



INVESTING

IN OUR BUSINESS TO DRIVE

LONG-TERM VALUE

Q4 2023 FINANCIAL RESULTS

March 7, 2024



FORWARD-LOOKING AND CAUTIONARY STATEMENTS

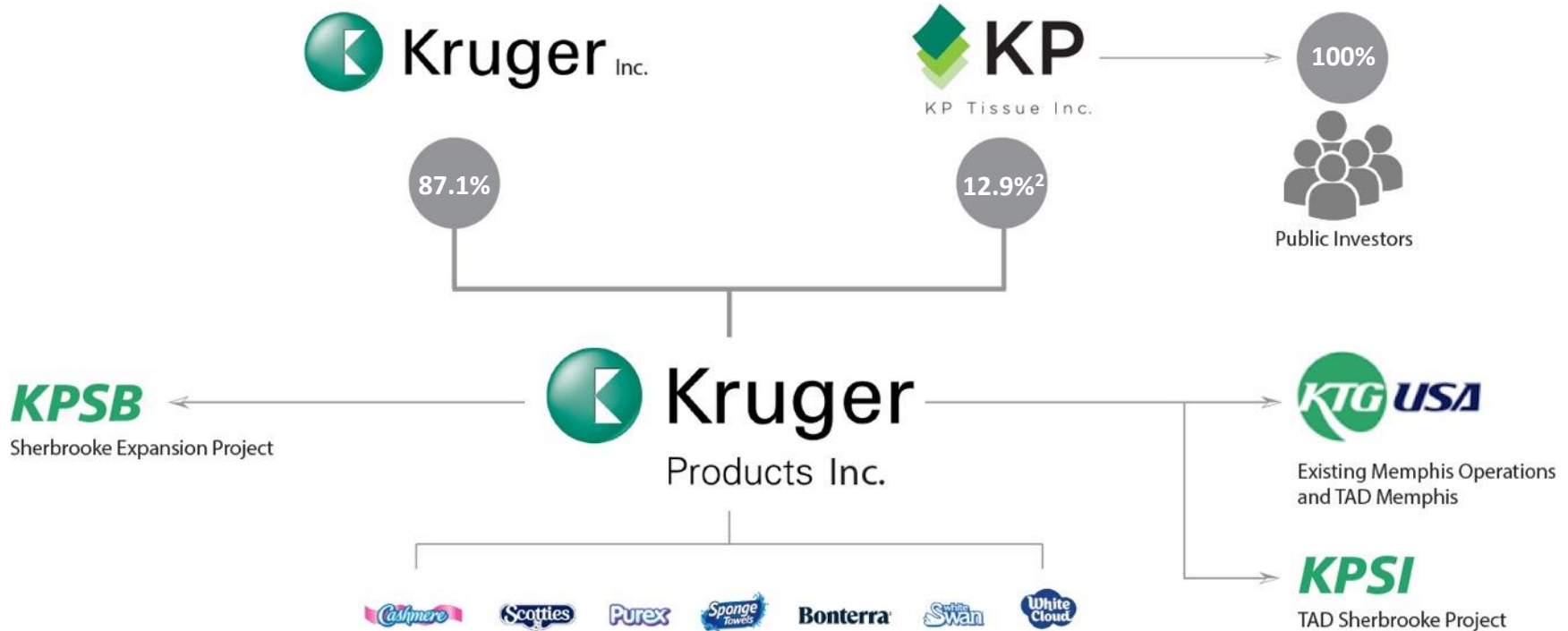
Certain statements in this presentation about KPT's and Kruger Products' current and future plans, expectations and intentions, results, levels of activity, performance, goals or achievements or any other future events or developments constitute forward-looking statements. Forward-looking statements 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 7, 2024 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 ownership of the TAD Sherbrooke Project; risk associated with the operations 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; and trade-related.

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 2023 financial results**

CORPORATE STRUCTURE



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 Q4 2023 MD&A.

²As of March 7, 2024 (13.1% as of November 8, 2023).

OUR VISION

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



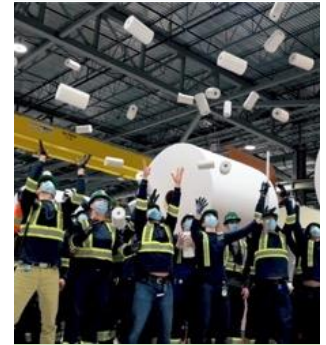
**End-to-End Supply
Chain Excellence**

4






**Deliver
Sustainability**

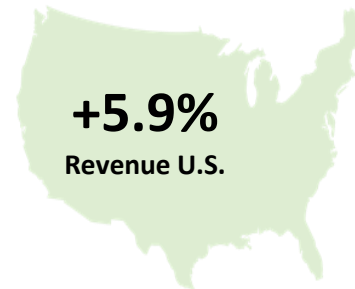
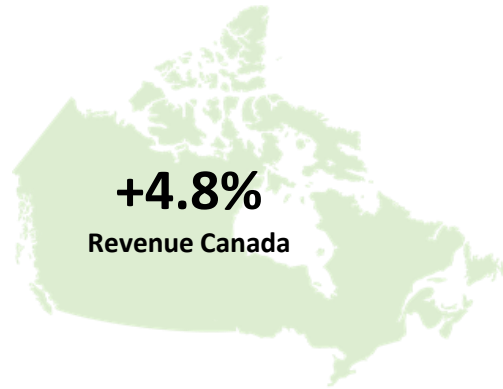
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**Winning Team
and Culture**




Q4 2023 HIGHLIGHTS

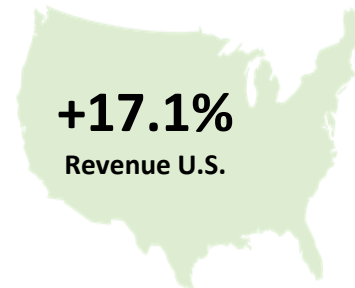
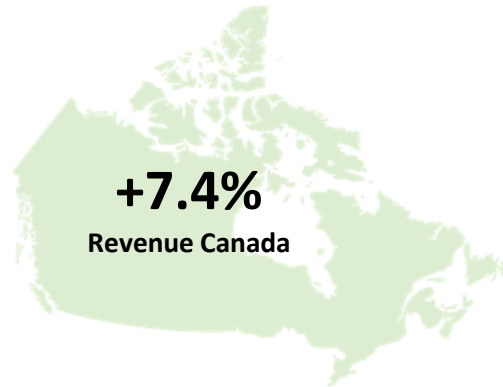
Revenue	Adjusted EBITDA ¹	Net Income
\$482.3 M  5.3% over Q4 2022	\$61.2 M  37.9% over Q4 2022	\$16.5 M  \$0.5 M over Q4 2022



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

FY 2023 HIGHLIGHTS

Revenue	Adjusted EBITDA ¹	Net Loss
\$1,873.0 M  11.4% over FY 2022	\$238.6 M  105.7% over FY 2022	(\$5.3 M)  \$51.6 M over FY 2022



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

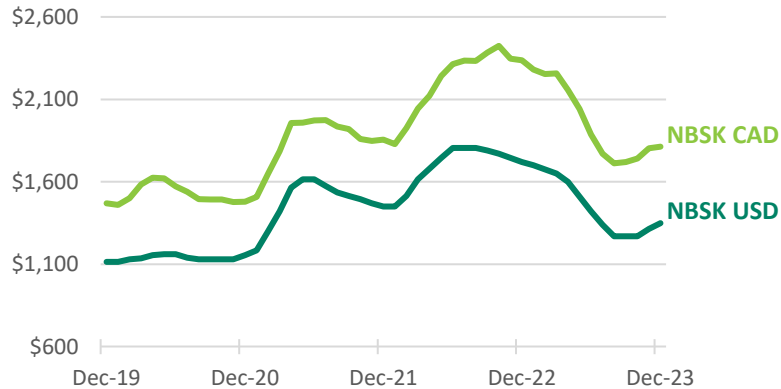
PULP INPUT PRICES

Q4 2023 NBSK average prices¹ in CAD increased 3.0% and BEK average prices¹ increased 8.3% from Q3 2023.

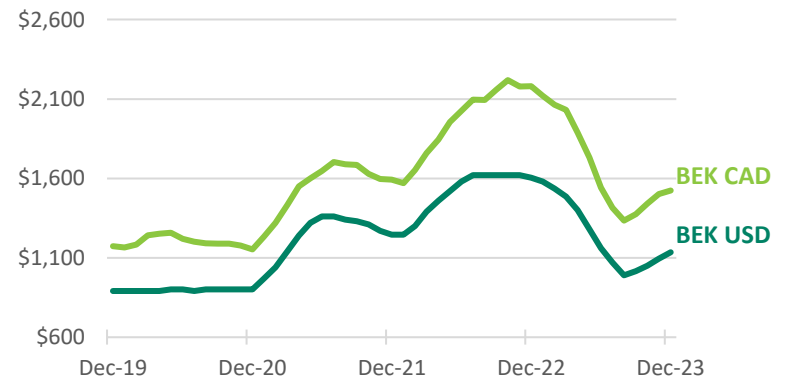
Q4 2023 NBSK average prices¹ in CAD decreased 24.6% and BEK average prices¹ decreased 32.1% year-over-year.

Based on industry forecasts for 2024, pulp prices are expected to increase over the course of the year.

**NBSK North American List Prices per MT
(Q4 2023: -24.6% YoY in CAD)**



**BEK List Prices per MT
(Q4 2023: -32.1% YoY in CAD)**



(CAD/USD averaged 1.36 in Q4 2023, unchanged from the average rate in Q4 2022)

¹ Both NBSK price and BEK price were calculated using RISI



SHERBROOKE OPERATIONS AND EXPANSION

- TAD operations continues to surpass production expectations on paper machine and converting, including new bathroom tissue converting line
- New production facility construction progressing well as facial tissue line started up in early February and delivering quality, saleable product
- Paper machine still expected to launch in Q4 2024
- Employee hiring and training on track for the start-up of new assets





8 PACKS
PAQUETS | 10 TISSUES PER PACK | 10 MOUCHOIRS PAR PAQUET
21.0 cm x 21.0 cm
3 PLY | ÉPAISSEURS

FACIAL MARKET UPDATE

- Fulfilling consumer demand following exit of Kleenex in Canada through innovation and expanded distribution
- Strong gains in Q4 2023 with Scotties, the market share leader, recently achieving 38.9% of total facial tissue sales in Canada
- In addition to Sherbrooke, recently announced incremental capacity with new facial line
- Incremental and comprehensive marketing support to build brand awareness



MEMPHIS OPERATIONS

- TAD paper machine productivity has stabilized and continues to improve
- Converting still a long learning curve, made investments in maintenance operations and hiring technical leadership
- Deployment of digital twin AI tools has proven successful on new facial line. Use of these tools will extend across TAD converting assets
- Relaunching Operational Excellence program, while leveraging Sherbrooke and Memphis best practices





FOCUSED BRAND SUPPORT

- Added incremental investments in fourth quarter to drive brand share
- Multi-brand activities continued with Unapologetically Human “Love is Messy” campaign and launched fourth year of successful Kruger Big Assist program
- Increased media support of Scotties, Bonterra, and UltraLuxe to drive purchase considerations
- Strong shopper marketing and activation behind sports partnerships
- Ongoing strategic shopper investments behind White Cloud driving trial and awareness across portfolio



BRAND LEADERSHIP POSITION



Bathroom Tissue

Facial Tissue

Paper Towel

 **Kruger**
Products

IRVING

P&G

 **Kimberly-Clark**

#1
32.7%

14.6%

11.0%

1.0%

#1
38.9%

16.7%

1.0%

10.7%

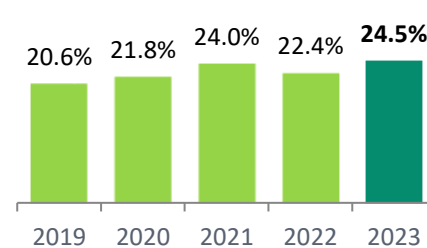
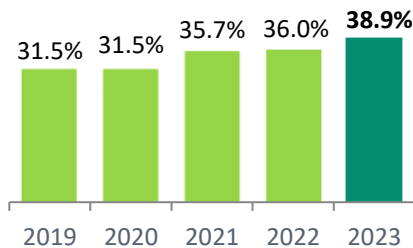
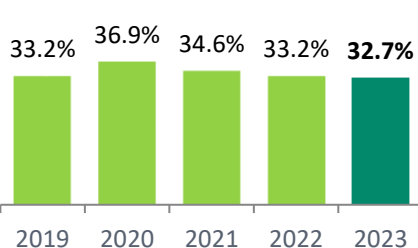
#2
24.5%

8.6%

33.4%

0.2%

 **Kruger**
Products





AFH SEGMENT

- Volume increased in Q4 2023 compared to same period in 2022 and was sequentially stable
- Sustainable recovery in AFH with robust EBITDA results in fourth quarter and consistent with Q4 2022
- AFH asset performance enables strong fulfillment and capacity for growth
- Monitoring potential impact of economic slowdown on AFH market

QUARTERLY FINANCIAL SUMMARY

(Million CAD\$, unless otherwise noted)	Q4 2023	Q3 2023	Q4 2022	% Change	
				Y/Y	Q/Q
Revenue	482.3	473.4	458.1	5.3%	1.9%
Cost of Sales	400.5	386.4	416.4	(3.8%)	3.6%
Gross Profit	81.8	87.0	41.8	95.9%	(6.0)%
Gross Margin	17.0%	18.4%	9.1%		
Adjusted EBITDA¹	61.2	72.4	44.4	37.9%	(15.4%)
Adjusted EBITDA Margin ¹	12.7%	15.3%	9.7%		
Net Income (loss)	16.5	12.9	16.0		
Net Income Margin	3.4%	2.7%	3.5%		

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)	Q4 2023	Q3 2023	Q4 2022	% Change	
				Y/Y	Q/Q
Segmented Revenue					
Consumer	400.9	390.3	378.8	5.8%	2.7%
AFH	81.4	83.1	79.3	2.6%	(2.1%)
Total Segment Revenue	482.3	473.4	458.1	5.3%	1.9%
Segment Adjusted EBITDA¹					
Consumer	59.8	65.9	42.7	40.0%	(9.2)%
AFH	5.7	8.4	5.7	(0.8)%	(31.8)%
Corporate and other costs	(4.3)	(1.9)	(4.0)		
Total Segment Adjusted EBITDA¹	61.2	72.4	44.4	37.9%	(15.4)%
Segment Adjusted EBITDA Margin¹					
Consumer	14.9%	16.9%	11.3%		
AFH	7.0%	10.1%	7.2%		
Total Segment Adjusted EBITDA Margin¹	12.7%	15.3%	9.7%		

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

Q4 2023 REVENUE COMPARED TO Q4 2022

\$24.2 M

Q4 Revenue increase

 **5.3%**
over Q4 2022

Increase due to the following factors:


- Higher sales volume
- Partially offset by increased promotional spending year-over-year

Geographic revenue segmentation



 **\$12.5 M**

+4.8%
Canada

 **\$11.7 M**

+5.9%
U.S.

Q4 2023 ADJUSTED EBITDA¹ COMPARED TO Q4 2022

\$16.8 M

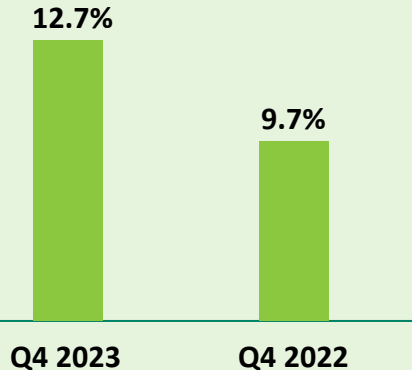
Q4 Adjusted EBITDA¹ increase



37.9%

over Q4 2022

Adjusted EBITDA Margin¹



\$61.2M in Q4 2023 compared to \$44.4M in Q4 2022

Increase primarily due to the following factors:

- Higher sales volume
- Lower pulp and other input costs
- Increased productivity in operations
- Reduced freight costs

Partially offset by:

- Increased promotional spending
- Higher warehousing costs
- Increased SG&A expenses

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

Q4 2023 REVENUE COMPARED TO Q3 2023

\$8.9 M

Q4 Revenue increase



1.9%

over Q3 2023

Sequential increase in revenue due to:

- Slightly higher sales volume in the Consumer segment
- Increase in FX on US dollar sales



\$7.3 M

2.7%
Canada



\$1.6 M

0.8%
U.S.

Q4 2023 ADJUSTED EBITDA¹ COMPARED TO Q3 2023

\$(11.2) M

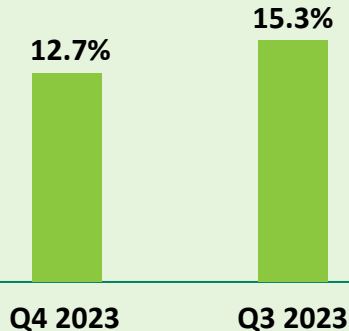
Q4 Adjusted EBITDA¹ decrease



(15.4)%

over Q3 2023

Adjusted EBITDA Margin¹



\$61.2M in Q4 2023 compared to \$72.4M in Q3 2023

Variance due to:

- Higher pulp costs
- Increased freight and warehousing expenses
- Higher plant overhead costs
- Incremental marketing and SG&A expenses

Partially offset by:

- Slightly higher sales volume

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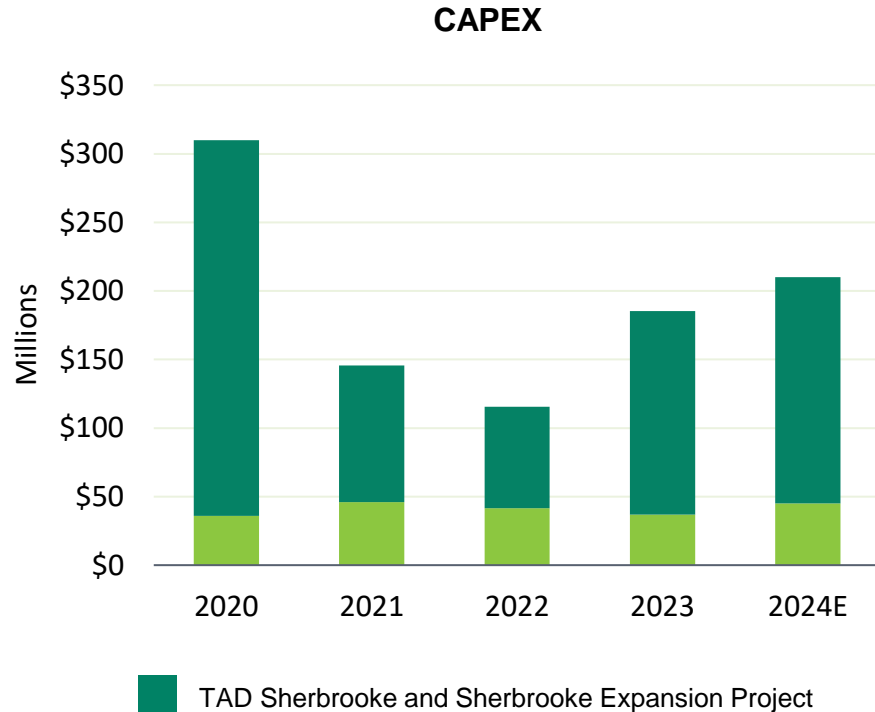
BALANCE SHEET

(Million CAD\$, unless otherwise noted)	Q4 2023	Q3 2023	Q4 2022
Cash	135.7	151.1	78.4
Current Portion of Long-term Debt	35.2	34.4	34.6
Long-term Debt	1,033.5	1,065.6	1,077.3
Net Debt	933.0	948.8	1,033.3
LTM Adjusted EBITDA ¹	238.6	221.8	116.0
Net Debt/LTM Adjusted EBITDA¹	3.9x	4.3x	8.9x

- Net debt decreased \$15.8 million on a sequential basis
- Leverage improved to 3.9x on 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



- Q4 2023 CAPEX totaled \$79.6 million, including \$58.1 million related to Sherbrooke Expansion Project
- Fiscal 2023 CAPEX amounted to \$185.4 million, including \$148.4 million for Sherbrooke Expansion Project
- Capital cost of \$378 million estimated for Sherbrooke Expansion Project
- Anticipating \$200-\$220 million in total CAPEX for 2024

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





STRONG AGILITY AND RESILIENCE AMID UNCERTAIN ECONOMIC ENVIRONMENT

- Broad top-line growth
- Managing margins amid an increasing pulp price environment
- Investing in brands to drive long-term growth
- Increasing capacity to meet strong demand through Sherbrooke Expansion and new facial lines
- AFH delivering against a sustainable profit model
- Maintaining leverage ratio within current range
- Developing organizational capability and culture to drive future growth



**THANK
YOU**

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