



## NEWS RELEASE

For immediate release

### KP Tissue Releases Fourth Quarter and Full Year 2025 Financial Results *Strong financial and operational performance in 2025*

**Mississauga (ON), February 18, 2026** - KP Tissue Inc. (KPT) (TSX: KPT) reports the Q4 2025 and full year 2025 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 12.1% interest in Kruger Products.

#### Kruger Products Q4 2025 Business and Financial Highlights

- Revenue was \$560.1 million in Q4 2025 compared to \$539.6 million in Q4 2024, an increase of \$20.5 million or 3.8%.
- Adjusted EBITDA<sup>1</sup> was \$84.2 million in Q4 2025 compared to \$66.8 million in Q4 2024, an increase of 26.0%.
- Net income was \$23.4 million in Q4 2025 compared to a net loss of \$13.7 million in Q4 2024, an increase of \$37.1 million.
- Declared a quarterly dividend of \$0.18 per share to be paid on April 15, 2026.

#### Kruger Products Full Year 2025 Financial Highlights

- Revenue was \$2,203.4 million in Fiscal 2025 compared to \$2,049.9 million in Fiscal 2024, an increase of \$153.5 million or 7.5%.
- Adjusted EBITDA<sup>1</sup> was \$318.2 million in Fiscal 2025 compared to \$264.8 million in Fiscal 2024 an increase of 20.2%.
- Net income was \$75.5 million in Fiscal 2025 compared to \$23.8 million in Fiscal 2024, an improvement of \$51.7 million.

"Fiscal 2025 proved to be a strong year across many areas of our business, marked by share gains and revenue growth, higher margins and greater profitability, along with enhanced operational efficiency and an improved safety record," stated Kruger Products and KP Tissue's Chief Executive Officer, Dino Bianco. "We are particularly pleased revenue growth was well-diversified both in Canada, leveraging our leadership position in this mature market, and in the U.S., serving as our growth engine for years to come.

"In fact, we are firming up the location, project scope and financial details of a new through-air-dried (TAD) facility slated to open in the western United States in 2028 with an official announcement expected in the first half of 2026.

"In the fourth quarter of 2025, our momentum culminated with Adjusted EBITDA growing 26.0% year-over-year to \$84.2 million, mainly driven by higher sales volume. In addition, expanded in-sourcing of paper from our Sherbrooke Expansion Project improved the margins of our Away-From-Home segment and overall business.

"Going forward, we intend to build on our solid foundation, entrenched by three consecutive years of increases in revenue and profitability, to deliver growth in 2026 and beyond," Mr. Bianco added.

#### Outlook for Q1 2026

For the first quarter of 2026, we expect Adjusted EBITDA<sup>1</sup> to be in the range of Q4 2025.

#### Kruger Products Q4 2025 Financial Results

Revenue was \$560.1 million in Q4 2025 compared to \$539.6 million in Q4 2024, an increase of \$20.5 million or 3.8%. The increase in revenue was primarily due to higher sales volume across both segments.

Cost of sales was \$451.9 million in Q4 2025 compared to \$459.3 million in Q4 2024, a decrease of \$7.4 million or 1.6%. The decrease in cost of sales was primarily due to lower pulp prices compared to the year ago quarter and favourable productivity across our manufacturing sites, partially offset by higher sales volume and additional manufacturing overhead spend to invest in

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

our sites. Freight rates were lower compared to Q4 2024 while warehousing expenses remained essentially flat. As a percentage of revenue, cost of sales was 80.7% in Q4 2025, compared to 85.1% in Q4 2024.

Selling, general and administrative (SG&A) expenses were \$55.3 million in Q4 2025 compared to \$45.1 million in Q4 2024, an increase of \$10.2 million or 22.6%. The increase was primarily due to additional headcount and related compensation costs that resulted in lower contracting costs, higher selling expenses related to higher sales volume, foreign exchange losses in Q4 2025 compared to gains in Q4 2024 and a favourable business tax adjustment in a U.S. entity in Q4 2024 that did not recur in Q4 2025. As a percentage of revenue, SG&A expenses were 9.9% in Q4 2025 compared to 8.4% in Q4 2024.

Adjusted EBITDA<sup>1</sup> was \$84.2 million in Q4 2025 compared to \$66.8 million in Q4 2024, an increase of \$17.4 million or 26.0%. The increase was primarily due to higher sales volumes and favourable productivity in our manufacturing sites, along with lower pulp costs and freight rates, partially offset by higher manufacturing overhead spend and SG&A expenses.

Net income was \$23.4 million in Q4 2025 compared to a net loss of \$13.7 million in Q4 2024, an increase of \$37.1 million. The increase was primarily due to a foreign exchange difference and higher Adjusted EBITDA<sup>1</sup>, partially offset by higher income tax expense, higher income from non-controlling interest and higher interest expense and other finance costs.

#### **Kruger Products 2025 Financial Results**

Revenue was \$2,203.4 million in Fiscal 2025 compared to \$2,049.9 million in Fiscal 2024, an increase of \$153.5 million or 7.5%. The increase in revenue was primarily due to higher sales volume in the Consumer segment and favourable selling prices across both segments, partially offset by somewhat lower sales volume in the AFH segment from the first half of 2025. Revenue was also favorably impacted by foreign exchange fluctuations on U.S. dollar sales.

Adjusted EBITDA<sup>1</sup> was \$318.2 million in Fiscal 2025 compared to \$264.8 million in Fiscal 2024, an increase of \$53.4 million or 20.2%. The increase was primarily due to higher sales volumes and selling prices along with lower pulp prices and favourable manufacturing overhead cost absorption, partially offset by additional manufacturing overhead spend to invest in our sites and unfavourable mill performance at our Memphis site, along with higher warehousing and SG&A expenses.

Net income was \$75.5 million in Fiscal 2025 compared to \$23.8 million in Fiscal 2024, an improvement of \$51.7 million. The improvement was primarily due to higher Adjusted EBITDA<sup>1</sup> and a foreign exchange gain, partially offset by higher depreciation expense resulting from the Sherbrooke Expansion Project and a one-time expense related to the restructuring activity in our Memphis site, higher interest expense and other finance costs, higher income from non-controlling interest, higher restructuring costs and higher income tax expense.

#### **Kruger Products Q4 2025 Financing Activity and Liquidity**

On December 10, 2025, Kruger Products issued \$165 million in an aggregate principal amount of 6.250% Senior Unsecured Notes (the Notes) due December 10, 2032 by way of private placement (the Offering). Interest on the Notes is payable semi-annually in arrears on June 10 and December 10 of each year, commencing on June 10, 2026. A portion of the proceeds were used to fund the repayment in full of the borrowings outstanding under the senior credit facilities of Kruger Products SB Inc. (KPSB) with the balance being used for general corporate purposes. In connection with the Offering, Kruger Products' syndicated credit agreement was amended and restated to, among other things, increase the facility amount from \$230 million to \$250 million, increase the accordion feature from \$75 million to \$100 million and add KPSB as a restricted credit party.

Total liquidity, representing cash and availability under the revolving credit agreements, was \$451.3 million as of December 31, 2025.

#### **KPT Q4 2025 Financial Results**

KPT had net income of \$2.6 million in Q4 2025. Included in net income was \$2.8 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.

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

## **KPT 2025 Financial Results**

KPT had net income of \$8.5 million in Fiscal 2025. Included in net income was \$9.2 million representing KPT's share of Kruger Products' net income, a dilution gain of \$0.4 million and depreciation expense of \$1.1 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 April 15, 2026 to shareholders of record at the close of business on March 31, 2026.

## **Additional Information**

For additional information please refer to Management's Discussion and Analysis (MD&A) of KPT and Kruger Products for the fourth quarter and fiscal year ended December 31, 2025 available on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca) or our website at [www.kptissueinc.com](http://www.kptissueinc.com).

## **Fourth Quarter Results Conference Call Information**

KPT will hold its fourth quarter conference call on Wednesday, February 18, 2026 at 8:30 a.m. Eastern Time.

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

Via the internet at: [www.kptissueinc.com](http://www.kptissueinc.com)

Presentation material referenced during the conference call will be available at [www.kptissueinc.com](http://www.kptissueinc.com).

A rebroadcast of the conference call will be available until midnight, February 25, 2026 by dialing 1-888-660-6345 or 289-819-1450 and entering passcode 25755.

The replay of the webcast will remain available on the website until midnight, February 25, 2026.

## **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](http://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](http://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

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

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 press 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, in respect of the plans to build a new TAD tissue plant, 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 EBITDA<sup>1</sup> for Q1 2026 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 February 18, 2026 available on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca) (the Annual Information Form): 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; 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; information technology; cyber-security; insurance; internal controls; trade related 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.

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

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

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

	December 31, 2025	December 31, 2024
	\$	\$
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	196,094	119,460
Restricted cash	46,070	48,375
Trade and other receivables	143,313	138,177
Receivables from related parties	79	80
Inventories	284,183	287,756
Income tax recoverable	2,963	3,208
Prepaid expenses	5,381	6,383
	<hr/>	<hr/>
	678,083	603,439
<b>Non-current assets</b>		
Property, plant and equipment	1,430,206	1,509,592
Right-of-use assets	152,243	186,460
Other long-term assets	-	92
Pensions	91,118	92,661
Goodwill	152,021	152,021
Intangible assets	40,362	42,572
Deferred income taxes	64,671	10,500
	<hr/>	<hr/>
<b>Total assets</b>	<hr/>	<hr/>
	2,608,704	2,597,337
<b>Liabilities</b>		
<b>Current liabilities</b>		
Trade and other payables	350,831	346,264
Payables to related parties	13,441	17,829
Income tax payable	-	3
Dividends payable	14,853	14,308
Current portion of long-term debt	98,649	54,168
Current portion of lease liabilities	43,576	40,156
Current portion of long-term payable to related party	5,800	5,800
Current portion of provisions	7,283	4,184
	<hr/>	<hr/>
	534,433	482,712
<b>Non-current liabilities</b>		
Long-term debt	1,074,148	1,180,488
Long-term lease liabilities	139,694	165,563
Long-term payable to related party	28,064	31,925
Long-term provisions	12,602	9,398
Pensions	17,745	17,845
Post-retirement benefits	48,333	47,140
Deferred income taxes	47,140	-
	<hr/>	<hr/>
<b>Total liabilities</b>	<hr/>	<hr/>
	1,902,159	1,935,071
<b>Equity</b>		
Share capital	334,479	308,622
Contributed surplus	395,382	395,382
Deficit	(151,965)	(171,874)
Accumulated other comprehensive income	89,343	100,177
<b>Equity attributable to Kruger Products</b>	<hr/>	<hr/>
	667,239	632,307
<b>Non-controlling interest</b>	<hr/>	<hr/>
	39,306	29,959
<b>Total equity</b>	<hr/>	<hr/>
	706,545	662,266
<b>Total liabilities and equity</b>	<hr/>	<hr/>
	2,608,704	2,597,337

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

	3-month period ended December 31, 2025	3-month period ended December 31, 2024	12-month period ended December 31, 2025	12-month period ended December 31, 2024
	\$	\$	\$	\$
<b>Revenue</b>	560,056	539,621	2,203,391	2,049,938
<b>Expenses</b>				
Cost of sales	451,902	459,271	1,825,077	1,721,704
Selling, general and administrative expenses	55,290	45,105	201,567	178,250
Restructuring costs	51	-	3,782	219
<b>Operating income</b>	52,813	35,245	172,965	149,765
Interest expense and other finance costs	23,018	21,355	86,844	72,487
Other expense (income)	(4,927)	24,718	(18,375)	31,870
<b>Income (loss) before income taxes</b>	34,722	(10,828)	104,496	45,408
Current tax expense (recovery)	2,661	(415)	4,711	2,734
Deferred tax expense	5,652	4,956	14,926	16,679
<b>Income tax expense</b>	8,313	4,541	19,637	19,413
<b>Net income (loss) including non-controlling interest</b>	26,409	(15,369)	84,859	25,995
<b>Net income (loss) attributable to non-controlling interest</b>	2,985	(1,649)	9,347	2,174
<b>Net income (loss) attributable to Kruger Products</b>	<b>23,424</b>	<b>(13,720)</b>	<b>75,512</b>	<b>23,821</b>

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

	3-month period ended December 31, 2025	3-month period ended December 31, 2024	12-month period ended December 31, 2025	12-month period ended December 31, 2024
	\$	\$	\$	\$
<b>Cash flows from (used in) operating activities</b>				
Net income (loss) including non-controlling interest	26,409	(15,369)	84,859	25,995
Items not affecting cash				
Depreciation	29,434	29,105	133,309	107,793
Amortization	1,929	2,022	8,099	6,322
Loss on sale of property, plant and equipment	79	370	74	639
Loss on disposal of leased assets	65	47	88	47
Foreign exchange loss (gain)	(4,927)	24,719	(18,375)	32,752
Interest expense and other finance costs	23,018	21,355	86,844	72,487
Pension and post-retirement benefits	2,853	3,328	11,270	12,292
Provisions	2,287	1,464	8,146	4,879
Income tax expense	8,313	4,541	19,637	19,413
Loss on sale of non-financial assets	-	18	-	45
Total items not affecting cash	63,051	86,969	249,092	256,669
Net change in non-cash working capital	35,002	(5,630)	5,532	(58,604)
Contributions to pension and post-retirement benefit plans	(686)	(1,058)	(3,570)	(4,476)
Provisions paid	-	-	(4,679)	(3,695)
Income tax payments, net	233	(665)	(2,259)	(3,786)
<b>Net cash from operating activities</b>	<b>124,009</b>	<b>64,247</b>	<b>328,975</b>	<b>212,103</b>
<b>Cash flows from (used in) investing activities</b>				
Purchases of property, plant and equipment	(29,157)	(28,941)	(52,470)	(44,762)
Purchases of property, plant and equipment related to the Sherbrooke Expansion Project	(1,344)	(13,511)	(20,517)	(129,678)
Interest paid on credit facilities related to the Sherbrooke Expansion Project	-	(2,628)	-	(7,764)
Government assistance received	1,000	-	4,119	-
Purchases of software	(2,900)	(2,978)	(4,983)	(3,272)
Proceeds on sale of property, plant and equipment	339	-	339	28
<b>Net cash used in investing activities</b>	<b>(32,062)</b>	<b>(48,058)</b>	<b>(73,512)</b>	<b>(185,448)</b>
<b>Cash flows from (used in) financing activities</b>				
Proceeds from long-term debt	165,000	160,156	174,171	279,353
Repayment of long-term debt	(166,517)	(130,770)	(215,635)	(163,815)
Payment of deferred financing fees	(3,561)	(3,181)	(3,584)	(4,493)
Payment of lease liabilities	(9,634)	(9,736)	(35,109)	(36,199)
Change in restricted cash	(1,425)	(3,543)	2,305	(35,924)
Interest paid on long-term debt	(19,797)	(15,839)	(61,193)	(54,678)
Payment to related party	-	-	(5,800)	(5,800)
Dividends paid	(14,726)	(14,173)	(58,079)	(55,806)
Proceeds from issuing partnership units	6,529	6,248	25,676	30,456
<b>Net cash used in financing activities</b>	<b>(44,131)</b>	<b>(10,838)</b>	<b>(177,248)</b>	<b>(46,906)</b>
<b>Effect of exchange rate changes on cash and cash equivalents held in foreign currency</b>				
	(853)	2,894	(1,581)	3,983
<b>Increase (Decrease) in cash and cash equivalents during the year</b>				
<b>Cash and cash equivalents - Beginning of year</b>	<b>46,963</b>	<b>8,245</b>	<b>76,634</b>	<b>(16,268)</b>
<b>Cash and cash equivalents - End of year</b>	<b>149,131</b>	<b>111,215</b>	<b>119,460</b>	<b>135,728</b>
	196,094	119,460	196,094	119,460

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

	3-month period ended	3-month period ended	12-month period ended	12-month period ended
	December 31, 2025	December 31, 2024	December 31, 2025	December 31, 2024
	\$	\$	\$	\$
<b>Segment Information</b>				
<b>Segment Revenue</b>				
Consumer	472,286	452,709	1,855,011	1,708,119
AFH	87,770	86,912	348,380	341,819
Revenue from external customers	<u>560,056</u>	<u>539,621</u>	<u>2,203,391</u>	<u>2,049,938</u>
<b>Other segment items</b>				
Consumer	394,156	388,737	1,553,401	1,458,774
AFH	78,052	82,293	316,531	313,259
Corporate and other costs	3,565	1,831	15,230	13,122
Total other segment items	<u>475,773</u>	<u>472,861</u>	<u>1,885,162</u>	<u>1,785,155</u>
<b>Adjusted EBITDA</b>				
Consumer	78,130	63,972	301,610	249,345
AFH	9,718	4,619	31,849	28,560
Corporate and other costs	(3,565)	(1,831)	(15,230)	(13,122)
Total Adjusted EBITDA	<u>84,283</u>	<u>66,760</u>	<u>318,229</u>	<u>264,783</u>
<b>Reconciliation to net income (loss)</b>				
Depreciation and amortization	31,363	31,127	141,408	114,115
Interest expense and other finance costs	23,018	21,355	86,844	72,487
Loss on disposal of property, plant and equipment	56	370	74	639
Loss on sale of non-financial assets	-	18	-	45
Change in amortized cost of Partnership units liability	-	-	-	(882)
Restructuring costs, net	51	-	3,782	219
Foreign exchange loss (gain)	(4,927)	24,718	(18,375)	32,752
Income (loss) before income taxes	34,722	(10,828)	104,496	45,408
Income tax expense	8,313	4,541	19,637	19,413
Net income (loss) including non-controlling interest	<u>26,409</u>	<u>(15,369)</u>	<u>84,859</u>	<u>25,995</u>
<b>Geographic Revenue</b>				
Canada	306,368	291,391	1,195,585	1,118,754
US	253,688	248,230	1,007,806	931,184
Total revenue	<u>560,056</u>	<u>539,621</u>	<u>2,203,391</u>	<u>2,049,938</u>

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

	<b>December 31, 2025</b>	<b>December 31, 2024</b>
	\$	\$
<b>Assets</b>		
<b>Current assets</b>		
Dividends receivable	1,803	1,798
	<hr/>	<hr/>
	1,803	1,798
<b>Non-current assets</b>		
Investment in associate	69,799	69,517
	<hr/>	<hr/>
<b>Total assets</b>	<b>71,602</b>	<b>71,315</b>
	<hr/>	<hr/>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Dividend payable	1,803	1,798
	<hr/>	<hr/>
<b>Total liabilities</b>	<b>1,803</b>	<b>1,798</b>
	<hr/>	<hr/>
<b>Equity</b>		
Common Shares	23,001	22,762
Contributed surplus	144,819	144,819
Deficit	(114,985)	(116,673)
Accumulated other comprehensive income	16,964	18,609
	<hr/>	<hr/>
<b>Total equity</b>	<b>69,799</b>	<b>69,517</b>
	<hr/>	<hr/>
<b>Total liabilities and equity</b>	<b>71,602</b>	<b>71,315</b>
	<hr/>	<hr/>

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

	3-month period ended December 31, 2025	3-month period ended December 31, 2024	12-month period ended December 31, 2025	12-month period ended December 31, 2024
	\$	\$	\$	\$
Share of income (loss)	2,793	(1,765)	9,165	2,993
Depreciation of fair value increments	(267)	(276)	(1,094)	(1,123)
<b>Equity income (loss)</b>	<b>2,526</b>	<b>(2,041)</b>	<b>8,071</b>	<b>1,870</b>
Dilution gain	110	119	433	619
<b>Income (loss) before income taxes</b>	<b>2,636</b>	<b>(1,922)</b>	<b>8,504</b>	<b>2,489</b>
Current tax expense	-	56	-	56
<b>Income tax expense</b>	<b>-</b>	<b>56</b>	<b>-</b>	<b>56</b>
Net income (loss)	2,636	(1,978)	8,504	2,433
<b>Basic earning (loss) per share</b>	<b>0.26</b>	<b>(0.20)</b>	<b>0.85</b>	<b>0.24</b>
<b>Weighted average number of shares outstanding</b>	<b>10,014,269</b>	<b>9,986,446</b>	<b>10,003,661</b>	<b>9,976,725</b>

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

	3-month period ended December 31, 2025	3-month period ended December 31, 2024	12-month period ended December 31, 2025	12-month period ended December 31, 2024
	\$	\$	\$	\$
<b>Cash flows from (used in) operating activities</b>				
Net income (loss)	2,636	(1,978)	8,504	2,433
Items not affecting cash				
Equity income (loss)	(2,526)	2,041	(8,071)	(1,870)
Dilution gain	(110)	(119)	(433)	(619)
Current tax expense	-	56	-	56
Total items not affecting cash	(2,636)	1,978	(8,504)	(2,433)
Decrease (increase) in payable to investee	-	65	-	(595)
Tax refunds, net	-	(65)	-	595
<b>Net cash from operating activities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Cash flows from (used in) investing activities</b>				
Dividends received, net	1,734	1,735	6,963	6,974
<b>Net cash from investing activities</b>	<b>1,734</b>	<b>1,735</b>	<b>6,963</b>	<b>6,974</b>
<b>Cash flows from (used in) financing activities</b>				
Dividends paid, net	(1,734)	(1,735)	(6,963)	(6,974)
<b>Net cash used in financing activities</b>	<b>(1,734)</b>	<b>(1,735)</b>	<b>(6,963)</b>	<b>(6,974)</b>
<b>Increase in cash and cash equivalents during the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Cash and cash equivalents - Beginning of year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Cash and cash equivalents - End of year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>