



KP Tissue Inc.

# SUSTAINED GROWTH

ACROSS OUR NETWORK

## Q2 2025 FINANCIAL RESULTS

August 13, 2025



# FORWARD-LOOKING STATEMENTS

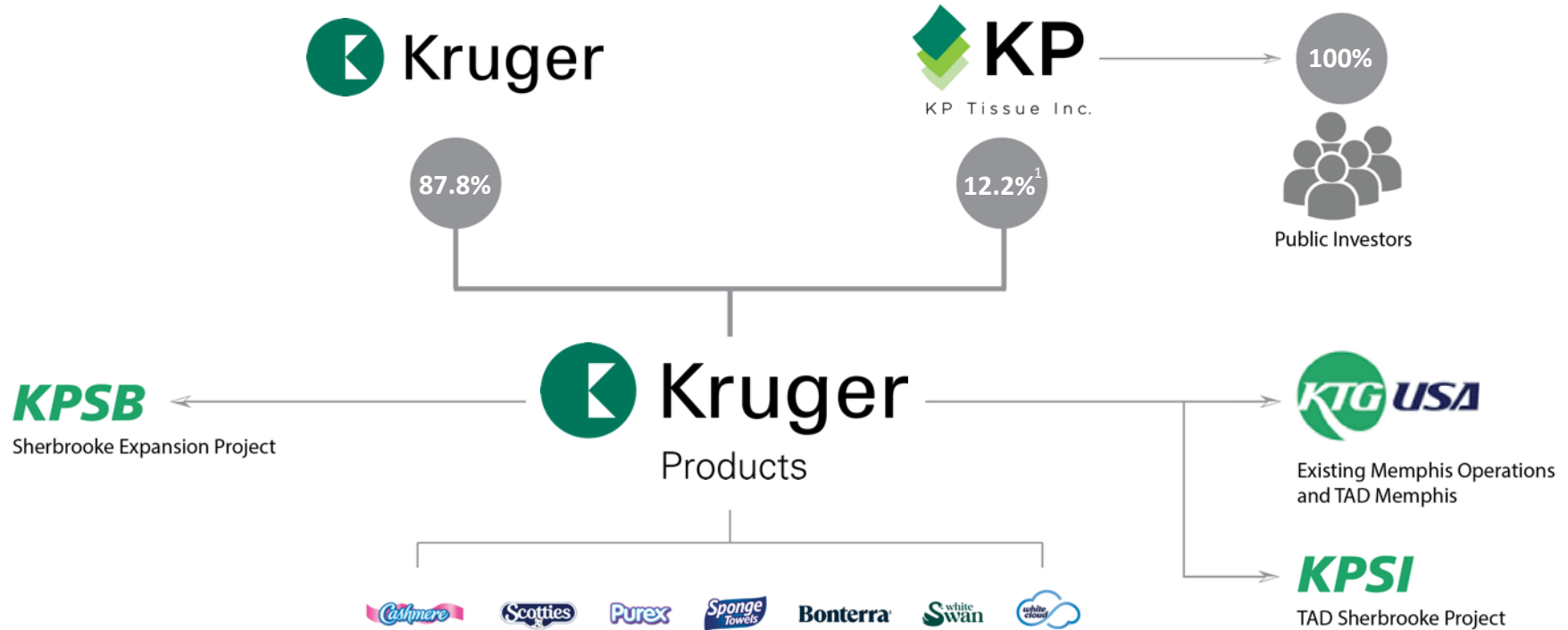
Certain statements in this presentation about KPT's and Kruger Products' current and future plans, expectations and intentions, results, levels of activity, performance, goals or achievements or any other future events or developments constitute forward-looking statements. Forward-looking statements in this presentation include, but are not limited to, statements regarding the projected capacity of the Sherbrooke Expansion Project, the anticipated benefits of the Sherbrooke Expansion Project; Kruger Products' expansion efforts in U.S. premium private label; and Kruger Products' future business strategy and the anticipated benefits of its business strategy. 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. 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.

Many factors could cause Kruger Products' actual results, level of activity, performance or achievements or future events or developments (which could in turn affect the economic benefits derived from KPT's economic interest in Kruger Products), to differ materially from those expressed or implied by the forward-looking statements, including, without limitation, the following factors, which are discussed in greater detail in the "Risk Factors – Risks Related to Kruger Products Business" section of the KPT Annual Information Form dated March 5, 2025 available on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca): Kruger Inc.'s influence over Kruger Products; Kruger Products' reliance on Kruger Inc.; consequences of an event of insolvency relating to Kruger Inc.; risks associated with the ownership of the TAD Sherbrooke Project; risk 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 control; trade-related; 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 this presentation and KPT and Kruger Products undertake no obligation to publicly update such forward-looking information to reflect new information, subsequent or otherwise, unless required by applicable securities laws.

**The following presentation is to review Kruger Products'  
Q2 2025 financial results**

# CORPORATE STRUCTURE



<sup>1</sup>As of August 13, 2025



# OUR VISION

**TO BE THE MOST TRUSTED  
AND BEST LOVED TISSUE COMPANY  
IN NORTH AMERICA.**

# OUR MISSION

**MAKING EVERYDAY LIFE  
MORE COMFORTABLE.**



# 5 UNDERLYING STRATEGIES

Drive Strong Revenue, Profit and Shareholder Value in a Sustainable Manner

1



**Consumer As Our  
Compass**

2



**Expand Our  
Business Footprint**

3



**End-to-End Supply  
Chain Excellence**

4






**Deliver  
Sustainability**

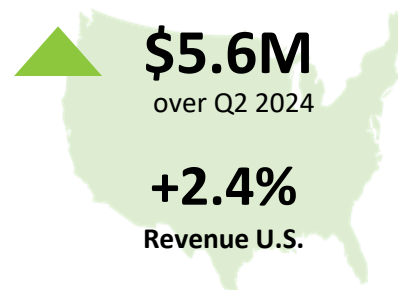
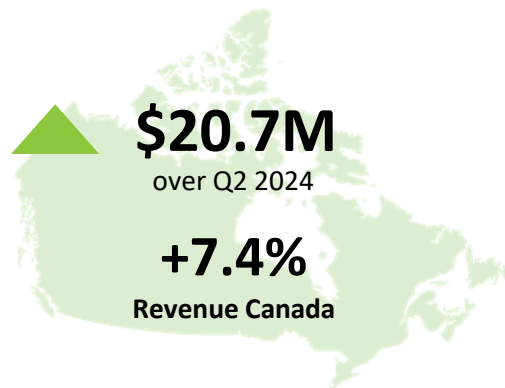
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**Winning Team &  
Culture**

## Q2 2025 HIGHLIGHTS

Revenue	Adjusted EBITDA <sup>1</sup>	Net Income
<b>\$536.1M</b>  <b>5.2%</b> over Q2 2024	<b>\$72.5M</b>  <b>11.0%</b> over Q2 2024	<b>\$22.1M</b>  <b>\$11.5M</b> over Q2 2024



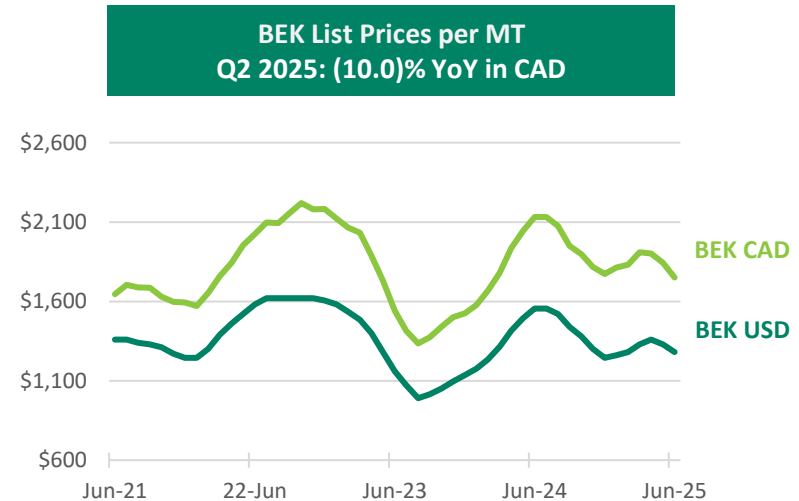
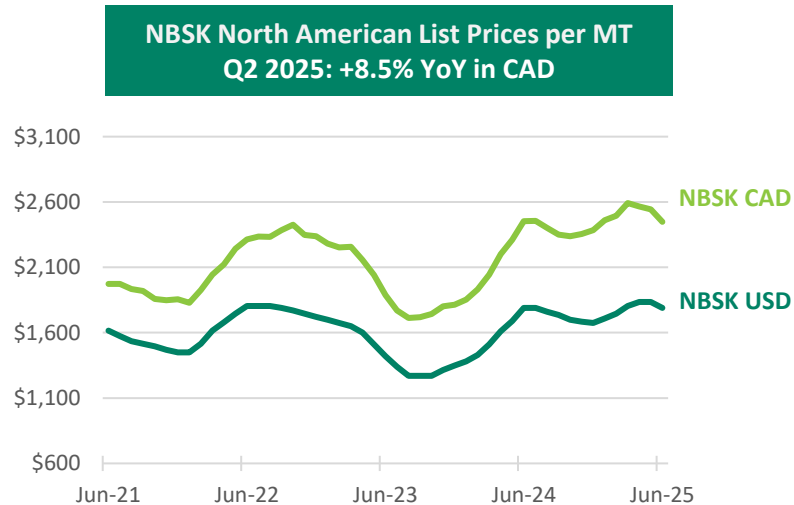
<sup>1</sup> Non-GAAP measure – see MD&A for the definition and reconciliation of the most comparable GAAP measure.

# PULP INPUT PRICES

Q2 2025 NBSK average prices<sup>1</sup> in CAD increased 0.1%, while BEK average prices<sup>1</sup> were down 1.0% from Q1 2025.

Q2 2025 NBSK average prices<sup>1</sup> in CAD grew 8.5%. In contrast, BEK average prices<sup>1</sup> dropped 10.0% year-over-year.

Industry analysts expect pulp prices to trade within a narrow range in the near term, but economic environment still uncertain.



(CAD/USD exchange rate averaged 1.39 in Q2 2025 compared to 1.37 in Q2 2024)

<sup>1</sup> Both NBSK and BEK prices were calculated using RISI.

<sup>2</sup> Pulp price indices to be used only as an indicator of trends as Kruger Products' actual purchase prices may differ.



## OPERATIONS

- Investing in Memphis facility to drive efficiency
  - Shut down older assets
  - Focused on premium products, modern equipment and on-site warehousing
  - Announced US\$35 million investment for multi-purpose, state-of-the-art converting line with start-up scheduled for Q2 2026
- Network production rates exceeded Q2 2025 targets
- Sherbrooke Expansion assets continue to perform above start-up expectations







## FOCUSED BRAND SUPPORT

- Continued focus on Made in Canada positioning with new Cashmere and Purex campaigns and summer in-store promotions
- Equity-building campaigns for Scotties, SpongeTowels, and Bonterra
- Scotties' sponsorship of Canada's Got Talent televised program for second consecutive year

# BRAND LEADERSHIP POSITION



## BATHROOM TISSUE

NO. 1

32.0%

## FACIAL TISSUE

NO. 1

45.1%

## PAPER TOWEL

NO. 2

24.4%

\* Data represents Nielsen Canadian dollar market share for 52-week period ended June 14, 2025.



## AFH SEGMENT

- Volume decreased year-over-year but increased sequentially
- Profitability was down year-over-year, but up sequentially due to in-sourcing of paper from new paper machine in Sherbrooke
- Launched Cashmere and Scotties brands for commercial market in June with strong response from end-users and distribution partners
- Continued strong operating performance
- Closely monitoring AFH market due to economic uncertainty



# QUARTERLY FINANCIAL SUMMARY

	% Change				
(Million CAD\$, unless otherwise noted)	Q2 2025	Q1 2025	Q2 2024	Y/Y	Q/Q
<b>Revenue</b>	<b>536.1</b>	<b>546.1</b>	<b>509.8</b>	<b>5.2%</b>	<b>(1.8)%</b>
Cost of Sales	462.2	451.0	431.2	7.2%	2.5%
Gross Profit	73.9	95.1	78.6	(6.0)%	(22.3)%
Gross Margin	13.8%	17.4%	15.4%		
<b>Adjusted EBITDA<sup>1</sup></b>	<b>72.5</b>	<b>75.8</b>	<b>65.3</b>	<b>11.0%</b>	<b>(4.3)%</b>
Adjusted EBITDA Margin <sup>1</sup>	13.5%	13.9%	12.8%		
Net Income	22.1	15.4	10.6		
Net Income Margin	4.1%	2.8%	2.1%		

<sup>1</sup> Non-GAAP measure – see MD&A for the definition and reconciliation of the most comparable GAAP measure.

# QUARTERLY SEGMENTED RESULTS

				% Change	
(Million CAD\$, unless otherwise noted)	Q2 2025	Q1 2025	Q2 2024	Y/Y	Q/Q
<b>Segment Revenue</b>					
Consumer	449.2	465.2	421.9	6.5%	(3.4)%
AFH	86.9	80.9	87.9	(1.1)%	7.3%
<b>Total Segment Revenue</b>	<b>536.1</b>	<b>546.1</b>	<b>509.8</b>	<b>5.2%</b>	<b>(1.8)%</b>
<b>Segment Adjusted EBITDA<sup>1</sup></b>					
Consumer	69.2	76.1	60.3	14.7%	(9.0)%
AFH	9.0	2.8	9.6	(6.3)%	221.4%
Corporate and other costs	(5.7)	(3.1)	(4.6)		
<b>Total Segment Adjusted EBITDA<sup>1</sup></b>	<b>72.5</b>	<b>75.8</b>	<b>65.3</b>	<b>11.0%</b>	<b>(4.3)%</b>
<b>Segment Adjusted EBITDA Margin<sup>1</sup></b>					
Consumer	15.4%	16.3%	14.3%		
AFH	10.3%	3.4%	10.9%		
<b>Total Segment Adjusted EBITDA Margin<sup>1</sup></b>	<b>13.5%</b>	<b>13.9%</b>	<b>12.8%</b>		

<sup>1</sup> Non-GAAP measure – see MD&A for the definition and reconciliation of the most comparable GAAP measure.



# Q2 2025 REVENUE COMPARED TO Q2 2024

**\$26.3M**

Q2 2025 Revenue increase



**5.2%**

over Q2 2024

**Increase primarily due to:**

- Higher Consumer volume
- Favourable selling prices across both segments
- Positive FX impact on U.S. dollar sales

**Partially offset by:**

- Lower AFH volume

## Geographic revenue segmentation



**\$20.7M**

over Q2 2024

**+7.4%**

Revenue Canada



**\$5.6M**

over Q2 2024

**+2.4%**

Revenue U.S.

## Q2 2025 ADJUSTED EBITDA<sup>1</sup> COMPARED TO Q2 2024

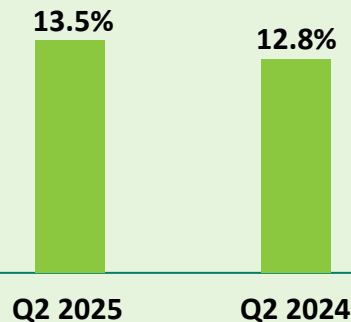
**\$7.2M**

Q2 2025 Adjusted EBITDA<sup>1</sup> increase



**11.0%**  
over Q2 2024

**Adjusted EBITDA Margin<sup>1</sup>**



**\$72.5M in Q2 2025 compared to \$65.3M in Q2 2024**

**Increase primarily due to:**

- Higher sales volume
- Increased selling prices
- Lower manufacturing overhead costs

**Partially offset by:**

- Higher pulp prices
- Unfavourable mill performance at Memphis site
- Greater freight costs
- Increased SG&A expenses

<sup>1</sup> Non-GAAP measure – see MD&A for the definition and reconciliation of the most comparable GAAP measure.

## Q2 2025 REVENUE COMPARED TO Q1 2025

**(\$10.0)M**

Q2 2025 Revenue decrease

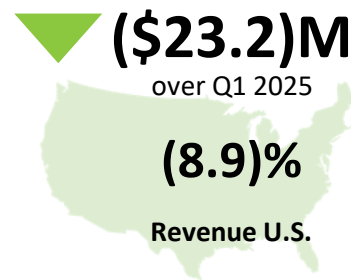
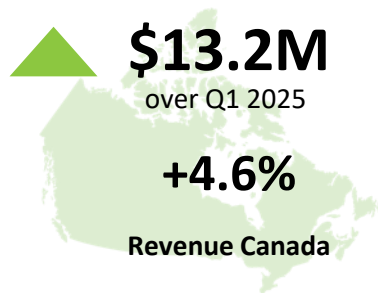
**(1.8)%**  
over Q1 2025

**Sequential decrease primarily due to:**

- Lower U.S. sales volume
- Unfavourable FX impact on U.S. sales

**Partially offset by:**

- Increased selling prices



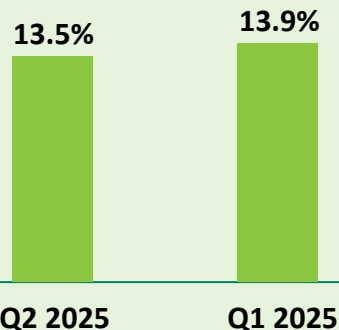
## Q2 2025 ADJUSTED EBITDA<sup>1</sup> COMPARED TO Q1 2025

**(\$3.3)M**

Q2 2025 Adjusted EBITDA<sup>1</sup> decrease

 **(4.3)%**  
over Q1 2025

**Adjusted EBITDA Margin<sup>1</sup>**



**\$72.5M in Q2 2025 compared to \$75.8M in Q1 2025**

**Sequential decrease primarily due to:**

- Higher manufacturing overhead costs
- Lower U.S. sales volume
- Increased pulp prices
- Unfavourable FX impact

**Partially offset by:**

- Lower freight costs and warehousing expenses
- Increased selling prices
- Decreased marketing and SG&A expenses

<sup>1</sup> Non-GAAP measure – see MD&A for the definition and reconciliation of the most comparable GAAP measure.

# BALANCE SHEET

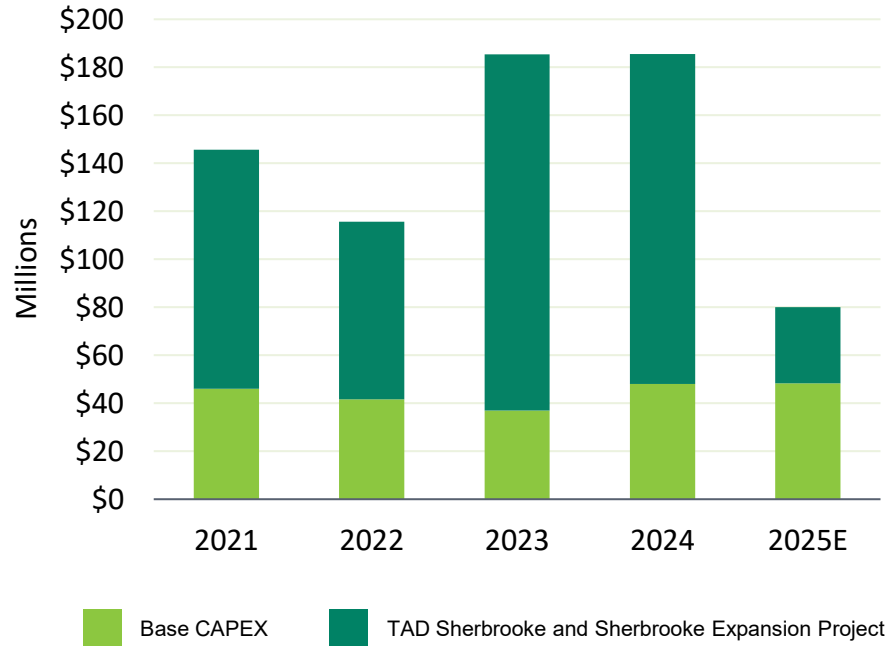
(Million CAD\$, unless otherwise noted)	Q2 2025	Q1 2025	Q2 2024
Cash	85.3	141.8	127.2
Current Portion of Long-term Debt	80.0	61.0	171.6
Long-term Debt	1,125.5	1,186.7	1,007.3
<b>Net Debt</b>	<b>1,120.2</b>	<b>1,105.9</b>	<b>1,051.7</b>
LTM Adjusted EBITDA <sup>1</sup>	280.8	273.6	266.0
<b>Net Debt/LTM Adjusted EBITDA<sup>1</sup></b>	<b>4.0x</b>	<b>4.0x</b>	<b>4.0x</b>

- Net debt increased by \$14.3 million on a sequential basis
- Leverage remained stable at 4.0x as increase in LTM Adjusted EBITDA offset rise in net debt

<sup>1</sup> Non-GAAP measure – see MD&A for the definition and reconciliation of the most comparable GAAP measure.



# CAPITAL EXPENDITURES



- Q2 2025 CAPEX totaled \$10.8 million, including \$2.0 million related to Sherbrooke Expansion Project
- Anticipating \$70-\$90 million in CAPEX for 2025, including the Sherbrooke Expansion Project



KEY TARGETS TO ACHIEVE BY 2030

# SUSTAINABILITY FOCUS

REIMAGINE  
2030  
TRANSFORMATIVE GROWTH  
SUSTAINABLE INNOVATION

## PILLAR: PRODUCTS EMPOWER

- FIBRE & FORESTS
- PACKAGING
- PRODUCT INNOVATION

## PILLAR: PLANET CONSCIOUS

- CLIMATE CHANGE
- WATER
- WASTE

## PILLAR: EMPLOYEE IMPACT

- HEALTH & SAFETY
- DIVERSITY & CULTURE
- TRAINING & DEVELOPMENT

## PILLAR: COMMUNITY EMBRACE

- COMMUNITY INVESTMENT
- EMPLOYEE VOLUNTEERING
- COMMUNITY RELATIONS

## OUR 2030 TARGETS

To utilize  
**100%**  
third-party  
certified fibres

To reduce  
GHG emissions by  
**35%\***

To reduce water  
consumption by  
**35%\***

To reduce virgin  
plastic packaging  
in branded  
products by  
**50%†**

\* Intensity-based from 2015 baseline

† Intensity-based from 2020 baseline



cpp CANADA  
PLASTICS  
PACT

**BEST 50**  
CANADA'S BEST CORPORATE CITIZENS

**Private25**  
Most Sustainable Corporations in the World



## SUSTAINED GROWTH ACROSS NETWORK

- Expanding business across customer base in 2025
- Managing margins amid volatile economic environment
- Investing in U.S. operations to drive efficiency and capacity
- Driving long-term brand share
- Leveraging Made in Canada positioning
- AFH profitability benefitting from internal paper
- Developing organizational capability to strengthen adaptability and resiliency





# THANK YOU

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