



NEWS RELEASE
For immediate release

KP Tissue Releases Third Quarter 2025 Financial Results
Accelerating profitable growth and building a new TAD tissue facility to start-up in 2028

Mississauga (ON), November 13, 2025 - KP Tissue Inc. (KPT) (TSX: KPT) reports the Q3 2025 financial and operational results of KPT and Kruger Products Inc. (Kruger Products or the Company). 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 12.1% interest in Kruger Products.

Kruger Products Q3 2025 Business and Financial Highlights

- Revenue was \$561.1 million in Q3 2025 compared to \$521.1 million in Q3 2024, an increase of \$40.0 million or 7.7%.
- Adjusted EBITDA¹ was \$85.7 million in Q3 2025 compared to \$65.7 million in Q3 2024, an increase of 30.4%.
- Net income was \$14.6 million in Q3 2025 compared to \$18.0 million in Q3 2024, a decrease of \$3.4 million.
- Declared a quarterly dividend of \$0.18 per share to be paid on January 15, 2026.

"We accelerated profitable sales growth in the third quarter of 2025, resulting in Adjusted EBITDA improving 30.4% year-over-year to \$85.7 million," stated KP Tissue's Chief Executive Officer, Dino Bianco. "We are particularly pleased with share gains in the paper towel and facial tissue categories, which grew over a 52-week period on the strength of heightened brand support and innovations in the premium product segment."

"In terms of our Away-From-Home segment, sales and profitability increased both year-over-year and sequentially, bolstered by consumer brands like Scotties and Cashmere selling well in the commercial market. Our expanded in-sourcing of paper also contributed to generating double-digit Adjusted EBITDA growth for this business."

"Looking ahead, we are on our way to delivering a third consecutive year of strong financial results. In addition, we have significantly deleveraged our balance sheet to prepare for the next phase of investment in support of our growth focus. Accordingly, we are proud to announce the construction of a new, modern TAD tissue facility—with production estimated to start in 2028—to meet rising demand for our ultra-premium products," Mr. Bianco added.

Outlook for Q4 2025

For the last quarter of 2025, we expect Adjusted EBITDA¹ to be in the range of Q3 2025.

Kruger Products Q3 2025 Financial Results

Revenue was \$561.1 million in Q3 2025 compared to \$521.1 million in Q3 2024, an increase of \$40.0 million or 7.7%. The increase in revenue was due to higher sales volume, primarily 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 \$460.0 million in Q3 2025 compared to \$437.3 million in Q3 2024, an increase of \$22.7 million or 5.2%. The increase in cost of sales was primarily due to higher sales volume and additional manufacturing overhead spend to invest in our sites, partially offset by lower pulp prices compared to the year ago quarter. Freight rates were lower compared to Q3 2024 while warehousing costs increased, related primarily to higher sales volumes. As a percentage of revenue, cost of sales was 82.0% in Q3 2025 compared to 83.9% in Q3 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

Selling, general and administrative (SG&A) expenses were \$47.9 million in Q3 2025 compared to \$46.5 million in Q3 2024, an increase of \$1.4 million or 3.0%. The increase was primarily due to additional investment in IT and additional headcount and related compensation costs, resulting in lower contracting costs, to support growth, partially offset by foreign exchange gains on working capital compared to losses in Q3 2024 and lower advertising and promotion spend. As a percentage of revenue, SG&A expenses were 8.5% in Q3 2025 compared to 8.9% in Q3 2024.

Adjusted EBITDA¹ was \$85.7 million in Q3 2025 compared to \$65.7 million in Q3 2024, an increase of \$20.0 million or 30.4%. The increase was primarily due to higher sales volumes and selling prices along with lower pulp costs and freight rates, partially offset by higher manufacturing overhead spend, warehousing costs and SG&A expenses.

Net income was \$14.6 million in Q3 2025 compared to \$18.0 million in Q3 2024, a decrease of \$3.4 million. The decrease was primarily due to a foreign exchange loss, higher income tax expense, higher depreciation expense resulting from the Sherbrooke Expansion Project, higher interest expense and other finance costs, partially offset by higher Adjusted EBITDA¹ and lower income from non-controlling interest.

Kruger Products Q3 2025 Liquidity

Total liquidity, representing cash and availability under the revolving credit agreements, was \$388.6 million as of September 30, 2025.

KPT Q3 2025 Financial Results

KPT had net income of \$1.5 million in Q3 2025. Included in net income was \$1.7 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.

New Tissue Plant Investment

After investing more than \$1 billion in Canada since 2018 to increase tissue capacity and accelerate the growth of our business, the Company also announced today plans to build a new state-of-the-art tissue plant featuring the most modern through-air-dry (TAD) machine and related converting lines in the western United States. This facility will allow the Company to better service its fast-growing U.S. business with ultra-premium tissue products. Location selection is in the final stages and will be announced along with project scope and financing details at a later date. This new TAD machine will have annual production capacity of approximately 75,000 metric tonnes and is estimated to start production in 2028. This new tissue investment will be made within an unrestricted subsidiary of Kruger Products and is subject to obtaining financing on satisfactory terms. The project is currently expected to be financed 40% by equity and incentives as well as 60% by project finance debt. This new facility, along with our Memphis plant and 9 existing Canadian plants, gives us a strong network to service our growing North American business.

Dividends on Common Shares

The Board of Directors of KPT declared a quarterly dividend of \$0.18 per share to be paid on January 15, 2026 to shareholders of record at the close of business on December 31, 2025.

Additional Information

For additional information please refer to Management's Discussion and Analysis (MD&A) of KPT and Kruger Products for the third quarter ended September 30, 2025 available on SEDAR+ at www.sedarplus.ca or our website at www.kptissueinc.com.

Third Quarter Results Conference Call Information

KPT will hold its third quarter conference call on Thursday, November 13, 2025 at 8:30 a.m. Eastern Time.

Via telephone: 1-888-699-1199 or 416-945-7677

Via the internet at: www.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

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, November 20, 2025 by dialing 1-888-660-6345 or 289-819-1450 and entering passcode 86584.

The replay of the webcast will remain available on the website until midnight, November 20, 2025.

About KP Tissue Inc.

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 12.1% interest in Kruger Products. For more information visit www.kptissueinc.com.

About Kruger Products Inc.

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 3,000 employees and operates ten 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. Forward-looking statements in this press release include, but are not limited to, items such as plans to build a new TAD tissue plant and its expected annual production capacity, expected date for starting production, the expected financing structure of the project and certain anticipated benefits of the project. 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 obtaining financing on acceptable terms for the project. 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 Q4 2025 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.

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

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 5, 2025 available on SEDAR+ at www.sedarplus.ca; Kruger Inc.'s influence over Kruger Products; Kruger Products' reliance on Kruger Inc.; consequences of an event of insolvency relating to Kruger Inc.; risks associated with the ownership of the TAD Sherbrooke Project; risks associated with the operation of the TAD Sherbrooke Project; risks associated with the Sherbrooke Expansion Project; operational risks; significant increases in input costs; reduction in supply of fibre; increased pricing pressure and intense competition; Kruger Products' inability to innovate effectively; adverse economic conditions; dependence on key retail trade customers; damage to the reputation of Kruger Products or Kruger Products' brands; Kruger Products' sales being less than anticipated; Kruger Products' failure to implement its business and operating strategies; Kruger Products' obligation to make regular capital expenditures; Kruger Products entering into unsuccessful acquisitions; Kruger Products' dependence on key personnel; Kruger Products' inability to retain its existing customers or obtain new customers; Kruger Products' loss of key suppliers; Kruger Products' failure to adequately protect its intellectual property rights; Kruger Products' reliance on third party intellectual property licenses; adverse litigation and other claims affecting Kruger Products; material expenditures due to comprehensive environmental regulation affecting Kruger Products' cash flow; Kruger Products' pension obligations are significant and can be materially higher than predicted if Kruger Products Management's underlying assumptions are incorrect; labour disputes adversely affecting Kruger Products' cost structure and Kruger Products' ability to run its plants; exchange rate and U.S. competitors; Kruger Products' inability to service all of its indebtedness; exposure to potential consumer product liability; covenant compliance; interest rate and refinancing risk; and risks relating to information technology; cyber-security; insurance; internal controls, trade and tax.

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.

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

	September 30, 2025	December 31, 2024
	\$	\$
Assets		
Current assets		
Cash and cash equivalents	149,131	119,460
Restricted cash	44,646	48,375
Trade and other receivables	136,394	138,177
Receivables from related parties	79	80
Inventories	284,638	287,756
Income tax recoverable	5,475	3,208
Prepaid expenses	11,042	6,383
	<u>631,405</u>	<u>603,439</u>
Non-current assets		
Property, plant and equipment	1,425,192	1,509,592
Right-of-use assets	160,198	186,460
Other long-term assets	10	92
Pensions	94,938	92,661
Goodwill	152,021	152,021
Intangible assets	39,403	42,572
Deferred income taxes	23,556	10,500
Total assets	<u>2,526,723</u>	<u>2,597,337</u>
Liabilities		
Current liabilities		
Trade and other payables	321,451	346,264
Payables to related parties	11,350	17,829
Income tax payable	1	3
Dividends payable	14,726	14,308
Current portion of long-term debt	97,913	54,168
Current portion of lease liabilities	43,498	40,156
Current portion of long-term payable to related party	5,800	5,800
Current portion of provisions	6,389	4,184
	<u>501,128</u>	<u>482,712</u>
Non-current liabilities		
Long-term debt	1,083,522	1,180,488
Long-term lease liabilities	146,972	165,563
Long-term payable to related party	27,602	31,925
Long-term provisions	8,729	9,398
Pensions	17,400	17,845
Post-retirement benefits	48,504	47,140
Total liabilities	<u>1,833,857</u>	<u>1,935,071</u>
Equity		
Share capital	327,887	308,622
Contributed surplus	395,382	395,382
Deficit	(159,004)	(171,874)
Accumulated other comprehensive income	92,280	100,177
Equity attributable to Kruger Products	<u>656,545</u>	<u>632,307</u>
Non-controlling interest	36,321	29,959
Total equity	<u>692,866</u>	<u>662,266</u>
Total equity and liabilities	<u>2,526,723</u>	<u>2,597,337</u>

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

	3-month period ended September 30, 2025 \$	3-month period ended September 30, 2024 \$	9-month period ended September 30, 2025 \$	9-month period ended September 30, 2024 \$
Revenue	561,145	521,085	1,643,335	1,510,317
Expenses				
Cost of sales	459,988	437,202	1,373,175	1,262,433
Selling, general and administrative expenses	47,906	46,533	146,277	133,145
Restructuring costs	29	-	3,731	219
Operating income	53,222	37,350	120,152	114,520
Interest expense and other finance costs	21,569	17,997	63,826	51,132
Other expense (income)	6,836	(5,266)	(13,448)	7,152
Income before income taxes	24,817	24,619	69,774	56,236
Current tax expense	242	1,768	2,050	3,149
Deferred tax expense	9,191	3,244	9,274	11,723
Income tax expense	9,433	5,012	11,324	14,872
Net income including non-controlling interest	15,384	19,607	58,450	41,364
Net income attributable to non-controlling interest	838	1,614	6,362	3,823
Net income attributable to Kruger Products	14,546	17,993	52,088	37,541

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

	3-month period ended September 30, 2025 \$	3-month period ended September 30, 2024 \$	9-month period ended September 30, 2025 \$	9-month period ended September 30, 2024 \$
Cash flows from (used in) operating activities				
Net income including non-controlling interest	15,384	19,607	58,450	41,364
Items not affecting cash				
Depreciation	30,259	26,561	103,875	78,688
Amortization	2,190	1,739	6,170	4,300
Loss (gain) on sale of property, plant and equipment	-	-	(5)	269
Loss on disposal of leased assets	-	-	23	-
Foreign exchange loss (gain)	6,836	(5,266)	(13,448)	8,033
Interest expense and other finance costs	21,569	17,997	63,826	51,132
Pension and post-retirement benefits	2,844	3,680	8,417	8,964
Provisions	1,930	1,297	5,859	3,415
Income tax expense	9,433	5,012	11,324	14,872
Loss on sale of non-financial assets	-	15	-	27
Total items not affecting cash	75,061	51,035	186,041	169,700
Net change in non-cash working capital	25,097	(7,287)	(29,471)	(52,974)
Contributions to pension and post-retirement benefit plans	(869)	(1,154)	(2,884)	(3,418)
Provisions paid	(655)	-	(4,679)	(3,695)
Income tax payments, net	(681)	(680)	(2,492)	(3,121)
Net cash from operating activities	113,337	61,521	204,965	147,856
Cash flows from (used in) investing activities				
Purchases of property, plant and equipment	(13,451)	(7,857)	(23,313)	(15,821)
Purchases of property, plant and equipment related to the Sherbrooke Expansion Project	(1,796)	(26,740)	(19,173)	(116,167)
Interest paid on credit facilities related to the Sherbrooke Expansion Project	-	(2,347)	-	(5,136)
Government assistance received	(31)	-	3,119	-
Purchases of software	(989)	(7)	(2,083)	(294)
Proceeds on sale of property, plant and equipment	-	-	-	28
Net cash used in investing activities	(16,267)	(36,951)	(41,450)	(137,390)
Cash flows from (used in) financing activities				
Proceeds from long-term debt	(22,017)	5,765	9,171	119,197
Repayment of long-term debt	(16,613)	(11,852)	(49,118)	(33,045)
Payment of deferred financing fees	(30)	(83)	(23)	(1,312)
Payment of lease liabilities	(8,738)	(9,191)	(25,475)	(26,463)
Change in restricted cash	31,680	(1,183)	3,730	(32,381)
Interest paid on long-term debt	(9,975)	(15,460)	(41,396)	(38,839)
Payment to related party	-	-	(5,800)	(5,800)
Dividends paid, net	(8,136)	(7,868)	(24,205)	(17,425)
Net cash used in financing activities	(33,829)	(39,872)	(133,116)	(36,068)
Effect of exchange rate changes on cash and cash equivalents held in foreign currency	583	(637)	(728)	1,089
Increase (decrease) in cash and cash equivalents during the period	63,824	(15,939)	29,671	(24,513)
Cash and cash equivalents - Beginning of period	85,307	127,154	119,460	135,728
Cash and cash equivalents - End of period	149,131	111,215	149,131	111,215

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

	3-month period ended September 30, 2025 \$	3-month period ended September 30, 2024 \$	9-month period ended September 30, 2025 \$	9-month period ended September 30, 2024 \$
Segment Information				
Segment Revenue				
Consumer	468,313	429,196	1,382,725	1,255,410
AFH	92,832	91,889	260,610	254,907
Revenue from external customers	561,145	521,085	1,643,335	1,510,317
Other segment items				
Consumer	390,069	366,782	1,159,245	1,070,037
AFH	82,453	85,287	238,479	230,966
Corporate and other costs	2,922	3,351	11,665	11,291
Total other segment items	475,444	455,420	1,409,389	1,312,294
Adjusted EBITDA				
Consumer	78,244	62,414	223,480	185,373
AFH	10,379	6,602	22,131	23,941
Corporate and other costs	(2,922)	(3,351)	(11,665)	(11,291)
Total Adjusted EBITDA	85,701	65,665	233,946	198,023
Reconciliation to net income:				
Depreciation and amortization	32,450	28,300	110,045	82,988
Interest expense and other finance costs	21,569	17,997	63,826	51,132
Loss on sale of property, plant and equipment	-	-	18	269
Loss on sale of non-financial assets	-	15	-	27
Change in amortized cost of Partnership unit liability	-	-	-	(881)
Restructuring costs, net	29	-	3,731	219
Foreign exchange loss (gain)	6,836	(5,266)	(13,448)	8,033
Income before income taxes	24,817	24,619	69,774	56,236
Income tax expense	9,433	5,012	11,324	14,872
Net income including non-controlling interest	15,384	19,607	58,450	41,364
Geographic Revenue				
Canada	301,360	282,222	889,217	827,363
US	259,785	238,863	754,118	682,954
Total revenue	561,145	521,085	1,643,335	1,510,317

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

	September 30, 2025	December 31, 2024
	\$	\$
Assets		
Current assets		
Dividends receivable	1,801	1,798
	1,801	1,798
Non-current assets		
Investment in associate	69,500	69,517
Total assets	71,301	71,315
Liabilities		
Current liabilities		
Dividend payable	1,801	1,798
Total liabilities	1,801	1,798
Equity		
Common shares	22,934	22,762
Contributed surplus	144,819	144,819
Deficit	(115,635)	(116,673)
Accumulated other comprehensive income	17,382	18,609
Total equity	69,500	69,517
Total liabilities and equity	71,301	71,315

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

	3-month period ended September 30, 2025 \$	3-month period ended September 30, 2024 \$	9-month period ended September 30, 2025 \$	9-month period ended September 30, 2024 \$
Share of income	1,700	2,259	6,372	4,758
Depreciation of fair value increments	(264)	(278)	(827)	(847)
Equity income	1,436	1,981	5,545	3,911
Dilution gain	114	107	323	500
Net income	<u>1,550</u>	<u>2,088</u>	<u>5,868</u>	<u>4,411</u>
Basic earnings per share	<u>0.15</u>	<u>0.21</u>	<u>0.59</u>	<u>0.44</u>
Weighted average number of shares outstanding	<u>10,007,057</u>	<u>9,979,383</u>	<u>10,000,087</u>	<u>9,973,463</u>

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

	3-month period ended September 30, 2025 \$	3-month period ended September 30, 2024 \$	9-month period ended September 30, 2025 \$	9-month period ended September 30, 2024 \$
Cash flows from (used in) operating activities				
Net income	1,550	2,088	5,868	4,411
Items not affecting cash				
Equity income	(1,436)	(1,981)	(5,545)	(3,911)
Dilution gain	(114)	(107)	(323)	(500)
Total items not affecting cash	(1,550)	(2,088)	(5,868)	(4,411)
Decrease in payable to investee	-	(376)	-	(660)
Tax refunds, net	-	376	-	660
Net cash from operating activities	-	-	-	-
Cash flows from (used in) investing activities				
Dividends received, net	1,739	1,743	5,229	5,239
Net cash from investing activities	1,739	1,743	5,229	5,239
Cash flows from (used in) financing activities				
Dividends paid, net	(1,739)	(1,743)	(5,229)	(5,239)
Net cash used in financing activities	(1,739)	(1,743)	(5,229)	(5,239)
Increase (decrease) in cash and cash equivalents during the period	-	-	-	-
Cash and cash equivalents - Beginning of period	-	-	-	-
Cash and cash equivalents - End of period	-	-	-	-