NEWS RELEASE
For immediate release

KP Tissue Releases Second Quarter 2026 Financial Results
Maintaining strong momentum despite economic uncertainty

Mississauga (ON), August 13, 2026 - KP Tissue Inc. (KPT) (TSX: KPT) reports the Q2 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 Q2 2026 Business and Financial Highlights

- Revenue was $550.9 million in Q2 2026 compared to $536.1 million in Q2 2025, an increase of $14.8 million or 2.8%.
- Adjusted EBITDA[1] was $90.6 million in Q2 2026 compared to $72.5 million in Q2 2025, an increase of 25.0%.
- Net income was unchanged at $22.1 million in Q2 2026 compared to $22.1 million in Q2 2025.
- Declared a quarterly dividend of $0.21 per share to be paid on October 15, 2026.

"We maintained strong momentum in the second quarter of 2026, highlighted by 25% year-over-year growth in Adjusted EBITDA[1] to $90.6 million," stated Kruger Products' and KP Tissue's Chief Executive Officer, Dino Bianco. "This double-digit growth, achieved against an uncertain economic environment, was mainly driven by higher sales volume in the U.S. and lower pulp prices. Revenue grew nearly 3% in the second quarter, reflecting heightened operational efficiency from Kruger PRO, our Away-From-Home business."

"Looking ahead to the second half of 2026, we anticipate ongoing market softness in Canada with some consumers trading down to private label products to contend with inflationary pressure. We have put in place a share recovery plan for the second half of 2026 which should deliver improving shares as we move through the year. For the longer term, we are making progress towards securing a location for a new TAD facility in the western United States," Mr. Bianco added.

Outlook for Q3 2026

For the third quarter of 2026, we expect Adjusted EBITDA[1] to be in the range of Q2 2026.

Kruger Products Q2 2026 Financial Results

Revenue was $550.9 million in Q2 2026 compared to $536.1 million in Q2 2025, an increase of $14.8 million or 2.8%. The increase in revenue was primarily due to higher sales volume in the Consumer U.S. and AFH businesses, partially offset by lower sales volumes in the Consumer Canada business.

Cost of sales was $440.1 million in Q2 2026 compared to $462.2 million in Q2 2025, a decrease of $22.1 million or 4.8%. The decrease in cost of sales was primarily due to lower pulp costs, improved mill performance at our Memphis site compared to the year ago quarter and higher manufacturing overhead cost absorption resulting from higher inventory levels at the end of the quarter, partially offset by higher sales volume and increased manufacturing overhead spend. As a percentage of revenue, cost of sales was 79.9% in Q2 2026 compared to 86.2% in Q2 2025.

Selling, general and administrative (SG&A) expenses were $51.1 million in Q2 2026 compared to $47.2 million in Q2 2025, an increase of $3.9 million or 8.3%. The increase was primarily due to additional investment in our brands and increased consulting costs to support operational and corporate initiatives, along with increased compensation costs. This was offset by lower foreign

[1] 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.

exchange losses compared to the year ago quarter. As a percentage of revenue, SG&A expenses were 9.3% in Q2 2026 compared to 8.8% in Q2 2025.

Adjusted EBITDA[1] was $90.6 million in Q2 2026 compared to $72.5 million in Q2 2025, an increase of $18.1 million or 25.0%. The increase was primarily due to improved mill performance at our Memphis site, higher sales volumes and favourable pulp costs, partially offset by increased freight rates and SG&A expenses.

Net income was unchanged at $22.1 million in Q2 2026 compared to $22.1 million in Q2 2025. This was primarily due to higher Adjusted EBITDA[1], lower depreciation and amortization, lower restructuring costs, lower income from non-controlling interest, and lower interest expense, offset by a foreign exchange difference and higher income tax expense.

Kruger Products Q2 2026 Liquidity

Total liquidity, representing cash and availability under the revolving credit agreements, was $422.6 million as of June 30, 2026.

KPT Q2 2026 Financial Results

KPT had net income of $2.5 million in Q2 2026. Included in net income was $2.7 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.

Dividends on Common Shares

The Board of Directors of KPT declared a quarterly dividend of $0.21 per share to be paid on October 15, 2026 to shareholders of record at the close of business on September 30, 2026.

Additional Information

For additional information please refer to Management's Discussion and Analysis (MD&A) of KPT and Kruger Products for the second quarter ended June 30, 2026 available on SEDAR+ at www.sedarplus.ca or our website at www.kptissueinc.com.

Second Quarter Results Conference Call Information

KPT will hold its second quarter conference call on Thursday, August 13, 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

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

A rebroadcast of the conference call will be available until midnight, August 20, 2026, by dialing 1-888-660-6345 or 289-819 1450 and entering passcode 47527.

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

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

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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) 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[1] for Q3 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 (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;

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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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Kruger Products Inc.

Unaudited Condensed Consolidated Statements of Financial Position

(thousands of Canadian dollars)

	June 30, 2026	December 31, 2025
	$	$
Assets		
Current assets		
Cash and cash equivalents	165,223	196,094
Restricted cash	28,434	46,070
Trade and other receivables	139,144	143,313
Receivables from related parties	83	79
Inventories	325,732	284,183
Income tax recoverable	3,966	2,963
Prepaid expenses	18,564	5,381
	681,146	678,083
Non-current assets		
Property, plant and equipment	1,425,990	1,430,206
Right-of-use assets	141,208	152,243
Other long-term assets	28,596	-
Pensions	102,235	91,118
Goodwill	152,021	152,021
Intangible assets	37,740	40,362
Deferred income tax asset	51,593	64,671
Total assets	2,620,529	2,608,704
Liabilities		
Current liabilities		
Trade and other payables	346,106	350,831
Payables to related parties	10,891	13,441
Dividends payable	15,289	14,853
Current portion of long-term debt	86,832	98,649
Current portion of lease liabilities	49,126	43,576
Current portion of long-term payable to related party	5,800	5,800
Current portion of provisions	5,618	7,283
	519,662	534,433
Non-current liabilities		
Long-term debt	1,076,696	1,074,148
Long-term lease liabilities	126,335	139,694
Long-term payable to related party	23,179	28,064
Long-term provisions	10,873	12,602
Pensions	17,535	17,745
Post-retirement benefits	49,342	48,333
Deferred income tax liability	51,596	47,140
Total liabilities	1,875,218	1,902,159
Equity		
Share capital	342,525	334,479
Contributed surplus	395,382	395,382
Deficit	(130,415)	(151,965)
Accumulated other comprehensive income	95,997	89,343
Equity attributable to Kruger Products	703,489	667,239
Non-controlling interest	41,822	39,306
Total equity	745,311	706,545
Total liabilities and equity	2,620,529	2,608,704

Kruger Products Inc.

Unaudited Condensed Consolidated Statements of Income

(thousands of Canadian dollars)

	3-month period ended June 30, 2026	3-month period ended June 30, 2025	6-month period ended June 30, 2026	6-month period ended June 30, 2025
	$	$	$	$
Revenue	550,892	536,080	1,095,538	1,082,190
Expenses				
Cost of sales	440,172	462,204	877,045	913,187
Selling, general and administrative expenses	51,055	47,157	102,290	98,371
Restructuring costs	373	3,702	373	3,702
Operating income	59,292	23,017	115,830	66,930
Interest expense and other finance costs	20,046	21,306	39,657	42,257
Other expense (income)	5,536	(19,941)	10,804	(20,284)
Income before income taxes	33,710	21,652	65,369	44,957
Current tax expense	1,006	1,078	1,397	1,808
Deferred tax expense (recovery)	9,266	(5,612)	19,527	83
Income tax expense (recovery)	10,272	(4,534)	20,924	1,891
Net income including non-controlling interest	23,438	26,186	44,445	43,066
Net income attributable to non-controlling interest	1,281	4,039	2,516	5,524
Net income attributable to Kruger Products	22,157	22,147	41,929	37,542

Kruger Products Inc.

Unaudited Condensed Consolidated Statements of Cash Flows

(thousands of Canadian dollars)

	3-month period ended June 30, 2026	3-month period ended June 30, 2025	6-month period ended June 30, 2026	6-month period ended June 30, 2025
	$	$	$	$
Cash flows from (used in) operating activities				
Net income including non-controlling interest	23,438	26,186	44,445	43,066
Items not affecting cash				
Depreciation	29,399	43,727	58,189	73,616
Amortization	1,532	2,008	3,133	3,980
Loss (gain) on sale of property, plant and equipment	(1)	-	-	(5)
Loss on disposal of leased assets	(1)	23	-	23
Foreign exchange loss (gain)	5,536	(19,941)	10,804	(20,284)
Interest expense and other finance costs	20,046	21,306	39,657	42,257
Pension and post-retirement benefits	2,735	2,828	5,400	5,573
Provisions	1,953	1,065	3,186	3,929
Income tax expense (recovery)	10,272	(4,534)	20,924	1,891
Total items not affecting cash	71,471	46,482	141,293	110,980
Net change in non-cash working capital	(42,803)	(29,513)	(59,059)	(54,567)
Contributions to pension and post-retirement benefit plans	(1,049)	(1,006)	(2,020)	(2,015)
Provisions paid	(7,137)	(4,024)	(7,137)	(4,024)
Income tax payments, net	(986)	(2,465)	(1,246)	(1,811)
Net cash from operating activities	42,934	35,660	116,276	91,629
Cash flows from (used in) investing activities				
Purchases of property, plant and equipment	(13,588)	(7,717)	(28,797)	(9,862)
Purchases of property, plant and equipment related to the Sherbrooke Expansion Project	(1,036)	(1,991)	(1,680)	(17,377)
Government assistance received	3,497	-	3,497	3,150
Investment in derivative asset	(27,848)	-	(27,848)	-
Purchase of software	(361)	(1,134)	(517)	(1,094)
Net cash used in investing activities	(39,336)	(10,842)	(55,345)	(25,183)
Cash flows from (used in) financing activities				
Proceeds from long-term debt	-	9,000	-	31,188
Repayment of long-term debt	(17,477)	(22,507)	(33,753)	(32,505)
Payment (write-off) of deferred financing fees	(172)	39	(827)	7
Payment of lease liabilities	(9,139)	(7,714)	(19,585)	(16,737)
Change in restricted cash	19,752	(25,961)	17,636	(27,950)
Interest paid on long-term debt	(20,991)	(18,995)	(28,844)	(31,421)
Payment to related party	(5,800)	(5,800)	(5,800)	(5,800)
Dividends paid	(14,923)	(28,756)	(29,776)	(28,756)
Proceeds from issuing partnership units	3,995	12,686	7,981	12,686
Net cash used in financing activities	(44,755)	(100,834)	(92,968)	(99,288)
Effect of exchange rate changes on cash and cash equivalents held in foreign currency	467	(1,284)	1,166	(1,311)
Decrease in cash and cash equivalents during the period	(40,690)	(77,300)	(30,871)	(34,153)
Cash and cash equivalents - Beginning of period	205,913	141,778	196,094	119,460
Cash and cash equivalents - End of period	165,223	64,478	165,223	85,307

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

	3-month period ended June 30, 2026 $	3-month period ended June 30, 2025 $	6-month period ended June 30, 2026 $	6-month period ended June 30, 2025 $
Segment Information				
Segment Revenue				
Consumer	457,561	449,222	919,289	914,412
AFH	93,331	86,858	176,249	167,778
Revenue from external customers	550,892	536,080	1,095,538	1,082,190
Other segment items				
Consumer	372,252	380,038	750,046	769,176
AFH	84,836	77,895	161,438	156,026
Corporate and other costs	3,207	5,669	6,527	8,743
Total other segment items	460,295	463,602	918,011	933,945
Adjusted EBITDA				
Consumer	85,309	69,184	169,243	145,236
AFH	8,495	8,963	14,811	11,752
Corporate and other costs	(3,207)	(5,669)	(6,527)	(8,743)
Total Adjusted EBITDA	90,597	72,478	177,527	148,245
Reconciliation to net income (loss)				
Depreciation and amortization	30,933	45,736	61,324	77,596
Interest expense and other finance costs	20,046	21,306	39,657	42,257
Loss on disposal of property, plant and equipment	(1)	23	0	18
Restructuring costs, net	373	3,702	373	3,702
Foreign exchange loss (gain)	5,536	(19,941)	10,804	(20,284)
Income before income taxes	33,710	21,652	65,369	44,956
Income tax expense (recovery)	10,272	(4,534)	20,924	1,891
Net income including non-controlling interest	23,438	26,186	44,445	43,065
Geographic Revenue				
Canada	291,910	299,654	580,864	586,177
US	258,982	236,426	514,674	496,013
Total revenue	550,892	536,080	1,095,538	1,082,190

KP Tissue Inc.

Unaudited Condensed Statements of Financial Position

(thousands of Canadian dollars)

	June 30, 2026	December 31, 2025
	$	$
Assets		
Current assets		
Dividends receivable	2,106	1,803
	2,106	1,803
Non-current assets		
Investment in associate	72,717	69,799
Total assets	74,823	71,602
Liabilities		
Current liabilities		
Dividends payable	2,106	1,803
Total liabilities	2,106	1,803
Equity		
Common shares	23,133	23,001
Contributed surplus	144,819	144,819
Deficit	(113,082)	(114,985)
Accumulated other comprehensive income	17,847	16,964
Total equity	72,717	69,799
Total liabilities and equity	74,823	71,602

KP Tissue Inc.

Unaudited Condensed Statements of Income

(thousands of Canadian dollars, except share and per share amounts)

	3-month period ended June 30, 2026	**3-month period ended June 30, 2025**	**6-month period ended June 30, 2026**	**6-month period ended June 30, 2025**
	$	**$**	**$**	**$**
Share of income	2,659	2,755	5,049	4,672
Depreciation of fair value increments	(269)	(279)	(539)	(563)
Equity income	2,390	2,476	4,510	4,109
Dilution gain	53	95	112	209
Net income	2,443	2,571	4,622	4,318
Basic and diluted earning per share	**0.24**	**0.26**	**0.46**	**0.43**
Weighted average number of shares outstanding	**10,026,884**	**9,999,883**	**10,024,084**	**9,996,544**

KP Tissue Inc.

Unaudited Statements of Cash Flows

(thousands of Canadian dollars)

	3-month period ended June 30, 2026	3-month period ended June 30, 2025	6-month period ended June 30, 2026	6-month period ended June 30, 2025
	$	$	$	$
Cash flows from (used in) operating activities				
Net income	2,443	2,571	4,622	4,318
Items not affecting cash				-
Equity income	(2,390)	(2,476)	(4,510)	(4,109)
Dilution gain	(53)	(95)	(112)	(209)
Total items not affecting cash	(2,443)	(2,571)	(4,622)	(4,318)
Net cash from operating activities	-	-	-	-
Cash flows from (used in) investing activities				
Dividends received, net	1,744	1,746	3,476	3,490
Net cash from investing activities	1,744	1,746	3,476	3,490
Cash flows from (used in) financing activities				
Dividends paid, net	(1,744)	(1,746)	(3,476)	(3,490)
Net cash used in financing activities	(1,744)	(1,746)	(3,476)	(3,490)
Increase in cash and cash equivalents during the period	-	-	-	-
Cash and cash equivalents - Beginning of period	-	-	-	-
Cash and cash equivalents - End of period	-	-	-	-