



NEWS RELEASE
For immediate release

KP Tissue Releases Second Quarter 2024 Financial Results

Solid results driven by strong revenue

Mississauga (ON), August 13, 2024 - KP Tissue Inc. (KPT) (TSX: KPT) reports the Q2 2024 financial and operational results of KPT and Kruger Products Inc. (Kruger Products). Kruger Products is Canada's leading manufacturer of quality tissue products for the Consumer market (Cashmere®, Purex®, SpongeTowels®, Scotties®, White Swan® and Bonterra™) and the Away-From-Home (AFH) market and continues to grow in the U.S. Consumer tissue business with the White Cloud® brand and premium private label products. KPT currently holds a 12.7% interest in Kruger Products.

Kruger Products Q2 2024 Business and Financial Highlights

- Revenue was \$509.8 million in Q2 2024 compared to \$466.3 million in Q2 2023, an increase of \$43.5 million or 9.3%.
- Adjusted EBITDA¹ was \$65.3 million in Q2 2024, compared to \$55.0 million in Q2 2023, an increase of 18.6%.
- Net income was \$10.6 million in Q2 2024 compared to \$14.5 million in Q2 2023, a decrease of \$3.9 million.
- Declared a quarterly dividend of \$0.18 per share to be paid on October 15, 2024.

"We delivered as per our expectations in the second quarter of 2024 with revenue-driven profitability generating more than \$65 million in Adjusted EBITDA," stated KP Tissue's Chief Executive Officer, Dino Bianco. "In the Consumer segment, we brought added innovation and capacity to the Canadian facial tissue market to build our leadership status with 42.8% share, while maintaining our No. 1 and No. 2 positions in the bathroom tissue and paper towel categories, respectively. We also continued growing our Away-from-Home business on the strength of increased sales and Adjusted EBITDA year-over-year and sequentially. We are pleased with the strong momentum across all our business units, both in Canada and the U.S., despite a labour disruption at our Crabtree, Quebec facility that has since been resolved with a five-year collective bargaining agreement."

"From a margin management standpoint, we recently announced a pricing increase in our Consumer segment to mitigate escalating pulp prices that are approaching peak levels. This pricing adjustment, along with other productivity initiatives will ensure we continue to drive profitable growth," Mr. Bianco concluded.

Outlook for Q3 2024

For the third quarter of 2024, we expect Adjusted EBITDA¹ to be in the range of Q2 2024.

Kruger Products Q2 2024 Financial Results

Revenue was \$509.8 million in Q2 2024 compared to \$466.3 million in Q2 2023, an increase of \$43.5 million or 9.3%. The increase in revenue was primarily due to higher sales volume along with favourable sales mix in the Consumer segment and favourable selling prices across both segments. Revenue was also favourably impacted by foreign exchange fluctuations on U.S. dollar sales.

Cost of sales was \$431.2 million in Q2 2024 compared to \$395.8 million in Q2 2023, an increase of \$35.4 million or 9.0%. The increase in cost of sales was primarily due to higher sales volume and higher manufacturing overhead costs resulting primarily from start-up costs related to the Sherbrooke Expansion Project and overhead cost absorption resulting from reduced inventory levels in the quarter, partially offset by lower pulp prices compared to the year ago quarter. Freight rates were slightly lower compared to Q2 2023, while warehousing costs increased as a result of handling costs related to higher sales volume and logistics network costs. As a percentage of revenue, cost of sales was 84.6% in Q2 2024 compared to 84.9% in Q2 2023.

¹ Adjusted EBITDA is a non-GAAP financial measure. Refer to the *Non-GAAP Financial Measures* section of this news release for more information on these measures

Selling, general and administrative (SG&A) expenses were \$42.5 million in Q2 2024 compared to \$40.6 million in Q2 2023, an increase of \$1.9 million or 4.5%. The increase was primarily due to additional investment in advertising and promotion, higher selling expense to support additional sales volume, higher IT spend, additional headcount costs and consulting costs to support operational initiatives, partially offset by foreign exchange gains in Q2 2024 compared to losses in the year ago quarter. As a percentage of revenue, SG&A expenses were 8.3% in Q2 2024 compared to 8.7% in Q2 2023.

Adjusted EBITDA¹ was \$65.3 million in Q2 2024 compared to \$55.0 million in Q2 2023, an increase of \$10.3 million or 18.6%. The increase was primarily due to higher sales volumes, favourable sales mix and higher selling prices along with lower pulp prices, partially offset by higher manufacturing overhead spending and higher warehousing and SG&A expenses.

Net income was \$10.6 million in Q2 2024 compared to \$14.5 million in Q2 2023, a decrease of \$3.9 million. The decrease was primarily due to a higher foreign exchange loss and higher depreciation expense, partially offset by higher Adjusted EBITDA¹, lower interest and tax expense and a loss on sale of fixed assets in Q2 2023 that did not recur.

Kruger Products Q2 2024 Financing Activity and Liquidity

Total liquidity, representing cash and availability under the revolving credit agreements, was \$428.7 million as of June 30, 2024. In addition, \$16.6 million of cash was held for the Sherbrooke Expansion Project.

KPT Q2 2024 Financial Results

KPT had net income of \$1.2 million in Q2 2024. Included in net income was \$1.4 million representing KPT's share of Kruger Products' net income, a dilution gain of \$0.1 million and depreciation expense of \$0.3 million related to adjustments to carrying amounts on acquisition.

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, 2024 to shareholders of record at the close of business on September 30, 2024.

Additional Information

For additional information please refer to Management's Discussion and Analysis (MD&A) of KPT and Kruger Products for the second quarter ended June 30, 2024 available on SEDAR+ at www.sedarplus.ca or our website at www.kptissueinc.com.

Second Quarter Results Conference Call Information

KPT will hold its second quarter conference call on Tuesday, August 13, 2024 at 8:30 a.m. Eastern Time.

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

Via the internet at: www.kptissueinc.com

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

A rebroadcast of the conference call will be available until midnight, August 20, 2024 by dialing 1-888-390-0541 or 416-764-8677 and entering passcode 495451.

The replay of the webcast will remain available on the website until midnight, August 20, 2024.

¹ Adjusted EBITDA is a non-GAAP financial measure. Refer to the *Non-GAAP Financial Measures* section of this news release for more information on these measures

About KP Tissue Inc. (KPT)

KPT was created to acquire, and its business is limited to holding, a limited equity interest in Kruger Products, which is accounted for as an investment on the equity basis. KPT currently holds a 12.7% interest in Kruger Products. For more information visit www.kptissueinc.com.

About Kruger Products

Kruger Products is Canada's leading manufacturer of quality tissue products for household, industrial and commercial use. Kruger Products serves the Canadian consumer market with such well-known brands as Cashmere®, Purex®, SpongeTowels®, Scotties®, White Swan® and Bonterra™. In the U.S., Kruger Products manufactures the White Cloud® brand, as well as many private label products. The Away-From-Home division manufactures and distributes high-quality, cost-effective product solutions to a wide range of commercial and public entities. Kruger Products has approximately 2,800 employees and operates nine FSC® COC-certified (FSC® C-104904) production facilities in North America. For more information visit www.krugerproducts.ca.

Non-GAAP Financial Measures

This press release uses certain non-GAAP financial measures which Kruger Products believes provide useful information to management of Kruger Products and the readers of the financial information in measuring the financial performance and financial condition of Kruger Products. These measures do not have a standardized meaning prescribed by GAAP and therefore may not be comparable to similarly titled measures presented by other companies. An example of such a measure is Adjusted EBITDA. Adjusted EBITDA is not a measurement of operating performance computed in accordance with GAAP and should not be considered as a substitute for operating income, net income or cash flows from operating activities computed in accordance with GAAP. "Adjusted EBITDA" is calculated by Kruger Products as net income (loss) before (i) interest expense and other finance costs, (ii) income taxes, (iii) depreciation, (iv) amortization, (v) loss 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 and (ix) changes in amortized cost of Partnership units liability. A reconciliation of Adjusted EBITDA to the relevant reported results can be found in the Segment and Geographic Results table of this news release.

Forward-Looking Statements

Certain statements in this press release about KPT's and Kruger Products' current and future plans, expectations and intentions, results, levels of activity, performance, goals or achievements or any other future events or developments constitute forward-looking statements. The words "may", "will", "would", "should", "could", "expects", "plans", "intends", "trends", "indications", "anticipates", "believes", "estimates", "predicts", "likely" or "potential" or the negative or other variations of these words or other comparable words or phrases, are intended to identify forward-looking statements. The forward-looking statements are based on certain key expectations and assumptions made by KPT or Kruger Products, including the moderation of inflationary pressure on input costs and continued inflationary pressure on SG&A as labour, marketing and IT costs continue to rise. Although KPT and Kruger Products believe that the expectations and assumptions on which such forward-looking information is based are reasonable, undue reliance should not be placed on the forward-looking statements since no assurance can be given that such expectations and assumptions will prove to be correct.

The outlook provided in respect of Adjusted EBITDA¹ for Q3 2024 is forward-looking information and is based on the assumptions and subject to the risk and uncertainties referred to below. The purpose of the outlook is to provide the reader with an indication of management's expectations, at the date of this press release, regarding Kruger Products' future financial performance. Readers are cautioned that this information may not be appropriate for other purposes.

Many factors could cause Kruger Products' actual results, level of activity, performance or achievements or future events or developments (which could in turn affect the economic benefits derived from KPT's economic interest in Kruger Products), to differ materially from those expressed or implied by the forward-looking statements, including, without limitation, the following factors, which are discussed in greater detail in the "Risk Factors – Risks Related to Kruger Products' Business" section of the KPT Annual Information Form dated March 7, 2024 available on SEDAR+ at www.sedarplus.ca: Kruger Inc.'s influence over Kruger Products; Kruger Products' reliance on Kruger Inc.; consequences of an event of insolvency relating to Kruger Inc.; risks associated with the ownership of the TAD Sherbrooke Project; risks associated with the operation of the TAD Sherbrooke Project; risks associated with the Sherbrooke Expansion Project; operational risks; significant increases in input costs; reduction in supply

¹ Adjusted EBITDA is a non-GAAP financial measure. Refer to the *Non-GAAP Financial Measures* section of this news release for more information on these measures

of fibre; increased pricing pressure and intense competition; Kruger Products' inability to innovate effectively; adverse economic conditions; dependence on key retail trade customers; damage to the reputation of Kruger Products or Kruger Products' brands; Kruger Products' sales being less than anticipated; Kruger Products' failure to implement its business and operating strategies; Kruger Products' obligation to make regular capital expenditures; Kruger Products entering into unsuccessful acquisitions; Kruger Products' dependence on key personnel; Kruger Products' inability to retain its existing customers or obtain new customers; Kruger Products' loss of key suppliers; Kruger Products' failure to adequately protect its intellectual property rights; Kruger Products' reliance on third party intellectual property licenses; adverse litigation and other claims affecting Kruger Products; material expenditures due to comprehensive environmental regulation affecting Kruger Products' cash flow; Kruger Products' pension obligations are significant and can be materially higher than predicted if Kruger Products Management's underlying assumptions are incorrect; labour disputes adversely affecting Kruger Products' cost structure and Kruger Products' ability to run its plants; exchange rate and U.S. competitors; Kruger Products' inability to service all of its indebtedness; exposure to potential consumer product liability; covenant compliance; interest rate and refinancing risk; and risks relating to information technology; cyber-security; insurance; internal controls; and trade.

Readers should not place undue reliance on forward-looking statements made herein. The forward-looking information contained herein is expressly qualified in its entirety by this cautionary statement. The forward-looking information contained herein is made as of the date of press release and KPT undertakes no obligation to publicly update such forward-looking information to reflect new information, subsequent or otherwise, unless required by applicable securities laws.

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

¹ Adjusted EBITDA is a non-GAAP financial measure. Refer to the *Non-GAAP Financial Measures* section of this news release for more information on these measures

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

| | June 30, 2024 | December 31, 2023 |
|---|-------------------------|--------------------------|
| | \$ | \$ |
| Assets | | |
| Current assets | | |
| Cash and cash equivalents | 127,154 | 135,728 |
| Restricted cash | 43,649 | 12,451 |
| Trade and other receivables | 132,457 | 130,157 |
| Receivables from related parties | 396 | 842 |
| Inventories | 258,993 | 254,372 |
| Income tax recoverable | 5,469 | 4,578 |
| Prepaid expenses | 17,915 | 4,726 |
| | <u>586,033</u> | <u>542,854</u> |
| Non-current assets | | |
| Property, plant and equipment | 1,468,170 | 1,421,650 |
| Right-of-use assets | 104,760 | 84,866 |
| Other long-term assets | 60 | 3,808 |
| Pensions | 98,954 | 69,839 |
| Goodwill | 152,021 | 152,021 |
| Intangible assets | 37,679 | 26,852 |
| Deferred income taxes | 6,841 | 23,740 |
| Total assets | <u><u>2,454,518</u></u> | <u><u>2,325,630</u></u> |
| Liabilities | | |
| Current liabilities | | |
| Trade and other payables | 354,450 | 400,385 |
| Payables to related parties | 13,760 | 10,973 |
| Dividends payable | 14,043 | 13,675 |
| Current portion of long-term debt | 171,562 | 35,229 |
| Current portion of lease liabilities | 34,318 | 27,154 |
| Current portion of long-term payable to related party | 5,800 | 5,800 |
| Current portion of provisions | 3,985 | 3,952 |
| | <u>597,918</u> | <u>497,168</u> |
| Non-current liabilities | | |
| Long-term debt | 1,007,263 | 1,034,016 |
| Long-term lease liabilities | 86,254 | 71,865 |
| Long-term payable to related party | 30,904 | 35,580 |
| Long-term provisions | 4,369 | 5,740 |
| Pensions | 14,426 | 18,935 |
| Post-retirement benefits | 47,261 | 48,699 |
| Total liabilities | <u>1,788,395</u> | <u>1,712,003</u> |
| Equity | | |
| Share capital | 296,189 | 278,252 |
| Contributed surplus | 395,382 | 395,382 |
| Deficit | (144,164) | (164,029) |
| Accumulated other comprehensive income | 88,722 | 81,011 |
| Equity attributable to Kruger Products | <u>636,129</u> | <u>590,616</u> |
| Non-controlling interest | <u>29,994</u> | <u>23,011</u> |
| Total equity | <u>666,123</u> | <u>613,627</u> |
| Total equity and liabilities | <u><u>2,454,518</u></u> | <u><u>2,325,630</u></u> |

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

| | 3-month period ended June 30, 2024 | 3-month period ended June 30, 2023 | 6-month period ended June 30, 2024 | 6-month period ended June 30, 2023 |
|---|---|---|---|---|
| | \$ | \$ | \$ | \$ |
| Revenue | 509,800 | 466,302 | 989,232 | 917,294 |
| Expenses | | | | |
| Cost of sales | 431,228 | 395,712 | 825,231 | 784,736 |
| Selling, general and administrative expenses | 42,470 | 40,653 | 86,612 | 76,917 |
| Restructuring costs, net | 3 | 84 | 219 | 1,223 |
| Operating income | 36,099 | 29,853 | 77,170 | 54,418 |
| Interest expense and other finance costs | 16,855 | 18,539 | 33,135 | 35,063 |
| Other expense (income) | 3,945 | (8,849) | 12,418 | (9,265) |
| Income before income taxes | 15,299 | 20,163 | 31,617 | 28,620 |
| Current tax expense | 612 | 1,219 | 1,381 | 1,428 |
| Deferred tax expense | 3,008 | 3,943 | 8,479 | 62,307 |
| Income tax expense | 3,620 | 5,162 | 9,860 | 63,735 |
| Net income (loss) including non-controlling interest | 11,679 | 15,001 | 21,757 | (35,115) |
| Net income (loss) attributable to non-controlling interest | 1,087 | 517 | 2,209 | (338) |
| Net income (loss) attributable to Kruger Products | 10,592 | 14,484 | 19,548 | (34,777) |

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

| | 3-month period ended June 30, 2024 | 3-month period ended June 30, 2023 | 6-month period ended June 30, 2024 | 6-month period ended June 30, 2023 |
|---|--|--|--|--|
| | \$ | \$ | \$ | \$ |
| Cash flows from (used in) operating activities | | | | |
| Net income (loss) including non-controlling interest | 11,679 | 15,001 | 21,757 | (35,115) |
| Items not affecting cash | | | | |
| Depreciation | 27,675 | 22,889 | 52,127 | 46,078 |
| Amortization | 1,496 | 1,096 | 2,561 | 2,161 |
| Loss (gain) on sale of property, plant and equipment | (2) | 1,114 | 269 | 1,109 |
| Gain on disposal of leased assets | (632) | - | - | (488) |
| Foreign exchange loss (gain) | 3,945 | (8,849) | 13,299 | (9,265) |
| Interest expense and other finance costs | 16,855 | 18,539 | 33,135 | 35,063 |
| Pension and post-retirement benefits | 2,708 | 2,224 | 5,284 | 4,112 |
| Provisions | 1,045 | 508 | 2,118 | 1,939 |
| Income tax expense | 3,620 | 5,162 | 9,860 | 63,735 |
| Loss on sale of non-financial assets | - | 13 | 12 | 16 |
| Total items not affecting cash | 56,710 | 42,696 | 118,665 | 144,460 |
| Net change in non-cash working capital | 40,383 | 68,307 | (45,687) | 16,858 |
| Contributions to pension and post-retirement benefit plans | (1,111) | (2,680) | (2,264) | (5,198) |
| Provisions paid | (3,225) | (2,585) | (3,695) | (3,274) |
| Income tax payments, net | (2,101) | (1,621) | (2,441) | (1,458) |
| Net cash from operating activities | 102,335 | 119,118 | 86,335 | 116,273 |
| Cash flows from (used in) investing activities | | | | |
| Purchases of property, plant and equipment | (3,923) | (4,669) | (7,964) | (8,680) |
| Purchases of property, plant and equipment and software related to the TAD Sherbrooke Project | - | (743) | - | (743) |
| Purchases of property, plant and equipment related to the Sherbrooke Expansion Project | (43,554) | (36,798) | (89,427) | (68,460) |
| Interest paid on credit facilities related to the Sherbrooke Expansion Project | (2,673) | (119) | (2,789) | (216) |
| Government assistance received | - | - | - | 1,250 |
| Purchases of software | (240) | (437) | (287) | (508) |
| Proceeds on sale of property, plant and equipment | 32 | 2,443 | 28 | 2,448 |
| Net cash used in investing activities | (50,358) | (40,323) | (100,439) | (74,909) |
| Cash flows from (used in) financing activities | | | | |
| Proceeds from long-term debt | 38,568 | 21,281 | 113,432 | 56,782 |
| Repayment of long-term debt | (14,046) | (14,874) | (21,193) | (23,569) |
| Payment of deferred financing fees | (365) | (134) | (1,229) | (380) |
| Payment of lease liabilities | (8,622) | (7,046) | (17,272) | (13,796) |
| Change in Restricted cash | (29,786) | (1,332) | (31,198) | (2,557) |
| Interest paid on long-term debt | (14,516) | (17,641) | (23,379) | (31,360) |
| Payment to related party | (5,800) | (5,700) | (5,800) | (5,700) |
| Dividends paid, net | (7,804) | (1,761) | (9,557) | (3,504) |
| Net cash from (used in) financing activities | (42,371) | (27,207) | 3,804 | (24,084) |
| Effect of exchange rate changes on cash and cash equivalents held in foreign currency | 428 | (259) | 1,726 | (296) |
| Increase (decrease) in cash and cash equivalents during the period | 10,034 | 51,329 | (8,574) | 16,984 |
| Cash and cash equivalents - Beginning of period | 117,120 | 36,916 | 135,728 | 71,261 |
| Cash and cash equivalents - End of period | 127,154 | 88,245 | 127,154 | 88,245 |

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

| | 3-month period ended June 30, 2024 \$ | 3-month period ended June 30, 2023 \$ | 6-month period ended June 30, 2024 \$ | 6-month period ended June 30, 2023 \$ |
|--|--|--|--|--|
| <i>Segment Information</i> | | | | |
| Segment Revenue | | | | |
| Consumer | 421,925 | 383,477 | 826,214 | 759,997 |
| AFH | 87,875 | 82,825 | 163,018 | 157,297 |
| Revenue from external customers | <u>509,800</u> | <u>466,302</u> | <u>989,232</u> | <u>917,294</u> |
| Adjusted EBITDA | | | | |
| Consumer | 60,297 | 53,308 | 122,959 | 104,642 |
| AFH | 9,569 | 5,834 | 17,339 | 6,718 |
| Corporate and other costs | (4,595) | (4,093) | (7,940) | (6,355) |
| Total Adjusted EBITDA | 65,271 | 55,049 | 132,358 | 105,005 |
| Reconciliation to net income (loss): | | | | |
| Depreciation and amortization | 29,171 | 23,985 | 54,688 | 48,239 |
| Interest expense and other finance costs | 16,855 | 18,539 | 33,135 | 35,063 |
| Loss (gain) on sale of property, plant and equipment | (2) | 1,114 | 269 | 1,109 |
| Loss on sale of non-financial assets | - | 13 | 12 | 16 |
| Change in amortized cost of Partnership unit liability | - | - | (881) | - |
| Restructuring costs, net | 3 | 84 | 219 | 1,223 |
| Foreign exchange loss (gain) | 3,945 | (8,849) | 13,299 | (9,265) |
| Income before income taxes | 15,299 | 20,163 | 31,617 | 28,620 |
| Income tax expense | 3,620 | 5,162 | 9,860 | 63,735 |
| Net income (loss) including non-controlling interest | <u>11,679</u> | <u>15,001</u> | <u>21,757</u> | <u>(35,115)</u> |
| Geographic Revenue | | | | |
| Canada | 278,969 | 265,165 | 545,141 | 525,945 |
| US | 230,831 | 201,137 | 444,091 | 391,349 |
| Total revenue | <u>509,800</u> | <u>466,302</u> | <u>989,232</u> | <u>917,294</u> |

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

| | June 30, 2024 | December 31, 2023 |
|--|----------------------|--------------------------|
| | <u>\$</u> | <u>\$</u> |
| Assets | | |
| Current assets | | |
| Dividends receivable | 1,795 | 1,793 |
| Income taxes recoverable | 367 | 652 |
| | <u>2,162</u> | <u>2,445</u> |
| Non-current assets | | |
| Investment in associate | 71,778 | 68,162 |
| Total assets | <u>73,940</u> | <u>70,607</u> |
| Liabilities | | |
| Current liabilities | | |
| Dividend payable | 1,795 | 1,793 |
| Payable to investee | 311 | 457 |
| Total liabilities | <u>2,106</u> | <u>2,250</u> |
| Equity | | |
| Common shares | 22,650 | 22,560 |
| Contributed surplus | 144,819 | 144,819 |
| Deficit | (112,689) | (115,027) |
| Accumulated other comprehensive income | 17,054 | 16,005 |
| Total equity | <u>71,834</u> | <u>68,357</u> |
| Total liabilities and equity | <u>73,940</u> | <u>70,607</u> |

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

| | 3-month period ended June 30, 2024 | 3-month period ended June 30, 2023 | 6-month period ended June 30, 2024 | 6-month period ended June 30, 2023 |
|--|---|---|---|---|
| | \$ | \$ | \$ | \$ |
| Share of income (loss) | 1,344 | 2,057 | 2,499 | (4,698) |
| Depreciation of fair value increments | (283) | (296) | (569) | (600) |
| Equity income (loss) | 1,061 | 1,761 | 1,930 | (5,298) |
| Dilution gain | 131 | 252 | 393 | 525 |
| Income (loss) before income taxes | 1,192 | 2,013 | 2,323 | (4,773) |
| Deferred tax expense | - | - | - | 3,892 |
| Net income (loss) | 1,192 | 2,013 | 2,323 | (8,665) |
| Basic earnings (loss) per share | 0.12 | 0.20 | 0.23 | (0.87) |
| Weighted average number of shares outstanding | 9,973,312 | 9,953,131 | 9,970,470 | 9,951,513 |

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

| | 3-month period ended June 30, 2024 | 3-month period ended June 30, 2023 | 6-month period ended June 30, 2024 | 6-month period ended June 30, 2023 |
|---|--|--|--|--|
| | \$ | \$ | \$ | \$ |
| Cash flows from (used in) operating activities | | | | |
| Net income (loss) | 1,192 | 2,013 | 2,323 | (8,665) |
| Items not affecting cash | | | | |
| Equity loss (income) | (1,061) | (1,761) | (1,930) | 5,298 |
| Dilution gain | (131) | (252) | (393) | (525) |
| Deferred tax expense | - | - | - | 3,892 |
| Total items not affecting cash | (1,192) | (2,013) | (2,323) | 8,665 |
| Decrease in payable to investee | (200) | - | (284) | - |
| Tax refunds , net | 200 | - | 284 | - |
| Net cash from (used in) operating activities | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Cash flows from investing activities | | | | |
| Dividends received, net | 1,744 | 1,761 | 3,496 | 3,503 |
| Net cash from investing activities | <u>1,744</u> | <u>1,761</u> | <u>3,496</u> | <u>3,503</u> |
| Cash flows used in financing activities | | | | |
| Dividends paid, net | (1,744) | (1,761) | (3,496) | (3,503) |
| Net cash used in financing activities | <u>(1,744)</u> | <u>(1,761)</u> | <u>(3,496)</u> | <u>(3,503)</u> |
| Increase (decrease) in cash and cash equivalents during the period | - | - | - | - |
| Cash and cash equivalents - Beginning of period | - | - | - | - |
| Cash and cash equivalents - End of period | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |