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): October 12, 2021

Glatfelter Corporation
(Exact name of registrant as specified in its charter)

Pennsylvania	001-03560	23-0628360
(State or other jurisdiction of incorporation)	(Commission File Number)	(I.R.S. Employer Identification No.)

4350 Congress Street, Suite 600, Charlotte, North Carolina	28209
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: 704 885-2555

Not Applicable
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 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 7.01 Regulation FD Disclosure.

In connection with the proposed senior notes offering described in Item 8.01 below, Glatfelter Corporation (the "Company") is providing potential investors with a preliminary offering memorandum, dated October 12, 2021 (the "Preliminary Offering Memorandum"). The Preliminary Offering Memorandum contains (i) certain information not previously disclosed by the Company; (ii) unaudited pro forma condensed combined financial information giving effect to the Company's pending acquisition of PMM Holding (Luxembourg) AG ("Jacob Holm"), the Company's consummated acquisition of all the outstanding equity interests of Georgia-Pacific Mt. Holly LLC, Georgia-Pacific's U.S. nonwovens business, and the related proposed senior notes offering as described therein as of and for the six months ended June 30, 2021 and for the year ended December 31, 2020 and the related notes thereto; (iii) the audited financial statements of Jacob Holm as of December 31, 2020 and 2019 and for the years then ended and the related notes thereto and (iv) the unaudited financial statements of Jacob Holm as of June 30, 2021 and for the six-month periods ended June 30, 2021 and 2020 and the related notes thereto. This information is included in Exhibits 99.1, 99.2, 99.3 and 99.4 attached to this Current Report on Form 8-K (the "Form 8-K"), respectively, and incorporated herein by reference.

The information in this Item 7.01 and the exhibits attached to this Form 8-K as Exhibits 99.1, 99.2, 99.3 and 99.4 are being furnished pursuant to Item 7.01 of Form 8-K and shall not be deemed "filed" for purposes of Section 18 of the Securities Act of 1934, as amended, or otherwise subject to the liabilities of that Section nor shall they be deemed incorporated by reference into any filing under the Securities Act of 1933, as amended (the "Securities Act"), or the Securities Exchange Act of 1934, as amended, except as shall be expressly stated by specific reference in such filing.

Item 8.01 Other Events.

On October 12, 2021, the Company issued a press release announcing that, subject to market conditions, it intends to offer $500 million aggregate principal amount of senior notes due 2029 (the "Notes") in an offering that is exempt from the registration requirements of the Securities Act. Each of the Company's existing and future domestic restricted subsidiaries that guarantees the Company's obligations under the Company's credit facility ("Credit Facility"), which includes the Company's revolving credit facility and term loan A facility, and/or certain other indebtedness will guarantee the Notes on a senior unsecured basis. The net proceeds from the offering of the Notes, together with cash on hand, are expected to be used to pay the purchase price of the Jacob Holm acquisition, to repay certain indebtedness of Jacob Holm, to repay outstanding revolving borrowings under the Credit Facility, and to pay estimated fees and expenses.

A copy of the press release is attached to this Form 8-K as Exhibit 99.5 and is incorporated herein by reference.

This Form 8-K, including the exhibits attached hereto, does not constitute an offer to sell, or a solicitation of an offer to buy, any security. No offer, solicitation, or sale will be made in any jurisdiction in which such an offer, solicitation, or sale would be unlawful. The Notes will not be registered under the Securities Act or the securities laws of any state or other jurisdiction, and, unless so registered, may not be offered or sold in the United States absent registration or an applicable exemption from registration requirements.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits

Exhibit No.	Description
99.1	Excerpts from Preliminary Offering Memorandum.
99.2	Unaudited Pro Forma Condensed Combined Financial Information, together with the notes thereto, from the Preliminary Offering Memorandum, dated October 12, 2021.
99.3	Audited financial statements of Jacob Holm as of December 31, 2020 and 2019 and for the years then ended and related notes thereto.
99.4	Unaudited financial statements of Jacob Holm as of June 30, 2021 and for the six-month periods ended June 30, 2021 and 2020 and the related notes thereto.
99.5	Press release issued by Glatfelter Corporation on October 12, 2021.
104	Cover Page Interactive Data File (embedded within the Inline XBRL document).

SIGNATURES

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

Glatfelter Corporation

October 12, 2021	By:	/s/ Samuel L. Hillard
		Name: Samuel L. Hillard
		Title: Senior Vice President, Chief Financial Officer

Exhibit 99.1

Certain Information Excerpted from the Company's Preliminary Offering Memorandum and Disclosed Pursuant to Regulation FD

NON-GAAP MEASURES

To supplement our financial information presented in this offering memorandum that are presented in accordance with generally accepted accounting principles in the United States ("GAAP"), we use Adjusted free cash flow earnings before interest, taxes, depreciation and amortization ("EBITDA"), Adjusted EBITDA, Adjusted EBITDA less CapEx and Pro Forma Adjusted EBITDA. While we believe that these non-GAAP financial measures may be useful in evaluating our financial information, they should be considered as supplemental in nature and not as a substitute for financial information prepared in accordance with GAAP. Other companies may define similar measures differently.

Adjusted free cash flow is a measure used by management to assess our cash flows and is calculated using cash from operations, less capital expenditures and adding cash used or received for certain items that management considers to be non-recurring or not indicative of our ongoing operating cash flows. These adjustments include certain cost optimization and restructuring activities, strategic initiatives, certain COVID-19 costs, corporate headquarters relocation expenses, pension settlement expenses, gains from the reversal of reserves for an environmental matter, and certain tax refunds.

EBITDA is a measure used by management to assess our operating performance and is calculated using income (loss) from continuing operations and excludes interest expense, interest income, income taxes and depreciation and amortization.

Adjusted EBITDA is calculated using EBITDA and further excludes certain items management considers to be unique or non-recurring gains or costs unrelated to the company's core operations. The adjustments include the costs of strategic initiatives, certain cost optimization and restructuring activities, certain COVID-19 costs, corporate headquarters relocation expenses, pension settlement expenses, asset impairment charge, capacity expansion, share-based compensation expense and debt refinancing, as well as the elimination of gains from sales of timberlands and the reversal of reserves for an environmental matter. Adjusted EBITDA is a performance measure that excludes costs that we do not consider to be indicative of our ongoing operating performance. The presentation of Adjusted EBITDA herein differs from our historical public disclosures of Adjusted EBITDA, in that the presentation herein adds back share-based compensation expense. We expect to continue presenting Adjusted EBITDA in this manner in our future public reporting.

Adjusted EBITDA less CapEx is calculated using Adjusted EBITDA and further excludes capital expenditures. Adjusted EBITDA less CapEx is used by management as another measure to assess our cash flows.

Pro Forma Adjusted EBITDA is calculated using Adjusted EBITDA and gives pro forma effect to the May 13, 2021 Mount Holly Acquisition (as defined herein) and the pending Jacob Holm Acquisition and includes run-rate cost synergies and other adjustments.

For additional information about EBITDA, Adjusted EBITDA, Adjusted EBITDA less CapEx and Pro Forma Adjusted EBITDA, as well as a description of how these non-GAAP measures are calculated from our net income and a reconciliation to our net income, see footnotes under "Summary—Summary Historical Consolidated Financial Information and Unaudited Pro Forma Condensed Combined Financial Information" in this offering memorandum.

We believe Adjusted free cash flow, EBITDA, Adjusted EBITDA, Adjusted EBITDA less CapEx and Pro Forma Adjusted EBITDA provide management and investors with information that is useful in assessing trends in our ongoing operating performance and may provide greater visibility in understanding the long-term financial performance of the Company. However, our non-GAAP measures have limitations as analytical tools and should not be considered in isolation or as substitutes for an analysis of our results as reported under GAAP. Some of the limitations of these measures, as applicable, are:

- they do not reflect our cash expenditures, future requirements for capital expenditures or contractual commitments;
- they do not reflect changes in, or cash requirements for, our working capital needs;
- they do not reflect the significant interest expense or the cash requirements necessary to service interest or principal payments on our debt;
- although depreciation and amortization are non-cash charges, the assets being depreciated and amortized often have to be replaced in the future;
- they are not adjusted for all non-cash income or expense items that are reflected in our statements of cash flows;
- they do not reflect period-to-period changes in taxes, income tax expense or the cash necessary to pay income taxes; and
- they do not reflect the impact of earnings or charges resulting from matters we consider to not be indicative of our ongoing operations.

Because of these limitations, our non-GAAP measures and related ratios should not be considered as measures of discretionary cash available to us to invest in the growth of our business or as measures of cash that will be available to us to meet our obligations. We rely primarily on our GAAP results and are using such non-GAAP financial measures only on a supplemental basis.

DISCLOSURE REGARDING FORWARD-LOOKING STATEMENTS

This offering memorandum and the documents incorporated by reference herein contain forward-looking statements that are based on our management's belief and assumptions about the future in light of information currently available to our management. In some cases, you can identify forward-looking statements by words such as "may," "will," "should," "expects," "projects," "intends," "plans," "anticipates," "believes," "estimates," "predicts," "potential," "continue," "outlook," and similar words or phrases or the negative of these words or phrases. These statements relate to future events or our future financial performance, and involve known and unknown risks, uncertainties and other factors that may cause our actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by these forward-looking statements. Although we believe that the expectations reflected in the forward-looking statements are reasonable when made, we cannot guarantee future results, levels of activity, performance or achievements. There are a number of important factors that could cause our actual results to differ materially from those results anticipated by our forward-looking statements, which include, but are not limited to, the following factors:

- risks associated with the impact of the COVID-19 pandemic, including global and regional economic conditions, changes in demand for our products, interruptions in our global supply chain, ability to continue production by our facilities, credit conditions of our customers or suppliers, or potential legal actions that could arise due to our operations during the pandemic;
- disruptions of our global supply chain, including the availability of key raw materials and transportation for the delivery of critical inputs and of products to customers, and the increase in the costs of transporting materials and products;
- variations in demand for our products, including the impact of unplanned market-related downtime, variations in product pricing, or product substitution;
- the impact of competition, changes in industry production capacity, including the construction of new facilities or new machines, the closing of facilities and incremental changes due to capital expenditures or productivity increases;
- risks associated with our international operations, including local economic and political environments and fluctuations in currency exchange rates;
- geopolitical matters, including any impact to our operations from events in Russia, Ukraine and Philippines;
- our ability to develop new, high value-added products;
- changes in the price or availability of raw materials we use, particularly woodpulp, pulp substitutes, synthetic pulp, other specialty fibers and abaca fiber;
- changes in oil and other energy-related prices and commodity raw materials with an energy component;
- the impact of unplanned production interruption at our facilities or at any of our key suppliers;
- disruptions in production and/or increased costs due to labor disputes;
- the gain or loss of significant customers and/or on-going viability of such customers;
- the impact of war and terrorism;
- the impact of unfavorable outcomes of audits by various state, federal or international tax authorities or changes in pre-tax income and its impact on the valuation of deferred taxes;
- enactment of adverse state, federal or foreign tax or other legislation or changes in government legislation, policy or regulation;
- consumer and government focus on environmental, social and governance matters, including the impact on demand for single-use products;
- our ability to finance, consummate and integrate acquisitions, including our acquisitions of Mount Holly and Jacob Holm;

- the effect of the announcement, pendency or completion of the Jacob Holm Acquisition on the business relationships, performance, and businesses generally of Glatfelter and Jacob Holm;
- risks that the Jacob Holm Acquisition disrupts our current plans and potential difficulties in retaining Jacob Holm employees as a result of the Jacob Holm Acquisition;
- the outcome of any legal proceedings that may be instituted against us related to the Jacob Holm Acquisition;
- our ability to implement business plans, forecasts, and other expectations after the closing of the Jacob Holm Acquisition, and identify and realize additional opportunities.

We do not undertake any obligation to update or revise any of the forward-looking statements to reflect events, circumstances, changes in expectations, or the occurrence of unanticipated events after the date of those statements or to conform these statements to actual results. The factors above should not be construed as exhaustive and should be read in conjunction with the other cautionary statements that are included in this offering memorandum. New factors may emerge in the future, and it is not possible for us to predict such factors.

SUMMARY

This summary highlights selected information about us and this offering. This information is not complete and does not contain all the information you should consider before investing in the notes. You should carefully read this entire offering memorandum, including the "Risk Factors" section of this offering memorandum and the financial statements included or incorporated by reference in this offering memorandum, before making an investment decision.

Company Overview

We are a leading global supplier of engineered materials. Our high-quality, innovative and customizable solutions are found in tea and single-serve coffee filtration, personal hygiene as well as in many diverse packaging, 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. We own and operate twelve manufacturing facilities located in the United States, Canada, Germany, France, the United Kingdom and the Philippines. Our twelve manufacturing facilities have a combined annual production capacity of approximately 330,000 metric tons of composite fibers and airlaid materials used in a wide array of applications. In addition, we operate sales and distribution offices in Russia, Italy, China, and the United States.

We have historically managed our business and made investment decisions under a functional operating model with two distinct reporting segments: Composite Fibers and Airlaid Materials. These segments serve growing global customers and markets providing innovative and customizable solutions, ultimately delivering high-quality engineered materials. As a leading global supplier of engineered materials for consumer and industrial applications, we maintain leading positions in key segments serving markets that are growing commensurate with or in excess of gross domestic product ("GDP"). We partner with leading consumer product companies and other market leaders to provide innovative solutions delivering outstanding performance to meet market requirements. Over the past several years, we have divested non-strategic assets and made investments to increase production capacity and improve our technical capabilities to ensure we are best positioned to serve the market demands and grow our revenue. We are committed to growing in our key markets and will make appropriate investments to support our customers and satisfy market demands.

Our Strategy

Our growth strategy is focused on expanding our engineered materials business with new product and business development, organic investment and strategic acquisitions, and continually optimizing our cost structure to deliver on expectations of our stakeholders.

Our primary strategic objectives are as follows:

- *Expanding our engineered materials portfolio*—We will continue to invest in organic growth and strategic acquisitions to expand capabilities and broaden scale, with a focus on end markets that we expect to grow at rates that are equal to or higher than the U.S. GDP growth rate. Our history of product innovation and ability to leverage our market-leading capabilities are core to this growth strategy. Through the Mount Holly Acquisition and the Jacob Holm Acquisition described below, we have recently committed to two acquisitions that enable product line optimization, operational improvements, strategic sourcing savings and cost reduction, all of which we believe will allow us to drive increased operating and financial performance. We have historically supplemented this strategy with select divestitures of our businesses that no longer align with our long-term strategy.
- *Integrating strategic acquisitions*—With our acquisitions of Mount Holly and Jacob Holm—two key strategic acquisitions costing an aggregate of approximately $475 million—we will expand our capacity,

add scale across our portfolio of products, and diversify our business geographically. After completing the Jacob Holm Acquisition, we intend to focus on capturing synergies and maximizing free cash flow.

- *De-leveraging and financial flexibility*—We apply a disciplined capital spending mindset to all investment decisions, whether for organic growth or to fund external acquisitions or investments. We believe our recent acquisitions will generate sufficient free cash flow to return us to historical net leverage levels in the intermediate-term.
- *Driving continuous improvement and accelerate innovation*—With greater scale, we believe we can more efficiently manage our cost structure to increase margins and improve cash flow. Our focus on efficiencies and cost optimization has resulted in our Adjusted EBITDA margin improving more than 370 basis points from 10.0% in 2018 to 13.7% in 2020. We believe that our focus on continuous improvement will result in consistent operational excellence across the Company and will drive financial performance. Likewise, we expect to continue to drive innovation across our entire portfolio of products, with a focus on further expansion of engineered materials. The majority of Glatfelter's product content is natural cellulose fibers and approximately 50% of Jacob Holm's raw materials are derived from plant-based or all-natural fibers.

We have recently undertaken two significant acquisitions that align with our stated strategy. On May 13, 2021, we completed the acquisition (the "Mount Holly Acquisition") of all the outstanding equity interests of Georgia-Pacific Mt. Holly LLC, Georgia-Pacific's U.S. nonwovens business ("Mount Holly"), for $170.7 million, subject to customary post-closing purchase price adjustments. This business includes the Mount Holly, NC manufacturing facility and an R&D center and pilot line for nonwovens product development in Memphis, TN. The Mount Holly facility produces high-quality airlaid products for the wipes, hygiene, and other nonwoven materials markets, competing in the marketplace with nonwoven technologies and substrates, as well as other materials focused primarily on consumer based end-use applications. Mount Holly had net sales of approximately $100 million in 2020. The Mount Holly Acquisition expands our footprint and income generation in the U.S. and balances our sales mix between the Airlaid Materials and Composite Fibers segments.

On July 22, 2021, we entered into a definitive agreement to acquire PMM Holding (Luxembourg) AG, a public limited liability company (*société anonyme*), incorporated and existing under the laws of the Grand Duchy of Luxembourg ("Jacob Holm"), a global leading manufacturer of premium quality spunlace nonwoven fabrics for critical cleaning, high-performance materials, personal care, hygiene and medical applications, for an enterprise value of approximately $304.6 million (€256.3 million) including the extinguishment of debt and subject to post-closing adjustments. Jacob Holm generated $401.0 million (€336.4 million) of net sales for the twelve-month period ended June 30, 2021, supported by strong COVID-related demands. We expect the combination to create an exceptional, expanded portfolio of engineered specialty applications with opportunities for long term growth aligned with post-COVID lifestyle changes.

Our Strengths

The following are our core business strengths which we believe will drive operational excellence and financial performance in the years ahead:

- *Leading market positions in growing segments*—Across our key product categories, we serve attractive market segments that have grown, and that we expect to continue to grow, at or above U.S. GDP growth rates. As of December 31, 2020, we held leading market share in several of our product categories, including feminine hygiene, adult incontinence, table top, tea bags, single-serve coffee, and wallcover. Over 85% of our 2020 revenue was tied to essential consumer staple products—including in core areas of health, hygiene and wellness—which continue to benefit from increased demand.
- *Diversified customer base across end-markets and product applications, which is expected to be enhanced by the Jacob Holm Acquisition*—We serve a large variety of customers across diversified end

markets. For the year ended December 31, 2020, our Composite Fibers segment accounted for $525.1 million of our net sales and our Airlaid Materials segment accounted for $391.4 million of our net sales, and on a pro forma basis, giving effect to the Mount Holly Acquisition, our Airlaid Materials segment would have accounted for $492.6 million of net sales. We expect the Jacob Holm Acquisition, with net sales of $403.9 million (€353.9 million) for the year ended December 31, 2020, to further balance our portfolio, as it expands our offering in critical cleaning and high-performance materials. Further, we expect the Jacob Holm Acquisition to diversify our revenue generation across geographic regions. For the year ended December 31, 2020, 33% of our net sales were in the Americas, 57% of our net sales were in Europe, Middle East and Africa, and 10% of net sales were in Asia Pacific. On a pro forma basis, giving effect to the Jacob Holm Acquisition and Mount Holly Acquisition, our net sales would have been approximately 45% Americas, 45% Europe, the Middle East and Africa, and 10% Asia Pacific.

- *Strong engineering and innovation capabilities*—We have a deep understanding and knowledge of materials, manufacturing technology and product performance across our core product areas. Products such as GlatClean, our disinfecting wipe with an eco-friendly, cellulose-based airlaid substrate, illustrate the continued focus on cellulose-based products, which are sustainability focused and biodegradable, and represent the majority of our sourced materials. Our reputation for quality has given us opportunities to partner with "blue chip" customers.
- *Sustainability and safety*—As part of our commitment to the global environment, as well as in response to increasing customer focus on the environment and sustainability matters, we are focused on building a more sustainable product portfolio based on eco-friendly materials, while maintaining our reputation for robust product safety and high quality. Likewise, we are focused on the health and safety of our employees, and we are proud of our top-quartile employee safety track record.
- *Operational excellence and continuous improvement*—Our operational excellence contributes meaningfully to margin enhancement and improved cash flows. We are constantly focused on minimizing waste, reducing inefficiencies and maximizing uptime across our global manufacturing footprint. We believe the Jacob Holm Acquisition presents an opportunity for further value creation as a result of operational excellence through the expected realization of approximately $20 million of annual cost synergies within 24 months of completing the Jacob Holm Acquisition. In addition, we expect to achieve approximately $5 million of annual cost synergies within 24 months of completing the Mount Holly Acquisition.
- *Significant protection from raw material price volatility via contracts with customers*—A significant portion of our business after completion of the Jacob Holm Acquisition will be subject to contractual arrangements pursuant to which our products' selling prices are adjusted for changes in the cost of certain raw materials, which allows us to pass through a significant portion of raw material price increases to these customers, creating a natural hedge against margin contraction due to fluctuations in raw materials. Approximately 74% of our Airlaid Materials segment's annual net sales was generated under contracts whose selling price is influenced by pass-through provisions directly related to the cost of certain key raw materials, while on a pro forma basis giving effect to the Mount Holly Acquisition, approximately 76% of this segment's annual net sales would have been generated under such contracts. In addition, approximately 68% of Jacob Holm's raw material inputs have either price formulae or quarterly (or more frequent) price adjustments.
- *Conservative financial policies*—We are focused on maximizing financial flexibility and maintaining access to liquidity. After repaying all outstanding revolving borrowings under our Credit Facility with the proceeds of this offering, we will have $393 million of undrawn availability that can be utilized to fund future working capital, capital expenditures, acquisitions or other general corporate requirements.

The Jacob Holm Acquisition

On July 22, 2021, we entered into a definitive agreement to acquire Jacob Holm, a global leading manufacturer of premium quality spunlace nonwoven fabrics for critical cleaning, high-performance materials, personal care, hygiene and medical applications, for an enterprise value of approximately $304.6 million (€256.3 million) including the extinguishment of debt and subject to post-closing adjustments.

We expect the Jacob Holm Acquisition to close in the fourth quarter of 2021, subject to the satisfaction or waiver of all of the closing conditions to the transaction (other than conditions that by their nature are to be satisfied at the closing, but subject to the satisfaction or waiver of those conditions at such time). The closing of the Jacob Holm Acquisition is subject to certain conditions, including, among others, clearance under the Hart-Scott-Rodino Act. The Share Purchase Agreement, dated July 22, 2021, among Glatfelter, PHG Tea Leaves, Inc., a Delaware Corporation and a wholly-owned subsidiary of Glatfelter, Ammon Ammon AG, a Liechtenstein company (the "Seller"), and the ultimate owners of the Seller (the "Share Purchase Agreement"), provides for certain termination rights of the parties, including (i) the right of either party to terminate the Share Purchase Agreement if the Jacob Holm Acquisition has not closed within nine months of signing, or (ii) upon any of the mutual conditions to closing becoming incapable of being satisfied.

Jacob Holm offers high-performing and innovative spunlace nonwoven technologies and advanced fiber-based sustainable solutions that will meaningfully increase our diversification into attractive and complementary segments serving the growing wipes, healthcare and hygiene categories. With the acquisition of Jacob Holm, we will acquire four additional manufacturing facilities and six sales offices located in the Americas, Europe, and Asia, and approximately 800 employees world-wide. Jacob Holm's broad product offerings and blue-chip customer base will expand Glatfelter's portfolio to include surgical drapes and gowns, wound care, face masks, facial wipes and cosmetic masks. The acquisition of Jacob Holm's Sontara business, a leading brand of finished products for critical cleaning wipes and medical apparel, will also enhance Glatfelter's technological capabilities.

Jacob Holm generated $401.0 million (€336.4 million) of net sales and $42.5 million of Adjusted EBITDA for the twelve-month period ended June 30, 2021, supported by strong pandemic-related demand for its products. We believe Jacob Holm's results for that twelve- month period include a benefit from COVID-related demand that we estimate to be between $10 million and $15 million of Adjusted EBITDA. We expect to realize annual cost synergies of approximately $20 million within 24 months of closing of the Jacob Holm Acquisition, expected to be made up of approximately $6 million in sourcing and supply chain synergies, approximately $8 million of operational improvement synergies and approximately $6 million of corporate selling, general and administrative and other synergies. From the date of the closing of the Jacob Holm Acquisition, Jacob Holm's results of operations are expected to be included as part of a third, standalone reporting segment.

Amendment and Restatement of our Credit Facility

On September 2, 2021, we amended and restated our existing credit facility, dated February 8, 2019 (the "Credit Facility") to extend the maturity date of the revolving loans under our $400 million Credit Facility to September 2, 2026, and to make certain other changes in connection with the closing of the Jacob Holm Acquisition, including to provide additional flexibility in the maximum net leverage ratio covenant. The Term Loan A under the Credit Facility matures on February 8, 2024. See "Description of Other Indebtedness— Credit Facility" for a summary of the terms of our Credit Facility.

SUMMARY HISTORICAL CONSOLIDATED FINANCIAL INFORMATION AND UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION

The following table sets forth summary historical consolidated financial information of the Issuer at the dates and for the periods indicated. The summary historical consolidated balance sheet data as of December 31, 2020 and 2019 and the summary historical consolidated statement of income information and other financial data for each of the fiscal years ended December 31, 2020, 2019 and 2018 is derived from our audited consolidated financial statements included in this offering memorandum.

The summary historical consolidated balance sheet data as of June 30, 2021 and the summary historical consolidated statement of income information and other financial data for the six month periods ended June 30, 2021 and 2020 is derived from our unaudited consolidated financial statements for the six months ended June 30, 2021 included in this offering memorandum. The summary historical consolidated balance sheet data as of June 30, 2020 is derived from our unaudited consolidated financial statements which are not included or incorporated by reference in this offering memorandum. We also present in this offering memorandum certain unaudited historical financial data for the twelve-month period ended June 30, 2021. The data for the twelve-month period ended June 30, 2021 has been derived by subtracting the financial data from our unaudited consolidated financial data for the six months ended June 30, 2020 from financial data from our audited consolidated financial statements for the year ended December 31, 2020 and adding the financial data from our unaudited consolidated financial data for the six months ended June 30, 2021. Our unaudited consolidated financial statements have been prepared on the same basis as our audited consolidated financial statements and, in our opinion, reflect all adjustments, consisting only of normal and recurring adjustments necessary for a fair presentation of such financial statements in all material respects. The results for any interim period are not necessarily indicative of the results that may be expected for a full year or any future period.

The summary unaudited pro forma condensed combined statement of income and the summary unaudited pro forma condensed combined balance sheet do not include the full unaudited pro forma condensed combined income statements and balance sheets, respectively, set forth in the section of this offering memorandum captioned ‘‘Supplemental Pro Forma Condensed Combined Financial Information.” The summary unaudited pro forma condensed combined information for the twelve months ended June 30, 2021 gives effect to the Jacob Holm Acquisition and the Mount Holly Acquisition as if each had occurred on July 1, 2020. The historical financial statements have been adjusted to give effect to pro forma items that are (i) directly attributable to the Jacob Holm Acquisition and the Mount Holly Acquisition and related financings and (ii) factually supportable. The summary unaudited pro forma condensed consolidated financial information is presented for illustrative purposes only and is not necessarily indicative of what the actual consolidated results of operations would have been had the Jacob Holm Acquisition and the Mount Holly Acquisition and related financings been completed on the date indicated or what such results would be for future periods. See “Supplemental Pro Forma Condensed Combined Financial Information” for a complete description of the adjustments and assumptions underlying this summary unaudited pro forma condensed consolidated information.

This information is only a summary. You should read the data set forth in the table below in conjunction with our consolidated financial statements and the accompanying notes and Management's Discussion and Analysis of Financial Condition and Results of Operations included in this offering memorandum.

In thousands	Year ended December 31,			Six months ended June 30,		Twelve months ended June 30,	Pro forma Twelve months ended June 30,
	2018	2019	2020	2020	2021	2021	2021
				(unaudited)		(unaudited)	(unaudited)
Statement of Income Information:							
Net sales	$866,286	$ 927,673	$ 916,498	$ 447,743	$ 470,585	$ 939,340	$1,421,377
Costs of products sold	735,879	780,131	768,629	378,878	395,735	785,486	1,194,732
Gross profit	130,407	147,542	147,869	68,865	74,850	153,854	226,645
Selling, general and administrative expenses	111,721	94,967	100,045	48,072	51,811	103,784	148,812
Gains on dispositions of plant, equipment and timberlands, net	(3,256)	(2,060)	(1,332)	(597)	(2,403)	(3,138)	(2,460)
Operating income	21,942	54,635	49,156	21,390	25,442	53,208	80,293
Non-operating income (expense)							
Interest expense	(15,609)	(10,408)	(7,022)	(3,537)	(3,303)	(6,788)	(27,959)
Interest income	559	1,123	399	351	31	79	(131)
Pension settlement	—	(75,326)	(6,154)	(6,403)	—	249	249
Other, net	383	(4,477)	(4,020)	(1,515)	(1,073)	(3,578)	(9,173)
Total non-operating expense	(14,667)	(89,088)	(16,797)	(11,104)	(4,345)	(10,038)	(37,014)
Income (loss) before income taxes	7,275	(34,453)	32,359	10,286	21,097	43,170	43,279
Income tax provision (benefit)	7,723	(9,242)	11,576	5,161	11,211	17,626	18,471
Income (loss) from continuing operations	$ (448)	$ (25,211)	$ 20,783	$ 5,125	$ 9,886	$ 25,544	$ 24,808
Balance Sheet Information (as of period end):							
Cash and cash equivalents		$ 126,201	$ 99,581	$ 76,619	$ 84,164		$ 49,438
Total assets		1,283,794	1,286,881	1,226,884	1,460,090		1,799,790
Total debt, net of unamortized debt issuance costs		359,859	313,521	347,559	481,412		764,659
Other Financial Data:							
Tons sold (metric)	248,551	271,068	271,419	133,331	131,790	269,878	354,394
Capital expenditures (1)	42,129	27,765	28,136	12,011	11,211	27,336	56,190
EBITDA (2)	69,850	25,652	95,582	43,080	52,835	105,337	151,810
Adjusted EBITDA (3)	86,323	110,326	125,252	63,590	61,764	123,426	172,832
Adjusted EBITDA less CapEx (4)	44,194	82,561	97,116	51,579	50,553	96,090	116,642

	Pro Forma Twelve months ended June 30, 2021
Pro Forma Adjusted EBITDA (5)	197,832
Ratio of total net debt to Pro Forma Adjusted EBITDA	3.6
Ratio of Pro Forma Adjusted EBITDA to Pro Forma interest expense	7.1

1) Capital expenditures of Jacob Holm were $26.6 million (€22.4 million) for the twelve months ended June 30, 2021. We expect base capital expenditures of Jacob Holm to be between $10 million and $15 million going forward after integration actions are completed.
2) EBITDA is a non-GAAP financial measure whose most directly comparable GAAP measure is income (loss) from continuing operations, and is calculated using income (loss) from continuing operations and excludes interest expense, interest income, provision for income taxes, and depreciation and amortization. We believe EBITDA, Adjusted EBITDA and Pro Forma Adjusted EBITDA are helpful measures for comparing our operating performance with prior periods as well as with the performance of other companies with different capital structures or tax rates. See "Non-GAAP Measures" for more information on these non-GAAP financial measures, including why we think these are appropriate to present.
3) Adjusted EBITDA is calculated using EBITDA and further excludes certain items management considers to be unique or non-recurring gains or costs unrelated to the company's core operations. The adjustments include the costs of strategic initiatives, cost optimization and restructuring activities, incremental employee and facilities costs related to our response to the COVID-19 pandemic, corporate headquarters relocation, pension settlement expenses, asset impairment charge, capacity expansion, share-based compensation expense and debt refinancing costs, as well as the elimination of gains from sales of timberlands and the reversal of reserves for an environmental matter. Historically, the Company has not included an adjustment for share-based compensation in its Adjusted EBITDA calculation; the Company expects, however, to include such adjustment in its future public disclosures, consistent with the presentation herein.
4) Adjusted EBITDA less CapEx, a non-GAAP measure, is calculated by subtracting capital expenditures from Adjusted EBITDA.
5) Pro Forma Adjusted EBITDA is calculated using Adjusted EBITDA and gives pro forma effect to the Mount Holly Acquisition and the Transactions and includes run-rate cost synergies and other adjustments.

The following table reconciles the differences between Income (loss) from continuing operations, the most comparable GAAP measure, to EBITDA, Adjusted EBITDA and Pro Forma Adjusted EBITDA:

In thousands	Year ended December 31,			Six months ended June 30,		Twelve months ended June 30,	Pro forma Twelve months ended June 30,
	2018	2019	2020	2020	2021	2021	2021
				(unaudited)		(unaudited)	(unaudited)
Income (loss) from continuing operations	$ (448)	$ (25,211)	$ 20,783	$ 5,125	$ 9,886	$ 25,544	$ 24,808
Interest expense	15,609	10,408	7,022	3,537	3,303	6,788	27,959
Interest income	(559)	(1,123)	(399)	(351)	(31)	(79)	131
Income tax provision on continuing operations	7,723	(9,242)	11,576	5,161	11,211	17,626	18,471
Depreciation and amortization	47,525	50,820	56,600	29,608	28,466	55,458	80,441
EBITDA	69,850	25,652	95,582	43,080	52,835	105,337	151,810
Strategic initiatives (a)	5,898	249	1,567	—	8,434	10,001	4,026
Share-based compensation (b)	6,288	3,583	5,655	2,377	2,537	5,815	5,815
Currency translation loss (c)	—	—	—	—	—	—	5,643
Cost optimization actions (d)	440	8,583	5,979	3,097	—	2,882	3,240
COVID-19 incremental costs (e)	—	—	2,715	1,180	—	1,535	1,535
Restructuring charges (f)	—	—	7,211	7,154	—	57	2,964
Pension settlement charge (g)	—	75,326	6,154	6,403	—	(249)	(249)
Headquarters relocation (h)	—	—	871	—	361	1,232	1,232
Asset impairment charge (i)	—	—	900	900	—	—	—
Fox River environmental matter (j)	—	(2,509)	—	—	—	—	—
Airlaid capacity expansion (k)	7,072	1,014	—	—	—	—	—
Timberland sales and related costs (l)	(3,225)	(1,572)	(1,382)	(601)	(2,403)	(3,184)	(3,184)
Adjusted EBITDA	$86,323	$110,326	$125,252	$63,590	$61,764	$ 123,426	$ 172,832
Run-rate cost synergies (m)							25,000
Pro forma Adjusted EBITDA							$ 197,832

(a) Reflects professional and legal fees incurred directly related to evaluating and executing certain strategic initiatives including costs associated with acquisitions and the related integration.

(b) Represents the non-cash amount of share-based compensation expense included in results of operations.

(c) Represents non-cash currency translation loss primarily on the remeasurement of intercompany loans within the Jacob Holm organization.

(d) Reflects 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.

(e) 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 Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act") benefit.

(f) Represents charges incurred in connection with the decision to restructure a portion of the Composite Fibers segment, and, in the case of the summary pro forma information, restructuring and strategic actions taken by Jacob Holm to define its future structure and strategy.

(g) Reflects expenses incurred in connection with the termination of the Company's qualified pension plan in 2019 and the reversion of excess pension plan assets to the Company.

(h) Reflects costs incurred in connection with the strategic relocation of our corporate headquarters to Charlotte, NC. The costs are primarily related to employee relocation costs and exit costs at the previous corporate headquarters.

(i) 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.

(j) Excludes a gain and recognized as a result of a decrease in our overall reserve included in income for the Fox River matter primarily due to the resolution of the litigation in the first quarter of 2019.

(k) Reflects non-capitalized, one-time costs incurred related to the start-up of a new airlaid production facility in Fort Smith, Arkansas and implementation of a new business system.

(l) Adjustments to 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.

(m) Represents management's estimated run-rate of annual cost synergies from the Mount Holly Acquisition (approximately $5 million) and the Jacob Holm Acquisition (approximately $20 million) expected to be realized within the next 24 months. Synergies primarily consist of global supply chain, sourcing, operational and corporate cost reductions. No assurances can be made whether these synergies will be achieved in this time frame, or at all. For more information, see "Risk Factors—Risks relating to the Acquisitions—We may not realize the growth opportunities and operational synergies that are anticipated from the Jacob Holm Acquisition and the Mount Holly Acquisition."

Risks Relating to Our Business

Our business and financial performance may be adversely affected by a weak global economic environment or downturns in the target markets that we serve.

Adverse global economic conditions could impact our target markets resulting in decreased demand for our products. Our results could be adversely affected if economic conditions weaken. Also, there may be periods during which demand for our products is insufficient to enable us to operate our production facilities at full capacity and in an economical manner which may force us to take machine downtime to curtail production to match demand.

On March 11, 2020, the World Health Organization declared the COVID-19 outbreak a pandemic as the virus spread throughout the world. As the virus continued its rapid spread, a significant portion of the world's economies was significantly impacted, and will continue to be so, by government mandates that all "non-essential" businesses close and that residents "shelter-in-place" or practice "social distancing." The actions undertaken across the globe in an attempt to contain the spread of the virus have had an unprecedented and significant adverse impact on global economies in terms of reduced GDP, increased unemployment, and insolvencies in a variety of industries and markets.

The majority of our product portfolios are considered to be "essential or life-sustaining" and we continued to produce products used in the global response effort to the pandemic. However, shortly after the pandemic began and through the first several months of 2021, our financial performance and results of operations were adversely impacted by the pandemic, particularly by weaker demand for tabletop products used by restaurants, catering and similar venues, all of which were impacted by "lockdowns" throughout many regions of the world. In the event economic activity continues to be adversely impacted, or the impact intensifies, due to the spread of COVID-19 or due to actions to control the spread, we could be forced to curtail operations further due to reduced customer demand, compliance with government mandates or the inability to adequately staff production facilities due to a widespread or sustained outbreak of COVID-19 at one or more of our facilities. In addition, our global supply chain could be disrupted, demand for our products, or the prices the products are sold, could be adversely impacted if economic conditions in the target markets that we serve remain weak or weaken further. We also could face potential legal actions that could arise due to our operations during the pandemic. This economic environment may also cause customer insolvencies which may result in their inability to satisfy their financial obligations to us. The conditions are beyond our control and may have a significant impact on our sales and results of operations.

In addition, the COVID-19 pandemic's impact on various economies throughout the world could lead to financial instabilities or insolvencies of some of our customers or the customers they in turn serve which could impact our ability to sell our products. These conditions are beyond our control and may have a significant impact on our sales and results of operations. As we cannot predict the duration or scope of the COVID-19 pandemic, in the event the spread continues or the government actions intensify, our results of operations and/or financial position could be adversely impacted.

Approximately 55% of our net sales in 2020 was from shipments to customers in Europe, the demand for which is dependent on economic conditions in this area, or to the extent such customers do business outside of Europe, in other regions of the world. Uncertain economic conditions in this region may cause weakness in demand for our products as well as volatility in our customers buying patterns.

Disruption of our global supply chain could adversely affect our business.

Our ability to manufacture, sell and distribute products is critical to our operations. Our products contain raw materials that we source globally from suppliers. If there is a shortage of a key material in our supply chain, and a replacement cannot be readily sourced from an alternative supplier, the shortage may disrupt our production. Likewise, disruptions in the transportation and delivery of products - both from suppliers to our production facilities, and from our production facilities to our customers - may impact our ability to sell product and deliver goods to our customers on time. In addition, the costs of transporting materials and products through our chain of sourcing and production may increase, and such increases could be significant. The failure of third parties on which we rely, including those third parties who supply our raw materials, packaging, capital equipment and other necessary operating materials, contract manufacturers, commercial transport, distributors, contractors, and external business partners, to meet their obligations to us, or significant disruptions in their ability to do so, may negatively impact our operations. Failure to take adequate steps to mitigate the likelihood or potential impact of such disruptions, or to effectively manage such disruptions if they occur, could adversely affect our business and results of operations, as well as require additional resources to restore our global supply chain. Any of these factors could have a material adverse impact on our results of operations and financial condition.

The cost of raw materials and energy used to manufacture our products could increase or the availability of certain raw materials could become constrained.

We require access to sufficient, and reasonably priced, quantities of pulps, pulp substitutes, abaca fiber, synthetic fibers, and certain other raw materials, as well as access to reliable and abundant supplies of water to support many of our production facilities. We require significant quantities of wood pulps and, therefore, the volatility of wood pulp prices can have a significant impact on our results of operations.

Our Philippine mill purchases abaca fiber to produce abaca pulp, a key material used to manufacture paper for single-serve coffee, tea, and technical specialty products at Composite Fibers' facilities. At certain times, the supply of abaca fiber has been constrained or the quality diminished due to factors such as weather-related damage to the source crop as well as decisions by landowners to produce alternative crops in lieu of those used to produce abaca fiber. These factors have contributed to volatility in fiber prices or limited available supply.

Airlaid Materials requires access to sufficient quantities of fluff pulp, the supply of which is subject to availability of certain softwoods.

The cost of many of our production materials, including petroleum-based chemicals and freight charges, are influenced by the cost of oil. Natural gas is the principal source of fuel for each of our facilities worldwide and has historically been more volatile than other fuels.

Government rules, regulations and policies have an impact on the cost of certain energy sources, particularly for our European operations. In Europe, we currently benefit from a number of government-sponsored programs related to, among others, green energy or renewable energy initiatives designed to mitigate the cost of electricity to larger industrial consumers of power. Any reduction in the extent of government sponsored incentives may adversely affect the cost ultimately borne by our operations.

Although we have contractual arrangements with certain Airlaid Materials customers pursuant to which our product's selling price is adjusted for changes in the cost of certain raw materials, we may not be able to fully pass increased raw materials or energy costs on to all customers if the market will not bear the higher price or if existing agreements limit price increases. If price adjustments significantly trail increases in raw materials or energy prices, our operating results could be adversely affected.

Foreign currency exchange rate fluctuations could adversely affect our results of operations.

A significant proportion of our net sales and earnings are generated from operations outside of the United States. In addition, we own and operate manufacturing facilities in Canada, Germany, France, the United Kingdom, and the Philippines. A significant portion of our business is transacted in currencies other than the U.S. dollar including the euro, Swiss franc, British pound, Canadian dollar, Philippine peso and, after completing the Jacob Holm Acquisition, the Danish kroner, among others. For 2021, before giving effect to the Jacob Holm Acquisition, we expect our euro denominated net sales to exceed euro denominated expenses by an estimated €150 million. With respect to the British pound, Canadian dollar, and Philippine peso, we have greater outflows than inflows of these currencies, although to a lesser degree than the euro. As a result, we are exposed to changes in currency exchange rates and such changes could be significant.

Our ability to maintain our products' price competitiveness is reliant, in part, on the relative strength of the currency in which the product is denominated compared to the currency of the market into which it is sold and the functional currency of our competitors. Changes in the rate of exchange of foreign currencies in relation to the U.S. dollar, and other currencies, may adversely impact our results of operations and our ability to offer products in certain markets at acceptable prices.

In the event of significant currency weakening in the countries into which our products are sold, demand for our products, pricing of our products, or a customer's ability to satisfy obligations to us, could be adversely impacted.

Approximately $79 million of our net sales in 2020 was earned from customers located in Ukraine and Russia. Uncertain geo-political conditions, this region's economic environment and volatile currencies may cause demand for our products to be volatile and cause abrupt changes in our customers' buying patterns.

Our industry is highly competitive and increased competition could reduce our sales and profitability.

The global markets in which we compete are served by a variety of competitors and a variety of substrates. As a result, our ability to compete is sensitive to, and may be adversely impacted by:

- the entry of new competitors into the markets we serve;
- the aggressiveness of our competitors' pricing strategies, which could force us to decrease prices in order to maintain market share;
- our failure to anticipate and respond to changing customer preferences; and
- technological advances or changes that impact production or cost competitiveness of our products.

The impact of any significant changes may result in our inability to effectively compete in the markets in which we operate, and as a result our sales and operating results would be adversely affected.

We may not be able to develop new products acceptable to our existing or potential customers.

Our business strategy is market focused and includes investments in developing new products to meet the changing needs of our customers, to serve new customers and to maintain our market share. Our success will depend, in part, on our ability to develop and introduce new and enhanced products that keep pace with introductions by our competitors and changing customer preferences. If we fail to anticipate or respond adequately to these factors, we may lose opportunities for business with both current and potential customers. The success of our new product offerings will depend on several factors, including our ability to:

- anticipate and properly identify our customers' needs and industry trends;
- develop and commercialize new products and applications in a timely manner;
- price our products competitively;
- differentiate our products from our competitors' products; and
- invest efficiently in research and development activities.

Our inability to develop new products or new business opportunities could adversely impact our business and ultimately harm our profitability.

We are subject to substantial costs and potential liability for environmental matters.

We are subject to various environmental laws and regulations that govern our operations, including discharges into the environment, and the handling and disposal of hazardous substances and wastes. We are also subject to laws and regulations that impose liability and clean-up responsibility for releases of hazardous substances. To comply with environmental laws and regulations, we have incurred, and will continue to incur, substantial expenditures.

We may incur obligations to remove or mitigate any adverse effects on the environment, such as air and water quality and other environmental conditions, resulting from mills we operate or have operated. Potential obligations include costs for government oversight of the remediation activities, the restoration of natural resources, and/or personal injury and property damages.

Airlaid Materials generates a substantial portion of its net sales from one customer serving the hygiene products market, the loss of which could have a material adverse effect on our results of operations.

For the year ended December 31, 2020, after giving pro forma effect to the Mount Holly Acquisition, Airlaid Materials derived approximately 41% of its net sales from sales to the feminine hygiene market. In addition, for the year ended December 31, 2020, after giving pro forma effect to the Mount Holly Acquisition, one customer accounted for 31% of this segment's sales, and the balance is concentrated with a small group of large customers. The loss of the large customer or a decline in sales of hygiene products could have a material adverse effect on this business's operating results. Our ability to effectively compete could be affected by technological production alternatives which could provide substitute products into this market segment. Customers in the airlaid nonwoven fabric material market, including the hygiene market, may also switch to less expensive products, change preferences or otherwise reduce demand for Airlaid Materials' products, thus reducing the size of the markets in which it currently sells its products. Any of the foregoing could have a material adverse effect on our financial performance and business prospects.

Our operations may be impaired, and we may be exposed to potential losses and liability as a result of natural disasters, acts of terrorism or sabotage or similar events.

If we have a catastrophic loss or unforeseen operational disruption at any of our facilities, we could suffer significant lost production which could impair our ability to satisfy customer demands.

Natural disasters, such as earthquakes, hurricanes, typhoons, flooding or fire, and acts of terrorism or sabotage affecting our operating activities and major facilities could materially and adversely affect our operations, operating results and financial condition.

In addition, many of our operations require a reliable and abundant supply of water. Such mills rely on a local water body or water source for their water needs and, therefore, are particularly sensitive to drought conditions or other natural or manmade interruptions to water supplies. Any interruption or curtailment of operations at any of our production facilities due to drought or low flow conditions at the principal water source or another cause could materially and adversely affect our operating results and financial condition.

Our pulp mill in Lanao del Norte on the Island of Mindanao in the Republic of the Philippines is located along the Pacific Rim, one of the world's hazard belts. By virtue of its geographic location, this mill is subject to similar types of natural disasters discussed above, including cyclones, typhoons, and volcanic activity. Moreover, the area of Lanao del Norte has been a target of suspected terrorist activities. Our pulp mill in Mindanao is located in a rural portion of the island and is susceptible to attacks and/or power interruptions. The Mindanao mill supplies the abaca pulp used by Composite Fibers to manufacture paper for single serve coffee and tea products and certain technical specialties products. Any interruption, loss, or extended curtailment of operations at our Mindanao mill could affect our ability to meet customer demands for our products and materially affect our operating results and financial condition.

We have operations in a potentially politically and economically unstable location.

Our pulp mill in the Philippines is located in a region that is unstable and subject to political unrest. As discussed above, our Philippine pulp mill produces abaca pulp, a significant raw material used by Composite Fibers and is currently our main source of abaca pulp. There are limited suitable alternative sources of readily available abaca pulp in the world. In the event of a disruption in supply from our Philippine mill, there is no guarantee that we could obtain adequate amounts of abaca pulp, if at all, from alternative sources at a reasonable price. Further, there is no assurance the performance of such alternative materials will satisfy customer performance requirements. As a consequence, any civil disturbance, unrest, political instability, or other event that causes a disruption in supply could limit the availability of abaca pulp and would increase our cost of obtaining abaca pulp. Such occurrences could adversely impact our sales volumes, net sales, and operating results.

Our international operations pose certain risks that may adversely impact sales and earnings.

We have significant operations and assets located in Canada, Germany, France, the United Kingdom, and the Philippines. Our international sales and operations are subject to a number of unique risks, in addition to the risks in our domestic sales and operations, including, but not limited to, economic and trade disruptions resulting from geopolitical developments, differing protections of intellectual property, trade barriers, labor unrest, exchange controls, regional economic uncertainty, differing (and possibly more stringent) labor regulation, risk of governmental expropriation, domestic and foreign customs and tariffs, differing regulatory environments, difficulty in managing widespread operations and political instability. These factors may adversely affect our future profits. Also, in some foreign jurisdictions, we may be subject to laws limiting the right and ability of entities organized or operating therein to pay dividends or remit earnings to affiliated companies unless specified conditions are met. Any such limitations would restrict our flexibility in using funds generated in those jurisdictions.

We are subject to cyber-security risks related to unauthorized or malicious access to sensitive customer, vendor, company, or employee information as well as to the technology that supports our operations and other business processes.

Our business operations rely upon secure systems for mill operations, and data capture, processing, storage, and reporting. Although we maintain appropriate data security and controls, our information technology systems, and those of our third-party providers, could become subject to cyberattacks. Systems such as ours are inherently exposed to cyber-security risks and potential attacks. The result of such attacks could result in a breach of data security and controls. Such a breach of our network, systems, applications or data could result in operational disruptions or damage or information misappropriation including, but not limited to, interruption to systems availability, denial of access to and misuse of applications required by our customers to conduct business with us, denial of access to the applications we use to plan our operations, procure materials, manufacture and ship products and account for orders, theft of intellectual knowhow and trade secrets, and inappropriate disclosure of confidential company, employee, customer or vendor information.

Any of these operational disruptions and/or misappropriation of information could adversely affect our results of operations, create negative publicity, and could have a material effect on our business.

We operate in and are subject to taxation from numerous U.S. and foreign jurisdictions.

The multinational nature of our business subjects us to taxation in the U.S and numerous foreign jurisdictions. Due to economic and political conditions, tax rates in various jurisdictions may be subject to significant change. Our effective tax rates could be affected by changes in tax laws or their interpretation or changes in the mix of earnings in jurisdictions with differing statutory tax rates, changes in the valuation of deferred tax assets and liabilities, the results of tax audits of previously filed tax returns, and continuing assessments of the adequacy of our tax reserves. For example, the European Commission regularly opens and closes formal investigations to examine whether decisions taken by the tax authorities in certain European member states comply with European Union rules on state aid. The outcome of the European Commission’s investigations could require tax authorities of the member states concerned to recover taxes unlawfully saved by European taxpayers and qualifying as illegal state aid under European law. Where the case may be, this could have an impact on our income taxes and results of operations.

In addition, U.S. tax legislation may be enacted in the future, with possible retroactive effect, that could provide for significant changes to U.S. tax law, some of which could have an adverse impact on our business or financial condition. Any new U.S. federal tax laws will likely be complex and will be subject to uncertainty regarding subsequent administrative guidance, thus, the impact of certain aspects of any such future provisions on our business or financial condition is currently unclear.

In the event any of the above risk factors impact our business in a material way or in combination during the same period, we may be unable to generate enough cash flow to simultaneously fund our operations, finance capital expenditures, satisfy obligations and make dividend payments on our common stock.

In addition to debt service obligations, our business requires expenditures to support growth strategies, research and development initiatives, and for normal upgrades or replacements. We expect to meet all our near and long-term cash needs from a combination of operating cash flow, cash and cash equivalents, availability under our Credit Facility or other long-term debt. If we are unable to generate enough cash flow from these sources, we could be unable to fund our operations, finance capital expenditures, satisfy our near and long-term cash needs or make dividend payments.

Risks Relating to the Acquisitions

The Jacob Holm Acquisition may not be completed within the expected timeframe or at all.

The Jacob Holm Acquisition is subject to risks and uncertainties, including (1) the risk that the Jacob Holm Acquisition may not be completed, or completed within the expected timeframe; (2) costs relating to the Jacob Holm Acquisition may be greater than expected; (3) the possibility that a governmental entity may prohibit, delay or refuse to grant a necessary regulatory approval in connection with the Jacob Holm Acquisition; and (4) the closing conditions in the Share Purchase Agreement may not be satisfied (or waived) in a timely manner or at all. In the event that (i) the Jacob Holm Acquisition has not become effective on or prior to April 22, 2022 or (ii) if, prior to becoming effective, the Jacob Holm Acquisition lapses, is withdrawn or otherwise terminates in accordance with the terms of the Share Purchase Agreement, then the notes will be subject to a special mandatory redemption. See "Description of Notes—Special Mandatory Redemption." The realization of any risks related to uncertainties of the Jacob Holm Acquisition could have a material adverse effect on our business, results of operations and financial condition.

We may not realize the growth opportunities and operational synergies that are anticipated from the Jacob Holm Acquisition and the Mount Holly Acquisition.

The benefits that we expect to result from the Jacob Holm Acquisition and the Mount Holly Acquisition will depend, in part, on our ability to realize anticipated growth opportunities and operational synergies. Our success in realizing these growth opportunities and operational synergies, and the timing of this realization, will depend in part on the successful integration of the Mount Holly and Jacob Holm businesses.

There is a significant degree of difficulty and management distraction inherent in the process of integrating acquisitions as sizable as the Jacob Holm Acquisition and the Mount Holly Acquisition. The process of integrating operations could cause an interruption of, or loss of momentum in, our, Mount Holly's or Jacob Holm's business. Members of our senior management may be required to devote considerable amounts of time to this integration process, which will decrease the time they will have to manage our company, service existing customers, attract new customers and develop new products or strategies. If senior management is not able to effectively manage the integration process, or if any significant business activities are interrupted as a result of the integration process, our business could suffer.

We cannot assure you that we will successfully or cost-effectively integrate Mount Holly's or Jacob Holm's business or at all. The failure to do so could have a material adverse effect on our business, financial condition or results of operations.

Even if we are able to integrate Mount Holly's or Jacob Holm's business successfully, this integration may not result in the realization of the growth opportunities and operational synergies that we currently expect from this integration, and we cannot guarantee that these benefits will be achieved within anticipated timeframes or at all.

We will incur significant transaction costs and merger-related integration costs in connection with the Jacob Holm Acquisition.

We will incur significant integration costs in connection with the Jacob Holm Acquisition, which we currently estimate to be approximately $20 million over the 24-month period following the closing of the Jacob Holm Acquisition. The substantial majority of these costs will be non-recurring expenses related to the Jacob Holm Acquisition. These non-recurring costs and expenses are not reflected in the unaudited pro forma condensed combined statements of income included in this offering memorandum. While it is anticipated that certain expenses will be incurred to achieve operational synergies, such expenses are difficult to estimate accurately and may exceed current estimates. We may incur additional costs in the integration of Jacob Holm's business and may not achieve benefits sufficient to offset the incremental costs of the Jacob Holm Acquisition.

The announcement and pendency of the Jacob Holm Acquisition could impact or cause disruptions in our and Jacob Holm's businesses, which could have an adverse effect on our business, financial condition or results of operations following the completion of the Jacob Holm Acquisition.

The announcement and pendency of the Jacob Holm Acquisition could cause disruption in our and Jacob Holm's businesses, including:

- our and Jacob Holm's current and prospective customers and suppliers may experience uncertainty associated with the Jacob Holm Acquisition, including with respect to current or future business relationships with us, Jacob Holm or the combined business and may attempt to negotiate changes in existing business;
- our and Jacob Holm's employees may experience uncertainty about their future roles with us, which may adversely affect our future and Jacob Holm's current ability to retain and hire key employees;
- the Jacob Holm Acquisition may give rise to potential liabilities; and
- the attention of our management and that of Jacob Holm may be directed toward the completion and implementation of the Jacob Holm Acquisition and transaction-related considerations and may be diverted from day-to-day business operations.

In connection with the Jacob Holm Acquisition, we could also encounter additional transaction and integration-related costs or other factors such as the failure to realize all of the benefits anticipated in the Jacob Holm Acquisition, as described in more detail above. The disruption to Jacob Holm's business could be exacerbated by a delay in the completion of the Jacob Holm Acquisition.

The unaudited pro forma condensed combined financial information included in this offering memorandum give effect to the acquisitions of Mount Holly and Jacob Holm and are presented for illustrative purposes only, and may not be an indication of our financial condition or results of operations after giving effect to the Jacob Holm Acquisition; accordingly, you have limited financial information on which to evaluate the combined company in your investment decision.

The unaudited pro forma condensed combined financial information contained in this offering memorandum are presented for illustrative purposes only, are based on various adjustments, assumptions and preliminary estimates and may not be an indication of our financial condition or results of operations following the Jacob Holm Acquisition, as applicable, for several reasons. See "Unaudited Pro Forma Condensed Combined Financial Information" included in this offering memorandum. Our actual financial condition and results of operations following the Jacob Holm Acquisition may not be consistent with, or evident from, the unaudited pro forma condensed combined financial information. In addition, the assumptions used in preparing the unaudited pro forma condensed combined financial information may not prove to be accurate, and other factors not accounted for in the unaudited pro forma condensed combined financial information may affect our financial condition or results of operations following the Jacob Holm Acquisition.

Jacob Holm may have liabilities that are not known, probable or estimable at this time.

As a result of the Jacob Holm Acquisition, we will assume substantially all liabilities of Jacob Holm, subject to certain exceptions. There could be unasserted claims or assessments that we failed or were unable to discover or identify in the course of performing due diligence investigations of Jacob Holm. In addition, there may be liabilities that are neither probable nor estimable at this time that may become probable or estimable in the future. Any such liabilities, individually or in the aggregate, could have a material adverse effect on our financial results. We may learn additional information about Jacob Holm's business that adversely affects us, such as unknown, unasserted or contingent liabilities and issues relating to compliance with applicable laws.

SUPPLEMENTAL PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION

The following supplemental unaudited pro forma condensed combined statement of income is derived from and should be read in conjunction with the historical financial statements and related notes of Glatfelter, Jacob Holm and Mount Holly which are included elsewhere in this offering memorandum.

The supplemental unaudited pro forma condensed combined statement of income for the twelve months ended June 30, 2021, gives effect to the Jacob Holm Acquisition and the Mount Holly Acquisition as if each had occurred on July 1, 2020, and combines the historical consolidated statements of income of Glatfelter, Jacob Holm and Mount Holly for the twelve months ended June 30, 2021. The data for the twelve-month period ended June 30, 2021 has been derived by subtracting the financial data from Glatfelter's, Mount Holly's and Jacob Holm's unaudited consolidated financial data for the six months ended June 30, 2020 from financial data from Glatfelter's, Mount Holly's and Jacob Holm's audited consolidated financial statements for the year ended December 31, 2020 and adding the financial data from Glatfelter's, Mount Holly's and Jacob Holm's unaudited consolidated financial data for the six months ended June 30, 2021. The historical financial statements have been adjusted to give effect to pro forma items that are (i) directly attributable to the Jacob Holm Acquisition and the Mount Holly Acquisition and related financing and (ii) factually supportable. The unaudited pro forma condensed combined financial information is presented for illustrative purposes only and is not necessarily indicative of what the actual combined financial position or results of operations would have been had the Jacob Holm Acquisition and the Mount Holly Acquisition and financing been completed on the dates indicated or what such financial position or results would be for future periods.

In thousands (unaudited)	Pro forma Twelve months ended June 30, 2021
Statement of Income Information:	
Net sales	$ 1,421,377
Costs of products sold	1,194,732
Gross profit	226,645
Selling, general and administrative expenses	148,812
Gains on dispositions of plant, equipment and timberlands, net	(2,460)
Operating income	80,293
Non-operating income (expense)	
Interest expense	(27,959)
Interest income	(131)
Pension settlement	249
Other, net	(9,173)
Total non-operating expense	(37,014)
Income (loss) before income taxes	43,279
Income tax provision (benefit)	18,471
Income (loss) from continuing operations	$ 24,808
Other Financial Data:	
Pro Forma Adjusted EBITDA	$ 197,832
Pro Forma Adjusted EBITDA less CapEx	116,642
Ratio of Pro Forma total net debt to Pro Forma Adjusted EBITDA	3.6
Ratio of Pro Forma Adjusted EBITDA to Pro Forma interest expense	7.1

in thousands (unaudited)	Glatfelter	Mount Holly(1)	Jacob Holm	Transaction Accounting Adjustments	Pro forma Twelve months ended June 30, 2021
Income from continuing operations	$ 25,544	$ 1,600	$ 11,977	$ (14,313)	$ 24,808
Interest expense	6,788	—	6,596	14,575	27,959
Interest income	(79)	—	210	—	131
Income tax provision on continuing operations	17,626	1,006	4,076	(4,237)	18,471
Depreciation and amortization	55,458	4,446	10,564	9,973	80,441
EBITDA	105,337	7,052	33,423	5,998	151,810
Strategic initiatives	10,001	—	153	(6,128)	4,026
Share-based compensation	5,815	—	—	—	5,815
Currency translation (gains)/losses	—	—	5,643	—	5,643
Cost optimization actions	2,882	—	358	—	3,240
COVID-19 incremental costs	1,535	—	—	—	1,535
Restructuring charges	57	—	2,907	—	2,964
Pension settlement charge	(249)	—	—	—	(249)
Headquarters relocation	1,232	—	—	—	1,232
Timberland sales and related costs	(3,184)	—	—	—	(3,184)
Adjusted EBITDA	$123,426	$ 7,052	$ 42,484	$ (130)	$ 172,832
Run-rate cost synergies					25,000
Pro forma Adjusted EBITDA					$ 197,832

(1) The amounts presented for Mount Holly represent financial information for the period July 1, 2020 through May 13, 2021, the date of acquisition by Glatfelter. Mount Holly's results of operations are reported prospectively from the date of acquisition with Glatfelter's financial information. In addition, the amounts presented for Mount Holly are exclusive of any synergies.

Exhibit 99.2

UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION

On July 22, 2021, we entered into a definitive agreement to acquire all of the outstanding equity interests of Jacob Holm for an enterprise value of approximately $304.6 million (€256.3 million) including the extinguishment of debt and subject to post-closing adjustments (the "Jacob Holm Acquisition"). In addition, on May 13, 2021, we completed our acquisition of Mount Holly (the "Mount Holly Acquisition") for $170.7 million, subject to customary post-closing adjustments. We intend to use the net proceeds of the $500.0 million aggregate principal amount of Notes offered hereby, together with cash on hand, to pay the purchase price for the Jacob Holm Acquisition, to repay certain indebtedness of Jacob Holm, to repay outstanding amounts under the Credit Facility and for other fees and expenses related to the Transactions.

The following unaudited pro forma condensed combined financial information is presented to illustrate the effects on Glatfelter's historical financial statements after giving effect to the Jacob Holm Acquisition and the Mount Holly Acquisition and related Notes offered hereby as discussed in the preceding paragraph and is derived from and should be read in conjunction with the historical financial statements and related notes of Glatfelter, Jacob Holm and Mount Holly which are included in this offering memorandum.

The unaudited pro forma condensed combined statements of income for the six months ended June 30, 2021 and the year ended December 31, 2020, and the unaudited pro forma condensed combined balance sheet as of June 30, 2021, are presented herein.

The unaudited pro forma condensed combined statement of income for the six months ended June 30, 2021, gives effect to the Mount Holly Acquisition, the Jacob Holm Acquisition, and the Notes offered hereby as if each had occurred on January 1, 2021, and combines (i) the historical consolidated statements of income of Glatfelter (including the results of Mount Holly from May 13, 2021) and Jacob Holm for the six months ended June 30, 2021 and (ii) the historical combined statement of income of Mount Holly for the three months ended March 31, 2021, plus the operating results of Mount Holly from April 1, 2021 through May 13, 2021.

The unaudited pro forma condensed combined statement of income for the year ended December 31, 2020, gives effect to the Jacob Holm Acquisition, the Mount Holly Acquisition and the Notes offered hereby, as if each had occurred on January 1, 2020, and combines the historical consolidated statements of income of Glatfelter, Jacob Holm and Mount Holly for the year ended December 31, 2020.

The unaudited pro forma condensed combined balance sheet as of June 30, 2021 gives effect to the Jacob Holm Acquisition and the Notes offered hereby as if they had occurred on June 30, 2021 and combines the historical balance sheets of Glatfelter (which includes Mount Holly) and Jacob Holm as of June 30, 2021.

The historical financial statements have been adjusted to give effect to pro forma items that are (i) directly attributable to the Jacob Holm Acquisition and the Mount Holly Acquisition and the related financing; and (ii) factually supportable.

In addition, the unaudited pro forma condensed combined financial information does not reflect any cost savings, operating synergies or revenue enhancements that we may achieve as a result of the Mount Holly Acquisition or the Jacob Holm Acquisition, the costs necessary to achieve these cost savings, operating synergies and revenue enhancements or the costs to be incurred to integrate the operations of each acquisition.

The unaudited pro forma condensed combined financial information is presented for illustrative purposes only and is not necessarily indicative of what the actual combined financial position or results of operations would have been had the Mount Holly Acquisition and the Jacob Holm Acquisition and financings been completed on the dates indicated or what such financial position or results would be for future periods.

The presentation of certain items in the historical financial statements of Mount Holly and Jacob Holm have been conformed to our presentation for purposes of the unaudited pro forma condensed combined financial information.

The historical financial statements of Jacob Holm have been prepared in accordance with IFRS as issued by the IASB. We have assessed the differences between IFRS and GAAP and, where material, the financial information of Jacob Holm included in the unaudited pro forma condensed combined statements of income and balance sheet has been conformed to accounting principles under GAAP. In addition, certain amounts in the Jacob Holm historical audited and unaudited combined statements of income have been reclassified to conform to Glatfelter's presentation in the pro forma combined consolidated financial statements.

Further, the historical consolidated financial statements of Jacob Holm were prepared in euros. Accordingly, the unaudited pro forma condensed combined financial information reflects a translation of such statements into U.S. dollars. See Note 3 to the accompanying notes to the unaudited pro forma condensed combined consolidated financial information for the translation methodology. Based on its review of Jacob Holm's historical consolidated financial statements, prepared in accordance with IFRS as issued by the IASB, Glatfelter is not aware of any further adjustment that would be required to Jacob Holm's historical financial statements in connection with the preparation of the unaudited pro forma condensed combined consolidated financial information.

With respect to the Mount Holly Acquisition, the unaudited pro forma condensed combined financial information reflects the allocation of our cost to acquire Mount Holly to the assets acquired and the liabilities assumed based on management's estimate of the fair value using valuation techniques such as discounted cash flow models, appraisals and similar methodologies. This purchase price allocation is reflected in Glatfelter's historical unaudited condensed consolidated balance sheet.

Since the Jacob Holm Acquisition is not yet complete, we have not completed an analysis of the estimated fair value of the assets acquired or liabilities assumed. Accordingly, the purchase price allocation adjustments and related depreciation and amortization reflected in the unaudited pro forma condensed combined financial information are preliminary and subject to change.

UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF INCOME
For the six months ended June 30, 2021

In thousands, except per share	Historical (1)				Transaction Adjustments (4)	Glatfelter Pro Forma Combined
		Mount Holly				
	Glatfelter	Three months ended March 31, 2021 (2)	April 1, 2021 to May 13, 2021 (2)	Jacob Holm U.S. GAAP (3)		
Net sales	$470,585	$ 20,957	$ 9,541	$ 189,365	$ —	$690,448
Costs of products sold	395,735	17,215	10,609	160,295	2,488(4a)	586,342
Gross profit	74,850	3,742	(1,068)	29,070	(2,488)	104,106
Selling, general and administrative expenses	51,811	2,077	1,153	19,418	(3,145)(4c)	71,144
Gains on dispositions of plant, equipment and timberlands, net	(2,403)	—	133	—	—	(2,270)
Operating income	25,442	1,665	(2,354)	9,652	657	35,062
Non-operating income (expense)						
Interest expense	(3,303)	—	—	(3,366)	(8,000)(4e)	(14,669)
Interest income	31	—	—	4	—	35
Other, net	(1,073)	—	(123)	2,467	—	1,271
Total non-operating expense	(4,345)	—	(123)	(895)	(8,000)	(13,363)
Income (loss) before income taxes	21,097	1,665	(2,477)	8,757	(7,343)	21,669
Income tax provision (benefit)	11,211	408	(594)	1,165	(2,119)(4g)	10,071
Income (loss) from continuing operations	$ 9,886	$ 1,257	$ (1,883)	$ 7,592	$ (5,224)	$ 11,628
Earnings per share						
Basic	$ 0.22					$ 0.26
Diluted	0.22					0.26
Weighted average shares outstanding						
Basic	44,563					44,563
Diluted	44,872					44,872

See the accompanying notes to the unaudited pro forma condensed combined financial information, which are an integral part of these statements.

1) Refer to Note 3 for the description of the historical amounts.
2) Refer to Note 3b for the details of the Mount Holly historical amounts.
3) Refer to Note 3c for the details of the Jacob Holm historical amounts.
4) Refer to Note 4 for details of the Transaction accounting adjustments.

UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF INCOME
For the year ended December 31, 2020

In thousands	Historical (5)				
	Glatfelter	Mount Holly (6)	Jacob Holm U.S. GAAP (7)	Transaction Adjustments (8)	Glatfelter Pro Forma Combined
Net sales	$916,498	$101,169	$403,911	$ —	$1,421,578
Costs of products sold	768,629	80,497	339,071	3,091(4b)	1,191,288
Gross profit	147,869	20,672	64,840	(3,091)	230,290
Selling, general and administrative expenses	100,045	9,879	32,177	19,415(4d)	161,516
Gains on dispositions of plant, equipment and timberlands, net	(1,332)	545	—	—	(787)
Operating income	49,156	10,248	32,663	(22,506)	69,561
Non-operating income (expense)					
Interest expense	(7,022)	—	(7,660)	(14,575)(4f)	(29,257)
Interest income	399	—	250	—	649
Pension settlement	(6,154)	—	—	—	(6,154)
Other, net	(4,020)	(123)	(7,939)	—	(12,082)
Total non-operating expense	(16,797)	(123)	(15,349)	(14,575)	(46,844)
Income (loss) before income taxes	32,359	10,125	17,314	(37,081)	22,717
Income tax provision (benefit)	11,576	3,061	5,280	(4,237)(4g)	15,680
Income (loss) from continuing operations	$ 20,783	$ 7,064	$ 12,034	$ (32,844)	$ 7,037
Earnings per share					
Basic	$ 0.47				$ 0.16
Diluted	0.47				0.16
Weighted average shares outstanding					
Basic	44,339				44,339
Diluted	44,614				44,614

See the accompanying notes to the unaudited pro forma condensed combined financial information, which are an integral part of these statements.

5) Refer to Note 3 for the description of the historical amounts.
6) Refer to Note 3b for the details of the Mount Holly historical amounts.
7) Refer to Note 3c for the details of the Jacob Holm historical amounts.
8) Refer to Note 4 for details of the Transaction accounting adjustments.

UNAUDITED PRO FORMA CONDENSED COMBINED BALANCE SHEET
as of June 30, 2021

In thousands	Glatfelter Historical (9)	Jacob Holm Historical U.S. GAAP (10)	Transaction Accounting Adjustments (11)	Glatfelter Pro Forma Combined
Assets				
Cash and cash equivalents	$ 84,164	$ 8,707	$ (43,433)	$ 49,438
Accounts receivable, net	144,155	32,126	—	176,281
Inventories	220,206	41,990	—	262,196
Prepaid expenses and other current assets	43,578	5,569	—	49,147
Total current assets	492,103	88,392	(43,433)	537,062
Plant, equipment and timberlands, net	621,103	146,655	13,345(4h)	781,103
Goodwill	195,461	—	79,050(4h)	274,511
Intangible assets, net	95,022	2,531	46,000(4h)	143,553
Other assets	56,401	7,160	—	63,561
Total assets	$1,460,090	$ 244,738	$ 94,962	$1,799,790
Liabilities and Shareholders' Equity				
Current portion of long-term debt	$ 24,267	$ —	$ —	$ 24,267
Short-term debt	11,884	13,700	—	25,584
Accounts payable	122,834	24,897	—	147,731
Dividends payable	6,233	—	—	6,233
Environmental liabilities	3,206	—	—	3,206
Other current liabilities	73,930	17,844	(2,100)	89,674
Total current liabilities	242,354	56,441	(2,100)	296,695
Long-term debt	445,261	151,219	118,328(4i)	714,808
Deferred income taxes	77,123	—	13,704(4h)	90,827
Other long-term liabilities	124,107	8,408	—	132,515
Total liabilities	888,845	216,068	129,932	1,234,845
Commitments and contingencies	—	—	—	—
Shareholders' equity				
Common stock	544	—	—	544
Capital in excess of par value	62,796	—	—	62,796
Retained earnings	720,934	28,670	(34,970)(4j)	714,634
Accumulated other comprehensive loss	(64,813)	—	—	(64,813)
	719,461	28,670	(34,970)	713,161
Less cost of common stock in treasury	(148,216)	—	—	(148,216)
Total shareholders' equity	571,245	28,670	(34,970)	564,945
Total liabilities and shareholders' equity	$1,460,090	$ 244,738	$ 94,962	$1,799,790

See the accompanying notes to the unaudited pro forma condensed combined financial information, which are an integral part of these statements.

9) Refer to Note 3 for the description of the historical amounts.
10) Refer to Note 3c for the details of the Jacob Holm amounts.
11) Refer to Note 4 for details of the Transaction accounting adjustments.

NOTES TO UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION

1. Description of the transactions

a. Mount Holly

On May 13, 2021, we completed the acquisition of all the outstanding equity interests in Mount Holly, for $170.7 million, subject to customary post-closing purchase price adjustments.

b. Jacob Holm

On July 22, 2021, we entered into a definitive agreement to acquire Jacob Holm, a global leading manufacturer of premium quality spunlace nonwoven fabrics for critical cleaning, high-performance materials, personal care, hygiene and medical applications, for an enterprise value of approximately $304.6 million (€256.3 million) including the extinguishment of debt and subject to post-closing adjustments. The transaction, purchase price and acquisition-date fair values assigned to the assets acquired and liabilities assumed are set out in Note 4 to the unaudited pro forma condensed combined consolidated financial information.

c. Notes financing

We intend to use the net proceeds from this offering of notes, together with cash on hand, to pay the purchase price for the Jacob Holm Acquisition, to repay certain indebtedness of Jacob Holm, to repay outstanding borrowings under our Credit Facility and to pay estimated fees and expenses (collectively, the "Transactions").

2. Basis of presentation

The unaudited pro forma condensed combined financial information was prepared using the acquisition method of accounting to account for the Mount Holly Acquisition and the Jacob Holm Acquisition. Accordingly, we have adjusted the historical consolidated financial information to give effect to the consideration issued or estimated to be issued in connection with the Mount Holly Acquisition and the Jacob Holm Acquisition, respectively. In addition, the unaudited pro forma condensed combined financial information was prepared giving effect to the estimated proceeds of, and interest expense associated with, the Notes offered hereby.

Under the acquisition method of accounting, the total purchase price is allocated to the assets acquired and liabilities assumed based on their estimated fair market value at the acquisition date. With respect to the Mount Holly Acquisition, fair value is based on management's estimate of the fair value using valuation techniques such as discounted cash flow models, appraisals and similar methodologies. As the Jacob Holm Acquisition is not complete, we have not completed an analysis of the estimated fair value of the assets acquired or liabilities assumed.

Definitive allocations will be finalized based on certain valuations and other studies to be performed by Glatfelter after the closing of the Jacob Holm Acquisition. Accordingly, the purchase price allocation adjustments and related depreciation and amortization reflected in the unaudited pro forma condensed combined financial information are preliminary, have been made solely for the purpose of preparing this unaudited pro forma condensed combined financial information and are subject to revision based on a final determination of fair value after closing of the Jacob Holm Acquisition, and such revisions could have a material effect on the accompanying unaudited pro forma condensed combined financial information.

3. Historical Financial Information

The historical amounts set forth in the unaudited pro forma condensed combined statements of income for the year ended December 31, 2020 and for the six months ended June 30, 2021 where derived from:

a. *Glatfelter*—historical financial information derived from Glatfelter's audited consolidated financial statements as of and for the year ended December 31, 2020 and unaudited condensed consolidated statements as of and for the three months and six months ended June 30, 2021 each included in this offering memorandum.

b. *Mount Holly*—historical financial information derived from Mount Holly's audited combined financial statements for the year ended December 31, 2020 and unaudited interim combined financial statements for the three months ended March 31, 2021, each included in this offering memorandum, adjusted for certain reclassifications necessary to conform the presentation to that of Glatfelter. The historical financial information for the period April 1, 2021 through May 13, 2021 was derived from Mount Holly's management's internally produced financial information. Because such financial information did not include a provision for income taxes, management of Glatfelter estimated income taxes assuming an effective tax rate of 24%.

c. *Jacob Holm*—historical financial information derived from Jacob Holm's audited consolidated financial statements for the year ended December 31, 2020 and unaudited interim consolidated financial statements for the six months ended June 30, 2021, each included in this offering memorandum. The historical consolidated financial statements of Jacob Holm are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board (the "IASB") and presented in euros, its reporting currency.

The following table summarizes currency exchange rates used to translate historical financial information from euro to U.S. dollar:

Average rate six months ended June 30, 2021	1.2057
Average rate six months ended June 30, 2020	1.1015
Average rate 2020	1.1413
Spot rate June 30, 2021	1.1884

The following tables summarize adjustments from IFRS to GAAP, certain reclassifications necessary to conform the presentation to that of Glatfelter and translation from euros to U.S. dollars.

For the six months ended June 30, 2021

In thousands	Jacob Holm Group IFRS	U.S. GAAP Adjustments	Jacob Holm Group Adjusted for U.S. GAAP	Reclass	Translation to U.S. Dollars	Jacob Holm Group U.S. GAAP
Net sales	€157,058	—	€ 157,058	—	$ 32,307	$ 189,365
Costs of products sold	132,815	133(ii)	132,948	—	27,347	160,295
Gross profit (loss)	24,243	(133)	24,110	—	4,960	29,070
Selling and marketing expenses	4,208	—	4,208	11,897	3,313	19,418
Administrative expenses	10,292	—	10,292	(10,292)	—	—
Other operating income and expense	373	—	373	(373)	—	—
Operating income (loss)	9,370	(133)	9,237	(1,232)	1,647	9,652
Non-operating income (expense)						
Interest expense	(2,925)(i)	133(ii)	(2,792)	—	(574)	(3,366)
Interest income	3(i)	—	3	—	1	4
Other, net	814(i)	—	814	1,232	421	2,467
Total non-operating expense	(2,108)	133	(1,975)	1,232	(152)	(895)
Income (loss) before income taxes	7,261	—	7,262	—	1,495	8,757
Income tax provision (benefit)	966	—	966	—	199	1,165
Income (loss) from continuing operations	€ 6,295	€ —	€ 6,296	€ —	$ 1,296	$ 7,592

i. The amounts presented above are derived from Jacob Holm's unaudited interim consolidated financial statements for the six months ended June 30, 2021 included in this offering memorandum. The sum of certain amounts does not agree to the total presented due to rounding. The amounts derived from Jacob Holm's unaudited interim consolidated financial statements for the six months ended June 30, 2021 were adjusted to conform to the presentation to that of Glatfelter as follows:

Euros, In thousands Financial Statement Line Item Jacob Holm	Glatfelter	As reported in Jacob Holm Financial Statements	Reclassification	As presented above
Special items, net	—	(1,232)	1,232	—
Financial income	Interest income	2,281	(2,278)	3
Financial expense	Interest expense	(3,157)	232	(2,925)
—	Other, net	—	814	814
		(2,108)	—	(2,108)

ii. Represents a reclass of interest expense on financial leases to lease expense to conform to treatment as operating leases under GAAP.

For the year ended December 31, 2020

In thousands, except per share	Jacob Holm Group IFRS	U.S. GAAP Adjustments	Jacob Holm Group Adjusted for U.S. GAAP	Reclass	Translation to U.S. Dollars	Jacob Holm Group U.S. GAAP
Net sales	€ 353,904	—	€ 353,904	—	$ 50,007	$ 403,911
Costs of products sold	296,752	340(iv)	297,092	—	41,979	339,071
Gross profit (loss)	57,152	(340)	56,812	—	8,028	64,840
Sales and marketing	7,540	—	7,540	20,653	3,984	32,177
Administrative expenses	18,909	—	18,909	(18,909)	—	—
Other operating income and expense	50	—	50	(50)	—	—
Operating income (loss)	30,653	(340)	30,313	(1,694)	4,044	32,663
Non-operating income (expense)						
Interest expense	(14,008)(iii)	340(iv)	(13,668)	6,956(v)	(948)	(7,660)
Interest income	219(iii)	—	219	—	31	250
Other, net	(1,694)(iii)	—	(1,694)	(5,262)(v)	(983)	(7,939)
Total non-operating expense	(15,483)	340	(15,143)	1,694	(1,900)	(15,349)
Income (loss) before income taxes	15,170	—	15,170	—	2,144	17,314
Income tax provision (benefit)	4,626	—	4,626	—	654	5,280
Income (loss) from continuing operations	€ 10,544	€ —	€ 10,544	€ —	$ 1,490	$ 12,034

iii. The amounts presented above are derived from Jacob Holm's audited consolidated financial statements for the year ended December 31, 2020 included in this offering memorandum, adjusted to conform to the presentation to that of Glatfelter as follows:

Euros, In thousands	Financial Statement Line Item				
Jacob Holm	Glatfelter	As reported in Jacob Holm Financial Statements	Reclassification	As presented above
Special items, net	—	(1,694)	1,694	—
Financial income	Interest income	219		219
Financial expense	Interest expense	(14,008)		(14,008)
—	Other, net		(1,694)	(1,694)
		(15,483)	—	(15,483)

iv. Represents a reclass of interest on financial leases to lease expense to conform to treatment as operating leases under GAAP.

v. Represents the reclass of currency transaction losses from "Financial expenses" in Jacob Holm historical financial statements to "other, net" to conform to the presentation of Glatfelter, net of "Special items" reclassed from "Other, net' to "Selling and marketing."

The unaudited pro forma condensed combined financial information does not reflect any potential synergies or cost savings that may be realized as a result of the Mount Holly Acquisition and the Jacob Holm Acquisition. These synergies include global supply chain, operating efficiencies and corporate cost reductions, among others. Although we project synergies will result from the Mount Holly Acquisition and the Jacob Holm Acquisition, there can be no assurance that these potential synergies will be achieved. The unaudited pro forma condensed combined consolidated financial information also does not reflect any projected acquisition integration costs associated with the achievement of potential synergies. Rather, these will be recorded in the appropriate accounting periods in which they are incurred.

4. Transaction Accounting Adjustments

a) Adjustments to cost of goods sold for the six months ended June 30, 2021 consist of the following:

In thousands	Depreciation	Lease expense	Total
Eliminate Mount Holly historical expenses	$ (1,792)	$ —	$(1,792)
Eliminate Jacob Holm historical expenses	(5,277)	—	(5,277)
Transaction-related depreciation—Mount Holly	3,109	—	3,109
Estimated transaction-related depreciation—Jacob Holm	6,400	—	6,400
Record estimated lease expense related to Mount Holly	—	48	48
Total	$ 2,440	$ 48	$ 2,488

i. An increase of $2.4 million of depreciation expense due to the difference in the bases of depreciable assets together with changes in the estimated lives resulting from the application of the FASB ASC 805 to account for the Mount Holly Acquisition and the Jacob Holm Acquisition; and

ii. Lease expense of $48 thousand due to the application of FASB ASC No. 842, "*Leases*" ("FASB ASC 842"), to account for the lease of a building in connection with the Mount Holly Acquisition.

b) Adjustments to cost of goods sold for the year ended December 31, 2020 consist of the following:

In thousands	Depreciation	Lease expense	Total
Eliminate Mount Holly historical expenses	$ (5,261)	$ —	$ (5,261)
Transaction-related depreciation—Mount Holly	6,218	—	6,218
Eliminate Jacob Holm historical expenses	(10,796)	—	(10,796)
Estimated transaction-related depreciation—Jacob Holm	12,800	—	12,800
Record estimated lease expense related to Mount Holly	—	130	130
Total	$ 2,961	$ 130	$ 3,091

i. A $3.0 million increase in depreciation expense due to the difference in the bases of depreciable assets together with changes in estimated lives resulting from the application of the FASB ASC 805 to account for the Mount Holly Acquisition and the Jacob Holm Acquisition; and

ii. Lease expense of $130 thousand due to the application of FASB ASC 842, to account for the lease of a building in connection the Mount Holly Acquisition.

c) Adjustments to selling, general and administrative expenses for the six months ended June 30, 2021 consist of the following:

In thousands	Transaction costs	Intangible asset amortization	Total
Transaction-related amortization—Mount Holly	$ —	$ 909	$ 909
Estimated transaction-related amortization—Jacob Holm	—	2,074	2,074
Reverse expenses directly related to the Transactions included in Glatfelter historical amounts and assumed to be recorded in 2020 for pro forma purposes	(6,128)	—	(6,128)
Estimated adjustment to Selling, general & administrative expense	$ (6,128)	$ 2,983	$(3,145)

i. A $3.0 million increase in amortization expense related to identifiable intangible assets from the application of the FASB ASC 805 to account for the Mount Holly Acquisition and the Jacob Holm Acquisition. The identifiable intangible assets consist of customer lists, technical know-how, tradenames and patents with estimated useful life of approximately 10 years; and

ii. A reversal of $6.1 million of legal and professional fees directly related to the Mount Holly Acquisition included in Glatfelter's historical amounts during the first six months of 2021 which, for pro forma purposes, are assumed to be incurred as of January 1, 2020.

d) Adjustments to selling, general and administrative expenses for the year ended December 31, 2020 consist of the following:

In thousands	Transaction costs	Intangible asset amortization	Total
Transaction-related amortization—Mount Holly	$ —	$ 1,818	$ 1,818
Estimated transaction-related amortization—Jacob Holm	—	4,147	4,147
Expenses directly related to the Transactions recorded in 2021 and assumed to be recorded in 2020 for pro forma purposes	6,128	—	6,128
Estimated expenses directly related to the Transactions	7,322	—	7,322
Total	$ 13,450	$ 5,965	$19,415

i. A $6.1 million increase of legal and professional fees directly related to the Mount Holly Acquisition included in Glatfelter's historical amounts during the first six months of 2021 which, for pro forma purposes, are assumed to be incurred as of January 1, 2020, and a $7.3 million adjustment for estimated expenses to be incurred that are directly related to the Jacob Holm Acquisition.

ii. A $6.0 million increase in amortization expense related to identifiable intangible assets from the application of the FASB ASC 805 to account for the Mount Holly Acquisition and the Jacob Holm Acquisition.

e) Adjustment to interest expense for the six months ended June 30, 2021 represents the following:

In thousands	
Eliminate Jacob Holm historical interest expense	$ (3,366)
Estimated incremental expense associated with the Notes offered hereby	11,336
Estimated adjustment to interest expense	$ 8,000

f) Adjustment to interest expense for the year ended December 31, 2020 represents the following:

In thousands	
Eliminate Jacob Holm historical interest expense	$ (7,660)
Estimated incremental expense to finance the Jacob Holm Acquisition	22,235
Estimated adjustment to interest expense	$14,575

g) The tax effect of the pro forma adjustments is based on the effective tax rates of the jurisdiction in which the transactions would have taken place. The effective tax rate reflects the impact on certain of the Transaction Accounting Adjustments giving effect to i) certain of the amounts included in the Transaction Accounting Adjustments are nondeductible for U.S. tax purposes; and ii) because Glatfelter is in a loss for U.S.-based taxable income and is unable to recognize deferred tax assets, management has determined it would be unable to recognize any tax benefit from the adjustments.

h) The pro forma adjustments reflect the preliminary allocation of the purchase price for the Jacob Holm Acquisition as follows:

In thousands	
Total consideration	$ 304,580
Less: Debt assumed and repaid	(151,219)
	153,361
Less book value of net assets acquired	(28,670)
Purchase price in excess of book value of net assets acquired	$ 124,691

The following sets forth the preliminary allocation of the purchase price in excess of the book value of net assets acquired assuming the Jacob Holm Acquisition occurred as of June 30, 2021:

In thousands	
Property, plant and equipment	$ 13,345
Intangible assets—customer relationships, technical know-how, patents and trademarks	46,000
Goodwill	79,050
Total assets	138,395
Deferred income taxes	13,704
Total liabilities	13,704
Total preliminary allocation of purchase price in excess of book value of net assets acquired	$ 124,691

For purposes of this unaudited condensed combined financial information the purchase price in excess of the book value of net assets to be acquired has been allocated as set forth above based on management's estimate as the necessary valuation studies have not been completed.

i) Reflects the Notes offered hereby, net of the repayment of revolving borrowings under the Credit Facility and the retirement of Jacob Holm's long-term debt.

j) Reflects the elimination of the equity of Jacob Holm in accordance with FASB ASC 805.

5. Sensitivity Analysis

(a) The Jacob Holm Acquisition and this offering of Notes have yet to close. Therefore, there are certain preliminary assumptions regarding the purchase price allocation and the cost of financing used in the unaudited pro forma condensed combined financial information, for which actual amounts may differ from the amounts assumed and such differences could be material.

For purposes of the unaudited pro forma condensed combined financial information, the excess of the book value of net assets to be acquired has been allocated to the assets to be acquired and liabilities assumed based on management's estimate of fair value, since the Jacob Holm Transaction is yet to close and formal extensive fair valuation studies have not been completed. Although management considers its estimates to be reasonable, the actual fair values may differ from such preliminary estimates, the differences could be material and the amounts of depreciation or amortization expense would change accordingly.

(b) The assumed interest rate on the Notes offered hereby is 4.25%. A change of 0.125% in the assumed interest rate for the Notes offered hereby would have an incremental effect on our annual interest expense of approximately $0.6 million.

Audited financial statements of Jacob Holm as of December 31, 2020 and 2019 and for the years then ended and related notes thereto.

pwc

Report of Independent Auditors

To the Board of Directors of
PMM Holding (Luxembourg) AG

We have audited the accompanying consolidated financial statements of PMM Holding (Luxembourg) AG and its subsidiaries (the "Company"), which comprise the consolidated balance sheet as of 31 December 2020 and 2019 and the related consolidated income statements, statements of comprehensive income, of changes in equity and of cash flows for the years then ended and the related notes to the consolidated financial statements.

Responsibility of the Board of Directors of the Company for the consolidated financial statements

The Board of Directors of the Company is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as issued by the IASB; this includes the design, implementation, and maintenance of internal controls relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on the consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors of the Company, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

PricewaterhouseCoopers, Société coopérative, 2 rue Gerhard Mercator, B.P. 1443, L-1014 Luxembourg
T : +352 494848 1, F : +352 494848 2900, www.pwc.lu

Cabinet de révision agréé. Expert-comptable (autorisation gouvernementale n°10028256)
R.C.S. Luxembourg B 65 477—TVA LU25482518

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of PMM Holding (Luxembourg) AG as of 31 December 2020 and 2019, and the results of its operations and cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the IASB.

PricewaterhouseCoopers, Société coopérative
Represented by

Luxembourg, 23 September 2021

/s/ Patrick Schon

PMM Holding (Luxembourg) AG

Consolidated Income Statement 1 January—31 December

	Note	2020 EUR '000	2019 EUR '000
Revenue	4	**353.904**	**304.100**
Cost of goods sold	5	(296.752)	(281.566)
Gross profit		**57.152**	**22.534**
Sales and marketing expenses	5	(7.540)	(6.782)
Administrative expenses	5	(18.909)	(17.114)
Operating profit / loss		**30.703**	**(1.362)**
Other operating income and expenses	10	(50)	127
Profit / loss before financial income and expenses and special items		**30.653**	**(1.235)**
Special items, net	6	(1.694)	(267)
Financial income	11	219	2.203
Financial expenses	12	(14.008)	(7.752)
Profit / loss before tax		**15.170**	**(7.051)**
Tax on result for the year	13	(4.626)	(616)
Net profit / loss for the year		**10.544**	**(7.667)**

Consolidated Statement of Comprehensive Income 1 January—31 December

	2020 EUR '000	2019 EUR '000
Statement of Comprehensive Income 1 January—31 December		
Net profit / loss for the year	10.544	(7.667)
Items that may be subsequently reclassified to profit or loss		
Exchange adjustment, foreign companies	(4.351)	1.935
Comprehensive income	**6.193**	**(5.732)**

PMM Holding (Luxembourg) AG

Consolidated Balance Sheet at 31 December

	Note	2020 EUR ’000	2019 EUR ’000	January 1 2019 EUR ’000
Assets				
Goodwill		0	0	0
Customer lists, know-how, patents, licenses and trademarks		2.279	2.530	2.672
Software		1.603	1.932	2.274
Intangible fixed assets under construction		552	131	182
Intangible fixed assets	14	**4.434**	**4.593**	**5.128**
Land and buildings	15	27.450	30.177	29.636
Plant and machinery	15	67.807	76.285	73.077
Other fixtures and fittings, tools and equipment	15	1.674	1.676	1.970
Property, plant and equipment under construction	15	12.143	3.576	4.822
Right of use assets	16	5.680	8.039	9.936
Property, plant and equipment		**114.754**	**119.753**	**119.441**
Other receivables		488	535	211
Deferred tax asset	23	464	499	731
Non-current assets		**120.140**	**125.380**	**125.511**
Inventories	17	**24.235**	**25.812**	**25.914**
Corporation tax	18	499	817	319
Trade receivables	19	32.387	28.041	45.511
Bonds and shares at fair value through profit or loss		0	0	9.232
Other receivables	19	7.002	5.446	6.041
Prepayments		704	575	462
Receivables and others		**40.592**	**34.879**	**61.565**
Cash at bank and in hand		**20.606**	**13.935**	**10.708**
Current assets		**85.433**	**74.626**	**98.187**
Total assets		**205.573**	**200.006**	**223.698**
Equity and liabilities				
Share capital	20	323	323	323
Share premium and similar premiums		64.792	64.792	64.792
Legal reserve		32	32	32
Exchange adjustments		1.511	5.862	3.927
Retained earnings		(42.750)	(53.294)	(38.727)
Equity		**23.908**	**17.715**	**30.347**
Bond	21	127.077	126.743	126.406
Lease liabilities	22	4.316	6.551	8.163
Provisions for other staff obligations	24	1.520	1.281	971
Provisions for other liabilities and charges	25	0	0	873
Non-current liabilities		**132.913**	**134.575**	**136.413**
Current portion of non-current liabilities		0	0	50
Current portion of lease liabilities	22	1.690	1.722	1.773
Credit institutions	26	9.930	7.709	17.868
Trade payables		19.594	17.740	23.710
Payables, plant and machinery		105	343	230
Payables to shareholder	33	251	7.093	80
Corporation tax	27	3.796	405	1.905
Other payables		13.386	12.704	11.322
Current liabilities		**48.752**	**47.716**	**56.938**
Total liabilities		**181.665**	**182.291**	**193.351**
Total equity and liabilities		**205.573**	**200.006**	**223.698**

PMM Holding (Luxembourg) AG

Consolidated Statement of Changes in Equity

	Note	Share capital EUR '000	Share premium and similar premiums EUR '000	Legal reserve EUR '000	Exchange adjustments EUR '000	Retained earnings EUR '000	Total EUR '000
Equity							
Equity at 1 January 2020		323	64.792	32	5.862	(53.294)	17.715
Comprehensive income for the year		0	0	0	(4.351)	10.544	6.193
Dividend		0	0	0	0	0	0
Equity at 31 December 2020	20	**323**	**64.792**	**32**	**1.511**	**(42.750)**	**23.908**
Equity at 1 January 2019		323	64.792	32	3.927	(38.727)	30.347
Comprehensive income for the year		0	0	0	1.935	(7.667)	(5.732)
Dividend		0	0	0	0	(6.900)	(6.900)
Equity at 31 December 2019	20	**323**	**64.792**	**32**	**5.862**	**(53.294)**	**17.715**

PMM Holding (Luxembourg) AG

Consolidated Cash Flow Statement

	Note	2020 EUR '000	2019 EUR '000
Net profit / loss for the year		10.544	(7.667)
Adjustments of non-cash items	28	29.927	25.284
Change in working capital	29	(1.058)	13.585
Cash flows from operating activities before financial income and expenses and tax		39.413	31.202
Financial income received		213	1.086
Financial expenses paid		(7.791)	(7.403)
Corporation income tax paid		(925)	(2.364)
Cash flows from operating activities		**30.910**	**22.521**
Purchase of intangible fixed assets		(1.056)	(1.222)
Purchase of property, plant and equipment		(16.327)	(15.494)
Purchase of financial fixed assets		(7)	(320)
Sale of property, plant and equipment		185	309
Sale of financial fixed assets		19	0
Sale of bonds and shares at fair value through profit and loss		0	9.236
Cash flows from investing activities		**(17.186)**	**(7.491)**
Decrease in payables to related parties		(6.842)	0
Increase in payables to related parties		0	7.013
Repayment of non-current loans credit institutions		0	(50)
Repayment of non-current loans lease liabilities		(1.689)	(1.773)
Change in credit institutions	30	2.221	(10.333)
Dividend paid		0	(6.900)
Cash flows from financing activities		**(6.310)**	**(12.043)**
Change in cash and cash equivalents		**7.414**	**2.987**
Cash and cash equivalents at 1 January		13.935	10.708
Exchange adjustment of cash at bank and in hand at 1 January		(743)	240
Cash and cash equivalents at 31 December		**20.606**	**13.935**

Cash-flow related to non-recourse factoring is presented in change in working capital as part of cash-flow from operations. Cash-flow related to recourse factoring is presented as change in credit institutions in cash-flow from financing activities.

1 Accounting Policies

General information

PMM Holding (Luxembourg) AG (‘the Company’) and its subsidiaries (together, ‘the Group’) manufacture and sell nonwoven products in roll-goods or converted form. The Group has manufacturing plants in Europe and in the US and sell its products globally.

Basis of preparation

The consolidated financial statements of PMM Holding (Luxembourg) AG have been prepared in accordance with International Financial Reporting Standards as issued by the IASB (IFRS).

The Consolidated Financial Statements for 2020 and 2019 are presented in EUR ’000 unless stated otherwise.

First time adoption of IFRS (IFRS 1)

This is the first Consolidated Financial Statements of PMM Holding (Luxembourg) AG prepared in accordance with IFRS as issued by the IASB. The subsidiary Jacob Holm & Sons AG prepared consolidated financial statements under IFRS in previous years, and the Group has in accordance with IFRS elected to use reported figures of the subgroup as the carrying amounts of the respective items in Group’s IFRS opening balance as of 1 January 2019. The PMM Holding (Luxembourg) AG figures were added to this and consolidated. The additional entity did not have any material impact to the consolidated PMM Holding (Luxembourg) AG Group as a whole.

Change of accounting estimates

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the companies’ accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

The Group reviewed the useful life’s of its buildings and machinery equipment early 2020 and revised these for some of the larger assets. The total impact on 2020 was an annual reduction of building depreciations of EUR 432k and a reduction of machinery equipment depreciations of EUR 5.939k.

New standards, amendments and interpretations

The Group has adopted the following new standards and amendments to standards and interpretations that are effective for the financial year 2020:

- Amendments to IAS 1 and IAS 8 “Definition of Material”
- Amendments to IFRS 3 “Business Combinations”
- Amendment to “References to the Conceptual Framework in IFRS Standards”
- Interest rate benchmark reform (Amendment to IFRS 9, IAS 39 and IFRS 7)

The implementation has not had a significant impact on recognition, measurement or disclosures in the annual report 2020 and is not expected to have significant impact on the financial reporting for future periods.

The group has applied the following IFRS standard for the first time, with effect from 1 January 2019:

- IFRS 16: Leases

The group has changed its accounting policies following the adoption of IFRS 16. The effect of adoption of IFRS 16 is material.

IFRS 16 has been adopted using the modified retrospective method. By using this method the cumulative effect of initially applying the standard is recognized at the date of initial application January 1, 2019.

On adoption of IFRS 16, the group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of January 1, 2019.

In applying IFRS 16 for the first time, PMM Holding (Luxembourg) AG has used the following practical expedients permitted by the standard:

- applying a single discount rate to a portfolio of leases with reasonably similar characteristics
- accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases
- excluding initial direct costs for the measurement of the lease assets at 1 January 2019
- using hindsight in determining the lease term where the contract contains options to extend or terminate the lease

PMM Holding (Luxembourg) AG has elected not to reassess whether a contract is or contains a lease at 1 January 2019. For leases previously classified as finance leases the entity recognised the carrying amount of the lease asset and lease liability immediately before transition as the carrying amount of the right of use asset and the lease liability at the date of initial application. The measurement principles of IFRS 16 are only applied after that date.

The weighted average lessee's incremental borrowing rate applied to the lease liabilities on January 1, 2019 was 4.625%.

Under the new accounting standard, the right of use of a leased asset must be recognised as an asset in the balance sheet, while the corresponding lease liability must be recognised in the interest bearing debt. Obviously, the increase in total assets will affect the key ratios that the balance sheet items involved are a part of.

After transition the group has applied the recognition exemptions allowed by IFRS 16. This means that low value leases or leases, where the lease term is initially 12 months or less, are recognized as rental expenses in the statement of profit or loss. In addition, the lease and non-lease components are not separated for all asset classes.

In the income statement, the lease payment is broken down into a depreciation component and an interest component. As a result, the operating profit before depreciation (EBITDA) has improved by the amount of the lease payment, while depreciation charges will increase by the amount of the estimated depreciation component and financial expenses will increase by the estimated interest component.

For 2019, this means the group's right-of-use assets and net interest bearing debt at year start has increased by EUR 9.9 million and EBITDA has increased by about EUR 2.1 million, while depreciation charges increased by about EUR 1.8 million and financial expenses increased by about EUR 0.5 million. The result for 2019 is negatively impacted by approx. EUR 0.2 million from IFRS 16.

New standards, amendments and interpretations not yet adopted

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2021, and have not been applied in preparing the consolidated financial statement.

The IASB has approved further new standards and interpretations that are not relevant to PMM Holding (Luxembourg) AG and will have no effect on the Financial Statements.

Consolidated Financial Statements

The Consolidated Financial Statements comprise the Parent Company PMM Holding (Luxembourg) AG and its subsidiaries. Subsidiaries are all entities over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

The Consolidated Financial Statements are prepared on the basis of the Financial Statements of the Parent Company and the group companies by combining items of a uniform nature, and elimination is made of intercompany income and expenses, intercompany accounts as well as profits and losses on transactions between the consolidated companies. The results of foreign group companies are translated into EUR at average exchange rates. The balance sheets are translated into EUR at the exchange rates at the balance sheet date. Exchange adjustments in this connection are made over the statement of comprehensive income.

Business combinations

On acquisition of subsidiaries including acquisition of subsidiaries under common control, the acquisition method is applied.

Purchase price of acquired assets, liabilities and contingent liabilities are initially measured at fair value at the time of acquisition. Identifiable intangible fixed assets are recognised if they can be separated and the fair value can be measured reliably. Deferred tax is recognised on re-measurements made. Any remaining positive differences between the cost and the fair value of assets, liabilities and contingent liabilities acquired are recognised in intangible fixed assets in the balance sheet as goodwill. Goodwill is not amortised, but is tested for impairment on an annual basis.

Profit or loss on the sale of subsidiaries are calculated as the difference between the selling price net of selling expenses and the carrying amount of net assets with addition of goodwill and accumulated exchange adjustments recognised in equity at the time of sale. Acquisition-related costs are charged as expenses in the consolidated income statement.

Foreign currencies

The Group operates in different countries and generates revenue in different currencies. Management has concluded that Euro (EUR) is the functional currency of the Company and has decided to present the Consolidated Financial Statements of the Group in EUR.

Transactions in foreign currencies are initially recognised at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement.

Receivables, payables and other monetary items in foreign currencies are translated at the exchange rates at the balance sheet date. Differences between the exchange rates at the balance sheet date and the rates at the time of the establishment of the receivable or payable or recognition in the most recent Consolidated Financial Statements are recognised in financial income and expenses in the income statement.

Balance sheet items including goodwill for consolidated companies that do not have EUR as their functional currency are translated into EUR at the exchange rates at the balance sheet date, whereas the income statements of these companies are translated at average exchange rates for the month. Exchange adjustments arising on the translation of the opening equity at year-end rates and net profit for the year at year-end rates are recognised directly in equity under a separate reserve for exchange adjustments.

Income Statement

Revenue and recognition of income

The Group manufactures nonwoven products for performance applications in hygiene, personal care, beauty care, health care and industrial end-use. As a manufacturer of nonwoven products the Group uses natural and synthetic raw materials and hydro-entangles them to a nonwoven fabric. The fabrics are sold as roll goods to converters who produce the finished product sold to end users. The Group performs selected captive finishing activities for specialty applications itself through its own converting assets at the production sites.

Revenue from the sale of goods for resale and own produced finished goods is recognised in the income statement if control has been transferred to the buyer before year-end. Finished goods is primarily made up of nonwoven roll-goods which requires converting by the customer and secondarily of completed nonwoven products which are ready for use.

Control generally passes when the customer takes possession of the goods, at which time the Group has a right to receive payment for the goods. In most cases, delivery takes place outside of the production plants or warehouses operated by the Group.

The terms of payment set out in the Group’s sales agreements with customers depend on the underlying performance obligation and on the underlying customer relationship. For the sale of goods for which control passes at a specific point in time, the terms of payment will typically be from one to three months.

Revenue is measured excluding VAT and other taxes and duties charged on behalf of third parties. All rebates and discounts granted are deducted from revenue.

Cost of goods sold

Cost of goods sold comprises costs incurred to achieve revenue for the year. Cost comprises raw materials, consumables, direct labour costs and indirect production costs such as maintenance and depreciation, etc, as well as operation, administration and management of factories and distribution expenses including salaries to distribution staff.

Cost of goods sold also includes research and development costs that do not qualify for capitalisation as well as amortisation of capitalised development costs.

Sales and marketing expenses

Sales and marketing expenses comprise costs in the form of salaries to sales staff, advertising and marketing expenses as well as operation of motor vehicles, depreciation, etc.

Administrative expenses

Administrative expenses comprise expenses for management, administrative staff, office expenses, depreciation, etc.

Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the core activities of the companies, including gains and losses on disposals of intangible fixed assets and property, plant and equipment as well as subsidies received which do not directly relate to the purchase of non-current assets.

Special items

Special items comprise income and expenses outside normal operations which are at the same time non-recurring income and expenses. Special items comprise income and expense arising from events and transactions such as due diligence re. potential acquisitions, integration costs and larger restructuring or organisational changes.

Financial income and expenses

Financial income and expenses comprise interest income and expense including amortisation of transaction cost and premium/discounts (effective interest method), financial expenses in respect of leases, realised and unrealised exchange adjustments and fair value changes on securities.

Financial expenses directly attributable to purchases, construction or production of a qualifying asset are included as part of the expenses relating to the asset. All other financial expenses are recognised in expenses in the financial year in which they were incurred.

A qualifying asset is an asset for which considerable time is required to make it ready for its intended use or for sale.

Tax on profit for the year

Tax for the year consists of current tax for the year and deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to items recognised in other comprehensive income is recognised in other comprehensive income and tax attributable to equity transactions is recognised directly in equity.

Any changes in deferred tax due to changes to tax rates are recognised in the income statement.

Balance Sheet

Intangible fixed assets

Goodwill represents the excess of the cost of an acquisition over the fair value of identifiable net assets of the acquired enterprise. Goodwill is measured at historical cost less accumulated impairment losses. Goodwill is not amortised. The carrying amount of goodwill is allocated to the Group's operating segments. The allocation is completed no later than at the end of the reporting period following the acquisition.

Goodwill is tested for impairment annually or on indication of impairment. In the event of impairment, the carrying amount is written down to the value in use. Impairment charges on goodwill are not reversed.

Customer lists, know-how, patents and licenses, trademarks and software are measured at cost less accumulated amortisation. Amortisation is made on a straight-line basis over the expected useful life, which are:

Customer lists, know-how, patents and licenses	3 – 10 years
Trademarks	20 years
Software	3 – 10 years

Property, plant and equipment

Property, plant and equipment are recognised at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the purchase price and costs which are directly attributable to the acquisition up until the time when the asset is ready for use. In the case of assets of own construction, cost comprises directly attributable costs for labour, materials, components and sub-suppliers. The cost price of new product lines comprise costs related to the commissioning of the production line up until the point in time where the production line is ready for commercial production. Commissioning costs comprise costs such as test runs and repair and maintenance activities. Borrowing costs directly attributable to the acquisition, construction or production of the asset are included in the cost of the asset.

The initial estimate of the costs of dismantling assets for which there is a legal obligation to dismantle at the end of the useful life of the asset is included as part of the cost price of the asset.

Government grants received are set off against the cost of assets qualifying for the subsidy.

Financial expenses directly attributable to purchases, construction or production of a qualifying asset are included as part of the cost relating to the asset. A qualifying asset is an asset for which considerable time is required to make it ready for its intended use or for sale.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Buildings	30 – 50 years
Plant and machinery	10 – 15 years
Other fixtures and fittings, tools and equipment	3 – 10 years

Spare parts included in plant and machinery are depreciated over 5 years.

Gains or losses from the sale of property, plant and equipment are calculated as the difference between the selling price net of selling expenses and the carrying amount at the time of the sale. Gains or losses from current replacement of property, plant and equipment are recognised in other operating income and expenses in the income statement.

Impairment of fixed assets

The carrying amounts of intangible assets and property, plant and equipment are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation. If so, an impairment test is carried out to determine whether the recoverable amount is lower than the carrying amount, and the asset is written down to its lower recoverable amount.

The asset is written down to its recoverable amount if this is lower than the carrying amount. The recoverable amount of the asset is calculated as the higher of net selling price and value in use. Where a recoverable amount cannot be determined for the individual asset, the assets are assessed in the smallest group of assets for which a reliable recoverable amount can be determined based on a total assessment.

Impairment losses are reversed to the extent that changes have taken place in the assumptions or estimates leading to the write-down for impairment. Impairment losses are only reversed to the extent that the new carrying amount of the asset does not exceed the carrying amount which the asset would have had, had it not been written down for impairment. Impairment on goodwill is not reversed.

Financial assets

Other receivables

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets.

Inventories

Inventories are measured at the lower of cost under the FIFO method and net realisable value. The net realisable value of inventories is calculated at the amount expected to be generated by sale in the process of normal operations with deduction of selling expenses and costs of completion. The net realisable value is determined allowing for marketability, obsolescence and development in expected sales.

The cost of goods for resale, raw materials and consumables equals cost including freight, duty etc.

The cost of finished goods and work in progress comprises the cost of raw materials, consumables and direct labour as well as directly attributable labour and production costs. These costs also comprise maintenance and depreciation of the machinery, factory buildings and equipment used in the manufacturing process as well as costs of production management.

Receivables

Receivables are measured at amortised cost. Provisions for bad debts are made in accordance with the simplified expected credit loss-model, under which total losses are recognised immediately in the income statement at the same time as the receivable is recognised in the balance sheet in the amount of the lifetime expected credit loss on the receivable. Impairment write-downs on receivables are recognised in the income statement under sales and marketing expenses.

Dividend

Dividend is recognised as a liability at the time of adoption at the Annual General Meeting. Dividend expected to be paid for the year is disclosed as a separate equity item.

Corporation tax and deferred tax

Current tax liabilities and receivables are recognised in the balance sheet as tax calculated on the taxable income for the year adjusted for tax on taxable income for prior years and for taxes paid on account.

Deferred tax is measured according to the balance sheet liability method in respect of all temporary differences between the carrying amount and the tax base of assets and liabilities.

However, deferred tax is not recognised in respect of temporary differences concerning goodwill not deductible for tax purposes and other items where temporary differences—apart from business acquisitions—have arisen at the time of acquisition without affecting the profit for the year or the taxable income.

Deferred tax assets, including the tax base of tax loss carry-forwards, are recognised at the value at which they are expected to be utilised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity and jurisdiction.

Deferred tax is measured on the basis of the tax rules and tax rates in the respective countries that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement unless the deferred tax relates to equity entries.

Staff obligations

Wages and salaries, social security contributions, paid absence and sickness absence, bonuses and non-monetary contributions are recognised in the financial year in which the Group's employees have performed the related work. Expenses relating to the Group's long-term staff benefits are accrued so that they follow the performance of work by the employees concerned.

The Group's pension schemes comprise defined contribution plans.

Moreover, provisions are made for seniority based bonuses earned over the employment period under the projected unit credit method. The effect of re-measuring the liability due to changes in actuarial assumptions is recognised in the income statement.

Provisions

Provisions are recognised when—as a result of an event occurred before or on the balance sheet date—the Company has a legal or constructive obligation and it is probable that economic benefits must be given up to settle the obligation. Provisions comprise mainly dismantling cost related to assets held on leased land.

Provisions are measured at Management's best estimate of the amount at which the liability is expected to be settled. At the measurement of provisions, discounting is made of the expenses necessary to settle the liability if this has a material effect on the measurement of the liability.

Leases

If a contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration, the contract is or contains a lease.

Each contract is assessed at inception whether it is or contains a lease. If the contract is a lease, the Group, as a lessee, recognizes in accordance with IFRS 16 Leases the right-of-use assets and lease liabilities for the rights and obligations created by leases.

The Group applies the recognition exemptions allowed by IFRS 16. This means that low value asset leases and short-term leases are recognized as expenses in the statement of profit or loss.

The recognition exemptions allows that leases, where the lease term is initially 12 months or less and the leases do not contain any purchase options, are recognized as rental expenses on straight-line basis in the statement of profit or loss.

Gains arising from modifications in lease contracts are recognized as other operating income and losses as other operating expenses.

Financial liabilities

Financial liabilities are recognised at the date of borrowing at fair value less related transaction costs paid. Subsequently, financial liabilities are measured at amortised cost using the effective interest method. Any difference between the proceeds initially received and the nominal value is recognised in the income statement under Financial expenses over the term of the loan.

Cash Flow Statement

The cash flow statement shows cash flows for the year broken down by operating, investing and financing activities, changes for the year in cash and cash equivalents as well as cash and cash equivalents at the beginning and end of the year.

Cash flows from operating activities

Cash flows from operating activities are calculated as the net profit for the year adjusted for non-cash operating items, changes in working capital, financial income/expenses and corporation tax paid.

Cash flows from investing activities

Cash flows from investing activities comprise cash flows from acquisitions and disposals of intangible fixed assets, property, plant and equipment as well as financial fixed asset investments.

Cash flows from financing activities

Cash flows from financing activities comprise cash flows from the raising and repayment of non-current liabilities as well as payments to and from shareholders.

Cash and cash equivalents

Cash and cash equivalents comprise the item “Cash at bank and in hand” under current assets.

The cash flow statement cannot be immediately derived from the information provided in these financial statements.

2 Consolidation method

The method applied is full consolidation and the following 100% controlled entities have been included in the consolidation:

Jacob Holm & Sons AG, Picassoplatz 8, CH-4052 Basel

Jacob Holm & Sønner Holding A/S, c/o Accura Advokatpartnerselskab, Tuborg Boulevard 1, DK-2900 Hellerup

Jacob Holm & Sønner A/S, c/o Accura Advokatpartnerselskab, Tuborg Boulevard 1, DK-2900 Hellerup

Jacob Holm Industries (America) Inc., 1265 Sand Hill Road, Candler, NC 28715, USA

Jacob Holm Industries (France) SAS, Rue Henri Seiller, Zone Industrielle, 68360 Soultz, France

Sontara AG, Picassoplatz 8, CH-4052 Basel

Sontara Old Hickory Inc., 850 New Burton Road, Suite 201, Dover, County of Kent, Delaware, 19904, USA

Sontara Asturias S.A.U., Polígono Industrial- DuPont - Valle de Tamon; 33469 Carreño Asturias, Spain

Sontara Japan GK, 14/F Kamiyacho MT Building, 4-3-20 Toranomon, Minato-ku, Tokyo 105-0001, Japan

Jacob Holm Mexico SA De CV, Bosque de Ciruelos No. 180, PP 101, Colonia Bosques de las Lomas, Delegación Miguel Hidalgo, México, Distrito Federal, 11700

Sontara Americas Inc., 850 New Burton Road, Suite 201, Dover, County of Kent, Delaware, 19904, USA

Sontara South Asia Sdn Bhd, 12th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia

Sontara Argentina S.R.L., Maipu 1210, piso 8° Ofic.850, CABA CP 1006, Buenos Aires, Argentina

Sontara Nonwovens (Shanghai) Co., Ltd., Room 503-07, Floor 5, Building 1, No. 1438, Hongqiao Road, Changning District, Shanghai, China

Sontara Korea Co., Ltd., Room #601, Hanjin building, 6, Teheran-ro 103-gil, Gangnam-gu, 06173 Seoul, Korea

TWIG America Inc., 850 New Burton Road, Suite 201, Dover, County of Kent, Delaware, 19904, USA

3 Significant accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that Management believes are reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by nature, seldom equal the actual outcome. The estimates and assumptions that have a significant risk of resulting in a material adjustment to the carrying amounts of assets within the next financial year are discussed below.

Impairment test—Property Plant and Equipment (PPE)

An impairment test has been performed on PPE related to the Jacob Holm Industries CGU’s PPE in the USA. In Management’s view, the assumptions applied reflect the market conditions existing as of 31 December 2020. The impairment test is a complex process that requires significant Management judgement in determining various assumptions, such as cash-flow projections including remaining useful life and capex needed during the remaining useful life and the applied discount rate.

Reassessment of useful life—Property Plant and Equipment (PPE)

The Group reviewed the useful life's of its buildings and machinery equipment early 2020 and revised these for some of the larger assets. The total impact on 2020 was an annual reduction of building depreciations of EUR 432k and a reduction of machinery equipment depreciations of EUR 5.939k.

The review was initiated due to the fact that it became obvious that some of the buildings and machinery equipment was depreciated to a point where it had a low book value although technically and economically it was assumed to continue to be competitive against newer equipment.

4 Revenue

	2020 EUR '000	2019 EUR '000
Sale of goods	353.804	304.002
Royalties	40	49
Other	60	49
	353.904	**304.100**
Geographic allocation		
Revenue		
EU	107.371	90.572
USA/Canada	189.620	166.189
APAC	46.470	37.576
Other	10.443	9.763
Total revenue	**353.904**	**304.100**

5 Expenses classified by type

	2020 EUR '000	2019 EUR '000
Production costs	282.202	269.267
Distribution costs	14.550	12.299
Cost of goods sold	296.752	281.566
Sales and marketing expenses	7.540	6.782
Administrative expenses	18.909	17.114
Other income and expenses	50	(127)
Special items, net	1.694	267
	324.945	**305.602**
Classified by type as follows:		
Expenses for raw materials and consumables	187.434	168.906
Other external expenses	70.809	66.575
Staff expenses	55.434	50.974
Depreciation and amortisation	11.268	19.147
	324.945	**305.602**

6 Special items, net

Special items, costs:

	2020 EUR '000	2019 EUR '000
Release of dismantling accrual regarding assets held on leased land	0	(892)
Restructuring and strategic projects	1.246	0
Organizational right-sizing costs	314	685
Due diligence	134	474
	1.694	**267**

Special items for 2020 are staff expenses and external third party costs respectively. The restructuring and strategic projects relates to defining the future structure and strategy of the Group.

Special items for 2019, are expenses for raw materials and consumables, staff expenses and external third party costs respectively. The dismantling accrual could be released as the company acquired the leased land during 2019.

7 Staff expenses

Staff expenses are included in the Group's production costs, distribution costs, sales and marketing and administrative expenses as follows:

	2020 EUR '000	2019 EUR '000
Wages and salaries	43.413	39.607
Pensions defined contribution plans	2.095	1.843
Other social security expenses	9.926	9.524
	55.434	**50.974**

Key management compensation

Key management consist of the executive and supervisory board as well as the executive management team.

	2020 EUR '000	2019 EUR '000
Salaries and other short-term employee benefits	2.198	1.388
	2.198	**1.388**
Thereof to the executive board	500	518
Thereof to the supervisory board	10	10
Average number of full-time employees	**745**	**692**

Staff expenses are distributed on the individual cost groups as follows:

	2020 EUR '000	2019 EUR '000
Cost of goods sold	39.923	37.482
Sales and marketing expenses	5.942	4.762
Administrative expenses	9.569	8.730
	55.434	**50.974**

8 Fee to auditors appointed at the general meeting

	2020 EUR ’000	2019 EUR ’000
Audit fee	362	334
Tax consultancy	196	381
Other assurance statements	0	0
Non-audit services	10	16
Total	**568**	**731**
Fee to other audit firms		
Audit fee	16	21
Tax consultancy	21	24
Non-audit services	61	58
Total	**98**	**103**

9 Depreciation and amortisation

Depreciation and amortisation for the year are specified as follows:

	2020 EUR ’000	2019 EUR ’000
Customer lists, know-how, patents, licences and trademarks	414	352
Software	777	1.555
Buildings	1.396	1.977
Plant and machinery	6.279	12.650
Other fixtures and fittings, tools and equipment	593	789
Right-of-use assets	1.809	1.824
	11.268	**19.147**

Depreciation, amortisation and impairment losses are distributed on the individual cost groups as follows:

	2020 EUR ’000	2019 EUR ’000
Cost of goods sold	9.933	16.979
Sales and marketing expenses	60	58
Administrative expenses	1.275	2.110
	11.268	**19.147**

10 Other operating income and expenses

	2020 EUR ’000	2019 EUR ’000
Other operating income:		
Subsidies	107	12
Gains on disposals of non-current assets	24	61
Management fee	87	87
	218	160

	2020 EUR ’000	2019 EUR ’000
Other operating expenses:		
Loss on disposals of non-current assets	(268)	(33)
	(268)	(33)
	(50)	**127**

11 Financial income

	2020 EUR ’000	2019 EUR ’000
Interest	12	254
Gain and value adjustments on financial assets	0	696
Exchange adjustments	169	1.230
Other	38	23
	219	**2.203**

Interest and exchange adjustments relate to loans granted and receivables measured at amortised cost.

12 Financial expenses

	2020 EUR ’000	2019 EUR ’000
Interest	6.217	6.484
Interest regarding lease liabilities	340	515
Amortized financing costs	337	405
Interest shareholder and related party	86	73
Exchange adjustments	6.956	246
Other	72	29
	14.008	**7.752**

Interest and exchange adjustments relate to loans received and payables measured at amortised cost.

13 Tax on profit for the year

	2020 EUR ’000	2019 EUR ’000
Current tax on profit for the year	4.719	1.031
Change in deferred tax	(6)	249
Change in tax previous years	(87)	(664)
	4.626	**616**
Tax on profit for the year is specified as follows:		
Calculated 24,94% tax on profit for the year before tax	3.783	(1.759)

	2020 EUR '000	2019 EUR '000
Tax effect of:		
Higher/lower tax rate in foreign companies	(2.563)	240
Tax on non-deductible expenses and non-taxable income	(63)	38
Non-capitalized and adjustment of valuation of deferred tax asset	3.556	2.761
Adjustment of tax previous years	(87)	(664)
	4.626	**616**
Effective tax rate for the year	**30.49%**	**(8.74)%**

The effective tax rate for the prior year is mainly influenced by the change in taxes from prior years as well as non-capitalized tax losses of Jacob Holm Industries (America) Inc.

14 Intangible fixed assets

	Goodwill EUR '000	Customer lists, know-how, patents, licenses and trademarks EUR '000	Software EUR '000	Intangible fixed assets under construction EUR '000
2020				
Cost at 1 January	43	4.691	10.904	131
Exchange adjustment at year-end rate	0	(1)	(142)	(11)
Additions for the year	0	155	1	868
Transfer between items	0	0	436	(436)
Disposals for the year	0	(22)	(320)	0
Cost at 31 December	43	4.823	10.879	552
Accumulated amortisation at 1 January	43	2.161	8.972	0
Exchange adjustment at year-end rate	0	(9)	(153)	0
Amortisation for the year	0	414	777	0
Disposals for the year	0	(22)	(320)	0
Accumulated amortisation at 31 December	43	2.544	9.276	0
Carrying amount at 31 December	**0**	**2.279**	**1.603**	**552**
Amortised over		**10 years**	**3-10 years**	

Goodwill relates to the acquisition of Sontara Argentina in May 2015 and has been fully impaired in 2018.

	Goodwill EUR '000	Customer lists, know-how, patents, licenses and trademarks EUR '000	Software EUR '000	Intangible fixed assets under construction EUR '000
2019				
Cost at 1 January	43	4.416	9.592	182
Exchange adjustment at year-end rate	0	145	272	6
Additions for the year	0	0	90	1.156
Transfer between items	0	130	1.083	(1.213)
Disposals for the year	0	0	(133)	0
Cost at 31 December	43	4.691	10.904	131

	Goodwill EUR ’000	Customer lists, know-how, patents, licenses and trademarks EUR ’000	Software EUR ’000	Intangible fixed assets under construction EUR ’000
Accumulated amortisation at 1 January	43	1.744	7.318	0
Exchange adjustment at year-end rate	0	65	232	0
Amortisation for the year	0	352	1.555	0
Disposals for the year	0		(133)	0
Accumulated amortisation at 31 December	43	2.161	8.972	0
Carrying amount at 31 December	**0**	**2.530**	**1.932**	**131**
Amortised over		**10 years**	**3-5 years**	

Goodwill relates to the acquisition of Sontara Argentina in May 2015 and has been fully impaired in 2018.

15 Property, plant and equipment

	Land and buildings EUR ’000	Plant and machinery EUR ’000	Other fixtures and fittings, tools and equipment EUR ’000	Property, plant and equipment under construction EUR ’000
2020				
Cost at 1 January	53.287	198.903	9.542	3.576
Exchange adjustment at year-end rate	(3.153)	(12.253)	(371)	(247)
Additions for the year	0	869	51	14.461
Transfer between items	742	4.331	570	(5.643)
Disposals for the year	(154)	(4.791)	(79)	(4)
Cost at 31 December	50.722	187.059	9.713	12.143
Accumulated depreciation at 1 January	23.110	122.618	7.866	0
Exchange adjustment at year-end rate	(1.159)	(6.939)	(341)	0
Depreciation for the year	1.396	6.279	593	0
Disposals for the year	(75)	(2.706)	(79)	0
Accumulated depreciation at 1 January	23.272	119.252	8.039	0
Carrying amount at 31 December	**27.450**	**67.807**	**1.674**	**12.143**
Depreciated over	**30-50 years**	**5-20 years**	**3-10 years**	

The carrying amount of buildings at 31 December 2020 includes interest of EUR 754k. The interest capitalized relates to assets completed in 2015.

The carrying amount of plant and machinery at 31 December 2020 includes interest of EUR 1.289k. The interest capitalized relates to assets completed in 2015.

The Group reviewed the useful life’s of its buildings and machinery equipment early 2020 and revised these for some of the larger assets. The total impact on 2020 was an annual reduction of building depreciations of EUR 432k and a reduction of machinery equipment depreciations of EUR 5.939k.

As per 31 December 2020 the Group has performed an impairment test of property, plant and equipment in the US related to the CGU Jacob Holm Industries' US- activities. The test was made due to past performance leading to high operating losses. The conclusion was that there was no need for impairment.

The impairment test was performed as a value in use calculation discounting the expected cash-flows for 5 years and assumes a terminal growth of 2.0%. The growth rate is based on realistic assumptions.

The cash flow projections are based on the budget for 2021 adjusted for full year effect of the expected improvements in 2021 and increasing quantities in 2022 and 2023.

The discount rate applied is based on a risk-adjusted after tax rate discount rate (weighted average cost of capital) of 7.0% (2019: 7.3%).

Cash flow projections for 2021 is negative due to expected additional CAPEX of approximately USD 21 million to get the production facilities back on historical performance and increase the production volume as estimated in the budget. In 2023 EBITDA less CAPEX is estimated at USD 8.9 million.

Based on the forecasts prepared, there is approx. 7% or USD 6 million of available headroom. The weighted average cost of capital can increase to 7.6% or EBITDA can reduce by USD 0.6 million each year without getting into impairment.

	Land and buildings EUR '000	Plant and machinery EUR '000	Other fixtures and fittings, tools and equipment EUR '000	Property, plant and equipment under construction EUR '000
2019				
Cost at 1 January	50.513	181.802	9.003	4.822
Exchange adjustment at year-end rate	800	3.000	129	77
Additions for the year	0	458	41	15.140
Transfer between items	1.994	14.028	441	(16.463)
Disposals for the year	(20)	(385)	(72)	0
Cost at 31 December	53.287	198.903	9.542	3.576
Accumulated depreciation at 1 January	20.877	108.725	7.033	0
Exchange adjustment at year-end rate	263	1.553	105	0
Depreciation for the year	1.977	12.650	789	0
Disposals for the year	(7)	(310)	(61)	0
Accumulated depreciation at 1 January	23.110	122.618	7.866	0
Carrying amount at 31 December	**30.177**	**76.285**	**1.676**	**3.576**
Depreciated over	**30-50 years**	**5-15 years**	**3-10 years**	

The carrying amount of buildings at 31 December 2019 includes interest of EUR 868k.

The carrying amount of plant and machinery at 31 December 2019 includes interest of EUR 1.649k.

As per 31 December 2019 the Group has performed an impairment test of property, plant and equipment in the US related to the CGU Jacob Holm Industries' US- activities. The conclusion was that there was no need for impairment.

The impairment test was performed as a value in use calculation discounting the expected cash-flows in the assets expected remaining technical life for the production lines of, taking into account upgrades of the assets. The cash flow projections are based on the budget for 2020 adjusted for full year effect of the expected improvements in 2020 and increasing quantities in 2021 and 2022.

A growth rate of 2.0% has been applied in the terminal period from 2023 and onwards.

The discount rate applied is based on a risk-adjusted after tax rate discount rate (weighted average cost of capital) of 7.3% (2018: 7.5%).

Cash flow projections for 2020 is negative due to expected additional CAPEX of approximately USD 4 million to get the production facilities back on historical performance and increase the production volume as estimated in the budget. In 2022 EBITDA less CAPEX is estimated at USD 8.3 million.

Based on the forecasts prepared, there is no available headroom.

16 Right-of-use assets

	Buildings EUR '000	Office spaces EUR '000
2020		
Cost at 1 January	9.156	676
Exchange adjustment at year-end rate	(816)	(3)
Additions for the year	0	0
Disposals for the year	0	0
Cost at 31 December	8.340	673
Depreciation at 1 January	1.701	92
Exchange adjustment at year-end rate	(268)	(1)
Depreciation for the year	1.662	147
Disposals for the year	0	0
Depreciation at 31 December	3.095	238
Carrying amount at 31 December	**5.245**	**435**

The Group owns all of its production facilities and production lines. The most significant lease contracts consists of warehouses in the US.

Other lease contracts relates to the lease of office space.

Lease liabilities are disclosed in note 22.

	Land EUR '000	Buildings EUR '000	Office spaces EUR '000
2019			
Cost at 1 January	220	9.156	560
Exchange adjustment at year-end rate	0	0	0
Additions for the year	0	0	116
Disposals for the year	(220)	0	0
Cost at 31 December	0	9.156	676

	Land EUR ’000	Buildings EUR ’000	Office spaces EUR ’000
Depreciation at 1 January	0	0	0
Exchange adjustment at year-end rate	0	6	0
Depreciation for the year	37	1.695	92
Disposals for the year	(37)	0	0
Depreciation at 31 December	0	1.701	92
Carrying amount at 31 December	**0**	**7.455**	**584**

The Group owns all of its production facilities and production lines. The most significant lease contracts consists of warehouses in the US. One of the production facilities were on leased land but the Group acquired the land during 2019.

Other lease contracts relates to the lease of office space.

Lease contracts are disclosed in note 22.

17 Inventories

	2020 EUR ’000	2019 EUR ’000
Raw materials and consumables	10.573	11.359
Finished goods	13.662	14.453
	24.235	**25.812**
Raw materials and consumables expensed for the year	187.434	168.906
Inventories expected to be sold after more than 1 year amount to	0	0
Write-down on inventories for the year amounts to	881	1.166
Reversed write-down on inventories for the year amounts to	508	259

Subsequent sales have shown that there was no need for the write-down.

18 Corporation tax

	2020 EUR ’000	2019 EUR ’000
Corporation tax receivable at 1 January	817	319
Exchange adjustment at year-end rate	(52)	12
Tax on operating profit	(419)	(369)
Tax refunded/paid	153	855
Corporation tax receivable at 31 December	**499**	**817**

19 Receivables

	2020 EUR '000	2019 EUR '000
Trade receivables	32.795	28.533
Bad debt provision	(408)	(492)
Trade receivables, net	32.387	28.041
Other receivables	7.002	5.446
	39.389	**33.487**

Bad debt provision

Bad debt provision at 1 January	492	345
Exchange adjustment at year-end rate	(42)	14
Additions for the year	87	140
Disposals for the year:		
- Applied	(129)	(7)
- Reversed	0	0
Bad debt provision at 31 December	**408**	**492**

Please refer to note 32 for credit quality information.

20 Equity

	2020 EUR '000	2019 EUR '000
Share capital has developed as follows:		
1 January	323	323
Change during the year	0	0
31 December	**323**	**323**

Subscribed capital

The subscribed capital, amounting to EUR 323k, is represented by 3,229 shares with a nominal value of EUR 100, fully paid.

Share premium and similar premiums

The share premium amounts to EUR 64,792k.

Legal reserve

In accordance with Luxembourg company law, the Company is required to transfer a minimum of 5% of its net profit for each financial year to a legal reserve. This requirement ceases to be necessary once the balance on the legal reserve reaches 10% of the issued share capital. The legal reserve is not available for distribution to the shareholders.

21 Listed Bond

The Bond matures in full on March 31, 2022. The Group Company may redeem the bond issue in whole or in part at any time. The redemption price is:

Today to March 2021	101.25% of par value
March 2021 to September 2021	100.75% of par value
From September 2021	100% of par value

The bonds are subject to a minimum liquidity requirement and a net debt / EBITDA ratio covenant testing in case of an Incurrence Event. An Incurrence Event can be either a dividend distribution above the permitted minimum distribution of EUR 7 mio. and/or the incurrence of financial indebtedness.

22 Lease liabilities

	2020 EUR '000	2019 EUR '000
In accordance with IFRS 16:		
Payment due later than 5 years	1.042	1.661
Payment due 1-5 years	3.274	4.890
Non-current lease liabilities	**4.316**	**6.551**
Payment due within 1 year	1.690	1.722
	6.006	**8.273**
Cash outflow for leases:		
Paid interest expenses on lease liabilities	340	515
Repayment of finance lease liabilities	1.689	1.773
Rental expenses	486	623
	2.515	**2.911**

The Group owns all of its production facilities and production lines. The most significant lease contracts consists of warehouses in the US. One of the production facilities were on leased land but the Group acquired the land during 2019.

The Group also acts as a lessor to a minor extent in two of it's leased warehouses. The lease payments received from these lease contracts are recognized in production costs and amounted to EUR 414k in 2020 and EUR 403k in 2019.

Right of use assets are disclosed in note 16.

23 Deferred tax

	2020 EUR ’000	2019 EUR ’000
Deferred tax at 1 January	(499)	(731)
Exchange adjustment at year-end rate	41	(17)
Change in deferred tax	(6)	249
Deferred tax at 31 December	**(464)**	**(499)**
Deferred tax relates to (- = deferred tax assets and + = deferred tax liability):		
Inventories	(157)	(134)
Other current assets	51	94
Other current liabilities	(2.273)	(1.623)
Current part	**(2.379)**	**(1.663)**
Intangible assets	(454)	(542)
Property, plant and equipment	6.944	6.394
Right of use assets, net	(150)	(116)
Other non-current liabilities	241	208
Tax loss carry-forward	(4.666)	(4.780)
Non-current part	**1.915**	**1.164**
Deferred tax, net	**(464)**	**(499)**
which breaks down as follows:		
Deferred tax asset	(464)	(499)
Provisions for deferred tax liability	0	0
	(464)	**(499)**
Unrecognized deferred tax asset	**9.274**	**6.915**

The Group was loss making in 2018 and 2019 but turned positive in 2020 which is expected to continue the next years.

Netting of deferred tax assets and tax liabilities are only made by legal entity.

The Group’s recognised tax loss is subject to varying conditions and is expected fully utilised for set-off against positive taxable income within a 5 year period.

Two of the entities to which the tax loss carry-forward relates to were not profitable in 2020. Management has assessed that there is some uncertainty as to the timing of utilizing the tax loss carry-forward, that it has written down the part of the tax loss carry-forward which relates to the period after 5 years. The assessment is based on budgets for 2021 and the expected development over the next years.

Apart from the tax losses carried forward regarding one of the US entities there is no expiration of the unrecognized tax losses. In the US none of the unrecognized tax losses will expire within the next 5 years.

24 Other staff obligations

The Group offers part of the employees to participate in pension schemes in the form of defined contribution plans.

The provision for other staff obligations primarily includes seniority based bonuses for employees calculated by an actuary taking into account the expected turnover among employees, wage increases etc. A discount factor of 0,60% has been used against 0,73% in 2019.

As the obligation is uncertain as regards the time of settlement, no breakdown of time of maturity can be made. The entire obligation has therefore been classified as a non-current liability.

	2020 EUR '000	2019 EUR '000
Balance at 1 January	1.281	971
Exchange adjustment at year-end rate	(1)	0
Disposals for the year	(42)	(102)
Discount effect	22	135
Additions for the year	260	277
Balance at 31 December	**1.520**	**1.281**

25 Provisions for other liabilities and charges

The liability relates to an estimated liability regarding dismantling of assets held on leased land.

	2020 EUR '000	2019 EUR '000
Balance at 1 January	0	873
Exchange adjustment at year-end rate	0	19
Reversals for the year	0	(892)
Balance at 31 December	**0**	**0**

The leased land has been acquired by the company during 2019 that there is no need for a dismantling obligation anymore.

The reversed amount has been included in special items in 2019.

26 Credit institutions

	2020 EUR '000	2019 EUR '000
Payment due within 1 year	9.930	7.709
	9.930	**7.709**

Credit institutions primarily includes revolving credit facilities granted to the Plant in Soultz, France, with a total of EUR 9.930k. These revolving credits are EUR and USD denominated and with variable interest.

The covenant comprise the cover of revolving credits by working capital.

27 Corporation tax

	2020 EUR '000	2019 EUR '000
Accrued corporation tax at 1 January	405	1.905
Exchange adjustment at year-end rate	(60)	46
Tax on operating profit	4.213	(2)
Tax paid	(762)	(1.544)
Accrued corporation tax at 31 December	**3.796**	**405**

28 Cash flow statement—adjustments non-cash items

	2020 EUR '000	2019 EUR '000
Financial income	(219)	(2.203)
Financial expenses	14.008	7.752
Depreciation and amortisation, including losses and gains on disposals of intangible fixed assets and property, plant and equipment	11.512	19.119
Tax on profit for the year	4.626	616
	29.927	**25.284**

29 Cash flow statement—change in working capital

	2020 EUR '000	2019 EUR '000
Change in inventories	913	614
Change in receivables	(5.875)	16.520
Change in other provisions	240	(582)
Change in payables	3.664	(2.967)
	(1.058)	**13.585**

30 Changes in liabilities arising from financing activities

	January 1 EUR '000	Cash flows EUR '000	Non-cash changes EUR '000	December 31 EUR '000
2020				
Listed bond	126.743	0	334	127.077
Lease liabilities	8.273	(1.689)	(578)	6.006
Credit institutions	7.709	2.221	0	9.930
	142.725	**532**	**(244)**	**143.013**
2019				
Listed bond	126.406	0	337	126.743
Lease liabilities	9.936	(1.773)	110	8.273
Credit institutions	17.868	(10.159)	0	7.709
	154.210	**(11.932)**	**447**	**142.725**

31 Contingent liabilities and other financial obligations

Mortgages

As security for credit institutions, security has moreover been provided in current assets at a carrying amount of EUR 12.087k (at 31 December 2019: EUR 9.025).

Shares pledges

As part of the bonds issuance operation as described in note 21, the Group entered into a share pledge agreement dated 3 April 2014 with Norsk Tillitsmann ASA as bond trustee, security agent and pledgee over the shares of Jacob Holm & Sons AG.

Obligations under rental agreements

Obligations under short term leases and low-value assets primarily comprise agreements entered into concerning the lease of warehouse and office space as well as operational equipment. The leases run until August 2023 at the latest.

Obligations under short term leases and low-value assets break down as follows according to due date:

	2020 EUR '000	2019 EUR '000
Minimum payments		
0-1 year	181	155
1-5 years	32	81
>5 years	0	0
	213	**236**

Lease expenses recognised amount to EUR 486k (2019: EUR 623k).

Contractual obligations

The Group has entered into agreements to acquire/buy property, plant and equipment and will therefore have a payment obligation of	6.219	1.433

32 Financial risks

Credit risk

Credit risk arises from cash and cash equivalents as well as credit exposure to customers and other outstanding receivables.

Credit risk is managed on a group basis. For banks and financial institutions, only independently rated parties with a minimum rating of 'A' are accepted.

If wholesale customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by Management. The compliance with credit limits by wholesale customers is regularly monitored by line management.

Current follow-up is made on outstanding accounts in accordance with the Group's trade receivables procedures. Where uncertainty arises as to a customer's ability or willingness to pay, and it is estimated that the trade receivable is subject to risk, a bad debt provision is made.

Credit quality

The carrying amounts of trade receivables include receivables which are subject to a factoring arrangement. Under this arrangement, the Group has transferred the relevant receivables to the factor in exchange for cash and is prevented from selling or pledging the receivables. However, the Group has retained late payment and credit risk. The group therefore continues to recognise the transferred assets in their entirety in its balance sheet. The amount repayable under the factoring agreement is presented as borrowing from credit institution. The group considers that the held to collect business model remains appropriate for these receivables and hence continues measuring them at amortised cost.

The total amount included under the factoring agreement amounts to EUR 11m (2019: EUR 7m), of which an amount of approx. EUR 9m (2019: EUR 6m) is covered by credit insurance. The associated liability amounts to EUR 10m (2019: EUR 7m).

Other trade receivables are not covered by credit insurance

During 2019 the Group has entered into factoring agreements on a non-recourse basis for 3 entities. Eligible receivables are sold to the factoring company and derecognized. At the end of 2020 the total amount sold under these agreements amounted to EUR 18m (2019: EUR 13m).

Generally the Group's trade receivables is concentrated on a smaller number of customers of which several are highly rated large multinational customers which supports the low bad debt provision as expected future losses are low. Management believes that adequate provisions for losses have been made.

The overdue balance on trade receivables is specified as follows at 31 December 2020:

EUR '000

	0-15days	16-30 days	31-45 days	> 45 days	Total
Overdue receivables not subject to impairment	1.869	1.365	547	369	4.150
Overdue receivables subject to impairment	0	0	0	450	450
	1.869	1.365	547	819	4.600
Bad debt provision	0	0	0	(408)	(408)
	1.869	1.365	547	411	4.192

The overdue balance on trade receivables is specified as follows at 31 December 2019:

EUR '000

	0-15days	16-30 days	31-45 days	> 45 days	Total
Overdue receivables not subject to impairment	2.109	517	330	242	3.198
Overdue receivables subject to impairment	0	0	0	548	548
	2.109	517	330	790	3.746
Bad debt provision	0	0	0	(492)	(492)
	2.109	517	330	298	3.254

Liquidity risk

The Group ensures sufficient cash resources by entering into framework agreements for current overdraft facilities as well as factoring agreements on a non-recourse basis. Existing agreements have no repayment obligation or expiration date but can be terminated by both parties.

One of the Group's credit facilities are variable due to the fact that it is based on the amount of eligible trade receivables. The use of factoring agreements are variable too as they are based on the amount of eligible trade receivables.

The analysis of due dates is stated on the basis of category and class broken down on due date. The calculation of interest payments on floating-rate obligations is based on the interest rate on the balance sheet date.

The cash need is expected covered by the current liquidity surplus from operations, unutilised credits as well as via refinancing or new non-current loans.

Based on the current performance the Group expects no issues in refinancing the existing debt when it matures in 2022.

2020
EUR '000

	<1 year	1-5 years	>5 years	Total	Repayment not finally agreed	Carrying amount	Fair value
Measured at amortised cost:							
Listed bond	4.781	128.256	0	133.037	0	127.077	129.094
Leasing	1.932	3.691	1.097	6.720	0	6.006	6.006
Credit institutions	9.930	0	0	9.930	0	9.930	9.930
Payables to related companies	251	0	0	251	0	251	251
Trade payables	19.594	0	0	19.594	0	19.594	19.594
Other short-term liabilities	17.167	0	0	17.167	0	17.167	17.167
Financial liabilities	**53.655**	**131.947**	**1.097**	**186.699**	**0**	**180.025**	**182.042**
Trade receivables	32.795	0	0	32.795	0	32.795	32.387
Other receivables	7.501	488	0	7.989	0	7.989	7.989
Cash at bank and in hand	20.606	0	0	20.606	0	20.606	20.606
Financial assets	**60.902**	**488**	**0**	**61.390**	**0**	**61.390**	**60.982**
Net cash outflow	**7.247**	**(131.459)**	**(1.097)**	**(125.309)**	**0**	**(118.635)**	**(121.060)**
Unutilised credits						2.391	2.391

2019
EUR ’000

	<1 year	1-5 years	>5 years	Total	Repayment not finally agreed	Carrying amount	Fair value
Measured at amortised cost:							
Listed bond	5.913	134.093	0	140.006	0	126.743	119.709
Leasing	1.722	4.890	1.661	8.273	0	8.273	8.273
Credit institutions	7.709	0	0	7.709	0	7.709	7.709
Payables to related companies	7.093	0	0	7.093	0	7.093	7.093
Trade payables	17.740	0	0	17.740	0	17.740	17.740
Other short-term liabilities	13.416	0	0	13.416	0	13.416	13.416
Financial liabilities	**53.593**	**138.983**	**1.661**	**194.237**	**0**	**180.974**	**173.940**
Trade receivables	28.533	0	0	28.533	0	28.533	28.041
Other receivables	6.263	535	0	6.798	0	6.798	6.798
Cash at bank and in hand	13.935	0	0	13.935	0	13.935	13.935
Financial assets	**48.731**	**535**	**0**	**49.266**	**0**	**49.266**	**48.774**
Net cash outflow	**(4.862)**	**(138.448)**	**(1.661)**	**(144.971)**	**0**	**(131.708)**	**(125.166)**
Unutilised credits						1.520	1.520

Fair value of bond investments is based on quoted prices (level 1). Fair value of the issued bond is based on the latest market price published by Oslo Børs (level 1). Fair value of floating rate loans from credit institutions is based on an assessment of the current margin on such loan arrangements (level 2). Fair value of cash and cash equivalents and short term receivables and payables is determined to equal the nominal amount.

Raw material risk

In line with Group policy, no derivative financial instruments are used to hedge raw material risks.

Market risk

The Group’s credits and bonds are floating-rate credits and bonds, which exposes the Group to fluctuations in interest rates. It is Group policy that all financing of working capital and investments in non-current assets take place at floating interest rate.

In line with Group policy, no derivative financial instruments are used to hedge interest rate risk.

Based on interest-bearing debt at the balance sheet date, an increase in the EUR market rate by 1% would decrease the profit for the year before tax of EUR 1.369k (2019: EUR 1.352k) and a similar effect on equity and an increase in all other market rates by 1% would decrease the profit for the year before tax of EUR 5k (2019: EUR 83k) and a similar effect on equity.

The Group’s currencies used for payment are mostly distributed between EUR and USD. A natural hedge of the USD exposure of the European sales is sought through purchases in the same currency. Apart from this, there is no systematic hedging of positions in foreign currency in connection with other operating activities and for the time being the Group’s policy aims not to hedge in excess of the natural hedging.

Exposure at 31 December 2020

The below balances represents the net Group exposure for each individual currency. Accordingly, where an entity reports in the stated currency, it has been excluded in the balance shown.

EUR ’000 Currency	Payment/ expiry	Receivables	Payables	Bond, bank and credit-institutions	Net position
USD	< 1 year	72.273	(12.001)	10.508	70.780
CHF	< 1 year	1.989	0	1	1.990
EUR	< 1 year	7.296	(9.753)	1.805	(652)
EUR	> 1 year	0	0	(127.500)	(127.500)
JPY	< 1 year	331	(15)	84	400
Other	< 1 year	0	(1.353)	96	(1.257)
		81.889	(23.122)	(115.006)	(56.239)

Exposure at 31 December 2019

EUR ’000 Currency	Payment/ expiry	Receivables	Payables	Bond, bank and credit-institutions	Net position
USD	< 1 year	65.086	(10.056)	3.546	58.576
CHF	< 1 year	8.012	0	2	8.014
EUR	< 1 year	6.894	(6.010)	1.622	2.506
EUR	> 1 year	0	0	(127.500)	(127.500)
JPY	< 1 year	100	(31)	104	173
Other	< 1 year	18	(136)	46	(72)
		80.110	(16.233)	(122.180)	(58.303)

As the individual group companies primarily operate in their individual functional currencies, the Group’s profit is primarily sensitive to changes in exchange rates related to intercompany accounts and receivables/ payables denominated in other currencies than the functional currency.

The two currencies to which profit/loss of the Group is most sensitive is USD and EUR.

A 10% increase in USD compared to the exchange rate at 31 December 2020 towards all other currencies will entail a positive change of profit for the year before tax of EUR 7.078k (2019: positive change of EUR 5.858k) and a similar effect on equity without considering tax effect.

A 10% increase in EUR compared to the exchange rate at 31 December 2020 towards all other currencies will entail a negative change of profit for the year before tax of EUR 12.815k (2019: negative change of EUR 12.499k) and a similar effect on equity without considering tax effect .

Capital management

The objective of the Group’s capital management is to ensure the Group’s ability to continue as a going concern in order to yield return on investment to the shareholders and to create and maintain an optimal capital structure in order to reduce the costs of capital and maintain a basis of continued growth in the Group.

The Group's capital management is also partly governed by loan agreements which include requirements to financial ratios. These financial ratios are affected by the size of the capital, that a reduction will reduce the ratios.

Total capital makes up the equity shown in the consolidated balance sheet.

33 Related parties

	Basis
Controlling interest	
Poul M. Mikkelsen, Büelweg 9, CH-6442 Gersau	Controlling shareholder
Martin Mikkelsen, Rosenvængets Allé 33, DK-2100 København Ø.	Shareholder
Ammon Ammon AG, Meierhofstrasse 5, FL-9490 Vaduz	Parent company
Other related parties	
PMM Holding AG, Büelweg 9, CH-6442 Gersau	Sister company
Dønnerup A/S, c/o Accura Advokatpartnerselskab, Tuborg Boulevard 1, DK-2900 Hellerup	Sister company

Transactions

Besides intercompany transactions that have been eliminated in the Consolidated Financial Statements, related party transactions comprise interest expense charged by the related party Ammon Ammon AG and management fee charges to and rental charges from the related party Dønnerup A/S.

The Group has been charged interest expenses of EUR 86k from Ammon Ammon AG (2019: EUR 73k).

The Group has charged management services in the amount of EUR 87k (2019: EUR 87k) to Dønnerup A/S. Dønnerup A/S has charged rental expenses in the amount of EUR 95k (2019: EUR 95k).

	2020 EUR '000	2019 EUR '000
Payables to shareholder		
Ammon Ammon AG	251	7.093
	251	**7.093**

34 Development costs

Development costs for the year recognised in the income statement under production costs amount to EUR 1.913k in 2020 against EUR 1.900k in 2019.

35 Post balance sheet events

Due to the nature of the activity of the Group, the Group has benefitted financially from Covid-19 in 2020 and do not expect to have any negative impact in 2021. However, it is difficult to predict the exact impact.

The shareholder of the Group has entered into a definitive agreement on selling all shares of the Group. Closing is expected to take place in the 4th quarter of 2021.

Apart from the above, there have been no material events after the balance sheet date.

Exhibit 99.4

Unaudited financial statements of Jacob Holm as of June 30, 2021 and for the six-month periods ended June 30, 2021 and 2020 and the related notes thereto.

PMM Holding (Luxembourg) AG

Condensed consolidated income statement

EUR '000	For the 6-months period ended Jun 30, 2021 unaudited	For the 6-months period ended Jun 30, 2020 unaudited
Revenue	**157.058**	**174.577**
Cost of goods sold	132.815	148.281
Gross profit	**24.243**	**26.295**
Sales and marketing expenses	4.208	3.762
Administrative expenses	10.292	9.560
Operating profit	**9.743**	**12.974**
Other operating income and expenses	(373)	(68)
Profit before financial income and expenses and special items	**9.370**	**12.906**
Special items, net	(1.232)	(25)
Financial income	2.281	421
Financial expenses	(3.157)	(4.208)
Profit before tax	**7.261**	**9.093**
Tax on result for the year	966	2.151
Net profit for the year	**6.295**	**6.942**

PMM Holding (Luxembourg) AG

Condensed consolidated statement of comprehensive income

EUR '000	For the 6-months period ended Jun 30, 2021 unaudited	2020 unaudited
Net profit for the period	**6.295**	**6.942**
Other comprehensive income		
Items that may be subsequently reclassified to income statement		
Exchange adjustment, foreign companies	651	198
Total comprehensive income for the period	**6.947**	**7.140**

PMM Holding (Luxembourg) AG

Condensed consolidated balance sheet

EUR ’000	Note	Jun 30, 2021 unaudited	Dec 31, 2020 audited
Assets			
Intangible fixed assets	5	**4.654**	**4.434**
Land & Buildings	6	27.614	27.450
Plant and machinery	6	69.193	67.807
Other fixtures and fittings, tools and equipment	6	1.972	1.674
Property, plant and equipment under construction	6	22.102	12.142
Right of use assets		4.977	5.680
Property, plant and equipment		**125.858**	**114.754**
Other receivables		505	488
Deferred tax asset		543	464
Non-current assets		**131.560**	**120.140**
Inventories		**35.333**	**24.235**
Corporate tax		454	499
Trade receivables		27.033	32.387
Other receivables and prepayments		4.232	7.707
Receivables and others		**31.719**	**40.593**
Cash at bank and in hand		7.327	20.606
Current assets		**74.378**	**85.434**
Total assets		**205.939**	**205.573**

PMM Holding (Luxembourg) AG

Condensed consolidated balance sheet

EUR ’000	Note	Jun 30, 2021 unaudited	Dec 31, 2020 audited
Equity and liabilities			
Equity		**24.125**	**23.908**
Interest bearing liabilities	7	5.327	131.394
Provisions for other staff obligations		1.748	1.521
Non-current liabilities		**7.075**	**132.914**
Current portion of interest bearing liabilities	7	127.246	1.690
Credit institutions		11.528	9.930
Trade payables		20.950	19.594
Payables, plant and machinery		900	105
Payables due to group companies		0	251
Corporate tax		3.124	3.796
Other payables		10.991	13.386
Current liabilities		**174.738**	**48.751**
Total liabilities		**181.814**	**181.665**
Total equity and liabilities		**205.939**	**205.573**

PMM Holding (Luxembourg) AG

Condensed consolidated statement of changes in equity

EUR '000	Share capital unaudited	Share premium and similar premiums unaudited	Legal reserve unaudited	Exchange adj. unaudited	Retained earnings unaudited	Total unaudited
Equity at Jan 1, 2021	**323**	**64.792**	**32**	**1.510**	**(42.749)**	**23.908**
Comprehensive income for the period	0	0	0	651	6.295	6.947
Dividends	0	0	0	0	(6.730)	(6.730)
Equity at Jun 30, 2021	**323**	**64.792**	**32**	**2.162**	**(43.184)**	**24.125**
Equity at Jan 1, 2020	**323**	**64.792**	**32**	**5.861**	**(53.293)**	**17.715**
Comprehensive income for the period	0	0	0	198	6.942	7.140
Dividends	0	0	0	0	0	0
Equity at Jun 30, 2020	**323**	**64.792**	**32**	**6.059**	**(46.351)**	**24.855**

Paid dividends per share in 2021 amounts to EUR 2,084 (EUR 0 in 2020).

PMM Holding (Luxembourg) AG

Condensed consolidated statement of cash flows

EUR '000	For the 6-months period ended Jun 30, 2021 unaudited	2020 unaudited
Ordinary result before tax	7.261	9.093
Non-cash adjustments	3.724	6.265
Corporation tax paid	(1.616)	(394)
Change in inventories	(11.168)	(1.012)
Change in receivables	7.113	(10.320)
Change in suppliers etc.	(956)	3.462
Cash flows from operating activities	**4.357**	**7.095**
Property, plant and equipment and intangible fixed assets, net	(12.066)	(7.058)
Purchase of financial fixed assets	(7)	1
Change in payables, plant and machinery	782	(116)
Cash flows from investing activities	**(11.291)**	**(7.173)**
Change in non-current liabilities	(844)	(859)
Change in credit institutions	1.599	4.025
Change in accounts with related and group companies	(251)	(999)
Paid out dividend	(6.730)	0
Cash flows from financing activities	**(6.226)**	**2.167**
Change in cash and cash equivalents	**(13.160)**	**2.089**
Cash and cash equivalents, net at beginning of the period	20.606	13.935
Exchange adjustment of cash at bank and in hand, net at beginning of the period	(119)	67
Cash and cash equivalents, net at the end of the period	**7.327**	**16.090**

Cash-flow related to non-recourse factoring is presented in change in working capital as part of cash-flow from operations. Cash-flow related to recourse factoring is presented as change in credit institutions in cash-flow from financing activities.

PMM Holding (Luxembourg) AG

Notes to the Interim Report

1 Reporting entity

PMM Holding (Luxembourg) AG is domiciled in Luxembourg. These condensed unaudited consolidated interim financial statements as at and for the six months ended June 30, 2021 comprise the Company and its subsidiaries (together the "Group"). The Group is primarily involved in manufacturing nonwoven fabrics for a wide range of applications in the consumer wipes, industrial wipes, hygiene, beauty care and health care segments. The Company's functional currency is Euro (EUR).

2 Basis of preparation

(a) Statement of compliance

These interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting as issued by the IASB. They do not include all the information required for a complete set of IFRS financial statements. Any events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual consolidated financial statements as at and for the financial year ended December 31, 2020 are disclosed in these financial statements.

(b) Judgments and estimates

In preparing these interim financial statements, Management makes judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

The significant judgements made by Management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the consolidated financial statements as at and for the financial year ended December 31, 2020.

3 Significant accounting policies

The accounting policies applied in these interim financial statements are the same as those applied in the Group's consolidated financial statements as at and for the financial year ended December 31, 2020.

4 Subsequent events

After the balance sheet date, the Company announced that the shareholders of PMM Holding (Luxembourg) AG entered into a definitive agreement to transfer control of the Group to US based Glatfelter Corp. (NYSE: GLT). The agreement is subject to customary conditions, including regulatory approvals. Closing is expected to take place in the second half of 2021.

There has been no material adverse change to the financial condition of the Group after the balance sheet date.

5 Intangible fixed assets

EUR '000	Goodwill unaudited	Customer lists, know-how, patents, licences unaudited	Software unaudited	Intangible fixed assets under construction unaudited
Cost at Jan 1, 2021	43	4.823	10.879	552
Exchange adjustment	0	(53)	(38)	(6)
Additions for the period	0	0	19	596
Transfer between items	0	53	337	(390)
Disposals for the period	0	0	0	0
Cost at Jun 30, 2021	43	4.823	11.197	752
Amortisation at Jan 1, 2021	43	2.544	9.276	0
Exchange adjustment	0	(27)	(37)	0
Amortisation for the period	0	176	186	0
Disposals for the period	0	0	0	0
Amortisation at Jun 30, 2021	43	2.693	9.425	0
Carrying amount at Jun 30, 2021	**0**	**2.130**	**1.772**	**752**
Amortised over		**10 years**	**3-10 years**	

6 Property, plant and equipment

EUR '000	Land and buildings unaudited	Plant and machinery unaudited	Other fixtures and fittings, tools and equipment unaudited	PPE under construction unaudited
Cost at Jan 1, 2021	50.722	187.059	9.713	12.143
Exchange adjustment	1.081	4.064	120	280
Additions for the period	0	649	241	12.712
Transfer between items	171	2.516	346	(3.033)
Disposals for the period	0	(951)	(228)	0
Cost at Jun 30, 2021	51.974	193.337	10.192	22.102
Depreciation at Jan 1, 2021	23.272	119.252	8.039	0
Exchange adjustment	405	2.317	106	0
Depreciation for the period	683	3.029	303	0
Disposals for the period	0	(454)	(228)	0
Depreciation at Jun 30, 2021	24.360	124.144	8.220	0
Carrying amount at Jun 30, 2021	**27.614**	**69.193**	**1.972**	**22.102**
Amortised over	**30-50 years**	**5-20 years**	**3-10 years**	

The Group continued the implementation of its long-term investment program (Project Boost) for accelerated growth of the capacity and capabilities of its production platform. The program was started in 2019 and will stretch into 2022. The total Project Boost related additions in the first half of 2021 amounts to approx. EUR 10 million.

7 Interest bearing liabilities

Non-current and current interest-bearing liabilities is made up of the issued Bond and lease liabilities.

As of June 30, 2021 the split and maturity is as follows:

EUR '000	2021 unaudited	2022 unaudited	2023 unaudited	After unaudited	Total unaudited
Bond	0	127.500	0	0	127.500
Lease liabilities	882	1.633	709	2.103	5.327
Financing costs	(169)	(85)	0	0	(254)
	713	**129.048**	**709**	**2.103**	**132.573**

The Bond matures in full on March 31, 2022. The Company may redeem the bond issue in whole or in part at any time. The redemption price is:

March 2021 to September 2021	100.75% of par value
From September 2021	100.00% of par value

A change of control triggers a Put Option Event, which gives the Bondholders the right to require that the Issuer purchases all or some of the Bonds held by the Bondholder at a price equal to 101 per cent of the Nominal Amount plus accrued and unpaid interest.

The bonds are subject to minimum liquidity and a net debt / EBITDA ratio covenant testing in case of an Incurrence Event. An Incurrence Event can be either a dividend distribution above the permitted minimum distribution of EUR 7 million and/or the incurrence of financial indebtedness.

8 Segment information

The internal reporting framework used for reporting on revenue and expenses to the Executive Management and the Board of Directors has been set up to reflect and report on the global functional responsibility setup at the Company.

These are voluntary disclosures to show revenue and EBITDA per business area.

The Group's global functional responsibility is divided into two segments:

(1) The Jacob Holm Industries segment produces and sells non-woven roll-goods.

(2) The Sontara segment produces and sells non-woven in converted and roll-goods form.

(3) Other consists of the holding and management companies PMM Holding (Luxembourg) AG, Jacob Holm & Sons AG, Jacob Holm & Sønner Holding A/S and Jacob Holm & Sønner A/S.

EUR ’000	For the 6-months period ended Jun 30, 2021 unaudited	2020 unaudited
Revenue		
Jacob Holm Industries	78.962	76.514
Sontara	78.142	98.055
Other	4.706	5.320
	161.811	**179.889**
Elimination of internal sales	(4.752)	(5.313)
Group	**157.058**	**174.577**
EBITDA		
Jacob Holm Industries	6.479	1.550
Sontara	7.735	15.657
Other	809	1.746
Group	**15.022**	**18.953**

Eliminated internal sales mostly comprise royalty and management fee charges made from the holding and management companies to the two segments as well as a minor revenue between the two segments.

Due to the nature of the business of the Group, there is typically no seasonality during a financial year.

9 Transactions with related parties

Besides intercompany transactions that have been eliminated in the Consolidated Income Statement, related party transactions comprise interest expense charged by the related party Ammon Ammon AG and management fee charges to and rental charges from the related party Dønnerup A/S.

The Group has been charged interest expenses of EUR 7k from Ammon Ammon AG (EUR 52k for year-to-date 2020) for the year-to-date.

The Group has charged management services in the amount of EUR 44k (EUR 44k for year-to-date 2020) to Dønnerup A/S for the year-to-date. Dønnerup A/S has charged rental expenses in the amount of EUR 48k (EUR 47k for year-to-date 2020) for the year-to-date.

Controlling interest	Basis
Poul M. Mikkelsen, Büelweg 9, CH-6442 Gersau	Controlling shareholder
Martin Mikkelsen, Rosenvængets Allé 33, DK-2100 København Ø.	Shareholder
Ammon Ammon AG, Meierhofstrasse 5, FL-9490 Vaduz	Parent company

Exhibit 99.5

NEWS RELEASE

Corporate Headquarters

4350 Congress Street

Charlotte, NC 28209 U.S.A.

www.glatfelter.com

GLATFELTER

For Immediate Release

Contacts:	
Investors:	*Media:*
Ramesh Shettigar	Eileen L. Beck
(717) 225-2746	(717) 225-2793

Glatfelter Announces Offering of Senior Notes

Charlotte, North Carolina – October 12, 2021: Glatfelter Corporation ("Glatfelter" or the "Company") (NYSE: GLT) announced today that it intends to offer $500 million in aggregate principal amount of senior notes due 2029 (the "Notes"), subject to market conditions. Each of the Company's existing and future domestic restricted subsidiaries that guarantees the Company's obligations under the Company's credit facility ("Credit Facility"), which includes the Company's revolving credit facility and term loan A facility, and/or certain other indebtedness will guarantee the Notes on a senior unsecured basis.

The net proceeds from the offering of the Notes, together with cash on hand, are expected to be used to pay the purchase price of the acquisition of PMM Holding (Luxembourg) AG ("Jacob Holm"), to repay certain indebtedness of Jacob Holm, to repay outstanding revolving borrowings under the Credit Facility, and to pay estimated fees and expenses.

The Company will make the offering pursuant to certain exemptions from registration under the Securities Act of 1933, as amended (the "Securities Act"). The initial purchasers of the Notes will offer the Notes only to qualified institutional buyers in reliance on Rule 144A under the Securities Act, or outside the United States to certain persons in reliance on Regulation S under the Securities Act. The Notes will not be registered under the Securities Act or the securities laws of any state or other jurisdiction, and, unless so registered, may not be offered or sold in the United States absent registration or an applicable exemption from registration requirements.

This press release is for informational purposes only and does not constitute an offer to sell or a solicitation of an offer to buy any security. No offer, solicitation, or sale will be made in any jurisdiction in which such an offer, solicitation, or sale would be unlawful.

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, North Carolina, 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 the Company may be found at www.glatfelter.com.

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. These factors include, but are not limited to: risks associated with the impact of the COVID-19 pandemic, including global and regional economic conditions, changes in demand for the Company's products, interruptions in the Company's global supply chain, ability to continue production by the Company's facilities, credit conditions of the Company's customers or suppliers, or potential legal actions that could arise due to the Company's operations during the pandemic; disruptions of the Company's global supply chain, including the availability of key raw materials and transportation for the delivery of critical inputs and of products to customers, and the increase in the costs of transporting materials and products; variations in demand for the Company's products, including the impact of unplanned market related downtime, variations in product pricing, or product substitution; the impact of competition, changes in industry production capacity, including the construction of new facilities or new machines, the closing of facilities and incremental changes due to capital expenditures or productivity increases; risks associated with the Company's international operations, including local economic and political environments and fluctuations in currency exchange rates; geopolitical matters, including any impact to the Company's operations from events in Russia, Ukraine and Philippines; the Company's ability to develop new, high value-added products; changes in the price or availability of raw materials the Company uses, particularly woodpulp, pulp substitutes, synthetic pulp, other specialty fibers and abaca fiber; changes in oil and other energy related prices and commodity raw materials with an energy component; the impact of unplanned production interruption at the Company's facilities or at any of the Company's key suppliers; disruptions in production and/or increased costs due to labor disputes; the gain or loss of significant customers and/or on going viability of such customers; the impact of war and terrorism; the impact of unfavorable outcomes of audits by various state, federal or international tax authorities or changes in pre-tax income and its impact on the valuation of deferred taxes; enactment of adverse state, federal or foreign tax or other legislation or changes in government legislation, policy or regulation; consumer and government focus on environmental, social and governance matters, including the impact on demand for single-use products; the Company's ability to finance, consummate and integrate acquisitions, including the acquisitions of all the outstanding equity interests of Georgia-Pacific Mt. Holly LLC, Georgia-Pacific's U.S. nonwovens business and of Jacob Holm; the effect of the announcement or pendency of the acquisition of Jacob Holm on the business relationships, performance, and businesses generally of the Company and Jacob Holm; risks that the acquisition of Jacob Holm disrupts the Company's current plans and potential difficulties in retaining Jacob Holm employees as a result of the acquisition of Jacob Holm; the outcome of any legal proceedings that may be instituted against the Company related to the acquisition of Jacob Holm; the Company's ability to implement business plans, forecasts, and other expectations after the closing of the acquisition of Jacob Holms, and identify and realize additional opportunities; and the other risks and uncertainties detailed from time to time in the Company's filings with the U.S. Securities and Exchange Commission (the "SEC"). 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 the Company 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 the Company's filings with the SEC, which are available at the SEC's website at www.sec.gov.