CONSTRUCTION MATERIALS PRIMER

Data provided as of 12/31/2021
Knife River is one of the largest construction materials and contracting companies in the United States.

Estimated Reserves (000’s Tons)

- Alaska: 13,583
- California: 126,315
- Hawaii: 45,096
- Idaho: 28,439
- Minnesota: 76,993
- Montana: 72,636
- North Dakota: 24,958
- Oregon: 578,112
- South Dakota: 35,715
- Texas: 80,358
- Wyoming: 119,612

- **14** States of Operation
- **1.2 BILLION** Tons of Reserves
- **5,600+** Skilled Employees at Peak
- **TOP 10** U.S Aggregate Producer
SAFETY

Knife River is an industry leader in safety, a key feature of our culture

- Our goal is to have **zero accidents and zero injuries**, and we’re on our way:
  - 2021 Recordable Incident Rate is **21% better than the industry average**
  - 2021 Lost Time Accident Rate is **38% better than the industry average**

- Each quarter, Knife River honors team members who have demonstrated safety leadership and made a positive difference in their workplace

Employees & Customers

People are critical to the success of Knife River, whether it’s our employees, our customers, or the end-users of our products and services.
KNIFE RIVER STRATEGY

Size & Scale Strategy
Actively pursuing growth opportunities through organic efforts and bolt-on M&A
- Maintain focus on high-growth strategic markets located near major transportation corridors
- Focused on desirable mid-sized metropolitan areas
- Continue to build out a presence in western states

Cost and Margins
Continuously increase shareholder value by generating cash and continued growth
- Take advantage of vertical integration strategy to add margin

People, Quality, Safety & Environment
Driven to work safely, produce quality results and manage our impact on the environment because that is the best way to care for our teams, customers, and communities
- Utilizing a state-of-the-art construction training facility to enhance the skills of current employees and provide training to industry newcomers
Knife River operates sustainably to protect the environment and support our communities

**KNIFE RIVER SUSTAINABILITY** efforts are closely integrated into our business strategy and help create a competitive advantage

**Environmental investments.** Pioneered the first thermal remediation service in Alaska to treat contaminated soil

**Vehicle emissions.** Implemented internal fuel conservation programs to utilize resources efficiently. Utilizing renewable diesel in some states

**Land impacts.** Uses mine planning to manage reserves and sites in an environmentally sound manner

**Recycling.** Continues to recycle and reuse building materials, which conserves natural resources, uses less energy, and reduces waste disposal

**Partnership with Blue Planet**
Knife River is investing in Blue Planet to pursue commercial means of creating and marketing synthetic limestone, using sequestered carbon dioxide that will ultimately result in a net-zero or net-negative carbon footprint
MATERIALS FOCUSED

From highways to driveways, Knife River delivers the construction materials and services needed

KRC Materials Overview

- Knife River produces and sells aggregates, asphalt, and ready-mix concrete
- Other products include cement, liquid asphalt, finished concrete products, and other building-related materials
- These products are used by KRC and other contracting companies on roads, freeways, and bridges, as well as homes, schools, shopping centers, office buildings, and industrial parks

Why Construction Materials?

- Aggregates are a $27 billion addressable market in the U.S. \(^1\)
- Essential to infrastructure and construction; few product alternatives exist
- Meaningful upside potential: U.S. aggregates consumption is still ~20% below its 2006 peak

\(^1\) Industry Scorecard – The Economic Impact of the Natural Aggregates Industry
BOLT-ON M&A

Knife River was built through a combination of organic growth and over 80 acquisitions

- Ample bolt-on M&A opportunities
- Familiarity with local markets
- Key areas of focus:
  - Adding high-quality materials to reserves
  - Improving vertical integration advantage
  - Extending geographic reach

**Acquisition Example: Baker Rock Resources & Oregon Mainline Paving.**

- Baker Rock’s approx. 80 million tons of aggregate reserves are in key locations surrounding the Portland metro area
- Oregon Mainline is among the largest asphalt paving companies in Oregon with reach into California, Idaho and Washington
**Revenue and Backlog**

*Segment FY Revenue and Q2 Backlog*  
($ in millions)

2016-2021 CAGR  
Revenue: 3.5%  
Backlog: 2.5%

- **Revenue:** Knife River has demonstrated solid multi-year revenue growth driven by improvements in volume, pricing, and mix.
- **Backlog:** Healthy backlog balance and bid activity support revenue growth.
- **Materials and Contracting revenue** is partially tied to commodity price flow-through (diesel, gasoline, liquid asphalt, cement, and steel).

**Backlog**
- **Majority of backlog** is tied to the contracting services business.
- **~90% of backlog** is converted within 12 months.
- **Majority of backlog** is public (80%+), which has consistent demand and high completion rates.
- **Typically backlog** is highest in the first half of the year as the bidding for projects is done in Q1 and Q2.

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**Gross Revenue and Backlog Figures**

<table>
<thead>
<tr>
<th>Year</th>
<th>Contracting Revenue</th>
<th>Materials Revenue</th>
<th>Intragroup Eliminations</th>
<th>Backlog (Q2)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>$1,343.1</td>
<td>$1,009.2</td>
<td>($478.0)</td>
<td>$805</td>
</tr>
<tr>
<td>2017</td>
<td>$1,288.5</td>
<td>$945.2</td>
<td>($421.2)</td>
<td>$766</td>
</tr>
<tr>
<td>2018</td>
<td>$1,423.1</td>
<td>$968.6</td>
<td>($466.0)</td>
<td>$731</td>
</tr>
<tr>
<td>2019</td>
<td>$1,627.8</td>
<td>$1,088.6</td>
<td>($525.7)</td>
<td>$1,042</td>
</tr>
<tr>
<td>2020</td>
<td>$1,659.1</td>
<td>$1,069.7</td>
<td>($550.8)</td>
<td>$875</td>
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<tr>
<td>2021</td>
<td>$1,712.5</td>
<td>$1,017.5</td>
<td>($501.1)</td>
<td>$912</td>
</tr>
</tbody>
</table>

Gross revenue includes internal sales. Backlog figures as of June 30th in each period.
**EBITDA**

Solid long-term EBITDA growth with significant acceleration in the past few years

**Segment EBITDA**

($ in millions)

- EBITDA primarily driven by organic growth and margin expansion; supported by contributions from acquisitions
- Focused on expanding margins across product lines and continued cost control
- Margins are influenced by materials pricing, energy costs, and weather conditions
- Expect margin expansion in 2022 to drive further EBITDA growth

1. Note: EBITDA is considered a non-GAAP financial measure.
EARNINGS PER SHARE

Robust EPS growth since 2016; Solid operating leverage in the model

Segment EPS
($ per share)

2016-2021 EPS CAGR
3.8%

<table>
<thead>
<tr>
<th>Year</th>
<th>Segment EPS ($ per share)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>$0.53</td>
</tr>
<tr>
<td>2017</td>
<td>$0.63</td>
</tr>
<tr>
<td>2018</td>
<td>$0.47</td>
</tr>
<tr>
<td>2019</td>
<td>$0.61</td>
</tr>
<tr>
<td>2020</td>
<td>$0.73</td>
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<tr>
<td>2021</td>
<td>$0.64</td>
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</table>
U.S. INFRASTRUCTURE GROWTH

Significant underinvestment in recent years results in decades-long growth opportunities

- Over $1.5 trillion funding gap in U.S. infrastructure expected to drive heightened construction demand
- This decades-long growth opportunity is present across multiple infrastructure systems, many of which Knife River has significant direct exposure to
- Knife River is well-positioned to fill this need as it strengthens its foothold in key growth geographies that will benefit from increased infrastructure spending

<table>
<thead>
<tr>
<th>2020-2029 Infrastructure Systems¹</th>
<th>Total Needs</th>
<th>Estimated Funding</th>
<th>Funding Gap</th>
<th>Report Card Grade</th>
<th>Exposure to Knife River</th>
</tr>
</thead>
<tbody>
<tr>
<td>Surface Transportation</td>
<td>$2,574</td>
<td>$1,369</td>
<td>$1,205</td>
<td>C</td>
<td>✓</td>
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<tr>
<td>Electricity</td>
<td>$637</td>
<td>$440</td>
<td>$197</td>
<td>C</td>
<td></td>
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<tr>
<td>Airports</td>
<td>$237</td>
<td>$126</td>
<td>$111</td>
<td>D+</td>
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<tr>
<td>Rail</td>
<td>$260</td>
<td>$250</td>
<td>$10</td>
<td>B</td>
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<tr>
<td>Total</td>
<td>$3,708</td>
<td>$2,185</td>
<td>$1,523</td>
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</table>

The Infrastructure Investment and Jobs Act (IIJA) provides the largest increase in federal highway, bridge, and transit funding in more than six decades.

**Washington - $7.27B+**
With 416 bridges in poor condition, Knife River is well-positioned to serve the state of Washington.

In 2020, Knife River doubled the size of prestress operations with the acquisition of Oldcastle precast in Spokane, WA.

**South Dakota – $2.32B+**
Knife River operations have grown exponentially since the acquisition of Sweetman Construction Co. in 2018.

As a premier provider of aggregates, asphalt, and ready-mix in the state Knife River stands to benefit from the repair and rebuilding of roads and bridges in the state.

**Texas – $31.23B+**
Of the $31.23B in highway, bridge, and transit investment, $26.9 billion will be allocated to highway work where 19,400 miles of highway are in poor condition.

Knife River expanded operational capabilities in Texas with the purchase and development of Honey Creek Quarry.

Across Knife River’s footprint, the IIJA designates $115+ billion for the repair and rebuilding of thousands of bridges and over 56,000 miles of highway in poor condition.

Sources: American Road & Transportation Builders Association – IIJA Economic Impact & whitehouse.gov
Knife River is going beyond the classroom to provide hands-on training in real-world environments. Building real skills through both education and experience.

- 80,000 square-foot heated indoor arena for training on trucks and heavy equipment
- 16,000 square-foot office, classroom, and lab facility
- Mock urban environment for training on equipment and underground work with simulated overhead/underground hazards
- CDL driving school accreditation is nearly complete, which will aid in addressing the acute shortage of truck drivers in the industry
- Facilities and classes are open to all construction companies

Learn more at www.krtrainingcenter.com
## RECONCILIATION OF EBITDA

($ in millions)

### For the year ended December 31

<table>
<thead>
<tr>
<th></th>
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<tbody>
<tr>
<td>Income from</td>
<td>$102.7</td>
<td>$123.4</td>
<td>$92.6</td>
<td>$120.4</td>
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<td>Continuing Ops.</td>
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<tr>
<td>Adjustments:</td>
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<tr>
<td>Interest Expense</td>
<td>$15.3</td>
<td>$14.8</td>
<td>$17.3</td>
<td>$23.8</td>
<td>$20.6</td>
<td>$19.2</td>
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<tr>
<td>Income Taxes</td>
<td>$60.6</td>
<td>$5.4</td>
<td>$28.4</td>
<td>$37.4</td>
<td>$47.4</td>
<td>$43.4</td>
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<tr>
<td>Depreciation,</td>
<td>$58.4</td>
<td>$55.9</td>
<td>$61.2</td>
<td>$77.4</td>
<td>$89.6</td>
<td>$101.0</td>
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<tr>
<td>Depletion &amp; Amort.</td>
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<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td><strong>EBITDA</strong></td>
<td>$237.0</td>
<td>$199.5</td>
<td>$199.5</td>
<td>$259.0</td>
<td>$304.9</td>
<td>$293.4</td>
</tr>
</tbody>
</table>

1. Note: EBITDA is considered a non-GAAP financial measure.