

**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 September 30, 2024

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 **20-3594554**
(State or other jurisdiction of (I.R.S. Employer
incorporation or organization) Identification No.)

601 West Riverside, Suite 1100
Spokane, WA **99201**
(Address of principal executive offices) (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 type="checkbox"/>	Accelerated filer	<input checked="" 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 November 3, 2024 was 16,567,722.

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 regarding the recent sale of our consumer products division (our tissue business), our acquisition of a paperboard manufacturing facility and associated business; accounting standards; our operations and expectations; current and anticipated borrowing and credit facilities; cash flows; capital expenditures; disclosure controls; compliance with our loan and financing agreements; tax rates; debt repayments; operating costs; selling, general and administrative expenses; liquidity; benefit plan funding levels; stockholder equity; interest expenses; and legal proceedings. Words such as “anticipate,” “expect,” “intend,” “plan,” “target,” “project,” “believe,” “schedule,” “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 2023 Form 10-K, as well as the following:

- there may be unexpected costs, charges or expenses resulting from the recent consumer products division (tissue business) sale transaction;
- there may be stockholder litigation in connection with the recent consumer products division sale transaction or the acquisition of the Augusta, Georgia paperboard manufacturing facility or other settlements or investigations may affect the timing or occurrence of the recent consumer products sale transaction or result in significant costs of defense, indemnification and liability;
- our inability to realize the expected benefits of the Augusta, Georgia paperboard manufacturing facility acquisition because of integration difficulties or other challenges;
- risks relating to the integration of the Augusta, Georgia paperboard manufacturing facility and achievement of anticipated financial results and other benefits of the 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 United States and international economies and in general economic conditions in the regions and industries in which we operate;
- 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 freight 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 our 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 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;
- 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;
- 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 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)

	September 30, 2024	December 31, 2023
Assets		
Current assets:		
Cash and cash equivalents	\$ 35.5	\$ 42.0
Receivables, net of allowance for current expected credit losses	172.7	96.1
Inventories, net	264.6	161.2
Other current assets	12.9	17.4
Current assets of discontinued operations	246.1	247.5
Total current assets	731.9	564.1
Property, plant and equipment	2,294.2	1,608.6
Accumulated depreciation and amortization	(1,282.2)	(1,247.9)
Property, plant and equipment, net	1,012.0	360.7
Goodwill and intangible assets, net	52.2	41.5
Other assets, net	59.1	47.6
Long-term assets of discontinued operations	633.6	657.9
Total assets	\$ 2,488.7	\$ 1,671.8
Liabilities and stockholders' equity		
Current liabilities:		
Current portion of long-term debt	\$ 7.4	\$ —
Accounts payable and accrued liabilities	301.7	195.5
Current liabilities of discontinued operations	103.0	90.5
Total current liabilities	412.1	286.0
Long-term debt	1,143.3	439.9
Liability for pension and other postretirement employee benefits	52.4	54.5
Deferred tax liabilities and other long-term obligations	85.8	84.6
Long-term liabilities of discontinued operations	130.5	138.1
Total liabilities	1,824.1	1,003.0
Stockholders' equity:		
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, 16,590,722 and 16,484,550 shares issued	—	—
Additional paid-in capital	13.7	14.9
Retained earnings	681.7	684.5
Accumulated other comprehensive loss, net of tax	(30.8)	(30.7)
Total stockholders' equity	664.6	668.8
Total liabilities and stockholders' equity	\$ 2,488.7	\$ 1,671.8

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 September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Net sales	\$ 393.3	\$ 278.9	\$ 996.5	\$ 867.4
Costs and expenses:				
Cost of sales	363.2	228.3	935.1	702.6
Selling, general and administrative expenses	31.6	28.3	90.0	88.0
Other operating charges, net	(0.3)	1.7	20.3	1.1
Total operating costs and expenses	394.5	258.2	1,045.4	791.7
Income (loss) from continuing operations	(1.2)	20.7	(48.9)	75.7
Interest expense, net	(13.1)	(2.2)	(24.0)	(7.9)
Other non-operating income	0.3	0.1	1.0	0.3
Total non-operating expense	(12.8)	(2.1)	(22.9)	(7.6)
Income (loss) from continuing operations before income taxes	(14.0)	18.6	(71.8)	68.1
Income tax provision (benefit)	(3.3)	3.7	(17.4)	16.7
Income (loss) from continuing operations	(10.7)	14.9	(54.4)	51.4
Income from discontinued operations, net of tax	16.6	21.7	51.6	38.8
Net income (loss)	\$ 5.8	\$ 36.6	\$ (2.8)	\$ 90.1
Net income (loss) per common share:				
Income (loss) per share from continuing operations - basic	\$ (0.64)	\$ 0.89	\$ (3.27)	\$ 3.06
Income per share from discontinued operations - basic	1.00	1.30	3.10	2.31
Net income (loss) per share - basic	0.35	2.19	(0.17)	5.37
Income (loss) per share from continuing operations - diluted	(0.64)	0.88	(3.27)	3.01
Income per share from discontinued operations - diluted	1.00	1.29	3.10	2.27
Net income (loss) per share - diluted	\$ 0.35	\$ 2.17	\$ (0.17)	\$ 5.29
Average shares of common stock used to compute net income (loss) per share (in thousands):				
Basic	16,620	16,682	16,629	16,800
Diluted	16,620	16,895	16,629	17,051

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 September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Net income (loss)	\$ 5.8	\$ 36.6	\$ (2.8)	\$ 90.1
Other comprehensive loss:				
Defined benefit pension and other postretirement employee benefits:				
Amortization of actuarial gain included in net periodic cost, net of immaterial tax	—	(0.1)	(0.1)	(0.2)
Other comprehensive loss, net of tax	—	(0.1)	(0.1)	(0.2)
Comprehensive income (loss)	\$ 5.8	\$ 36.6	\$ (2.9)	\$ 89.9

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

CLEARWATER PAPER CORPORATION

Consolidated Statements of Cash Flows

(unaudited)

(In millions)	Nine Months Ended September 30,	
	2024	2023
Operating activities		
Net income (loss)	\$ (2.8)	\$ 90.1
Adjustments to reconcile net income (loss) to net cash flows provided by operating activities:		
Depreciation and amortization	78.3	73.8
Equity-based compensation expense	7.2	7.0
Deferred taxes	(10.0)	(7.3)
Defined benefit pension and other postretirement employee benefits	(3.2)	(1.5)
Amortization of deferred debt costs	2.0	0.9
Loss on sale or impairment associated with assets	1.6	1.4
Changes in operating assets and liabilities, excluding the effects of acquired business:		
(Increase) decrease in accounts receivable	(62.3)	7.9
Increase in inventories	(5.6)	(10.1)
Decrease in other current assets	3.4	8.6
Increase (decrease) in accounts payable and accrued liabilities	89.8	(46.9)
Other, net	(1.9)	1.0
Net cash flows provided by operating activities	96.5	125.0
Investing activities		
Additions to property, plant and equipment, net ¹	(83.6)	(48.5)
Acquisition of business	(708.2)	—
Net cash flows used in investing activities	(791.8)	(48.5)
Financing activities		
Borrowings on long-term debt	753.5	12.0
Repayments of long-term debt	(50.9)	(12.7)
Repurchases of common stock	(6.0)	(15.1)
Payments of debt issuance costs	(4.9)	(0.2)
Other, net	(2.7)	(4.7)
Net cash flows provided by (used in) financing activities	688.9	(20.7)
Increase (decrease) in cash and cash equivalents	(6.5)	55.8
Cash and cash equivalents at beginning of period	42.0	54.4
Cash and cash equivalents at end of period	\$ 35.5	\$ 110.2
Supplemental disclosures of cash flow information:		
Cash paid for interest, net of amounts capitalized	\$ 42.7	\$ 29.9
Cash paid for income taxes, net of refunds received	\$ 14.8	\$ 28.0

¹ Capital expenditures of \$25.5 million and \$16.5 million that have not been paid as of September 30, 2024 and 2023 were excluded from the Statements of Cash Flows.

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

ARWATER PAPER CORPORATION

Condensed Statements of Stockholders' Equity

1)

(In millions, except share amounts which are in thousands)	Common Stock		Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Total Stockholders' Equity
	Shares	Amount				
Balance at December 31, 2022	16,762	\$ —	\$ 28.5	\$ 576.8	\$ (33.3)	\$ 572.1
Net income	—	—	—	23.8	—	23.8
Stock-based compensation expense	—	—	2.2	—	—	2.2
Issuance of shares under stock plans, net	242	—	(4.2)	—	—	(4.2)
Pension and other postretirement employee benefits, net of immaterial tax	—	—	—	—	(0.1)	(0.1)
Repurchases of common stock	(51)	—	(1.7)	—	—	(1.7)
Balance at March 31, 2023	16,953	\$ —	\$ 24.7	\$ 600.6	\$ (33.4)	\$ 592.0
Net income	—	—	—	29.7	—	29.7
Stock-based compensation expense	—	—	1.7	—	—	1.7
Issuance of shares under stock plans, net	18	—	(0.4)	—	—	(0.4)
Pension and other postretirement employee benefits, net of immaterial tax	—	—	—	—	(0.1)	(0.1)
Repurchases of common stock	(263)	—	(8.4)	—	—	(8.4)
Balance at June 30, 2023	16,708	\$ —	\$ 17.7	\$ 630.3	\$ (33.4)	\$ 614.5
Net income	—	—	—	36.6	—	36.6
Stock-based compensation expense	—	—	2.5	—	—	2.5
Issuance of shares under stock plans, net	6	—	(0.1)	—	—	(0.1)
Pension and other postretirement employee benefits, net of immaterial tax	—	—	—	—	(0.1)	(0.1)
Repurchases of common stock	(150)	—	(5.0)	—	—	(5.0)
Balance at September 30, 2023	16,563	\$ —	\$ 15.1	\$ 666.9	\$ (33.5)	\$ 648.5

(In millions, except share amounts which are in thousands)	Common Stock		Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Total Stockholders' Equity
	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
Net loss	—	—	—	(25.8)	—	(25.8)
Stock-based compensation expense	—	—	2.8	—	—	2.8
Issuance of shares under stock plans, net	59	—	0.2	—	—	0.2
Repurchases of common stock	(64)	—	(3.0)	—	—	(3.0)
Balance at June 30, 2024	16,642	\$ —	\$ 13.5	\$ 675.8	\$ (30.7)	\$ 658.6
Net income	—	—	—	5.8	—	5.8
Stock-based compensation expense	—	—	2.7	—	—	2.7
Issuance of shares under stock plans, net	13	—	0.1	—	—	0.1
Repurchases of common stock	(64)	—	(2.5)	—	—	(2.5)
Balance at September 30, 2024	16,591	\$ —	\$ 13.7	\$ 681.7	\$ (30.8)	\$ 664.6

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

Clearwater Paper Corporation (the “Company,” “our” or “we”) is a premier manufacturer and supplier of bleached paperboard focused on servicing independent converters in North America. We also offer services that include customer sheeting, slitting, and cutting. Prior to the completion of the sale of our consumer products division, we manufactured and sold consumer and parent roll tissues to major retailers, including grocery, club and discount stores.

On May 1, 2024, we completed the acquisition of a paperboard manufacturing facility and associated business in Augusta Georgia. See Note 3 Business Acquisition for more information about the acquisition.

On July 21, 2024, we signed a binding agreement with Sofidel America to sell our consumer products division. This anticipated sale represents a strategic shift in our operations and financial results resulting in discontinued operations accounting treatment associated with this division. For all periods presented, the operating results associated with the consumer products division have been reclassified to discontinued operations and have been shown as net income from discontinued operations, net of taxes. The assets and liabilities associated with these businesses have been reflected as current and long-term assets and liabilities of discontinued operations in the Consolidated Balance Sheets. Additionally, certain reclassifications have been made to our continuing business to reflect certain intercompany transactions between the consumer products division and our remaining entity such as treatment of intercompany sales and cost inputs. For the three and nine months ended September 30, 2023, the impact of this reclassification was an increase to net sales of \$18.3 million and \$58.8 million and an increase to cost of sales of \$18.4 million and \$58.9 million. See Note 4, Discontinued Operation for more information on the divestiture.

Basis of Presentation

The accompanying unaudited consolidated financial statements have been prepared in accordance with the instructions to Form 10-Q and, in the opinion of management, include all adjustments (consisting of normal recurring adjustments) necessary to present fairly, in all material respects, the consolidated financial position, results of operations, stockholders' equity and cash flows for us and our subsidiaries for the interim periods presented. Results of operations for interim periods are not necessarily indicative of results to be expected for an entire year. These unaudited consolidated financial statements should be read in conjunction with the consolidated financial statements and the notes thereto included in our Annual Report on Form 10-K for the year ended December 31, 2023. All dollar amounts are shown in millions, except per share.

Reportable Segment

Effective July 21, 2024, we have determined that we have one reportable segment. This reportable segment aligns with the Company's business strategy, and the manner in which the Chief Executive Officer, the Company's chief operating decision maker, assesses performance and makes decisions regarding the allocation of resources for the Company. We manage our operations as a single segment for the purposes of assessing performance and making operating decisions.

Discontinued Operations

We present discontinued operations when there is a plan to dispose of a component of an entity or a group of components of an entity if the disposal represents a strategic shift that has (or will have) a major effect on an entity's operations and financial results. In the period in which the component meets held-for-sale or discontinued operations criteria, the major assets and liabilities are reported as components of total assets and liabilities separate from those balances of the continuing operations. At the same time, the results of all discontinuing operations, less applicable income taxes, are reported as components of net income (loss) separate from the net income (loss) from continuing operations. Additionally, we have elected to allocate interest expense to discontinued operations related to debt that was not directly attributed to the division being disposed of. Interest expense was allocated based on a ratio of net assets of discontinued operations to the consolidated net assets plus consolidated debt.

Note 2 Recently Issued Accounting Standards

In December 2023, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (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.

In November 2023, the FASB issued ASU No. 2023-07, Segment Reporting—*Improvements to Reportable Segment Disclosures (Topic 280)*. The guidance enhances disclosures of significant segment expenses by requiring the disclosure of significant segment expenses regularly provided to the chief operating decision maker, extends certain annual disclosures to interim periods, and permits more than one measure of segment profit or loss to be reported under certain conditions. All disclosure requirements are also required for companies with a single reportable segment. The guidance is effective in fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024. 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) from Graphic Packaging International, LLC (Augusta Acquisition). The acquisition is being accounted for under Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 805, *Business Combinations* as a business combination as opposed to an asset acquisition. We used borrowings under our credit facilities to fund the acquisition. This acquisition strengthened our position as a premier, independent supplier of paperboard products to converters through improved scale and cost structure.

The purchase price of the Augusta Acquisition was allocated to assets acquired and liabilities assumed based on the estimated fair values as of the date of acquisition. The excess of the purchase price over the fair value of the net assets acquired was allocated to goodwill, which is expected to be deductible for tax purposes. The allocation of the purchase price shown below remains preliminary and is subject to further adjustment, pending additional refinement and final completion of valuations, including but not limited to valuations of property, plant and equipment. Goodwill is primarily attributed to synergies from future expected economic benefits, including enhanced revenue growth as well as cost savings from reduction of duplicative overhead, streamlined operations and enhanced operational efficiency.

The purchase price allocation as of September 30, 2024 is as follows:

	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	—	0.4
Property, plant and equipment	609.3	1.4	610.7
Other assets, net	11.8	—	11.8
Total assets acquired	724.3	1.4	725.7
Current portion of long-term debt	(0.6)	—	(0.6)
Accounts payable and accrued liabilities	(7.7)	—	(7.7)
Long-term debt	(8.9)	—	(8.9)
Other long-term obligations	(12.6)	—	(12.6)
Total liabilities assumed	(29.7)	—	(29.7)
Net assets acquired	694.5	1.4	695.9
Goodwill	13.7	(1.4)	12.3
Total estimated fair value of net assets acquired	\$ 708.2	\$ —	\$ 708.2

As reflected in the previous table, we updated the purchase price allocation for the Augusta acquisition based on third-party valuation reports we received during the third quarter of 2024 to update the fair value of property, plant and equipment acquired with a corresponding change to goodwill.

The Consolidated Statements of Operations includes \$213.1 million of Net Sales and \$5.5 million of Net Loss for the nine months ended September 30, 2024 associated with this acquisition.

The following unaudited pro forma consolidated financial information for the nine months ended September 30, 2024 combines our results and the unaudited results of the Augusta operations for the corresponding periods. The unaudited pro forma consolidated financial information assumes that the Augusta Acquisition, which closed on May 1, 2024, was completed on January 1, 2023. The pro forma consolidated financial information has been calculated after applying our accounting policies and includes adjustments to reduce previous recorded amortization expense, fair value adjustments for acquired inventory, property, plant and equipment and operating leases. The impact to depreciation expense was de minimis due to the valuation step up being offset by increased useful lives. These pro forma results have been prepared for comparative purposes only and do not purport to be indicative of our operating results that would have been achieved had the Augusta Acquisition actually taken place on January 1, 2023. 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 September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Net sales	\$ 393.3	\$403.0	\$ 1,185.3	\$ 1,324.7
Net income (loss)	5.8	31.9	(16.1)	97.7

Note 4 Discontinued Operations

On July 21, 2024, we entered into agreements with Sofidel America Corp. (Sofidel), pursuant to which we agreed to sell our consumer products division through the divestiture of certain wholly owned subsidiaries and certain assets of the Company. The purchase price was \$1.06 billion in cash, subject to adjustments for debt and transaction expenses. Accordingly, financial results included in this document report the consumer products division as discontinued for all periods presented. Below is a reconciliation of line items constituting pre-tax income from discontinued operations to the after-tax income from discontinued operations as reported on our Consolidated Statement of Operations:

	Quarter Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Net sales	\$ 262.4	\$ 259.3	\$ 768.3	\$ 761.3
Cost of sales	212.2	203.3	611.1	627.4
Selling, general and administrative expenses	7.0	8.1	22.7	23.4
Depreciation and amortization	6.7	14.2	35.0	43.5
Other operating charges, net	6.3	0.1	10.8	1.3
Income from discontinued operations	30.1	33.6	88.7	65.8
Other non-operating expense	(8.0)	(4.6)	(19.7)	(14.1)
Total non-operating expense	(8.0)	(4.6)	(19.7)	(14.1)
Income from discontinued operations before income taxes	22.1	29.0	68.9	51.7
Income tax provision	5.6	7.2	17.4	12.9
Income from discontinued operations, net of tax	\$ 16.6	\$ 21.7	\$ 51.6	\$ 38.8

The major components of “Other operating charges, net” included in discontinued operations for the quarter and nine months ended September 30, 2024 and 2023 are reflected in the table below. These items are considered outside of our core discontinued operations.

	Quarter Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Divestiture related costs	\$ 6.2	\$ —	\$ 10.5	\$ —
Loss on sale or impairment associated with assets	0.1	0.1	0.3	1.3
	\$ 6.3	\$ 0.1	\$ 10.8	\$ 1.3

The carrying amounts of major components of assets and liabilities included as part of discontinued operations are as follows:

	September 30, 2024	December 31, 2023
Assets of discontinued operations:		
Receivables, net of allowance for current expected credit losses	\$ 82.0	\$ 88.4
Inventories, net	162.1	158.6
Other current assets	2.0	0.5
Property, plant and equipment, net	608.1	629.4
Other assets, net	25.5	28.5
Total assets of discontinued operations	879.7	905.4
Liabilities of discontinued operations:		
Current portion of long-term debt	0.9	0.8
Accounts payable and accrued liabilities	102.1	89.7
Long-term debt	21.7	22.4
Liability for pension and other postretirement employee benefits	1.2	1.2
Deferred tax liabilities and other long-term obligations	107.5	114.5
Total liabilities of discontinued operations	233.5	228.6
Net assets of discontinued operations	\$ 646.2	\$ 676.8

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

	Nine Months Ended September 30,	
	2024	2023
Net cash provided by operating activities of discontinued operations	\$ 133.8	\$ 75.1
Net cash used in investing activities of discontinued operations	(9.8)	(12.1)

Note 5 Revenue and Receivables

The table below represents our disaggregation of revenue based upon continuing operations. The information provided has been recast from prior reported information to include certain transfers of pulp and other inputs into Net Sales. These amounts were previously reported as an offset to manufacturing costs in the pulp and paperboard division.

	Quarter Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Net Sales:				
Paperboard	\$ 374.5	\$ 253.8	\$ 946.5	\$ 789.7
Pulp	12.4	21.2	36.2	64.5
Other	6.3	4.0	13.8	13.3
	<u>\$ 393.3</u>	<u>\$ 278.9</u>	<u>\$ 996.5</u>	<u>\$ 867.4</u>

Receivables consist of:

	September 30, 2024	December 31, 2023
Trade accounts receivable	\$ 150.3	\$ 85.2
Allowance for current expected credit losses	(1.5)	(1.2)
Unbilled receivables	5.0	4.1
Taxes receivable	12.4	4.8
Other	6.6	3.1
	<u>\$ 172.7</u>	<u>\$ 96.1</u>

Note 6 Inventories

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

	September 30, 2024	December 31, 2023
Logs, chips and sawdust	\$ 30.5	\$ 22.1
Pulp	7.5	4.7
Paperboard products	122.0	77.4
Materials and supplies	104.7	57.0
	<u>\$ 264.6</u>	<u>\$ 161.2</u>

Note 7 Property, Plant and Equipment

Property, plant and equipment consist of:

	September 30, 2024	December 31, 2023
Land and land improvements	\$ 65.8	\$ 45.1
Buildings and improvements	232.2	179.4
Machinery and equipment	1,922.0	1,341.1
Construction in progress	74.2	43.0
	<u>2,294.2</u>	<u>1,608.6</u>
Less accumulated depreciation and amortization	(1,282.2)	(1,247.9)
Property, plant and equipment, net	<u>\$ 1,012.0</u>	<u>\$ 360.7</u>

Note 8 Goodwill and Intangibles

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

	Goodwill	Intangibles	Total
Balance as of December 31, 2023	\$ 35.1	\$ 6.4	\$ 41.5
Recognized goodwill	12.3	—	12.3
Amortization	—	(1.6)	(1.6)
Balance as of September 30, 2024	\$ 47.3	\$ 4.8	\$ 52.2

Intangible assets consisted of \$4.8 million customer relationships. Outstanding definite-lived intangible assets are amortized over their useful lives of 10 years.

The gross book value and accumulated amortization of definite lived intangible assets at September 30, 2024 was \$34.9 million and \$30.0 million. The gross book value and accumulated amortization of definite lived intangible assets at December 31, 2023 was \$34.9 million and \$28.4 million.

Note 9 Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities consist of:

	September 30, 2024	December 31, 2023
Trade payables	\$ 172.1	\$ 89.1
Accrued compensation	43.2	32.8
Operating lease liabilities	10.7	8.5
Other	75.6	65.0
	\$ 301.7	\$ 195.5

Included in "Accounts payable and accrued liabilities" are \$25.5 million and \$13.0 million related to capital expenditures that had not yet been paid as of September 30, 2024 and December 31, 2023.

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 September 30, 2024 and December 31, 2023, \$15.2 million and \$14.7 million of outstanding obligations under this program were included in "Other" in the table above.

As of September 30, 2024 and December 31, 2023, unrecognized tax benefits, including associated interest, of \$29.1 million and \$27.4 million were included in "Other" in the table above.

Note 10 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.

	Nine Months Ended September 30,	
	2024	2023
Income (loss) from continuing operations before income taxes	\$ (71.8)	\$ 68.1
Income tax provision (benefit) - continuing operations	(17.4)	16.7
Effective rate	24.3 %	24.5 %
Income from discontinued operations before income taxes	\$ 68.9	\$ 51.7
Income tax provision - discontinued operations	17.4	12.9
Effective rate	25.2 %	25.0 %

For the nine months ended September 30, 2024, we recognized an income tax benefit of \$17.4 million on loss from continuing operations before taxes of \$71.8 million compared to a provision of \$16.7 million on income from continuing operations of \$68.1 million in the same period in 2023. Our effective tax rate for the nine months ended September 30,

2024 varied from the U.S. federal statutory tax rate of 21.0% primarily due to the effects of changes in state valuation allowances, nondeductible compensation and interest related to uncertain tax provisions offset by federal and state return to provision adjustments. The tax provision has been allocated to discontinued operations based upon a blended federal and state statutory rate.

Note 11 Debt

Long-term debt at the balance sheet dates consisted of:

	Interest Rate at September 30, 2024	September 30, 2024			December 31, 2023		
		Principal	Unamortized Debt Costs	Total	Principal	Unamortized Debt Costs	Total
Term Revolving Facility under Term loan Credit Agreement maturing 2029, fixed interest rate	9.1%	\$ 150.0	\$ (2.3)	\$ 147.7	\$ 150.0	\$ (2.8)	\$ 147.2
Term Revolving Facility under Term Loan Credit Agreement maturing 2029, variable interest rate	9.0%	120.0	—	120.0	—	—	—
Farm Credit Term Loan Facility under Term Loan Credit Agreement maturing 2031, variable interest rate	9.0%	395.0	(2.6)	392.4	—	—	—
Commercial Bank Term Loan Facility under Term Loan Credit Agreement, maturing 2029, variable interest rate	8.4%	88.9	(0.6)	88.3	—	—	—
2020 Notes, maturing 2028, fixed interest rate	4.8%	275.0	(2.0)	273.0	275.0	(2.4)	272.6
Revolving loan facility under ABL Credit Agreement, maturing 2027, variable interest rate	6.5%	120.0	—	120.0	20.0	—	20.0
Finance leases		9.2	—	9.2	—	—	—
Total debt		1,158.1	(7.4)	1,150.7	445.0	(5.1)	439.9
Less: current portion		(7.9)	0.5	(7.4)	—	—	—
Net long-term portion		\$ 1,150.2	\$ (6.9)	\$ 1,143.3	\$ 445.0	\$ (5.1)	\$ 439.9

TERM CREDIT AGREEMENTS

On May 1, 2024, the Company entered into an amendment and restatement of our Credit Agreement, dated October 27, 2023, with AgWest Farm Credit, PCA, as administrative agent, and several lenders (as so amended and restated, the “Term Credit Agreement”).

After giving effect to the amendment and restatement, the credit facilities provided under the Term Credit Agreement consist of (i) a term revolver loan commitment in the amount of \$270 million (the “Term Revolver Facility”), \$150 million of which was borrowed on October 27, 2023 and \$120 million of which was borrowed on May 1, 2024, (ii) a term loan commitment in the amount of \$400 million (the “Farm Credit Term Loan Facility”), which was fully borrowed on May 1, 2024 and (iii) a term loan commitment in the amount of \$90 million (the “Commercial Bank Term Loan Facility” and together with the Farm Credit Term Loan Facility, collectively, the “Term Loan Facilities”), which was fully borrowed on May 1, 2024.

We may increase commitments under the Term Revolver Facility in an aggregate principal amount of up to \$60 million, subject to obtaining commitments from participating lenders. The Term Credit Agreement matures on the earlier of (i) in the case of the Term Revolver Facility and the Commercial Bank Term Loan Facility, May 1, 2029, (ii) in the case of the Farm Credit Term Loan Facility, May 1, 2031 and (iii) and subject to springing maturity 91 days prior to the maturity of

the 2020 Notes, if the outstanding principal amount of the 2020 Notes plus \$50 million is less than our available borrowing liquidity and unrestricted cash.

We may prepay and reborrow the borrowings under the Term Revolver Facility, in whole or in part, at any time and from time to time without premium or penalty (other than prepayments of the initial advance on the Term Revolver Facility of \$150 million to the extent made prior to November 1, 2024 and in certain other circumstances). In addition, we must make mandatory prepayments of principal under the Term Revolver Facility upon the occurrence of certain asset sales. We are required to repay a percentage of the aggregate outstanding principal amount of the borrowings under the Term Loan Facilities in quarterly installments on the last day of each March, June, September and December, commencing on the first day of the third full fiscal quarter after May 1, 2024. We may prepay any borrowings under the Term Loan Facilities, in whole or in part, at any time and from time to time without premium or penalty. In addition, we must make mandatory prepayments of principal under the Term Loan Facilities upon the occurrence of certain specified events, including certain asset sales (as disclosed in Note 4 Discontinued Operations), debt issuances not permitted under the Term Credit Agreement, and of 50% of our quarterly excess cash flows, less any voluntary prepayments of the Term Loan Facilities.

ABL CREDIT AGREEMENT

On May 1, 2024, the Company entered into an amendment (the “ABL Amendment”) of its Credit Agreement, dated July 26, 2019, with JPMorgan Chase Bank, N.A., as administrative agent and several lenders (as so amended, the “ABL Credit Agreement”). After giving effect to the ABL Amendment, the maximum commitment of the lenders (subject to borrowing base limitations) under the ABL Credit Agreement was increased from \$275 million to \$375 million, \$120 million of which was borrowed as of September 30, 2024 and \$3.7 million of which was utilized for outstanding but undrawn letters of credit.

As of September 30, 2024, we were in compliance with the currently applicable covenants associated with the Term Credit Agreement and the ABL Credit Agreement.

The fair value of our debt is included in the following table:

	September 30, 2024	December 31, 2023
Farm Credit Term Loan Facility under Term Credit agreement, maturing 2031, variable interest rate	\$ 400.0	\$ —
2020 Notes, maturing 2028, fixed interest rate	258.2	255.1
Term Revolver Facility under Term Credit Agreement, maturing 2029, fixed interest rate	150.1	150.6
Term Revolver Facility under Term Credit Agreement, maturing 2029, variable interest rate	120.1	—
Commercial Bank Term Loan Facility under Term Credit Agreement, maturing 2029, variable interest rate	90.0	—
Revolving loan facility under ABL Credit Agreement, maturing 2027, variable interest rate	120.0	20.0
	<u>\$ 1,138.3</u>	<u>\$ 425.7</u>

Note 12 Other Operating Charges

The major components of "Other operating charges, net" in the Consolidated Statements of Operations for the quarter and nine months ended September 30, 2024 and 2023 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 September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Acquisition related costs	\$ 0.5	\$ —	\$ 13.9	\$ —
Integration costs	2.3	—	5.7	—
Loss on sale or impairment associated with assets	0.4	—	1.1	0.1
Directors' equity-based compensation expense	(3.5)	1.0	(0.4)	0.6
Other	—	0.7	—	0.4
	\$ (0.3)	\$ 1.7	\$ 20.3	\$ 1.1

2024

During the third quarter of 2024, we recorded \$0.3 million of income in "Other operating charges, net." The main components of the income include:

- expense of \$0.5 million associated with acquisition activities (primarily legal and professional services);
- expense of \$2.3 million associated with integration activities (primarily professional services);
- loss of \$0.4 million associated with the impairment of property, plant and equipment; and
- income of \$3.5 million relating to directors' equity-based compensation which is remeasured each period based upon changes in our stock price.

During the second quarter of 2024, we recorded \$15.3 million of expense in "Other operating charges, net." The main components of the expense include:

- expense of \$10.1 million associated with acquisition activities (primarily legal and professional services);
- expense of \$2.5 million associated with integration activities (primarily professional services);
- loss of \$0.7 million associated with the impairment of property, plant and equipment; and
- expense of \$2.0 million relating to directors' equity-based compensation which is remeasured each period based upon changes in our stock price.

During the first quarter of 2024, we recorded \$5.3 million of expense in "Other operating charges, net." The main components of the expense include:

- expense of \$3.3 million associated with acquisition activities (primarily legal and professional services);
- expense of \$0.8 million associated with 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.

2023

During the third quarter of 2023, we recorded \$1.7 million of expense in "Other operating charges, net." The main components of the expense include:

- expense of \$1.0 million relating to directors' equity-based compensation which is remeasured each period based upon changes in our stock price;

During the second quarter of 2023, we recorded \$0.1 million of income in "Other operating charges, net." The components of the income include:

- reversal of expense of \$0.2 million relating to directors' equity-based compensation which is remeasured each period based upon changes in our stock price.

During the first quarter of 2023, we recorded \$0.4 million of income in "Other operating charges, net." The components of the expense include:

- reversal of expense of \$0.2 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 and nine months ended September 30, 2024 and 2023 are reflected in the table below:

	Quarter Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Interest expense	\$ (13.0)	\$ (3.0)	\$ (24.6)	\$ (9.1)
Amortization of debt issuance costs and accretion of debt discount	(0.6)	(0.1)	(1.2)	(0.4)
Interest income	0.4	0.9	1.8	1.5
Interest expense, net	(13.1)	(2.2)	(24.0)	(7.9)
Non-operating pension and other postretirement employee benefits	0.3	0.1	1.0	0.3
Total non-operating expense	\$ (12.8)	\$ (2.1)	\$ (22.9)	\$ (7.6)

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 September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Service cost	\$ 0.6	\$ 0.9	\$ 1.9	\$ 2.6
Interest cost	3.0	3.1	8.9	9.3
Expected return on plan assets	(3.9)	(3.8)	(11.8)	(11.4)
Net periodic cost	\$ (0.3)	\$ 0.2	\$ (0.9)	\$ 0.6

Other Postretirement Employee Benefit Plans	Quarter Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Service cost	\$ 0.1	\$ —	\$ 0.2	\$ 0.1
Interest cost	0.7	0.7	2.0	2.1
Amortization of actuarial gain	(0.1)	(0.1)	(0.2)	(0.4)
Net periodic cost	\$ 0.6	\$ 0.6	\$ 2.0	\$ 1.8

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" on our Consolidated Statements of Operations. For the quarter and nine months ended September 30, 2024, we recorded \$0.6 million and \$1.7 million to "Cost of sales" and \$0.1 million and \$0.4 million to "Selling, general, and administrative expenses." For the quarter and nine months ended September 30, 2023, we recorded \$0.8 million and \$2.3 million to "Cost of sales" and \$0.1 million and \$0.4 million to "Selling, general, and administrative expenses."

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, 2022	\$ (46.5)	\$ 13.3	\$ (33.3)
Amounts reclassified from accumulated other comprehensive loss	—	(0.3)	(0.2)
Balance at September 30, 2023	\$ (46.5)	\$ 13.0	\$ (33.5)
Balance at December 31, 2023	\$ (42.0)	\$ 11.3	\$ (30.7)
Amounts reclassified from accumulated other comprehensive loss	0.1	(0.2)	(0.1)
Balance at September 30, 2024	\$ (41.9)	\$ 11.1	\$ (30.8)

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 September 30, 2024, approximately 0.6 million shares were available for future issuance under our current plan.

	Quarter Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Total stock-based compensation expense	\$ (0.9)	\$ 3.5	\$ 7.2	\$ 7.0
Income tax benefit related to stock-based compensation	\$ (0.5)	\$ 0.9	\$ 0.8	\$ 1.7
Impact on cash flow from proceeds on options exercised	\$ 0.2	\$ —	\$ 1.3	\$ —
Impact on cash flow due to taxes paid related to net share settlement of equity awards	\$ 0.1	\$ 0.1	\$ 4.1	\$ 4.7

At September 30, 2024, there was \$15.8 million of total unrecognized compensation costs related to outstanding restricted stock unit awards, of which \$2.5 million was related to the consumer products division.

During the nine months ended September 30, 2024, we granted 221,319 restricted stock units (time vesting) at an average grant date fair value of \$38.18 per share and 163,310 restricted stock units (performance vesting) at an average grant date fair value of \$40.17 per share.

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 are reported because the effect is anti-dilutive.

(In thousands)	Quarter Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Basic weighted-average common shares outstanding	16,620	16,682	16,629	16,800
Incremental shares due to:				
Stock-based awards	—	120	—	139
Performance shares	—	94	—	112
Diluted weighted-average common shares outstanding	16,620	16,895	16,629	17,051

Shares excluded from the computation of diluted earnings (loss) per share were 0.3 million and 0.4 million for the quarter and nine months ended September 30, 2024 and 0.3 million and 0.4 million for the quarter and nine months ended September 30, 2023 as they were either antidilutive (not in-the-money) or the required performance conditions were not met.

Note 18 Insurance Recovery

During the first quarter of 2024, we experienced a natural gas disruption due to an extreme weather event that resulted in damage at our Lewiston, Idaho facility. During the quarter ended June 30, 2024, we received \$10.5 million in insurance proceeds, of which \$4.7 million was related to business interruption insurance and \$5.8 million was related to reimbursable costs. Proceeds of \$9.3 million, associated with continuing operations, were recorded within "Cost of sales" in the Consolidated Statements of Operations and \$0.3 million related to property, plant and equipment. Proceeds associated with discontinued operations were \$0.9 million.

Note 19 Subsequent Events

Business Divestiture

On November 1, 2024, we completed the sale of the consumer products division (CPD) to Sofidel. As a result of the sale, we received \$1.06 billion, subject to post-closing adjustments. As part of the transaction, we entered into a Transition Services Agreement, pursuant to which we will provide certain services of a transitional nature to Sofidel, a Lease Agreement, pursuant to which we will lease the portion of the land and facilities on which CPD operates at the Lewiston, Idaho facility to Sofidel, and a Services and Use Agreement, pursuant to which we will provide certain services to Sofidel in connection with the ongoing operations at Sofidel's manufacturing facilities located in Lewiston, Idaho. The lease term shall be five years with certain renewal rights for a maximum of ten years. In connection with the closure of the sale, we used the net proceeds to pay off all outstanding debt excluding 2020 Notes.

On October 31, 2024, Clearwater Paper's Board of Directors approved a new \$100 million share repurchase authorization, allowing the Company to opportunistically repurchase shares in addition to offsetting the dilution from employee share grants. This authorization replaces the Company's previous authorization. The timing and amount of any repurchases of common stock will be solely at the discretion of the Company and is subject to general business and market conditions, as well as other factors. The authorization permits the Company to make repurchases of its common stock from time to time in open market or privately negotiated transactions, including accelerated share repurchase transactions and the use of Rule 10b5-1 trading plans. The authorization has no expiration date.

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, 2023, 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, 2023.

In connection with the anticipated sale of the consumer products division, we have reported the related assets and liabilities, and the financial results as discontinued operations in our Consolidated Financial Statements for all periods presented. See "Note 4, Discontinued Operations" of the Notes to the Consolidated Financial Statements for additional information.

OVERVIEW

Executive Summary

We recorded net sales of \$393.3 million for the quarter ended September 30, 2024 compared to \$278.9 million for the quarter ended September 30, 2023. We recorded a net loss from continuing operations for the quarter ended September 30, 2024 of \$10.7 million, or \$0.64 per diluted share, compared to income from continuing operations of \$14.9 million or \$0.88 per diluted share for the quarter ended September 30, 2023. We recorded Adjusted EBITDA from continuing operations for the quarter ended September 30, 2024 of \$20.2 million compared to \$32.6 million for the quarter ended September 30, 2023.

We recorded an increase of 15% in net sales to \$1.0 billion for the nine months ended September 30, 2024 compared to \$867.4 million for the nine months ended September 30, 2023. We recorded loss from continuing operations for the nine months ended September 30, 2024 of \$54.4 million, or \$3.27 per diluted share, compared to income from continuing operations of \$51.4 million or \$3.01 per diluted share for the nine months ended September 30, 2023. We recorded Adjusted EBITDA from continuing operations for the nine months ended September 30, 2024 of \$25.9 million compared to \$107.1 million for the nine months ended September 30, 2023.

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, 2023. There have been no material changes to the critical accounting policies and estimates disclosed in our Annual Report except as discussed below.

Business Acquisitions

Acquisitions

We apply the principles provided in the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 805, *Business Combinations*, to determine whether an acquisition involves an asset or a business. In determining whether an acquisition should be accounted for as a business combination or asset acquisition, we first determine whether substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or a group of similar identifiable assets. If this is the case, the single identifiable asset or the group of similar assets is accounted for as an asset acquisition. If this is not the case, we then further evaluate whether the single identifiable asset or group of similar identifiable assets and activities includes, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. If so, the transaction is accounted for as a business combination.

We account for business combinations using the acquisition method of accounting which requires that (i) identifiable assets acquired (including identifiable intangible assets) and liabilities assumed generally be measured and recognized at fair value as of the acquisition date and (ii) the excess of the purchase price over the estimated net fair value of identifiable assets acquired and liabilities assumed be recognized as goodwill, which is not amortized for accounting purposes but is subject to testing for impairment at least annually. We measure and recognize asset acquisitions that are not deemed to be business combinations based on the cost to acquire the assets. Goodwill is not recognized in an asset acquisition with any

consideration in excess of net assets acquired allocated to acquired assets on a relative estimated fair value basis. Transaction costs are expensed in a business combination and transaction costs directly attributable to the acquisition are considered a component of the cost of the acquisition in an asset acquisition. See Note 3, "Business Acquisition," in the Notes to Consolidated Financial Statements included in Item 1 of this report for additional information.

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 September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Net income (loss)	\$ 5.8	\$ 36.6	\$ (2.8)	\$ 90.1
Add (deduct):				
Income from discontinued operations, net of tax	16.6	21.7	51.6	38.8
Income (loss) from continuing operations	(10.7)	14.9	(54.4)	51.4
Income tax provision (benefit)	(3.3)	3.7	(17.4)	16.7
Interest expense, net	13.1	2.2	24.0	7.9
Depreciation and amortization	21.7	10.2	47.6	30.3
Inventory revaluation on acquired business	—	—	6.8	—
Other operating charges, net	(0.3)	1.7	20.3	1.1
Other non-operating income	(0.3)	(0.1)	(1.0)	(0.3)
Adjusted EBITDA from continuing operations	\$ 20.2	\$ 32.6	\$ 25.9	\$ 107.1

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 the consumer products division and the pulp and paperboard manufacturing operations. Based upon discontinued operations treatment, such transfers of pulp and other inputs have been recast to Net Sales on the condensed consolidated statement of operations.

	Quarter Ended September 30,			Nine months Ended September 30,		
	2024	2023	% change	2024	2023	% change
Net sales	\$ 393.3	\$ 278.9	41 %	\$ 996.5	\$ 867.4	15 %
Cost of sales	363.2	228.3	59 %	935.1	702.6	33 %
Gross margin	30.1	50.7	(41)%	61.4	164.9	(63)%
Selling, general and administrative expenses	31.6	28.3	12 %	90.0	88.0	2 %
Other operating charges, net ⁽¹⁾	(0.3)	1.7	(116)%	20.3	1.1	1762 %
Income (loss) from continuing operations	\$ (1.2)	\$ 20.7	(106)%	\$ (48.9)	\$ 75.7	(165)%
Adjusted EBITDA from continuing operations	\$ 20.2	\$ 32.6	(38)%	\$ 25.9	\$ 107.1	(76)%

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

SALES

Sales increased 41% for the quarter ended September 30, 2024 compared to the same period in the prior year and 15% for the nine months ended September 30, 2024 compared to the same period in the prior year due the inclusion of the Augusta operations (see Note 3 Business Acquisition in our Notes to our Consolidated Financial Statements). This increase was driven by higher sales volume offset by decreases in sales prices due to previously announced price decreases and changes in our product mix.

Quarter Ended September 30,	Quarter Ended September 30,			Nine months Ended September 30,		
	2024	2023	% change	2024	2023	% change
Paperboard shipments (short tons)	314,320	187,944	67.2 %	774,207	563,502	37.4 %
Paperboard sales price (per short ton)	\$ 1,192	\$ 1,350	(11.7)%	\$ 1,223	\$ 1,401	(12.7)%

COST OF SALES

Cost of sales increased 59% for the quarter ended September 30, 2024 compared to the same period in the prior year and 33% for the nine months ended September 30, 2024 compared to the same period in the prior year due the inclusion of the Augusta operations volume. During the third quarter of 2024, we continued to see higher fiber, chemical and energy costs associated with impacts of our planned major maintenance outage at our Lewiston, Idaho facility which occurred during the second quarter of 2024. For the nine months ended September 30, 2024 compared to the same period in the prior year, cost of sales increased due to the inclusion of the Augusta operations volume, although with lower input costs for fiber, chemicals and energy due to reduced inflation.

GROSS MARGIN

Gross margin declined 41% for the quarter ended September 30, 2024 compared to the same period in the prior year and 63% for the nine months ended September 30, 2024 compared to the same period in the prior year primarily due to previously announced price decreases and higher costs due to our planned major maintenance outage at our Lewiston, Idaho facility offset by lower input costs due to reduced inflation.

SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

Selling, general and administrative expenses increased 12% the quarter ended September 30, 2024 compared to the same period in the prior year and 2% for the nine months ended September 30, 2024 compared to the same period in the prior year. The increase between periods is primarily related to higher wages and benefits related to additional sales costs associated with the Augusta acquisition partially offset by lower incentives due to lower operational performance.

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

Operating income from continuing operations and Adjusted EBITDA from continuing operations decreased for the quarter and nine months ended September 30, 2024 as compared to the same periods in the prior year due to lower sales prices, the impacts of our planned major maintenance outage at our Lewiston, Idaho facility, higher sales and marketing costs and acquisition and integration costs associated with the Augusta acquisition, partially offset by lower input costs due to reduced inflation.

OPERATING RESULTS FROM DISCONTINUED OPERATIONS

Retail sales volumes in our consumer products division increased for the quarter and nine months ended September 30, 2024 compared to the same period in the prior year due to the increased demand for private label versus branded products. Retail sales prices decreased in our consumer products division for the quarter and nine months ended September 30, 2024 compared to the same period in the prior year due to changes in our product mix and reductions resulting from contract pricing indexed to certain cost inputs.

Operating income and Adjusted EBITDA increased for the quarter ended September 30, 2024 compared to the same period in the prior year predominately due to higher volumes offset by lower sales prices and higher input costs. The increase in operating income and Adjusted EBITDA for the nine months ended September 30, 2024 compared to the same period in the prior year was driven by lower input costs, primarily in pulp, freight and energy costs.

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.

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 nine months ended September 30, 2024 were \$96.5 million compared to net cash flows provided by operating activities of \$125.0 million for the nine months ended September 30, 2023. This decrease was driven by lower operating performance and higher interest payments related to the debt incurred associated with the Augusta acquisition. Accounts receivable and accounts payable agings as of September 30, 2024 have remained relatively consistent with balances as of December 31, 2023.

Investing Activities

Net cash flows used in investing activities for nine months ended September 30, 2024 were \$791.8 million compared to \$48.5 million in the same period of the prior year. This amount includes \$708.2 million associated with the acquisition of a paperboard manufacturing facility and associated business, located in Augusta, Georgia. Included in "Accounts payable and accrued liabilities" on our Consolidated Balance Sheets was \$25.5 million and \$16.5 million related to unpaid capital expenditures at September 30, 2024 and 2023.

During 2024, we expect cash paid for capital expenditures to be approximately \$100 million to \$120 million.

Financing Activities

During the nine months ended September 30, 2024, net cash provided by financing activities was \$688.9 million. We received net proceeds of \$753.5 million from the issuance of long-term debt related to the business acquisition and to cover short term cash requirements. We used \$4.9 million for debt issuance costs, \$6.0 million to repurchase stock, and repaid debt of \$50.9 million.

During the nine months ended September 30, 2023, net cash used for financing activities was \$20.7 million. We used \$15.1 million to repurchase stock through our share repurchase program and \$4.7 million in connection with income tax withholding requirements associated with our employee stock-based compensation plans. Additionally, we borrowed and repaid \$12.0 million on our ABL Credit Agreement to cover short term cash requirements.

Term Credit Agreement and ABL Credit Agreement

The Company is a party to a Credit Agreement, dated October 27, 2023, with AgWest Farm Credit, PCA, as administrative agent, and several lenders, as amended and restated on May 1, 2024 (as so amended and restated, the "Term Credit Agreement") that consists of the following facilities: (i) a term revolver loan commitment in the amount of \$270 million (the "Term Revolver Facility"), \$150 million of which was borrowed on October 27, 2023 and \$120 million of which was borrowed on May 1, 2024, (ii) a term loan commitment in the amount of \$400 million (the "Farm Credit Term Loan Facility"), which was fully drawn on May 1, 2024 and (iii) a term loan commitment in the amount of \$90 million (the "Commercial Bank Term Loan Facility" and together with the Farm Credit Term Loan Facility, collectively, the "Term Loan Facilities"), which was fully drawn on May 1, 2024. We may also increase commitments under the Term Revolver Facility in an aggregate principal amount of up to \$60 million, subject to obtaining commitments from any participating lender and certain other conditions.

The lending commitment under the Term Revolver Facility is subject to an annual reduction of 2% of the commitments then in effect. The Term Credit Agreement matures and the lending obligations under the Term Revolver Facility terminate on the earlier of (i) in the case of the Term Revolver Facility and the Commercial Bank Term Loan Facility, May 1, 2029, (ii) in the case of the Farm Credit Term Loan Facility, May 1, 2031 and (iii) and the date that is 91 days prior to the maturity of the Company's 4.750% senior notes due 2028 (the "2020 Notes"), unless during such period of time the outstanding principal amount of the 2020 Notes plus \$50 million is less than the sum of our available borrowing liquidity and unrestricted cash.

We may, at our option, prepay and reborrow any borrowings under the Term Revolver Facility, in whole or in part, at any time and from time to time without premium or penalty (other than prepayments of the initial advance on the Term Revolver Facility of \$150 million to the extent made prior to November 1, 2024 and in certain other circumstances). In addition, we must make mandatory prepayments of principal under the Term Revolver Facility upon the occurrence of certain asset sales. We are required to repay a percentage of the aggregate outstanding principal amount of the borrowings under the Term Loan Facilities in quarterly installments on the last day of each March, June, September and December, commencing on the first day of the third full fiscal quarter after May 1, 2024. We may prepay any borrowings under the Term Loan Facilities, in whole or in part, at any time and from time to time without premium or penalty. In addition, we must make mandatory prepayments of principal under the Term Loan Facilities upon the occurrence of certain specified events, including certain asset sales, debt issuances not permitted under the Term Credit Agreement, and of 50% of our quarterly excess cash flows, less any voluntary prepayments of the Term Loan Facilities.

Under the Term Revolver Facility and the Farm Credit Term Loan Facility, loans generally may bear interest based on the secured overnight financing rate (SOFR) or the agent's fixed rate, as applicable, plus, in each case, an applicable margin that (i) prior to repayment in full of the Term Loan Facilities, may vary between 2.25% per annum and 4.75% per annum based on our consolidated leverage ratio (as defined under and calculated in accordance with the Term Credit Agreement) and (ii) with respect to the Term Revolver Facility and after payment in full of the Term Loan Facilities, is 3.65% per annum. In the case of the \$150 million borrowing disbursed under the Term Revolver Facility on October 27, 2023, the Company previously selected a one-year fixed rate loan bearing interest at an all-in interest rate of 9.13%. Under the Commercial Bank Term Loan Facility, loans generally may bear interest based on SOFR or a base rate, as applicable, plus, in each case, an applicable margin that (x) in the case of SOFR loans, may vary between 1.75% per annum and 4.25% per annum based on the Company's consolidated leverage ratio and (y) in the case of base rate loans, may vary between 0.75% per annum and 3.25% per annum, in each case, based on the Company's consolidated leverage ratio.

Until our consolidated leverage ratio is less than or equal to 3.25 to 1.00 and our debt to capitalization ratio is less than or equal to 60%, in each case, for four consecutive fiscal quarters (or as of the end of a quarter, if earlier, if a disposition is consummated which results in indebtedness being reduced by at least \$200 million) we must maintain the following financial covenants under the Term Credit Agreement: (i) a maximum consolidated leverage ratio not greater than (x) commencing with the first fiscal quarter ending at least fifteen (15) months after May 1, 2024 and until the fiscal quarter ending immediately prior to the first fiscal quarter ending at least twenty-four (24) months after May 1, 2024, 4.50 to 1.00, and (y) commencing with the first fiscal quarter ending at least twenty-four (24) months after May 1, 2024 and thereafter, 4.00 to 1.00; and (ii) a minimum current ratio (as defined under and calculated in accordance with Term Credit Agreement) not less than 1.25 to 1.00. In addition, until the Commercial Bank Term Loan Facility is paid in full, we must maintain a maximum debt to capitalization ratio no greater than (1) commencing with the first fiscal quarter ending after May 1, 2024 and until the fiscal quarter ending immediately prior to the first fiscal quarter ending at least twenty-four (24) months after May 1, 2024, 70%, (2) commencing with the first fiscal quarter ending at least twenty-four (24) months after May 1, 2024 and until the fiscal quarter ending immediately prior to the first fiscal quarter ending at least forty-eight (48) months after May 1, 2024, 65%, and (3) commencing with the first fiscal quarter ending at least forty-eight (48) months after May 1, 2024 and thereafter, 60%.

The Company is also party to a Credit Agreement, dated July 26, 2019, with JPMorgan Chase Bank, N.A., as administrative agent and several lenders, as amended on May 1, 2024 (as so amended, the "ABL Credit Agreement") that includes a \$375 million revolving loan commitment, subject to borrowing base limitations. The revolving commitments terminate, and the ABL Credit Agreement matures, on November 7, 2027. Borrowings under the ABL Credit Agreement are subject to mandatory prepayment in certain circumstances. We may also increase commitments under the ABL Credit Agreement in an aggregate principal amount of up to \$100 million, subject to obtaining commitments from any participating lenders and certain other conditions. We may, at our option, prepay and reborrow any borrowings under the ABL Credit Agreement, in whole or in part, at any time and from time to time without premium or penalty (except in certain circumstances).

Under the ABL Credit Agreement, loans may bear interest based on SOFR or an annual base rate, as applicable, plus, in each case, an applicable margin that is based on availability, as calculated under the ABL Credit Agreement that may vary from 1.25% per annum to 1.75% per annum in the case of SOFR loans and 0.25% per annum to 0.75% per annum in the case of annual base rate loans. In addition, a commitment fee based on unused availability is also payable which may vary from 0.25% per annum to 0.375% per annum.

The ABL Credit Agreement also contains a financial covenant, which requires us to maintain a consolidated fixed charge coverage ratio of not less than 1.10x to 1.00x, provided that the financial covenant under the ABL Credit Agreement is only applicable during an event of default or if availability, as calculated under the ABL Credit Agreement, is at any time less than or equal to the greater of (i) 10.0% of the lesser of the borrowing base and the maximum \$375 million of current revolving loan commitments and (ii) \$25 million.

The obligations under the Term Credit Agreement and the ABL Credit Agreement are secured by liens on substantially all of our personal property assets and each of our domestic subsidiaries that are guarantors.

Both the Term Credit Agreement and the ABL Credit Agreement contain customary representations, warranties, affirmative and negative covenants, and events of default (including with respect to a change of control).

At September 30, 2024, we were in compliance with the currently applicable covenants associated with our Term Credit Agreement and our ABL Credit Agreement, 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 our Term Credit Agreement, our ABL Credit Agreement or other 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 September 30, 2024. 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, 2023.

ITEM 4. Controls and Procedures

As of September 30, 2024, 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 September 30, 2024 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.

CERCLA/EPCRA Reporting:

In November 2023, the United States Environmental Protection Agency (EPA) alleged that the Company had violated the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA) and Emergency Planning and Community Right-to-Know Act (EPCRA) by failing to timely report certain chlorine releases that occurred at the Company's facility in Lewiston, Idaho in 2019, 2020, and 2021 to the National Response Center and State Response Center. Although the Company reported each of the releases to the respective response centers, the EPA alleged that the Company should have reported sooner. In June 2024, the Company, without admitting any wrongdoing, settled the matter with the EPA and agreed to pay a \$322,088 civil penalty.

ITEM 1A. Risk Factors

Except as set forth below, there are no material changes from the risk factors previously disclosed in our Annual Report on Form 10-K for the year ended December 31, 2023. See Part I, Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2023, entitled "Risk Factors."

RISKS RELATING TO THE SALE OF OUR CONSUMER PRODUCTS DIVISION (OUR TISSUE BUSINESS)

The completed divestiture may disrupt our remaining business or not achieve its intended benefits.

On July 21, 2024, we entered into a Membership Interest Purchase Agreement and an Asset Purchase Agreement with Sofidel America Corp. ("Sofidel"), a wholly owned subsidiary of Sofidel S.p.A., pursuant to which, among other things, we agreed to sell our consumer products division to Sofidel. The transaction closed on November 1, 2024. A number of risks and challenges may arise from the divestiture, including, among others:

- there may be unexpected costs, charges or expenses resulting from the divestiture; and
- there may be stockholder litigation in connection with the divestiture or other settlements or investigations may affect the timing or occurrence of the Tissue Divestiture or result in significant costs of defense, indemnification and liability.

In addition, the Tissue Divestiture could cause disruption in our remaining business, including potential adverse changes to relationships with customers, employees, suppliers or other parties resulting from the divestiture process. The Tissue Divestiture may also be disruptive to our regular operations, diverting the attention of our workforce and management team from the day-to-day operation of our business, making the execution of business and other potential strategies more difficult, and could result in increased undesired workforce turnover, including of key leaders or other personnel.

Even if we are successful at separating and divesting our Tissue Business, we may not realize some or all of the anticipated benefits from the Tissue Divestiture with respect to the anticipated performance of our remaining business. The Tissue Divestiture may result in continued financial exposure to the Tissue Business through the retention of certain liabilities, including, for example, with respect to certain environmental claims. The Tissue Divestiture may not enhance long-term stockholder value as anticipated and/or the efforts required to complete the divestiture process may be more costly or time-consuming than expected. Any of the foregoing could result in the imposition of obligations that could have a material adverse effect on our remaining business, operating results or financial condition.

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

On December 15, 2015, we announced that our Board of Directors had approved a stock repurchase program 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 10b5-1 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.

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
July 1, 2024 to July 31, 2024	22,000	\$ 50.01	22,000	\$ 2.3
August 1, 2024 to August 31, 2024	22,000	\$ 37.66	22,000	\$ 1.5
September 1, 2024 to September 30, 2024	20,000	\$ 30.16	20,000	\$ 0.8
Total	<u>64,000</u>	\$ 39.56	<u>64,000</u>	

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 September 30, 2024, 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*	Certification of the Chief Executive Officer and Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.	X			
32*	Certification of the Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C Section 1350.	X			
2.1	Membership Interest Purchase Agreement, dated July 21, 2024, by and between Clearwater Paper Corporation and Sofidel America Corp.**		8-K	2.1	July 22, 2024
2.2	Asset Purchase Agreement, dated July 21, 2024, by and between Clearwater Paper Corporation and Sofidel America Corp.**		8-K	2.2	July 22, 2024
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)

November 4, 2024

By: /s/ ARSEN S. KITCH

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

November 4, 2024

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: November 4, 2024

/s/ ARSEN S. KITCH

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: November 4, 2024

/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 September 30, 2024, 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

November 4, 2024

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.

**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 September 30, 2024, 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

Sherri J. Baker

Senior Vice President, Chief Financial Officer

November 4, 2024

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.