-	-	-	(295)	-	(295)
Interest expense	30,183	3,992	34,175	35,851	4,060	39,911
Pension and post-retirement benefits	8,275	-	8,275	9,850	-	9,850
Provisions	3,437	-	3,437	86	-	86
Income taxes	1,656	-	1,656	(1,185)	-	(1,185)
Loss (gain) on sale of non-financial assets	7	-	7	(207)	-	(207)
Total items not affecting cash	83,514	12,726	96,240	84,474	11,820	96,294
Net change in non-cash working capital	(32,955)	-	(32,955)	(34,609)	-	(34,609)
Contributions to pension and post-retirement benefit plans	(11,641)	-	(11,641)	(12,308)	-	(12,308)
Provisions paid	(860)	-	(860)	(247)	-	(247)
Income tax payments	(2,414)	-	(2,414)	(1,863)	-	(1,863)
<b>Net cash from operating activities</b>	<b>43,964</b>	<b>12,613</b>	<b>56,577</b>	<b>42,889</b>	<b>11,820</b>	<b>54,709</b>
<b>Cash flows from (used in) investing activities</b>						
Purchases of property, plant and equipment	(19,272)	-	(19,272)	(35,869)	-	(35,869)
Purchases of property, plant and equipment related to the TAD2 project	(94,460)	-	(94,460)	-	-	-
Interest paid on credit facilities related to the TAD2 project	(2,207)	-	(2,207)	-	-	-
Government assistance received	-	-	-	1,182	-	1,182
Purchases of software	(1,457)	-	(1,457)	(1,023)	-	(1,023)
Proceeds on sale of shares	3,314	-	3,314	-	-	-
Proceeds on sale of property, plant and equipment	5	-	5	323	-	323
<b>Net cash used in investing activities</b>	<b>(114,077)</b>	<b>-</b>	<b>(114,077)</b>	<b>(35,387)</b>	<b>-</b>	<b>(35,387)</b>
<b>Cash flows from (used in) financing activities</b>						
Proceeds from long-term debt	23,985	-	23,985	195,001	-	195,001
Repayment of long-term debt	(9,364)	-	(9,364)	(127,516)	-	(127,516)
Payment of deferred financing fees	(1,280)	-	(1,280)	(4,103)	-	(4,103)
Payment of lease liabilities	-	(12,613)	(12,613)	-	(11,820)	(11,820)
Interest paid on long-term debt	(20,048)	-	(20,048)	(25,660)	-	(25,660)
Distributions and advances paid, net	(8,986)	-	(8,986)	(18,374)	-	(18,374)
<b>Net cash from (used in) financing activities</b>	<b>(15,693)</b>	<b>(12,613)</b>	<b>(28,306)</b>	<b>19,348</b>	<b>(11,820)</b>	<b>7,528</b>
<b>Effect of exchange rate changes on cash and cash equivalents held in foreign currency</b>	<b>(1,671)</b>	<b>-</b>	<b>(1,671)</b>	<b>293</b>	<b>-</b>	<b>293</b>
<b>Increase (decrease) in cash and cash equivalents during the period</b>	<b>(87,477)</b>	<b>-</b>	<b>(87,477)</b>	<b>27,143</b>	<b>-</b>	<b>27,143</b>
<b>Cash and cash equivalents - Beginning of period</b>	<b>169,884</b>	<b>-</b>	<b>169,884</b>	<b>(214)</b>	<b>-</b>	<b>(214)</b>
<b>Cash and cash equivalents - End of period</b>	<b>82,407</b>	<b>-</b>	<b>82,407</b>	<b>26,929</b>	<b>-</b>	<b>26,929</b>

