



**NEWS RELEASE**  
For immediate release

## **NEW SHERBROOKE PLANT DOUBLES ITS TISSUE PAPER CAPACITY**

**Sherbrooke (Québec), December 17, 2021** – KP Tissue Inc. (“KPT”) (TSX: KPT) and Kruger Products L.P. (“KPLP”) today announced KPLP’s plan to add to the capacity of its Sherbrooke expansion project by constructing a double width Light Dry Crepe (LDC) tissue machine with a capacity of at least 60,000 MT instead of the previously announced 30,000 MT LDC tissue machine.

*This additional capacity will allow us to accelerate the growth of our business and continue to provide our customers across North America with high quality tissue products like Cashmere®, SpongeTowels®, Scotties® and Purex® in Canada and White Cloud® in the U.S.,* said Dino Bianco, CEO with KPLP.

With this enhancement, the total estimated cost of the Sherbrooke expansion project, which also includes the previously announced addition of a bathroom tissue converting line (“BT Line”) to the existing TAD Sherbrooke plant and a new plant that will house a facial tissue converting line (“FT Line”) with the double width LDC tissue machine, has increased from \$240 million to \$351.5 million. The additional costs of the project will be financed by an increase in the senior bank facility for the project from \$75 million to \$150 million and an equity investment by KPLP of \$36.5 million.

The construction schedule remains the same. The BT Line and FT Line will be commissioned in 2022 and 2023 respectively while the LDC tissue machine is expected to start up in 2024.

### **Forward-Looking Statements**

Certain statements in this press release about KPT’s and KPLP’s 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, statements regarding the projected capacity of the Sherbrooke project and the expected dates for commencement of construction and production of the Sherbrooke 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 KPLP. Although KPT and KPLP 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 KPLP’s 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 KPLP), 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 KPLP’s Business” section of the KPT Annual Information Form dated March 11, 2021 available on SEDAR at [www.sedar.com](http://www.sedar.com): Kruger Inc.’s influence over KPLP; KPLP’s reliance on Kruger Inc.; consequences of an event of insolvency relating to Kruger Inc.; risks associated with the Sherbrooke plant and project; operational risks; significant increases in input costs; reduction in supply of fibre; increased pricing pressure and intense competition; KPLP’s inability to innovate effectively; adverse economic conditions; dependence on key retail trade customers; damage to the reputation of KPLP or KPLP’s brands; KPLP’s sales being less than anticipated; KPLP’s failure to implement its business and operating strategies; KPLP’s obligation to make regular capital expenditures; KPLP’s entering into unsuccessful acquisitions; KPLP’s dependence on key personnel; KPLP’s inability to retain its existing customers or obtain new customers; KPLP’s loss of key suppliers; KPLP’s failure to adequately protect its intellectual property rights; KPLP’s reliance on third party intellectual property licenses; adverse litigation and other claims affecting KPLP; material expenditures due to comprehensive environmental regulation affecting KPLP’s cash flow; KPLP’s pension obligations are significant and can be materially higher than predicted if KPLP Management’s underlying assumptions are incorrect; labour disputes adversely affecting KPLP’s cost structure and KPLP’s ability to run its plants; exchange rate and U.S. competitors; KPLP’s inability to service all of its indebtedness; exposure to potential consumer product liability; covenant compliance; interest rate and refinancing risk; risks relating to information technology; cyber-security; insurance; internal controls; trade; and risks related to COVID-19.

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.

#### **About KP Tissue Inc. (“KPT”)**

KPT was created to acquire, and its business is limited to holding, a limited partnership interest in KPLP, which is accounted for as an investment on the equity basis. KPT currently holds a 14.5% interest in KPLP. For more information visit: [www.kptissueinc.com](http://www.kptissueinc.com).

#### **About Kruger Products L.P. (“KPLP”)**

KPLP is Canada’s leading manufacturer of quality tissue products for household, industrial and commercial use. KPLP serves the Canadian consumer market with such well-known brands as Cashmere®, Purex®, SpongeTowels®, Scotties® and White Swan®. In the U.S., KPLP 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. KPLP has approximately 2,700 employees and operates nine FSC® COC-certified (FSC® C-104904) production facilities in North America. For more information visit [www.krugerproducts.ca](http://www.krugerproducts.ca).

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