NEWS RELEASE
For immediate release

KP Tissue Releases Second Quarter 2024 Financial Results
Solid results driven by strong revenue

Mississauga (ON), August 13, 2024 - KP Tissue Inc. (KPT) (TSX: KPT) reports the Q2 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 12.7% interest in Kruger Products.

Kruger Products Q2 2024 Business and Financial Highlights

- Revenue was $509.8 million in Q2 2024 compared to $466.3 million in Q2 2023, an increase of $43.5 million or 9.3%.
- Adjusted EBITDA[1] was $65.3 million in Q2 2024, compared to $55.0 million in Q2 2023, an increase of 18.6%.
- Net income was $10.6 million in Q2 2024 compared to $14.5 million in Q2 2023, a decrease of $3.9 million.
- Declared a quarterly dividend of $0.18 per share to be paid on October 15, 2024.

"We delivered as per our expectations in the second quarter of 2024 with revenue-driven profitability generating more than $65 million in Adjusted EBITDA," stated KP Tissue's Chief Executive Officer, Dino Bianco. "In the Consumer segment, we brought added innovation and capacity to the Canadian facial tissue market to build our leadership status with 42.8% share, while maintaining our No. 1 and No. 2 positions in the bathroom tissue and paper towel categories, respectively. We also continued growing our Away-from-Home business on the strength of increased sales and Adjusted EBITDA year-over-year and sequentially. We are pleased with the strong momentum across all our business units, both in Canada and the U.S., despite a labour disruption at our Crabtree, Quebec facility that has since been resolved with a five-year collective bargaining agreement."

"From a margin management standpoint, we recently announced a pricing increase in our Consumer segment to mitigate escalating pulp prices that are approaching peak levels. This pricing adjustment, along with other productivity initiatives will ensure we continue to drive profitable growth," Mr. Bianco concluded.

Outlook for Q3 2024
For the third quarter of 2024, we expect Adjusted EBITDA[1] to be in the range of Q2 2024.

Kruger Products Q2 2024 Financial Results
Revenue was $509.8 million in Q2 2024 compared to $466.3 million in Q2 2023, an increase of $43.5 million or 9.3%. The increase in revenue was primarily due to higher sales volume along with favourable sales mix in the Consumer segment and favourable selling prices across both segments. Revenue was also favourably impacted by foreign exchange fluctuations on U.S. dollar sales.

Cost of sales was $431.2 million in Q2 2024 compared to $395.8 million in Q2 2023, an increase of $35.4 million or 9.0%. The increase in cost of sales was primarily due to higher sales volume and higher manufacturing overhead costs resulting primarily from start-up costs related to the Sherbrooke Expansion Project and overhead cost absorption resulting from reduced inventory levels in the quarter, partially offset by lower pulp prices compared to the year ago quarter. Freight rates were slightly lower compared to Q2 2023, while warehousing costs increased as a result of handling costs related to higher sales volume and logistics network costs. As a percentage of revenue, cost of sales was 84.6% in Q2 2024 compared to 84.9% in Q2 2023.

[1] 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

Selling, general and administrative (SG&A) expenses were $42.5 million in Q2 2024 compared to $40.6 million in Q2 2023, an increase of $1.9 million or 4.5%. The increase was primarily due to additional investment in advertising and promotion, higher selling expense to support additional sales volume, higher IT spend, additional headcount costs and consulting costs to support operational initiatives, partially offset by foreign exchange gains in Q2 2024 compared to losses in the year ago quarter. As a percentage of revenue, SG&A expenses were 8.3% in Q2 2024 compared to 8.7% in Q2 2023.

Adjusted EBITDA[1] was $65.3 million in Q2 2024 compared to $55.0 million in Q2 2023, an increase of $10.3 million or 18.6%. The increase was primarily due to higher sales volumes, favourable sales mix and higher selling prices along with lower pulp prices, partially offset by higher manufacturing overhead spending and higher warehousing and SG&A expenses.

Net income was $10.6 million in Q2 2024 compared to $14.5 million in Q2 2023, a decrease of $3.9 million. The decrease was primarily due to a higher foreign exchange loss and higher depreciation expense, partially offset by higher Adjusted EBITDA[1], lower interest and tax expense and a loss on sale of fixed assets in Q2 2023 that did not recur.

Kruger Products Q2 2024 Financing Activity and Liquidity
Total liquidity, representing cash and availability under the revolving credit agreements, was $428.7 million as of June 30, 2024. In addition, $16.6 million of cash was held for the Sherbrooke Expansion Project.

KPT Q2 2024 Financial Results
KPT had net income of $1.2 million in Q2 2024. Included in net income was $1.4 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 declared a quarterly dividend of $0.18 per share to be paid on October 15, 2024 to shareholders of record at the close of business on September 30, 2024.

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, 2024 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 Tuesday, August 13, 2024 at 8:30 a.m. Eastern Time.

Via telephone: 1-888-664-6383 or 416-764-8650

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, 2024 by dialing 1-888-390-0541 or 416-764-8677 and entering passcode 495451.

The replay of the webcast will remain available on the website until midnight, August 20, 2024.

1 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

About KP Tissue Inc. (KPT)
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 12.7% interest in Kruger Products. For more information visit www.kptissueinc.com.

About Kruger Products
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 2,800 employees and operates nine 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), (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[1] for Q3 2024 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 7, 2024 available on SEDAR+ at 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

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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; and trade.

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, 2024 $	December 31, 2023 $
Assets		
Current assets		
Cash and cash equivalents	127,154	135,728
Restricted cash	43,649	12,451
Trade and other receivables	132,457	130,157
Receivables from related parties	396	842
Inventories	258,993	254,372
Income tax recoverable	5,469	4,578
Prepaid expenses	17,915	4,726
	586,033	542,854
Non-current assets		
Property, plant and equipment	1,468,170	1,421,650
Right-of-use assets	104,760	84,866
Other long-term assets	60	3,808
Pensions	98,954	69,839
Goodwill	152,021	152,021
Intangible assets	37,679	26,852
Deferred income taxes	6,841	23,740
Total assets	2,454,518	2,325,630
Liabilities		
Current liabilities		
Trade and other payables	354,450	400,385
Payables to related parties	13,760	10,973
Dividends payable	14,043	13,675
Current portion of long-term debt	171,562	35,229
Current portion of lease liabilities	34,318	27,154
Current portion of long-term payable to related party	5,800	5,800
Current portion of provisions	3,985	3,952
	597,918	497,168
Non-current liabilities		
Long-term debt	1,007,263	1,034,016
Long-term lease liabilities	86,254	71,865
Long-term payable to related party	30,904	35,580
Long-term provisions	4,369	5,740
Pensions	14,426	18,935
Post-retirement benefits	47,261	48,699
Total liabilities	1,788,395	1,712,003
Equity		
Share capital	296,189	278,252
Contributed surplus	395,382	395,382
Deficit	(144,164)	(164,029)
Accumulated other comprehensive income	88,722	81,011
Equity attributable to Kruger Products	636,129	590,616
Non-controlling interest	29,994	23,011
Total equity	666,123	613,627
Total equity and liabilities	2,454,518	2,325,630

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

	3-month period ended June 30, 2024 $	3-month period ended June 30, 2023 $	6-month period ended June 30, 2024 $	6-month period ended June 30, 2023 $
Revenue	509,800	466,302	989,232	917,294
Expenses				
Cost of sales	431,228	395,712	825,231	784,736
Selling, general and administrative expenses	42,470	40,653	86,612	76,917
Restructuring costs, net	3	84	219	1,223
Operating income	36,099	29,853	77,170	54,418
Interest expense and other finance costs	16,855	18,539	33,135	35,063
Other expense (income)	3,945	(8,849)	12,418	(9,265)
Income before income taxes	15,299	20,163	31,617	28,620
Current tax expense	612	1,219	1,381	1,428
Deferred tax expense	3,008	3,943	8,479	62,307
Income tax expense	3,620	5,162	9,860	63,735
Net income (loss) including non-controlling interest	11,679	15,001	21,757	(35,115)
Net income (loss) attributable to non-controlling interest	1,087	517	2,209	(338)
Net income (loss) attributable to Kruger Products	10,592	14,484	19,548	(34,777)

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

	3-month period ended June 30, 2024 $	3-month period ended June 30, 2023 $	6-month period ended June 30, 2024 $	6-month period ended June 30, 2023 $
Cash flows from (used in) operating activities				
Net income (loss) including non-controlling interest	11,679	15,001	21,757	(35,115)
Items not affecting cash				
Depreciation	27,675	22,889	52,127	46,078
Amortization	1,496	1,096	2,561	2,161
Loss (gain) on sale of property, plant and equipment	(2)	1,114	269	1,109
Gain on disposal of leased assets	(632)	-	-	(488)
Foreign exchange loss (gain)	3,945	(8,849)	13,299	(9,265)
Interest expense and other finance costs	16,855	18,539	33,135	35,063
Pension and post-retirement benefits	2,708	2,224	5,284	4,112
Provisions	1,045	508	2,118	1,939
Income tax expense	3,620	5,162	9,860	63,735
Loss on sale of non-financial assets	-	13	12	16
Total items not affecting cash	56,710	42,696	118,665	144,460
Net change in non-cash working capital	40,383	68,307	(45,687)	16,858
Contributions to pension and post-retirement benefit plans	(1,111)	(2,680)	(2,264)	(5,198)
Provisions paid	(3,225)	(2,585)	(3,695)	(3,274)
Income tax payments, net	(2,101)	(1,621)	(2,441)	(1,458)
Net cash from operating activities	102,335	119,118	86,335	116,273
Cash flows from (used in) investing activities				
Purchases of property, plant and equipment	(3,923)	(4,669)	(7,964)	(8,680)
Purchases of property, plant and equipment and software related to the TAD Sherbrooke Project	-	(743)	-	(743)
Purchases of property, plant and equipment related to the Sherbrooke Expansion Project	(43,554)	(36,798)	(89,427)	(68,460)
Interest paid on credit facilities related to the Sherbrooke Expansion Project	(2,673)	(119)	(2,789)	(216)
Government assistance received	-	-	-	1,250
Purchases of software	(240)	(437)	(287)	(508)
Proceeds on sale of property, plant and equipment	32	2,443	28	2,448
Net cash used in investing activities	(50,358)	(40,323)	(100,439)	(74,909)
Cash flows from (used in) financing activities				
Proceeds from long-term debt	38,568	21,281	113,432	56,782
Repayment of long-term debt	(14,046)	(14,874)	(21,193)	(23,569)
Payment of deferred financing fees	(365)	(134)	(1,229)	(380)
Payment of lease liabilities	(8,622)	(7,046)	(17,272)	(13,796)
Change in Restricted cash	(29,786)	(1,332)	(31,198)	(2,557)
Interest paid on long-term debt	(14,516)	(17,641)	(23,379)	(31,360)
Payment to related party	(5,800)	(5,700)	(5,800)	(5,700)
Dividends paid, net	(7,804)	(1,761)	(9,557)	(3,504)
Net cash from (used in) financing activities	(42,371)	(27,207)	3,804	(24,084)
Effect of exchange rate changes on cash and cash equivalents held in foreign currency	428	(259)	1,726	(296)
Increase (decrease) in cash and cash equivalents during the period	10,034	51,329	(8,574)	16,984
Cash and cash equivalents - Beginning of period	117,120	36,916	135,728	71,261
Cash and cash equivalents - End of period	127,154	88,245	127,154	88,245

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

	3-month period ended June 30, 2024 $	3-month period ended June 30, 2023 $	6-month period ended June 30, 2024 $	6-month period ended June 30, 2023 $
Segment Information				
Segment Revenue				
Consumer	421,925	383,477	826,214	759,997
AFH	87,875	82,825	163,018	157,297
Revenue from external customers	509,800	466,302	989,232	917,294
Adjusted EBITDA				
Consumer	60,297	53,308	122,959	104,642
AFH	9,569	5,834	17,339	6,718
Corporate and other costs	(4,595)	(4,093)	(7,940)	(6,355)
Total Adjusted EBITDA	65,271	55,049	132,358	105,005
Reconciliation to net income (loss):				
Depreciation and amortization	29,171	23,985	54,688	48,239
Interest expense and other finance costs	16,855	18,539	33,135	35,063
Loss (gain) on sale of property, plant and equipment	(2)	1,114	269	1,109
Loss on sale of non-financial assets	-	13	12	16
Change in amortized cost of Partnership unit liability	-	-	(881)	-
Restructuring costs, net	3	84	219	1,223
Foreign exchange loss (gain)	3,945	(8,849)	13,299	(9,265)
Income before income taxes	15,299	20,163	31,617	28,620
Income tax expense	3,620	5,162	9,860	63,735
Net income (loss) including non-controlling interest	11,679	15,001	21,757	(35,115)
Geographic Revenue				
Canada	278,969	265,165	545,141	525,945
US	230,831	201,137	444,091	391,349
Total revenue	509,800	466,302	989,232	917,294

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

	June 30, 2024	December 31, 2023
	$	$
Assets		
Current assets		
Dividends receivable	1,795	1,793
Income taxes recoverable	367	652
	2,162	2,445
Non-current assets		
Investment in associate	71,778	68,162
Total assets	73,940	70,607
Liabilities		
Current liabilities		
Dividend payable	1,795	1,793
Payable to investee	311	457
Total liabilities	2,106	2,250
Equity		
Common shares	22,650	22,560
Contributed surplus	144,819	144,819
Deficit	(112,689)	(115,027)
Accumulated other comprehensive income	17,054	16,005
Total equity	71,834	68,357
Total liabilities and equity	73,940	70,607

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

	3-month period ended June 30, 2024 $	3-month period ended June 30, 2023 $	6-month period ended June 30, 2024 $	6-month period ended June 30, 2023 $
Share of income (loss)	1,344	2,057	2,499	(4,698)
Depreciation of fair value increments	(283)	(296)	(569)	(600)
Equity income (loss)	1,061	1,761	1,930	(5,298)
Dilution gain	131	252	393	525
Income (loss) before income taxes	1,192	2,013	2,323	(4,773)
Deferred tax expense	-	-	-	3,892
Net income (loss)	1,192	2,013	2,323	(8,665)
Basic earnings (loss) per share	**0.12**	**0.20**	**0.23**	**(0.87)**
Weighted average number of shares outstanding	**9,973,312**	**9,953,131**	**9,970,470**	**9,951,513**

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

	3-month period ended June 30, 2024 $	3-month period ended June 30, 2023 $	6-month period ended June 30, 2024 $	6-month period ended June 30, 2023 $
Cash flows from (used in) operating activities				
Net income (loss)	1,192	2,013	2,323	(8,665)
Items not affecting cash				
Equity loss (income)	(1,061)	(1,761)	(1,930)	5,298
Dilution gain	(131)	(252)	(393)	(525)
Deferred tax expense	-	-	-	3,892
Total items not affecting cash	(1,192)	(2,013)	(2,323)	8,665
Decrease in payable to investee	(200)	-	(284)	-
Tax refunds , net	200	-	284	-
Net cash from (used in) operating activities	-	-	-	-
Cash flows from investing activities				
Dividends received, net	1,744	1,761	3,496	3,503
Net cash from investing activities	1,744	1,761	3,496	3,503
Cash flows used in financing activities				
Dividends paid, net	(1,744)	(1,761)	(3,496)	(3,503)
Net cash used in financing activities	(1,744)	(1,761)	(3,496)	(3,503)
Increase (decrease) in cash and cash equivalents during the period	-	-	-	-
Cash and cash equivalents - Beginning of period	-	-	-	-
Cash and cash equivalents - End of period	-	-	-	-