



NEWS RELEASE
For immediate release

KP Tissue Releases Second Quarter 2018 Financial Results

Strong revenue growth offset by continued cost headwinds

Mississauga (ON), August 9, 2018 - KP Tissue Inc. (KPT) (TSX: KPT) reports the Q2 2018 financial and operational results of KPT and Kruger Products L.P. (KPLP). Kruger Products is Canada's leading manufacturer of quality tissue products for the Consumer market (Cashmere, Purex, SpongeTowels, Scotties, and White Swan) and the Away-From-Home market, and continues to grow in the U.S. Consumer tissue business with the White Cloud® brand and premium private label products. KPT currently holds a 15.9% interest in KPLP.

KPLP Q2 2018 Business and Financial Highlights

- Revenue increased by 7.8% to \$338.8 million in Q2 2018 compared to Q2 2017
- Adjusted EBITDA was \$26.7 million in Q2 2018 compared to \$37.3 million in Q2 2017
- Pulp and freight costs continued to escalate in the quarter
- Announced a price increase in the Canadian consumer market effective mid-October
- Declared a quarterly dividend of \$0.18 per share to be paid on October 15, 2018

"We are pleased to report strong sales and volume growth for the quarter as we continue to maintain our market leadership position. Considering the significant negative impact of record-high pulp prices and freight costs on our results, we announced a price increase in the Canadian consumer business to take effect in mid-October. This increase is expected to provide a small benefit in our fourth quarter results and mainly impact 2019," said Dino Bianco, CEO of KP Tissue and KPLP.

"During the second quarter, we made further progress on our value creation program, which, when combined with our recent capital projects, partially offset higher input costs. We do not expect changes in these challenging market conditions in the short-term and, consequently, anticipate third quarter Adjusted EBITDA to be lower than the same prior year period and also to reflect normal seasonality," concluded Mr. Bianco.

KPLP Q2 2018 Financial Results

Revenue in Q2 2018 was \$338.8 million, compared to \$314.4 million in Q2 2017, an increase of \$24.4 million or 7.8%. The increase in revenue was primarily due to increased sales volume and the Consumer selling price increase in Canada in Q4 2017, partially offset by the unfavourable impact of foreign exchange fluctuations on U.S. dollar sales.

Cost of sales in Q2 2018 increased to \$304.9 million from \$267.1 million in Q2 2017. Manufacturing costs increased primarily due to increased sales volume, significantly higher pulp costs and increased pension expense, partially offset by the favourable impact of foreign exchange fluctuations on U.S. dollar denominated costs and the benefits from cost reduction initiatives and capital projects. Freight costs increased primarily due to increased sales volume and higher carrier rates. As a percentage of revenue, cost of sales were 90.0% in Q2 2018 compared to 85.0% in Q2 2017.

Selling, general and administrative (SG&A) expenses in Q2 2018 were \$20.1 million, compared to \$22.5 million in Q2 2017. The decrease was primarily due to expense reductions. As a percentage of revenue, SG&A expenses were 5.9% in Q2 2018, compared to 7.2% in Q2 2017.

Adjusted EBITDA in Q2 2018 was \$26.7 million, compared to \$37.3 million in Q2 2017, lower by \$10.6 million or 28.4%, due primarily to significantly higher pulp costs and increased freight costs. These were partially offset by increased sales volume, the Canadian Consumer selling price increase, the net favourable impact of foreign exchange fluctuations and the benefits from cost reduction initiatives and capital projects.

Net income in Q2 2018 was \$1.6 million, compared to \$9.9 million in Q2 2017, primarily due to lower Adjusted EBITDA of \$10.6 million, an increase in interest expense of \$1.7 million, a decrease in foreign exchange gain of \$1.4 million and higher

depreciation expense of \$0.4 million. These items were partially offset by a decrease in the change in amortized cost of partnership units liability of \$4.5 million and a decrease in tax expense of \$1.7 million.

Total liquidity, representing cash and cash equivalents and availability under the credit line within covenant limitations, was \$64.5 million as of July 1, 2018, compared to \$30.2 million as of April 1, 2018. KPLP issued \$125 million of senior unsecured notes on April 24, 2018, and used the net proceeds to reduce the outstanding balance of the existing credit facility. KPLP also reduced the credit facility from \$300 million to \$200 million. With the issuance of the senior unsecured notes, total liquidity increased by \$25 million.

KPT Q2 2018 Financial Results

KPT incurred a net loss of \$1.3 million in Q2 2018. Included in the net loss was \$0.3 million representing KPT's share of KPLP's income. The income was reduced by depreciation expense of \$1.5 million related to adjustments to carrying amounts on acquisition, partially offset by an income tax expense of \$0.2 million.

Dividends on Common Shares

The Board of Directors of KPT declared a quarterly dividend of \$0.18 per share to be paid on October 15, 2018 to shareholders of record at the close of business on September 28, 2018.

Additional Information

For additional information please refer to Management's Discussion and Analysis (MD&A) of KPT and KPLP for the second quarter ended July 1, 2018 available on SEDAR at www.sedar.com or our website at www.kptissueinc.com.

Second Quarter Results Conference Call Information

KPT will hold its second quarter conference call on Thursday, August 9, 2018 at 8:30 a.m. Eastern Time.

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

Via the internet at: www.kptissueinc.com

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

A rebroadcast of the conference call will be available until midnight, August 16, 2018 by dialing 800-585-8367 or 416-621-4642 and entering passcode 4789197.

The replay of the webcast will remain available on the website until midnight, August 16, 2018.

About KP Tissue Inc. (KPT)

KPT was created to acquire, and its business is limited to holding, a limited partnership interest in KPLP, which is accounted for as an investment on the equity basis. KPT currently holds a 15.9% interest in KPLP. For more information visit www.kptissueinc.com.

About Kruger Products L.P. (KPLP)

KPLP is Canada's leading manufacturer of quality tissue products for household, industrial and commercial use. KPLP serves the Canadian consumer market with such well-known brands as Cashmere®, Purex®, SpongeTowels®, Scotties® and White Swan®. In the U.S., KPLP manufactures the White Cloud® brand, as well as many private label products. The Away-From-Home division manufactures and distributes high-quality, cost-effective product solutions to a wide range of commercial and public entities. KPLP has approximately 2,500 employees and operates eight FSC® COC-certified (FSC® C-104904) production facilities in North America. For more information visit www.krugerproducts.ca.

Non-IFRS Measures

This press release uses certain non-IFRS financial measures which KPLP believes provide useful information to management of KPLP and the readers of the financial information in measuring the financial performance and financial condition of KPLP. These measures do not have a standardized meaning prescribed by IFRS and therefore may not be comparable to similarly titled measures presented by other companies. An example of such a measure is Adjusted EBITDA. Beginning with Q4 2015 in accordance with Canadian Securities Administrators Staff Notice 52-306 (Revised), we reference Adjusted EBITDA as a non-IFRS financial measure. This term replaces the previously referenced non-IFRS financial measure EBITDA. Our definition of Adjusted EBITDA is unchanged from our former definition of EBITDA. Accordingly, this change in terminology has no impact

on our reported financial results for prior periods. Adjusted EBITDA is not a measurement of operating performance computed in accordance with IFRS and should not be considered as a substitute for operating income, net income or cash flows from operating activities computed in accordance with IFRS. "Adjusted EBITDA" is calculated by KPLP as net income (loss) before (i) interest expense, (ii) income taxes, (iii) depreciation, (iv) amortization, (v) impairment (gain on sale) of non-financial assets, (vi) loss (gain) on disposal of property, plant and equipment, (vii) foreign exchange loss (gain), (viii) costs related to restructuring activities, (ix) changes in amortized cost of Partnership units liability, and (x) one-time costs due to pension revaluations related to past service. A reconciliation of Adjusted EBITDA to the relevant reported results can be found in the MD&A of KPT and KPLP for the second quarter ended July 1, 2018 available on SEDAR at www.sedar.com.

Forward-Looking Statements

Certain statements in this press release about KPT's and KPLP's current and future plans, expectations and intentions, results, levels of activity, performance, goals or achievements or any other future events or developments constitute forward-looking statements. Forward-looking statements in this press release include, but are not limited to, items such as: the potential installation of a second TAD paper machine; KPLP's expansion efforts in U.S. premium private label; and KPLP's future business strategy. The words "may", "will", "would", "should", "could", "expects", "plans", "intends", "trends", "indications", "anticipates", "believes", "estimates", "predicts", "likely" or "potential" or the negative or other variations of these words or other comparable words or phrases, are intended to identify forward-looking statements. The forward-looking statements are based on certain key expectations and assumptions made by KPT or KPLP, including expectations and assumptions concerning: the impact of the TAD Project on Adjusted EBITDA; the expectation of continued growth in sales of TAD products in the U.S.; a successful ramp-up of the Crabtree paper machine; improved performance of the Away-From-Home business; and expanded distribution of White Cloud to select U.S. retailers. Although KPT and KPLP believe that the expectations and assumptions on which such forward-looking information is based are reasonable, undue reliance should not be placed on the forward-looking statements since no assurance can be given that such expectations and assumptions will prove to be correct.

The outlook provided in respect of Adjusted EBITDA for Q3 2018 is forward-looking information and is subject to the risk and uncertainties referred to below. The purpose of the outlook is to provide the reader with an indication of management's expectations, at the date of this press release, regarding KPLP's future financial performance. Readers are cautioned that this information may not be appropriate for other purposes.

Many factors could cause KPLP's actual results, level of activity, performance or achievements or future events or developments (which could in turn affect the economic benefits derived from the corporation's economic interest in KPLP) to differ materially from those expressed or implied by the forward-looking statements, including, without limitation, the following factors, which are discussed in greater detail in the "Risk Factors – Risks Related to KPLP's Business" section of the KPT Annual Information Form dated March 9, 2018 available on SEDAR at www.sedar.com: Kruger Inc.'s influence over KPLP; KPLP's reliance on Kruger Inc.; consequences of an event of insolvency relating to Kruger Inc.; risks associated with the Memphis TAD machine; operational risks; Gatineau Plant land lease; significant increases in input costs; reduction in supply of fibre; increased pricing pressure and intense competition; KPLP's inability to innovate effectively; adverse economic conditions; dependence on key retail trade customers; damage to the reputation of KPLP or KPLP's brands; KPLP's sales being less than anticipated; KPLP's failure to implement its business and operating strategies; KPLP's obligation to make regular capital expenditures; KPLP's entering into unsuccessful acquisitions; KPLP's dependence on key personnel; KPLP's inability to retain its existing customers or obtain new customers; KPLP's loss of key suppliers; KPLP's failure to adequately protect its intellectual property rights; KPLP's reliance on third party intellectual property licenses; adverse litigation and other claims affecting KPLP; material expenditures due to comprehensive environmental regulation affecting KPLP's cash flow; KPLP's pension obligations are significant and can be materially higher than predicted if KPLP Management's underlying assumptions are incorrect; labour disputes adversely affecting KPLP's cost structure and KPLP's ability to run its plants; exchange rate and U.S. competitors; KPLP's inability to service all of its indebtedness; exposure to potential consumer product liability; covenant compliance; interest rate and refinancing risk; and risks relating to information technology, cyber-security, insurance, internal controls, 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.

INFORMATION:

Francois Paroyan
General Counsel and Corporate Secretary
KP Tissue Inc.
Tel.: 905.812.6936
francois.paroyan@krugerproducts.ca

INVESTORS:

Mike Baldesarra
Director of Investor Relations
KP Tissue Inc.
Tel.: 905.812.6962
IR@KPTissueinc.com

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

| | July 1, 2018 | December 31, 2017 |
|--|-------------------------|-------------------------|
| | \$ | \$ |
| Assets | | |
| Current assets | | |
| Cash and cash equivalents | 20,007 | 8,837 |
| Trade and other receivables | 142,896 | 113,194 |
| Receivables from related parties | 170 | 85 |
| Current portion of advances to partners | 6,199 | 1,928 |
| Inventories | 212,152 | 192,394 |
| Income tax recoverable | 513 | 522 |
| Prepaid expenses | 10,300 | 8,007 |
| | <u>392,237</u> | <u>324,967</u> |
| Non-current assets | | |
| Advances to partners | - | 4,489 |
| Property, plant and equipment | 777,368 | 761,610 |
| Other long-term assets | 10 | 6,331 |
| Goodwill | 160,939 | 160,939 |
| Intangible assets | 15,619 | 15,327 |
| Deferred income taxes | 29,182 | 26,092 |
| | <u>1,375,355</u> | <u>1,299,755</u> |
| Total assets | <u><u>1,375,355</u></u> | <u><u>1,299,755</u></u> |
| Liabilities | | |
| Current liabilities | | |
| Bank indebtedness | 4,215 | 9,051 |
| Trade and other payables | 192,755 | 190,698 |
| Payables to related parties | 3,189 | 2,596 |
| Income tax payable | 661 | 498 |
| Distributions payable | 10,529 | 10,382 |
| Current portion of provisions | 630 | 333 |
| Current portion of long-term debt | 204,523 | 190,947 |
| | <u>416,502</u> | <u>404,505</u> |
| Non-current liabilities | | |
| Long-term debt | 288,282 | 225,368 |
| Provisions | 5,598 | 5,973 |
| Pensions | 103,002 | 119,558 |
| Post-retirement benefits | 60,598 | 60,457 |
| | <u>873,982</u> | <u>815,861</u> |
| Liabilities to non-unitholders | | |
| Current portion of Partnership units liability | 1,928 | 1,928 |
| Long-term portion of Partnership units liability | 157,169 | 158,381 |
| | <u>159,097</u> | <u>160,309</u> |
| Total Partnership units liability | <u>159,097</u> | <u>160,309</u> |
| Total liabilities | <u>1,033,079</u> | <u>976,170</u> |
| Equity | | |
| Partnership units | 366,344 | 356,240 |
| Deficit | (106,065) | (99,742) |
| Accumulated other comprehensive income | 81,997 | 67,087 |
| | <u>342,276</u> | <u>323,585</u> |
| Total equity | <u>342,276</u> | <u>323,585</u> |
| Total equity and liabilities | <u><u>1,375,355</u></u> | <u><u>1,299,755</u></u> |

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

| | 3-month period ended July 1, 2018 \$ | 3-month period ended June 25, 2017 \$ | 6-month period ended July 1, 2018 \$ | 6-month period ended June 25, 2017 \$ |
|---|---|--|---|--|
| Revenue | 338,773 | 314,388 | 662,508 | 603,659 |
| Expenses | | | | |
| Cost of sales | 304,924 | 267,077 | 592,293 | 511,331 |
| Selling, general and administrative expenses | 20,068 | 22,520 | 43,021 | 45,741 |
| (Gain) loss on sale of non-financial assets | 7 | (81) | (208) | (68) |
| Restructuring costs, net | 1 | - | 1 | 11 |
| Operating income | 13,773 | 24,872 | 27,401 | 46,644 |
| Interest expense | 12,498 | 10,757 | 23,811 | 21,021 |
| Other (income) expense | (779) | 2,018 | 1,009 | 3,963 |
| Income before income taxes | 2,054 | 12,097 | 2,581 | 21,660 |
| Income taxes | 410 | 2,150 | (640) | 4,764 |
| Net income for the period | 1,644 | 9,947 | 3,221 | 16,896 |
| Other comprehensive income (loss) | | | | |
| Items that will not be reclassified to net income: | | | | |
| Remeasurements of pensions | 865 | (12,656) | 17,671 | (15,223) |
| Remeasurements of post-retirement benefits | (216) | (2,317) | 422 | (3,201) |
| Items that may be subsequently reclassified to net income: | | | | |
| Cumulative translation adjustment | 6,066 | (2,580) | 14,910 | (3,345) |
| Total other comprehensive income (loss) for the period | 6,715 | (17,553) | 33,003 | (21,769) |
| Comprehensive income (loss) for the period | 8,359 | (7,606) | 36,224 | (4,873) |

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

| | 3-month period ended July 1, 2018 \$ | 3-month period ended June 25, 2017 \$ | 6-month period ended July 1, 2018 \$ | 6-month period ended June 25, 2017 \$ |
|--|---|--|---|--|
| Cash flows from (used in) operating activities | | | | |
| Net income for the period | 1,644 | 9,947 | 3,221 | 16,896 |
| Items not affecting cash | | | | |
| Depreciation | 12,568 | 12,316 | 25,383 | 24,064 |
| Amortization | 438 | 249 | 733 | 489 |
| Loss (gain) on sale of property, plant and equipment | - | - | 434 | (2) |
| Change in amortized cost of Partnership units liability | (1,962) | 2,531 | 716 | 5,060 |
| Foreign exchange loss (gain) | 898 | (513) | 657 | (1,097) |
| Change in fair value of derivatives | 285 | - | (364) | - |
| Interest expense | 12,498 | 10,757 | 23,811 | 21,021 |
| Pension and post-retirement benefits | 3,575 | 2,513 | 6,919 | 5,026 |
| Provisions | 13 | 94 | 61 | 338 |
| Income taxes | 410 | 2,150 | (640) | 4,764 |
| Gain on sale of non-financial assets | 7 | (81) | (208) | (68) |
| Total items not affecting cash | 28,730 | 30,016 | 57,502 | 59,595 |
| Net change in non-cash working capital | (4,279) | (2,229) | (40,900) | (31,089) |
| Contributions to pension and post-retirement benefit plans | (4,152) | (3,933) | (8,139) | (7,671) |
| Provisions paid | (206) | (116) | (247) | (450) |
| Income tax payments | (997) | (1,547) | (1,349) | (3,054) |
| Net cash from operating activities | 20,740 | 32,138 | 10,088 | 34,227 |
| Cash flows from (used in) investing activities | | | | |
| Purchases of property, plant and equipment | (12,600) | (25,511) | (28,318) | (38,245) |
| Capitalized interest paid | - | (159) | - | (381) |
| Government assistance received | 11 | 2,033 | 11 | 2,949 |
| Purchases of software | (1,025) | - | (1,025) | - |
| Proceeds on sale of property, plant and equipment | (7) | 127 | 324 | 1,170 |
| Net cash used in investing activities | (13,621) | (23,510) | (29,008) | (34,507) |
| Cash flows from (used in) financing activities | | | | |
| Proceeds from long-term debt | 157,063 | (1,245) | 195,113 | 26,770 |
| Repayment of long-term debt | (126,823) | (375) | (127,108) | (501) |
| Payment of deferred financing fees | (3,685) | (3) | (3,917) | (12) |
| Interest paid on long-term debt | (13,636) | (8,553) | (16,876) | (11,111) |
| Distributions and advances paid, net | (5,740) | (8,711) | (12,765) | (17,729) |
| Net cash from (used in) financing activities | 7,179 | (18,887) | 34,447 | (2,583) |
| Effect of exchange rate changes on cash and cash equivalents held in foreign currency | 157 | (31) | 479 | (87) |
| Increase (decrease) in cash and cash equivalents during the period | 14,455 | (10,290) | 16,006 | (2,950) |
| Cash and cash equivalents - Beginning of period | 1,337 | 34,844 | (214) | 27,504 |
| Cash and cash equivalents - End of period | 15,792 | 24,554 | 15,792 | 24,554 |

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

| | 3-month period ended July 1, 2018 | 3-month period ended June 25, 2017 | 6-month period ended July 1, 2018 | 6-month period ended June 25, 2017 |
|---|---|--|---|--|
| | \$ | \$ | \$ | \$ |
| Segment Information | | | | |
| Segment Revenue | | | | |
| Consumer | 277,495 | 252,152 | 545,191 | 491,079 |
| AFH | 59,584 | 59,919 | 113,109 | 108,593 |
| Other | 1,694 | 2,317 | 4,208 | 3,987 |
| Total segment revenue | <u>338,773</u> | <u>314,388</u> | <u>662,508</u> | <u>603,659</u> |
| Segment Adjusted EBITDA | | | | |
| Consumer | 32,203 | 34,902 | 62,074 | 67,874 |
| AFH | (3,102) | 2,333 | (3,433) | 2,988 |
| Other | (2,314) | 121 | (4,897) | 276 |
| Total segment Adjusted EBITDA | <u>26,787</u> | <u>37,356</u> | <u>53,744</u> | <u>71,138</u> |
| Reconciliation to Net Income: | | | | |
| Depreciation and amortization | 13,007 | 12,565 | 26,116 | 24,553 |
| Interest expense | 12,498 | 10,757 | 23,811 | 21,021 |
| Change in amortized cost of Partnership units liability | (1,962) | 2,531 | 716 | 5,060 |
| Change in fair value of derivatives | 285 | - | (364) | - |
| (Gain) loss on sale of property, plant and equipment | - | - | 434 | (2) |
| (Gain) loss on sale of non-financial assets | 7 | (81) | (208) | (68) |
| Restructuring costs, net | - | - | 1 | 11 |
| Foreign exchange (gain) loss | 898 | (513) | 657 | (1,097) |
| Income before income taxes | <u>2,054</u> | <u>12,097</u> | <u>2,581</u> | <u>21,660</u> |
| Income taxes | 410 | 2,150 | (640) | 4,764 |
| Net income | <u>1,644</u> | <u>9,947</u> | <u>3,221</u> | <u>16,896</u> |
| Geographic Revenue | | | | |
| Canada | 202,340 | 187,783 | 390,993 | 361,660 |
| U.S. | 116,352 | 114,904 | 231,904 | 219,553 |
| Mexico | 20,081 | 11,701 | 39,611 | 22,446 |
| Total revenue | <u>338,773</u> | <u>314,388</u> | <u>662,508</u> | <u>603,659</u> |

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

| | July 1, 2018 | December 31, 2017 |
|--|-----------------------|--------------------------|
| | <u>\$</u> | <u>\$</u> |
| Assets | | |
| Current assets | | |
| Distributions receivable | 1,674 | 1,658 |
| Receivable from Partnership | 94 | - |
| Income tax recoverable | <u>1,108</u> | <u>826</u> |
| | 2,876 | 2,484 |
| Non-current assets | | |
| Investment in associate | <u>98,490</u> | <u>98,674</u> |
| Total Assets | <u><u>101,366</u></u> | <u><u>101,158</u></u> |
| Liabilities | | |
| Current liabilities | | |
| Dividend payable | 1,674 | 1,658 |
| Payable to Partnership | - | 52 |
| Current portion of advances from Partnership | <u>1,005</u> | <u>309</u> |
| | 2,679 | 2,019 |
| Non-current liabilities | | |
| Advances from Partnership | - | 731 |
| Deferred income taxes | <u>1,982</u> | <u>1,483</u> |
| Total liabilities | <u><u>4,661</u></u> | <u><u>4,233</u></u> |
| Equity | | |
| Common shares | 16,071 | 15,014 |
| Contributed surplus | 144,819 | 144,819 |
| Deficit | (78,734) | (74,952) |
| Accumulated other comprehensive income | <u>14,549</u> | <u>12,044</u> |
| Total equity | <u><u>96,705</u></u> | <u><u>96,925</u></u> |
| Total liabilities and equity | <u><u>101,366</u></u> | <u><u>101,158</u></u> |

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

| | 3-month period ended July 1, 2018 \$ | 3-month period ended June 25, 2017 \$ | 6-month period ended July 1, 2018 \$ | 6-month period ended June 25, 2017 \$ |
|--|---|--|---|--|
| Equity Income (loss) | (1,195) | 115 | (2,397) | (248) |
| Dilution gain | 46 | 47 | 89 | 97 |
| Income (loss) before income taxes | (1,149) | 162 | (2,308) | (151) |
| Income taxes | 180 | 752 | (141) | 1,000 |
| Net loss for the period | (1,329) | (590) | (2,167) | (1,151) |
| Other comprehensive income (loss) net of tax expense (recovery) | | | | |
| Items that will not be reclassified to net loss: | | | | |
| Remeasurements of pensions | 116 | (1,771) | 2,448 | (2,130) |
| Remeasurements of post-retirement benefits | (30) | (227) | 59 | (314) |
| Items that may be subsequently reclassified to net loss: | | | | |
| Cumulative translation adjustment | 1,033 | (447) | 2,505 | (619) |
| Total other comprehensive income (loss) for the period | 1,119 | (2,445) | 5,012 | (3,063) |
| Comprehensive income (loss) for the period | (210) | (3,035) | 2,845 | (4,214) |
| Basic loss per share | (0.14) | (0.06) | (0.23) | (0.13) |
| Weighted average number of shares outstanding | 9,291,212 | 9,144,390 | 9,268,192 | 9,130,890 |

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

| | 3-month period ended July 1, 2018 \$ | 3-month period ended June 25, 2017 \$ | 6-month period ended July 1, 2018 \$ | 6-month period ended June 25, 2017 \$ |
|---|---|--|---|--|
| Cash flows from (used in) operating activities | | | | |
| Net loss for the period | (1,329) | (590) | (2,167) | (1,151) |
| Items not affecting cash | | | | |
| Equity (income) loss | 1,195 | (115) | 2,397 | 248 |
| Dilution gain | (46) | (47) | (89) | (97) |
| Income taxes | 180 | 752 | (141) | 1,000 |
| Total items not affecting cash | 1,329 | 590 | 2,167 | 1,151 |
| Net change in non-cash working capital | - | - | - | 697 |
| Tax payments | (30) | (525) | (274) | (1,774) |
| Tax Distribution received | - | - | - | 481 |
| Advances received | 30 | 525 | 274 | 596 |
| Net cash from (used in) operating activities | - | - | - | - |
| Cash flows from investing activities | | | | |
| Partnership unit distributions received | 1,157 | 1,192 | 2,301 | 2,368 |
| Net cash from investing activities | 1,157 | 1,192 | 2,301 | 2,368 |
| Cash flows used in financing activities | | | | |
| Dividends paid | (1,157) | (1,192) | (2,301) | (2,368) |
| Net cash used in financing activities | (1,157) | (1,192) | (2,301) | (2,368) |
| Increase (decrease) in cash and cash equivalents during the period | - | - | - | - |
| Cash and cash equivalents - Beginning of period | - | - | - | - |
| Cash and cash equivalents - End of period | - | - | - | - |