

Kraton Corporation

Wells Fargo Securities Virtual Industrials Conference

May 6, 2021

KRATON

Disclaimers

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

Some of the written and oral statements and information in this presentation contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements are often characterized by the use of words such as “outlook,” “believes,” “target,” “estimates,” “expects,” “projects,” “may,” “intends,” “plans,” “on track”, “foresees”, “future,” or “anticipates,” or by discussions of strategy, plans, or intentions. The statements in this presentation that are not historical statements, which may include, but are not limited to, statements regarding our expectations as to the continued impact of the COVID-19 pandemic (including governmental and regulatory actions) on demand for our products, on the economy and on our customers, suppliers, employees, business and results of operations, our expectations for our business demand and growth in 2021, market factors and transportation and logistics trends, our 2021 Adjusted EBITDA, the timing of the incurrence of costs associated with our Berre, France, turnaround, the impact of our diversified portfolio and broad geographic exposure, the impact of and expected realization of announced price increases, our expectations of the role that BiaXam can play in mitigating exposure to infectious pathogens, the effectiveness of BiaXam, expectations about the possibility of bringing BiaXam to market (including additional receipt of regulatory approvals or the timing thereof) and expectations regarding the potential applications and development partner opportunities are forward looking statements.

Forward-looking statements involve known and unknown risks, uncertainties, assumptions, and other important factors that could cause the actual results, performance or our achievements, or industry results, to differ materially from historical results, any future results, or performance or achievements expressed or implied by such forward-looking statements. There are a number of risks and uncertainties that could cause our actual results to differ materially from the forward-looking statements contained in this presentation. Important factors that could cause our actual results to differ materially from those expressed as forward-looking statements include, but are not limited to the factors set forth in this presentation, in our latest Annual Report on Form 10-K, including but not limited to “Part I, Item 1A. Risk Factors” and “Part II, Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations” therein, and in our other filings with the Securities and Exchange Commission (the “SEC”). Many of these risks and uncertainties are currently amplified by and will continue to be amplified by, or in the future may be amplified by, the COVID-19 pandemic.

There may be other factors of which we are currently unaware or deem immaterial that may cause our actual results to differ materially from the forward-looking statements. In addition, to the extent any inconsistency or conflict exists between the information included in this presentation and the information included in our prior presentations and other filings with the SEC, the information contained in this presentation updates and supersedes such information. Forward-looking statements are based on current plans, estimates, assumptions and projections, and, therefore, you should not place undue reliance on them. Forward-looking statements speak only as of the date they are made, and we undertake no obligation to update them in light of new information or future events.

With respect to BiaXam, there is no assurance that any planned corporate activity, scientific research or study, additional regulatory approval, developing, marketing, licensing or selling of products, patent application, allowance or consumer study, to the extent pursued, will be successful or will succeed as currently planned or expected. There is no assurance that any of BiaXam's postulated uses, benefits, or advantages will in fact be realized in any manner or in any part.

Disclaimers

GAAP Disclaimer

This presentation includes the use of both GAAP and non-GAAP financial measures. The non-GAAP financial measures are defined below. Tables included in this earnings release reconcile each of these non-GAAP financial measures with the most directly comparable U.S. GAAP financial measure. For additional information on the impact of the spread between first-in-first-out (“FIFO”) and Estimated Current Replacement Cost (“ECRC”), see Management’s Discussion and Analysis of Financial Condition and Results of Operations in our Annual Report on Form 10-K for the fiscal year ended December 31, 2020.

We consider these non-GAAP financial measures to be important supplemental measures of our performance and believe they are frequently used by investors, securities analysts, and other interested parties in the evaluation of our performance including period-to-period comparisons and/or that of other companies in our industry. Further, management uses these measures to evaluate operating performance, and our incentive compensation plan based incentive compensation payments on our Adjusted EBITDA performance and attainment of net debt reduction, along with other factors. These non-GAAP financial measures have limitations as analytical tools and in some cases can vary substantially from other measures of our performance. You should not consider them in isolation, or as a substitute for analysis of our results under U.S. GAAP in the United States.

EBITDA, Adjusted EBITDA, Adjusted EBITDA excluding Cariflex, and Adjusted EBITDA Margin: For our consolidated results, EBITDA represents net income (loss) before interest, taxes, depreciation, and amortization. For each reporting segment, EBITDA represents operating income (loss) before depreciation and amortization, and earnings of unconsolidated joint ventures. Among other limitations EBITDA does not: reflect the significant interest expense on our debt or reflect the significant depreciation and amortization expense associated with our long-lived assets; and EBITDA included herein should not be used for purposes of assessing compliance or non-compliance with financial covenants under our debt agreements, which can vary from the terms used herein. The calculation of EBITDA in our debt agreements includes adjustments, such as extraordinary, non-recurring or one-time charges, proforma cost savings, certain non-cash items, turnaround costs, and other items included in the definition of EBITDA in the debt agreements. Other companies in our industry may calculate EBITDA differently than we do, limiting its usefulness as a comparative measure. As an analytical tool, Adjusted EBITDA is subject to all the limitations applicable to EBITDA. We prepare Adjusted EBITDA by eliminating from EBITDA the impact of a number of items we do not consider indicative of our on-going performance, including the spread between FIFO and ECRC, but you should be aware that in the future we may incur expenses similar to the adjustments in this presentation. Our presentation of Adjusted EBITDA should not be construed as an inference that our future results will be unaffected by unusual or non-recurring items. In addition, due to volatility in raw material prices, Adjusted EBITDA may, and often does, vary substantially from EBITDA and other performance measures, including net income calculated in accordance with U.S. GAAP. We prepare Adjusted EBITDA excluding Cariflex by eliminating from Adjusted EBITDA Cariflex sales, cost of sales, and direct specific fixed costs incurred from January 1, 2020 through March 6, 2020. We define Adjusted EBITDA Margin as Adjusted EBITDA as a percentage of revenue (for each reporting segment or on a consolidated basis, if applicable). Because of these and other limitations, EBITDA and Adjusted EBITDA should not be considered as a measure of discretionary cash available to us to invest in the growth of our business.

Adjusted Gross Profit and Adjusted Gross Profit Per Ton: We define Adjusted Gross Profit Per Ton as Adjusted Gross Profit divided by total sales volume (for each reporting segment or on a consolidated basis, as applicable). We define Adjusted Gross Profit as gross profit excluding certain charges and expenses. Adjusted Gross Profit is limited because it often varies substantially from gross profit calculated in accordance with U.S. GAAP due to volatility in raw material prices.

Adjusted Diluted Earnings Per Share: We prepare Adjusted Diluted Earnings per Share by eliminating from Diluted Earnings per Share the impact of a number of non-recurring items we do not consider indicative of our on-going performance, including the spread between FIFO and ECRC.

Consolidated Net Debt and Consolidated Net Debt excluding the effect of foreign currency: We define Consolidated Net Debt as total consolidated debt (including debt of KFPC) less consolidated cash and cash equivalents. Management uses Consolidated Net Debt to determine our outstanding debt obligations that would not readily be satisfied by its cash and cash equivalents on hand. Management believes that using Consolidated Net Debt is useful to investors in determining our leverage since we could choose to use cash and cash equivalents to retire debt. We also present Consolidated Net Debt, as adjusted for foreign exchange impact accounts for the foreign exchange effect on our foreign currency denominated debt agreements.

Kraton at a Glance

KRATON

Kraton – A Part of Your Daily Life

Our innovations improve the quality of countless everyday items that enhance your way of life.

Baby Diapers

Our innovations provide the excellent recovery to withstand repeated pull up-and-down cycles along with stretch, fit and breathability so young ones can continue to be on the move.

Roads

Kraton innovations allow for the development of highly modified asphalt designed to withstand extreme hot or cold weather as well as high traffic.

A longer lasting road and shorter reconstruction time allow for a safer driving experience while reducing carbon footprint.

Fiber Optic Cables

In a constantly connected world, we rely on fiber optic cables to keep our cellphone data and internet lines running.

Kraton polymers protect the cable's fiber by reducing the likelihood of water penetration, allowing for fast and continuous contact with everyone around you.

Wood Coatings

A protective layer of alkyd-based coating or varnish will protect your wooden floors and stairs while keeping them looking new.

Our Products

Our SBC polymers are a class of thermoplastic elastomers, which is a plastic material that behaves like rubber, delivering both strength and elasticity.

Our biobased pine chemistry enables numerous industries to replace non-renewable resources with high-performance, sustainable alternatives.



Polymer Segment Manufacturing - Overview

#1 Monomer Preparation & Polymerization



Styrene, Butadiene and Isoprene are monomers used in the Polymers segment. These raw materials need to be purified before going to the reactor to start the polymerization process. Polymerization is the process of creating a long chain of monomers which stay in a solvent phase initially. A unique feature of Kraton polymers is their block structure. There is a special category of Kraton polymer that is hydrogenated (Kraton G) and functionalized (Kraton FG) - enabling enhanced characteristics in the final product.

#2 Polymer Recovery from Solvent



The solvent in which the polymer is dissolved is removed subsequently. By identifying and mitigating loss spots, solvent recovery is optimized. This recovered solvent is purified and then recovered back to the polymerization reactor. Process optimizations that reduce the amount of energy required in the process reduces natural gas or oil consumption.

#3 Drying & Final Packaging

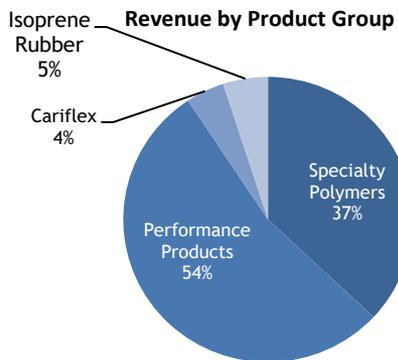


New technologies can help prevent product losses over the manufacturing process. Polymers can have different shapes and sizes, depending on the grade. The final step of the process is the removal of water, after which packaging takes place and products are prepared for shipping.

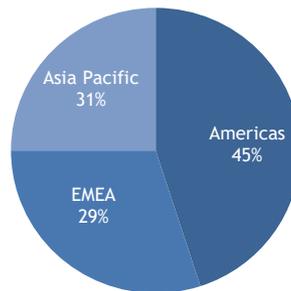
Polymer Segment Overview

- Kraton invented Styrenic Block Copolymers (SBCs), which are highly-engineered polymers used to impart specific properties to a wide variety of end use products
- Kraton remains a leading global producer of SBCs, and within the Polymer segment, produces two primary product families
 - Unhydrogenated SBCs
 - Hydrogenated SBCs
- Strategically focused on enhancing portfolio profitability through application of R&D and portfolio shift to higher-value products and execution of cost-reset initiatives, to deliver \$70 million of cost reductions

2020 Revenue Breakdown⁽²⁾



Revenue by Geography



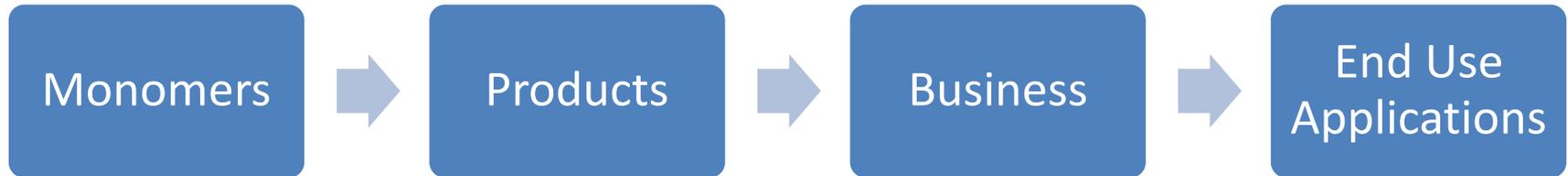
Historical Adjusted EBITDA⁽¹⁾ Performance⁽²⁾

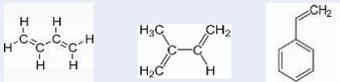
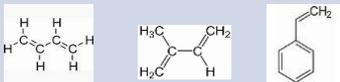


(1) See our earnings releases, available under the Investor Relations tab of our website at www.kraton.com, for reconciliations of GAAP financial measures to non-GAAP financial measures.

(2) Includes results for Cariflex, which was sold March 6, 2020.

Polymer Segment - Overview



 <p>Butadiene Isoprene Styrene</p>	<p>Unhydrogenated SBC's (SBS, SIS, SIBS)</p>	<p>Performance Products (USBC's)</p>	<p>Polymer modified asphalt, tapes, labels non-woven adhesives and industrial adhesives</p>
 <p>Butadiene Isoprene Styrene</p>	<p>Hydrogenated SBC's (SEBS, SEPS)</p>	<p>Specialty Polymers (HSBC's)</p>	<p>Soft Skin, Personal Care, IV bags, Medical Tubing, Lubricant Additives</p>

Chemical Segment Manufacturing - Overview



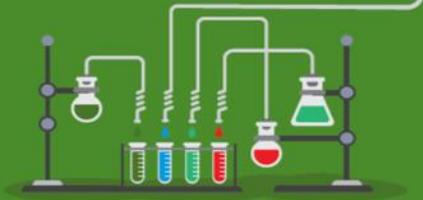
#1 Tall Oil

Black liquor soap - a sidestream of the kraft pulp process - is converted to crude tall oil. We capture the valuable substances contained in tall oil and turn them into specialty chemicals in our biorefineries.



#2 Processing

The tall oil is pumped into our bio-refinery. Here it is distilled to extract valuable materials. We produce tall oil fatty acids, tall oil rosin, distilled tall oil and tall oil pitch. We call these fractions.



#3 Product Development

The fractions are refined and upgraded into a wide range of biobased specialty chemicals. These are sold to customers who seek superior product performance. By replacing fossil-based chemicals, customers also achieve their sustainability goals. Our biobased products enable customers to improve product performance, reduce GHG emissions and enable the reuse of materials.

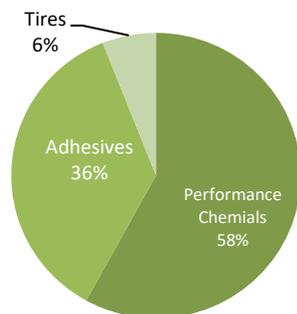
Chemical Segment - Overview

Through its Chemical segment, Kraton refines and further upgrades two primary feedstocks, Crude Tall Oil (“CTO”) and Crude Sulfate Turpentine (“CST”), into specialty chemicals. CTO and CST are wood-pulping co-products and as such, the Chemical segment’s product offering is based upon renewable resources

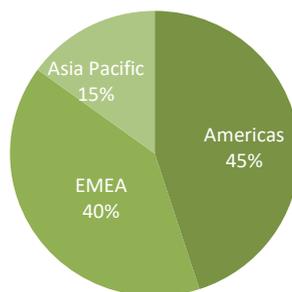
- Kraton offers high value-added products in three target markets - Adhesives, Performance Chemicals and Tires - that offer strong potential for growth
- Kraton has an advantageous feedstock position via a long-term supply agreement with International Paper
- Kraton’s chemical business has a stable and diverse customer base with long-standing relationships in a broad array of end markets

2020 Revenue breakdown

Revenue by Product Group

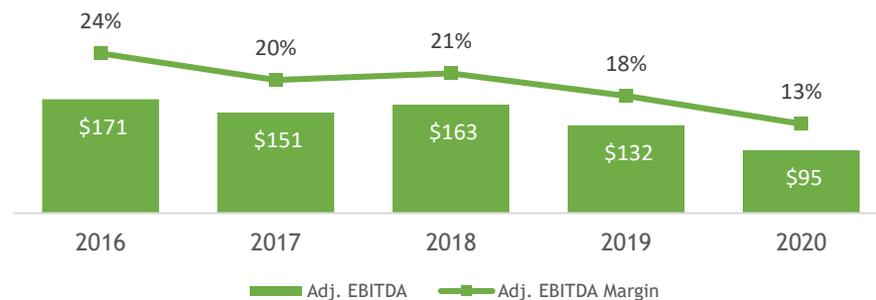


Revenue by Geography



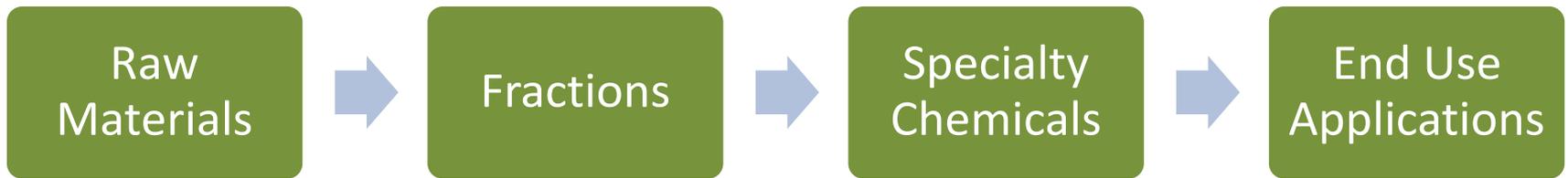
Historical Adjusted EBITDA⁽¹⁾ Performance

\$ in millions



(1) See our earnings releases, available under the Investor Relations tab of our website at www.kraton.com, for reconciliations of GAAP financial measures to non-GAAP financial measures.

Chemical Segment - Overview



Crude Tall Oil ("CTO")	Tall Oil Fatty Acid ("TOFA")	Dimer Acids Polyamide Resins	Adhesives	
	Distilled Tall Oil ("DTO")	Rosin Resins Dispersions		
	Crude Sulfate Turpentine ("CST")	Tall Oil Rosin ("TOR")	Upgraded Rosins Insoluble Maleics	Tires
		Pitch	Terpene Resins AMS Resins	Performance Chemicals

Raw materials are a renewable resource, derived from the Kraft pulping process

Kraton's Innovation Focus

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Polymer Segment - Target Growth Markets

Protect and Promote Growth- Satisfy Unmet Needs



Oil Gels



IV Bags, Tubing



Protective Films



Oilfield Chemicals



Soft Skins



Adhesives

ADDRESSABLE MARKET

- Fiber Optic Cable
- Post-tensioning gel opportunity being validated in various regions
- Health & Beauty Gels: Global strategy in development for market penetration

- Defining NextGen polymer for IV films to manage competitive market

- Large market share in high peel segment
- Polymer solution delivers unmet market needs vs acrylics & other competitive HSBC polymers
- New polymer development for medium peel PF underway

- New synthetic suspension additives application

- IMSST™ commercial in Buick GL6 in China
- Additional IMSS programs
- 2nd Generation IMSST™ technology improvements

- REvolution™ Best in Class Biobased Rosin Ester
- Biobased certification provides transparency and credibility to our customers
- Kraton DX0222 for Reactive, Higher Temperature Resistance Adhesives Applications

Structural Trends in Asia Driving Future Demand for HSBC and USBC



Chemical Segment - Target Growth Markets

Pushing the limits of where our established Chemical Products can be taken

Adhesives



- Kraton with leading position for renewable bio-based Tackifiers
- Established and continuously growing market
- Kraton most recently introduced next generation of Rosin Esters
- These products combine proven advantages of Rosin Esters with superior color

Roadmarking



- Market with attractive growth rates
- Major drivers: Safety, self-driving vehicles, longevity of Roadmarking
- Kraton pre-launched a unique Roadmarking product combining our Polymer and Chemical technologies

Tires



ADDRESSABLE MARKET

- Focus on Tread Enhancement Additives (TEA)
- Kraton with leading position in TEA market with attractive growth rates
- Kraton most recently launched our new SYLVATRAXX 8000 series

Dispersions



- Market for water-borne tackifier dispersions continues to grow
- Asia Pacific market with highest growth rates
- Kraton in final phase to launch our first Dispersions manufacturing facility in Asia

Coatings



- Coatings markets with increasing demand for sustainable products
- Our Pine based Fatty Acids combine excellent performance attributes & superior sustainability features
- New TOFA grades with superior colour in customer tests

Sustainability at Kraton

KRATON

Kraton's Focus on a Sustainable Future

Creating Long-term Value In A Resource-constrained World



See Kraton's 2019 Sustainability Report
<https://kraton.com/sustainability/docs/2019Report.pdf>

Advancing our Sustainability Objectives

- ✓ Achieved alignment with United Nations Global Compact on Sustainable Development Goals
- ✓ Introduced Responsible Procurement Program
- ✓ Achieved Ecovadis Gold Rating
- ✓ Responsible Care Certification
 - Implemented ISO 14001
- ✓ Joined Together for Sustainability
- ✓ Developing sustainable solutions to support the bioeconomy and connect the circular economy
- ✓ Life Cycle Assessments
- ✓ Marcello Boldrini named Chief Sustainability Officer
- ✓ Generating SASB-aligned reporting for 2020 Sustainability Report



Kraton's Approach to Sustainability

Our response to the changing expectations - the new way forward

To be an admired **sustainable** supplier of innovation-based solutions...



How we do this...

- Embrace sustainability as a value driver for our business - integrate it into strategy and tactics
- Define what long-term objectives we must meet to safeguard our future
- Identify and agree on short-term tactics to move forward on our sustainability agenda
- **Ownership of implementation at functional level**

Kraton's Sustainability-driven Business Model



REvolution™ - Rosin Ester Technology

“Making the Sustainable Option the Market Standard”

Kraton's REvolution technology provides formulators with a biobased tackifier that enables:

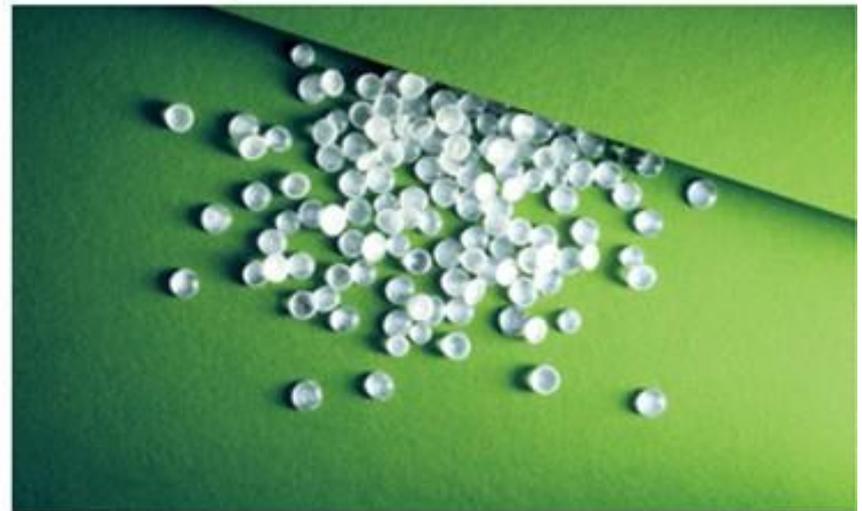
- High adhesive performance
- Low initial color and improved stability
- 93% biobased content
- Carbon footprint up to 80% lower than hydrocarbon-based alternatives



SYLVALITE RE100S



SYLVALITE 9100
Developed with



CirKular+ Technology - Enabling the Circular Economy

In response to intensified industry commitment, changing regulations and growing consumer sentiment for recyclability and recyclates reuse, Kraton's CirKular+ solutions enable a holistic approach to the plastic product life cycle, facilitating growth of the circular economy.

- **Reduced environmental impact** - Lower CO₂ and reduction of plastic waste
- **Increased end-of-life recyclability**
- **Enhanced post-consumer resin content**
- **Broader end use versatility and functionality** - Superior mechanical properties & multi-material design capability
- **Enhanced performance-value balance** - Formulation cost & process efficiency



*External certification in progress

Financial Highlights

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Polymer Segment - Q1 2021 Results

	Three Months Ended March 31,			Change
	2021	2020		
	(\$ In millions)			
Volume (kT)	74.8	70.8		4.0
Revenue	\$ 241.2	\$ 240.4	\$	0.8
Operating income	\$ 39.9	\$ 17.9	\$	21.9
Adjusted EBITDA ⁽¹⁾	\$ 37.5	\$ 51.2	\$	(13.7)
Adjusted EBITDA margin ⁽²⁾	15.5 %	21.3 %		(580 bps)

Note: May not foot due to rounding.

Q1'21 vs. Q1'20

- Adjusted EBITDA⁽¹⁾ down \$13.7 million vs. Q1'20. Adjusted EBITDA excluding Cariflex⁽¹⁾ would have been down \$3.4 million, with the decrease largely associated with the statutory turnaround costs at our Berre, France, location and the impact to fixed costs associated with inventory liquidation.
- Sales volume up 5.6% compared to Q1'20. Excluding Cariflex, sales volume would have increased 13.1%
 - Specialty Polymer sales volume up 24.5%, primarily due to demand recovery in all regions, particularly in consumer durable applications in China and broader Asia, and automotive applications in North America and Europe.
 - Performance Products sales volume up 6.5%, on higher paving and roofing sales in Europe.
- Gross Profit of \$82.0 million and Adjusted Gross Profit⁽¹⁾ of \$819 per ton, compared to Adjusted Gross Profit⁽¹⁾ of \$1,070 per ton in Q1'20. The decrease in Adjusted Gross Profit⁽¹⁾ per ton vs. Q1'20 reflects factors that include the sale of Cariflex, higher fixed costs associated with the turnaround at our Berre, France, location and the timing associated with realization of price increases in response to increasing raw material costs in Q1'21.

1. See non-GAAP reconciliations included in the accompanying financial tables for the reconciliation of each non-GAAP measure to its most directly comparable GAAP measure.

2. Defined as Adjusted EBITDA as a percentage of revenue.

Chemical Segment - Q1 2021 Results

	Three Months Ended March 31,			Change
	2021	2020		
(\$ In millions)				
Volume (kT)	111.6	110.1		1.5
Revenue	\$ 196.1	\$ 186.9	\$	9.2
Operating income	\$ 13.5	\$ 10.3	\$	3.2
Adjusted EBITDA ⁽¹⁾	\$ 30.3	\$ 26.7	\$	3.5
Adjusted EBITDA margin ⁽²⁾	15.4 %	14.3 %		110 bps

Note: May not foot due to rounding.

Q1'21 vs. Q1'20

- Adjusted EBITDA⁽¹⁾ up 13.3%, primarily driven by higher core volumes associated with improved market fundamentals, particularly for Rosin Esters, TOFA and TOFA derivatives, and lower overall fixed costs resulting from improved refinery operating rates, partially offset by higher raw material and energy costs.
- Sales volume increased 1.3% vs. Q1'20
 - Performance Chemicals volume down 3.5%, with higher sales of TOFA and TOFA derivatives offset by lower opportunistic sales of raw materials.
 - Adhesives volume up 10.8%, driven by strong Rosin Ester demand associated with favorable adhesive demand fundamentals.
 - Tires volume up 14.9% on improved demand and higher innovation-based sales.

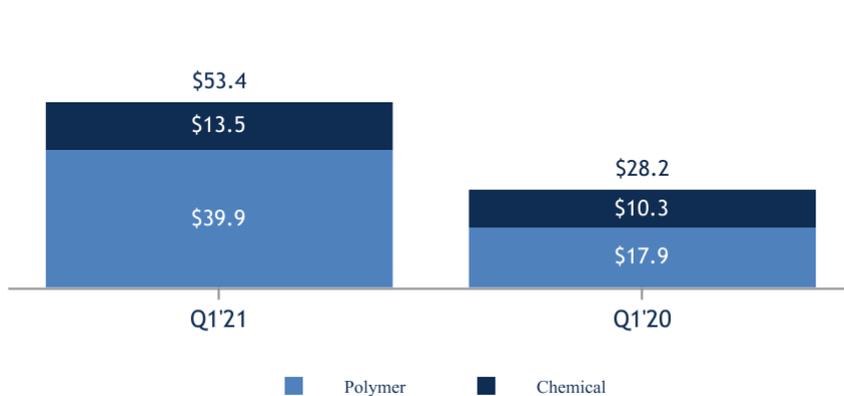
1. See non-GAAP reconciliations included in the accompanying financial tables for the reconciliation of each non-GAAP measure to its most directly comparable GAAP measure.
 2. Defined as Adjusted EBITDA as a percentage of revenue.

Q1 2021 Consolidated Results

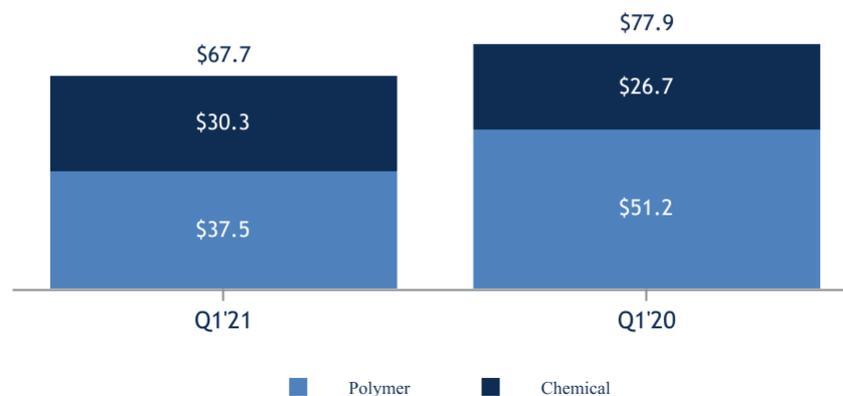
	Three Months Ended March 31,		
	2021	2020	Change
	(\$ In millions, except per share amounts)		
Revenue	\$ 437.3	\$ 427.3	\$ 10.0
Consolidated net income ⁽³⁾	\$ 34.6	\$ 209.0	\$ (174.4)
Diluted earnings per share ⁽³⁾	\$ 1.02	\$ 6.47	\$ (5.45)
Operating income	\$ 53.4	\$ 28.2	\$ 25.1
Adjusted EBITDA ⁽¹⁾	\$ 67.7	\$ 77.9	\$ (10.2)
Adjusted EBITDA margin ⁽²⁾	15.5 %	18.2 %	(270 bps)
Adjusted diluted earnings per share ⁽¹⁾	\$ 0.53	\$ 0.27	\$ 0.26

Note: May not foot due to rounding.

Operating Income



Adjusted EBITDA



1. See non-GAAP reconciliations included in the accompanying financial tables for the reconciliation of each non-GAAP measure to its most directly comparable GAAP measure.
2. Defined as Adjusted EBITDA as a percentage of revenue.
3. Consolidated net income and diluted earnings per share for the three months ended March 31, 2020 includes the gain on the sale of the Cariflex business.

Balance Sheet and Liquidity

(In millions)	March 31, 2021	December 31, 2020	YTD Change	Maturity
ABL Facility	\$ 15.0	\$ —	\$ 15.0	Dec-2025
Euro Tranche	99.9	104.2	(4.3)	Mar-2025
4.25% Senior Notes	400.0	400.0	—	Dec-2025
5.25% Senior Notes	340.7	355.4	(14.7)	May-2026
KFPC loans ⁽¹⁾⁽²⁾	83.8	89.7	(6.0)	Jan-2022
Finance lease	3.8	0.8	3.0	
Consolidated debt	\$ 943.1	\$ 950.1	\$ (7.0)	
Cash	(60.8)	(85.9)	25.1	
Consolidated net debt	\$ 882.3	\$ 864.2	\$ 18.1	
Effect of foreign currency on consolidated net debt	20.2		20.2	
Consolidated net debt excluding effect of foreign currency	\$ 902.5		\$ 38.3	

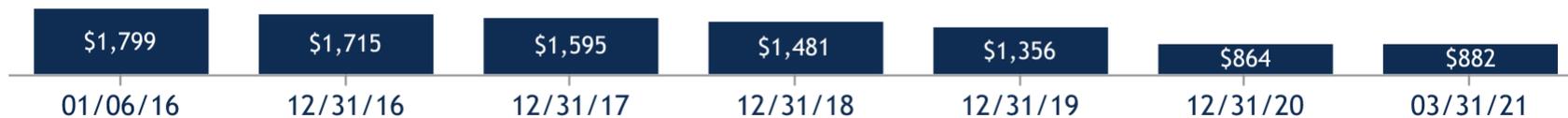
Note: May not foot due to rounding.

- Through 3/31/2021, Consolidated Debt reduced by \$7.0 million
- Through 3/31/2021, Consolidated Net Debt, excluding F/X⁽³⁾, increased by \$38.3 million

- Available Liquidity at 3/31/2021

Cash	\$ 60.8 million
ABL Facility	<u>\$200.8 million</u>
Total	\$261.6 million

Consolidated Net Debt



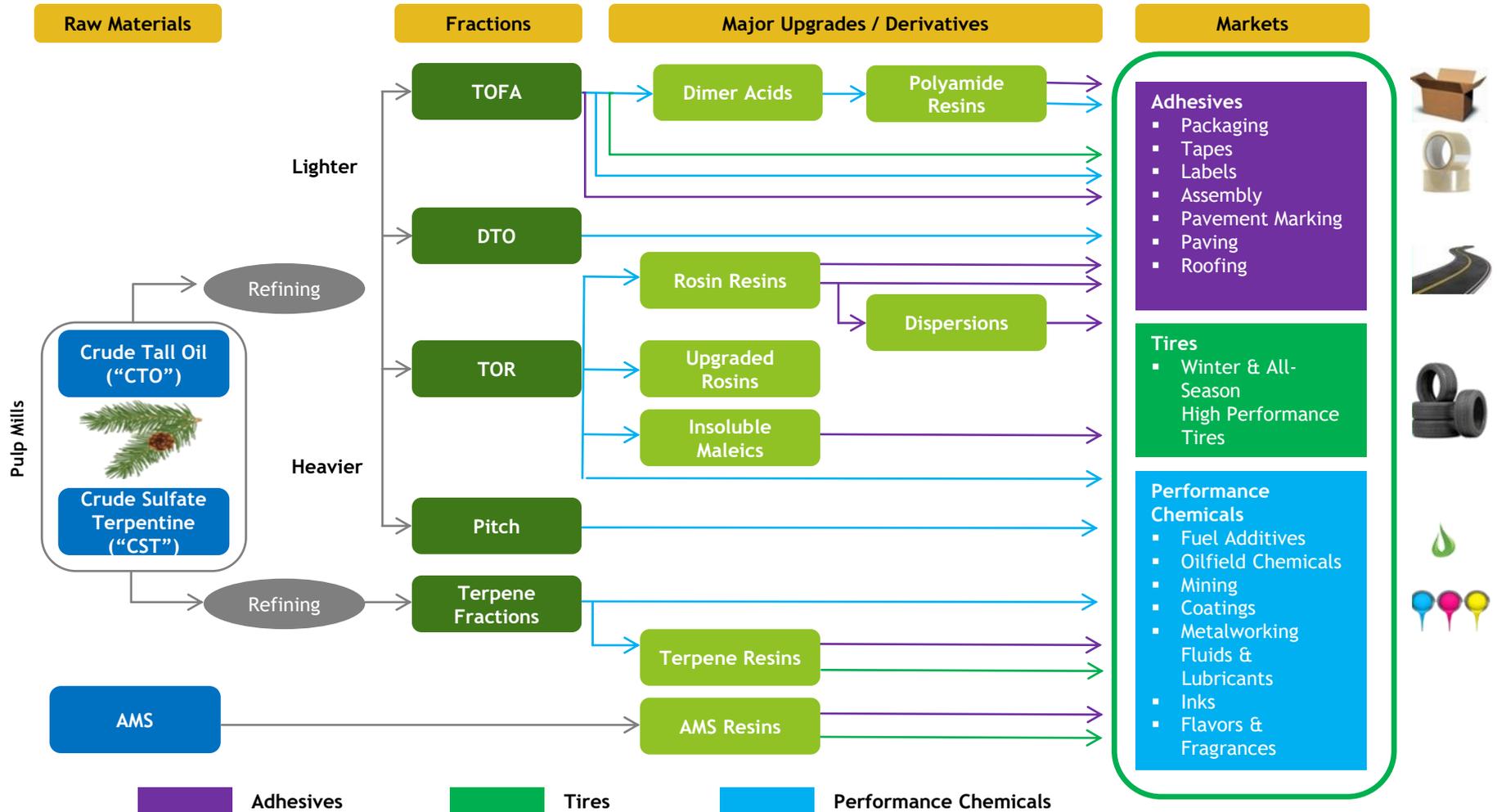
1. Kraton Formosa Polymers Corporation (KFPC) joint venture, located in Mailiao, Taiwan, which we own a 50% stake in and consolidate within our financial statements.

2. KFPC executed revolving credit facilities to provide funding for working capital requirements and/or general corporate purposes. These are in addition to the 5.5 billion NTD KFPC Loan Agreement.

Appendix

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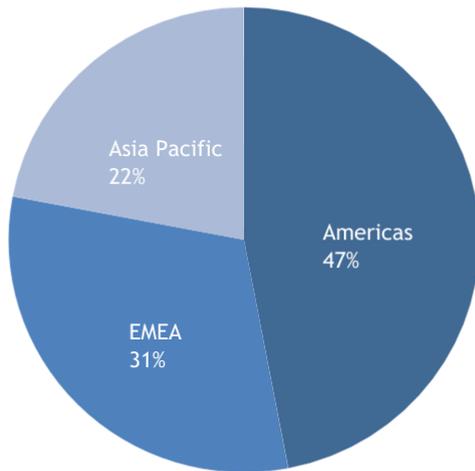
Pine Chemicals - Overview



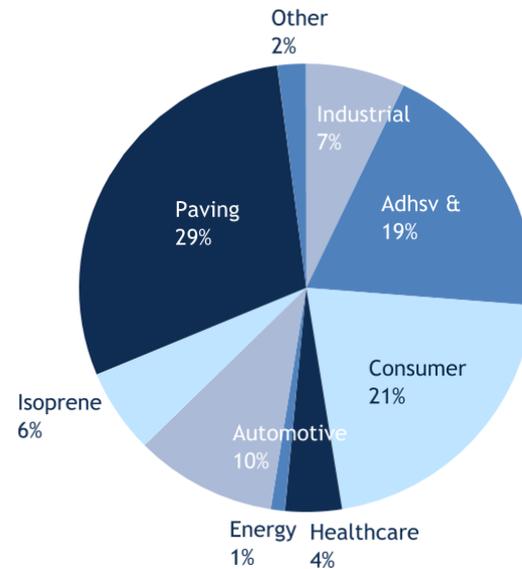
Polymer – Revenue by Geography and End Use

TTM March 31, 2021

Segment Revenue by Geography



Segment Revenue by End Use



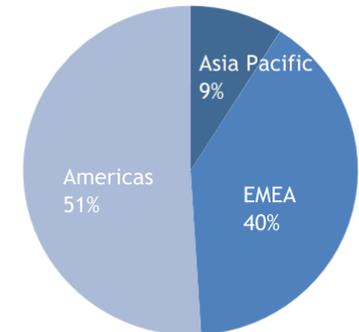
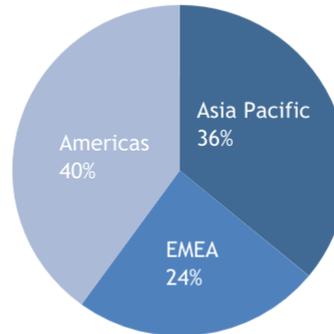
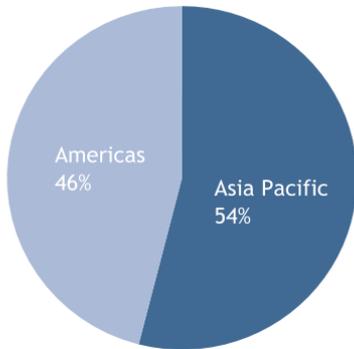
Polymer – Revenue by Geography and Product Group TTM March 31, 2021

IRSA

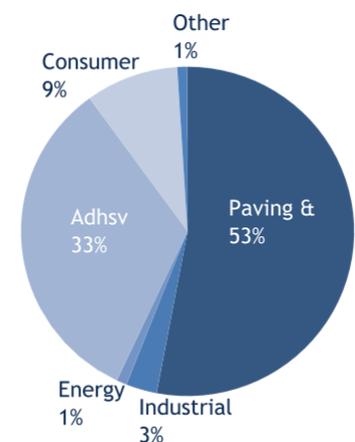
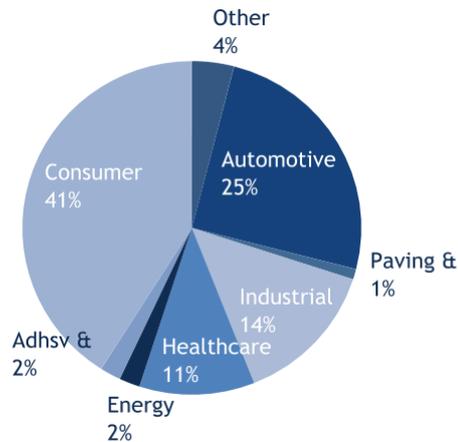
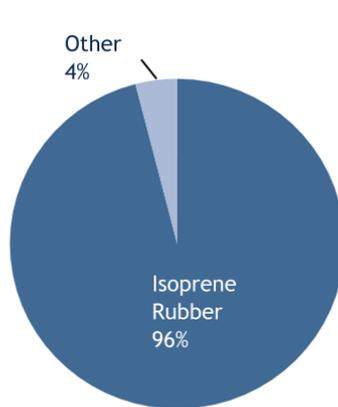
SPECIALTY POLYMERS

PERFORMANCE PRODUCTS

Revenue by Geography

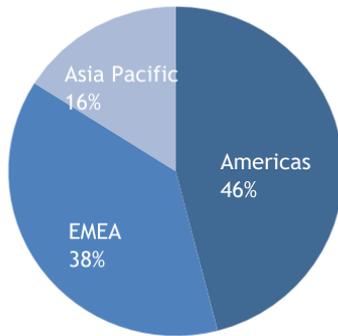


Revenue by Product Group

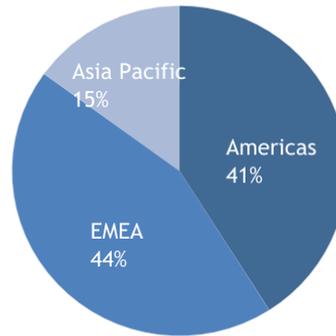


Chemical – Revenue by Geography and Product Group TTM March 31, 2021

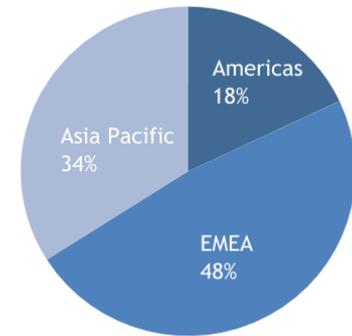
ADHESIVES 37% of TTM Revenue



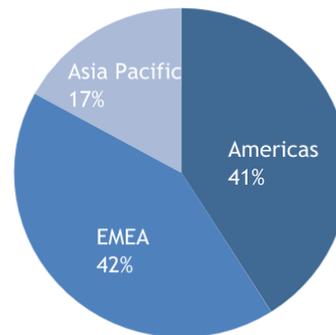
PERFORMANCE CHEMICALS 57% of TTM Revenue



TIRES 6% of TTM Revenue



Chemical Segment Revenue



Polymer Segment Reconciliation of Gross Profit to Non-GAAP Financial Measures

	Three Months Ended March 31,	
	2021	2020
	(In thousands)	
Gross profit	\$ 81,985	\$ 68,731
Add (deduct):		
Transaction, acquisition related costs, restructuring, and other costs	—	130
Non-cash compensation expense	146	171
Spread between FIFO and ECRC	(20,875)	6,745
Adjusted gross profit (non-GAAP)	<u>\$ 61,256</u>	<u>\$ 75,777</u>
Sales volume (kilotons)	<u>74.8</u>	<u>70.8</u>
Adjusted gross profit per ton	<u>\$ 819</u>	<u>\$ 1,070</u>

Reconciliation of Net Income to Operating Income to Non-GAAP Financial Measures

	Three Months Ended March 31, 2021			Three Months Ended March 31, 2020		
	Polymer	Chemical	Total	Polymer	Chemical	Total
	(In thousands)					
Net income attributable to Kraton			\$ 33,229			\$ 208,086
Net income attributable to noncontrolling interest			1,364			934
Consolidated net income			34,593			209,020
<i>Add (deduct):</i>						
Income tax (benefit) expense			8,761			(36,552)
Interest expense, net			10,947			17,461
Earnings of unconsolidated joint venture			(120)			(101)
Loss on extinguishment of debt			—			13,954
Other income			(808)			(327)
Disposition and exit of business activities			—			(175,214)
Operating income	\$ 39,859	\$ 13,514	53,373	\$ 17,925	\$ 10,316	28,241
<i>Add (deduct):</i>						
Depreciation and amortization	12,824	18,733	31,557	13,347	17,826	31,173
Disposition and exit of business activities	—	—	—	175,214	—	175,214
Other income	282	526	808	55	272	327
Loss on extinguishment of debt	—	—	—	(13,954)	—	(13,954)
Earnings of unconsolidated joint venture	120	—	120	101	—	101
EBITDA (a)	53,085	32,773	85,858	192,688	28,414	221,102
<i>Add (deduct):</i>						
Transaction, acquisition related costs, restructuring, and other costs (b)	2,332	1,972	4,304	10,148	762	10,910
Disposition and exit of business activities	—	—	—	(175,214)	—	(175,214)
Loss on extinguishment of debt	—	—	—	13,954	—	13,954
Non-cash compensation expense	2,924	—	2,924	2,848	—	2,848
Spread between FIFO and ECRC	(20,875)	(4,491)	(25,366)	6,745	(2,466)	4,279
Adjusted EBITDA	\$ 37,466	\$ 30,254	\$ 67,720	\$ 51,169	\$ 26,710	\$ 77,879
Adjusted EBITDA excluding Cariflex	\$ 37,466	\$ 30,254	\$ 67,720	\$ 40,825	\$ 26,710	\$ 67,535

- a. Included in EBITDA are Isoprene Rubber sales to Daelim under the IRSA. Sales under the IRSA are transacted at cost. Included in Adjusted EBITDA is the amortization of non-cash deferred income of \$7.6 million and \$3.4 million for the three months ended March 31, 2021 and 2020, respectively, which represents revenue deferred until the products are sold under the IRSA.
- b. Charges related to the evaluation of acquisition transactions, severance expenses, and other restructuring related charges.

Reconciliation of Diluted EPS to Adjusted Diluted EPS

	Three Months Ended March 31,	
	2021	2020
Diluted Earnings Per Share	\$ 1.02	\$ 6.47
Transaction, acquisition related costs, restructuring, and other costs (a)	0.10	0.26
Disposition and exit of business activities	—	(4.96)
Loss on extinguishment of debt	—	0.34
Tax restructuring	—	(1.95)
Spread between FIFO and ECRC	(0.59)	0.11
Adjusted Diluted Earnings Per Share (non-GAAP)	\$ 0.53	\$ 0.27

- a. Charges related to the evaluation of acquisition transactions, severance expenses, and other restructuring related charges.