



INVESTING

IN OUR BUSINESS TO DRIVE

LONG-TERM VALUE

Q1 2024 FINANCIAL RESULTS

May 14, 2024



FORWARD-LOOKING AND CAUTIONARY STATEMENTS

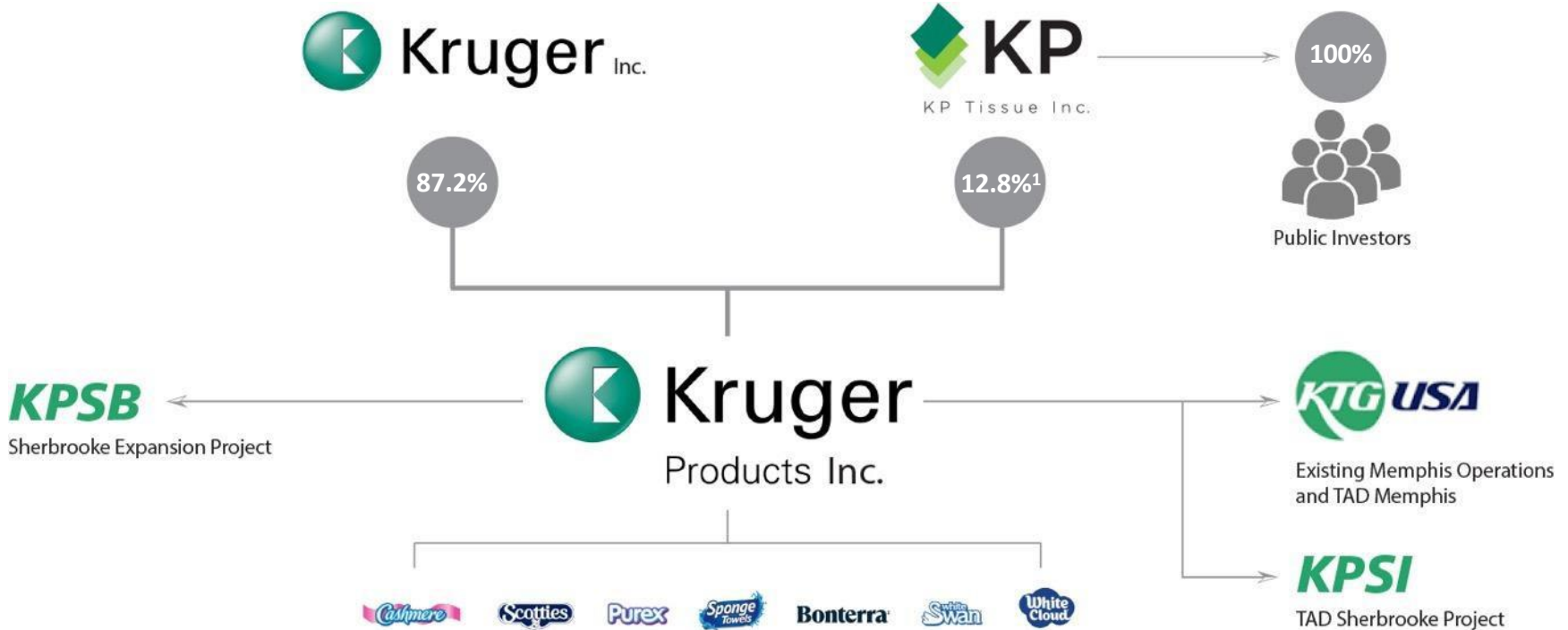
Certain statements in this presentation about KPT's and Kruger Products' current and future plans, expectations and intentions, results, levels of activity, performance, goals or achievements or any other future events or developments constitute forward-looking statements. Forward-looking statements 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'
Q1 2024 financial results**

CORPORATE STRUCTURE



¹As of May 14, 2024 (12.9% as of March 7, 2024).

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**

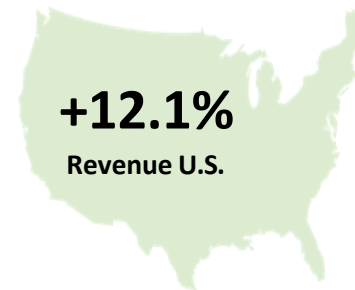
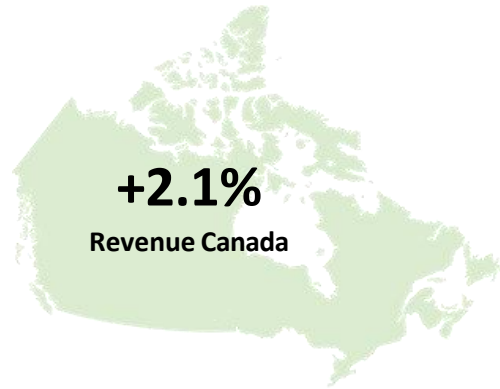
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**Winning Team
and Culture**

Q1 2024 HIGHLIGHTS

Revenue	Adjusted EBITDA ¹	Net Income
\$479.4 M  6.3% over Q1 2023	\$67.1 M  34.3% over Q1 2023	\$9.0 M \$58.3 M over Q1 2023



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

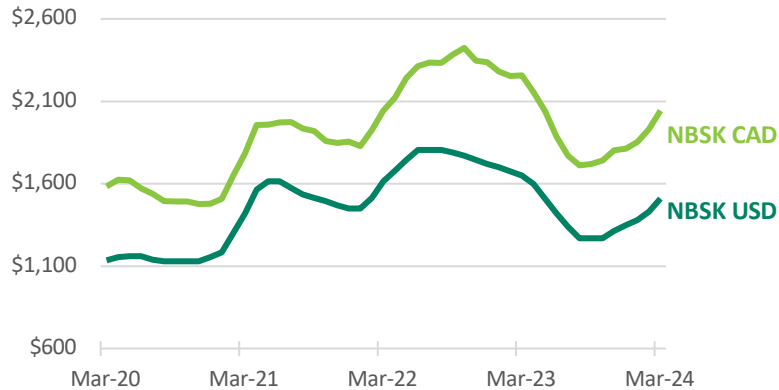
PULP INPUT PRICES

Q1 2024 NBSK average prices¹ in CAD increased 8.8% and BEK average prices¹ increased 12.5% from Q4 2023.

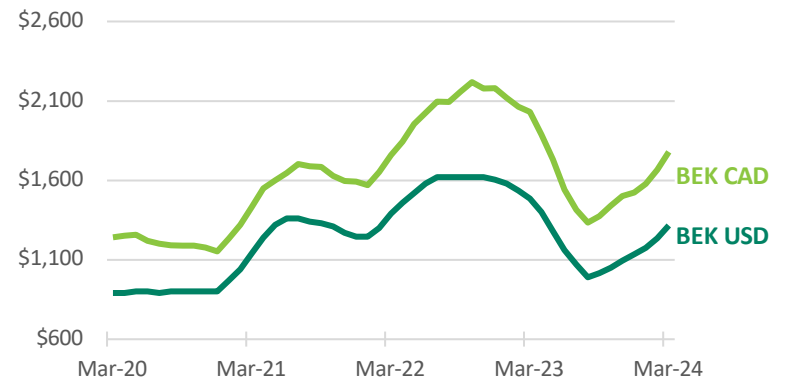
Q1 2024 NBSK average prices¹ in CAD decreased 14.2% and BEK average prices¹ decreased 19.2% year-over-year.

Substantial sequential increases in pulp prices witnessed in Q1 2024 due to various global factors. Based on industry forecasts for 2024, pulp prices are expected to escalate over the course of the year.

**NBSK North American List Prices per MT
(Q1 2024: -14.2% YoY in CAD)**



**BEK List Prices per MT
(Q1 2024: -19.2% YoY in CAD)**



(CAD/USD averaged 1.35 in Q1 2024, unchanged from the average rate in Q1 2023)

¹ Both NBSK price and BEK price were calculated using RISI



OPERATIONS

- New facial tissue line in Sherbrooke meeting start-up expectations and producing high-quality products
- Paper machine construction progressing well for Sherbrooke with expectations to start production in Q4 2024
- TAD paper machine production continues to improve year-over-year in Memphis
- Converting production in Memphis also improving with investments in operations and maintenance leadership/technical skillset delivering results
- Other plants generally operating at plan





FACIAL MARKET UPDATE

- Retail shelves have been reset following Kleenex exit
- Gaining fair share of the market with industry leader Scotties recently achieving 40.3% of total facial tissue sales in Canada
- In addition to Sherbrooke, new facial converting line in Gatineau running at full capacity
- Innovation pipeline helping to drive share growth
- Increased investments in Scotties brand





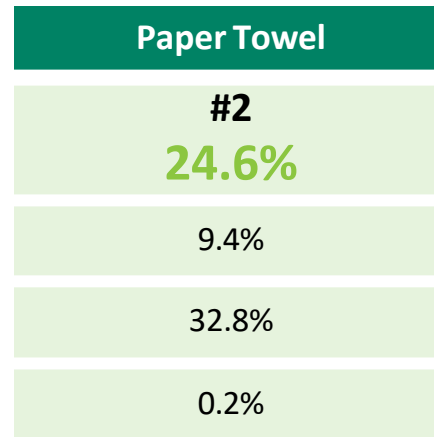
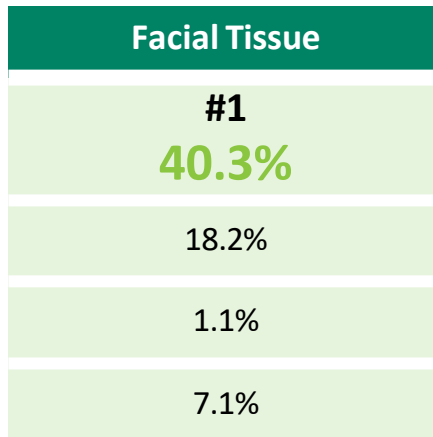
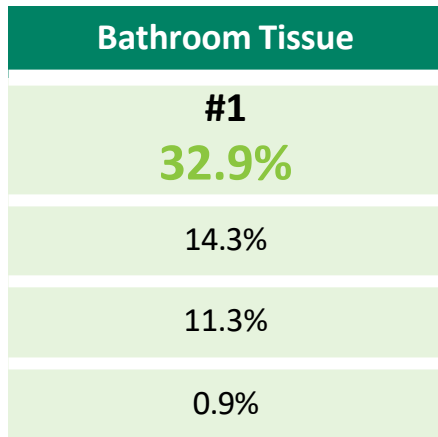
FOCUSED BRAND SUPPORT

- Strong Q1 brand support to drive awareness and share
- Multi-brand activities focused on Unapologetically Human “Love is Messy” campaign, 43rd Scotties Tournament of Hearts and Kruger Big Assist program
- Additional targeted media behind Bonterra in support of incremental customer listings
- Market-leading shopper marketing programs behind sports partnerships
- Strategic shopper investments behind White Cloud driving trial and awareness across portfolio



Join us at livebonterra.ca

BRAND LEADERSHIP POSITION

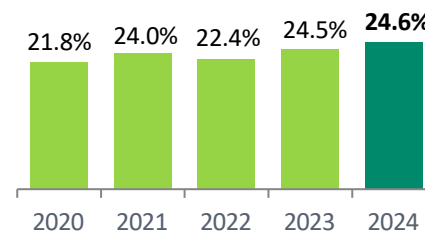
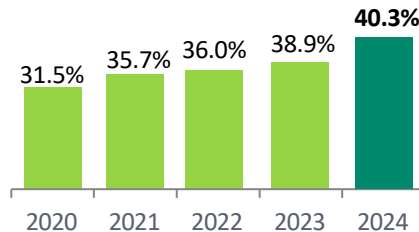
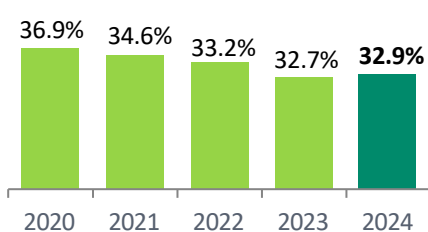


 **Kruger**
Products



 **Kimberly-Clark**

 **Kruger**
Products



Source: Nielsen Canadian dollar market share for 52-week period. Data for 2024 represents the latest 12 months ended March 23, 2024.



AFH SEGMENT

- Sustainable recovery in AFH with robust EBITDA results in first quarter that improved over Q1 2023 and Q4 2023
- Volume increased in Q1 2024 from same period in 2023 but decreased sequentially due to seasonality
- Portfolio management focus has improved premium vs. value mix (YoY)
- AFH converting asset performance continues to progress and enables growth in demand
- Sales outlook remains solid despite concerns of an economic slowdown

QUARTERLY FINANCIAL SUMMARY

(Million CAD\$, unless otherwise noted)	Q1 2024	Q4 2023	Q1 2023	% Change	
				Y/Y	Q/Q
Revenue	479.4	482.3	451.0	6.3%	(0.6)%
Cost of Sales	394.0	400.5	389.0	(1.6%)	1.3%
Gross Profit	85.4	81.8	62.0	37.9%	4.4%
Gross Margin	17.8%	17.0%	13.7%		
Adjusted EBITDA¹	67.1	61.2	50.0	34.3%	9.6%
Adjusted EBITDA Margin ¹	14.0%	12.7%	11.1%		
Net Income (loss)	9.0	16.5	(49.3)		
Net Income Margin	1.9%	3.4%	(10.9)%		

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)	Q1 2024	Q4 2023	Q1 2023	% Change	
				Y/Y	Q/Q
Segmented Revenue					
Consumer	404.3	400.9	376.5	7.4%	0.9%
AFH	75.1	81.4	74.5	0.9%	(7.7%)
Total Segment Revenue	479.4	482.3	451.0	6.3%	(0.6)%
Segment Adjusted EBITDA¹					
Consumer	62.6	59.8	51.3	22.0%	4.7%
AFH	7.8	5.7	0.9	779.4%	36.0%
Corporate and other costs	(3.3)	(4.3)	(2.2)		
Total Segment Adjusted EBITDA¹	67.1	61.2	50.0	34.3%	9.6%
Segment Adjusted EBITDA Margin¹					
Consumer	15.5%	14.9%	13.6%		
AFH	10.3%	7.0%	1.2%		
Total Segment Adjusted EBITDA Margin¹	14.0%	12.7%	11.1%		

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

Q1 2024 REVENUE COMPARED TO Q1 2023

\$28.4 M

Q1 Revenue increase



6.3%

over Q1 2023

Increase due to the following factors:

- Higher sales volume
- Favourable sales mix
- Partially offset by lower selling prices

Geographic revenue segmentation



\$5.4 M

+2.1%
Canada



\$23.0 M

+12.1%
U.S.

Q1 2024 ADJUSTED EBITDA¹ COMPARED TO Q1 2023

\$17.1 M

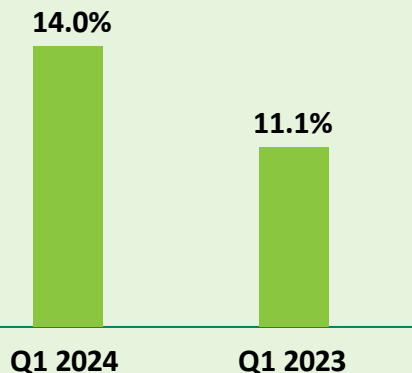
Q4 Adjusted EBITDA¹ increase



34.3%

over Q1 2023

Adjusted EBITDA Margin¹



\$67.1M in Q1 2024 compared to \$50.0M in Q1 2023

Increase primarily due to the following factors:

- Higher sales volume and improved sales mix
- Lower pulp prices
- Improved freight costs

Partially offset by:

- Lower selling prices
- Higher maintenance spending and start-up costs related to Sherbrooke
- Increased investment in advertising and SG&A expenses
- Increased warehousing expenses

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

Q1 2024 REVENUE COMPARED TO Q4 2023

(\$2.9 M)

Q1 Revenue decrease



(0.6%)

over Q4 2023

Sequential decrease in revenue due to:

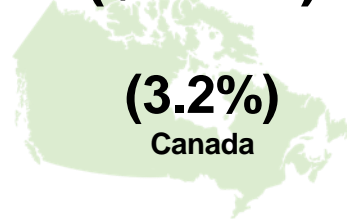
- Lower sales volume in the AFH segment

Partially offset by:

- Higher volume in the Consumer segment (US)



(\$8.7 M)

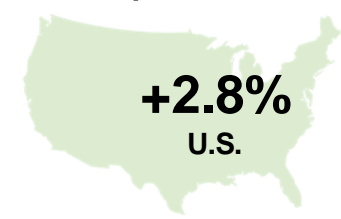


(3.2%)

Canada



\$5.8 M



+2.8%

U.S.

Q1 2024 ADJUSTED EBITDA¹ COMPARED TO Q4 2023

\$5.9 M

Q1 Adjusted EBITDA¹ increase



9.6%

over Q4 2023

Adjusted EBITDA Margin¹

14.0%



Q1 2024

12.7%



Q4 2023

\$67.1M in Q1 2024 compared to \$61.2M in Q4 2023

Variance due to:

- Improved sales mix
- Lower freight costs
- Reduction in SG&A expenses, including advertising

Partially offset by:

- Higher warehousing expenses
- Slight increase in pulp costs

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

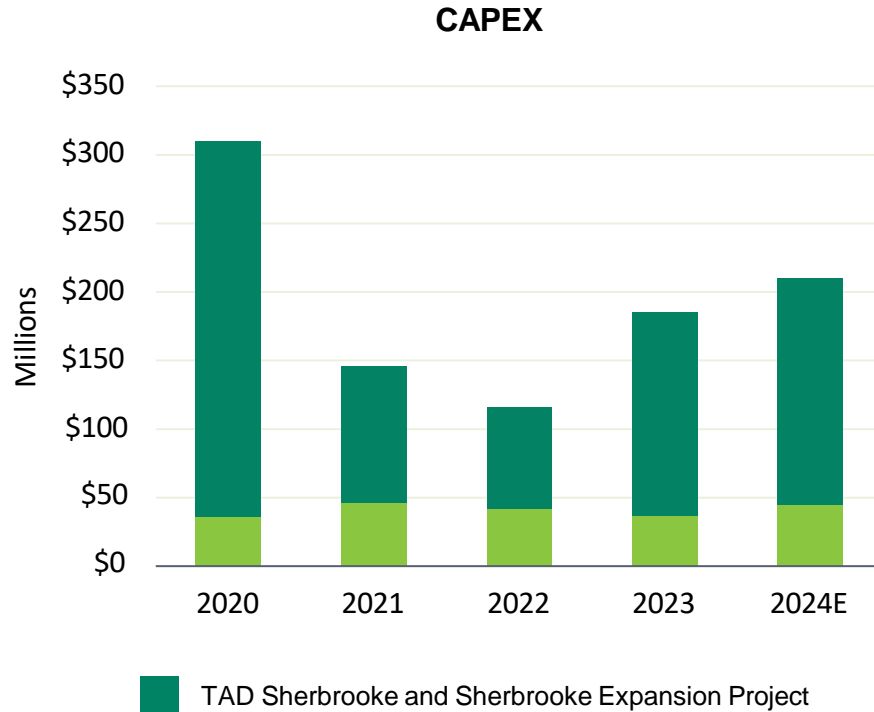
BALANCE SHEET

(Million CAD\$, unless otherwise noted)	Q1 2024	Q4 2023	Q1 2023
Cash	117.1	135.7	36.9
Current Portion of Long-term Debt	41.1	35.2	34.4
Long-term Debt	1,105.0	1,034.0	1,096.1
Net Debt	1,029.0	933.5	1,093.6
LTM Adjusted EBITDA ¹	255.7	238.6	136.9
Net Debt/LTM Adjusted EBITDA¹	4.0x	3.9x	8.0x

- Net debt increased \$95.5 million on a sequential basis due to Sherbrooke Expansion Project
- Leverage increased slightly to 4.0x on higher net debt despite improved LTM Adjusted EBITDA

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

CAPITAL EXPENDITURES



- Q1 2024 CAPEX totaled \$50.1 million, including \$46.0 million related to 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 CONSCIOUS

- 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
GHG emissions by
35%*

To reduce water
consumption by
35%*

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

* Intensity-based from 2015 baseline

† Intensity-based from 2020 baseline





STRONG AGILITY AND RESILIENCE AMID UNCERTAIN ECONOMIC ENVIRONMENT

- Broad top-line growth
- Preparing action plan to mitigate significantly escalating pulp prices
- Investing in brands to drive long-term growth
- Increasing capacity through Sherbrooke paper machine 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

WWW.KPTISSUEINC.COM

