



KRUGER PRODUCTS L.P.

UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

**FOR THE 3-MONTH AND 6-MONTH PERIODS ENDED JUNE 30, 2022
AND JUNE 30, 2021**

Kruger Products L.P.

Unaudited Condensed Consolidated Statements of Financial Position

(tabular amounts are in thousands of Canadian dollars)

	June 30, 2022	December 31, 2021
	\$	\$
Assets		
Current assets		
Cash and cash equivalents	95,532	148,519
Restricted cash (note 17)	4,818	2,506
Trade and other receivables	105,736	88,802
Receivables from related parties (note 14)	127	271
Advances to partners (note 12)	-	13,752
Inventories	286,203	251,071
Income tax recoverable	1,465	1,171
Prepaid expenses	19,522	5,455
	<u>513,403</u>	<u>511,547</u>
Non-current assets		
Property, plant and equipment (note 6)	1,243,197	1,224,698
Right-of-use assets (note 7)	89,968	91,626
Other long-term assets (note 14)	33,684	37,456
Pensions (note 8)	136,637	-
Goodwill	152,021	152,021
Intangible assets	31,920	29,222
Deferred income taxes	91,805	75,742
Total assets	<u><u>2,292,635</u></u>	<u><u>2,122,312</u></u>
Liabilities		
Current liabilities		
Trade and other payables	250,473	258,626
Payables to related parties (note 14)	11,901	11,485
Income tax payable	149	300
Distributions payable (notes 12 and 14)	12,486	12,300
Current portion of provisions (note 9)	1,738	3,705
Current portion of long-term debt (note 10)	33,813	48,550
Current portion of lease liabilities (note 11)	30,131	30,170
	<u>340,691</u>	<u>365,136</u>
Non-current liabilities		
Long-term debt (note 10)	1,039,534	920,331
Long-term lease liabilities (note 11)	78,636	82,354
Long-term payable to related party (note 14)	43,631	42,454
Long-term provisions (note 9)	5,653	6,929
Pensions (note 8)	-	58,481
Post-retirement benefits (note 8)	43,868	57,331
Liabilities to non-unitholders	<u>1,552,013</u>	<u>1,533,016</u>
Current portion of Partnership units liability (note 12)	-	14,064
Long-term portion of Partnership units liability (note 12)	159,137	159,137
Total Partnership units liability	<u>159,137</u>	<u>173,201</u>
Total liabilities	<u><u>1,711,150</u></u>	<u><u>1,706,217</u></u>
Equity		
Partnership units (note 12)	472,612	461,536
Retained earnings (deficit)	32,806	(117,123)
Accumulated other comprehensive income	76,067	71,682
Total equity	<u>581,485</u>	<u>416,095</u>
Total equity and liabilities	<u><u>2,292,635</u></u>	<u><u>2,122,312</u></u>
Subsequent events (note 12)		

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

Kruger Products L.P.
Unaudited Condensed Consolidated Statements of Comprehensive Income (Loss)
For the 3-month and 6-month periods ended June 30, 2022 and June 30, 2021

(tabular amounts are in thousands of Canadian dollars)

	3-month period ended June 30, 2022 \$	3-month period ended June 30, 2021 \$	6-month period ended June 30, 2022 \$	6-month period ended June 30, 2021 \$
Revenue (note 14)	397,499	339,361	796,238	649,740
Expenses				
Cost of sales (note 14)	372,489	294,977	736,344	558,308
Selling, general and administrative expenses (note 14)	35,111	29,584	63,966	57,349
Loss on sale of non-financial assets	5	2	10	3
Restructuring costs, net (note 9)	352	(15)	868	41
Operating income (loss)	(10,458)	14,813	(4,950)	34,039
Interest expense and other finance costs	17,369	16,263	34,903	29,185
Other (income) expense (note 5)	12,599	(631)	8,284	(947)
Income (loss) before income taxes	(40,426)	(819)	(48,137)	5,801
Income tax recovery (note 13)	(4,913)	(3,066)	(14,061)	(3,205)
Net income (loss) for the period	(35,513)	2,247	(34,076)	9,006
Other comprehensive income (loss)				
Items that will not be reclassified to net income (loss):				
Remeasurements of pensions	89,304	(3,406)	194,925	94,041
Remeasurements of post-retirement benefits	6,190	(1,420)	14,051	4,349
Items that may be subsequently reclassified to net income (loss):				
Cumulative translation adjustment	8,422	(3,927)	4,385	(7,372)
Total other comprehensive income (loss) for the period	103,916	(8,753)	213,361	91,018
Comprehensive income (loss) for the period	68,403	(6,506)	179,285	100,024

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

Kruger Products L.P.

Unaudited Condensed Consolidated Statements of Changes in Equity

For the 6-month periods ended June 30, 2022 and June 30, 2021

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

	Partnership units		Retained	Accumulated	Total
	#	\$	earnings (deficit) \$	other comprehensive income \$	equity \$
As of January 1, 2021	66,216,999	439,571	(224,503)	73,334	288,402
Distributions payable (note 12)	-	-	(12,106)	-	(12,106)
Distributions paid (note 12)	-	-	(12,010)	-	(12,010)
Fair value adjustment (note 12)	-	(138)	138	-	-
Change in actuarial gain on pension	-	-	94,041	-	94,041
Change in actuarial gain on post-retirement benefits	-	-	4,349	-	4,349
Cumulative translation adjustment	-	-	-	(7,372)	(7,372)
Net income for the period	-	-	9,006	-	9,006
Issuance of partnership units (note 12)	1,036,291	10,967	-	-	10,967
As of June 30, 2021	67,253,290	450,400	(141,085)	65,962	375,277
As of January 1, 2022	68,333,895	461,536	(117,123)	71,682	416,095
Distributions payable (note 12)	-	-	(12,486)	-	(12,486)
Distributions paid (note 12)	-	-	(12,397)	-	(12,397)
Fair value adjustment (note 12)	-	88	(88)	-	-
Change in actuarial gain on pension	-	-	194,925	-	194,925
Change in actuarial gain on post-retirement benefits	-	-	14,051	-	14,051
Cumulative translation adjustment	-	-	-	4,385	4,385
Net loss for the period	-	-	(34,076)	-	(34,076)
Issuance of partnership units (note 12)	1,031,893	10,988	-	-	10,988
As of June 30, 2022	69,365,788	472,612	32,806	76,067	581,485

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

Kruger Products L.P.

Unaudited Condensed Consolidated Statements of Cash Flows

For the 6-month periods ended June 30, 2022 and June 30, 2021

(tabular amounts are in thousands of Canadian dollars)

	6-month period ended June 30, 2022 \$	6-month period ended June 30, 2021 \$
Cash flows from (used in) operating activities		
Net income (loss) for the period	(34,076)	9,006
Items not affecting cash		
Depreciation	42,760	38,735
Amortization	2,169	1,632
Loss on sale of property, plant and equipment	18	264
Change in amortized cost of Partnership units liability (note 5)	-	6,856
Foreign exchange (gain) loss (note 5)	8,284	(7,803)
Interest expense and other finance costs	34,903	29,185
Pension and post-retirement benefits (note 8)	7,270	8,143
Provisions (note 9)	494	641
Income tax recovery	(14,061)	(3,205)
Loss on sale of non-financial assets	10	3
Total items not affecting cash	81,847	74,451
Net change in non-cash working capital (note 18)	(66,521)	(131,825)
Contributions to pension and post-retirement benefit plans	(8,340)	(7,622)
Provisions paid (note 9)	(3,915)	(3,904)
Income tax payments	(1,488)	(1,006)
Net cash used in operating activities	(32,493)	(60,900)
Cash flows from (used in) investing activities		
Purchases of property, plant and equipment	(18,930)	(11,248)
Purchases of property, plant and equipment and software related to the TAD Sherbrooke Project	(10,929)	(78,940)
Purchases of property, plant and equipment related to the Sherbrooke Expansion Project	(20,748)	-
Interest paid on credit facilities related to the TAD Sherbrooke Project	-	(608)
Interest paid on credit facilities related to the Sherbrooke Expansion Project	(306)	-
Purchases of software	(4,759)	(774)
Proceeds on sale of property, plant and equipment	1	8
Net cash used in investing activities	(55,671)	(91,562)
Cash flows from (used in) financing activities (note 19)		
Proceeds from long-term debt	217,506	226,475
Repayment of long-term debt	(125,446)	(3,273)
Payment of deferred financing fees	(1,312)	(8,270)
Payment of lease liabilities	(14,411)	(12,715)
Change in Restricted cash (note 17)	(2,312)	(351)
Interest paid on long-term debt	(24,987)	(16,526)
Distributions and advances paid, net (note 12)	(14,021)	(30,861)
Net cash from financing activities	35,017	154,479
Effect of exchange rate changes on cash and cash equivalents held in foreign currency	160	(1,396)
Increase (decrease) in cash and cash equivalents during the period	(52,987)	621
Cash and cash equivalents - Beginning of period	148,519	128,739
Cash and cash equivalents - End of period	95,532	129,360

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 6-month periods ended June 30, 2022 and June 30, 2021

(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, 2021.

These unaudited condensed consolidated financial statements were approved by the board of directors of KPGP on August 10, 2022.

3 Summary of significant accounting policies

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, 2021 and have been applied to all periods presented except the following accounting policies, which were adopted effective January 1, 2022:

- (i) IFRS 3, Reference to Conceptual Framework. In May 2020, the IASB issued an amendment to IFRS 3 to (i) clarify references to the 2018 Conceptual Framework in order to determine what constitutes an asset or liability in a business combination, (ii) add an exception for certain liabilities and contingent liabilities to refer to IAS 37 or IFRIC 21 and (iii) clarify that an acquirer should not recognize contingent assets at the acquisition date. The mandatory effective date was for annual periods beginning on or after January 1, 2022. The amended standard had no impact on the unaudited condensed consolidated financial statements.
- (ii) IAS 37, Onerous Contracts – Cost of Fulfilling a Contract. In May 2020, the IASB issued an amendment to IAS 37 to clarify which costs to include in estimating the cost of fulfilling a contract for the purpose of assessing whether that contract is onerous. The mandatory effective date was for annual periods beginning on or after January 1, 2022. The amended standard had no impact on the unaudited condensed consolidated financial statements.
- (iii) IAS 16, Proceeds before Intended Use. In May 2020, the IASB issued an amendment to IAS 16 to clarify the accounting for the net proceeds from selling any items produced while bringing an item of property, plant and equipment into use. The mandatory effective date was for annual periods beginning on or after January 1, 2022. 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 6-month periods ended June 30, 2022 and June 30, 2021

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

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, 2023 and have not been early adopted have been discussed in the annual audited consolidated financial statements for the year ended December 31, 2021, except for the following:

- (i) IAS 1, Classification of Liabilities as Current or Non-current. In January 2020, the IASB issued an amendment to IAS 1 to clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. The mandatory effective date would be annual periods beginning on or after January 1, 2023, with early adoption permitted. Management is evaluating the amended standard and has not yet determined the impact on the unaudited condensed consolidated financial statements.
- (ii) IAS 1, Disclosure of Accounting Policies. In February 2021, the IASB issued amendments to IAS 1 to provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The mandatory effective date would be annual periods beginning on or after January 1, 2023, with early adoption permitted. The amended standard is not expected to have an impact on the unaudited condensed consolidated financial statements.
- (iii) IAS 8, Accounting Policies, Changes to Accounting Estimates and Errors. In February 2021, the IASB issued amendments to IAS 8 to introduce a new definition of accounting estimates to clarify the distinction between changes in accounting policies and changes in accounting estimates and the correction of errors. The mandatory effective date would be annual periods beginning on or after January 1, 2023, with early adoption permitted. The amended standard is not expected to have an impact on the unaudited condensed consolidated financial statements.
- (iv) IAS 12, Deferred Tax related to Assets and Liabilities arising from a Single Transaction. In May 2021, the IASB issued amendments to IAS 12 that require an entity to recognize deferred tax on certain transactions such as leases and decommissioning obligations that give rise to equal amounts of taxable and deductible temporary differences on initial recognition. The mandatory effective date would be annual periods beginning on or after January 1, 2023, with early adoption permitted. The amended standard is not expected to have an impact on the unaudited condensed consolidated financial statements.

4 Critical accounting estimates and judgments

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 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. 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 audited consolidated financial statements for the year ended December 31, 2021.

Kruger Products L.P.

Notes to Unaudited Condensed Consolidated Financial Statements

For the 6-month periods ended June 30, 2022 and June 30, 2021

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

5 Other (income) expense

	3-month period ended June 30, 2022 \$	3-month period ended June 30, 2021 \$	6-month period ended June 30, 2022 \$	6-month period ended June 30, 2021 \$
Foreign exchange (gain) loss	12,599	(4,059)	8,284	(7,803)
Change in amortized cost of Partnership units liability	-	3,428	-	6,856
	<u>12,599</u>	<u>(631)</u>	<u>8,284</u>	<u>(947)</u>

6 Property, plant and equipment

	Land \$	Buildings \$	Machinery and equipment \$	Assets under construction or development \$	Total \$
As of January 1, 2022					
Cost	38,754	383,304	1,543,688	61,569	2,027,315
Accumulated depreciation	-	(108,153)	(694,464)	-	(802,617)
Net book value as of January 1, 2022	38,754	275,151	849,224	61,569	1,224,698
Additions	-	-	-	46,830	46,830
Capitalized interest	-	-	-	991	991
Disposals	-	-	(19)	-	(19)
Transfers	5,800	4,867	11,005	(21,672)	-
Depreciation	-	(5,051)	(29,571)	-	(34,622)
Exchange differences	26	822	4,022	449	5,319
As of June 30, 2022	<u>44,580</u>	<u>275,789</u>	<u>834,661</u>	<u>88,167</u>	<u>1,243,197</u>
As of June 30, 2022					
Cost	44,580	389,346	1,562,093	88,167	2,084,186
Accumulated depreciation	-	(113,557)	(727,432)	-	(840,989)
Net book value as of June 30, 2022	<u>44,580</u>	<u>275,789</u>	<u>834,661</u>	<u>88,167</u>	<u>1,243,197</u>

Kruger Products L.P.

Notes to Unaudited Condensed Consolidated Financial Statements

For the 6-month periods ended June 30, 2022 and June 30, 2021

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

7 Right-of-use assets

	Land \$	Buildings \$	Equipment \$	Motor vehicles \$	Total \$
As of January 1, 2022					
Cost	38,256	146,219	14,325	2,700	201,500
Accumulated right-of-use depreciation	(26,876)	(74,448)	(6,666)	(1,884)	(109,874)
Net book value as of January 1, 2022	11,380	71,771	7,659	816	91,626
Additions, net of lease terminations	-	5,110	2,980	414	8,504
Right-of-use depreciation	(859)	(7,377)	(1,747)	(305)	(10,288)
Exchange differences	-	62	62	2	126
As of June 30, 2022	10,521	69,566	8,954	927	89,968
As of June 30, 2022					
Cost	38,256	151,446	17,377	3,100	210,179
Accumulated right-of-use depreciation	(27,735)	(81,880)	(8,423)	(2,173)	(120,211)
Net book value as of June 30, 2022	10,521	69,566	8,954	927	89,968

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	
	June 30, 2022	December 31, 2021	June 30, 2022	December 31, 2021
	%	%	%	%
Assumptions				
Discount rate - accrued benefit obligation	5.12	3.02	5.12	3.02
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 6-month periods ended June 30, 2022 and June 30, 2021

(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 June 30, 2022	3-month period ended June 30, 2021	3-month period ended June 30, 2022	3-month period ended June 30, 2021
	\$	\$	\$	\$
Net benefit plan expense				
Current service cost	2,903	3,442	522	552
Interest cost	4,917	4,012	366	316
Expected return on plan assets	(4,406)	(3,162)	-	-
Administrative cost	151	147	-	-
	<u>3,565</u>	<u>4,439</u>	<u>888</u>	<u>868</u>

	Pensions		Post-retirement benefit plans	
	6-month period ended June 30, 2022	6-month period ended June 30, 2021	6-month period ended June 30, 2022	6-month period ended June 30, 2021
	\$	\$	\$	\$
Net benefit plan expense				
Current service cost	5,925	6,743	1,044	1,105
Interest cost	9,582	8,046	733	631
Expected return on plan assets	(8,849)	(6,349)	-	-
Administrative cost	301	295	-	-
	<u>6,959</u>	<u>8,735</u>	<u>1,777</u>	<u>1,736</u>

Kruger Products L.P.

Notes to Unaudited Condensed Consolidated Financial Statements

For the 6-month periods ended June 30, 2022 and June 30, 2021

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

9 Provisions

	Environmental and asset retirement obligations ^(a)	Long-term incentives, DSUs, PSUs and RSUs ^(b)	Restructuring	Total
	\$	\$	\$	\$
Provisions as of				
January 1, 2022	4,848	5,314	472	10,634
Current	-	3,256	449	3,705
Non-current	4,848	2,058	23	6,929
Provisions as of				
January 1, 2022	4,848	5,314	472	10,634
Additional provisions	-	342	152	494
Reclassification	-	142	(40)	102
Paid during the period	-	(3,607)	(308)	(3,915)
Interest accretion	76	-	-	76
Provisions as of				
June 30, 2022	4,924	2,191	276	7,391
Current	-	1,462	276	1,738
Non-current	4,924	729	-	5,653

(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 March 2028. During the year ended December 31, 2019, the Partnership entered into a new lease agreement that commences in March 2028 and permits the Partnership to secure the site until March 2053. The undiscounted amount to settle this obligation is estimated to be between \$13.1 million and \$17.3 million. The liability is estimated using a discounted cash flow with a discount rate of 3.15% (December 31, 2021 – 3.15%).

(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 (note 15) return on capital employed using a three-year average, along with other components. The PSUs are paid in cash in June of the year following the three-year period they are earned. The PSU expense is recognized over the same three-year period. The RSUs are expensed and vest one-third each year and are paid in cash each June.

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Notes to Unaudited Condensed Consolidated Financial Statements

For the 6-month periods ended June 30, 2022 and June 30, 2021

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

10 Long-term debt

	Maturity	June 30, 2022	December 31, 2021
		\$	\$
KPLP Senior Credit Facility	2026	85,144	-
Senior Unsecured Notes due April 24, 2025	2025	123,512	123,272
Senior Unsecured Notes due April 9, 2029	2029	132,212	132,008
AgCredit Agreement ^(a)	2026, 2032, 2036, 2037	541,084	515,994
KPSI IQ Debenture	2028	96,966	103,894
Nordea2 Credit Facility	2029	53,310	55,762
KPSB IQ Debenture	2034	18,765	18,278
Quebec PM Loan	2026	14,887	17,363
IQ Bathroom Tissue Loan	2032	5,620	-
Ontario Loan	2026	1,847	2,310
		1,073,347	968,881
AgCredit Agreement ^(a)		4,316	19,172
KPSI IQ Debenture		16,689	16,689
Nordea2 Credit Facility		7,385	7,266
Quebec PM Loan		4,938	4,938
Ontario Loan		485	485
Less: Current portion of long-term debt		33,813	48,550
Long-term debt		1,039,534	920,331

Amounts are net of deferred financing fees

a) AgCredit Agreement

On March 30, 2022, the borrowers entered into the fourth amendment to the AgCredit Agreement (the Fourth Amendment) to make available through the TAD Sherbrooke Project Facility a new US\$87 million facility (the Term D Credit Facility) for the purpose of refinancing the borrowings outstanding under the \$111 million term loan facility (the Term C Credit Facility) and to extend the maturity dates on the revolving loans of US\$10 million and \$12.5 million from December 31, 2023 to December 31, 2026. The Term D Credit Facility was drawn in full on the effective date and was used to prepay in full the \$107.0 million of principal, accrued interest and fees outstanding under the Term C Credit Facility. The prepayment of the Term C Credit Facility was accounted for as a debt extinguishment and resulted in a Loss on extinguishment of debt of \$1.5 million, recorded in Interest expense and other finance costs in the unaudited condensed consolidated statement of comprehensive income (loss). The unamortized portion of transaction costs originally deducted from the Term C Credit Facility of \$1.3 million were included in the determination of the Loss on extinguishment of debt. The Term D Credit Facility is repayable by March 30, 2032 by quarterly principal instalment payments commencing on June 30, 2026 and bearing interest at a 6.07% maximum fixed interest rate.

Pursuant to the Fourth Amendment, within 120 days after the end of each fiscal year, commencing with the fiscal year ending on or about December 31, 2022 through and including the fiscal year ending on or about December 31, 2025, a subsidiary of the Partnership, Kruger Products Sherbrooke Inc. (KPSI) agreed to deposit an aggregate amount equal to 75% of the Canadian Borrower Excess Cash Flow (as defined in the Fourth Amendment) for such fiscal year in a designated bank account (the KPSI Dedicated Account) to be used only for the purpose of repaying

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Notes to Unaudited Condensed Consolidated Financial Statements

For the 6-month periods ended June 30, 2022 and June 30, 2021

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

the Term D Credit Facility, subject to certain conditions specified in the Fourth Amendment. The KPSI Dedicated Account constitutes collateral and is subject to a Blocked Account Control Agreement (as defined in the Fourth Amendment) in favour of the lender.

11 Lease liabilities

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

	June 30, 2022
	\$
Less than 1 year	30,131
Between 1 and 5 years	59,265
More than 5 years	51,578
	<u>140,974</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, expenses relating to low-value leases and expenses relating to short-term leases were as follows:

	3-month period ended June 30, 2022	3-month period ended June 30, 2021	6-month period ended June 30, 2022	6-month period ended June 30, 2021
	\$	\$	\$	\$
Interest expense on Lease liabilities ^(a)	1,143	1,402	2,296	2,984
Expenses relating to variable payments not included in the measurement of Lease liabilities ^(b)	1,411	1,335	3,039	2,758
Expenses relating to low-value leases ^(b)	49	65	114	129
Expenses relating to short-term leases ^(c)	253	1,040	586	1,198
	<u>2,856</u>	<u>3,842</u>	<u>6,035</u>	<u>7,069</u>

(a) Included in Interest expense and other finance costs in the unaudited condensed consolidated statement of comprehensive income (loss).

(b) Included in Cost of sales and Selling, general and administrative expenses (SG&A) in the unaudited condensed consolidated statement of comprehensive income (loss).

(c) Included in Cost of sales 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.

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. The

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weighted-average rate applied is 4.04% as of June 30, 2022 (December 31, 2021 – 4.10 %). Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability.

12 Distributions and Partnership units liability

	Partnership units liability
	\$
As of January 1, 2022	173,201
Tax Distributions	(14,064)
As of June 30, 2022	<u>159,137</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:

Distribution Payment Date	6-month period ended June 30, 2022			
	Partnership unit distributions	Unit price	Issuance of Partnership units	Gross proceeds
	\$	\$	#	\$
January 17, 2022	12,300	10.50	536,871	5,637
April 15, 2022	12,397	10.81	495,022	5,351
	<u>24,697</u>		<u>1,031,893</u>	<u>10,988</u>

Distribution Payment Date	6-month period ended June 30, 2021			
	Partnership unit distributions	Unit price	Issuance of Partnership units	Gross proceeds
	\$	\$	#	\$
January 15, 2021	11,919	10.70	507,826	5,434
April 15, 2021	12,010	10.47	528,465	5,533
	<u>23,929</u>		<u>1,036,291</u>	<u>10,967</u>

On July 15, 2022, the Partnership paid a distribution of \$12.5 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 1,046,982 Partnership units at a price of \$10.26. During the 6-month period ended June 30, 2022, an increase of \$0.1 million was recorded as a fair value adjustment to reflect the market value of the Partnership units issued.

Subsequent to June 30, 2022, the Partnership declared a distribution of \$12.7 million, payable on October 17, 2022.

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

	6-month period ended June 30, 2022		
	Tax Distributions	Partnership unit distributions	Total
	\$	\$	\$
Paid to Kruger Inc. ^(a)	274	10,563	10,837
Paid to KPGP	-	2	2
Paid to KPT ^(b)	38	3,144	3,182
Total paid	312	13,709	14,021

	6-month period ended June 30, 2021			
	Advances paid	Tax Distributions	Partnership unit distributions	Total
	\$	\$	\$	\$
Paid to Kruger Inc. ^(a)	5,114	10,149	10,205	25,468
Paid to KPGP	-	1	2	3
Paid to KPT ^(b)	897	1,738	2,755	5,390
Total paid	6,011	11,888	12,962	30,861

(a) During the 6-month periods ended June 30, 2022 and June 30, 2021, Partnership unit distributions were paid to Kruger Inc. net of the DRIP reinvestment. During the 6-month period ended June 30, 2022, Kruger Inc.'s DRIP reinvestment was \$10.6 million (6-month period ended June 30, 2021 - \$10.2 million).

(b) During the 6-month periods ended June 30, 2022 and June 30, 2021, Partnership unit distributions were paid to KPT net of the DRIP reinvestment. During the 6-month period ended June 30, 2022, KPT's DRIP reinvestment was \$0.4 million (6-month period ended June 30, 2021 - \$0.8 million).

Tax Distributions

On February 28, 2022, pursuant to the Tax Distribution as defined in the Partnership Agreement, the Partnership declared a Tax Distribution of \$14.1 million, of which the advances of \$13.8 million were offset and the remaining \$0.3 million was paid on February 28, 2022.

13 Income taxes

The Partnership is not a tax paying entity for the 6-month periods ended June 30, 2022 and June 30, 2021. The income (loss) from the Partnership flows to the partners, Kruger Inc., KPGP and KPT. However, the Partnership's subsidiaries KP USA, KTG, TAD Luxembourg S.A.R.L, TAD1 Canco I Inc., TAD1 Canco II Inc., TAD1 GP ULC, TAD2 GP ULC, KPSI and KPSB are corporate entities and, therefore, are subject to tax.

Income tax expense (recovery) was recognized based on management's best estimate of the effective weighted average annual income tax rate expected for the full financial year. The estimated effective weighted average annual income tax rate for the 6-month period ended June 30, 2022 was 29.2% (6-month period ended June 30, 2021 - (55.2%)).

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The components of income taxes were as follows:

	3-month period ended June 30, 2022	3-month period ended June 30, 2021	6-month period ended June 30, 2022	6-month period ended June 30, 2021
	\$	\$	\$	\$
Current tax expense	274	478	838	839
Deferred tax recovery	(5,187)	(3,544)	(14,899)	(4,044)
	<u>(4,913)</u>	<u>(3,066)</u>	<u>(14,061)</u>	<u>(3,205)</u>

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. also provided certain management and support services related to the TAD Sherbrooke Project and the Sherbrooke Expansion Project including project management services and engineering, construction, accounting and corporate finance support services.

Sales of goods to Kruger Inc. for the 6-month period ended June 30, 2022 were \$0.2 million (6-month period ended June 30, 2021 - \$0.1 million). Sales of goods to subsidiaries of Kruger Inc. for the 6-month period ended June 30, 2022 were \$2.2 million (6-month period ended June 30, 2021 - \$1.2 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 6-month period ended June 30, 2022 were \$4.9 million (6-month period ended June 30, 2021 - \$4.2 million). Purchases of goods and services from subsidiaries of Kruger Inc. for the 6-month period ended June 30, 2022 were \$30.2 million (6-month period ended June 30, 2021 - \$21.4 million). These purchases of goods and services are included within Cost of sales and SG&A expenses in the unaudited condensed consolidated statement of comprehensive income (loss).

During the 6-month period ended June 30, 2022, management fees of \$4.9 million (6-month period ended June 30, 2021 - \$3.7 million) were paid to Kruger Inc. for management services provided to the Partnership.

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Balances due to and from related parties were as follows:

	June 30, 2022	December 31, 2021
	\$	\$
Receivables from Kruger Inc.	50	12
Receivables from subsidiaries of Kruger Inc.	-	13
Receivables from KPT	77	246
Total receivables from related parties	<u>127</u>	<u>271</u>
Payables to Kruger Inc.	8,547	7,396
Payables to subsidiaries of Kruger Inc.	3,354	4,089
Total payables to related parties	<u>11,901</u>	<u>11,485</u>

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 June 30, 2022 and December 31, 2021. There were no loans outstanding with related parties as of June 30, 2022 and December 31, 2021.

Long-term payable to KBLP

As of June 30, 2022, an obligation of \$43.6 million was recorded in the unaudited condensed consolidated statement of financial position as Long-term payable to related party (December 31, 2021 - \$42.5 million). During the 6-month period ended June 30, 2022, the increase in the obligation due to passage of time was \$1.2 million and was recognized as Interest expense and other finance costs in the unaudited condensed consolidated statement of comprehensive income (loss). As of June 30, 2022, a deferred financing fee related to the KPSB IQ Debenture of \$18.6 million was recorded in the unaudited condensed consolidated statement of financial position, \$11.9 million as Other long-term assets and \$6.7 million netted against Long-term debt, based on the pro rata portion of the KPSB IQ Debenture issued as of period end. As of June 30, 2022, a deferred financing fee related to the IQ Bathroom Tissue Loan of \$11.7 million was recorded in the unaudited condensed consolidated statement of financial position, \$9.6 million as Other long-term assets and \$2.1 million netted against Long-term debt, based on the pro rata portion of the IQ Bathroom Tissue Loan drawn as of period end. Also as of June 30, 2022, a deferred financing fee related to the IQ Facial Tissue Loan of \$10.7 million was recorded in the unaudited condensed consolidated statement of financial position as Other long-term assets.

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

	June 30, 2022	December 31, 2021
	\$	\$
Distribution payable to Kruger Inc.	10,697	10,518
Distribution payable to KPGP	1	1
Distribution payable to KPT	1,788	1,781
Total distribution payable	<u>12,486</u>	<u>12,300</u>

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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 Away-From-Home (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 and other finance costs, (ii) income taxes, (iii) depreciation, (iv) amortization, (v) impairment (gain on sale) of non-financial assets, (vi) loss (gain) on disposal of property, plant and equipment, (vii) foreign exchange loss (gain), (viii) costs related to restructuring activities, (ix) changes in amortized cost of Partnership units liability, (x) change in fair value of derivatives, (xi) consulting costs related to operational transformation initiatives, (xii) corporate development related costs and (xiii) loss (gain) on sale of shares. The unaudited condensed consolidated financial statements refer to "Adjusted EBITDA", a measure which does not have a standardized meaning prescribed by IFRS and therefore may not be comparable to similarly titled measures presented by other companies. "Consumer Segment Adjusted EBITDA" and "AFH Segment Adjusted EBITDA" means in each case the Segment operating income for the respective reportable segment of the Partnership.

Corporate and other costs

Corporate and other costs include certain management overhead costs not directly attributable to the business segments.

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.

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	3-month period ended June 30, 2022			Total
	Consumer	AFH	Corporate and other costs	
	\$	\$	\$	\$
Revenue from external customers	326,333	71,166	-	397,499
Adjusted EBITDA	14,298	(451)	(2,027)	11,820
Depreciation and amortization				21,903
Interest expense and other finance costs				17,369
Loss on sale of property, plant and equipment				18
Loss on sale of non-financial assets				5
Restructuring costs, net				352
Foreign exchange loss				12,599
Loss before income taxes				(40,426)
Income tax recovery				(4,913)
Net loss				(35,513)

	3-month period ended June 30, 2021			Total
	Consumer	AFH	Corporate and other costs	
	\$	\$	\$	\$
Revenue from external customers	292,361	47,000	-	339,361
Adjusted EBITDA	40,292	(426)	(2,551)	37,315
Depreciation and amortization				22,201
Interest expense and other finance costs				16,263
Change in amortized cost of Partnership units liability				3,428
Loss on sale of property, plant and equipment				264
Loss on sale of non-financial assets				2
Restructuring costs, net				(15)
Foreign exchange gain				(4,059)
Corporate development related costs				50
Loss before income taxes				(819)
Income tax recovery				(3,066)
Net income				2,247

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	6-month period ended June 30, 2022			Total
	Consumer	AFH	Corporate and other costs	
	\$	\$	\$	\$
Revenue from external customers	669,175	127,063	-	796,238
Adjusted EBITDA	49,681	(3,672)	(5,134)	40,875
Depreciation and amortization				44,929
Interest expense and other finance costs				34,903
Loss on sale of property, plant and equipment				18
Loss on sale of non-financial assets				10
Restructuring costs, net				868
Foreign exchange loss				8,284
Loss before income taxes				(48,137)
Income tax recovery				(14,061)
Net loss				(34,076)

	6-month period ended June 30, 2021			Total
	Consumer	AFH	Corporate and other costs	
	\$	\$	\$	\$
Revenue from external customers	563,728	86,012	-	649,740
Adjusted EBITDA	84,471	(5,336)	(4,355)	74,780
Depreciation and amortization				40,367
Interest expense and other finance costs				29,185
Change in amortized cost of Partnership units liability				6,856
Loss on sale of property, plant and equipment				264
Loss on sale of non-financial assets				3
Restructuring costs, net				41
Foreign exchange gain				(7,803)
Corporate development related costs				66
Income before income taxes				5,801
Income tax recovery				(3,205)
Net income				9,006

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Geographic segments

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

	3-month period ended June 30, 2022	3-month period ended June 30, 2021	6-month period ended June 30, 2022	6-month period ended June 30, 2021
Revenue	\$	\$	\$	\$
Canada	239,286	219,384	482,206	413,987
US	158,213	119,977	314,032	235,753
	<u>397,499</u>	<u>339,361</u>	<u>796,238</u>	<u>649,740</u>

	June 30, 2022		
	Canada	US	Total
	\$	\$	\$
Property, plant and equipment	912,534	330,663	1,243,197
Goodwill	152,021	-	152,021
Intangible assets	31,920	-	31,920

	December 31, 2021		
	Canada	US	Total
	\$	\$	\$
Property, plant and equipment	895,355	329,343	1,224,698
Goodwill	152,021	-	152,021
Intangible assets	29,222	-	29,222

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16 Financial instruments

Classification of financial instruments

As of June 30, 2022, 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	95,532	95,532
Restricted cash	financial assets at amortized cost	4,818	4,818
Trade and other receivables	financial assets at amortized cost	105,736	105,736
Receivables from related parties	financial assets at amortized cost	127	127
Embedded derivative	embedded derivative at fair value through profit and loss	10	10
Trade payables	financial liabilities at amortized cost	(131,467)	(131,467)
Accrued liabilities	financial liabilities at amortized cost	(67,780)	(67,780)
Contract liabilities	financial liabilities at amortized cost	(51,226)	(51,226)
Payables to related parties	financial liabilities at amortized cost	(11,901)	(11,901)
Long-term payable to related party	financial liabilities at amortized cost	(43,631)	(43,631)
Distributions payable	financial liabilities at amortized cost	(12,486)	(12,486)
Long-term debt	financial liabilities at amortized cost	(1,073,347)	(1,097,433)
Lease liabilities	financial liabilities at amortized cost	(108,767)	(108,767)
Partnership units liability	financial liabilities at amortized cost	(159,137)	(159,137)

The following table details the fair value hierarchy of financial instruments by level as of June 30, 2022:

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Embedded derivative	-	10	-	10
Long-term debt	-	(1,097,433)	-	(1,097,433)
Partnership units liability	-	-	(159,137)	(159,137)

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As of December 31, 2021, 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	148,519	148,519
Restricted cash	financial assets at amortized cost	2,506	2,506
Trade and other receivables	financial assets at amortized cost	88,802	88,802
Receivables from related parties	financial assets at amortized cost	271	271
Advances to partners	financial assets at amortized cost	13,752	13,752
Embedded derivative	embedded derivative at fair value through profit and loss	10	10
Trade payables	financial liabilities at amortized cost	(118,116)	(118,116)
Accrued liabilities	financial liabilities at amortized cost	(73,639)	(73,639)
Contract liabilities	financial liabilities at amortized cost	(66,871)	(66,871)
Payables to related parties	financial liabilities at amortized cost	(11,485)	(11,485)
Long-term payable to related party	financial liabilities at amortized cost	(42,454)	(42,454)
Distributions payable	financial liabilities at amortized cost	(12,300)	(12,300)
Long-term debt	financial liabilities at amortized cost	(968,881)	(991,072)
Lease liabilities	financial liabilities at amortized cost	(112,524)	(112,524)
Partnership units liability	financial liabilities at amortized cost	(173,201)	(173,201)

The following table details the fair value hierarchy of financial instruments by level as of December 31, 2021:

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Embedded derivative	-	10	-	10
Long-term debt	-	(991,072)	-	(991,072)
Partnership units liability	-	-	(173,201)	(173,201)

Fair value

Cash, cash equivalents and restricted cash, Trade and other receivables, Receivables from related parties, Advances to partners, Embedded derivative, Trade payables, Accrued liabilities, 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.

The fair values of the KPLP Senior Credit Facility, the Senior Unsecured Notes due April 24, 2025, the Senior Unsecured Notes due April 9, 2029, the AgCredit Agreement and the Nordea2 Credit Facility approximate the current principal amount outstanding as the interest rate approximates current market interest rates. The fair values of the KPSI IQ Debenture, the Quebec PM Loan and the Ontario Loan are recorded on future cash flows discounted using market rates, net of the government grant recorded on the below-market rate of interest. The fair values of the KPSB IQ Debenture and the IQ Bathroom Tissue Loan are recorded on future cash flows discounted using a market rate of interest.

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The fair values of Long-term debt and discount rates were as follows:

	Discount rate	June 30, 2022	December 31, 2021
		\$	\$
KPLP Senior Credit Facility	-	85,802	-
Senior Unsecured Notes due April 24, 2025	-	125,000	125,000
Senior Unsecured Notes due April 9, 2029	-	135,000	135,000
AgCredit Agreement	-	546,079	521,481
KPSI IQ Debenture	6.1%	97,275	104,253
KPSB IQ Debenture	6.3%	27,608	27,336
Nordea2 Credit Facility	-	55,387	58,126
Quebec PM Loan	4.4%	15,069	17,566
IQ Bathroom Tissue Loan	6.3%	8,366	-
Ontario Loan	4.4%	1,847	2,310
		1,097,433	991,072

Amounts exclude deferred financing fees

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.

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 6-month period ended June 30, 2022.

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 June 30, 2022, the Partnership had no foreign exchange swaps and no foreign exchange forwards outstanding.

17 Restricted cash

As of June 30, 2022, the Partnership recorded Restricted cash of \$4.8 million (December 31, 2021 - \$2.5 million).

Pursuant to the Repayment Agreement in connection with the KPSB IQ Debenture, the Partnership holds prescribed Rate Discounts, as administered by the Ministère des Finances du Québec, in a dedicated account (the KPLP Dedicated Account) to be used only for the purpose of funding the Partnership's redemption payments to Investissement Québec (IQ). No redemption payments to IQ were funded during the 6-month period ended June 30, 2022. The KPLP Dedicated Account is recorded in the unaudited condensed consolidated statement of financial position as Restricted cash.

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18 Non-cash working capital

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

	6-month period ended June 30, 2022	6-month period ended June 30, 2021
	\$	\$
Decrease (increase) in trade and other receivables	(16,616)	2,866
Decrease in receivables from related parties	258	1
Increase in inventories	(32,128)	(66,012)
Increase in prepaid expenses	(13,843)	(4,384)
Decrease in income taxes	206	406
Decrease in trade and other payables	(4,705)	(66,363)
Increase in payables to related parties	307	1,661
	<u>(66,521)</u>	<u>(131,825)</u>

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19 Cash flows from (used in) financing activities

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

	As of January 1, 2021	Proceeds from long- term debt	Repayment of long- term debt	Payment of deferred financing fees	Payment of lease liabilities	Change in Restricted cash	Interest paid on long-term debt	Distributions and advances paid, net	Movements not in financing activities	As of June 30, 2021
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Restricted cash	-	-	-	-	-	(351)	-	-	-	(351)
Trade and other receivables	(88,041)	-	-	-	-	-	(118)	-	5,216	(82,943)
Advances to partners	(5,647)	-	-	-	-	-	-	(6,011)	5,647	(6,011)
Prepaid expenses	(8,315)	-	-	-	-	-	(318)	-	(3,990)	(12,623)
Other long-term assets	(10)	-	-	(3,111)	-	-	-	-	(34,703)	(37,824)
Accrued liabilities	114,776	-	-	-	-	-	(16,090)	-	(40,011)	58,675
Distributions payable	11,919	-	-	-	-	-	-	(23,929)	24,116	12,106
Long-term debt	753,473	226,475	(3,273)	(5,159)	-	-	-	-	(14,218)	957,298
Lease liabilities	130,975	-	-	-	(12,715)	-	-	-	11,454	129,714
Partnership units liability	185,424	-	-	-	-	-	-	(11,888)	1,209	174,745
Partnership units	439,571	-	-	-	-	-	-	10,967	(138)	450,400
Total	1,534,125	226,475	(3,273)	(8,270)	(12,715)	(351)	(16,526)	(30,861)	(45,418)	1,643,186

	As of January 1, 2022	Proceeds from long- term debt	Repayment of long- term debt	Payment of deferred financing fees	Payment of lease liabilities	Change in Restricted cash	Interest paid on long-term debt	Distributions and advances paid, net	Movements not in financing activities	As of June 30, 2022
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Restricted cash	(2,506)	-	-	-	-	(2,312)	-	-	-	(4,818)
Trade and other receivables	(88,802)	-	-	-	-	-	(493)	-	(16,441)	(105,736)
Prepaid expenses	(5,455)	-	-	-	-	-	(514)	-	(13,553)	(19,522)
Other long-term assets	(37,456)	-	-	(85)	-	-	-	-	3,857	(33,684)
Accrued liabilities	73,639	-	-	-	-	-	(23,980)	-	18,121	67,780
Distributions payable	12,300	-	-	-	-	-	-	(24,697)	24,883	12,486
Long-term debt	968,881	217,506	(125,446)	(1,227)	-	-	-	-	13,633	1,073,347
Lease liabilities	112,524	-	-	-	(14,411)	-	-	-	10,654	108,767
Partnership units liability	173,201	-	-	-	-	-	-	(312)	(13,752)	159,137
Partnership units	461,536	-	-	-	-	-	-	10,988	88	472,612
Total	1,667,862	217,506	(125,446)	(1,312)	(14,411)	(2,312)	(24,987)	(14,021)	27,490	1,730,369