

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of Earliest Event Reported):

August 3, 2021

Glatfelter Corporation

(Exact name of registrant as specified in its charter)

Pennsylvania

(State or other jurisdiction  
of incorporation)

001-03560

(Commission  
File Number)

23-0628360

(I.R.S. Employer  
Identification No.)

4350 Congress Street, Suite 600,  
Charlotte, North Carolina

(Address of principal executive offices)

28209

(Zip Code)

Registrant's telephone number, including area code:

704 885-2555

(N/A)

Former name or former address, if changed since last report

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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	GLT	New York Stock Exchange

Indicate by check mark whether the registrant is an emerging growth company in as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

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.

**Item 2.02 Results of Operations and Financial Condition.**

On August 3, 2021, the Company reported its results of operations for the three months and six months ended June 30, 2021. A copy of the press release issued by the Company is furnished herewith as Exhibit 99.1.

**Item 9.01 Financial Statements and Exhibits.**

d) Exhibits.

99.1 [Press release issued August 3, 2021.](#)

104 Cover Page Interactive Data File (embedded within the Inline XBRL document).

The information furnished in this Current Report on Form 8-K and Exhibit 99.1 attached hereto shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, except as shall be expressly set forth by specific reference in such filing.

## 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 hereunto duly authorized.

Glatfelter Corporation

August 3, 2021

By: /s/ David C. Elder

Name: David C. Elder

Title: Vice President, Finance and Chief  
Accounting Officer

*(Principal accounting officer)*

## N E W S R E L E A S E



## Corporate Headquarters

4350 Congress Street  
Suite 600  
Charlotte, NC 28209  
U.S.A.

[www.glatfelter.com](http://www.glatfelter.com)

For Immediate Release

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**GLATFELTER REPORTS SECOND QUARTER 2021 RESULTS**

*~ Successful Mount Holly integration contributed favorably to Q2 results*

*~ Acquisition of Jacob Holm will add scale and new technologies, enhancing engineered materials portfolio*

**CHARLOTTE, North Carolina** – August 3, 2021: Glatfelter Corporation (NYSE: GLT), a leading global supplier of engineered materials, today reported net income for the three months ended June 30, 2021 of \$1.5 million, or \$0.03 per diluted share, compared with a loss of \$2.3 million, or a loss of \$0.05 per share, in the same period a year ago. The results include the acquisition of Georgia-Pacific’s U.S. nonwovens business (“Mount Holly”) effective May 13, 2021. Adjusted earnings from continuing operations for the three months ended June 30, 2021 and 2020, were \$8.0 million, or \$0.18 per share, compared with \$9.9 million, or \$0.22 per share, respectively. Adjusted earnings is a non-GAAP financial measure for which a reconciliation to the nearest GAAP-based measure is provided within this release. Consolidated net sales for the three months ended June 30, 2021 totaled \$244.9 million, compared with \$216.2 million for the same period in 2020. On a constant currency basis, net sales for Composite Fibers and Airlaid Materials (including Mount Holly) increased by 7.1% and 5.0%, respectively.

“Despite entering the second quarter expecting continued softer demand from customer destocking, Airlaid Materials recorded higher than expected volume growth driven by a rebound in tabletop products as in-person dining began to recover globally,” said Dante C. Parrini, Chairman and Chief Executive Officer. “The higher volumes, combined with increased production and a strong contribution from Mount Holly, propelled Glatfelter to deliver positive overall results compared to expectations.”

Mr. Parrini added, “In Composite Fibers, shipments were up slightly from the first quarter and our team continues to successfully implement the cost-related price increases we announced earlier this year. While our pricing actions only partially offset the rise in costs of raw materials, energy, and freight, we expect the benefit of our price increases to be more fully realized in the second half of 2021, further counteracting inflationary pressures in this segment. We remain disciplined in our approach toward managing costs throughout the entire supply chain while ensuring continued and timely delivery of high-quality products to our customers.”

Mr. Parrini concluded, “While we have been navigating the dynamic supply and demand environment stemming from the pandemic, our team remains committed to Glatfelter’s ongoing business transformation by making significant progress in executing our growth strategy. The newly-acquired Mount Holly facility made an immediate contribution to our Airlaid segment, and it strategically positions us to participate in the growing demand within health and hygiene categories. Of additional importance, on July 22, we announced the acquisition of Jacob Holm, a global leading manufacturer of premium quality spunlace nonwovens. This transaction will further diversify our end markets and technologies, enhance our overall innovation capabilities and add meaningful scale to the Company.”

**Second Quarter Results**

The following table sets forth a reconciliation of results on a GAAP basis to an adjusted earnings basis, a non-GAAP measure:

<i>In thousands, except per share</i>	Three months ended June 30			
	2021		2020	
	Amount	EPS	Amount	EPS
Net income (loss)	\$ 1,410	\$ 0.03	\$ (2,416)	\$ (0.05)
Exclude: Loss from discontinued operations, net of tax	82	—	135	—
Income (loss) from continuing operations	1,492	0.03	(2,281)	(0.05)
Adjustments ( <i>pre-tax</i> ):				
Strategic initiatives	7,831		—	
Corporate headquarters relocation	206		—	
Restructuring charge - Metallized operations	—		5,067	
Cost optimization actions	—		1,349	
Pension settlement expenses, net	—		6,330	
COVID-19 incremental costs	—		1,180	
Asset impairment charge	—		900	
Timberland sales and related costs	(1,553)		(601)	
Total adjustments ( <i>pre-tax</i> )	6,484		14,225	
Income taxes <sup>(1)</sup>	(50)		(2,047)	
CARES Act of 2020 tax provision <sup>(2)</sup>	90		—	
Total after-tax adjustments	6,524	0.15	12,178	0.27
Adjusted earnings from continuing operations	\$ 8,016	\$ 0.18	\$ 9,897	\$ 0.22

(1) Tax effect on adjustments calculated based on the incremental effective tax rate of the jurisdiction in which each adjustment originated.

(2) Tax impact recorded in connection with passage of the Coronavirus Aid, Relief, and Economic Security Act (“CARES”) related to provisions that modified the “net operating loss” provisions of previous law to allow certain losses to be carried back five years.

A description of each of the adjustments presented above is included later in this release.

**Composite Fibers**

<i>Dollars in thousands</i>	Three months ended June 30			
	2021	2020	Change	
Tons shipped ( <i>metric</i> )	34,471	29,032	5,439	18.7%
Net sales	\$141,598	\$122,137	\$19,461	15.9%
Operating income	11,063	11,487	(424)	(3.7)%
Operating margin	7.8%	9.4%		

Composite Fibers’ net sales increased \$19.5 million or 15.9% in the second quarter of 2021, compared to the year-ago quarter, mainly driven by a 95% increase in our wallcover sales from the trough of the pandemic in 2020 and favorable currency translation of \$10.7 million. Overall shipments, excluding metallized which was restructured in the second quarter of 2020, were up 26% versus the second quarter of 2020.

Composite Fibers’ operating income of \$11.1 million was \$0.4 million lower compared to the second quarter of 2020. Raw material and energy prices were \$6.0 million higher than the same period last year and partly offset by approximately \$2.0 million of price increases. In addition, higher sales volume for wallcover, electrical, and coffee products, combined with increased production to meet customer demand, fully offset input price inflation. The impact of currency and related hedging activity negatively impacted earnings by \$0.6 million.

**Airlaid Materials**

<i>Dollars in thousands</i>	Three months ended June 30		
	2021	2020	Change
Tons shipped ( <i>metric</i> )	<b>34,315</b>	33,277	1,038 3.1%
Net sales	<b>\$103,313</b>	\$ 94,046	\$ 9,267 9.9%
Operating income	<b>8,431</b>	12,292	(3,861) (31.4)%
Operating margin	<b>8.2%</b>	13.1%	

Airlaid Materials' net sales increased \$9.3 million in the year-over-year comparison, including six weeks of sales from Mount Holly. Shipments were 3.1% higher driven by Mount Holly as well as a significant increase in tabletop demand as in-person dining began to recover globally. These increases were partially offset by lower shipments in the hygiene and wipes categories related to customer destocking from elevated inventory levels maintained during the pandemic. Currency translation was \$4.6 million favorable.

Airlaid Materials' second quarter 2021 operating income of \$8.4 million was \$3.9 million lower when compared to the second quarter of 2020. Higher shipments were more than offset by unfavorable mix negatively impacting earnings by \$0.9 million while operations were \$1.9 million unfavorable driven by lower production to adjust to customer demand and manage inventory levels. Selling price increases due to raw material pass-through provisions were more than offset by higher raw material and energy prices, reducing earnings by net \$0.8 million. The impact of currency and related hedging activity further negatively impacted earnings by \$0.3 million.

**Other Financial Information**

The amount of "Other and Unallocated" operating expense in the table of Segment Financial Information totaled \$11.4 million in the second quarter of 2021 compared with \$14.7 million in the same period a year ago. Excluding the items identified to present "adjusted earnings," unallocated expenses for the second quarter of 2021 decreased \$1.9 million compared to the second quarter of 2020.

In the second quarter of 2021, income from continuing operations totaled \$5.5 million and income tax expense totaled \$4.0 million. On adjusted pre-tax income of \$12.0 million, income tax expense was \$4.0 million in the second quarter of 2021. The comparable amounts in the same quarter of 2020 were \$14.5 million and \$4.6 million, respectively. The effective tax rate on adjusted earnings was 33% in the second quarter of 2021.

**Year-to-Date Results**

The following table sets forth a reconciliation of results on a GAAP basis to an adjusted earnings basis, a non-GAAP measure:

<i>In thousands, except per share</i>	Six months ended June 30			
	2021		2020	
	Amount	EPS	Amount	EPS
Net income	\$ 9,804	\$ 0.22	\$ 4,990	\$ 0.11
Exclude: Loss from discontinued operations, net of tax	82	—	135	0.01
Income from continuing operations	9,886	0.22	5,125	0.12
Adjustments ( <i>pre-tax</i> )				
Strategic initiatives	8,434		—	
Corporate headquarters relocation	361		—	
Restructuring charge - Metallized operations	—		11,054	
Cost optimization actions	—		3,097	
Pension settlement expenses, net	—		6,403	
COVID-19 incremental costs	—		1,180	
Asset impairment charge	—		900	
Timberland sales and related costs	(2,403)		(601)	
Total adjustments ( <i>pre-tax</i> )	6,392		22,033	
Income taxes <sup>(1)</sup>	31		(3,882)	
CARES Act of 2020 tax provision (benefit) <sup>(2)</sup>	183		(2,569)	
Total after-tax adjustments	6,606	0.14	15,582	0.34
Adjusted earnings from continuing operations	<u>\$ 16,492</u>	<u>\$ 0.37</u>	<u>\$ 20,707</u>	<u>\$ 0.46</u>

- (1) Tax effect on adjustments calculated based on the incremental effective tax rate of the jurisdiction in which each adjustment originated.
- (2) Tax impact recorded in connection with passage of the Coronavirus Aid, Relief, and Economic Security Act (“CARES”) related to provisions that modified the “net operating loss” provisions of previous law to allow certain losses to be carried back five years.

A description of each of the adjustments presented above is included later in this release.

### Balance Sheet and Other Information

Cash and cash equivalents totaled \$84.2 million as of June 30, 2021, and net debt was \$397.2 million compared with \$213.9 million at the end of 2020. Net leverage increased to 3.1 times at June 30, 2021 versus 1.8 times at December 31, 2020. (Refer to the calculation of this measure provided in the tables at the end of this release).

Effective May 13, 2021, we completed our previously announced acquisition of Georgia-Pacific’s U.S. nonwovens business which consists of an airlaid manufacturing operation in Mount Holly, North Carolina, along with a nonwovens product development operation and associated employees in Memphis, Tennessee. The purchase price totaled \$175 million, subject to customary purchase price adjustments. We financed the acquisition through a combination of cash-on-hand and \$160 million of borrowings under our existing revolving credit facility.

Capital expenditures during the six months of 2021 and 2020 totaled \$11.2 million and \$12.0 million, respectively. Adjusted free cash flow for the first six months of 2021 was \$(4.8) million compared with \$1.6 million in the same period of 2020. (Refer to the calculation of measure provided in the tables at the end of this release).

### Conference Call

As previously announced, the Company will hold a conference call today at 11:00 a.m. (Eastern) to discuss its second quarter results. The Company will make available on its Investor Relations website this quarter’s earnings release and an accompanying financial presentation that includes significant financial information to be discussed on the conference call including the Company’s outlook pertaining to financial performance. Information related to the conference call is as follows:

What:	Glatfelter’s 2 <sup>nd</sup> Quarter 2021 Earnings Release Conference Call
When:	Tuesday, August 3, 2021, 11:00 a.m. (ET)
Number:	US dial 888.335.5539 International dial 973.582.2857
Conference ID:	4388692
Webcast:	<a href="https://www.glatfelter.com/investors/webcasts-and-presentations/">https://www.glatfelter.com/investors/webcasts-and-presentations/</a>
Rebroadcast Dates:	August 3, 2021, 2:00 p.m. through August 17, 12:00 p.m.
Rebroadcast Number:	Within US dial 855.859.2056 International dial 404.537.3406
Conference ID:	4388692

Interested persons who wish to hear the live webcast should go to the website prior to the starting time to register and ensure any necessary audio software is installed.

**Glatfelter Corporation and subsidiaries**  
**Consolidated Statements of Income**  
**(unaudited)**

<i>In thousands, except per share</i>	Three months ended June 30		Six months ended June 30	
	2021	2020	2021	2020
Net sales	\$ 244,911	\$ 216,183	\$ 470,585	\$ 447,743
Costs of products sold	<u>209,357</u>	<u>184,120</u>	<u>395,735</u>	<u>378,878</u>
Gross profit	35,554	32,063	74,850	68,865
Selling, general and administrative expenses	28,984	23,551	51,811	48,072
Gains on dispositions of plant, equipment and timberlands, net	<u>(1,553)</u>	<u>(597)</u>	<u>(2,403)</u>	<u>(597)</u>
Operating income	8,123	9,109	25,442	21,390
Non-operating income (expense)				
Interest expense	(1,772)	(1,759)	(3,303)	(3,537)
Interest income	11	87	31	351
Pension settlement expenses, net	—	(6,330)	—	(6,403)
Other, net	<u>(849)</u>	<u>(835)</u>	<u>(1,073)</u>	<u>(1,515)</u>
Total non-operating expense	<u>(2,610)</u>	<u>(8,837)</u>	<u>(4,345)</u>	<u>(11,104)</u>
Income from continuing operations before income taxes	5,513	272	21,097	10,286
Income tax provision	<u>4,021</u>	<u>2,553</u>	<u>11,211</u>	<u>5,161</u>
Income (loss) from continuing operations	1,492	(2,281)	9,886	5,125
Discontinued operations:				
Loss before income taxes	(82)	(135)	(82)	(135)
Income tax provision	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Loss from discontinued operations	<u>(82)</u>	<u>(135)</u>	<u>(82)</u>	<u>(135)</u>
Net income (loss)	<u>\$ 1,410</u>	<u>\$ (2,416)</u>	<u>\$ 9,804</u>	<u>\$ 4,990</u>
<b>Basic earnings per share</b>				
Income (loss) from continuing operations	\$ 0.03	\$ (0.05)	\$ 0.22	\$ 0.12
Loss from discontinued operations	<u>—</u>	<u>—</u>	<u>—</u>	<u>(0.01)</u>
Basic earnings per share	<u>\$ 0.03</u>	<u>\$ (0.05)</u>	<u>\$ 0.22</u>	<u>\$ 0.11</u>
<b>Diluted earnings per share</b>				
Income (loss) from continuing operations	\$ 0.03	\$ (0.05)	\$ 0.22	\$ 0.12
Loss from discontinued operations	<u>—</u>	<u>—</u>	<u>—</u>	<u>(0.01)</u>
Diluted earnings per share	<u>\$ 0.03</u>	<u>\$ (0.05)</u>	<u>\$ 0.22</u>	<u>\$ 0.11</u>
<b>Cash dividend declared per common share</b>	\$ 0.14	\$ 0.135	\$ 0.275	\$ 0.265
<b>Weighted average shares outstanding</b>				
Basic	44,563	44,343	44,507	44,309
Diluted	44,872	44,343	44,865	44,541



**Segment Financial Information**  
**(unaudited)**

Three months ended June 30

*Dollars in thousands*

	Composite Fibers		Airlaid Materials		Other and Unallocated		Total	
	2021	2020	2021	2020	2021	2020	2021	2020
Net sales	\$ 141,598	\$ 122,137	\$ 103,313	\$ 94,046	\$ —	\$ —	\$ 244,911	\$ 216,183
Costs of products sold	119,334	100,387	90,138	77,581	(115)	6,152	209,357	184,120
Gross profit (loss)	22,264	21,750	13,175	16,465	115	(6,152)	35,554	32,063
SG&A	11,201	10,263	4,744	4,173	13,039	9,115	28,984	23,551
Gains on dispositions of plant, equipment and timberlands, net	—	—	—	—	(1,553)	(597)	(1,553)	(597)
Total operating income (loss)	11,063	11,487	8,431	12,292	(11,371)	(14,670)	8,123	9,109
Non operating expense	—	—	—	—	(2,610)	(8,837)	(2,610)	(8,837)
Income (loss) before income taxes	\$ 11,063	\$ 11,487	\$ 8,431	\$ 12,292	\$ (13,981)	\$ (23,507)	\$ 5,513	\$ 272
<b>Supplementary Data</b>								
Metric tons sold	34,471	29,032	34,315	33,277	—	—	68,786	62,309
Depreciation, depletion and amortization (\$ in thousands) <sup>(1)</sup>	\$ 7,000	\$ 6,431	\$ 6,767	\$ 5,473	\$ 966	\$ 2,302	\$ 14,733	\$ 14,206
Capital expenditures	2,882	2,105	1,297	1,712	1,653	1,180	5,832	4,997

Six months ended

June 30

*Dollars in thousands*

	Composite Fibers		Airlaid Materials		Other and Unallocated		Total	
	2021	2020	2021	2020	2021	2020	2021	2020
Net sales	\$ 282,847	\$ 254,848	\$ 187,738	\$ 192,895	\$ —	\$ —	\$ 470,585	\$ 447,743
Costs of products sold	233,601	207,372	162,723	159,827	(589)	11,679	395,735	378,878
Gross profit (loss)	49,246	47,476	25,015	33,068	589	(11,679)	74,850	68,865
SG&A	22,118	20,887	9,387	8,754	20,306	18,431	51,811	48,072
Gains on dispositions of plant, equipment and timberlands, net	—	—	—	—	(2,403)	(597)	(2,403)	(597)
Total operating income (loss)	27,128	26,589	15,628	24,314	(17,314)	(29,513)	25,442	21,390
Non operating expense	—	—	—	—	(4,345)	(11,104)	(4,345)	(11,104)
Income (loss) before income taxes	\$ 27,128	\$ 26,589	\$ 15,628	\$ 24,314	\$ (21,659)	\$ (40,617)	\$ 21,097	\$ 10,286
<b>Supplementary Data</b>								
Metric tons sold	68,611	65,015	63,179	68,316	—	—	131,790	133,331
Depreciation, depletion and amortization (\$ in thousands) <sup>(1)</sup>	\$ 13,981	\$ 12,897	\$ 12,615	\$ 10,924	\$ 1,870	\$ 5,787	\$ 28,466	\$ 29,608
Capital expenditures	5,655	6,061	3,036	3,815	2,520	2,135	11,211	12,011

- (1) The amount presented in 2020 in the Other and unallocated column includes accelerated depreciation incurred in connection with the restructuring of Composite Fibers' Metallized operations.

**Selected Financial Information**  
**(unaudited)**

<i>In thousands</i>	Six months ended June 30	
	2021	2020
<b>Cash Flow Data</b>		
Cash from continuing operations provided (used) by:		
Operating activities	\$ 1,365	\$ (912)
Investing activities	(181,136)	(11,448)
Financing activities	165,138	(23,175)
Depreciation, depletion and amortization	28,466	29,608
Capital expenditures	11,211	12,011
	<b>June 30</b>	December 31
	<b>2021</b>	<b>2020</b>
<b>Balance Sheet Data</b>		
Cash and cash equivalents	\$ 84,164	\$ 99,581
Total assets	1,460,090	1,286,881
Total debt	481,412	313,521
Shareholders' equity	571,245	577,932

***Reconciliation of GAAP Financial Information to Non-GAAP Financial Information***

This press release includes a measure of earnings before the effects of certain specifically identified items, which is referred to as adjusted earnings, a non-GAAP measure. The Company uses non-GAAP adjusted earnings to supplement the understanding of its consolidated financial statements presented in accordance with GAAP. Non-GAAP adjusted earnings is meant to present the financial performance of the Company's core operations, which consist of the production and sale of composite fibers and airlaid materials. Management and the Company's Board of Directors use non-GAAP adjusted earnings to evaluate the performance of the Company's fundamental business in relation to prior periods and established business plans. For purposes of determining adjusted earnings, the following items are excluded:

- *Strategic initiatives.* These adjustments primarily reflect professional and legal fees incurred directly related to evaluating and executing certain strategic initiatives including costs associated with acquisitions and related integrations.
- *Corporate headquarters relocation.* These adjustments reflect costs incurred in connection with the strategic relocation of the Company's corporate headquarters to Charlotte, NC. The costs are primarily related to employee relocation costs and exit costs at the former corporate headquarters.
- *Restructuring charge – Metallized operations.* This adjustment represents charges incurred in 2020 in connection with the decision to restructure a portion of the Composite Fibers segment, primarily consisting of the consolidation of our metallizing operation from Gernsbach, Germany to Caerphilly, UK.
- *Cost optimization actions.* These adjustments reflect charges incurred in connection with initiatives to optimize the cost structure of the Company, including costs related to the organizational change to a functional operating model. The costs are primarily related to executive separations, other headcount reductions, professional fees, asset write-offs and certain contract termination costs. These adjustments, which have occurred at various times in the past, are irregular in timing and relate to specific identified programs to reduce or optimize the cost structure of a particular operating segment or the corporate function.
- *COVID-19 incremental costs.* This adjustment represents incremental cash costs incurred directly related to the COVID-19 pandemic such as mill employee incentive payments, enhanced hygiene protocols, safety and supplies, and professional fees primarily associated with the CARES Act benefit.
- *Asset Impairment Charge.* This adjustment represents a non-cash charge recorded to reduce the carrying amount of a tradename intangible asset of the Dresden wallcover business due to the impact of the COVID-19 pandemic on the underlying forecasted revenue stream.
- *Pension settlement expenses, net.* This adjustment reflects professional fees recorded in connection with the Company's termination of its qualified pension plan and the related actions to settle all obligations to the plan's participants. Since the pension plan was fully funded, the settlement of pension obligations did not require the use of the Company's cash, but instead was accomplished with plan assets.
- *Timberland sales and related costs.* These adjustments exclude gains from the sales of timberlands as these items are not considered to be part of our core business, ongoing results of operations or cash flows. These adjustments are irregular in timing and amount and may benefit our operating results.
- *Coronavirus Aid, Relief, and Economic Security (CARES) Act 2020.* This adjustment reflects taxes recorded as a result of the March 27, 2020 change in U.S. tax law which, among others, allows net operating losses to be carried back five years.

Unlike net income determined in accordance with GAAP, non-GAAP adjusted earnings does not reflect all charges and gains recorded by the Company for the applicable period and, therefore, does not present a complete picture of the Company's results of operations for the respective period. However, non-GAAP adjusted earnings provide a measure of how the Company's core operations are performing, which management believes is useful to investors because it allows comparison of such operations from period to period. Non-GAAP adjusted earnings should not be considered in isolation from, or as a substitute for, measures of financial performance prepared in accordance with GAAP.

### Calculation of Adjusted Free Cash Flow

*In thousands*

	Six months ended June 30	
	2021	2020
Cash from operations	\$ 1,365	\$ (912)
Capital expenditures	(11,211)	(12,011)
Free cash flow	(9,846)	(12,923)
Adjustments:		
Cost optimization actions	1,640	2,261
Strategic initiatives	1,573	—
Restructuring charge - Metallized operations	1,252	4,341
Corporate headquarters relocation	784	54
Fox River environmental matter	775	2,158
Pension settlement	—	6,330
COVID-19 incremental costs	—	1,180
Tax refunds on adjustments to adjusted earnings	(976)	(1,833)
Adjusted free cash flow	\$ (4,798)	\$ 1,568

### Net Debt

*In thousands*

	June 30 2021	December 31 2020
Current portion of long-term debt	\$ 24,267	\$ 25,057
Short-term debt	11,884	—
Long term debt	445,261	288,464
Total	481,412	313,521
Less: Cash	(84,164)	(99,581)
Net Debt	\$ 397,248	\$ 213,940

<b>EBITDA</b>	<b>Trailing twelve months ended June 30</b>		<b>Year ended December 31</b>	
	<b>2021</b>		<b>2020</b>	
<i>In thousands</i>				
Net income	\$	<b>26,112</b>	\$	21,298
Exclude: Income from discontinued operations, net of tax		<b>(568)</b>		(515)
Add back: Taxes on Continuing operations		<b>17,626</b>		11,576
Depreciation and amortization		<b>55,458</b>		56,600
Interest expense, net		<b>6,709</b>		6,623
EBITDA		<b>105,337</b>		95,582
Pro forma - Mount Holly <sup>(1)</sup>		<b>10,368</b>		
Adjustments:				
Strategic initiatives		<b>10,001</b>		1,567
Cost optimization actions		<b>2,882</b>		5,979
COVID-19 incremental costs		<b>1,535</b>		2,715
Corporate headquarters relocation		<b>1,232</b>		871
Restructuring charge - Metallized operations		<b>57</b>		7,211
Asset impairment charge		<b>—</b>		900
Pension settlement expenses, net		<b>(249)</b>		6,154
Timberland sales and related costs		<b>(3,184)</b>		(1,382)
Adjusted EBITDA	\$	<b>127,979</b>	\$	<b>119,597</b>

(1) Gives effect to historical Mount Holly EBITDA prior to the May 13, 2021 acquisition date.

<b>Leverage</b>	<b>June 30</b>		<b>December 31</b>	
<i>In thousands</i>	<b>2021</b>		<b>2020</b>	
Net Debt	\$	<b>397,248</b>	\$	213,940
Divided by Adjusted EBITDA		<b>127,979</b>		119,597
Net leverage		<b>3.1</b>	x	1.8

### Caution Concerning Forward-Looking Statements

Any statements included in this press release which pertain to future financial and business matters are “forward-looking statements” within the meaning of the safe harbor provisions of the United States Private Securities Litigation Reform Act of 1995. The Company uses words such as “anticipates”, “believes”, “expects”, “future”, “intends”, “plans”, “targets”, and similar expressions to identify forward-looking statements. Any such statements are based on the Company’s current expectations and are subject to numerous risks, uncertainties and other unpredictable or uncontrollable factors that could cause future results to differ materially from those expressed in the forward-looking statements including, but not limited to, the impacts of the COVID-19 pandemic, changes in industry, business, market, and economic conditions, demand for or pricing of its products, market growth rates and currency exchange rates. In light of these risks, uncertainties and other factors, the forward-looking matters discussed in this press release may not occur and readers are cautioned not to place undue reliance on these forward-looking statements. The forward-looking statements speak only as of the date of this press release and Glatfelter undertakes no obligation, and does not intend, to update these forward-looking statements to reflect events or circumstances occurring after the date of this press release. More information about these factors is contained in Glatfelter’s filings with the U.S. Securities and Exchange Commission, which are available at [www.glatfelter.com](http://www.glatfelter.com).

### About Glatfelter

Glatfelter is a leading global supplier of engineered materials. The Company’s high-quality, innovative and customizable solutions are found in tea and single-serve coffee filtration, personal hygiene and packaging products as well as home improvement and industrial applications. Headquartered in Charlotte, NC, the Company’s annualized net sales approximate \$1 billion with customers in over 100 countries and approximately 2,550 employees worldwide. Operations include twelve manufacturing facilities located in the United States, Canada, Germany, France, the United Kingdom, and the Philippines. Additional information about Glatfelter may be found at [www.glatfelter.com](http://www.glatfelter.com).