

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549**

**Form 10-Q**

(Mark One)

☒ **Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

For the quarterly period ended March 31, 2025

or

☐ **Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File Number: 001-34146



**CLEARWATER PAPER CORPORATION**

(Exact name of registrant as specified in its charter)

**Delaware**  
(State or other jurisdiction of  
incorporation or organization)

**20-3594554**  
(I.R.S. Employer  
Identification No.)

**601 West Riverside, Suite 1100**

**Spokane, WA**  
(Address of principal executive offices)

**99201**  
(Zip Code)

**(509) 344-5900**

(Registrant's telephone number, including area code)

**Securities registered pursuant to Section 12(b) of the Act:**

| Title of each class                        | Trading Symbol(s) | Name of each exchange on which registered |
|--------------------------------------------|-------------------|-------------------------------------------|
| Common Stock, par value \$0.0001 per share | CLW               | New York Stock Exchange                   |

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (section 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

|                         |                                     |                           |                          |
|-------------------------|-------------------------------------|---------------------------|--------------------------|
| Large accelerated filer | <input checked="" type="checkbox"/> | Accelerated filer         | <input type="checkbox"/> |
| Non-accelerated filer   | <input type="checkbox"/>            | Smaller reporting company | <input type="checkbox"/> |
|                         |                                     | Emerging growth company   | <input type="checkbox"/> |

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

The number of shares of common stock of the registrant outstanding as of April 28, 2025 was 16,255,627.

## FORWARD-LOOKING STATEMENTS

Our disclosure and analysis in this report contains, in addition to historical information, certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including statements as to our expectations regarding our cost reduction efforts for the near future and the expected costs and expenses associated with these efforts; any anticipated disposition or reorganization of our assets; accounting standards; our operations and expectations; current and anticipated borrowing and credit facilities; cash flows; capital expenditures; working capital; compliance with our loan and financing agreements; operating costs; selling, general and administrative expenses; liquidity; and legal proceedings. Words such as “anticipate,” “expect,” “intend,” “plan,” “project,” “believe,” “estimate,” “may,” and similar expressions are intended to identify such forward-looking statements. These forward-looking statements are based on management’s current expectations, estimates, assumptions and projections that are subject to change. Our actual results of operations may differ materially from those expressed or implied by the forward-looking statements contained in this report. Important factors that could cause or contribute to such differences in operating results include those risks discussed in Item 1A “Risk Factors” in our 2024 Form 10-K, as well as the following:

- our inability to realize the expected benefits of the Augusta, Georgia paperboard manufacturing facility acquisition, including anticipated financial results;
  - purchase price adjustments and/or unexpected costs, charges or expenses resulting from the sale of our consumer products division (tissue business);
  - the inability to successfully implement our restructuring initiatives in response to the sale of our consumer products division (tissue business);
  - competitive pricing pressures for our products, including as a result of capacity additions, demand reduction and the impact of foreign currency fluctuations on the pricing of products globally;
  - the loss of, change in price in regard to, or reduction in, orders from a significant customer;
  - changes in customer or consumer preferences for paperboard grades or substrates;
  - consolidation and vertical integration of converting operations in the paperboard industry;
  - cyclical industry conditions;
  - continued changes in the United States and international economies and in general economic conditions in the regions and industries in which we operate;
  - manufacturing or operating disruptions, including equipment malfunctions and damage to our manufacturing facilities;
  - changes in the cost and availability of wood fiber and wood pulp;
  - changes in energy, chemicals, packaging and freight costs and disruptions in transportation services impacting our ability to receive inputs or ship products to customers;
  - larger competitors having operational, financial and other advantages;
  - labor disruptions;
  - reliance on a limited number of third-party suppliers, vendors and service providers required for the production of our products and our operations;
  - cyber-security risks;
  - environmental liabilities or expenditures and climate change;
  - our ability to execute on our growth and expansion strategies and other strategic initiatives;
  - our ability to successfully execute capital projects and other activities to operate our assets, including effective maintenance, implement our operational efficiencies and realize higher throughput or lower costs;
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- IT system disruptions and IT system implementation failures;
- changes in expenses, required contributions and potential withdrawal costs associated with our pension plans;
- our ability to attract, motivate, train and retain qualified and key personnel;
- our ability to service our debt obligations and restrictions on our business from debt covenants and terms;
- changes in our banking relations;
- negative changes in our credit agency ratings; and
- changes in laws, regulations or industry standards affecting our business.

Forward-looking statements contained in this report present management's views only as of the date of this report. Except as required under applicable law, we do not intend to issue updates concerning any future revisions of management's views to reflect events or circumstances occurring after the date of this report. You are advised, however, to consult any further disclosures we make on related subjects in our quarterly reports on Form 10-Q and current reports on Form 8-K filed with the Securities and Exchange Commission, or SEC.

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**Part I: Financial Information****ITEM 1.** Consolidated Financial Statements**CLEARWATER PAPER CORPORATION****Consolidated Balance Sheets (Unaudited)**

(In millions, except share data)

|                                                                                                     | March 31, 2025    | December 31, 2024 |
|-----------------------------------------------------------------------------------------------------|-------------------|-------------------|
| <b>Assets</b>                                                                                       |                   |                   |
| Current assets:                                                                                     |                   |                   |
| Cash and cash equivalents                                                                           | \$ 44.0           | \$ 79.6           |
| Receivables, net of allowance for current expected credit losses                                    | 177.4             | 188.7             |
| Inventories, net                                                                                    | 259.3             | 258.0             |
| Other current assets                                                                                | 18.9              | 19.1              |
| <b>Total current assets</b>                                                                         | <b>499.6</b>      | <b>545.4</b>      |
| Property, plant and equipment                                                                       | 2,356.6           | 2,328.4           |
| Accumulated depreciation and amortization                                                           | (1,326.8)         | (1,305.4)         |
| Property, plant and equipment, net                                                                  | 1,029.9           | 1,023.1           |
| Goodwill and intangible assets, net                                                                 | 52.4              | 52.9              |
| Other assets, net                                                                                   | 52.0              | 57.9              |
| <b>Total assets</b>                                                                                 | <b>\$ 1,633.9</b> | <b>\$ 1,679.2</b> |
| <b>Liabilities and stockholders' equity</b>                                                         |                   |                   |
| Current liabilities:                                                                                |                   |                   |
| Current portion of long-term debt                                                                   | \$ 0.6            | \$ 0.6            |
| Accounts payable and accrued liabilities                                                            | 299.5             | 319.7             |
| <b>Total current liabilities</b>                                                                    | <b>300.2</b>      | <b>320.4</b>      |
| Long-term debt                                                                                      | 281.6             | 281.6             |
| Liability for pension and other postretirement employee benefits                                    | 52.2              | 52.5              |
| Deferred tax liabilities and other long-term obligations                                            | 163.4             | 170.2             |
| <b>Total liabilities</b>                                                                            | <b>797.3</b>      | <b>824.7</b>      |
| <b>Stockholders' equity:</b>                                                                        |                   |                   |
| Preferred stock, par value \$0.0001 per share, 5,000,000 authorized shares, no shares issued        | —                 | —                 |
| Common stock, par value \$0.0001 per share, 100,000,000 authorized shares, 16,567,722 shares issued | —                 | —                 |
| Additional paid-in capital                                                                          | 5.0               | 11.5              |
| Treasury stock, at cost, 312,095 and 122,821 shares                                                 | (8.5)             | (3.3)             |
| Retained earnings                                                                                   | 874.5             | 880.8             |
| Accumulated other comprehensive loss, net of tax                                                    | (34.5)            | (34.5)            |
| <b>Total stockholders' equity</b>                                                                   | <b>836.6</b>      | <b>854.6</b>      |
| <b>Total liabilities and stockholders' equity</b>                                                   | <b>\$ 1,633.9</b> | <b>\$ 1,679.2</b> |

The accompanying notes are an integral part of these consolidated financial statements.

# CLEARWATER PAPER CORPORATION

## Consolidated Statements of Operations

(Unaudited)

| (In millions, except per-share data)                                                       | Quarter Ended March 31, |           |
|--------------------------------------------------------------------------------------------|-------------------------|-----------|
|                                                                                            | 2025                    | 2024      |
| Net sales                                                                                  | \$ 378.2                | \$ 258.8  |
| Costs and expenses:                                                                        |                         |           |
| Cost of sales                                                                              | 341.5                   | 225.5     |
| Selling, general and administrative expenses                                               | 28.9                    | 28.1      |
| Other operating charges, net                                                               | 11.8                    | 6.0       |
| Total operating costs and expenses                                                         | 382.2                   | 259.6     |
| Loss from continuing operations                                                            | (4.0)                   | (0.8)     |
| Interest expense, net                                                                      | (3.3)                   | (1.2)     |
| Other non-operating income (expense)                                                       | (0.3)                   | 0.3       |
| Total non-operating expense                                                                | (3.6)                   | (0.9)     |
| Loss from continuing operations before income taxes                                        | (7.7)                   | (1.7)     |
| Income tax provision (benefit)                                                             | (1.8)                   | 0.5       |
| Loss from continuing operations                                                            | (5.9)                   | (2.1)     |
| Income (loss) from discontinued operations, net of tax                                     | (0.4)                   | 19.3      |
| Net income (loss)                                                                          | \$ (6.3)                | \$ 17.2   |
| Net income (loss) per common share:                                                        |                         |           |
| Loss per share from continuing operations - basic and diluted                              | \$ (0.36)               | \$ (0.12) |
| Income (loss) per share from discontinued operations - basic and diluted                   | (0.02)                  | 1.16      |
| Net income (loss) per share - basic and diluted                                            | \$ (0.38)               | \$ 1.03   |
| Average shares of common stock used to compute net income (loss) per share (in thousands): |                         |           |
| Basic and diluted                                                                          | 16,375                  | 16,607    |

The accompanying notes are an integral part of these consolidated financial statements.

CLEARWATER PAPER CORPORATION

Consolidated Statements of Comprehensive Income (Loss)

(Unaudited)

| (In millions)                                                                       | Quarter Ended March 31, |         |
|-------------------------------------------------------------------------------------|-------------------------|---------|
|                                                                                     | 2025                    | 2024    |
| Net income (loss)                                                                   | \$ (6.3)                | \$ 17.2 |
| Other comprehensive loss:                                                           |                         |         |
| Defined benefit pension and other postretirement employee benefits:                 |                         |         |
| Amortization of actuarial gain included in net periodic cost, net of immaterial tax | —                       | —       |
| Other comprehensive loss, net of tax                                                | —                       | —       |
| Comprehensive income (loss)                                                         | \$ (6.3)                | \$ 17.2 |

The accompanying notes are an integral part of these consolidated financial statements.

# CLEARWATER PAPER CORPORATION

## Consolidated Statements of Cash Flows

(unaudited)

| (In millions)                                                                                  | Three Months Ended March 31, |         |
|------------------------------------------------------------------------------------------------|------------------------------|---------|
|                                                                                                | 2025                         | 2024    |
| <b>Operating activities</b>                                                                    |                              |         |
| Net income (loss)                                                                              | \$ (6.3)                     | \$ 17.2 |
| Adjustments to reconcile net income (loss) to net cash flows provided by operating activities: |                              |         |
| Depreciation and amortization                                                                  | 22.0                         | 23.2    |
| Equity-based compensation expense                                                              | 1.0                          | 3.3     |
| Deferred taxes                                                                                 | (2.3)                        | (1.6)   |
| Defined benefit pension and other postretirement employee benefits                             | (0.1)                        | (0.9)   |
| Loss on sale or impairment associated with assets                                              | 0.1                          | 0.2     |
| Changes in operating assets and liabilities:                                                   |                              |         |
| Decrease in accounts receivable                                                                | 11.1                         | 7.8     |
| (Increase) decrease in inventories                                                             | 0.9                          | (8.2)   |
| (Increase) decrease in other current assets                                                    | 0.2                          | (2.3)   |
| Increase (decrease) in accounts payable and accrued liabilities                                | (24.0)                       | 20.5    |
| Other, net                                                                                     | (1.1)                        | 0.1     |
| Net cash flows provided by operating activities                                                | 1.5                          | 59.2    |
| <b>Investing activities</b>                                                                    |                              |         |
| Additions to property, plant and equipment, net <sup>1</sup>                                   | (32.7)                       | (18.5)  |
| Net cash flows used in investing activities                                                    | (32.7)                       | (18.5)  |
| <b>Financing activities</b>                                                                    |                              |         |
| Repayments of long-term debt                                                                   | (0.2)                        | (23.5)  |
| Taxes paid related to net share settlement of equity awards                                    | (2.3)                        | (3.1)   |
| Repurchases of common stock                                                                    | (10.9)                       | (0.5)   |
| Other, net                                                                                     | 8.9                          | (0.4)   |
| Net cash flows used in financing activities                                                    | (4.4)                        | (27.6)  |
| Increase (decrease) in cash and cash equivalents                                               | (35.6)                       | 13.2    |
| Cash and cash equivalents at beginning of period                                               | 79.6                         | 42.0    |
| Cash and cash equivalents at end of period                                                     | \$ 44.0                      | \$ 55.2 |
| <b>Supplemental disclosures of cash flow information:</b>                                      |                              |         |
| Cash paid for interest, net of amounts capitalized                                             | \$ 6.5                       | \$ 9.9  |
| Cash paid for income taxes                                                                     | \$ 0.2                       | —       |

<sup>1</sup> Capital expenditures of \$16.6 million and \$10.3 million that have not been paid as of March 31, 2025 and 2024 were excluded from the Statements of Cash Flows.

The accompanying notes are an integral part of these consolidated financial statements.

# ARWATER PAPER CORPORATION

## Consolidated Statements of Stockholders' Equity

1)

| (In millions, except share amounts which are in thousands) | Common Stock |        |                            | Treasury Stock |        | Retained Earnings | Accumulated Other Comprehensive Loss | Total Stockholders' Equity |
|------------------------------------------------------------|--------------|--------|----------------------------|----------------|--------|-------------------|--------------------------------------|----------------------------|
|                                                            | Shares       | Amount | Additional Paid-In Capital | Shares         | Amount |                   |                                      |                            |
| Balance at December 31, 2023                               | 16,485       | \$ —   | \$ 14.9                    | —              | \$ —   | \$ 684.5          | \$ (30.7)                            | \$ 668.8                   |
| Net income                                                 | —            | —      | —                          | —              | —      | 17.2              | —                                    | 17.2                       |
| Stock-based compensation expense                           | —            | —      | 2.2                        | —              | —      | —                 | —                                    | 2.2                        |
| Issuance of shares under stock plans, net                  | 175          | —      | (3.1)                      | —              | —      | —                 | —                                    | (3.1)                      |
| Repurchases of common stock                                | (13)         | —      | (0.5)                      | —              | —      | —                 | —                                    | (0.5)                      |
| Balance at March 31, 2024                                  | 16,647       | \$ —   | \$ 13.5                    | —              | \$ —   | \$ 701.7          | \$ (30.7)                            | \$ 684.5                   |

| (In millions, except share amounts which are in thousands) | Common Stock |        |                            | Treasury Stock |          | Retained Earnings | Accumulated Other Comprehensive Loss | Total Stockholders' Equity |
|------------------------------------------------------------|--------------|--------|----------------------------|----------------|----------|-------------------|--------------------------------------|----------------------------|
|                                                            | Shares       | Amount | Additional Paid-In Capital | Shares         | Amount   |                   |                                      |                            |
| Balance at December 31, 2024                               | 16,568       | \$ —   | \$ 11.5                    | (123)          | \$ (3.3) | \$ 880.8          | \$ (34.5)                            | \$ 854.6                   |
| Net loss                                                   | —            | —      | —                          | —              | —        | (6.3)             | —                                    | (6.3)                      |
| Stock-based compensation expense                           | —            | —      | 1.4                        | —              | —        | —                 | —                                    | 1.4                        |
| Issuance of shares under stock plans, net                  | —            | —      | (7.9)                      | 191            | 5.7      | —                 | —                                    | (2.3)                      |
| Repurchases of common stock                                | —            | —      | —                          | (380)          | (10.9)   | —                 | —                                    | (10.9)                     |
| Balance at March 31, 2025                                  | 16,568       | \$ —   | \$ 5.0                     | (312)          | \$ (8.5) | \$ 874.5          | \$ (34.5)                            | \$ 836.6                   |

The accompanying notes are an integral part of these consolidated financial statements.

**Clearwater Paper Corporation**  
**Notes to Consolidated Financial Statements**  
**(Unaudited)**

**Note 1 Description of Business and Basis of Presentation**

*Description of Business*

We are a premier manufacturer and supplier of bleached paperboard focused on servicing independent converters in North America. We also offer services that include custom sheeting, slitting, and cutting.

During the year ended December 31, 2024, we sold our tissue (consumer products) operations. Accordingly, the results of our previously-owned tissue operations have been presented as discontinued operations in our Consolidated Statements of Operations for all periods presented. See Note 4, "Discontinued operations."

*Basis of Presentation*

The accompanying unaudited Consolidated Financial Statements have been prepared in accordance with generally accepted accounting principles in the United States (U.S. GAAP) for interim financial information. Accordingly, they do not include all the information and footnotes required by U.S. GAAP for complete consolidated financial statements. In the opinion of management, all adjustments considered necessary for a fair presentation have been included and are of a normal and recurring nature. These consolidated financial statements and related Notes should be read in conjunction with our annual report on Form 10-K for the fiscal year ended December 31, 2024. Results of operations for interim periods are not necessarily indicative of results to be expected for an entire year. All dollar amounts are shown in millions, except per share amounts.

**Note 2 Recently Issued Accounting Standards**

In November 2024, the FASB issued ASU 2024-03, *Disaggregation of Income Statement Expenses (Subtopic 220-40)*, which requires disaggregated disclosure of certain types of expenses, such as inventory purchases, employee compensation, depreciation, and amortization in commonly presented expense captions such as cost of revenue and selling, general and administrative expenses. This ASU is effective for fiscal years beginning after December 15, 2026, and interim periods within fiscal years beginning after December 15, 2027. Early adoption is permitted. Adoption of this ASU will result in additional disclosure, but it will not impact our consolidated financial position, results of operations or cash flows.

In December 2023, the FASB issued ASU No. 2023-09, *Income Taxes—Improvements to Income Tax Disclosures (Topic 740)*, which requires enhanced disclosures primarily related to the rate reconciliation and disaggregation of income taxes paid. This ASU is effective for annual periods beginning after December 15, 2024, with early adoption permitted. Adoption of this ASU will result in additional disclosure, but it will not impact our consolidated financial position, results of operations or cash flows.

**Note 3 Business Acquisition**

On May 1, 2024, we completed the acquisition of a paperboard manufacturing facility and associated business, located in Augusta, Georgia (Augusta). The purchase price of the Augusta acquisition was allocated to assets acquired and liabilities based on the fair values as of the date of acquisition.

The purchase price allocation as of March 31, 2025 is as follows:

|                                                   | May 1, 2024                        |                                |                                   |
|---------------------------------------------------|------------------------------------|--------------------------------|-----------------------------------|
|                                                   | Original Purchase Price Allocation | Measurement Period Adjustments | Updated Purchase Price Allocation |
| Purchase price                                    | \$ 708.2                           | \$ —                           | \$ 708.2                          |
| Inventories, net                                  | 102.8                              | —                              | 102.8                             |
| Other current assets                              | 0.4                                | (0.1)                          | 0.4                               |
| Property, plant and equipment                     | 609.3                              | 1.0                            | 610.3                             |
| Other assets, net                                 | 11.8                               | —                              | 11.8                              |
| Total assets acquired                             | 724.3                              | 0.9                            | 725.2                             |
| Current portion of long-term debt                 | (0.6)                              | —                              | (0.6)                             |
| Accounts payable and accrued liabilities          | (7.7)                              | (0.8)                          | (8.5)                             |
| Long-term debt                                    | (8.9)                              | —                              | (8.9)                             |
| Other long-term obligations                       | (12.6)                             | —                              | (12.6)                            |
| Total liabilities assumed                         | (29.7)                             | (0.8)                          | (30.5)                            |
| Net assets acquired                               | 694.5                              | 0.1                            | 694.6                             |
| Goodwill                                          | 13.7                               | (0.1)                          | 13.6                              |
| Total estimated fair value of net assets acquired | \$ 708.2                           | \$ —                           | \$ 708.2                          |

The following unaudited pro forma consolidated financial information combines our results and the unaudited results of the Augusta operations had the transaction been completed on January 1, 2024. In addition, these results are not intended to be a projection of future results and do not reflect events that may occur after the Augusta acquisition, including but not limited to revenue enhancements, cost savings or operating synergies that we may achieve as a result of the Augusta acquisition.

|            | Quarter Ended March 31, |       |
|------------|-------------------------|-------|
|            | 2024                    |       |
| Net sales  | \$                      | 383.9 |
| Net income |                         | 1.3   |

#### Note 4 Discontinued Operations

In November 2024, we sold our tissue operations. The results of our tissue operations have been classified as discontinued operations in our Consolidated Statements of Operations for all periods presented. Amounts included below for the quarter ended March 31, 2025 consist of the settlement of contractual and employment related obligations that are directly related to the disposal. The following table presents the financial results of the tissue segment for the quarter ended March 31, 2025 and 2024:

|                                                                | Quarter Ended March 31, |          |
|----------------------------------------------------------------|-------------------------|----------|
|                                                                | 2025                    | 2024     |
| Net sales                                                      | \$ —                    | \$ 253.1 |
| Cost of sales                                                  | 0.4                     | 197.9    |
| Selling, general and administrative expenses                   | 0.1                     | 7.7      |
| Depreciation and amortization                                  | —                       | 13.9     |
| Other operating charges, net                                   | 1.0                     | 2.0      |
| Income (loss) from discontinued operations                     | (1.5)                   | 31.6     |
| Other non-operating expense                                    | —                       | (5.3)    |
| Total non-operating expense                                    | —                       | (5.3)    |
| Income (loss) from discontinued operations before income taxes | (1.5)                   | 26.3     |
| Income tax benefit (provision)                                 | 1.1                     | (6.9)    |
| Income (loss) from discontinued operations, net of tax         | \$ (0.4)                | \$ 19.3  |

The major components of “Other operating charges, net” included in discontinued operations for the quarter ended March 31, 2025 and 2024 are reflected in the table below.

|                                                   | Quarter Ended March 31, |        |
|---------------------------------------------------|-------------------------|--------|
|                                                   | 2025                    | 2024   |
| Divestiture related costs                         | \$ 1.0                  | \$ 1.8 |
| Loss on sale or impairment associated with assets | —                       | 0.2    |
|                                                   | \$ 1.0                  | \$ 2.0 |

Operating and investing cash flows of the discontinued operation are presented in the following table:

|                                                                                | Quarter Ended March 31, |         |
|--------------------------------------------------------------------------------|-------------------------|---------|
|                                                                                | 2025                    | 2024    |
| Net cash provided by (used in) operating activities of discontinued operations | \$ (0.7)                | \$ 56.2 |
| Net cash used in investing activities of discontinued operations               | —                       | (3.7)   |

Additionally, we have not finalized the working capital adjustment with the buyer and therefore have accrued an estimate in "Accounts payable and accrued liabilities" included on our Consolidated Balance Sheets as of March 31, 2025 and December 31, 2024.

## Note 5 Fair Value Measurements

Carrying amounts reported on the consolidated balance sheets for cash and cash equivalents, restricted cash, accounts receivable and accounts payable approximate fair value due to the short-term maturity of these instruments. The fair value of our 2020 Notes as of March 31, 2025 and December 31, 2024 was \$256.1 million and \$258.9 million.

## Note 6 Receivables

Receivables consist of:

|                                              | March 31, 2025 | December 31, 2024 |
|----------------------------------------------|----------------|-------------------|
| Trade accounts receivable                    | \$ 161.6       | \$ 167.5          |
| Allowance for current expected credit losses | (1.6)          | (1.6)             |
| Unbilled receivables                         | 5.6            | 5.3               |
| Taxes receivable                             | 2.4            | 2.6               |
| Other                                        | 9.5            | 15.0              |
|                                              | \$ 177.4       | \$ 188.7          |

**Note 7 Inventories**

Inventories are stated at the lower of net realizable value or current cost using the average cost method and consist of:

|                         | March 31, 2025  | December 31, 2024 |
|-------------------------|-----------------|-------------------|
| Logs, chips and sawdust | \$ 21.2         | \$ 25.1           |
| Pulp                    | 8.1             | 6.9               |
| Paperboard products     | 125.4           | 123.4             |
| Materials and supplies  | 104.6           | 102.5             |
|                         | <u>\$ 259.3</u> | <u>\$ 258.0</u>   |

**Note 8 Property, Plant and Equipment**

Property, plant and equipment consist of:

|                                                | March 31, 2025    | December 31, 2024 |
|------------------------------------------------|-------------------|-------------------|
| Land and land improvements                     | \$ 65.8           | \$ 65.8           |
| Buildings and improvements                     | 232.4             | 232.4             |
| Machinery and equipment                        | 1,969.5           | 1,942.6           |
| Construction in progress                       | 88.9              | 87.6              |
|                                                | <u>2,356.6</u>    | <u>2,328.4</u>    |
| Less accumulated depreciation and amortization | <u>(1,326.8)</u>  | <u>(1,305.4)</u>  |
| Property, plant and equipment, net             | <u>\$ 1,029.9</u> | <u>\$ 1,023.1</u> |

**Note 9 Goodwill and Intangibles**

Changes in the carrying amounts of goodwill and intangible assets are as follows:

|                                 | Goodwill       | Intangibles   | Total          |
|---------------------------------|----------------|---------------|----------------|
| Balance as of December 31, 2024 | \$ 48.6        | \$ 4.3        | \$ 52.9        |
| Amortization                    | —              | (0.5)         | (0.5)          |
| Balance as of March 31, 2025    | <u>\$ 48.6</u> | <u>\$ 3.7</u> | <u>\$ 52.4</u> |

**Note 10 Accounts Payable and Accrued Liabilities**

Accounts payable and accrued liabilities consist of:

|                             | March 31, 2025  | December 31, 2024 |
|-----------------------------|-----------------|-------------------|
| Trade payables              | \$ 151.8        | \$ 164.6          |
| Accrued compensation        | 27.4            | 38.2              |
| Operating lease liabilities | 10.7            | 11.1              |
| Taxes payable               | 51.1            | 50.8              |
| Other                       | 58.5            | 55.0              |
|                             | <u>\$ 299.5</u> | <u>\$ 319.7</u>   |

Included in "Accounts payable and accrued liabilities" are \$16.6 million and \$25.8 million related to capital expenditures that had not yet been paid as of March 31, 2025 and December 31, 2024.

We maintain a program with a financial institution to provide our vendors with an option to receive payment earlier than our standard payment terms. As of March 31, 2025 and December 31, 2024, \$13.7 million and \$12.7 million of outstanding obligations under this program were included in "Other" in the table above.

**Note 11 Income Taxes**

For interim periods, accounting standards require that income tax expense be determined by applying the estimated annual effective income tax rate to year-to-date results, unless this method does not result in a reliable estimate of year-to-date income tax expense. Each period, the income tax accrual is adjusted to the latest estimate and the difference from the previously accrued year-to-date balance is adjusted to the current quarter.

For the three months ended March 31, 2025, we recognized an income tax benefit of \$1.8 million on loss from continuing operations and a provision of \$0.5 million on loss from continuing operations in the same period in 2024. Our effective tax rate for the three months ended March 31, 2025 varied from the U.S. federal statutory tax rate of 21.0% primarily due to the effects of changes in state taxes and nondeductible compensation.

## Note 12 Other Operating Charges

The major components of "Other operating charges, net" in the Consolidated Statements of Operations for the quarter ended March 31, 2025 and 2024 are reflected in the table below and described in the paragraphs following the table. These items are considered outside of our core operations.

|                                                   | Quarter Ended March 31, |               |
|---------------------------------------------------|-------------------------|---------------|
|                                                   | 2025                    | 2024          |
| Acquisition related costs                         | \$ —                    | \$ 3.3        |
| Integration costs                                 | 3.8                     | 1.5           |
| Cost reduction plan                               | 5.3                     | —             |
| Loss on sale or impairment associated with assets | 0.1                     | —             |
| Directors' equity-based compensation expense      | (0.4)                   | 1.2           |
| Other                                             | 3.0                     | —             |
|                                                   | <u>\$ 11.8</u>          | <u>\$ 6.0</u> |

### 2025

During the first quarter of 2025, we recorded \$11.8 million of expense in "Other operating charges, net." The main components of the expense include:

- expense of \$3.8 million associated with integration activities related to the Augusta operations;
- expense of \$5.3 million associated with our cost reduction plan (primarily severance cost);
- expense of \$0.1 million associated with impairment of assets; and
- reversal of expense of \$0.4 million relating to directors' equity-based compensation which is remeasured each period based upon changes in our stock price.

### 2024

During the first quarter of 2024, we recorded \$6.0 million of expense in "Other operating charges, net." The components of the expense include:

- expense of \$3.3 million associated with acquisition activities (primarily legal and professional services);
- expense of \$1.5 million associated with restructuring and integration activities (primarily professional services); and
- expense of \$1.2 million relating to directors' equity-based compensation which is remeasured each period based upon changes in our stock price.

## Note 13 Non-Operating Expense

The components of "Non-operating expense" in the Consolidated Statements of Operations for the quarter ended March 31, 2025 and 2024 are reflected in the table below:

|                                                                  | Quarter Ended March 31, |                 |
|------------------------------------------------------------------|-------------------------|-----------------|
|                                                                  | 2025                    | 2024            |
| Interest expense                                                 | \$ (3.4)                | \$ (1.7)        |
| Amortization of debt issuance costs                              | (0.6)                   | (0.1)           |
| Interest income                                                  | 0.6                     | 0.6             |
| Interest expense, net                                            | (3.3)                   | (1.2)           |
| Non-operating pension and other postretirement employee benefits | (0.3)                   | 0.3             |
| Total non-operating expense                                      | <u>\$ (3.6)</u>         | <u>\$ (0.9)</u> |

#### Note 14 Retirement Plans and Postretirement Benefits

The following table details the components of net periodic cost of our company-sponsored pension and other postretirement employee benefit plans for the periods presented:

| Pension Benefit Plans          | Quarter Ended March 31, |          |
|--------------------------------|-------------------------|----------|
|                                | 2025                    | 2024     |
| Service cost                   | \$ 0.8                  | \$ 0.6   |
| Interest cost                  | 3.0                     | 3.0      |
| Expected return on plan assets | (3.3)                   | (3.9)    |
| Amortization of actuarial loss | 0.2                     | —        |
| Net periodic cost              | \$ 0.6                  | \$ (0.3) |

  

| Other Postretirement Employee Benefit Plans | Quarter Ended March 31, |        |
|---------------------------------------------|-------------------------|--------|
|                                             | 2025                    | 2024   |
| Service cost                                | \$ —                    | \$ 0.1 |
| Interest cost                               | 0.6                     | 0.7    |
| Amortization of actuarial gain              | (0.1)                   | (0.1)  |
| Net periodic cost                           | \$ 0.5                  | \$ 0.6 |

We record the service component of net periodic cost as part of "Cost of sales" and "Selling, general, and administrative expenses," while the non-service component of net periodic cost is recorded in "Other non-operating income (expense)" on our Consolidated Statements of Operations. For the quarter ended March 31, 2025, we recorded \$0.7 million to "Cost of sales" and \$0.1 million to "Selling, general, and administrative expenses." For the quarter ended March 31, 2024, we recorded \$0.5 million to "Cost of sales," \$0.1 million to "Selling, general, and administrative expenses," and \$0.1 million to Discontinued Operations.

#### Note 15 Accumulated Other Comprehensive Loss

Accumulated other comprehensive loss, net of tax, is comprised of the following:

|                                                                | Pension Plan Adjustments | Other Post Retirement Employee Benefit Plan Adjustments | Total     |
|----------------------------------------------------------------|--------------------------|---------------------------------------------------------|-----------|
| Balance at December 31, 2023                                   | \$ (42.0)                | \$ 11.3                                                 | \$ (30.7) |
| Amounts reclassified from accumulated other comprehensive loss | —                        | (0.1)                                                   | —         |
| Balance at March 31, 2024                                      | \$ (41.9)                | \$ 11.2                                                 | \$ (30.7) |
| Balance at December 31, 2024                                   | \$ (47.8)                | \$ 13.4                                                 | \$ (34.5) |
| Amounts reclassified from accumulated other comprehensive loss | 0.1                      | (0.1)                                                   | —         |
| Balance at March 31, 2025                                      | \$ (47.7)                | \$ 13.2                                                 | \$ (34.5) |

#### Note 16 Stockholders' Equity

##### Common Stock Plans

We have stock-based compensation plans under which restricted stock awards and stock options are outstanding or granted subject to time or performance vesting requirements. At March 31, 2025, approximately 0.2 million shares were available for future issuance under our current plan.

|                                                                                        | Quarter Ended March 31, |        |
|----------------------------------------------------------------------------------------|-------------------------|--------|
|                                                                                        | 2025                    | 2024   |
| Total stock-based compensation expense                                                 | \$ 1.0                  | \$ 3.3 |
| Income tax provision (benefit) related to stock-based compensation                     | \$ (0.3)                | \$ 0.3 |
| Impact on cash flow due to taxes paid related to net share settlement of equity awards | \$ 2.3                  | \$ 3.1 |

As of March 31, 2025, there was \$14.4 million of total unrecognized compensation costs related to outstanding restricted stock unit awards.

During the quarter ended March 31, 2025, we granted 193,707 restricted stock units (time vesting) at an average grant date fair value of \$28.36 per share and 190,914 restricted stock units (performance vesting) at an average grant date fair value of \$31.02 per share.

During the quarter ended March 31, 2024, stock-based compensation expense of \$3.0 million was charged to continuing operations and \$0.4 million was charged to discontinued operations.

#### **Note 17 Earnings (Loss) per Share**

Basic income (loss) per share is based on the weighted-average number of shares of common stock outstanding. Diluted income (loss) per share is based upon the weighted-average number of shares of common stock outstanding plus all potentially dilutive securities that were assumed to be converted into common shares at the beginning of the period under the treasury stock method. This method requires the effect of potentially dilutive common stock equivalents be excluded from the calculation of diluted earnings per share for the periods in which net losses from continuing operations are reported because the effect is anti-dilutive.

Shares excluded from the computation of diluted earnings (loss) per share were 0.6 million for the quarter ended March 31, 2025 and 0.7 million for the quarter ended March 31, 2024 as due to our loss position on continuing operations in both periods presented.

#### **Note 18 Cost Reduction Plan**

In early 2025, we announced a plan to reduce our cost structure across operations and selling, general and administrative expenses as we right-size our operations after the sale of our tissue operations (discussed at Note 3). In connection with these activities, we expect to record employee severance costs of \$5 to \$7 million by the end of 2025. During the first quarter of 2025, we incurred severance expense of \$4.4 million associated with this plan. The remaining severance will be recognized from the date of notification until it is earned

Changes in our severance liability (included in accounts payable and accrued liabilities on the consolidated balance sheet) for the first quarter of 2025 are as follows:

|                                                                       | <b>Total</b> |       |
|-----------------------------------------------------------------------|--------------|-------|
| Balance at December 31, 2024                                          | \$           | —     |
| Employee severance charges included in "other operating charges, net" |              | 4.4   |
| Cost paid or otherwise settled                                        |              | (3.6) |
| Balance at March 31, 2025                                             | \$           | 0.7   |

#### **Note 19 Segment Disclosure**

Our Chief Operating Decision Maker (CODM) evaluates performance and makes operating decisions about allocating resources based on financial data presented on a consolidated basis. Since our CODM evaluates financial performance on a consolidated basis, we have determined that we have a single operating segment composed of the consolidated financial results of Clearwater Paper.

Our CODM also reviews total assets, as reported on our consolidated balance sheets, and purchases of property and equipment, as reported on our consolidated statements of cash flows.

Our CODM utilizes other key operating metrics, including disaggregated measures of net sales by product line, disaggregation of significant segment expenses and Adjusted EBITDA in order to assess our financial performance.

Net sales classified by major product lines and a reconciliation of significant expenses to consolidated income from operations is as follows:

|                                              | Quarter Ended March 31, |                 |
|----------------------------------------------|-------------------------|-----------------|
|                                              | 2025                    | 2024            |
| Net Sales by product line:                   |                         |                 |
| Food Service                                 | \$ 151.4                | \$ 89.6         |
| Folding carton                               | 148.4                   | 107.0           |
| Sheeting and distribution                    | 38.8                    | 40.4            |
| Pulp and other                               | 39.6                    | 21.8            |
| Total Sales                                  | <u>\$ 378.2</u>         | <u>\$ 258.8</u> |
| Input cost (raw materials and energy)        | 168.4                   | 115.5           |
| Labor and overhead                           | 117.1                   | 80.4            |
| Supply chain costs (principally freight)     | 36.3                    | 26.2            |
| Selling, general and administrative expenses | 28.4                    | 26.9            |
| Depreciation and amortization                | 21.5                    | 9.2             |
| Interest expense, net                        | 3.3                     | 1.2             |
| Non-significant expenses                     | 10.8                    | 1.0             |
| Income tax provision (benefit)               | (1.8)                   | 0.5             |
| Loss from continuing operations              | <u>\$ (5.9)</u>         | <u>\$ (2.1)</u> |

Non-significant expenses is primarily made up of other operating charges, net and changes in inventory.

## ITEM 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion should be read in conjunction with the Consolidated Financial Statements and Notes thereto included herein and our audited Consolidated Financial Statements and Notes thereto for the year ended December 31, 2024, as well as the information under the heading "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" that are part of our Annual Report on Form 10-K for the year ended December 31, 2024.

### CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The preparation of financial statements in accordance with generally accepted accounting principles (GAAP) requires our management to select and apply accounting policies that best provide the framework to report our results of operations and financial position. The selection and application of those policies requires management to make difficult, subjective and complex judgments concerning reported amounts of revenue and expenses during the reporting period and the reported amounts of assets and liabilities at the date of the financial statements. As a result, it is possible that materially different amounts would be reported under different conditions or using different assumptions.

For a discussion of our critical accounting policies and estimates, see our Annual Report on Form 10-K for the fiscal year ended December 31, 2024. There have been no material changes to the critical accounting policies and estimates disclosed in our Annual Report.

### NON-GAAP MEASURES

In evaluating our business, we utilize several non-GAAP financial measures. A non-GAAP financial measure is generally defined by the SEC as one that purports to measure historical or future financial performance, financial position or cash flows, but excludes or includes amounts that would not be so excluded or included under applicable GAAP guidance. In this report on Form 10-Q, we disclose overall and segment earnings from operations before interest expense, net, non-operating pension and other post employment benefit costs, income tax expense, depreciation and amortization, other operating charges, net, and debt retirement costs as Adjusted EBITDA from continuing operations which is a non-GAAP financial measure. Adjusted EBITDA from continuing operations is not a substitute for the GAAP measure of net income or for any other GAAP measures of operating performance.

We have included Adjusted EBITDA from continuing operations on a consolidated basis in this report because we use it as an important supplemental measure of our performance and believe that it is frequently used by securities analysts, investors and other interested persons in the evaluation of companies in our industry, some of which present Adjusted EBITDA when reporting their results. We use Adjusted EBITDA from continuing operations to evaluate our performance as compared to other companies in our industry that have different financing and capital structures and/or tax rates. It should be noted that companies calculate Adjusted EBITDA differently and, therefore, our Adjusted EBITDA from continuing operations measure may not be comparable to Adjusted EBITDA reported by other companies. Our Adjusted EBITDA from continuing operations measure has material limitations as a performance measure because it excludes interest expense, net, income tax (benefit) expense and depreciation and amortization which are necessary to operate our business or which we otherwise incur or experience in connection with the operation of our business. In addition, we exclude other income and expense items which are outside of our core operations.

The following table provides our Adjusted EBITDA from continuing operations for the periods presented and a reconciliation to net income (loss).

| (In millions)                                                | Quarter Ended March 31, |         |
|--------------------------------------------------------------|-------------------------|---------|
|                                                              | 2025                    | 2024    |
| Net income (loss)                                            | \$ (6.3)                | \$ 17.2 |
| Less: Income (loss) from discontinued operations, net of tax | (0.4)                   | 19.3    |
| Loss from continuing operations                              | (5.9)                   | (2.1)   |
| Income tax provision (benefit)                               | (1.8)                   | 0.5     |
| Interest expense, net                                        | 3.3                     | 1.2     |
| Depreciation and amortization                                | 22.0                    | 9.0     |
| Other operating charges, net                                 | 11.8                    | 6.0     |
| Other non-operating expense (income)                         | 0.3                     | (0.3)   |
| Adjusted EBITDA from continuing operations                   | \$ 29.8                 | \$ 14.2 |

## OPERATING RESULTS FROM CONTINUING OPERATIONS

The below financial information reflects reclassifications from previously reported information based upon discontinued operations. Historically, the Company has shown certain intercompany pulp costs as offsets as they represent intercompany transactions between our prior consumer products division and the pulp and paperboard manufacturing operations. Based upon discontinued operations treatment of the consumer products division, such transfers of pulp and other inputs have been recast to Net Sales on the condensed consolidated statement of operations.

|                                              | Quarter Ended March 31, |          |          |
|----------------------------------------------|-------------------------|----------|----------|
|                                              | 2025                    | 2024     | % change |
| Net sales                                    | \$ 378.2                | \$ 258.8 | 46 %     |
| Cost of sales                                | 341.5                   | 225.5    | 51 %     |
| Gross margin                                 | 36.6                    | 33.3     | 10 %     |
| Selling, general and administrative expenses | 28.9                    | 28.1     | 3 %      |
| Other operating charges, net                 | 11.8                    | 6.0      | 97 %     |
| Loss from continuing operations              | (4.0)                   | (0.8)    | 410 %    |
| Adjusted EBITDA from continuing operations   | \$ 29.8                 | \$ 14.2  | 110 %    |

## NET SALES

Net sales increased 46% for the quarter ended March 31, 2025 compared to quarter ended March 31, 2024. This increase was driven by higher sales volume due to the Augusta operations offset by market driven price decreases and changes in our product mix.

|                                        | Quarter Ended March 31, |          | Increase (decrease) |
|----------------------------------------|-------------------------|----------|---------------------|
|                                        | 2025                    | 2024     | 2024-2023           |
| Paperboard shipments (short tons)      | 289,487                 | 187,303  | 54.6 %              |
| Paperboard sales price (per short ton) | \$ 1,188                | \$ 1,284 | (7.5)%              |

## COST OF SALES

Costs included in our cost of sales include input costs (principally raw materials and energy), labor and overhead, supply chain costs (principally freight and outside warehousing). The table below provides the details of our cost of sales for the quarters ended March 31, 2025 and 2024.

|                               | Quarter Ended March 31, |          | Increase (decrease) |
|-------------------------------|-------------------------|----------|---------------------|
|                               | 2025                    | 2024     | 2025-2024           |
| Input cost                    | \$ 168.4                | \$ 115.5 | 45.8 %              |
| Labor and overhead            | 117.1                   | 80.4     | 45.7 %              |
| Supply chain costs            | 36.3                    | 26.2     | 38.4 %              |
| Other                         | (1.3)                   | (4.7)    | (71.7)%             |
| Depreciation and amortization | 21.0                    | 8.0      | 161.6 %             |
| Cost of Sales                 | \$ 341.5                | \$ 225.5 | 51.4 %              |

Cost of sales increased 51% for the quarter ended March 31, 2025 compared to the quarter ended March 31, 2024 due primarily to the inclusion of the Augusta operations. Input costs increased due to higher sales volume with reductions on a per ton basis across fiber, energy and chemicals due to the lack of weather related expenses which occurred during the first quarter of 2024, partially offset by inflation. Our labor and overhead increased due to the inclusion of the Augusta operations offset by lack of weather related expenses which occurred during the first quarter of 2024 and implementation of our cost reduction plan. Depreciation increased due to inclusion of Augusta operations. Supply chain costs increased due to higher volumes offset by lower freight costs per ton due to deflation.

## GROSS MARGIN

Gross profit increased 10% for the quarter ended March 31, 2025 compared to the quarter ended March 31, 2024 due to improved operating performance, lack of a significant weather event and reduced costs due to planned cost reduction activities.

#### **SELLING, GENERAL AND ADMINISTRATIVE EXPENSES**

Selling, general and administrative expenses increased 3% for the quarter ended March 31, 2025 compared to the quarter ended March 31, 2024 primarily as a result of additional sales costs associated with the Augusta acquisition offset by our planned cost reduction efforts.

#### **OTHER OPERATING CHARGES**

See Note 12, "Other operating charges," of the Notes to the Consolidated Financial Statements included in Item 1 of this report for additional information.

#### **OVERALL INCOME FROM CONTINUING OPERATIONS AND ADJUSTED EBITDA**

Operating income from continuing operations and Adjusted EBITDA from continuing operations increased for the quarter ended March 31, 2025 as compared to the quarter ended March 31, 2024 due to the lack of a significant weather event, deflation on our input costs and our planned cost reduction activities. Additionally, impacting operating income from continuing operations were the integration cost associated with the acquisition of the Augusta facility and severance and other costs associated with our planned cost reduction activities.

#### **POTENTIAL IMPAIRMENTS**

We review from time to time possible dispositions or reorganization of various assets in light of current and anticipated economic and industry conditions, our strategic plan and other relevant factors. Because a determination to dispose or reorganize particular assets may require management to make assumptions regarding the transaction structure of the disposition or reorganization and to estimate the net sales proceeds, which may be less than previous estimates of undiscounted future net cash flows, we may be required to record impairment charges in connection with decisions to dispose of assets.

#### **OUTLOOK**

Looking forward to the second quarter of fiscal 2025, we expect sales volumes to be higher than in the first quarter. We expect energy costs to decrease in the second quarter due to seasonal trends and expect additional benefits from our fixed cost reduction efforts. In addition, we expect an increase in planned maintenance expense due to our annual outage at our Cypress Bend Arkansas mill.

On April 2, 2025, the U.S. announced a new universal baseline tariff of 10%, plus an additional country-specific tariff for select trading partners, on all U.S. imports. The recently announced tariffs exempt imports that are compliant with the United States-Mexico-Canada trading agreement (USMCA), which includes certain of our raw materials (a portion of our chemicals, pulp and energy) imported from Canada. We are evaluating our other expenditures to assess the impact of the recent tariff announcements, but do not currently expect them to have a significant impact on our fiscal 2025 financial results. Given the timing and uncertainty of tariffs, including potential retaliatory tariffs, we have not included any impact from potential tariffs in our outlook above.

## **LIQUIDITY AND CAPITAL RESOURCES**

Our principal sources of liquidity are existing cash, cash generated by our operations and our ability to borrow under such credit facilities as we may have in effect from time to time. At times, we may also issue equity, debt or hybrid securities or engage in other capital market transactions. Due to the competitive and cyclical nature of the markets in which we operate, there is uncertainty regarding the amount of cash flows we will generate during the next twelve months. However, we believe that our cash flows from operations, our cash on hand and our borrowing capacity under our credit agreements will be adequate to fund debt service requirements and provide cash to support our ongoing operations, capital expenditures and working capital needs for the next twelve months.

Our principal uses of liquidity are paying the costs and expenses associated with our operations, servicing outstanding indebtedness and making capital expenditures. We may also from time to time prepay or repurchase outstanding indebtedness or shares or acquire assets or businesses that are complementary to our operations. Any such repurchases may be commenced, suspended, discontinued or resumed, and the method or methods of affecting any such repurchases may be changed at any time or from time to time without prior notice.

### **Operating Activities**

Net cash flows provided by operating activities for the quarter ended March 31, 2025 were \$1.5 million compared to net cash flows provided by operating activities of \$59.2 million for the quarter ended March 31, 2024. This decrease was driven by lower operating performance due to the divestiture of our tissue operations which are included in discontinued operations in the first quarter of 2024 and reduced cash flows from remaining operations due to market weakness and lower pricing environment. Accounts receivable and accounts payable agings as of March 31, 2025 have remained relatively consistent with balances as of December 31, 2024.

### **Investing Activities**

Net cash flows used in investing activities for quarter ended March 31, 2025 were \$32.7 million compared to \$18.5 million in the same period of the prior year related to capital expenditures. Included in "Accounts payable and accrued liabilities" on our Consolidated Balance Sheets was \$16.6 million and \$10.3 million related to unpaid capital expenditures at March 31, 2025 and 2024.

During 2025, we expect cash paid for capital expenditures to be approximately \$80 million to \$90 million.

### **Financing Activities**

During the quarter ended March 31, 2025, net cash used in financing activities was \$4.4 million. We used \$10.9 million to repurchase stock and \$2.3 million in connection with income tax withholding requirements associated with our employee stock-based compensation plans. Additionally, as of March 31, 2025, we collected \$8.9 million in cash related to the transition services agreement which will be remitted during the second quarter of 2025.

During the quarter ended March 31, 2024, net cash used for financing activities was \$27.6 million. We used \$0.5 million to repurchase stock, \$3.1 million in connection with income tax withholding requirements associated with our employee stock-based compensation plans, and repaid debt of \$23.5 million, including \$3.3 million in commitment fees.

### **Credit Agreements**

At March 31, 2025, we were in compliance with the covenants in the Credit Agreements, and based on our current financial projections, we expect to remain in compliance. However, if our financial position, results of operations or market conditions deteriorate, we may not be able to remain in compliance. There can be no assurance that we will be able to remain in compliance with the Credit Agreements.

**ITEM 3. Quantitative and Qualitative Disclosures About Market Risk**

There have been no significant developments with regard to our exposure to market risk for the quarter ended March 31, 2025. For a discussion of certain market risks to which we may be exposed, see Part II, “Item 7A, Quantitative and Qualitative Disclosures about Market Risk,” of our Annual Report on Form 10-K for the year ended December 31, 2024.

**ITEM 4. Controls and Procedures**

As of March 31, 2025, our Chief Executive Officer (CEO) and Chief Financial Officer (CFO) have carried out, with the participation of our Disclosure Committee and management, an evaluation of the effectiveness of our disclosure controls and procedures, as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934 (the Act). Based upon this evaluation, the CEO and CFO have concluded that our disclosure controls and procedures are effective to provide reasonable assurance that material information required to be disclosed by us in reports we file under the Act is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission rules and forms and that information required to be disclosed by us in the reports we file or submit under the Act is accumulated and communicated to our management, including our CEO and CFO, as appropriate to allow timely decisions regarding required disclosure.

**Changes in Internal Control Over Financial Reporting**

There was no change in our internal control over financial reporting that occurred during the quarter ended March 31, 2025 that has materially affected, or is likely to materially affect, our internal control over financial reporting.

## Part II

### ITEM 1. Legal Proceedings

We may from time to time be involved in claims, proceedings and litigation arising from our business and property ownership. We believe, based on currently available information, that the results of such proceedings, in the aggregate, will not have a material adverse effect on our financial condition.

The matter below is included per Item 103(c)(3) of Regulation S-K of the Securities Exchange Act of 1934, as amended.

#### Environmental Lawsuit Related to the Company's Mill Facility in Augusta, Georgia

The Company was named as a defendant in a complaint filed on February 5, 2025 in the Superior Court of Chatham County in the State of Georgia, styled *The Mayor and Aldermen of the City of Savannah, Georgia v. 3M Company, et al.* (the “Environmental Lawsuit”).

The plaintiff seeks monetary damages and equitable and injunctive relief in connection with the alleged presence of per- and poly-fluoroalkyl substances (“PFAS”) in the plaintiffs’ source water supply used to produce drinking water.

The Environmental Lawsuit names over fifty defendants and categorizes them separately as: (1) the “PFAS Manufacturer” defendants who allegedly created and sold PFAS or PFAS-containing products to various industries in Georgia and South Carolina, and (2) the “PFAS User” defendants who allegedly “purchased and used PFAS and products containing or degrading into PFAS in their industrial processes” and discharged PFAS. The plaintiff alleges the Company, which operates a mill in Augusta, Georgia that it recently acquired in May of 2024, is a PFAS User defendant. The Company believes it has meritorious defenses to the claims and intends to vigorously defend this matter.

### ITEM 1A. Risk Factors

There have been no material changes from the risk factors previously disclosed in our Annual Report on Form 10-K for the year ended December 31, 2024. See Part I, Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2024, entitled “Risk Factors.”

### ITEM 2. Unregistered Sales of Equity Securities and Use of Proceeds.

Our Board of Directors approved a new stock repurchase program on October 31, 2024 authorizing the repurchase of up to \$100 million of our common stock.

The repurchase program authorizes purchases of our common stock from time to time through open market purchases, negotiated transactions or other means, including accelerated stock repurchases and 10b-5-1 trading plans in accordance with applicable securities laws and other restrictions. We have no obligation to repurchase stock under this program and may suspend or terminate the program at any time. The authorization has no expiration date.

The following table reflects our shares repurchased during the first quarter of 2025. None of the shares in this table were repurchased directly from any of our officers or directors.

| Period                                | Total Number of Shares Purchased | Average Price Paid per Share | Total Number of Shares Purchased as Part of Publicly Announced Program | Approximate Dollar Value of Shares that May Yet Be Purchased Under the Program |
|---------------------------------------|----------------------------------|------------------------------|------------------------------------------------------------------------|--------------------------------------------------------------------------------|
| January 1, 2025 to January 31, 2025   | 155,000                          | \$ 29.99                     | 155,000                                                                | \$ 92.1                                                                        |
| February 1, 2025 to February 28, 2025 | 154,900                          | \$ 28.87                     | 154,900                                                                | \$ 87.6                                                                        |
| March 1, 2025 to March 31, 2025       | 70,000                           | \$ 25.19                     | 70,000                                                                 | \$ 85.8                                                                        |
| Total                                 | 379,900                          | \$ 28.65                     | 379,900                                                                |                                                                                |

Shares of common stock withheld as payment of withholding taxes and exercise prices in connection with the vesting or exercise of equity awards are not required to be disclosed under Item 703 of Regulation S-K and accordingly are excluded from the amounts in the table above.

### ITEM 5. Other Information.

During the quarter ended March 31, 2025, none of our officers or directors adopted or terminated a Rule 10b5-1 arrangement or non-Rule 10b5-1 trading arrangement, as each is defined in Item 408(a) of regulation S-K.

## ITEM 6. Exhibits

The following exhibits are filed as part of, or are incorporated by reference in, this report:

| EXHIBIT | EXHIBIT DESCRIPTION                                                                                                                                 | Filed herewith? | Incorporated by Reference |             |               |
|---------|-----------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|---------------------------|-------------|---------------|
|         |                                                                                                                                                     |                 | Form                      | Exhibit No. | Date Filed    |
| 31*     | <a href="#">Certification of the Chief Executive Officer and Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</a> | X               |                           |             |               |
| 32*     | <a href="#">Certification of the Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C Section 1350.</a>                         | X               |                           |             |               |
| 10.5    | <a href="#">Employment Agreement between Arsen S. Kitch and the Company, dated effective April 1, 2025.</a>                                         |                 | 8-K                       | 10.1        | April 1, 2025 |
| 101.INS | XBRL Instance Document                                                                                                                              |                 |                           |             |               |
| 101.SCH | XBRL Taxonomy Extension Schema.                                                                                                                     |                 |                           |             |               |
| 101.CAL | XBRL Taxonomy Extension Calculation Linkbase.                                                                                                       |                 |                           |             |               |
| 101.DEF | XBRL Taxonomy Extension Definition Linkbase.                                                                                                        |                 |                           |             |               |
| 101.LAB | XBRL Taxonomy Extension Label Linkbase.                                                                                                             |                 |                           |             |               |
| 101.PRE | XBRL Taxonomy Extension Presentation Linkbase.                                                                                                      |                 |                           |             |               |
| 104     | Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).                                                           |                 |                           |             |               |

\* In accordance with Item 601(b)(32)(ii) of Regulation S-K and SEC Release No. 34-47986, the certifications furnished in Exhibit 32 hereto are deemed to accompany this Form 10-Q and will not be deemed “filed” for purposes of Section 18 of the Exchange Act. Such certifications will not be deemed to be incorporated by reference into any filing under the Securities Act or the Exchange Act.

\*\* Certain schedules, annexes and exhibits have been omitted pursuant to Item 601(b)(2) of Regulation S-K. The Company agrees to furnish supplementally a copy of such schedules, annexes and exhibits, or any section thereof, to the SEC upon request.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

CLEARWATER PAPER CORPORATION  
(Registrant)

April 29, 2025

By: /s/ ARSEN S. KITCH

Arsen S. Kitch  
President, Chief Executive Officer and Director (Principal  
Executive Officer)

April 29, 2025

By: /s/ SHERRI J. BAKER

Sherri J. Baker  
Senior Vice President, Chief Financial Officer (Principal  
Financial Officer)

**CERTIFICATION**

I, Arsen S. Kitch, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Clearwater Paper Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 29, 2025

/s/ ARSEN S. KITCH

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**Arsen S. Kitch**  
President and Chief Executive Officer

### ***CERTIFICATION***

I, Sherri J. Baker, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Clearwater Paper Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 29, 2025

/s/ SHERRI J. BAKER

**Sherri J. Baker**

Senior Vice President, Chief Financial Officer

***CERTIFICATION PURSUANT TO  
18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002***

I, Arsen S. Kitch, President and Chief Executive Officer of Clearwater Paper Corporation (the “Company”), certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

- (1) the Quarterly Report of the Company on Form 10-Q for the period ended March 31, 2025, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and
- (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ ARSEN S. KITCH

**Arsen S. Kitch**

President and Chief Executive Officer

April 29, 2025

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

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***CERTIFICATION PURSUANT TO  
18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002***

I, Sherri J. Baker, Senior Vice President, Chief Financial Officer of Clearwater Paper Corporation (the “Company”), certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

- (1) the Quarterly Report of the Company on Form 10-Q for the period ended March 31, 2025, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and
- (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ SHERRI J. BAKER

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**Sherri J. Baker**

Senior Vice President, Chief Financial Officer

April 29, 2025

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.