



INVESTING

IN OUR BUSINESS TO DRIVE

LONG-TERM VALUE

Q3 2023 FINANCIAL RESULTS

November 8, 2023



FORWARD-LOOKING AND CAUTIONARY STATEMENTS

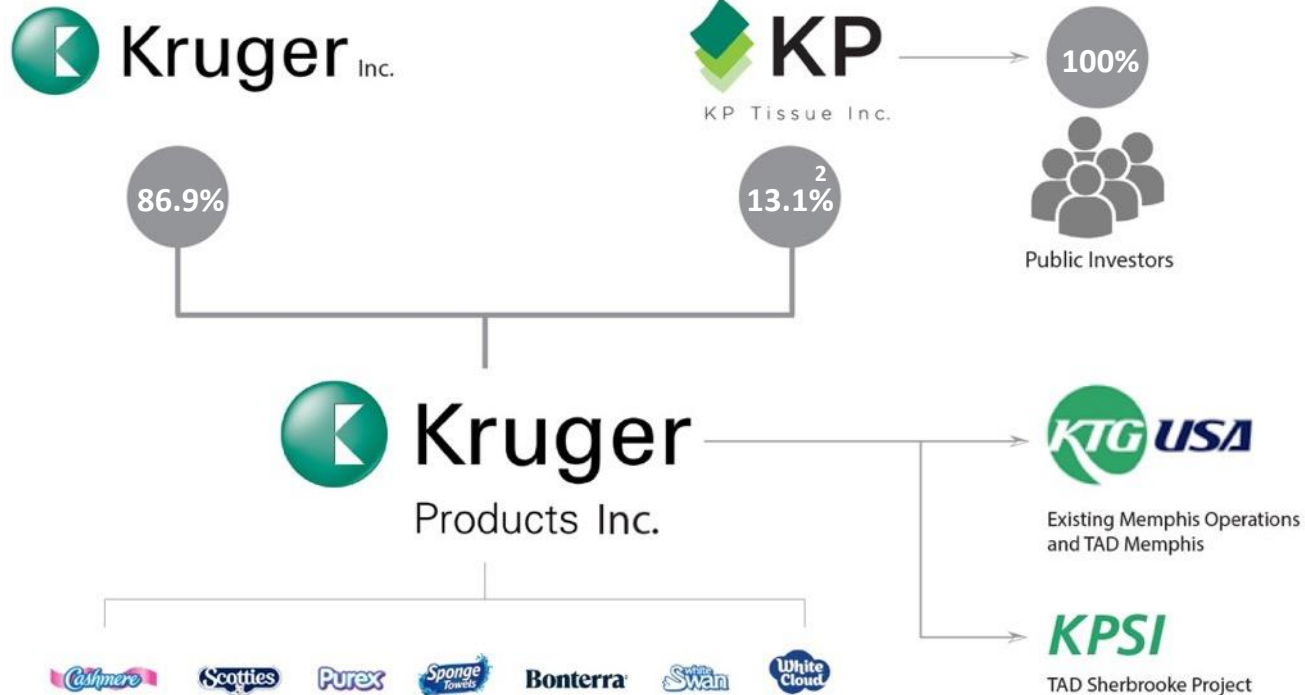
Certain statements in this presentation about KPT's and Kruger Products' current and future plans, expectations and intentions, results, levels of activity, performance, goals or achievements or any other future events or developments constitute forward-looking statements. Forward-looking statements 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'
Q3 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 Q3 2023 MD&A.

²As of November 8, 2023 (13.3% as of August 10, 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



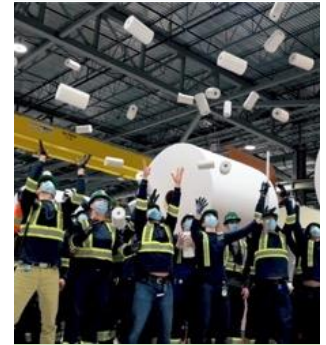
**End-to-End Supply
Chain Excellence**

4






**Deliver
Sustainability**

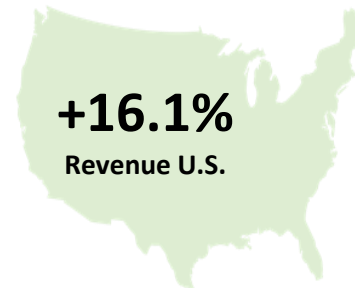
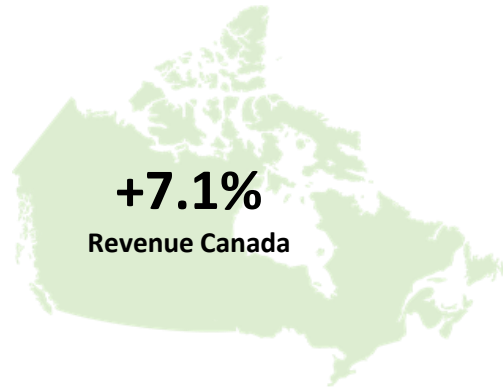
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**Winning Team
and Culture**

Q3 2023 HIGHLIGHTS

Revenue	Adjusted EBITDA ¹	Net Income
\$473.4 M  10.9% over Q3 2022	\$72.4 M  135.7% over Q3 2022	\$12.9 M  \$51.7 M over Q3 2022

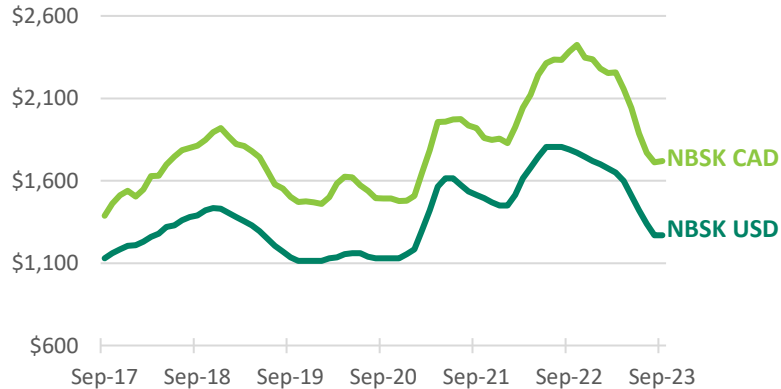


¹ Non-GAAP measure – see MD&A for the definition and reconciliation of the most comparable GAAP measure.

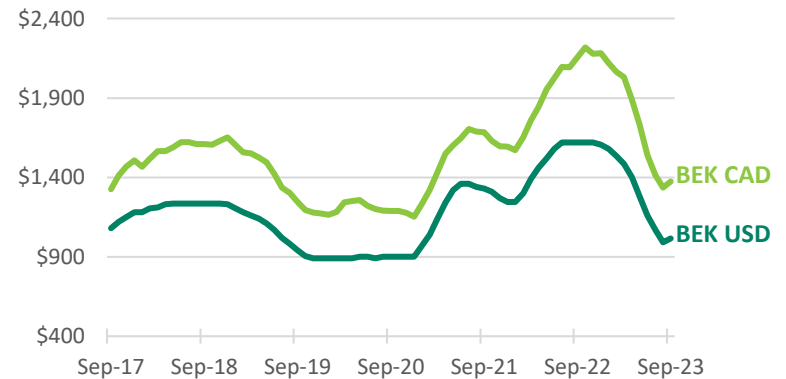
PULP INPUT PRICE

Q3 2023 NBSK average prices¹ in CAD decreased 14.5% and BEK average prices¹ decreased 20.1% from Q2 2023.
Q3 2023 NBSK average prices¹ in CAD decreased 26.2% and BEK average prices¹ decreased 35.0% year-over-year.
After dropping near the bottom of the price curve, pulp prices are expected to increase, according to industry analysts.

**NBSK North American List Prices per MT
(Q3 2023: -26.2% YoY in CAD)**



**BEK List Prices per MT
(Q3 2023: -35.0% YoY in CAD)**



(CAD/USD averaged 1.34 in Q3 2023, up 3% from Q3 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 converting, including new bathroom tissue converting line
- Given supply-chain inflation and higher interest costs, management anticipating capital cost increase of \$26 million to \$378 million for Sherbrooke Expansion Project
- New production facility construction well underway: Facial tissue line start-up moved to Q1 2024 and paper machine ramp-up expected in Q4 2024
- Employee hiring and on-boarding is tracking to plan for ramp-up of new assets





FACIAL MARKET UPDATE

- Fulfilling demand following exit of Kleenex brand in Canada
- Exploring opportunities for additional long-term facial capacity
- Building Scotties brand through increased investment and innovation
- Memphis facial tissue line continues to exceed ramp-up curve
- Well-positioned to satisfy customer needs across North America



MEMPHIS OPERATIONS

- Focus on reliability is delivering better results
- Production volume and cost structure progressively improving
- Deployment of digital twin AI tools successful on new facial line and will continue across TAD assets
- Employee turnover remains stable
- Leveraging best practices from Sherbrooke and Memphis to create TAD Centre of Excellence





FOCUSED BRAND SUPPORT

- Strong second-half investments to drive brand share
- Multi-brand activities continued with Unapologetically Human “Love is Messy” campaign, including launch of ethnic versions and successful “Made in Canada” promotion
- Increased media support of Scotties to build brand awareness
- Ongoing investments behind sustainable Bonterra brand
- Celebration of Cashmere’s 20th Anniversary Collection, “Lovestruck,” with new TV and online documentary
- Continued strategic shopper investments behind White Cloud at key accounts, including facial tissue launch at select retailers



BRAND LEADERSHIP POSITION



Bathroom Tissue

Facial Tissue

Paper Towel

 **Kruger**
Products



 **Kimberly-Clark**

#1
32.3%

14.9%

11.1%

1.1%

#1
35.6%

15.8%

0.8%

15.6%

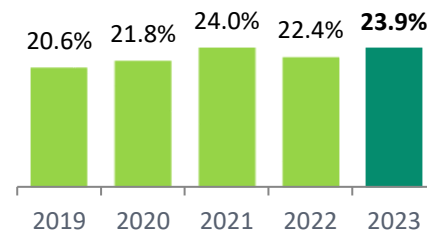
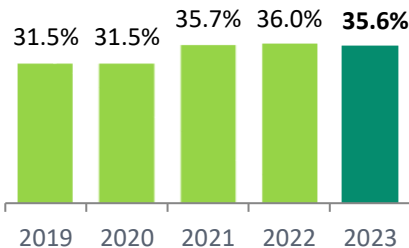
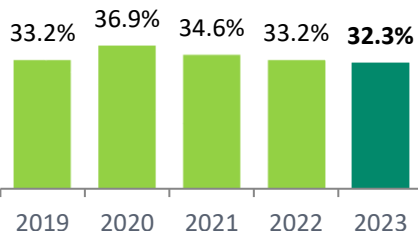
#2
23.9%

8.9%

33.5%

0.2%

 **Kruger**
Products





AFH SEGMENT

- Volume remained consistent in Q3 2023 and was stable year-over-year and sequentially
- Sustainable recovery in AFH with robust EBITDA performance in seasonally strong third quarter
- AFH asset performance continues to support further volume growth
- Monitoring potential impact of economic slowdown on commercial volume

QUARTERLY FINANCIAL SUMMARY

(Million CAD\$, unless otherwise noted)	Q3 2023	Q2 2023	Q3 2022	% Change	
				Y/Y	Q/Q
Revenue	473.4	466.3	427.0	10.9%	1.5%
Cost of Sales	386.4	395.7	394.6	(2.1%)	(2.4%)
Gross Profit	87.0	70.6	32.4	168.3%	23.3%
Gross Margin	18.4%	15.1%	7.6%		
Adjusted EBITDA¹	72.4	55.0	30.7	135.7%	31.5%
Adjusted EBITDA Margin ¹	15.3%	11.8%	7.2%		
Net Income (loss)	12.9	14.5	(38.8)		
Net Income Margin	2.7%	3.1%	(9.1%)		

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)	Q3 2023	Q2 2023	Q3 2022	% Change	
				Y/Y	Q/Q
Segmented Revenue					
Consumer	390.3	383.5	346.0	12.8%	1.8%
AFH	83.1	82.8	81.0	2.6%	0.3%
Total Segment Revenue	473.4	466.3	427.0	10.9%	1.5%
Segment Adjusted EBITDA¹					
Consumer	65.9	53.2	25.0	163.3%	23.9%
AFH	8.4	5.8	5.4	56.4%	44.2%
Corporate and other costs	(1.9)	(4.0)	0.3		
Total Segment Adjusted EBITDA¹	72.4	55.0	30.7	135.7%	31.5%
Segment Adjusted EBITDA Margin¹					
Consumer	16.9%	13.9%	7.2%		
AFH	10.1%	7.0%	6.6%		
Total Segment Adjusted EBITDA Margin¹	15.3%	11.8%	7.2%		

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

Q3 2023 REVENUE COMPARED TO Q3 2022

\$46.4 M

Q3 Revenue increase



10.9%

over Q3 2022

Increase due to the following factors:

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

Geographic revenue segmentation



\$17.8 M

+7.1%
Canada



\$28.6 M

+16.1%
U.S.

Q3 2023 ADJUSTED EBITDA¹ COMPARED TO Q3 2022

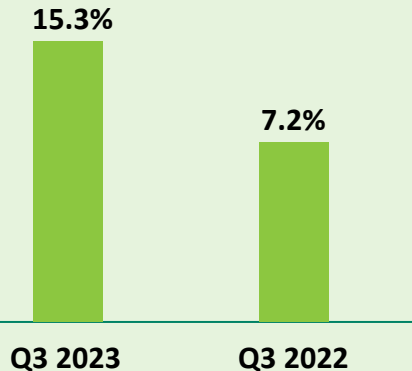
\$41.7 M

Q3 Adjusted EBITDA¹ increase



135.7%
over Q3 2022

Adjusted EBITDA Margin¹



\$72.4M in Q3 2023 compared to \$30.7M in Q3 2022

Increase primarily due to the following factors:

- Higher sales volume and favourable sales mix
- Higher selling prices versus Q3 2022
- Lower pulp and other input costs
- Increased productivity in operations
- Lower freight costs

Partially offset by:

- Increased 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.

Q3 2023 REVENUE COMPARED TO Q2 2023

\$7.1 M

Q3 Revenue increase

1.5%
over Q2 2023

Sequential increase in revenue due to:

- Higher sales volume primarily from the Consumer segment
- Partially offset by higher promotional spending



\$2.4 M

0.9%
Canada

\$4.7 M

2.3%
U.S.

Q3 2023 ADJUSTED EBITDA¹ COMPARED TO Q2 2023

\$17.4 M

Q3 Adjusted EBITDA¹ increase



31.6%

over Q2 2023

Adjusted EBITDA Margin¹

15.3%



Q3 2023

11.8%



Q2 2023

\$72.4M in Q3 2023 compared to \$55.0M in Q2 2023

Variance due to:

- Higher sales volume
- Lower pulp costs
- Reduced warehousing costs
- Increased productivity in operations
- Lower G&A costs

Partially offset by:

- Higher promotional and marketing spending

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

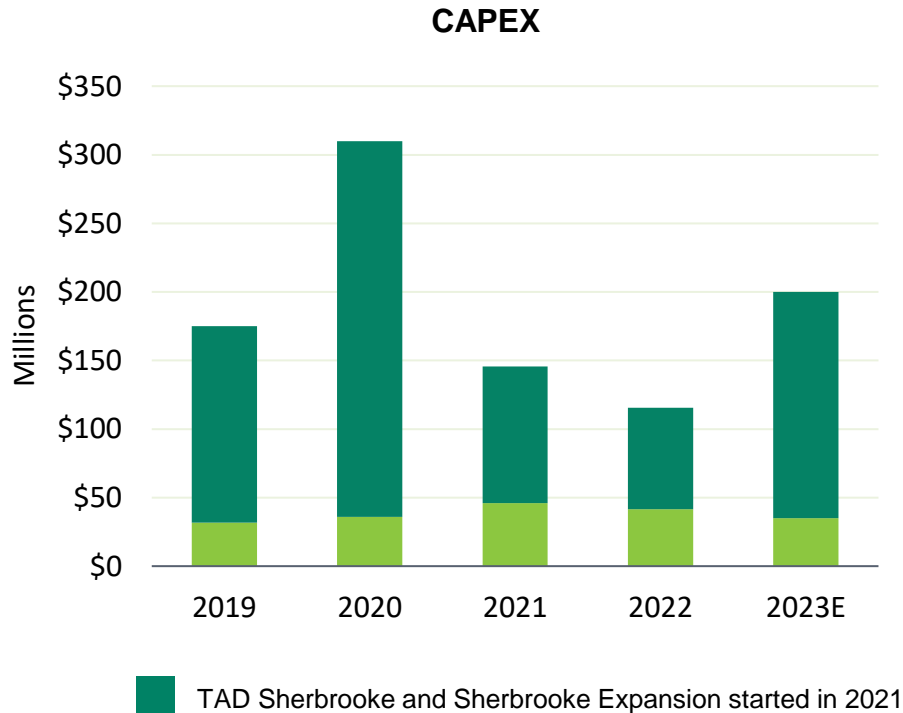
BALANCE SHEET

(Million CAD\$, unless otherwise noted)	Q3 2023	Q2 2023	Q3 2022
Cash	151.1	88.2	82.1
Current Portion of Long-term Debt	34.4	34.1	34.6
Long-term Debt	1,065.6	1,077.7	1,095.0
Net Debt	948.8	1,023.6	1,047.5
LTM Adjusted EBITDA ¹	221.8	180.1	109.9
Net Debt/LTM Adjusted EBITDA¹	4.3x	5.7x	9.5x

- Net debt decreased \$74.8 million on a sequential basis
- Leverage significantly improved to 4.3x 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



- Q3 2023 CAPEX was \$28.5 million, including \$21.6 million related to Sherbrooke Expansion Project
- Year-to-date CAPEX stood at \$105.9 million
- Sherbrooke Expansion Project capital cost forecast raised to \$378 million from \$352 million due to inflation and interest rate increases
- Reduced projected 2023 CAPEX to \$190-\$210 million range, including Sherbrooke Expansion Project
- Anticipating \$170-\$190 million in CAPEX for 2024, 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





STRONG AGILITY AND RESILIENCE AMID UNCERTAIN ECONOMIC ENVIRONMENT

- Broad top-line growth
- Investing in brands to drive long-term growth
- Increasing facial capacity to meet strong demand
- AFH delivering against a sustainable profit model
- Continued focus on asset productivity
- Significantly improving leverage ratio
- Developing organizational capability and culture to drive future growth





**THANK
YOU**

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