



## **NEWS RELEASE**

**For immediate release**

### **KP Tissue Releases Fourth Quarter and Full Year 2024 Financial Results**

*Record revenue surpasses \$2-billion mark in 2024 combined with strong Adjusted EBITDA in all four quarters*

**Mississauga (ON), March 5, 2025** - KP Tissue Inc. (KPT) (TSX: KPT) reports the Q4 2024 and full year 2024 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 12.5% interest in Kruger Products.

#### **Kruger Products Q4 2024 Business and Financial Highlights**

- Revenue was \$539.6 million in Q4 2024 compared to \$482.3 million in Q4 2023, an increase of \$57.3 million or 11.9%.
- Adjusted EBITDA<sup>1</sup> was \$66.8 million in Q4 2024 compared to \$61.2 million in Q4 2023, an increase of 9.2%.
- Net loss was \$13.7 million in Q4 2024 compared to net income of \$16.5 million in Q4 2023, a decrease of \$30.2 million.
- Declared a quarterly dividend of \$0.18 per share to be paid on April 15, 2025.

#### **Kruger Products Full Year 2024 Financial Highlights**

- Revenue was \$2,049.9 million in Fiscal 2024 compared to \$1,873.0 million in Fiscal 2023, an increase of \$176.9 million or 9.4%.
- Adjusted EBITDA<sup>1</sup> was \$264.8 million in Fiscal 2024 compared to \$238.6 million in Fiscal 2023, an increase of 11.0%.
- Net income was \$23.8 million in Fiscal 2024 compared to a net loss of \$5.3 million in Fiscal 2023, an improvement in net income of \$29.1 million.

"We are pleased with our financial performance in 2024, highlighted by record revenue of more than \$2 billion and strong Adjusted EBITDA in all four quarters," stated KP Tissue's Chief Executive Officer, Dino Bianco. "We are particularly proud of our profitability results which were relatively stable in each quarter despite volatile pulp prices and input costs for most of the year. The fourth quarter culminated with revenue growth of 11.9% year-over-year to \$539.6 million, driven by higher sales volume in the United States, favourable selling prices in Canada and a positive foreign exchange impact."

"Following the successful start-up of our tissue plant at Sherbrooke in 2024, we are currently evaluating the construction of a new manufacturing facility that would contain a state-of-the-art TAD paper machine and three converting lines. The proposed plan supports our continued focus to grow revenue and our market share as well as offer high-quality tissue products to customers across North America. The current business uncertainty will require us to complete additional due diligence prior to making any announcement."

"Finally, we have contingency measures ready to deploy to mitigate the impact of potential U.S. tariffs on our business, while marketing campaigns have been launched to leverage increasingly patriotic consumer sentiment in Canada," Mr. Bianco added.

#### **Outlook for Q1 2025**

As we look to Q1 results, we believe the fundamentals of our business remain strong, however given the uncertainty driven by the proposed tariffs we will not provide Q1 guidance. We hope to return to providing quarterly guidance once the impact of tariffs are better known.

<sup>1</sup> Adjusted EBITDA is a non-GAAP financial measure. Refer to the *Non-GAAP Financial Measures* section of this news release for more information on these measures

### **Kruger Products Q4 2024 Financial Results**

Revenue was \$539.6 million in Q4 2024 compared to \$482.3 million in Q4 2023, an increase of \$57.3 million or 11.9%. The increase in revenue was primarily due to higher sales volume, primarily in the U.S., and the favourable impact of the previously announced Consumer selling price increase in Canada. Revenue was also favourably impacted by foreign exchange fluctuations on U.S. dollar sales.

Cost of sales was \$459.3 million in Q4 2024 compared to \$400.5 million in Q4 2023, an increase of \$58.8 million or 14.7%. The increase in cost of sales was primarily due to higher sales volume and pulp prices, additional outsourcing activity compared to Q4 2023, higher manufacturing overhead spend and the unfavourable impact of foreign exchange fluctuations on U.S. dollar costs, partially offset by the favourable impact of overhead cost absorption resulting from higher inventory levels in the quarter. Freight rates were higher compared to Q4 2023, while warehousing costs increased as a result of handling costs. As a percentage of revenue, cost of sales was 85.1% in Q4 2024 compared to 83.0% in Q4 2023.

Selling, general and administrative (SG&A) expenses were \$45.1 million in Q4 2024 compared to \$50.3 million in Q4 2023, a decrease of \$5.2 million or 10.4%. The decrease was primarily due to lower advertising spend in the quarter, foreign exchange gains in Q4 2024 compared to losses in Q4 2023 and higher losses on the sale of fixed assets in Q4 2023, partially offset by consulting and legal costs to support operational and corporate initiatives. As a percentage of revenue, SG&A expenses were 8.4% in Q4 2024 compared to 10.4% in Q4 2023.

Adjusted EBITDA<sup>1</sup> was \$66.8 million in Q4 2024 compared to \$61.2 million in Q4 2023, an increase of \$5.6 million or 9.2%. The increase was primarily due to higher sales volume and selling prices, the favourable impact of overhead cost absorption and lower SG&A expenses, partially offset by additional outsourcing activity, higher manufacturing overhead spend and higher freight and warehousing expenses.

Net loss was \$13.7 million in Q4 2024 compared to net income of \$16.5 million in Q4 2023, a decrease of \$30.2 million. The decrease was primarily due to a higher foreign exchange loss and higher depreciation and interest expenses, partially offset by higher Adjusted EBITDA<sup>1</sup> and higher income from non-controlling interest, lower income tax expense and lower losses on the sale of fixed assets.

### **Kruger Products 2024 Financial Results**

Revenue was \$2,049.9 million in Fiscal 2024 compared to \$1,873.0 million in Fiscal 2023, an increase of \$176.9 million or 9.4%. The increase in revenue was primarily due to higher sales volume and selling prices across both segments. Revenue was also favourably impacted by foreign exchange fluctuations on U.S. dollar sales.

Adjusted EBITDA<sup>1</sup> was \$264.8 million in Fiscal 2024 compared to \$238.6 million in Fiscal 2023, an increase of \$26.2 million or 11.0%. The increase was primarily due to higher sales volumes, selling prices and favourable sales mix along with lower pulp prices, partially offset by higher manufacturing costs and higher warehousing and SG&A expenses.

Net income was \$23.8 million in Fiscal 2024 compared to a net loss of \$5.3 million in Fiscal 2023, an improvement in net income of \$29.1 million. The improvement was primarily due to higher Adjusted EBITDA<sup>1</sup> and lower income tax expense, partially offset by higher foreign exchange losses and higher depreciation expense.

### **Kruger Products Q4 2024 Financing Activity and Liquidity**

On November 1, 2024, Kruger Products issued \$135 million in an aggregate principal amount of 6.625% Senior Unsecured Notes (the Notes) due November 1, 2031 through a private placement. Interest on the Notes is payable semi-annually in arrears on May 1 and November 1 of each year, commencing on May 1, 2025. The majority of the proceeds were used to redeem the \$125 million Senior Unsecured Notes with the remainder being used for general corporate purposes.

<sup>1</sup> Adjusted EBITDA is a non-GAAP financial measure. Refer to the *Non-GAAP Financial Measures* section of this news release for more information on these measures

Kruger Products completed the previously announced redemption of its outstanding \$125 million principal amount of 6.0% Senior Unsecured Notes on November 12, 2024 at a redemption price of 100% of the principal amount plus accrued and unpaid interest.

Total liquidity, representing cash and availability under the revolving credit agreements, was \$344.6 million as of December 31, 2024. In addition, \$16.6 million of cash was held for the Sherbrooke Expansion Project.

#### **KPT Q4 2024 Financial Results**

KPT had a net loss of \$2.0 million in Q4 2024. Included in the net loss was \$1.8 million representing KPT's share of Kruger Products' net loss, a dilution gain of \$0.1 million and depreciation expense of \$0.2 million related to adjustments to carrying amounts on acquisition and income tax expense of \$0.1 million.

#### **KPT 2024 Financial Results**

KPT had net income of \$2.4 million in Fiscal 2024. Included in the net income was \$3.0 million representing KPT's share of Kruger Products' net income, a dilution gain of \$0.6 million, depreciation expense of \$1.1 million related to adjustments to carrying amounts on acquisition and an income tax expense of \$0.1 million.

#### **Dividends on Common Shares**

The Board of Directors of KPT declared a quarterly dividend of \$0.18 per share to be paid on April 15, 2025 to shareholders of record at the close of business on March 31, 2025.

#### **Additional Information**

For additional information please refer to Management's Discussion and Analysis (MD&A) of KPT and Kruger Products for the fourth quarter and fiscal year ended December 31, 2024 available on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca) or our website at [www.kptissueinc.com](http://www.kptissueinc.com).

#### **Fourth Quarter Results Conference Call Information**

KPT will hold its fourth quarter conference call on Wednesday, March 5, 2025 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, March 12, 2025 by dialing 1-888-660-6345 or 289-819-1450 and entering passcode 54225.

The replay of the webcast will remain available on the website until midnight, March 12, 2025.

#### **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 12.5% interest in Kruger Products. For more information visit [www.kptissueinc.com](http://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 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).

<sup>1</sup> Adjusted EBITDA is a non-GAAP financial measure. Refer to the *Non-GAAP Financial Measures* section of this news release for more information on these measures

## **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), (viii) costs related to restructuring activities and (ix) changes in amortized cost of Partnership units liability. A reconciliation of Adjusted EBITDA to the relevant reported results can be found in the Segment and Geographic Results table of this news 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. 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, including the moderation of inflationary pressure on input costs and continued inflationary pressure on SG&A as labour, marketing and IT costs continue to rise. 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 Q1 2025 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 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; risks associated with the operation of the TAD Sherbrooke Project; risks associated with the Sherbrooke Expansion 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; and risks relating to information technology; cyber-security; insurance; internal controls, trade and tax.

<sup>1</sup> Adjusted EBITDA is a non-GAAP financial measure. Refer to the *Non-GAAP Financial Measures* section of this news release for more information on these measures

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 news release for more information on these measures

**Kruger Products Inc.**  
**Consolidated Statements of Financial Position**  
(thousands of Canadian dollars)

	<b>December 31, 2024</b>	<b>December 31, 2023</b>
	<b>\$</b>	<b>\$</b>
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	119,460	135,728
Restricted cash	48,375	12,451
Trade and other receivables	138,177	130,157
Receivables from related parties	80	842
Inventories	287,756	254,372
Income tax recoverable	3,208	4,578
Prepaid expenses	6,383	4,726
	<u>603,439</u>	<u>542,854</u>
<b>Non-current assets</b>		
Property, plant and equipment	1,509,592	1,421,650
Right-of-use assets	186,460	84,866
Other long-term assets	92	3,808
Pensions	92,661	69,839
Goodwill	152,021	152,021
Intangible assets	42,572	26,852
Deferred income taxes	10,500	23,740
<b>Total assets</b>	<u><u>2,597,337</u></u>	<u><u>2,325,630</u></u>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Trade and other payables	346,264	400,385
Payables to related parties	17,829	10,973
Income tax payable	3	-
Dividends payable	14,308	13,675
Current portion of long-term debt	54,168	35,229
Current portion of lease liabilities	40,156	27,154
Current portion of long-term payable to related party	5,800	5,800
Current portion of provisions	4,184	3,952
	<u>482,712</u>	<u>497,168</u>
<b>Non-current liabilities</b>		
Long-term debt	1,180,488	1,034,016
Long-term lease liabilities	165,563	71,865
Long-term payable to related party	31,925	35,580
Long-term provisions	9,398	5,740
Pensions	17,845	18,935
Post-retirement benefits	47,140	48,699
<b>Total liabilities</b>	<u>1,935,071</u>	<u>1,712,003</u>
<b>Equity</b>		
Share capital	308,622	278,252
Contributed surplus	395,382	395,382
Deficit	(171,874)	(164,029)
Accumulated other comprehensive income	100,177	81,011
<b>Equity attributable to Kruger Products</b>	<u>632,307</u>	<u>590,616</u>
<b>Non-controlling interest</b>	<u>29,959</u>	<u>23,011</u>
<b>Total equity</b>	<u>662,266</u>	<u>613,627</u>
<b>Total equity and liabilities</b>	<u><u>2,597,337</u></u>	<u><u>2,325,630</u></u>

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

	3-month period ended December 31, 2024 \$	3-month period ended December 31, 2023 \$	12-month period ended December 31, 2024 \$	12-month period ended December 31, 2023 \$
<b>Revenue</b>	539,621	482,269	2,049,938	1,872,962
<b>Expenses</b>				
Cost of sales	459,271	400,476	1,721,704	1,571,587
Selling, general and administrative expenses	45,105	50,319	178,250	167,209
Restructuring costs	-	274	219	1,574
<b>Operating income</b>	35,245	31,200	149,765	132,592
Interest expense and other finance costs	21,355	18,515	72,487	70,255
Other expense (income)	24,718	(8,482)	31,870	(9,352)
<b>Income (loss) before income taxes</b>	(10,828)	21,167	45,408	71,689
Current tax expense (recovery)	(415)	689	2,734	2,632
Deferred tax expense	4,956	1,916	16,679	70,776
<b>Income tax expense</b>	4,541	2,605	19,413	73,408
<b>Net income (loss) including non-controlling interest</b>	(15,369)	18,562	25,995	(1,719)
<b>Net income (loss) attributable to non-controlling interest</b>	(1,649)	2,026	2,174	3,594
<b>Net income (loss) attributable to Kruger Products</b>	(13,720)	16,536	23,821	(5,313)

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

	3-month period ended December 31, 2024	3-month period ended December 31, 2023	12-month period ended December 31, 2024	12-month period ended December 31, 2023
	\$	\$	\$	\$
<b>Cash flows from (used in) operating activities</b>				
Net income (loss) including non-controlling interest	(15,369)	18,562	25,995	(1,719)
Items not affecting cash				
Depreciation	29,105	26,691	107,793	96,996
Amortization	2,022	1,106	6,322	4,377
Loss on sale of property, plant and equipment	370	1,945	639	3,043
Gain (loss) on disposal of leased assets	47	-	47	(488)
Foreign exchange loss (gain)	24,719	(8,482)	32,752	(9,352)
Interest expense and other finance costs	21,355	18,515	72,487	70,255
Pension and post-retirement benefits	3,328	2,200	12,292	8,656
Provisions	1,464	998	4,879	3,702
Income tax expense	4,541	2,605	19,413	73,408
Loss on sale of non-financial assets	18	3	45	24
Total items not affecting cash	86,969	45,581	256,669	250,621
Net change in non-cash working capital	(5,630)	45,895	(58,604)	110,162
Contributions to pension and post-retirement benefit plans	(1,058)	(1,098)	(4,476)	(8,537)
Provisions paid	-	(862)	(3,695)	(4,305)
Income tax payments, net	(665)	174	(3,786)	(1,834)
<b>Net cash from operating activities</b>	<b>64,247</b>	<b>108,252</b>	<b>212,103</b>	<b>344,388</b>
<b>Cash flows from (used in) investing activities</b>				
Purchases of property, plant and equipment	(28,941)	(19,980)	(44,762)	(34,653)
Purchases of property, plant and equipment and software related to the TAD Sherbrooke Project	-	(855)	-	(2,435)
Purchases of property, plant and equipment related to the Sherbrooke Expansion Project	(13,511)	(57,943)	(129,678)	(147,938)
Interest paid on credit facilities related to the Sherbrooke Expansion Project	(2,628)	(133)	(7,764)	(454)
Government assistance received	-	-	-	1,250
Purchases of software	(2,978)	(646)	(3,272)	(1,202)
Proceeds on sale of property, plant and equipment	-	121	28	2,586
<b>Net cash used in investing activities</b>	<b>(48,058)</b>	<b>(79,436)</b>	<b>(185,448)</b>	<b>(182,846)</b>
<b>Cash flows from (used in) financing activities</b>				
Proceeds from long-term debt	160,156	43,411	279,353	130,954
Repayment of long-term debt	(130,770)	(57,874)	(163,815)	(127,780)
Payment of deferred financing fees	(3,181)	(494)	(4,493)	(899)
Payment of lease liabilities	(9,736)	(9,984)	(36,199)	(30,819)
Change in Restricted cash	(3,543)	(1,369)	(35,924)	(5,306)
Interest paid on long-term debt	(15,839)	(15,109)	(54,678)	(49,390)
Payment to related party	-	-	(5,800)	(5,700)
Dividends paid, net	(7,925)	(1,743)	(25,350)	(6,988)
<b>Net cash used in financing activities</b>	<b>(10,838)</b>	<b>(43,162)</b>	<b>(46,906)</b>	<b>(95,928)</b>
<b>Effect of exchange rate changes on cash and cash equivalents held in foreign currency</b>	<b>2,894</b>	<b>(1,071)</b>	<b>3,983</b>	<b>(1,147)</b>
<b>Increase (decrease) in cash and cash equivalents during the period</b>	<b>8,245</b>	<b>(15,417)</b>	<b>(16,268)</b>	<b>64,467</b>
<b>Cash and cash equivalents - Beginning of period</b>	<b>111,215</b>	<b>151,145</b>	<b>135,728</b>	<b>71,261</b>
<b>Cash and cash equivalents - End of period</b>	<b>119,460</b>	<b>135,728</b>	<b>119,460</b>	<b>135,728</b>



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

	3-month period ended December 31, 2024 \$	3-month period ended December 31, 2023 \$	12-month period ended December 31, 2024 \$	12-month period ended December 31, 2023 \$
<b>Segment Information</b>				
<b>Segment Revenue</b>				
Consumer	452,709	400,867	1,708,119	1,551,157
AFH	86,912	81,402	341,819	321,805
Revenue from external customers	<u>539,621</u>	<u>482,269</u>	<u>2,049,938</u>	<u>1,872,962</u>
<b>Other segment items</b>				
Consumer	388,737	341,025	1,458,774	1,320,847
AFH	82,293	75,688	313,259	301,013
Corporate and other costs	1,831	4,337	13,122	12,496
Total other segment items	<u>472,861</u>	<u>421,050</u>	<u>1,785,155</u>	<u>1,634,356</u>
<b>Adjusted EBITDA</b>				
Consumer	63,972	59,842	249,345	230,310
AFH	4,619	5,714	28,560	20,792
Corporate and other costs	(1,831)	(4,337)	(13,122)	(12,496)
Total Adjusted EBITDA	<u>66,760</u>	<u>61,219</u>	<u>264,783</u>	<u>238,606</u>
<b>Reconciliation to net income (loss):</b>				
Depreciation and amortization	31,127	27,797	114,115	101,373
Interest expense and other finance costs	21,355	18,515	72,487	70,255
Loss on sale of property, plant and equipment	370	1,945	639	3,043
Loss on sale of non-financial assets	18	3	45	24
Change in amortized cost of Partnership unit liability	-	-	(882)	-
Restructuring costs, net	-	274	219	1,574
Foreign exchange loss (gain)	24,718	(8,482)	32,752	(9,352)
Income (loss) before income taxes	<u>(10,828)</u>	<u>21,167</u>	<u>45,408</u>	<u>71,689</u>
Income tax expense	4,541	2,605	19,413	73,408
Net income (loss) including non-controlling interest	<u>(15,369)</u>	<u>18,562</u>	<u>25,995</u>	<u>(1,719)</u>
<b>Geographic Revenue</b>				
Canada	291,391	274,843	1,118,754	1,068,376
US	248,230	207,426	931,184	804,586
Total revenue	<u>539,621</u>	<u>482,269</u>	<u>2,049,938</u>	<u>1,872,962</u>

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

	<b>December 31, 2024</b>	<b>December 31, 2023</b>
	<u>\$</u>	<u>\$</u>
<b>Assets</b>		
<b>Current assets</b>		
Dividends receivable	1,798	1,793
Income taxes recoverable	-	652
	<u>1,798</u>	<u>2,445</u>
<b>Non-current assets</b>		
Investment in associate	<u>69,517</u>	<u>68,162</u>
<b>Total assets</b>	<u><u>71,315</u></u>	<u><u>70,607</u></u>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Dividend payable	1,798	1,793
Payable to investee	-	457
	<u>1,798</u>	<u>2,250</u>
<b>Total liabilities</b>	<u>1,798</u>	<u>2,250</u>
<b>Equity</b>		
Common shares	22,762	22,560
Contributed surplus	144,819	144,819
Deficit	(116,673)	(115,027)
Accumulated other comprehensive income	<u>18,609</u>	<u>16,005</u>
<b>Total equity</b>	<u>69,517</u>	<u>68,357</u>
<b>Total liabilities and equity</b>	<u><u>71,315</u></u>	<u><u>70,607</u></u>

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

	3-month period ended December 31, 2024 \$	3-month period ended December 31, 2023 \$	12-month period ended December 31, 2024 \$	12-month period ended December 31, 2023 \$
Share of income (loss)	(1,765)	2,212	2,993	(697)
Depreciation of fair value increments	(276)	(279)	(1,123)	(1,165)
<b>Equity income (loss)</b>	<b>(2,041)</b>	<b>1,933</b>	<b>1,870</b>	<b>(1,862)</b>
Dilution gain	119	245	619	1,032
<b>Income (loss) before income taxes</b>	<b>(1,922)</b>	<b>2,178</b>	<b>2,489</b>	<b>(830)</b>
Current tax expense	56	215	56	215
Deferred tax expense	-	-	-	3,892
<b>Income tax expense</b>	<b>56</b>	<b>215</b>	<b>56</b>	<b>4,107</b>
<b>Net income (loss)</b>	<b>(1,978)</b>	<b>1,963</b>	<b>2,433</b>	<b>(4,937)</b>
<b>Basic earnings (loss) per share</b>	<b>(0.15)</b>	<b>0.20</b>	<b>0.24</b>	<b>(0.50)</b>
<b>Weighted average number of shares outstanding</b>	<b>9,986,446</b>	<b>9,962,907</b>	<b>9,976,725</b>	<b>9,955,981</b>

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

	<b>3-month period ended December 31, 2024</b>	<b>3-month period ended December 31, 2023</b>	<b>12-month period ended December 31, 2024</b>	<b>12-month period ended December 31, 2023</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Cash flows from (used in) operating activities</b>				
Net income (loss)	(1,978)	1,963	2,433	(4,937)
Items not affecting cash				
Equity loss (income)	2,041	(1,933)	(1,870)	1,862
Dilution gain	(119)	(245)	(619)	(1,032)
Deferred tax expense	56	215	56	4,107
Total items not affecting cash	1,978	(1,963)	(2,433)	4,937
Increase (decrease) in payable to investee	65	424	(595)	287
Tax refunds, net	(65)	(424)	595	(287)
<b>Net cash from (used in) operating activities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Cash flows from investing activities</b>				
Dividends received, net	1,735	1,742	6,974	6,984
<b>Net cash from investing activities</b>	<b>1,735</b>	<b>1,742</b>	<b>6,974</b>	<b>6,984</b>
<b>Cash flows used in financing activities</b>				
Dividends paid, net	(1,735)	(1,742)	(6,974)	(6,984)
<b>Net cash used in financing activities</b>	<b>(1,735)</b>	<b>(1,742)</b>	<b>(6,974)</b>	<b>(6,984)</b>
<b>Increase (decrease) in cash and cash equivalents during the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Cash and cash equivalents - Beginning of period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Cash and cash equivalents - End of period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>