KRUGER PRODUCTS INC.

UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE 3-MONTH AND 9-MONTH PERIODS ENDED SEPTEMBER 30, 2025 AND SEPTEMBER 30, 2024

Kruger Products Inc.

2 Prologis Blvd., Suite 500, Mississauga, Ontario L5W 0G8
www.krugerproducts.ca

Kruger Products Inc.
Unaudited Condensed Consolidated Statements of Financial Position

(tabular amounts are in thousands of Canadian dollars)

	Note	September 30, 2025 $	December 31, 2024 $
Assets			
Current assets			
Cash and cash equivalents		149,131	119,460
Restricted cash	6	44,646	48,375
Trade and other receivables		136,394	138,177
Receivables from related parties	8	79	80
Inventories		284,638	287,756
Income tax recoverable		5,475	3,208
Prepaid expenses		11,042	6,383
		631,405	603,439
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	5	94,938	92,661
Goodwill		152,021	152,021
Intangible assets		39,403	42,572
Deferred income taxes		23,556	10,500
Total assets		**2,526,723**	**2,597,337**
Liabilities			
Current liabilities			
Trade and other payables		321,451	346,264
Payables to related parties	8	11,350	17,829
Income tax payable		1	3
Dividends payable	8	14,726	14,308
Current portion of long-term debt	6	97,913	54,168
Current portion of lease liabilities		43,498	40,156
Current portion of long-term payable to related party	8	5,800	5,800
Current portion of provisions		6,389	4,184
		501,128	**482,712**
Non-current liabilities			
Long-term debt	6	1,083,522	1,180,488
Long-term lease liabilities		146,972	165,563
Long-term payable to related party	8	27,602	31,925
Long-term provisions		8,729	9,398
Pensions	5	17,400	17,845
Post-retirement benefits	5	48,504	47,140
Total liabilities		**1,833,857**	**1,935,071**
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		**656,545**	**632,307**
Non-controlling interest	6	36,321	29,959
Total equity		**692,866**	**662,266**
Total liabilities and equity		**2,526,723**	**2,597,337**
Subsequent events	8		

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

Kruger Products Inc.

Unaudited Condensed Consolidated Statements of Income

For the 3-month and 9-month periods ended September 30, 2025 and September 30, 2024

(tabular amounts are in thousands of Canadian dollars)

	Note	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	8	**561,145**	**521,085**	**1,643,335**	**1,510,317**
Expenses					
Cost of sales	8	459,988	437,202	1,373,175	1,262,433
Selling, general and administrative expenses	8	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	7	**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	6	**838**	**1,614**	**6,362**	**3,823**
Net income attributable to Kruger Products		**14,546**	**17,993**	**52,088**	**37,541**

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

Kruger Products Inc.

Unaudited Condensed Consolidated Statements of Comprehensive Income

For the 3-month and 9-month periods ended September 30, 2025 and September 30, 2024

(tabular amounts are in 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 $
Net income including non-controlling interest	**15,384**	**19,607**	**58,450**	**41,364**
Other comprehensive income (loss)				
Items that will not be reclassified to net income:				
Remeasurements of pensions	3,620	(5,973)	4,390	20,392
Remeasurements of post-retirement benefits	49	(1,681)	280	133
Items that may be subsequently reclassified to net income:				
Cumulative translation adjustment	3,934	(3,082)	(7,897)	4,629
Other comprehensive income (loss)	**7,603**	**(10,736)**	**(3,227)**	**25,154**
Total comprehensive income including non-controlling interest	22,987	8,871	55,223	66,518
Total comprehensive income attributable to non-controlling interest	838	1,614	6,362	3,823
Total comprehensive income attributable to Kruger Products	**22,149**	**7,257**	**48,861**	**62,695**

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

Kruger Products Inc.

Unaudited Condensed Consolidated Statements of Changes in Equity

For the 9-month periods ended September 30, 2025 and September 30, 2024

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

	Note		Share capital	Contributed surplus	Deficit	Accumulated other comprehensive income	Non-controlling interest (note 6)	Total equity
		#	$	$	$	$	$	$
As of January 1, 2025		**79,490,647**	**308,622**	**395,382**	**(171,874)**	**100,177**	**29,959**	**662,266**
Dividends payable	8	—	—	—	(14,726)	—	—	(14,726)
Dividends paid		—	—	—	(29,044)	—	—	(29,044)
Fair value adjustment		—	118	—	(118)	—	—	—
Change in actuarial gain on pension		—	—	—	4,390	—	—	4,390
Change in actuarial gain on post-retirement benefits		—	—	—	280	—	—	280
Cumulative translation adjustment		—	—	—	—	(7,897)	—	(7,897)
Net income		—	—	—	52,088	—	6,362	58,450
Issuance of common shares	8	2,322,538	19,147	—	—	—	—	19,147
As of September 30, 2025		**81,813,185**	**327,887**	**395,382**	**(159,004)**	**92,280**	**36,321**	**692,866**

	Note		Share capital	Contributed surplus	Deficit	Accumulated other comprehensive income	Non-controlling interest (note 6)	Total equity
		#	$	$	$	$	$	$
As of January 1, 2024		**75,973,356**	**278,252**	**395,382**	**(164,029)**	**81,011**	**23,011**	**613,627**
Redemption of KPSI IQ Debenture by Kruger Inc.	6	—	—	—	—	—	4,774	4,774
Dividends payable	8	—	—	—	(14,173)	—	—	(14,173)
Dividends paid		—	—	—	(27,957)	—	—	(27,957)
Fair value adjustment		—	(131)	—	131	—	—	—
Change in actuarial gain on pension		—	—	—	20,392	—	—	20,392
Change in actuarial gain on post-retirement benefits		—	—	—	133	—	—	133
Cumulative translation adjustment		—	—	—	—	4,629	—	4,629
Net income		—	—	—	37,541	—	3,823	41,364
Issuance of common shares	8	2,768,074	24,207	—	—	—	—	24,207
As of September 30, 2024		**78,741,430**	**302,328**	**395,382**	**(147,962)**	**85,640**	**31,608**	**666,996**

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

Kruger Products Inc.
Unaudited Condensed Consolidated Statements of Cash Flows
For the 9-month periods ended September 30, 2025 and September 30, 2024

(tabular amounts are in thousands of Canadian dollars)

	Note	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		58,450	41,364
Items not affecting cash			
Depreciation		103,875	78,688
Amortization		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)		(13,448)	8,033
Interest expense and other finance costs		63,826	51,132
Pension and post-retirement benefits	5	8,417	8,964
Provisions		5,859	3,415
Income tax expense		11,324	14,872
Loss on sale of non-financial assets		—	27
Total items not affecting cash		186,041	169,700
Net change in non-cash working capital	11	(29,471)	(52,974)
Contributions to pension and post-retirement benefit plans	5	(2,884)	(3,418)
Provisions paid		(4,679)	(3,695)
Income tax payments, net		(2,492)	(3,121)
Net cash from operating activities		**204,965**	**147,856**
Cash flows from (used in) investing activities			
Purchases of property, plant and equipment		(23,313)	(15,821)
Purchases of property, plant and equipment related to the Sherbrooke Expansion Project		(19,173)	(116,167)
Interest paid on credit facilities related to the Sherbrooke Expansion Project		—	(5,136)
Government assistance received		3,119	—
Purchases of software		(2,083)	(294)
Proceeds on sale of property, plant and equipment		—	28
Net cash used in investing activities		**(41,450)**	**(137,390)**
Cash flows from (used in) financing activities	12		
Proceeds from long-term debt		9,171	119,197
Repayment of long-term debt		(49,118)	(33,045)
Payment of deferred financing fees		(23)	(1,312)
Payment of lease liabilities		(25,475)	(26,463)
Change in restricted cash		3,730	(32,381)
Interest paid on long-term debt		(41,396)	(38,839)
Payment to related party of long-term payable	8	(5,800)	(5,800)
Dividends paid, net	8	(24,205)	(17,425)
Net cash used in financing activities		**(133,116)**	**(36,068)**
Effect of exchange rate changes on cash and cash equivalents held in foreign currency		**(728)**	**1,089**
Increase (Decrease) in cash and cash equivalents during the period		**29,671**	**(24,513)**
Cash and cash equivalents - Beginning of period		**119,460**	**135,728**
Cash and cash equivalents - End of period		**149,131**	**111,215**

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

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

1 GENERAL INFORMATION

Kruger Products Inc. (Kruger Products or the Company) operates as a corporation registered in the Province of Quebec, Canada whose shareholders are 13582141 Canada Inc. (ultimate parent and a wholly-owned subsidiary of Kruger Inc., through which it holds Kruger Products shares), KPGP Inc. (KPGP) and KP Tissue Inc. (KPT). Kruger Products manufactures, sells and distributes tissue products for household, industrial and commercial use. The Company has plants in New Westminster, British Columbia; Crabtree, Sherbrooke and Gatineau Quebec; Scarborough and Trenton, Ontario and Memphis, Tennessee. The Company'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 as issued by the International Accounting Standards Board (IFRS Accounting Standards) 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 Company for the year ended December 31, 2024.

These unaudited condensed consolidated financial statements were approved by the board of directors of Kruger Products on November 12, 2025.

3 SUMMARY OF MATERIAL ACCOUNTING POLICIES

The material accounting policies used in the preparation of these unaudited condensed consolidated financial statements were disclosed in the annual audited consolidated financial statements of the Company for the year ended December 31, 2024 and have been applied to all periods presented.

Accounting standard implemented effective January 1, 2025

IFRS 8, Operating Segments
In July 2024, IFRIC published an agenda decision that addresses which items listed in IFRS 8 must be disclosed even when they are not separately reviewed by the chief operation decision maker. The agenda decision also provides guidance on how to identify the additional material items that IFRS 8 requires to be disclosed. Following this agenda decision, for each reportable segment, the Company modified the segment presentation in note 9 to provide qualitative disclosure on the material items included in net income.

Accounting standard issued but not yet implemented

IFRS 18, Presentation and Disclosure in Financial Statements
In April 2024, the IASB issued IFRS 18 to achieve comparability of the financial performance of similar entities. The standard, which replaces IAS 1, impacts the presentation of primary financial statements and notes, mainly the income statement where companies will be required to present separate categories of income and expense for operating, investing, and financing activities with prescribed subtotals for each new category. IFRS 18 will require management-defined performance measures to be explained and included in a separate note within the unaudited condensed consolidated financial statements. The mandatory effective date would be for annual reporting periods beginning on or after January 1, 2027, including interim financial statements, and requires retrospective application. The Company is currently assessing the impact of the new standard.

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

Amendments to IFRS 9 and IFRS 7 - Amendments to the Classification and Measurement of Financial Instruments

On May 30, 2024, the IASB issued amendments to IFRS Accounting Standards 9 and IFRS Accounting Standards 7 aimed at improving the classification and measurement of financial instruments. The recent amendments simplify financial reporting by allowing earlier recognition of liabilities settled via electronic payments, clarifying the assessment of cash flows for basic lending arrangements, and refining definitions for non-recourse features and linked instruments. The amendments also introduce more detailed disclosure requirements for fair value changes in equity instruments and mandate reporting of terms that could affect cash flow timings or amounts. The amendment will be effective from January 1, 2026 and entities must apply these amendments retrospectively, with earlier adoption permitted. The Company is currently assessing the impact of the amendments.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of these unaudited condensed consolidated financial statements in conformity with IFRS Accounting Standards 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 of the Company for the year ended December 31, 2024.

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

5 PENSIONS AND POST-RETIREMENT BENEFITS

The net benefit pension plan expense included the following components:

	Pensions		Post-retirement benefit plans	
	3-month period ended September 30, 2025 $	3-month period ended September 30, 2024 $	3-month period ended September 30, 2025 $	3-month period ended September 30, 2024 $
Net benefit plan expense				
Current service cost	2,124	1,672	529	496
Past service cost	—	1,325	—	—
Interest cost	6,270	6,617	540	553
Asset ceiling interest cost	128	108	—	—
Expected return on plan assets	(7,114)	(7,259)	—	—
Administrative cost	191	187	—	—
	1,599	**2,650**	**1,069**	**1,049**

	Pensions		Post-retirement benefit plans	
	9-month period ended September 30, 2025 $	9-month period ended September 30, 2024 $	9-month period ended September 30, 2025 $	9-month period ended September 30, 2024 $
Net benefit plan expense				
Current service cost	6,254	5,589	1,589	1,489
Past service cost	—	1,325	—	—
Interest cost	18,982	20,082	1,620	1,661
Asset ceiling interest cost	383	324	—	—
Expected return on plan assets	(21,565)	(22,050)	—	—
Administrative cost	574	561	—	—
	4,628	**5,831**	**3,209**	**3,150**

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

6 LONG-TERM DEBT

	Weighted average interest rate as of September 30, 2025	Maturity	September 30, 2025 $	December 31, 2024 $
Kruger Products Senior Credit Facility	— %	2026	(507)	(701)
Senior Unsecured Notes due April 9, 2029	5.375 %	2029	133,548	133,239
Senior Unsecured Notes due November 1, 2031	6.625 %	2031	132,233	131,945
AgCredit - Term A Credit Facility	4.82 %	2036	188,045	197,963
AgCredit - Term B Credit Facility	5.04 %	2037	246,755	254,718
AgCredit - Term D Credit Facility [a]	6.07 %	2032	99,420	117,000
KPSB Senior Credit Facility	6.44 %	2028	155,522	158,747
KPSB IQ Debenture	2.00 %	2034	63,086	61,615
KPSI IQ Debenture [b]	3.00 %	2028	49,763	61,029
IQ Bathroom Tissue Loan	2.00 %	2032	40,081	38,652
Nordea2 Credit Facility	3.74 %	2029	31,159	40,181
IQ Facial Tissue Loan	2.00 %	2033	35,695	35,155
IQ Gatineau Loan	6.50 %	2034	6,155	4,158
Ontario Loan	2.40 %	2026	480	955
			1,181,435	**1,234,656**
AgCredit - Term A Credit Facility			10,995	4,820
AgCredit - Term B Credit Facility			10,226	—
AgCredit - Term D Credit Facility			27,865	17,045
KPSI IQ Debenture			16,689	16,690
Nordea2 Credit Facility			7,978	8,246
KPSB Senior Credit Facility			11,866	2,966
IQ Facial Tissue Loan			5,547	2,777
IQ Bathroom Tissue Loan			6,267	1,139
Ontario Loan			480	485
Less: Current portion of long-term debt			97,913	54,168
Long-term debt			**1,083,522**	**1,180,488**

Amounts are net of deferred financing fees.

Fair value of Long-term debt and discount rates are disclosed in note 10, Financial instruments, *Fair value*.

Certain of the Company’s debt agreements require the Company to comply with financial and restrictive covenants on a quarterly basis. As of September 30, 2025, the Company was in compliance with all of its financial and restrictive covenants under its outstanding debt agreements. As a result, the Company has classified those loan arrangements subject to covenant compliance and due beyond twelve months of the reporting date as non-current liabilities in the unaudited condensed consolidated statement of financial position.

AgCredit Agreement

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 prepaying the Term D Credit Facility, subject to certain conditions specified in the Fourth Amendment. On April 30, 2025, $39.8 million (US$28.7 million) was deposited in the KPSI Dedicated Account, of which $15.1 million (US$10.0 million) was used to prepay the Term D Credit Facility. On September 26, 2025, $34.5 million (US$25 million) was released from the KPSI Dedicated Account, and an equity injection was made into KTG.

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

KPSI IQ Debenture

Pursuant to the KPSI Repayment Agreement, the Company made redemption payments in exchange for voting common shares of KPSI with a value of $13.9 million for 9-month period ended September 30, 2025. As of September 30, 2025, Kruger Inc. held a 12.3% non-controlling interest directly in KPSI (September 30, 2024 – 13.5%). As a result, a non-controlling interest of $36.3 million was recorded in the unaudited condensed consolidated statement of financial position (December 31, 2024 – $30.0 million). The unaudited condensed consolidated statement of income and comprehensive income for the 9-month period ended September 30, 2025 includes a loss of $6.4 million directly attributable to Kruger Inc's share of income in KPSI (9-month period ended September 30, 2024 – $3.8 million). The two monthly redemption payments subsequent to September 30, 2025 were made by the Company.

7 INCOME TAXES

The estimated effective weighted average annual income tax rate for the 9-month period ended September 30, 2025 was 16.2% (9-month period ended September 30, 2024 – 26.4%).

8 RELATED PARTY TRANSACTIONS

Related party transactions included in the unaudited condensed consolidated statements of income and comprehensive income were as follows:

	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
	$	$	$	$
Sales of goods to Kruger Inc.	5	16	80	141
Sales of goods to subsidiaries of Kruger Inc.	229	679	1,279	3,459
Purchases of goods from Kruger Inc.	41	40	458	292
Purchases of goods and services from subsidiaries of Kruger Inc.	21,366	17,189	64,024	45,951
Management fee to Kruger Inc.	2,687	2,652	8,060	7,956

Balances due to and from related parties included in the unaudited condensed consolidated statements of financial position were as follows:

	September 30, 2025	December 31, 2024
	$	$
Receivables from Kruger Inc.	40	28
Receivables from subsidiaries of Kruger Inc.	39	52
Total receivables from related parties	**79**	**80**
Payables to Kruger Inc.	5,555	13,838
Payables to subsidiaries of Kruger Inc.	5,795	3,991
Total payables to related parties	**11,350**	**17,829**

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

Long-term payable to KBLP

As of September 30, 2025, obligations of $5.8 million and $27.6 million were recorded in the unaudited condensed consolidated statement of financial position as the Current and Long-term portions of the Long-term payable to related party, respectively (December 31, 2024 - $5.8 million and $31.9 million, respectively). During the 9-month period ended September 30, 2025, the Company made its annual payment of $5.8 million to Kruger Brompton L.P., a subsidiary of Kruger Inc. Also, during the 9-month period ended September 30, 2025, the increase in the obligation due to passage of time was $1.5 million (9-month period ended September 30, 2024 – $1.6 million) and was recognized as Interest expense and other finance costs in the unaudited condensed consolidated statements of income.

The Company declared dividends which were payable to its related parties as follows:

	September 30, 2025	December 31, 2024
	$	$
Payable to Kruger Inc.	12,924	12,509
Payable to KPGP	1	1
Payable to KPT	1,801	1,798
Total dividends payable	**14,726**	**14,308**

The dividends paid, the portion of the dividends reinvested by the shareholders, the additional common shares issued at the share price, and the gross proceeds were as follows:

				9-month period ended September 30, 2025	
	Dividends	DRIP	Share price	Issuance of common shares	Gross proceeds
Dividend Payment Date	$	%	$	#	$
January 15, 2025					
Kruger Inc.	12,510	50 %	8.06	776,041	6,255
KPT	1,798	3 %	8.06	6,656	54
April 15, 2025					
Kruger Inc.	12,649	50 %	7.86	804,673	6,325
KPT	1,799	3 %	7.86	6,713	54
July 15, 2025					
Kruger Inc.	12,794	50 %	8.87	721,212	6,397
KPT	1,802	4 %	8.87	7,243	62
	43,352			**2,322,538**	**19,147**

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

				9-month period ended September 30, 2024	
	Dividends	DRIP	Share price	Issuance of common shares	Gross proceeds
Dividend Payment Date	$	%	$	#	$
January 15, 2024					
Kruger Inc.	11,881	100 %	8.99	1,321,575	11,881
KPT	1,794	2 %	8.99	4,615	41
April 15, 2024					
Kruger Inc.	12,118	50 %	8.52	711,199	6,059
KPT	1,795	3 %	8.52	5,880	50
July 15, 2024					
Kruger Inc.	12,248	50 %	8.52	718,712	6,123
KPT	1,795	3 %	8.52	6,093	52
	41,631			**2,768,074**	**24,206**

Subsequent to September 30, 2025, on October 15, 2025, the Company paid a dividend of $14.7 million to its shareholders. Pursuant to the Kruger Products DRIP, a total of 44.3% was reinvested by the shareholders, resulting in the Company issuing 704,301 common shares at a price of $9.27.

Subsequent to September 30, 2025, the Company declared a dividend of $14.9 million, payable on January 15, 2026.

9 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 Company operates in two industry segments: Consumer and Away-From-Home (AFH).

Consumer

This segment operates using the Company'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®, Sponge Towels®, Scotties®, White Swan®, Bonterra™ and White Cloud® and private label tissue products.

AFH

This segment operates using the Company'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) 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. The unaudited condensed consolidated financial statements refer to "Adjusted EBITDA", a measure which does not have a standardized meaning prescribed by IFRS Accounting Standards 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 Company.

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

Corporate and other costs

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

The Company's assets, operations and employees are located primarily in Canada and the United States. The same long-term assets of the Company are used for the Consumer and AFH segments. Accordingly, assets cannot be allocated to these segments.

	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 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 [(a)]				
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 (loss)				
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 disposal of property, plant and equipment	—	—	18	269
Loss on sale of non-financial assets	—	15	—	27
Change in amortized cost of Partnership units 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**

(a) Other segment items for the Consumer, AFH, and Corporate and other cost segments primarily consists of: material costs (including pulp and packaging), manufacturing costs (including hourly and salaried wages and fringe, and plant overhead such as utilities and taxes), freight & duty, advertising and sales promotions costs, and administrative and selling costs (including primarily wages and fringe for salaried personnel and purchased services).

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

Geographic segments

The Company 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.

Revenue	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 $
Canada	301,360	282,222	889,217	827,363
US	259,785	238,863	754,118	682,954
	561,145	**521,085**	**1,643,335**	**1,510,317**

			September 30, 2025
	Canada $	US $	Total $
Property, plant and equipment	1,136,033	289,159	1,425,192
Goodwill	152,021	—	152,021
Intangible assets	39,403	—	39,403

			December 31, 2024
	Canada $	US $	Total $
Property, plant and equipment	1,184,731	324,861	1,509,592
Goodwill	152,021	—	152,021
Intangible assets	42,572	—	42,572

10 FINANCIAL INSTRUMENTS

Classification of financial instruments

As of September 30, 2025 and December 31, 2024, the carrying amount of financial assets and liabilities was at amortized cost.

Fair value

Cash and cash equivalents, Restricted cash, Trade and other receivables, Receivables from related parties, Trade payables, Accrued liabilities, Payables to related parties and Dividends payable are short-term financial instruments whose fair value approximates the carrying amount, given they will mature in the near future.

The Long-term payable to related party is measured at the present value of the future payments required to settle the obligation, discounted using the Company's incremental borrowing rate. The increase in the Long-term payable to related party due to passage of time is recognized as Interest expense and other finance costs in the unaudited condensed consolidated statements of income and comprehensive income. The valuation methodology used is categorized as a Level 2 methodology.

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

The interest rates on the Kruger Products Senior Credit Facility, the KPSB Senior Credit Facility, the Senior Unsecured Notes due April 9, 2029, the Senior Unsecured Notes due November 1, 2031, the AgCredit facilities, the Nordea2 Credit Facility and the IQ Gatineau Loan are fixed for the term of the facilities. 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, the IQ Bathroom Tissue Loan and the IQ Facial Tissue Loan are recorded on future cash flows discounted using a market rate of interest. The valuation methodology used is categorized as a Level 2 methodology.

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

	Discount rate	September 30, 2025	December 31, 2024
		$	$
Senior Unsecured Notes due April 9, 2029	— %	135,000	135,000
Senior Unsecured Notes due November 1, 2031	— %	135,000	135,000
AgCredit - Term A Credit Facility	— %	188,316	198,261
AgCredit - Term B Credit Facility	— %	249,655	257,932
AgCredit - Term D Credit Facility	— %	100,073	117,777
KPSB Senior Credit Facility	— %	156,142	159,548
KPSB IQ Debenture	6.7 %	78,048	78,526
KPSI IQ Debenture	6.1 %	49,843	61,150
IQ Bathroom Tissue Loan	7.3 %	47,854	47,854
IQ Facial Tissue Loan	7.6 %	43,463	44,288
Nordea2 Credit Facility	— %	31,912	41,231
IQ Loan Gatineau	— %	6,326	4,344
Ontario Loan	4.4 %	480	955
		1,222,112	**1,281,866**

Amounts exclude deferred financing fees.

The Company is party to a factoring arrangement, whereby the Company sells to the Bank of Nova Scotia, on a non-recourse basis, eligible trade receivables owing by certain key customers with a facility limit of $50 million. The factoring arrangement bears interest at a floating interest rate based on CORRA plus applicable margin. On July 16, 2025, the Company amended and restated its receivables purchase agreement dated December 15, 2022. Under the revised terms, the effective margin was reduced by approximately 90 basis points. Additionally, collections from receivables are now remitted to Scotiabank on the maturity date of the receivable, rather than the first settlement date after collection.

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

11 NON-CASH WORKING CAPITAL

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

	9-month period ended September 30, 2025 $	9-month period ended September 30, 2024 $
Increase in trade and other receivables	(818)	(12,003)
Decrease (increase) in receivables from related parties	(50)	620
Increase in inventories	(1,171)	(9,174)
Increase in prepaid expenses	(4,703)	(9,271)
Increase in income taxes	(839)	(4,763)
Decrease in trade and other payables	(15,342)	(21,698)
Increase (decrease) in payables to related parties	(6,548)	3,315
	(29,471)	**(52,974)**

12 CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES

The change in financing activities in the unaudited condensed consolidated statements of cash flows included the following:

	9-month period ended September 30, 2025 $	9-month period ended September 30, 2024 $
Long-term debt (including current portion)		
Opening balance	1,234,656	1,069,245
Proceeds from long-term debt	9,171	119,197
Repayment of long-term debt	(49,118)	(33,045)
Reclassification of deferred financing fees and other	(636)	(4,055)
Redemption of KPSI IQ Debenture principal portion by Kruger Inc.	—	(4,172)
Interest expense and other finance costs	7,687	6,785
Capitalized interest	—	2,382
Payment of deferred financing fees	(64)	(1,168)
Foreign exchange loss (gain)	(13,541)	8,033
Cumulative translation adjustment	(6,720)	4,194
Closing balance	**1,181,435**	**1,167,396**
Lease liabilities (including current portion)		
Opening balance	205,719	99,019
Payment of lease liabilities	(25,475)	(26,463)
Additions	4,634	90,868
Lease terminations	(3,195)	(3,874)
Reclassification	295	1,640
Interest expense	8,584	5,614
Lease depreciation	—	68
Cumulative translation adjustment	(92)	96
Closing balance	**190,470**	**166,968**