



# Second Quarter Earnings Release Materials

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# Forward Looking Statements

## Cautionary Statement Regarding Forward Looking Statements

This presentation of supplemental information contains, in addition to historical information, certain “forward-looking” statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended by the Private Securities Litigation Reform Act of 1995 as amended, including statements as to: our expectations regarding capturing volume at the Augusta mill; our expectations regarding additional savings from our fixed cost reduction efforts; the Company’s strategic positioning to capitalize on the paperboard industry’s cyclical nature and deliver strong returns; product demand and industry trends; assumptions for Q3 2025 and full year 2025, including operational factors, capital, lower input costs, lower pricing and inflation; our capital allocation priorities; our strategy, including achieving target leverage ratio and maintaining liquidity; our focus on free cash flow generation through operational efficiencies and demand; our plans to explore avenues for strategic growth opportunities, particularly to expand our own product offerings and broaden such offerings to North American customers; continued investments into our assets to strengthen our competitive advantages and maintain our long-term performance; expectations regarding the paperboard market; inventory management; and our financial flexibility; and repurchases under the existing share buyback authorization. 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 presentation. Important factors that could cause or contribute to such differences include the risks and uncertainties described from time to time in the Company’s public filings with the Securities and Exchange Commission, including but not limited to the following: there may be unexpected costs, charges or expenses resulting from the tissue business sale transaction, including purchase price adjustments; competitive responses to the tissue business sale transaction; achievement of anticipated financial results and other benefits of the tissue business sale transaction; potential risks associated with operating without the tissue business, including less diversification in products offered; changes in our capital structure; risks relating to the achievement of anticipated financial results and other benefits of the Augusta, Georgia paperboard manufacturing facility acquisition; 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; changes in the U.S. and international economies and in general economic conditions in the regions and industries in which we operate; increased regulation of retaliatory trade actions in response to announced or proposed U.S. tariffs, including potential impact on costs, structure, supply chains, or consumer demand; cyclical industry conditions; manufacturing or operating disruptions, including equipment malfunctions and damage to our manufacturing facilities; the loss of, changes in prices in regard to, or reduction in, orders from a significant customer; changes in the cost and availability of wood fiber and wood pulp; changes in energy, chemicals, packaging and transportation costs and disruptions in transportation services impacting our ability to receive inputs or ship products to customers; reliance on a limited number of third-party suppliers, vendors and service providers required for the production of our products and the company’s operations; changes in customer product preferences and competitors’ product offerings; labor disruptions; cyber-security risks; larger competitors having operational, financial and other advantages; consolidation and vertical integration of converting operations in the paperboard industry; our ability to execute on our growth and expansion strategies; 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; IT system disruptions and IT system implementation failures; changes in expenses, required contributions and potential withdrawal costs associated with our pension plans; environmental liabilities or expenditures and climate change; risks and costs associated with new or ongoing environmental litigation, including PFAS related claims or regulatory actions affecting recently acquired facilities; 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, or in our customer supply chain financing; negative changes in our credit agency ratings; and changes in laws, regulations or industry standards affecting our business. Forward-looking statements contained in this presentation present management’s views only as of the date of this presentation. We undertake no obligation to publicly update forward-looking statements or to retract future revisions of management’s views based on events or circumstances occurring after the date of this presentation.

## Non-GAAP Financial Measures

This presentation includes certain financial measures that are not calculated in accordance with GAAP, including Adjusted EBITDA from continuing operations. The Company’s management believes that the presentation of these financial measures provides useful information to investors because these measures are regularly used by management in assessing the Company’s performance. These financial measures should be considered in addition to results prepared in accordance with GAAP but should not be considered substitutes for or superior to GAAP results. In addition, these non-GAAP financial measures may not be comparable to similarly-titled measures utilized by other companies, since such other companies may not calculate such measure in the same manner as we do. A reconciliation of Adjusted EBITDA to the most relevant GAAP measure is available in the appendix of this presentation.

# Clearwater is Well Positioned to Deliver Strong Returns Across the Cycle

**Paperboard industry is cyclical, driven by supply and demand balance**

Currently in downcycle as new capacity is added ahead of demand recovery

**Across the cycle Adjusted EBITDA margins target of 13% to 14%**

Delivering a 40-50% Adjusted EBITDA to free cash flow conversion rate<sup>1</sup>, or \$100M+ per year

**Clearwater is focused on value creation across the cycle**

Near-term focus on reducing fixed cost structure by \$30-40M in 2025; implemented 10% reductions in positions

Continued investment in assets to enhance competitiveness

Exploring growth opportunities to expand product offering through internal investments or acquisitions

Strong balance sheet to sustain the business and create strategic options across the cycle

## TARGETING STRONG CASH FLOW GENERATION ACROSS THE CYCLE

ADJUSTED EBITDA TARGET MARGINS

**>16%**

**Cycle peak**

(>95% utilization, 50-60% FCF conversion)

**~13 to 14%**

**Average across cycle**

(90-95% utilization, 40-50% FCF conversion)

**<10%**

**Downcycle**

(<85% utilization, 0-20% FCF conversion)

# Exploring Options to Expand Our Product Offering

Evaluating internal and external options to broaden product offering to North American converter customers

| Initiative                        | Status   | Objective  |
|-----------------------------------|--|--|
| Post consumer recycled content    | Developed and in market  | Provide options for converter customers to service sustainability driven Consumer Packaged Goods (CPG) and Quick Service Restaurants (QSR) customers |
| Compostable plate                 | Developed and expected in market by year end                                       | Enable our plate converter customers to meet demands of leading domestic retailers   |
| Lightweight folding carton        | Developing and expected in market in 2026  | Offer alternatives to Folding Boxboard (FBB) imports with superior performance   |
| Poly-free coatings / barriers     | Continuing to develop options in addition to current offering                      | Meet current and future needs of sustainability driven cup converters looking for a poly-free offering   |
| Unbleached paperboard grade (CUK) | Evaluation of market potential and existing equipment capabilities near completion | Enable independent converters to better compete with large integrated incumbents   |
| Recycled paperboard grade (CRB)   | Open to evaluating M&A Options   | Provide a more complete paperboard offering to existing Solid Bleached Sulfate (SBS) customers   |

# INDUSTRY TRENDS

MIXED DEMAND SIGNALS,  
SBS SHIPMENTS DECLINED  
IN Q2'25, BACKLOGS GREW

Industry SBS shipments<sup>1</sup> down 3% Q2'25 vs. Q1'25

Unmade SBS orders<sup>1</sup> up 14% Q2'25 vs. Q1'25

Modest growth expected in 2025<sup>2</sup>

Demand growth of ~3%<sup>2</sup> projected for 2026

BLEACHED PAPERBOARD NET  
EXPORTS ARE EXPECTED TO  
IMPROVE IN 2025

Imports forecasted to decrease by ~4%<sup>2</sup> in 2025 vs. 2024

Exports forecasted to decrease by ~2%<sup>2</sup> in 2025 vs. 2024

Tariffs and other trade actions could impact viability of imports

UTILIZATION RATES DOWN  
FROM Q2'24 AND Q1'25

Industry operating rates<sup>1</sup> at 83% Q2'25 vs. 84% Q2'24

New N.A. industry capacity added in Q2'25<sup>2</sup>

SBS operating rates are expected to decrease in 2H of 2025<sup>2</sup>

Balanced market will have utilization rates between 90 and 95%<sup>2</sup>

# Q2 2025 Financial Summary

NET SALES FROM  
CONTINUING OPERATIONS

\$392M

NET INCOME FROM  
CONTINUING OPERATIONS

\$4M

ADJUSTED EBITDA FROM  
CONTINUING OPERATIONS

\$40M

ADJUSTED EBITDA MARGIN  
FROM CONTINUING  
OPERATIONS

10%

**GROWTH IN PAPERBOARD SALES VOLUMES**

+12% increase in Q2'25 vs. Q2'24

Primarily due to Augusta acquisition

**PARTIALLY OFFSET BY MARKET DRIVEN PRICE DECREASES**

-3% decrease in Q2'25 average pricing vs. Q2'24

Consistent with industry trends

**ADJUSTED EBITDA AT MID-POINT OF GUIDANCE RANGE**

Solid operational performance, higher volumes, and improved cost structure, partly offset by lower pricing

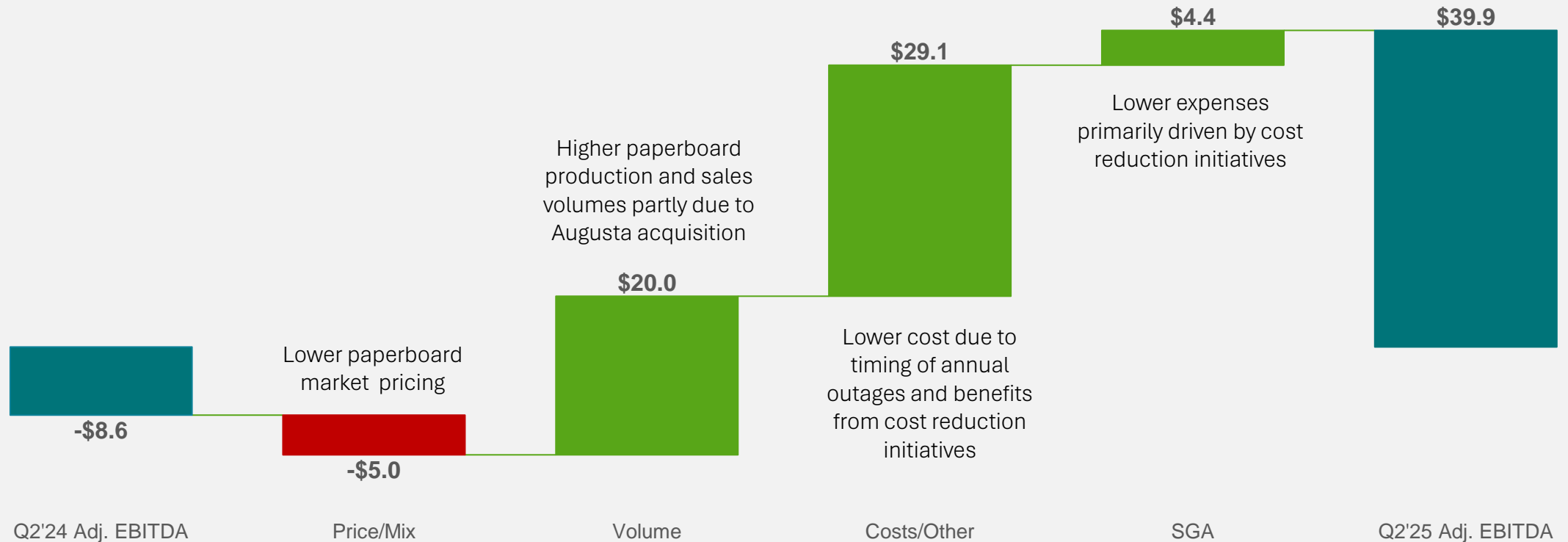
**COMBINED WITH A STRONG BALANCE SHEET**

Net leverage ratio at 1.9 x

Repurchased \$4M of shares, \$18M since new \$100M authorization in November of 2024

# Q2'25 VS Q2'24 Adjusted EBITDA Results from Continuing Operations

(\$ in millions)



# Outlook and Assumptions for Q3 and Full Year 2025

## **Q3 2025: \$10 to \$20M of Adjusted EBITDA<sup>1</sup>**

Flat paperboard shipments vs. Q2 2025

Lower production and cost absorption vs. Q2 2025 due to maintenance outage at Lewiston, ID mill

Continued benefits from fixed cost reduction efforts

Other input costs stable, minimal tariff impacts included in outlook

\$23 to \$25 million of planned major maintenance costs at Lewiston, ID mill

## **FY 2025 Assumptions**

Capacity utilization at ~85%, with approximately \$1.5 to \$1.6B of revenue

Full year benefit of Augusta sales volume

Improved mill operating performance partly offsetting lower pricing and inflation

\$1-2M of direct and indirect tariff impact

\$30-40M fixed cost reduction in 2025, \$40-50M annual run rate benefit

\$45-50M of total direct major maintenance cost (Q2 Cypress Bend, Q3 Lewiston, Q4 Augusta)

\$80-90M of capital expenditures, including large project carryover spend





# Optimized Capital Allocation Approach Supports Value Creation

## PRIORITIZING CAPITAL ALLOCATION TO CREATE SHAREHOLDER VALUE

Investing to maintain the long-term performance of our assets

**\$70-80M**

EXPECTED ANNUAL MAINTENANCE CAPEX, EXCLUDING LARGE REPLACEMENT PROJECTS

Utilizing free cash flow (FCF) to deleverage our balance sheet

**1-2x**

TARGET LEVERAGE RATIO

Evaluating capital investments to diversify product portfolio

Opportunistic M&A to support strategic priorities

Return capital to shareholders through share buybacks

# Optimistic About Long-Term Value Creation

## Sharp focus on improving and growing our paperboard business

- Meaningfully de-levered balance sheet with proceeds from tissue sale
- Focus on growing our position as a premier independent paperboard packaging supplier to North American converters

## Well invested asset base to support future growth

- High quality paperboard assets well positioned across the U.S. to efficiently service North American converters
- Strong legacy of prioritizing sustainability
- Focused on expanding product portfolio through internal investment and opportunistic M&A

## Focused on optimizing business to deliver free cash flows

- Driving improvement in operational performance
- Consistently investing to maintain competitiveness of our assets
- Strategically deploy capital to create long-term shareholder value

# Appendix



# Financial Performance

(\$ IN MILLIONS, UNAUDITED)

|   | Quarter Ended |                |               |
|---|---------------|----------------|---------------|
|   | June 30, 2025 | March 31, 2025 | June 30, 2024 |
| Net sales   | \$ 391.8      | \$ 378.2       | \$ 344.4      |
| Costs and expenses:                                     |               |                |               |
| Cost of sales   | 348.8         | 341.5          | 346.4         |
| Selling, general and administrative expenses            | 26.1          | 28.9           | 30.3          |
| Other operating charges, net                            | 7.1           | 11.8           | 14.6          |
| Total operating costs and expenses                      | 382.1         | 382.2          | 391.3         |
| Total income (loss) from operations                     | 9.8           | (4.0)          | (9.6)         |
| Total non-operating expense                             | (4.2)         | 3.6            | 0.3           |
| Total income (loss) from operations before income taxes | 5.5           | (7.7)          | (9.3)         |
| Income tax provision (benefit)                          | 1.9           | (1.8)          | (14.6)        |
| Total income (loss) from operations                     | 3.6           | (5.9)          | (41.6)        |
| Income from discontinued operations, net of tax         | (0.9)         | (0.4)          | 15.7          |
| Net income  | \$ 2.7        | \$ (6.3)       | \$ (25.8)     |

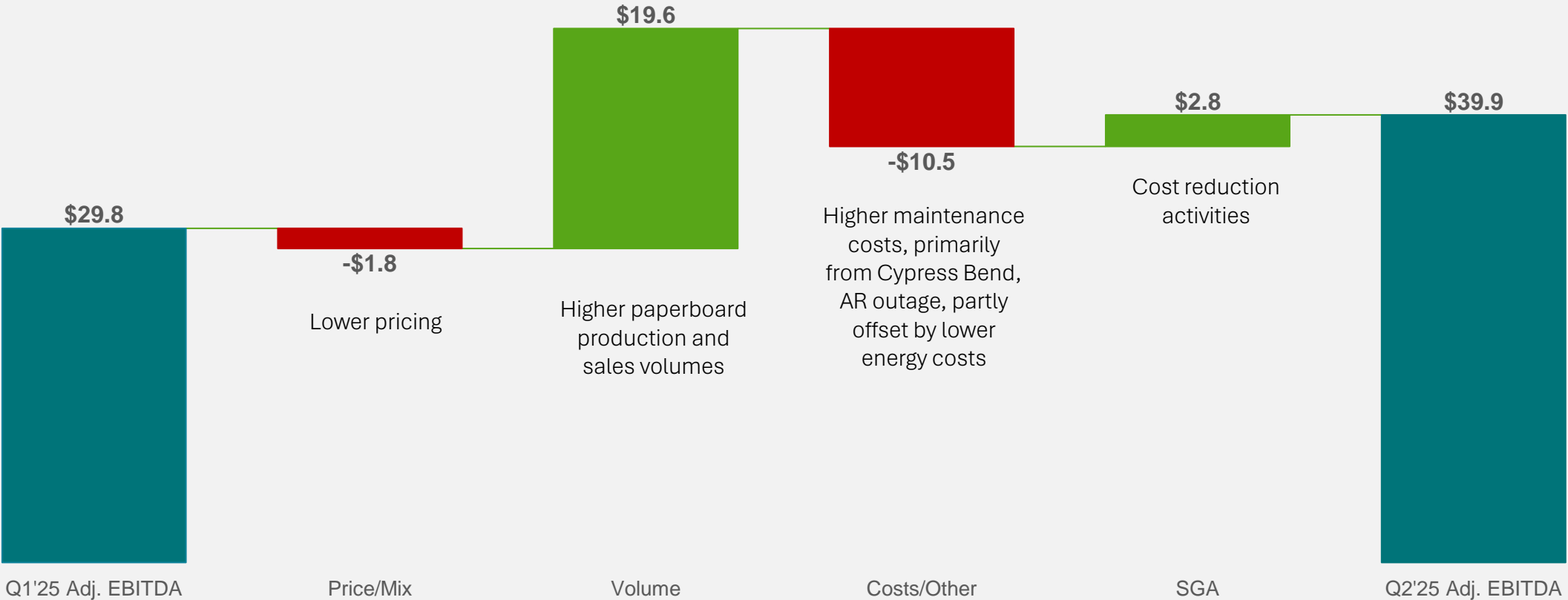
# Reconciliation of Adjusted EBITDA

(\$ IN MILLIONS, UNAUDITED)

|   | June 30, 2025 | March 31, 2025 | June 30, 2024 |
|---|---------------|----------------|---------------|
| Net income (loss)                                     | \$ 2.7        | \$ (6.3)       | \$ (25.8)     |
| Add (deduct):   |               |                |               |
| Less: Income from discontinued operations, net of tax | (0.9)         | (0.4)          | 15.7          |
| Income from continuing operations                     | 3.6           | (5.9)          | (41.6)        |
| Income tax provision (benefit)                        | 1.9           | (1.8)          | (14.6)        |
| Interest expense, net                                 | 3.9           | 3.3            | 9.6           |
| Depreciation and amortization expense                 | 23.0          | 22.0           | 17.0          |
| Inventory revaluation on acquired business            | -             | -              | 6.8           |
| Other operating charges, net                          | 7.1           | 11.8           | 14.6          |
| Other non-operating expense (income)                  | 0.3           | 0.3            | (0.3)         |
| Adjusted EBITDA from continuing operations            | 39.9          | 29.8           | (8.6)         |
| Adjusted EBITDA Margin                                | 10.2%         | 7.9%           | -2.5%         |

# Q1'25 VS Q2'25 Adjusted EBITDA Results from Continuing Operations

(\$ in millions)



# Key Metrics

|  | June 30, 2025   | March 31, 2025  | June 30, 2024   |
|--|-----------------|-----------------|-----------------|
| Food service                             | \$ 166.1        | \$ 151.4        | \$ 134.7        |
| Folding carton                           | 147.6           | 148.4           | 147.6           |
| Sheeting & distribution                  | 39.9            | 38.8            | 41.2            |
| Pulp and other                           | 38.2            | 39.6            | 20.9            |
| Net sales                                | <u>391.8</u>    | <u>378.2</u>    | <u>\$ 344.4</u> |
| Input cost (raw materials & energy)      | \$ 174.5        | \$ 168.4        | \$ 145.9        |
| Labor and overhead                       | 128.0           | 117.1           | 134.7           |
| Supply chain costs (principally freight) | 39.0            | 36.3            | 35.7            |
| Depreciation                             | 21.8            | 21.0            | 16.1            |
| Other                                    | (14.5)          | (1.3)           | 14.0            |
| Cost of sales                            | <u>\$ 348.8</u> | <u>\$ 341.5</u> | <u>\$ 346.4</u> |
| Paperboard sale volumes                  | 304,713         | 289,487         | 272,585         |
| Paperboard production volumes            | 323,489         | 290,223         | 266,881         |
| Net sales price per ton                  | \$ 1,182        | \$ 1,188        | \$ 1,216        |