



INVESTING
IN OUR BUSINESS TO DRIVE
LONG-TERM VALUE

**Q1 2023 FINANCIAL
RESULTS**



May 11, 2023

FORWARD-LOOKING AND CAUTIONARY STATEMENTS

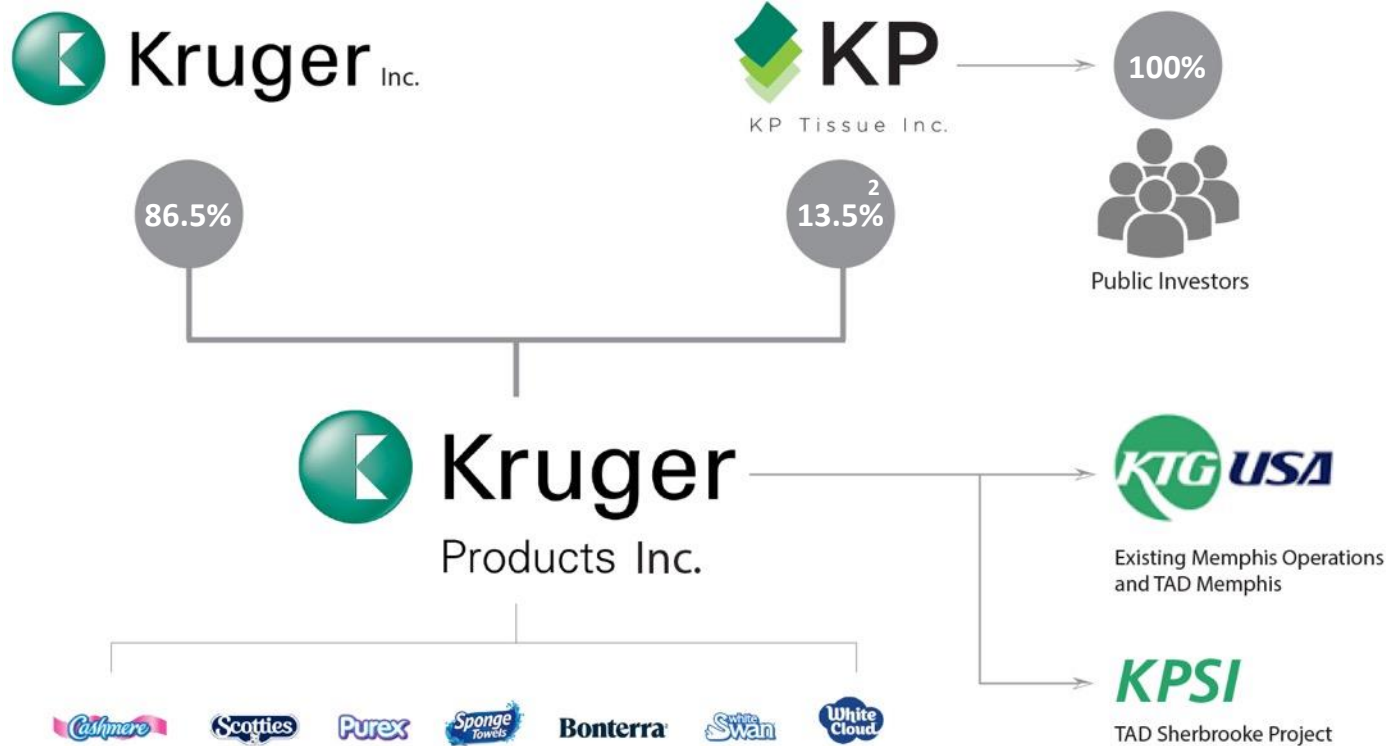
Certain statements in this presentation about KPT's and Kruger Products' current and future plans, expectations and intentions, results, levels of activity, performance, goals or achievements or any other future events or developments constitute forward-looking statements. Forward-looking statements 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'
Q1 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 Q1 2023 MD&A.

²As of May 11, 2023 (13.7% as of March 9, 2023).

5 UNDERLYING STRATEGIES

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

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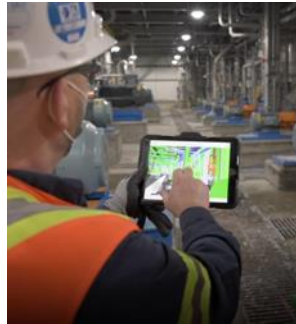
**Consumer As Our
Compass**

2



**Expand Our
Business Footprint**

3



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

4






**Deliver
Sustainability**

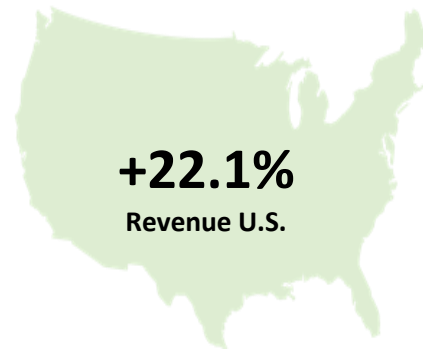
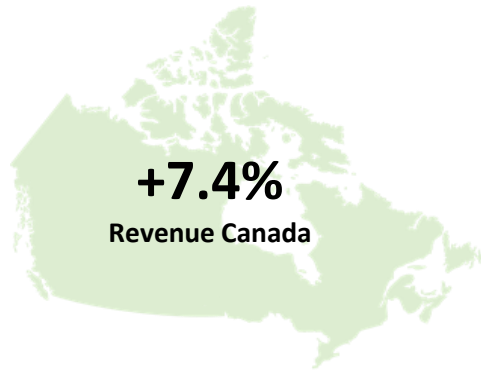
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**Winning Team
and Culture**

Q1 2023 HIGHLIGHTS

Revenue	Adjusted EBITDA ¹	Net Income
\$451.0 M  13.1% over Q1 2022	\$50.0 M  71.9% over Q1 2022	(\$49.3 M)  (\$50.7 M) over Q1 2022

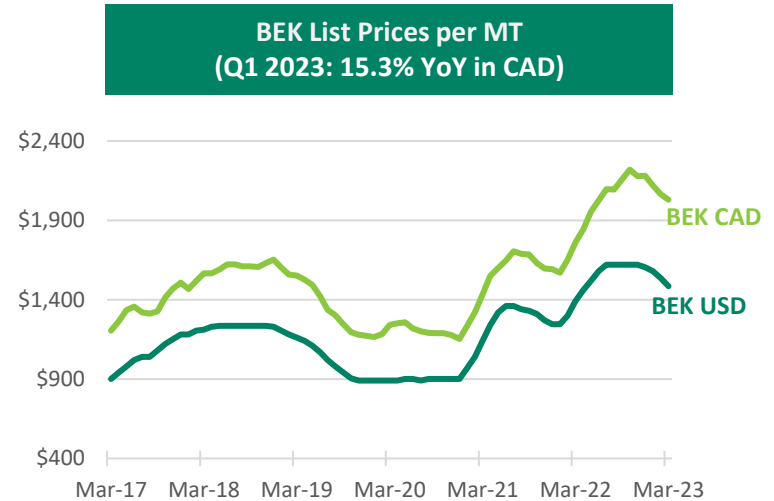
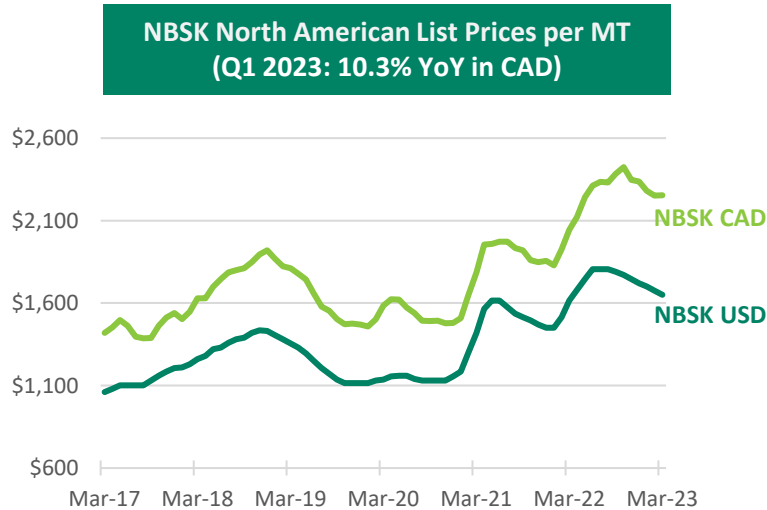


¹ Non-GAAP measure – see MD&A for the definition and reconciliation of the most comparable GAAP measure.

PULP INPUT PRICES

Q1 2023 NBSK average prices¹ in CAD decreased 3.6%, and BEK average prices¹ decreased 7.0% from Q4 2022.

Q1 2023 NBSK average prices¹ in CAD increased 10.3% and BEK average prices¹ increased 15.3% year-over-year. Based on industry forecasts for 2023, pulp prices are expected to remain volatile but trend downwards, weakening Canadian dollar will temper decline.



(CAD/USD averaged 1.35 in Q1 2023, up 7% from Q1 2022)

¹ Both NBSK price and BEK price were calculated using RISI

INFLATION, PRICING AND COST MANAGEMENT

Inflation

- Inflation has slowed but still above prior year
- Up 4-6% compared to Q1 2022

Pricing

- All announced pricing has been implemented
- Continuing to monitor market pricing to remain competitive

Cost Management

- Cost management initiatives ongoing
- Targeting CAPEX, inventory, productivity and discretionary spending



SHERBROOKE OPERATIONS AND EXPANSION

- TAD operations continue to exceed ramp-up curve, including paper machine capacity improvement
- Bathroom tissue line start-up surpassing expectations
- Implementation of facial line (Q4 2023) and paper machine line (end of 2024) tracking to plan, but closely watching supply chain and inflation
- Phase 3 of AI implementation ongoing for supply chain improvements





MEMPHIS OPERATIONS

- Shutdown of legacy assets completed as planned
- Focusing on high-quality TAD and facial products
- New facial line production above expectations, now deploying digital twin tool
- TAD operations continuing to improve sequentially
- Recovery enabling improved cost structure





WE'VE COMMITTED OVER
\$600,000
TO CANADIAN MINOR
HOCKEY FAMILIES!*



FOCUSED BRAND SUPPORT

- Reinvesting to support brands and grow share
- Quarterly marketing focused on multi-brand activities with 42nd Scotties Tournament of Hearts and third year of the Kruger Big Assist program
- Significant investment around Made-in-Canada positioning
- Bonterra continuing to make an impact by winning three packaging awards and shortlisted for two innovation and advertising awards

BRAND LEADERSHIP POSITION



Bathroom Tissue



Facial Tissue



Paper Towel

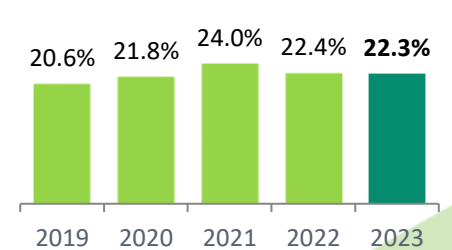
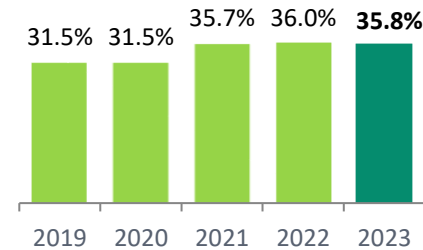
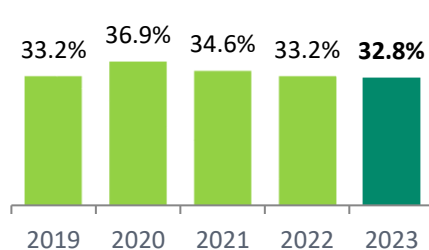
 **Kruger**
Products



 **Kimberly-Clark**

	Bathroom Tissue	Facial Tissue	Paper Towel
#1	32.8%	35.8%	#2
	15.6%	16.2%	9.9%
	11.0%	0.8%	34.3%
	1.1%	16.1%	0.2%

 **Kruger**
Products



Source: Nielsen Canadian dollar market share for 52-week period. Data for 2023 represents the latest 12 months ended March 25, 2023.



AFH SEGMENT

- Volume remained solid, 9% higher than Q1 2022
- Three consecutive quarters of positive Adjusted EBITDA
- AFH operations performing above historical level
- Monitoring potential impact of economic slowdown



QUARTERLY FINANCIAL SUMMARY

(Million CAD\$, unless otherwise noted)	Q1 2023	Q4 2022	Q1 2022	% Change	
				Y/Y	Q/Q
Revenue	451.0	458.1	398.7	13.1%	(1.6)%
Cost of Sales	389.0	416.4	363.8	6.9%	(6.6)%
Gross Profit	62.0	41.8	34.9	77.6%	48.4%
Gross Margin	13.7%	9.1%	8.7%		
Adjusted EBITDA¹	50.0	44.4	29.1	71.9%	12.5%
Adjusted EBITDA Margin ¹	11.1%	9.7%	7.3%		
Net Income (loss)	(49.3)	16.0	1.4		
Net Income Margin	(10.9)%	3.5%	0.4		

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)	Q1 2023	Q4 2022	Q1 2022	% Change	
				Y/Y	Q/Q
Segmented Revenue					
Consumer	376.5	378.8	342.8	9.8%	(0.6)%
AFH	74.5	79.3	55.9	33.2%	(6.1)%
Total Segment Revenue	451.0	458.1	398.7	13.1%	(1.6)%
Segment Adjusted EBITDA¹					
Consumer	51.3	42.7	35.4	45.1%	20.2%
AFH	0.9	5.7	(3.2)	127.4%	(84.5)%
Corporate and other costs	(2.2)	(4.0)	(3.1)	NA	NA
Total Segment Adjusted EBITDA¹	50.0	44.4	29.1	71.9%	12.5%
Segment Adjusted EBITDA Margin¹					
Consumer	13.6%	11.3%	10.3%		
AFH	1.2%	7.2%	(5.8)%		
Total Segment Adjusted EBITDA Margin¹	11.1%	9.7%	7.3%		

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

Q1 2023 REVENUE COMPARED TO Q1 2022

\$52.3 M

Q1 Revenue increase



13.1%

over Q1 2022

Increase due to the following factors:

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

Geographic revenue segmentation



\$17.9 M

+7.4%
Canada



\$34.4 M

+22.1%
U.S.

Q1 2023 ADJUSTED EBITDA¹ COMPARED TO Q1 2022

\$20.9 M

Q1 Adjusted EBITDA¹ increase



71.9%
over Q1 2022

Adjusted EBITDA Margin¹

11.1%



Q1 2023

7.3%



Q1 2022

\$50.0M in Q1 2023 compared to \$29.1M in Q1 2022

Increase primarily due to the following factors:

- Higher selling prices versus Q1 2022
- Favourable sales mix for Consumer segment
- Memphis plant cost recovery
- Lower freight rates

Partially offset by:

- Significant inflation on pulp and other input costs
- Lower sales volume in Consumer segment
- 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.

Q1 2023 REVENUE COMPARED TO Q4 2022

(\$7.1 M)

Q1 Revenue decrease

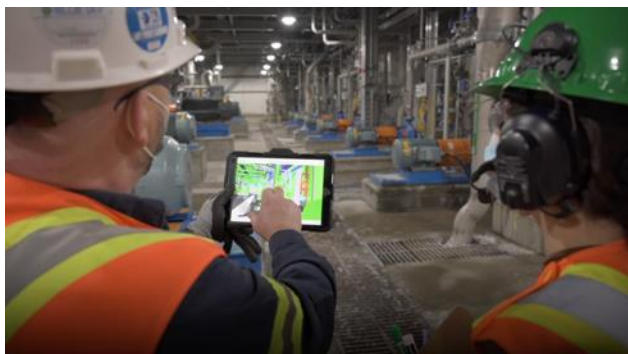


(1.6%)

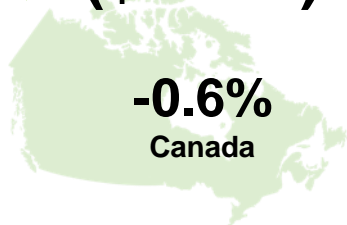
over Q4 2022

Sequential decrease in revenue due to:

- Seasonally lower volume in AFH segment
- Lower volume in Consumer segment in the U.S.
- Slightly negative FX impact on U.S. dollar sales



(\$1.5 M)

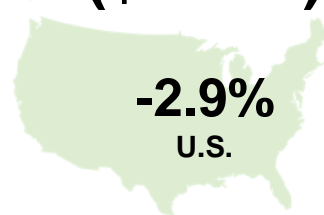


-0.6%

Canada



(\$5.6 M)



-2.9%

U.S.

Q1 2023 ADJUSTED EBITDA¹ COMPARED TO Q4 2022

\$5.6 M

Q1 Adjusted EBITDA¹ increase



12.5%
over Q4 2022

Adjusted EBITDA Margin¹

11.1%



Q1 2023

9.7%



Q4 2022

\$50.0M in Q1 2023 compared to \$44.4M in Q4 2022

Variance due to:

- Favourable sales mix
- Lower freight and warehousing costs
- Memphis plant cost recovery
- Reduced energy costs

Partially offset by:

- Lower sales volume
- Higher SG&A expenses

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

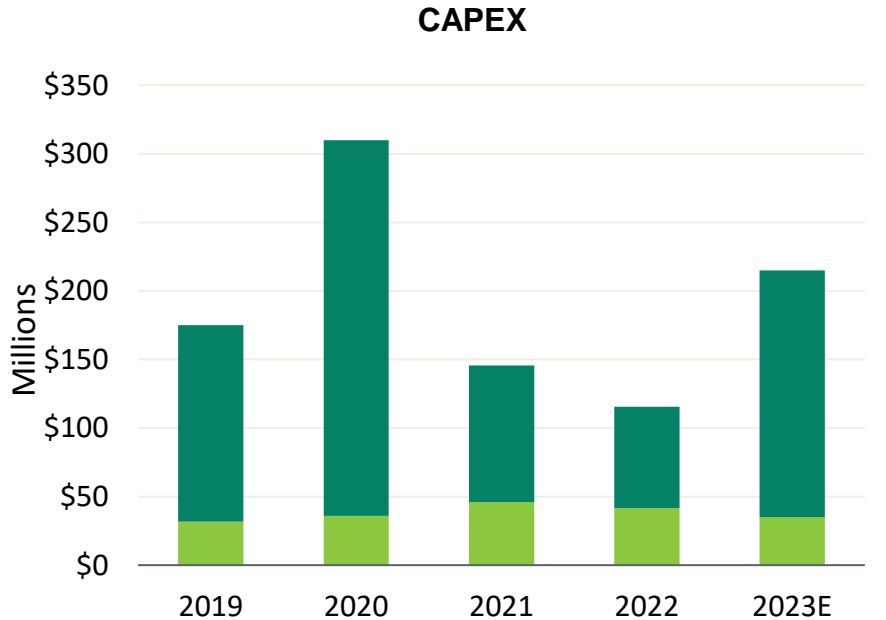
BALANCE SHEET

(Million CAD\$, unless otherwise noted)	Q1 2023	Q4 2022
Cash	45.3	78.4
Current Portion of Long-term Debt	34.4	34.4
Long-term Debt	1,096.1	1,077.3
Net Debt	1,085.2	1,033.3
LTM Adjusted EBITDA ¹	136.9	116.0
Net Debt/LTM Adjusted EBITDA¹	7.9x	8.9x

- Cash decreased by \$33.1 million from previous quarter
- Net debt increased by \$51.9 million from Q4 2022
- Leverage decreased to 7.9x due to higher LTM Adjusted EBITDA

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

CAPITAL EXPENDITURES



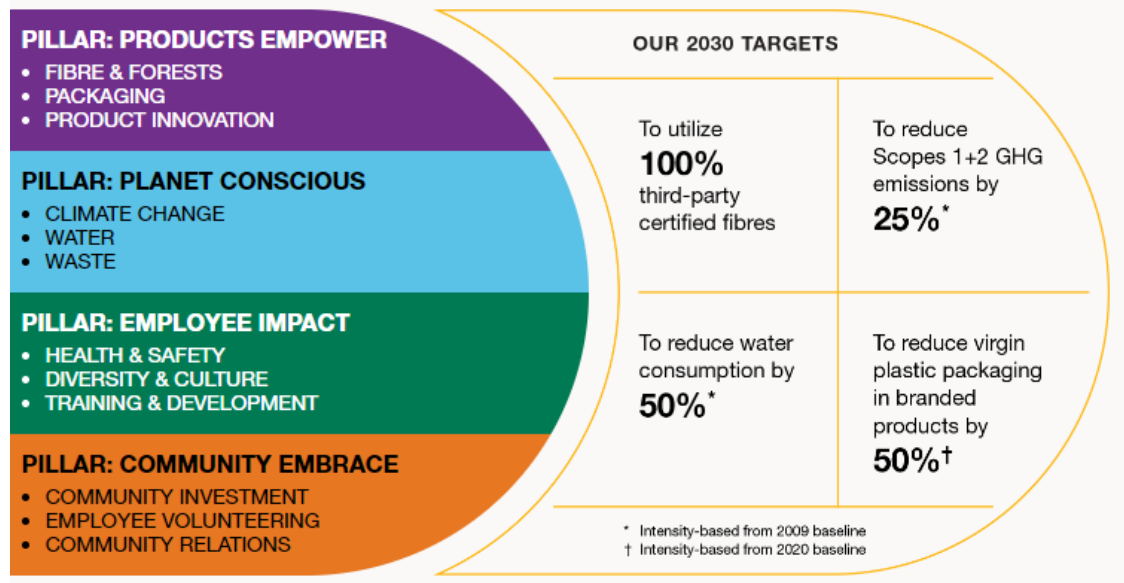
■ TAD Sherbrooke and Sherbrooke Expansion started in 2021

- Q1 2023 CAPEX was \$34.6 million, including \$31.8 million related to Sherbrooke Expansion Project
- 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
- Monitoring pricing margins and input costs
- Reinvesting in brands to grow share
- 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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