



INVESTING
IN OUR BUSINESS TO DRIVE
LONG-TERM VALUE

**Q2 2023 FINANCIAL
RESULTS**

August 10, 2023



FORWARD-LOOKING AND CAUTIONARY STATEMENTS

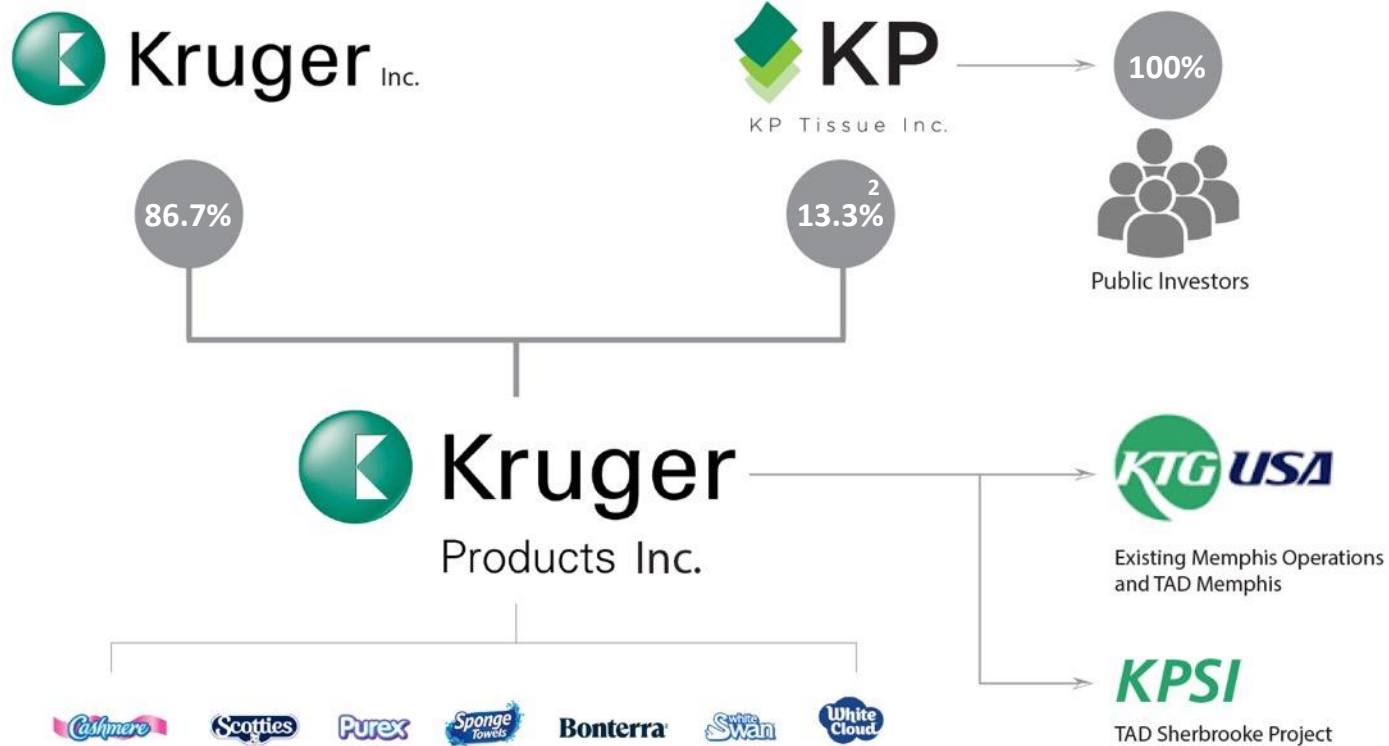
Certain statements in this presentation about KPT's and Kruger Products' current and future plans, expectations and intentions, results, levels of activity, performance, goals or achievements or any other future events or developments constitute forward-looking statements. Forward-looking statements 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'
Q2 2023 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 Q2 2023 MD&A.

²As of August 10, 2023 (13.5% as of May 11, 2023).

OUR VISION IS TO BE THE MOST
TRUSTED AND BEST LOVED TISSUE
COMPANY IN NORTH AMERICA.



Making everyday life more comfortable.

5 UNDERLYING STRATEGIES

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

1



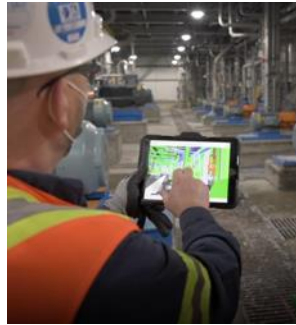
**Consumer As Our
Compass**

2



**Expand Our
Business Footprint**

3



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

4






**Deliver
Sustainability**

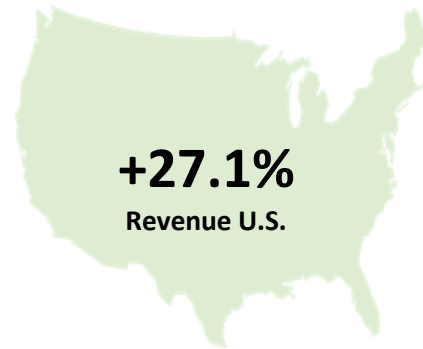
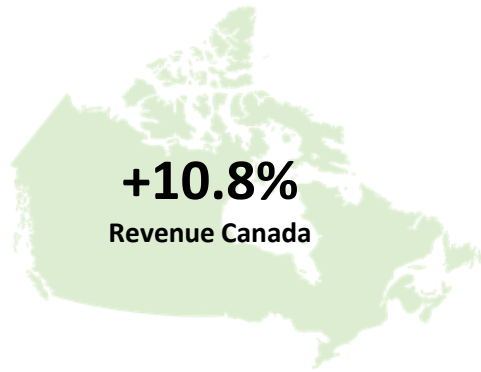
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**Winning Team
and Culture**

Q2 2023 HIGHLIGHTS

Revenue	Adjusted EBITDA ¹	Net Income
\$466.3 M  17.3% over Q2 2022	\$55.0 M  365.8% over Q2 2022	\$14.5 M  \$50.0 M over Q2 2022

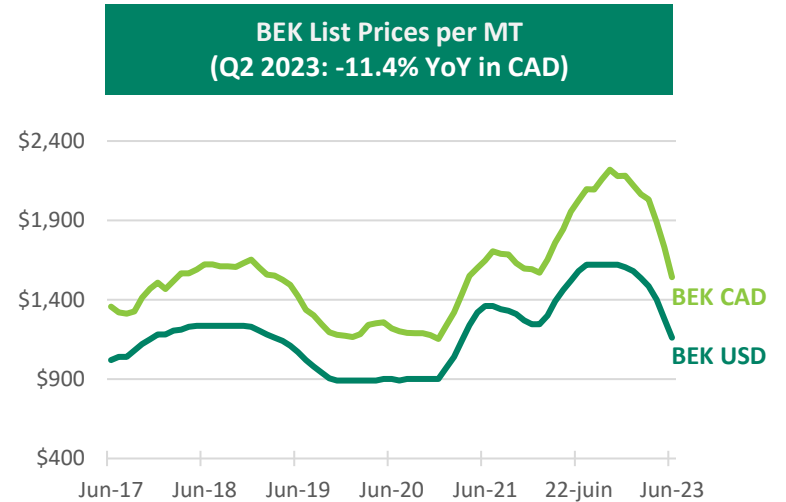
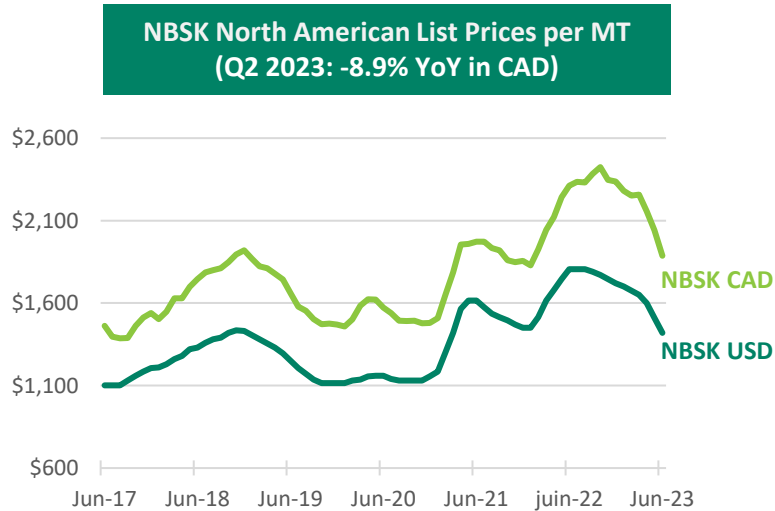


¹ Non-GAAP measure – see MD&A for the definition and reconciliation of the most comparable GAAP measure.

PULP INPUT PRICES

Q2 2023 NBSK average prices¹ in CAD decreased 10.4% and BEK average prices¹ decreased 17.0% from Q1 2023.

Q2 2023 NBSK average prices¹ in CAD decreased 8.9% and BEK average prices¹ decreased 11.4% year-over-year. Based on industry commentary for 2023, pulp prices are at or near the bottom of the price curve.



(CAD/USD averaged 1.34 in Q2 2023, up 5% from Q2 2022)

¹ Both NBSK price and BEK price were calculated using RISI



SHERBROOKE OPERATIONS AND EXPANSION

- TAD operations continue to perform well, surpassing production expectations on the paper machine and in converting
- Implementation of facial line (Q4 2023) and paper machine (Q4 2024) tracking to plan, but closely watching supply chain and inflation
- New converting line start-up was the fastest of all Sherbrooke converting lines due to OPEX learnings and AI
- Hiring process proceeding to plan for new facial and paper machine assets



MEMPHIS OPERATIONS

- Strengthened focus on TAD operations, both converting and paper machine
- Deploying digital twin AI tools to accelerate start-up curve of new facial tissue line
- New facial line continues to exceed ramp-up curve
- Sales volume and cost structure progressively improving
- Employee turnover has stabilized



YOU COULD

WIN 1 OF 3
\$10,000*

STANLEY CUP® FINAL
VIP EXPERIENCES



4 NEW
DESIGNS
AVAILABLE

FOCUSED BRAND SUPPORT

- Ongoing investments to support brand equity and grow share
- Marketing focused on multi-brand activities like “NHL Bring Home the Stanley Cup” and “Made in Canada” promotions
- Successful launch of second chapter of Unapologetically Human Campaign: “Love is Messy”
- Release of new Scotties *House & Home* designs for facial tissue
- Ongoing strategic shopper investments behind White Cloud at key accounts

BRAND LEADERSHIP POSITION



Bathroom Tissue

Facial Tissue

Paper Towel

 **Kruger**
Products



 **Kimberly-Clark**

#1
33.1%

15.4%

11.1%

1.1%

#1
35.5%

15.9%

0.8%

16.2%

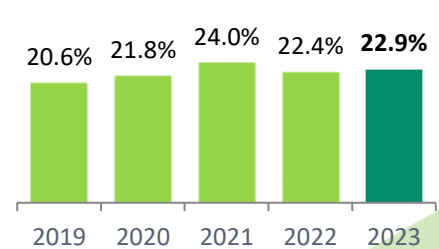
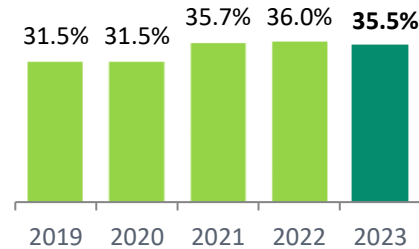
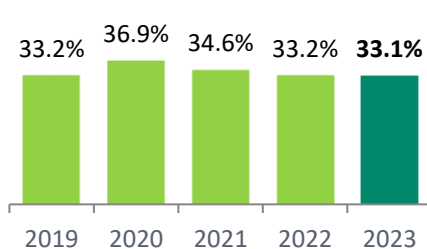
#2
22.9%

9.3%

33.7%

0.2%

 **Kruger**
Products



Source: Nielsen Canadian dollar market share for 52-week period. Data for 2023 represents the latest 12 months ended June 17, 2023.



AFH SEGMENT

- Volume strength reflects market recovery and accelerated growth at key customers
- Fourth consecutive quarter of positive Adjusted EBITDA
- AFH asset performance continued to improve versus prior year and prior quarter
- Monitoring potential impact of economic slowdown on commercial volume



QUARTERLY FINANCIAL SUMMARY

(Million CAD\$, unless otherwise noted)	Q2 2023	Q1 2023	Q2 2022	% Change	
				Y/Y	Q/Q
Revenue	466.3	451.0	397.5	17.3%	3.4%
Cost of Sales	395.7	389.0	372.5	6.2%	1.7%
Gross Profit	70.6	62.0	25.0	182.3%	13.9%
Gross Margin	15.1%	13.7%	6.3%		
Adjusted EBITDA¹	55.0	50.0	11.8	365.8%	10.2%
Adjusted EBITDA Margin ¹	11.8%	11.1%	3.0%		
Net Income (loss)	14.5	(49.3)	(35.5)		
Net Income Margin	3.1%	(10.9)%	(8.9)%		

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

QUARTERLY SEGMENTED RESULTS

(Million CAD\$, unless otherwise noted)	Q2 2023	Q1 2023	Q2 2022	% Change	
				Y/Y	Q/Q
Segmented Revenue					
Consumer	383.5	376.5	326.3	17.5%	1.8%
AFH	82.8	74.5	71.2	16.4%	11.2%
Total Segment Revenue	466.3	451.0	397.5	17.3%	3.4%
Segment Adjusted EBITDA¹					
Consumer	53.3	51.3	14.3		
AFH	5.8	0.9	(0.5)		
Corporate and other costs	(4.1)	(2.2)	(2.0)		
Total Segment Adjusted EBITDA¹	55.0	50.0	11.8	365.8%	10.2%
Segment Adjusted EBITDA Margin¹					
Consumer	13.9%	13.6%	4.4%		
AFH	7.0%	1.2%	(0.6)%		
Total Segment Adjusted EBITDA Margin¹	11.8%	11.1%	3.0%		

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

Q2 2023 REVENUE COMPARED TO Q2 2022

\$68.8 M

Q2 Revenue increase



17.3%

over Q2 2022

Increase due to the following factors:

- Selling price increase carry-forward from 2022 across all segments and regions
- Favourable sales mix and higher sales volume in Consumer segment
- Positive FX impact on U.S. dollar sales

Geographic revenue segmentation



\$25.9 M

+10.8%
Canada

\$42.9 M

+27.1%
U.S.

Q2 2023 ADJUSTED EBITDA¹ COMPARED TO Q2 2022

\$43.2 M

Q2 Adjusted EBITDA¹ increase



365.8%
over Q2 2022

Adjusted EBITDA Margin¹

11.8%



Q2 2023

3.0%



Q2 2022

\$55.0M in Q2 2023 compared to \$11.8M in Q2 2022

Increase primarily due to the following factors:

- Higher selling prices versus Q2 2022
- Favourable sales mix and higher sales volume
- Memphis plant operations improvement
- Lower freight rates

Partially offset by:

- Inflation on manufacturing costs
- Higher warehousing and SG&A expenses
- Unfavourable FX impact

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

Q2 2023 REVENUE COMPARED TO Q1 2023

\$15.3 M

Q2 Revenue increase



3.4%

over Q1 2023

Sequential increase in revenue due to:

- Higher sales volume across both segments
- Partially offset by slightly negative FX impact on U.S. dollar sales



\$4.4 M

1.7%

Canada



\$10.9 M

5.7%

U.S.

Q2 2023 ADJUSTED EBITDA¹ COMPARED TO Q1 2023

\$5.0 M

Q2 Adjusted EBITDA¹ increase



10.2%
over Q1 2023

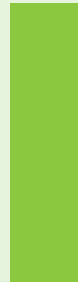
Adjusted EBITDA Margin¹

11.8%



Q2 2023

11.1%



Q1 2023

\$55.0M in Q2 2023 compared to \$50.0M in Q1 2023

Variance due to:

- Higher sales volume
- Lower freight costs

Partially offset by:

- Increased warehousing costs
- Higher plant overhead costs and absorption from inventory reduction
- Higher SG&A expenses, particularly marketing spending

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

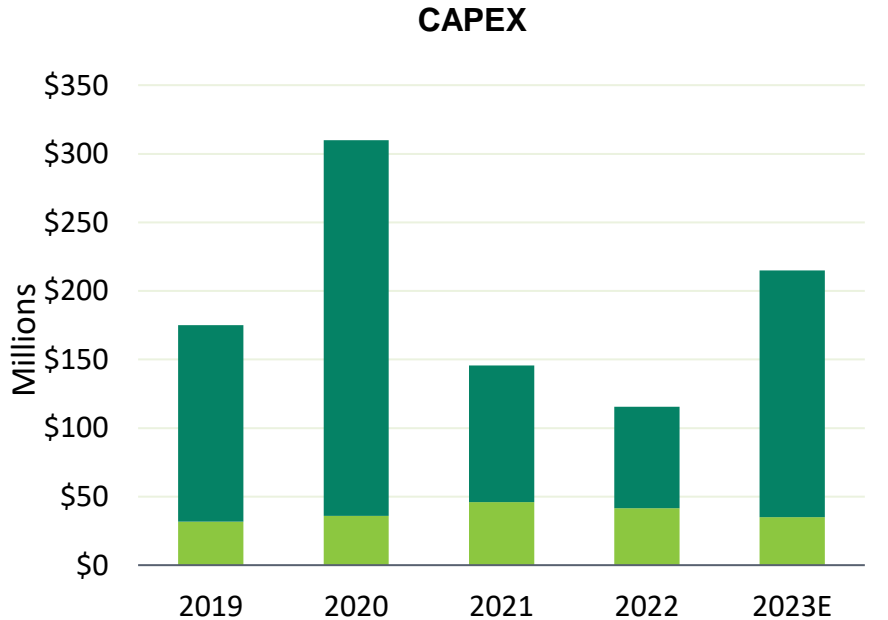
BALANCE SHEET

(Million CAD\$, unless otherwise noted)	Q2 2023	Q1 2023	Q2 2022
Cash	88.2	45.3	100.3
Current Portion of Long-term Debt	34.1	34.4	33.8
Long-term Debt	1,077.7	1,096.1	1,039.5
Net Debt	1,023.6	1,085.2	973.0
LTM Adjusted EBITDA ¹	180.1	136.9	119.5
Net Debt/LTM Adjusted EBITDA¹	5.7x	7.9x	8.1x

- Cash increased \$42.9 million from Q1 2023
- Net debt decreased \$61.6 million on a sequential basis
- Leverage improved to 5.7x due to lower 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.

CAPITAL EXPENDITURES



■ TAD Sherbrooke and Sherbrooke Expansion started in 2021

- Q2 2023 CAPEX was \$42.8 million, including \$36.9 million related to Sherbrooke Expansion Project
- Year-to-date CAPEX stood at \$77.4 million
- Projected 2023 CAPEX of \$200-\$230 million, including Sherbrooke Expansion Project

SUSTAINABILITY FOCUS



PILLAR: PRODUCTS EMPOWER

- FIBRE & FORESTS
- PACKAGING
- PRODUCT INNOVATION

PILLAR: PLANET POSITIVE

- 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
Scopes 1 + 2
GHG emissions by
25%*

To reduce water
consumption by
50%*

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

* Intensity-based from 2009 baseline

† Intensity-based from 2020 baseline





PROGRESSING ALONG RECOVERY CURVE TO DRIVE LONG-TERM VALUE

- Continuing to deliver strong top-line growth
- Managing pricing margins
- Reinvesting in brands to drive long-term growth
- Sherbrooke expansion moving forward and Memphis turnaround progressing
- AFH delivering against a sustainable profit model
- Progressively improving leverage ratio
- Developing organizational capability and culture to drive future growth



THANK
YOU

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