



GROWING BUSINESS

IN A CHALLENGING ENVIRONMENT

Q4 2022 FINANCIAL RESULTS

March 9, 2023



FORWARD-LOOKING AND CAUTIONARY STATEMENTS

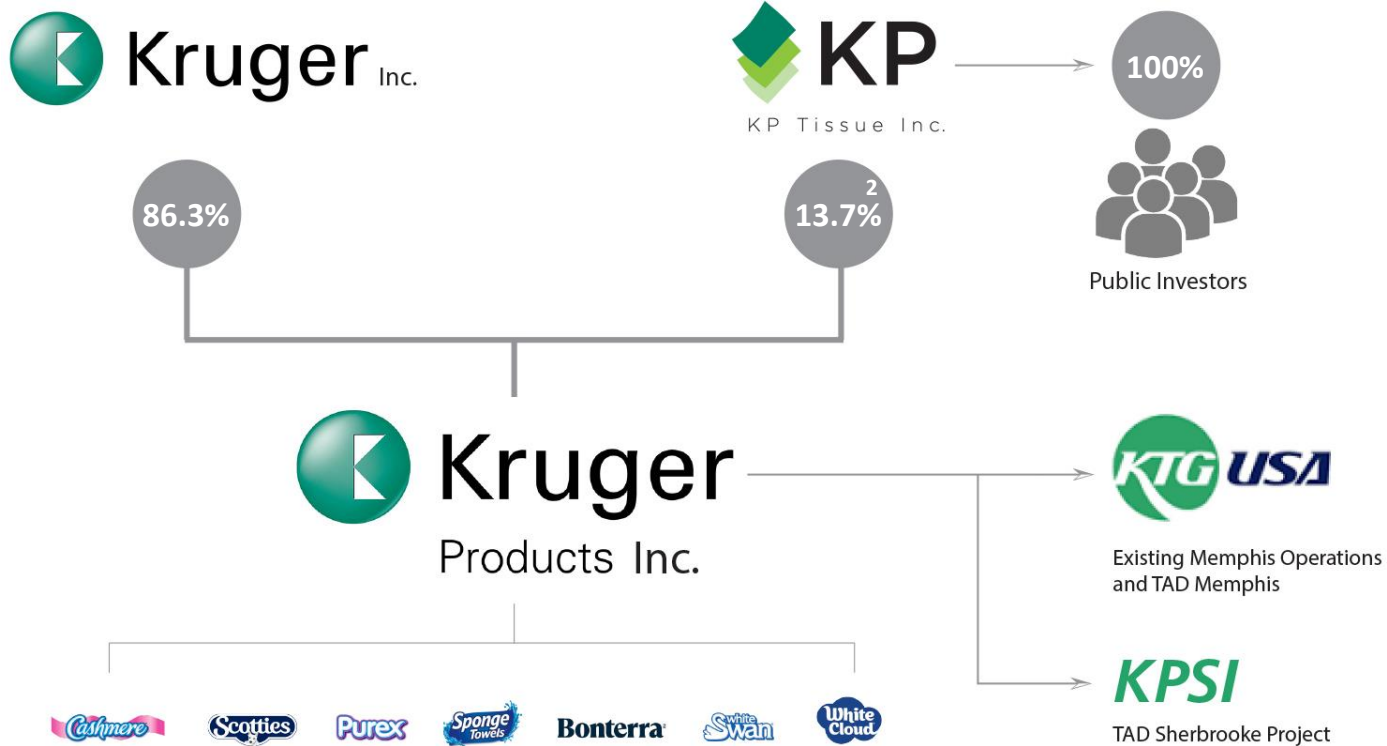
Certain statements in this presentation about KPT's and Kruger Products' current and future plans, expectations and intentions, results, levels of activity, performance, goals or achievements or any other future events or developments constitute forward-looking statements. Forward-looking statements 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 and the expected cost and dates for commencement of production 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 9, 2023 available on SEDAR at www.sedar.com: 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 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 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 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'
Q4 2022 financial results**

CORPORATE STRUCTURE¹



¹On Jan. 1, 2023, KPLP undertook a corporate reorganization pursuant to which the limited partnership was essentially replaced by a corporate entity, Kruger Products Inc. ("Kruger Products"), without adversely affecting KPT. For more information, see KPT's FY 2022 MD&A.

²As of March 9, 2023 (13.9% as of December 31, 2022).

5 UNDERLYING STRATEGIES

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

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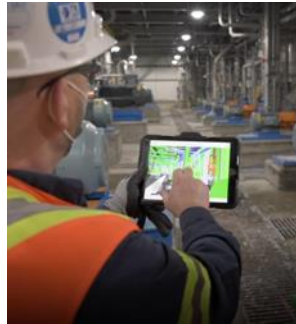
**Consumer As Our
Compass**

2



**Expand Our
Business Footprint**

3



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

4






**Deliver
Sustainability**

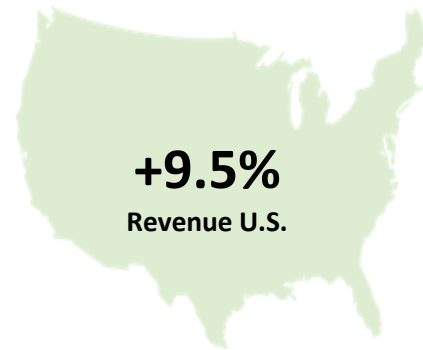
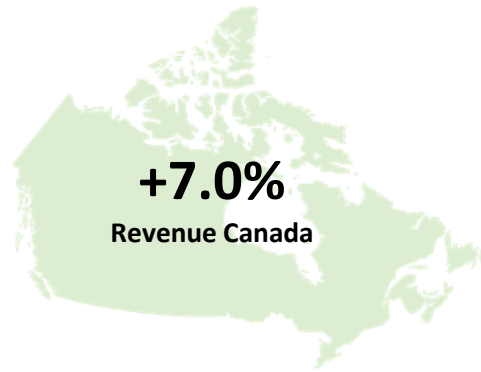
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**Winning Team
and Culture**




Q4 2022 HIGHLIGHTS

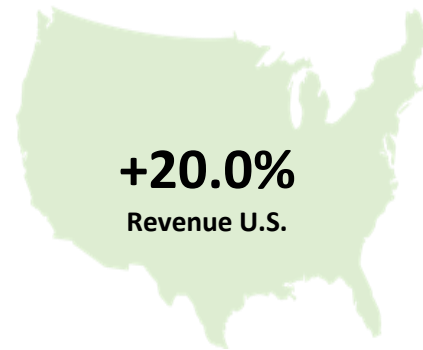
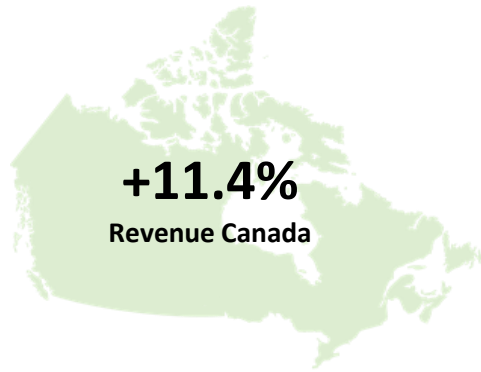
Revenue	Adjusted EBITDA ¹	Net Income
\$458.1 M  8.0% over Q4 2021	\$44.4 M  15.8% over Q4 2021	\$16.0 M  (\$26.3 M) over Q4 2021



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

FY 2022 HIGHLIGHTS

Revenue	Adjusted EBITDA ¹	Net Loss
\$1,681.4 M  14.8% Over FY 2021	\$116.0 M  (24.4%) over FY 2021	(\$56.9 M)  (\$98.9 M) over FY 2021

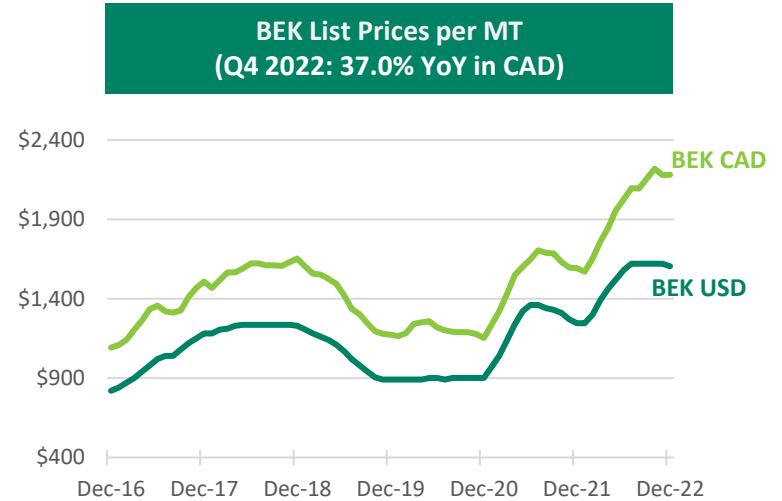
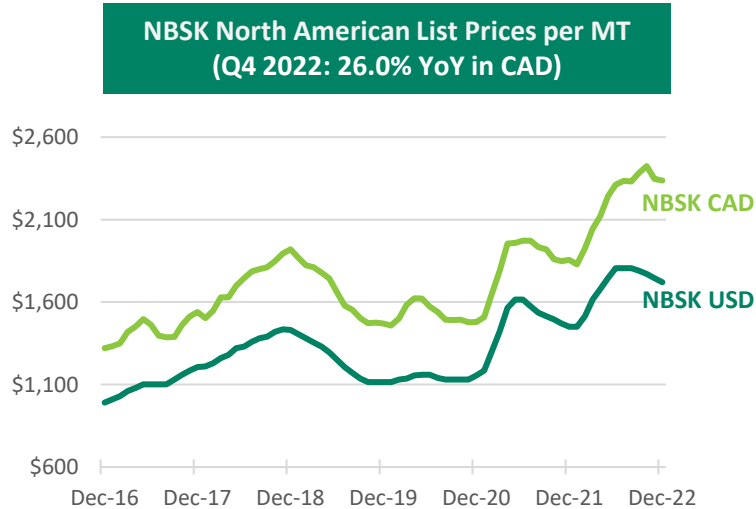


¹ Non-GAAP measure – see MD&A for the definition and reconciliation of the most comparable GAAP measure.

PULP INPUT PRICES

Q4 2022 NBSK average prices¹ in CAD decreased 1.4%, while BEK average prices¹ increased 1.1% from Q3 2022.

Q4 2022 NBSK average prices¹ in CAD increased 26.0% and BEK average prices¹ increased 37.0% year-over-year. Based on industry forecasts for 2023, pulp prices and the Canadian dollar continue to be volatile.



(CAD/USD averaged 1.36 in Q4 2022, up 8% from Q4 2021)

¹ Both NBSK price and BEK price were calculated using RISI

HIGH INFLATIONARY PRESSURE

Q4 2022 vs. Q4 2021



**+\$40 Million
Impact**



18-27%
FIBRE



~10%
FREIGHT



~4%
LABOUR



~8%
PACKAGING



~25%
NATURAL GAS



~10%
OTHER

PRICING ACTIONS IMPLEMENTED IN 2022

Pricing Actions in 2022

Consumer Canada

- Price increases in July and October

Consumer U.S.

- Price increases in Jan/Feb., July and October

AFH

- Price increases in January, May and August

14%

**Average Year-over-Year
Price Increase
in Q4 2022**

Cost Management in 2022

- Reduced capital spending
- Lowered inventory levels
- Increased productivity
- Cut discretionary spending



NETWORK MODERNIZATION

TAD Sherbrooke

- Production capacity continues to exceed ramp-up curve
- Deployment of new data historian software and visualization tool has begun in Q1 2023
- Digital twin tools expanding to include Sherbrooke paper machine
- Phase 3 of AI implementation for supply chain improvements

Sherbrooke Expansion

- Start-up for bathroom tissue line has begun in Q1 2023
- Start-up for facial line (Q3 2023) and paper machine line (end of 2024)
- Tracking to plan but closely watching supply chain and inflation





MEMPHIS OPERATIONS

Memphis Performance

- Certain legacy machinery shut down in early January to focus on TAD and facial tissue assets
- Reduced annual production capacity by 25,000 MT to 85,000 MT
- Operational benefits expected in 2023

New Facial Tissue Line in Memphis

- Facial line continues to perform above start-up curve
- New operators hired and developing experience
- Opportunity for future growth in the U.S.



BRING SHOPPERS BACK
WITH A GIFT CARD!



FOCUSED BRAND SUPPORT

- Strong results from Kruger Shopper Big Assist program to drive in-store sales and mitigate price increase impact
- Focus on awareness and trial-building activities behind Cashmere and Purex UltraLuxe, Sponge Towels UltraPRO, Bonterra and White Cloud
- 19th Annual Cashmere Collection returned to a live audience and significantly increased participation
- Prudently investing in brands to support price increases and innovations



BRAND LEADERSHIP POSITION



Bathroom Tissue

Facial Tissue

Paper Towel

 **Kruger**
Products



 **Kimberly-Clark**

#1
33.2%

#1
36.0%

#2
22.4%

15.7%

16.9%

10.4%

11.0%

0.8%

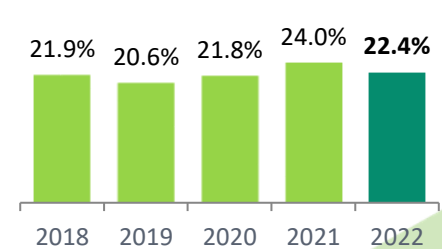
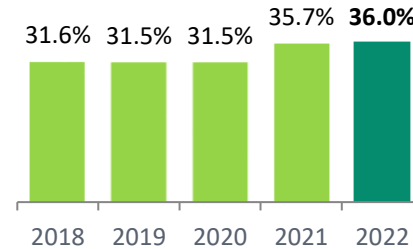
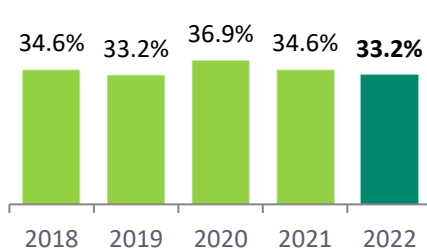
34.5%

1.2%

16.1%

0.2%

 **Kruger**
Products





AFH SEGMENT

- Volume remained strong, 4% higher than Q4 2021
- Market recovery completed in Canada and U.S.
- Pricing actions have been fully realized
- EBITDA was strong in Q4 2022
- Capacity remains highly utilized
- AFH moving to a sustainable profit model, but could experience seasonal softness in Q1 2023



QUARTERLY FINANCIAL SUMMARY

(Million CAD\$, unless otherwise noted)	Q4 2022	Q3 2022	Q4 2021	% Change	
				Y/Y	Q/Q
Revenue	458.1	427.0	424.1	8.0%	7.3%
Cost of Sales	416.4	394.6	376.0	10.7%	5.5%
Gross Profit	41.8	32.4	48.1	(13.1%)	28.8%
Gross Margin	9.1%	7.6%	11.3%		
Adjusted EBITDA¹	44.4	30.7	38.3	15.8%	44.6%
Adjusted EBITDA Margin ¹	9.7%	7.2%	9.0%		
Net Income (loss)	16.0	(38.8)	42.3		
Net Income Margin	3.5%	(9.1%)	10.0		

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

QUARTERLY SEGMENTED RESULTS

(Million CAD\$, unless otherwise noted)	Q4 2022	Q3 2022	Q4 2021	% Change	
				Y/Y	Q/Q
Segmented Revenue					
Consumer	378.8	346.0	364.0	4.1%	9.5%
AFH	79.3	81.0	60.1	31.9%	(2.1)%
Total Segment Revenue	458.1	427.0	424.1	8.0%	7.3%
Segment Adjusted EBITDA¹					
Consumer	42.7	25.0	43.7	(2.3%)	70.8%
AFH	5.7	5.4	(1.7)	435.3%	5.6%
Corporate and other costs	(4.0)	0.3	(3.7)	NA	NA
Total Segment Adjusted EBITDA¹	44.4	30.7	38.3	15.8%	44.6%
Segment Adjusted EBITDA Margin¹					
Consumer	11.3%	7.2%	12.0%		
AFH	7.2%	6.6%	(2.8)%		
Total Segment Adjusted EBITDA Margin¹	9.7%	7.2%	9.0%		

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

Q4 2022 REVENUE COMPARED TO Q4 2021

\$34.0 M

Q4 Revenue increase



8.0%

over Q4 2021

Increase due to the following factors:

- Selling price increases across all segments and regions
- Positive FX impact on U.S. dollar sales
- Partially offset by lower sales volume in Consumer segment and unfavourable mix

Geographic revenue segmentation



\$17.2 M

+7.0%
Canada

\$16.9 M

+9.5%
U.S.

Q4 2022 ADJUSTED EBITDA¹ COMPARED TO Q4 2021

\$6.1 M

Q4 Adjusted EBITDA¹ increase



15.8%
over Q4 2021

Adjusted EBITDA Margin¹

9.7%



Q4 2022

9.0%



Q4 2021

Q4 2022 \$44.4M compared to \$38.3M in Q4 2021

Increase primarily due to the following factors:

- Higher selling prices
- Lower SG&A expenses

Partially offset by:

- Significant inflation on pulp, manufacturing costs and freight
- Lower sales volume
- Unfavourable FX impact

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

Q4 2022 REVENUE COMPARED TO Q3 2022

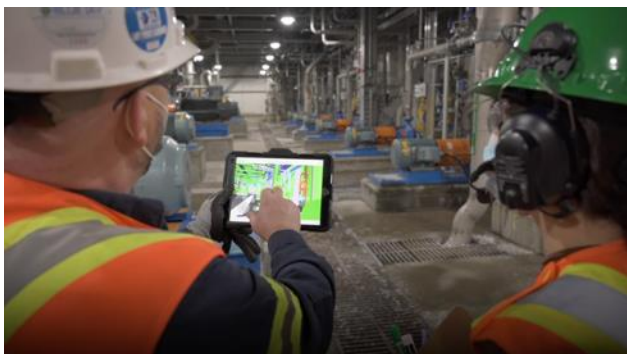
\$31.1 M

Q4 Revenue increase

7.3%
over Q3 2022

Sequential increase in revenue due to:

- Price increases in Consumer Canada and US
- Volume up in Consumer segment in both regions, mostly offset by seasonally lower volume in AFH segment in both regions
- Positive FX impact on U.S. dollar sales



\$12.5 M

+5.0%
Canada

\$18.6 M

+10.5%
U.S.

Q4 2022 ADJUSTED EBITDA¹ COMPARED TO Q3 2022

\$13.7 M

Q4 Adjusted EBITDA¹ increase



44.6%
over Q3 2022

Adjusted EBITDA Margin¹

9.7%



Q4 2022

7.2%



Q3 2022

Q4 2022 \$44.4M compared to \$30.7M in Q3 2022

Variance due to:

- Higher selling prices
- Lower freight costs
- Increased productivity
- Lower SG&A spending

Partially offset by:

- Increased warehousing costs
- Unfavourable FX impact

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

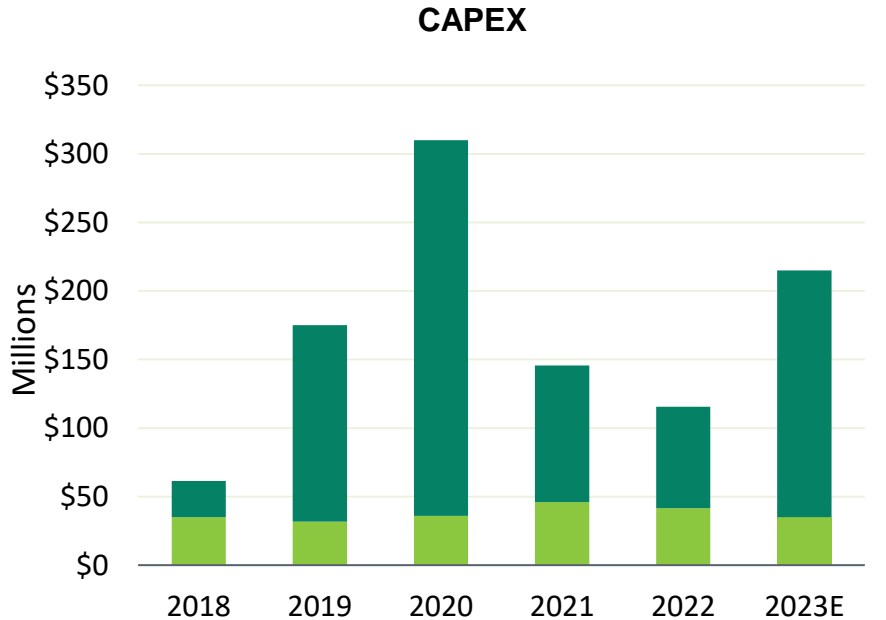
BALANCE SHEET

(Million CAD\$, unless otherwise noted)	Q4 2022	Q3 2022
Cash	78.4	82.1
Current Portion of Long-term Debt	34.4	34.6
Long-term Debt	1,077.3	1,095.0
Net Debt	1,033.3	1,047.7
LTM Adjusted EBITDA ¹	116.0	109.9
Net Debt/LTM Adjusted EBITDA¹	8.9x	9.5x

- Net debt decreased by \$14.4 million from Q3 2022, remaining relatively stable
- Leverage decreased due to a slightly lower level of net debt and higher LTM Adjusted EBITDA

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

LOWERED CAPEX



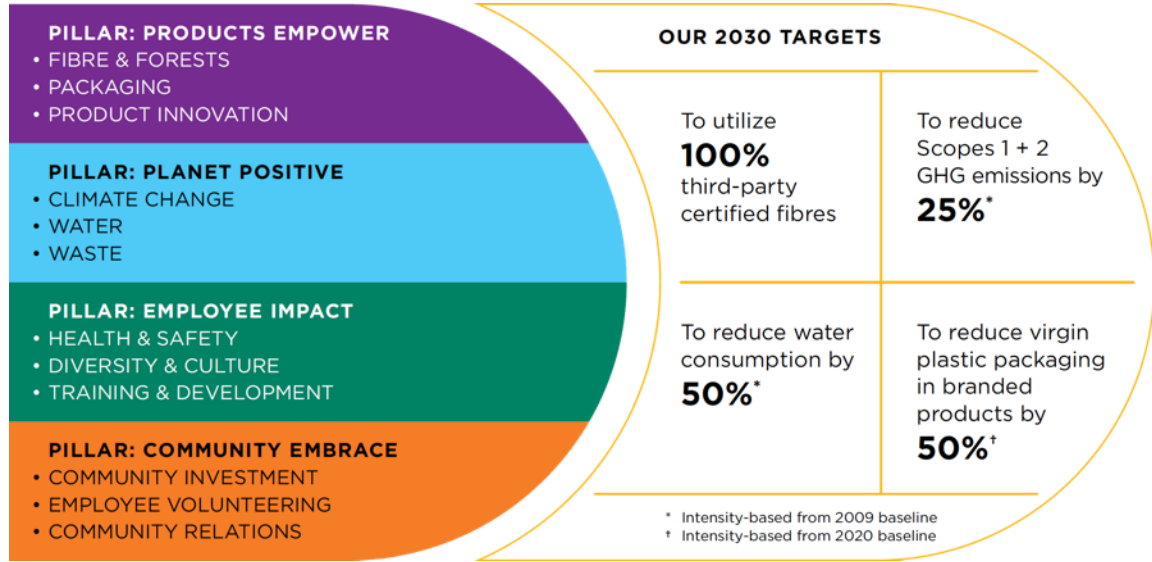
■ TAD Sherbrooke and Sherbrooke Expansion started in 2021

- FY 2022 CAPEX was \$115.6 million, including \$20.7 million related to TAD Sherbrooke Project and \$53.4 million related to Sherbrooke Expansion Project
- 2022 CAPEX was lower than originally forecasted due to reductions in discretionary projects and delays related to supply chain issues on strategic projects
- Projected 2023 CAPEX of \$200-\$230 million, including Sherbrooke Expansion Project



SUSTAINABILITY FOCUS

REIMAGINE
2030
 TRANSFORMATIVE GROWTH
 SUSTAINABLE INNOVATION





PROGRESSING ALONG RECOVERY CURVE TO DRIVE LONG-TERM VALUE

- Continuing to deliver strong top-line growth
- Price increases implemented in 2022 to offset inflation
- Prudently investing in brands to support price increases and innovations
- TAD Sherbrooke capacity ahead of ramp-up curve and Sherbrooke Expansion assets coming on stream
- Refocusing Memphis operational efficiency on TAD and facial tissue assets
- AFH moving to a sustainable profit model, but could experience seasonal softness in Q1 2023
- Progressively improving leverage ratio
- Developing organizational capability and culture to drive future growth



THANK
YOU

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