



## **NEWS RELEASE**

**For immediate release**

### **KP Tissue Releases First Quarter 2026 Financial Results** *Strong profitability amid a volatile economic environment*

**Mississauga (ON), May 14, 2026** - KP Tissue Inc. (KPT) (TSX: KPT) reports the Q1 2026 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 12.0% interest in Kruger Products.

#### **Kruger Products Q1 2026 Business and Financial Highlights**

- Revenue was \$544.6 million in Q1 2026 compared to \$546.1 million in Q1 2025, a decrease of \$1.5 million or 0.3%.
- Adjusted EBITDA<sup>1</sup> was \$86.9 million in Q1 2026 compared to \$75.8 million in Q1 2025, an increase of 14.6%.
- Net income was \$19.8 million in Q1 2026 compared to \$15.4 million in Q1 2025, an increase of \$4.4 million.
- Increased quarterly dividend to \$0.21 per share due to the change in tax designation, to be paid on July 15, 2026.

"We generated strong profitability to open fiscal 2026 despite a volatile economic environment," stated Kruger Products' and KP Tissue's Chief Executive Officer, Dino Bianco. "Adjusted EBITDA of \$86.9 million, representing a margin of 16.0%, exceeded expectations in the first quarter mainly driven by lower pulp prices and warehousing costs year-over-year. Our topline declined less than 1%, reflecting an unfavourable foreign exchange impact on U.S. dollar sales, and a more challenging year-over-year comparison against a prior-year quarter that delivered double-digit revenue growth. Overall, we are pleased with our financial performance in the opening quarter."

"Looking ahead to the remainder of 2026, market demand for our leading tissue products remains healthy. Production rates across our paper machines and converting lines are exceeding targets at all sites, supporting continued momentum. In early April, we began ramping up a state-of-the-art converting line at our Memphis facility, which is expected to add capacity to our U.S. network. We will continue to focus on delivering margins in light of escalating input costs, including higher fuel and freight expenses," Mr. Bianco added.

#### **Outlook for Q2 2026**

For the second quarter of 2026, we expect Adjusted EBITDA<sup>1</sup> to be in the range of Q1 2026.

#### **Kruger Products Q1 2026 Financial Results**

Revenue was \$544.6 million in Q1 2026 compared to \$546.1 million in Q1 2025, a decrease of \$1.5 million or 0.3%. The decrease in revenue was primarily due to the unfavourable impact of foreign exchange fluctuations on U.S. dollar sales. In addition, higher sales volumes in the Consumer U.S. and AFH businesses along with favourable pricing in the Consumer Canada business was only partially offset by lower sales volumes in the Consumer Canada business and unfavourable pricing in the Consumer U.S. business.

Cost of sales was \$436.9 million in Q1 2026 compared to \$451.0 million in Q1 2025, a decrease of \$14.1 million or 3.1%. The decrease in cost of sales was primarily due to lower pulp costs, the favourable impact of foreign exchange fluctuations on U.S. dollar costs and improved mill performance at our Memphis site compared to the year ago quarter, partially offset by higher manufacturing overhead cost absorption resulting from higher inventory levels at the end of the quarter. As a percentage of revenue, cost of sales was 80.2% in Q1 2026, compared to 82.6% in Q1 2025.

<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.

Selling, general and administrative (SG&A) expenses were \$51.2 million in both Q1 2026 and Q1 2025. Additional investment in our brands and IT was essentially offset by lower compensation related costs and foreign exchange gains in Q1 2026 compared to losses in Q1 2025. As a percentage of revenue, SG&A expenses were 9.4% in Q1 2026 compared to 9.4% in Q1 2025.

Adjusted EBITDA<sup>1</sup> was \$86.9 million in Q1 2026 compared to \$75.8 million in Q1 2025, an increase of \$11.1 million or 14.6%. The increase was primarily due to lower pulp prices and warehousing costs, partially offset by unfavourable manufacturing overhead cost absorption.

Net income was \$19.8 million in Q1 2026 compared to \$15.4 million in Q1 2025, an increase of \$4.4 million. The increase was primarily due to higher Adjusted EBITDA<sup>1</sup>, lower depreciation, lower interest expense and other finance costs and lower income from non-controlling interest, partially offset by a foreign exchange gain difference and higher income tax expense.

### **Kruger Products Q1 2026 Liquidity**

Total liquidity, representing cash and availability under the revolving credit agreements, was \$461.9 million as of March 31, 2026.

### **KPT Q1 2026 Financial Results**

KPT had net income of \$2.2 million in Q1 2026. Included in net income was \$2.4 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 increased the quarterly dividend to \$0.21 per share due to the change in designation from an "eligible dividend" to a "non-eligible dividend" for purposes of the Income Tax Act (Canada) and any similar provincial or territorial legislation. The dividend will be paid on July 15, 2026 to shareholders of record at the close of business on June 30, 2026.

### **Additional Information**

For additional information please refer to Management's Discussion and Analysis (MD&A) of KPT and Kruger Products for the first quarter ended March 31, 2026 available on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca) or our website at [www.kptissueinc.com](http://www.kptissueinc.com).

### **First Quarter Results Conference Call Information**

KPT will hold its first quarter conference call on Thursday, May 14, 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, May 21, 2026 by dialing 1-888-660-6345 or 289-819-1450 and entering passcode 86167.

The replay of the webcast will remain available on the website until midnight, May 21, 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 12.0% interest in Kruger Products. For more information visit [www.kptissueinc.com](http://www.kptissueinc.com).

<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.

## **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) and (viii) costs related to restructuring activities. 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, in respect of the plans to build a new TAD tissue plant, and 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 Q2 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'

<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.

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.

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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.**  
**Unaudited Condensed Consolidated Statements of Financial Position**  
(thousands of Canadian dollars)

	March 31, 2026	December 31, 2025
	\$	\$
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	205,913	196,094
Restricted cash	48,186	46,070
Trade and other receivables	129,499	143,313
Receivables from related parties	79	79
Inventories	294,224	284,183
Income tax recoverable	2,841	2,963
Prepaid expenses	9,928	5,381
	<u>690,670</u>	<u>678,083</u>
<b>Non-current assets</b>		
Property, plant and equipment	1,430,714	1,430,206
Right-of-use assets	143,763	152,243
Other long-term assets	357	-
Pensions	93,654	91,118
Goodwill	152,021	152,021
Intangible assets	38,914	40,362
Deferred income tax asset	50,866	64,671
<b>Total assets</b>	<u>2,600,959</u>	<u>2,608,704</u>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Trade and other payables	343,192	350,831
Payables to related parties	10,916	13,441
Dividends payable	14,923	14,853
Current portion of long-term debt	110,088	98,649
Current portion of lease liabilities	44,255	43,576
Current portion of long-term payable to related party	5,800	5,800
Current portion of provisions	7,206	7,283
	<u>536,380</u>	<u>534,433</u>
<b>Non-current liabilities</b>		
Long-term debt	1,057,951	1,074,148
Long-term lease liabilities	131,357	139,694
Long-term payable to related party	28,531	28,064
Long-term provisions	14,146	12,602
Pensions	17,471	17,745
Post-retirement benefits	47,960	48,333
Deferred income tax liability	43,960	47,140
<b>Total liabilities</b>	<u>1,877,756</u>	<u>1,902,159</u>
<b>Equity</b>		
Share capital	338,465	334,479
Contributed surplus	395,382	395,382
Deficit	(143,658)	(151,965)
Accumulated other comprehensive income	92,473	89,343
<b>Equity attributable to Kruger Products</b>	<u>682,662</u>	<u>667,239</u>
<b>Non-controlling interest</b>	<u>40,541</u>	<u>39,306</u>
<b>Total equity</b>	<u>723,203</u>	<u>706,545</u>
<b>Total liabilities and equity</b>	<u>2,600,959</u>	<u>2,608,704</u>

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

	<b>3-month period ended March 31, 2026</b>	<b>3-month period ended March 31, 2025</b>
	\$	\$
<b>Revenue</b>	544,646	546,110
<b>Expenses</b>		
Cost of sales	436,873	450,983
Selling, general and administrative expenses	51,235	51,215
<b>Operating income</b>	56,538	43,912
Interest expense and other finance costs	19,611	20,951
Other expense (income)	5,268	(343)
<b>Income before income taxes</b>	31,659	23,304
Current tax expense	391	730
Deferred tax expense	10,261	5,695
<b>Income tax expense</b>	10,652	6,425
<b>Net income including non-controlling interest</b>	21,007	16,879
<b>Net income attributable to non-controlling interest</b>	1,235	1,484
<b>Net income attributable to Kruger Products</b>	19,772	15,395

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

	<b>3-month period ended March 31, 2026</b>	<b>3-month period ended March 31, 2025</b>
	<b>\$</b>	<b>\$</b>
<b>Cash flows from (used in) operating activities</b>		
Net income including non-controlling interest	21,007	16,879
Items not affecting cash		
Depreciation	28,790	29,889
Amortization	1,601	1,972
Loss (gain) on sale of property, plant and equipment	1	(5)
Loss on disposal of leased assets	1	-
Foreign exchange loss (gain)	5,268	(343)
Interest expense and other finance costs	19,611	20,951
Pension and post-retirement benefits	2,665	2,745
Provisions	1,233	2,864
Income tax expense	10,652	6,425
Total items not affecting cash	69,822	64,498
Net change in non-cash working capital	(16,255)	(25,056)
Contributions to pension and post-retirement benefit plans	(971)	(1,009)
Income tax payments, net	(260)	654
<b>Net cash from operating activities</b>	<b>73,343</b>	<b>55,966</b>
<b>Cash flows from (used in) investing activities</b>		
Purchases of property, plant and equipment	(15,209)	(2,145)
Purchases of property, plant and equipment related to the Sherbrooke Expansion Project	(644)	(15,386)
Government assistance received	-	3,150
(Purchases) transfer of software	(156)	40
Proceeds on sale of property, plant and equipment	(1)	-
<b>Net cash used in investing activities</b>	<b>(16,010)</b>	<b>(14,341)</b>
<b>Cash flows from (used in) financing activities</b>		
Proceeds from long-term debt	-	22,188
Repayment of long-term debt	(16,276)	(9,998)
Payment of deferred financing fees	(655)	(32)
Payment of lease liabilities	(10,446)	(9,023)
Change in restricted cash	(2,116)	(1,989)
Interest paid on long-term debt	(7,853)	(12,426)
Dividends paid	(14,853)	(14,308)
Proceeds from issuing partnership units	3,986	6,308
<b>Net cash used in financing activities</b>	<b>(48,213)</b>	<b>(19,280)</b>
<b>Effect of exchange rate changes on cash and cash equivalents held in foreign currency</b>	<b>699</b>	<b>(27)</b>
<b>Increase in cash and cash equivalents during the year</b>	<b>9,819</b>	<b>22,318</b>
<b>Cash and cash equivalents - Beginning of period</b>	<b>196,094</b>	<b>119,460</b>
<b>Cash and cash equivalents - End of period</b>	<b>205,913</b>	<b>141,778</b>

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

	<b>3-month period ended March 31, 2026</b>	<b>3-month period ended March 31, 2025</b>
	\$	\$
<b><i>Segment Information</i></b>		
<b>Segment Revenue</b>		
Consumer	461,728	465,190
AFH	82,918	80,920
Revenue from external customers	544,646	546,110
<b>Other segment items</b>		
Consumer	377,794	389,137
AFH	76,602	78,131
Corporate and other costs	3,320	3,074
Total other segment items	457,716	470,342
<b>Adjusted EBITDA</b>		
Consumer	83,934	76,053
AFH	6,316	2,789
Corporate and other costs	(3,320)	(3,074)
Total Adjusted EBITDA	86,930	75,768
<b>Reconciliation to net income (loss)</b>		
Depreciation and amortization	30,391	31,861
Interest expense and other finance costs	19,611	20,951
Loss (gain) on sale of property, plant and equipment	1	(5)
Foreign exchange loss (gain)	5,268	(343)
Income before income taxes	31,659	23,304
Income tax expense	10,652	6,425
Net income including non-controlling interest	21,007	16,879
<b><i>Geographic Revenue</i></b>		
Canada	288,954	286,522
US	255,692	259,588
Total revenue	544,646	546,110

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

	<b>March 31, 2026</b>	<b>December 31, 2025</b>
	<b>\$</b>	<b>\$</b>
<b>Assets</b>		
<b>Current assets</b>		
Dividends receivable	1,804	1,803
	1,804	1,803
<b>Non-current assets</b>		
Investment in associate	71,080	69,799
<b>Total assets</b>	72,884	71,602
<b>Liabilities</b>		
<b>Current liabilities</b>		
Dividend payable	1,804	1,803
<b>Total liabilities</b>	1,804	1,803
<b>Equity</b>		
Common Shares	23,073	23,001
Contributed surplus	144,819	144,819
Deficit	(114,193)	(114,985)
Accumulated other comprehensive income	17,381	16,964
<b>Total equity</b>	71,080	69,799
<b>Total liabilities and equity</b>	72,884	71,602

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

	<b>3-month period ended March 31, 2026</b>	<b>3-month period ended March 31, 2025</b>
	<b>\$</b>	<b>\$</b>
Share of income	2,390	1,917
Depreciation of fair value increments	(270)	(284)
<b>Equity income</b>	<b>2,120</b>	<b>1,633</b>
Dilution gain	59	114
<b>Net income</b>	<b>2,179</b>	<b>1,747</b>
<b>Basic earning per share</b>	<b>0.22</b>	<b>0.17</b>
<b>Weighted average number of shares outstanding</b>	<b>10,021,253</b>	<b>9,993,168</b>

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

	<b>3-month period ended March 31, 2026</b>	<b>3-month period ended March 31, 2025</b>
	<b>\$</b>	<b>\$</b>
<b>Cash flows from (used in) operating activities</b>		
Net income (loss)	2,179	1,747
Items not affecting cash		
Equity income (loss)	(2,120)	(1,633)
Dilution gain	(59)	(114)
Total items not affecting cash	(2,179)	(1,747)
<b>Net cash from operating activities</b>	<b>-</b>	<b>-</b>
 <b>Cash flows from (used in) investing activities</b>		
Dividends received, net	1,732	1,744
<b>Net cash from investing activities</b>	<b>1,732</b>	<b>1,744</b>
 <b>Cash flows from (used in) financing activities</b>		
Dividends paid, net	(1,732)	(1,744)
<b>Net cash used in financing activities</b>	<b>(1,732)</b>	<b>(1,744)</b>
<b>Increase in cash and cash equivalents during the period</b>	<b>-</b>	<b>-</b>
<b>Cash and cash equivalents - Beginning of period</b>	<b>-</b>	<b>-</b>
<b>Cash and cash equivalents - End of period</b>	<b>-</b>	<b>-</b>