



**G L A T F E L T E R**

## **2022 Third Quarter Earnings Conference Call**

Thomas Fahnemann, President & CEO

Ramesh Shettigar, SVP, CFO & Treasurer

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November 3, 2022

NYSE: GLT

# Forward Looking Statements and Use of Non-GAAP Financial Measures

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*Any statements included in this presentation 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, which are described in the Company’s filings with the U.S. Securities and Exchange Commission (“SEC”), including those set forth in the Risk Factors section and under the heading “Forward-Looking Statements” in the Company’s most recently filed Annual Report on Form 10-K and Quarterly Report on Form 10-Q, which are available on the SEC’s website at [www.sec.gov](http://www.sec.gov). In light of these risks, uncertainties and other factors, the forward-looking matters discussed in this presentation 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 presentation 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 presentation.*

During the course of this presentation, certain non-U.S. GAAP financial measures will be presented. A reconciliation of these measures to U.S. GAAP financial measures is included in the appendix of this presentation.



# Highlights – Q3 2022

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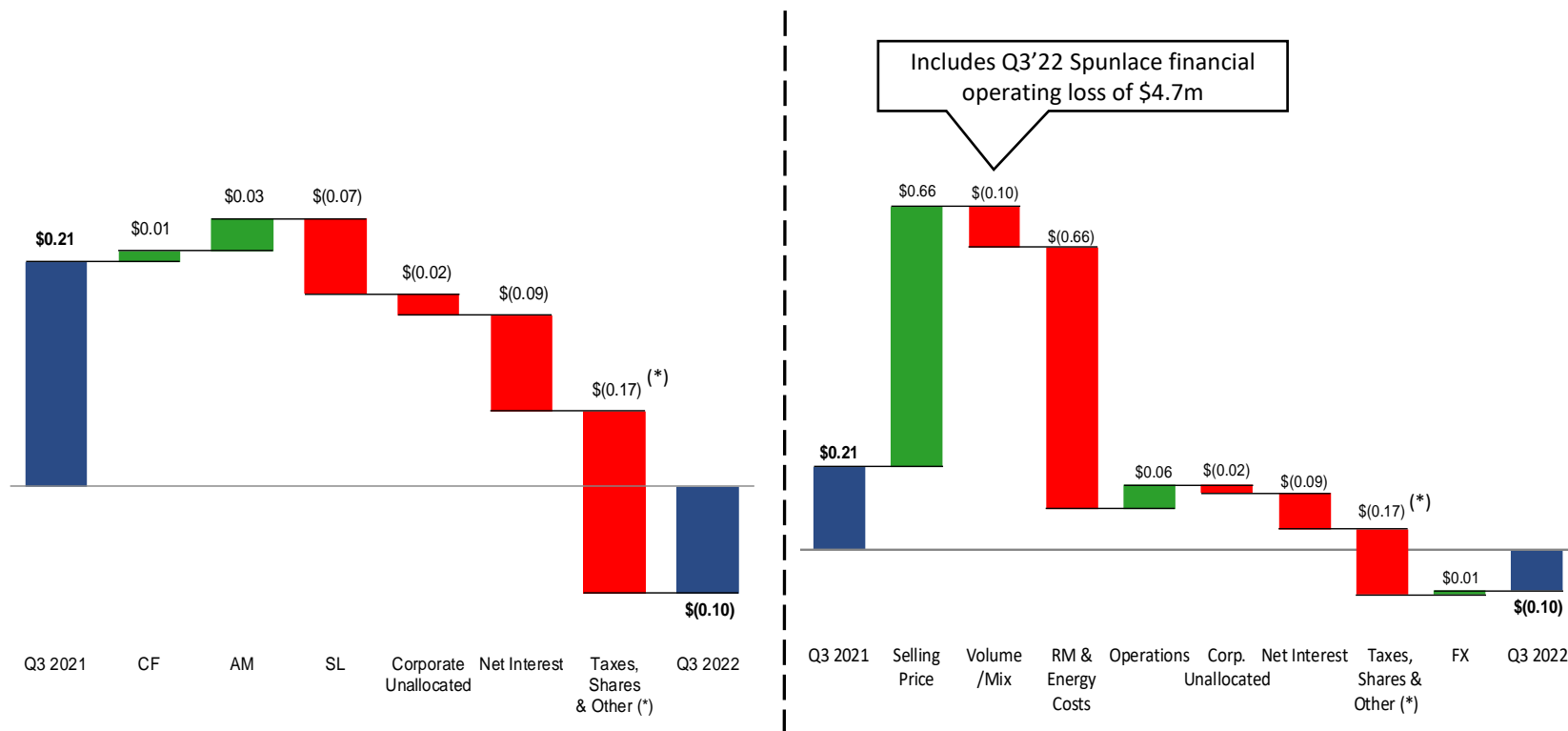
- **Net Sales improved by 33% attributable to Jacob Holm acquisition (Spunlace)**
- **GAAP EPS of (\$1.10) driven by a Spunlace impairment charge**
- **Adjusted EBITDA of \$26.3 million in a challenging operating environment**
- **Record quarter for Airlaid Materials with EBITDA of \$24.0 million**
- **Composite Fibers' profitability slightly above expectations**
- **Spunlace performance below expectations, mainly driven by lower shipments and widening price cost gap**
  - Segment recorded a goodwill impairment charge of \$42.5 million
- **Adjusted EPS loss of (\$0.10) driven by lower Spunlace earnings, higher interest expense, and a \$5.2 million tax valuation allowance in Spunlace**
- **Net Leverage, as calculated in accordance with the covenants of our bank credit agreement, increased to 5.7x\* at Sept 30, 2022 versus 5.3x\* at June 30, 2022, driven by weak Spunlace earnings**
- **Company-wide turnaround strategy launched to drive rapid profit improvement**

**Notes:** Adjusted EBITDA for all periods presented has been modified to add back share-based compensation consistent with the newly amended credit agreement  
(\* ) - Debt covenant compliance ratio of 5.7x as of Sept 30, 2022, versus threshold of 6.75x, includes additional add backs permitted under the credit agreement



# Adjusted EPS – Q3 2022 vs. Q3 2021

On a GAAP basis, net loss from continuing operations for Q3 2022 was \$49.3 million or (\$1.10) per share compared to net income from continuing operations of \$8.1 million or \$0.18 per share in Q3 2021



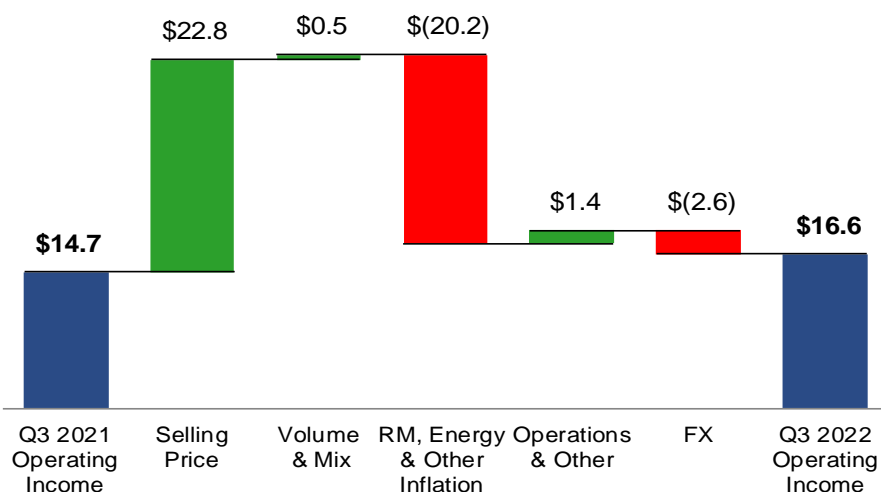
(\*) Q3 2022 EPS negatively impacted by a Spunlace tax valuation allowance related to operations in Soultz, France Resulted in an increase in tax expense of \$5.2m or (\$0.12) impact to EPS in the quarter



# Airlaid Materials Q3 2022 Highlights

*Dollars in Thousands*

|                   | Q3 2021   | Q2 2022   | Q3 2022   |
|-------------------|-----------|-----------|-----------|
| Tons shipped (MT) | 43,526    | 40,681    | 41,925    |
| Net sales         | \$141,533 | \$143,708 | \$154,351 |
| Operating income  | \$14,742  | \$11,944  | \$16,553  |
| EBITDA            | \$22,504  | \$19,507  | \$23,968  |
| EBITDA margin     | 15.9%     | 13.6%     | 15.5%     |

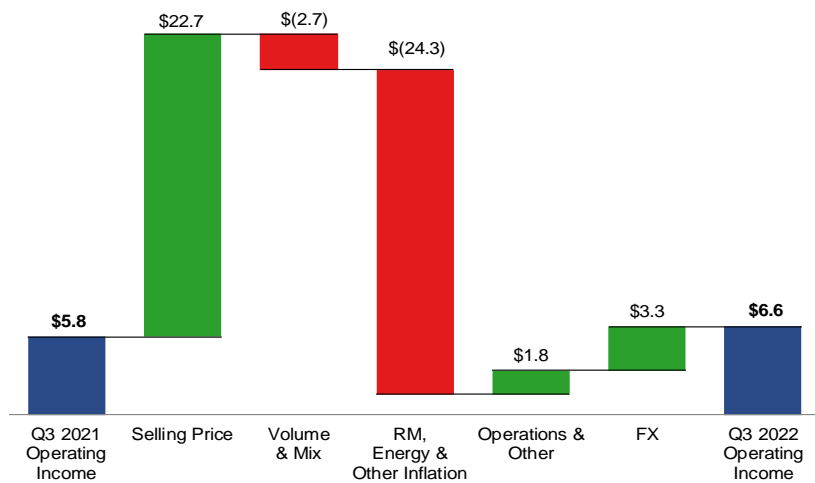


- **Revenue up 18% versus Q3 2021 on constant currency**
  - Volume down 4% vs. Q3 2021 but up 3% sequentially
    - Wipes flat
    - Hygiene down 1%
    - Tabletop down 12%
    - Home Care down 19%
- **Higher selling prices reflect the contractual pass-through of higher raw material costs and energy surcharges**
- **Operations favorable \$1.4 million driven by higher production in North American sites to meet strong customer demand**
- **FX unfavorable \$2.6 million mainly due to weaker Euro**
- **Outlook (Q4 2022 versus Q3 2022)**
  - Expect Selling prices to fully offset raw material and energy prices
  - Expect volume to be approximately 2% to 3% lower related to seasonality and unfavorably impact operating profit by approximately \$1 million
  - Expect operations to be in-line with Q3 2022



# Composite Fibers Q3 2022 Highlights

| <i>Dollars in Thousands</i>    | Q3 2021   | Q2 2022   | Q3 2022   |
|--------------------------------|-----------|-----------|-----------|
| <b>Tons shipped (MT)</b>       | 32,737    | 24,246    | 24,958    |
| <b>Net sales</b>               | \$138,118 | \$123,338 | \$128,269 |
| <b>Operating income (Loss)</b> | \$5,812   | \$5,779   | \$6,636   |
| <b>EBITDA</b>                  | \$12,716  | \$10,602  | \$10,611  |
| <b>EBITDA margin</b>           | 9.2%      | 8.6%      | 8.3%      |



- **Revenue up 5% versus Q3 2021 on constant currency**

- Selling prices were \$22.7 million higher versus Q3 2021 and increased sequentially by approximately ~\$9.6 million
- Volume down 24% vs. Q3 2021 but up 3% sequentially
  - Composite Laminates up 12%
  - Food & Beverage down 4%
  - Metallized products down 4%
  - Technical specialties down 14%
  - Wallcover down 54% (primarily sanctions driven)

- **Lower shipments unfavorably impacted results by \$2.7 million, primarily due to wallcover and the impact from sanctions related to the Russia/Ukraine conflict**

- **Raw material and energy prices unfavorable \$24.3 million due to significant inflationary pressures in freight, energy, synthetic fiber, and wood pulp.**

- **Operations favorable \$1.8 million driven by lower depreciation & amortization related to Dresden impairment and lower spending.**

- **FX favorable \$3.3 million mainly driven by weakening of British Pound and currency hedging gains**

- **Outlook (Q4 2022 versus Q3 2022)**

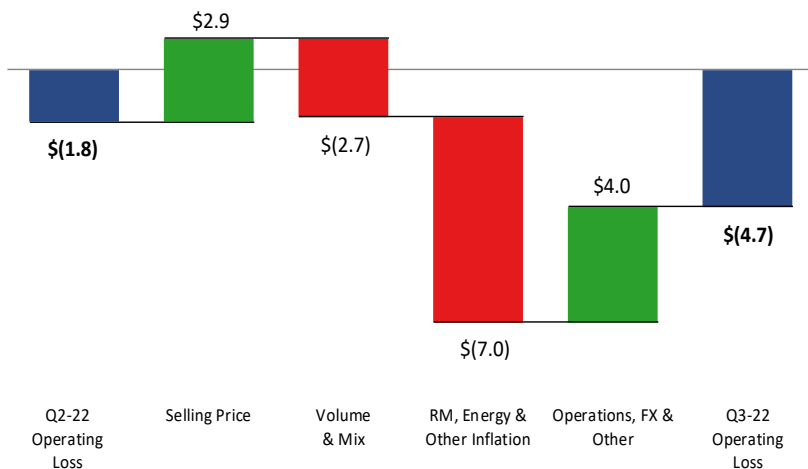
- Expect Selling prices to fully offset raw material and energy inflation
- Expect volume to be ~3% higher and better mix to favorably impact results by approximately \$1 million
- Expect operations to be in-line with Q3 2022



# Spunlace Q3 2022 Highlights

| Dollars in Thousands | Q4 2021*  | Q1 2022   | Q2 2022   | Q3 2022   |
|----------------------|-----------|-----------|-----------|-----------|
| Tons shipped (MT)    | 12,514    | 20,736    | 19,357    | 17,674    |
| Net sales            | \$57,537  | \$96,387  | \$96,917  | \$89,160  |
| Operating Loss       | (\$1,338) | (\$1,572) | (\$1,808) | (\$4,671) |
| EBITDA               | \$335     | \$1,342   | \$1,143   | (\$1,716) |
| EBITDA margin        | 0.6%      | 1.4%      | 1.2%      | -1.9%     |

(\* Q4 2021 Spunlace financials include 3 days in October and full months of November and December)



- **Revenue of \$89 million, \$8 million below second quarter**
  - Volume of 17,674 MT was 9% lower than prior quarter
    - Hygiene up 7%
    - Critical cleaning up 1%
    - Consumer wipes down 6%
    - Healthcare down 23%
- **Selling price increases, energy surcharges, and raw material pass-through provisions combined were sequentially higher by \$2.9 million**
- **Raw material & energy costs were higher by \$7 million**
  - Higher than anticipated inflation primarily in wood-based fibers and energy in European sites
- **Operations favorable by \$4.0 million compared to the previous quarter mainly driven by integration cost reduction efforts, lower energy consumption, and overall lower spending**
- **Outlook (Q4 2022 versus Q3 2022)**
  - Expect Selling prices to fully offset raw material and energy prices
  - Expect volume to be approximately 10% to 15% lower related to seasonality and unfavorably impact operating profit by \$1 million to \$2 million
  - Expect Q4 2022 operating loss to be approximately \$6 million



# Corporate Costs and Other Financial items

## *Details of Other and Unallocated*

The following sets forth details of 'Other and Unallocated' amounts presented in the Company's Segment Financial Information included in total operating income in the earnings release.

| (in millions)  | Q3 2021      | Q3 2022       | YTD 2021      | YTD 2022       |
|--|--------------|---------------|---------------|----------------|
| Goodwill and other asset impairment charges              | -            | (42.5)        | -             | (\$159.9)      |
| CEO transition costs                                     | -            | (1.5)         | -             | (1.5)          |
| Cost optimization actions                                | (0.7)        | -             | (0.7)         | (0.9)          |
| Timberland sales and related costs                       | 2.2          | -             | 4.6           | 3.0            |
| Russia/Ukraine conflict charges                          | -            | -             | -             | (3.9)          |
| Strategic initiatives                                    | (2.8)        | (2.2)         | (11.2)        | (4.7)          |
| Corporate headquarters relocation                        | (0.1)        | (0.1)         | (0.4)         | (0.3)          |
| Special items excluded from adjusted earnings            | (1.3)        | (46.4)        | (7.7)         | (168.3)        |
| Corporate costs*   | (4.7)        | (6.2)         | (15.7)        | (17.4)         |
| <b>Total corporate costs &amp; other financial items</b> | <b>(6.0)</b> | <b>(52.6)</b> | <b>(23.3)</b> | <b>(185.8)</b> |

- **YTD Corporate expenses of \$1.7 million increased from prior year 2021, due to overall lower corporate spend in the prior year**
- **Outlook (FY 2022)**
  - Corporate costs estimated to be approximately \$24 million in 2022
  - Interest expense & other financial costs estimated to be ~\$39 million

**Notes:**

(\*) Corporate costs are primarily comprised of employee costs, legal fees, and professional services fees. The sum of individual amounts set forth above may not agree to the column totals due to rounding.





# Cash Flow

- **YTD 2022 Adjusted Free Cash Flow from continuing operations ~ \$119 million lower versus last year**

- Adjusted EBITDA lower by ~\$17 million
- Higher working capital usage of ~\$62 million
  - Termination of Spunlace factoring program \$15m,
  - Higher A/R driven by price increases, and
  - Higher inventory due to volume and RM/Energy inflation
- Interest paid increased by ~\$13 million related to acquisition financing in 2021
- Higher taxes paid of ~\$9 million driven by Canadian income and dividend taxes, and one-time taxes related to integration
- Higher capital expenditures of ~\$12 million, including the two 2021 acquisitions

- **2022 Outlook:**

- Expect capital expenditures to be approximately \$35 to \$40 million, including \$4 to \$5 million for Spunlace integration
- Expect depreciation and amortization expense to be approximately \$66 million

| (in millions)                                      | Q3 2021       | Q3 2022       | YTD'21        | YTD'22          |
|--|---------------|---------------|---------------|-----------------|
| Adjusted EBITDA                                    | \$32.1        | \$26.3        | \$93.9        | \$76.6          |
| Change in working capital (*)                      | 3.8           | (7.4)         | (34.1)        | (96.0)          |
| Taxes paid   | (2.7)         | 0.0           | (9.8)         | (19.1)          |
| Interest paid                                      | (1.8)         | (2.0)         | (4.7)         | (17.9)          |
| Other  | 5.7           | (1.7)         | (6.8)         | (7.9)           |
| <b>Cash Flow from continuing Operations</b>        | <b>\$37.1</b> | <b>\$15.2</b> | <b>\$38.5</b> | <b>(\$64.4)</b> |
| Less: Capital expenditures                         | (7.3)         | (7.4)         | (18.5)        | (30.1)          |
| <b>Free Cash Flow</b>                              | <b>\$29.8</b> | <b>\$7.8</b>  | <b>\$20.0</b> | <b>(\$94.4)</b> |
| Less: Adjustments to Free Cash Flow <sup>(1)</sup> | 5.4           | (1.0)         | 10.5          | 6.4             |
| <b>Adjusted Free Cash Flow</b>                     | <b>\$35.2</b> | <b>\$6.8</b>  | <b>\$30.4</b> | <b>(\$88.1)</b> |

(\*) - Working capital is defined as accounts receivable plus inventories less accounts payable

- **Q4 2022 Outlook:**

- Expect Q4 2022 EBITDA to be in the range of \$23 million to \$26 million

**Notes:**

Adjusted EBITDA for all periods presented has been modified to add back share-based compensation consistent with the newly amended credit agreement.  
 (1) – Appendix includes the details for the Adjustments to Free Cash Flow and recasts prior quarters to align with full year presentation



# Balance Sheet and Liquidity

- Net Leverage, as calculated in accordance with the covenants of our bank credit agreement, increased to 5.7x\* at Sept 30, 2022, driven by lower trailing twelve-month earnings
- Compliant with all financial covenants

| (in millions)                          | 31-Dec-20      | 31-Dec-21      | 30-Sep-22      |
|--|----------------|----------------|----------------|
| <b>Cash</b>                            | \$99.6         | \$138.4        | \$95.3         |
| <b>Debt</b>                            |                |                |                |
| Current portion of long term debt      | 25.1           | 26.4           | 38.6           |
| Short term debt                        | -              | 22.8           | 10.1           |
| \$500 million 4.75% bond               | -              | 500.0          | 500.0          |
| Term Loans 1.3% - 2.4% due 2022 - 2025 | 253.5          | 239.5          | 173.0          |
| Revolving credit agreement             | 36.8           | 10.0           | 108.1          |
| Unamortized deferred financing costs   | (1.9)          | (11.4)         | (11.0)         |
| <b>Total Debt</b>                      | <b>313.5</b>   | <b>787.4</b>   | <b>818.8</b>   |
| <b>Net Debt</b>                        | <b>\$213.9</b> | <b>\$648.9</b> | <b>\$723.5</b> |
| <b>Shareholders' Equity</b>            | <b>\$577.9</b> | <b>\$542.8</b> | <b>\$319.7</b> |
| <b>TTM Adj. EBITDA (**)</b>            | <b>125.3</b>   | <b>119.6</b>   | <b>102.3</b>   |
| <b>Available Liquidity</b>             | <b>\$274.8</b> | <b>\$258.0</b> | <b>\$127.1</b> |

**Notes:**

(\*) - Debt covenant compliance ratio of 5.7x as of Sept 30, 2022 includes additional add backs permitted under credit agreement (max of 6.75x)

(\*\*) EBITDA calculation modified to add back share-based compensation consistent with the newly amended credit agreement.

The sum of individual amounts set forth above may not agree to the column totals due to rounding.



# Turnaround Strategy

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## Initiatives focused on 6 key areas to drive rapid profit improvement:

- Portfolio Optimization
  - Ongoing review of non-core assets
- Margin improvement
  - Accelerating pricing actions with our customers to address input cost inflation to return segment profitability to pre-covid levels
- Fixed cost reduction
  - Implement SG&A reduction program to yield full year run-rate savings of \$9 million to \$10 million by 2024
  - Evaluating indirect spend for further overhead reduction
- Cash liberation
  - Suspended dividend freeing up ~\$25 million annually in cash flow
  - Aggressively focusing on improving working capital
- Operational effectiveness
  - Internal workstreams in place to improve key KPI's like waste, uptime efficiency, and asset utilization
- Return Spunlace to profitability
  - Prioritized experienced internal operators to address the high cost of production and improve output to meet customer demand
  - Engaged expert external resources to supplement internal team



# Appendix

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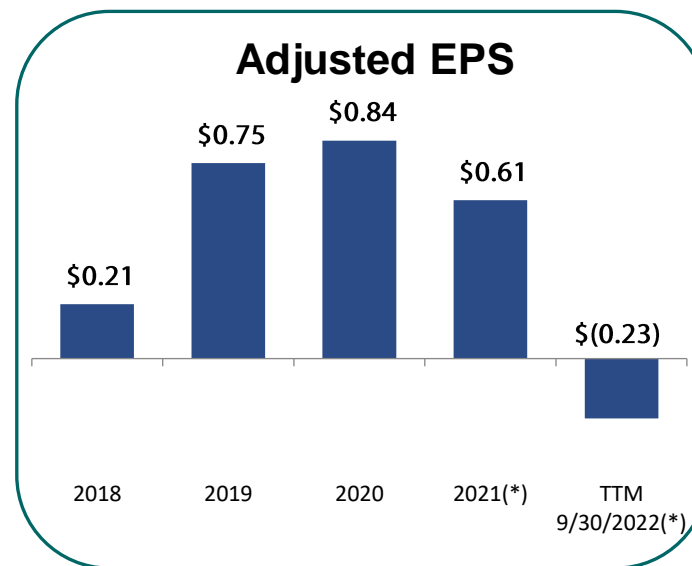
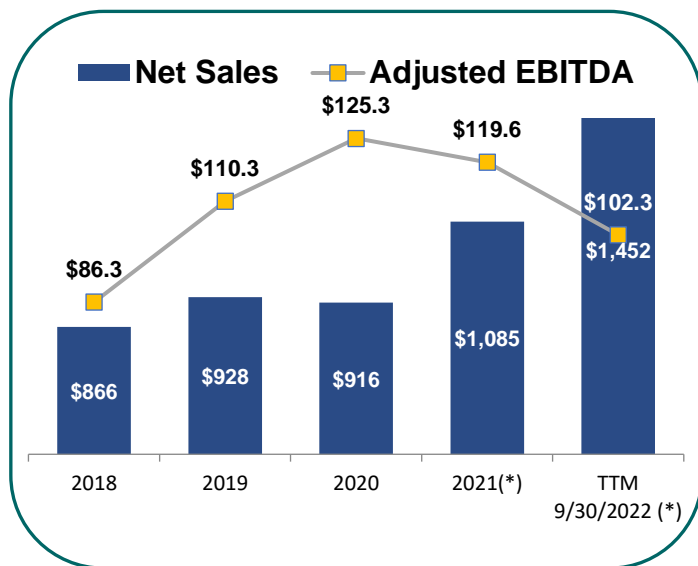
# Financial Overview

| (in millions)             | Q3 2021 | Q3 2022 |
|---------------------------|---------|---------|
| Net Sales                 | \$279.7 | \$371.8 |
| Adjusted operating income | \$15.8  | \$12.3  |
| Adjusted EBITDA           | \$32.1  | \$26.3  |
|                           |         |         |
| Free Cash Flow            | \$29.8  | \$7.8   |
| Adjusted Free Cash Flow   | \$35.2  | \$6.8   |

| (in millions) | Dec 31 2021 | Sep 30 2022 |
|---------------|-------------|-------------|
| Net Debt      | \$648.9     | \$723.5     |
| Cash          | \$138.4     | \$95.3      |



# Earnings Trends



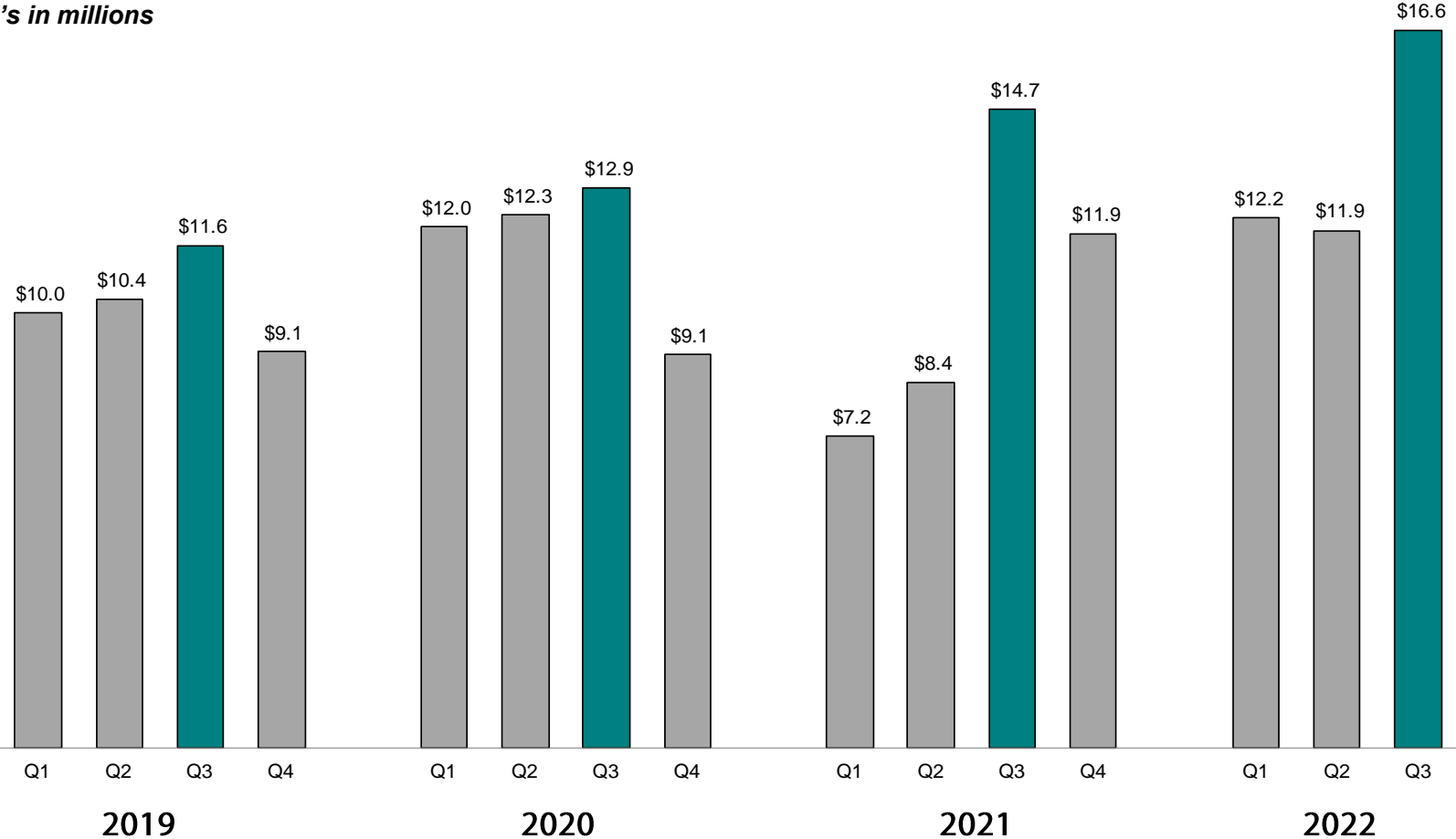
**Notes:**

- Adjusted EBITDA for all periods presented has been modified to add back share-based compensation consistent with the newly amended credit agreement\*  
 - Net sales and Adjusted EBITDA in millions  
 (\*) –2021 includes Mount Holly prospectively from May 13, 2021 acquisition date; TTM as of Sept. 2022 and 2021 includes Spunlace segment from its October 29, 2021 acquisition date



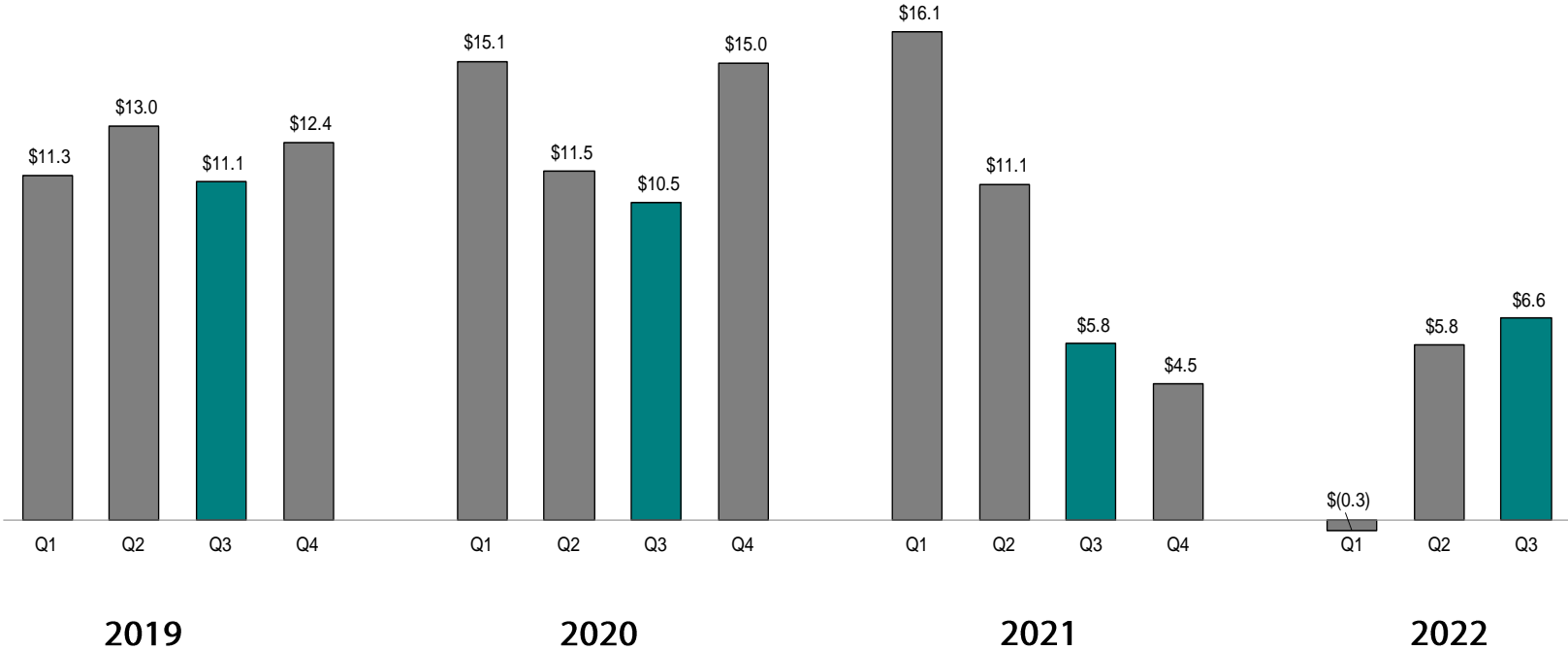
# Airlaid Materials Operating Income

\$'s in millions



# Composite Fibers Operating Income

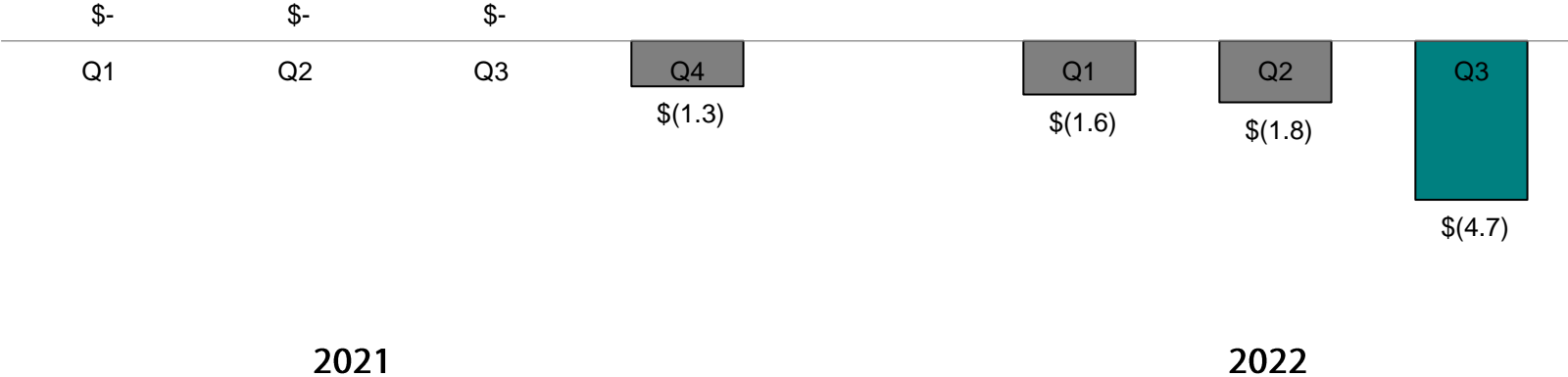
\$'s in millions





# Spunlace Operating Loss

*\$'s in millions*



# Reconciliation of Non-GAAP measures

## Adjusted EBITDA and Adjusted Operating Income from continuing operations

| <i>In millions</i>  | Q3 2021        | Q3 2022        | YTD 2021       | YTD 2022       |
|---|----------------|----------------|----------------|----------------|
| Net Income (loss)   | \$ 7.5         | \$ (49.5)      | \$ 17.3        | \$ (159.9)     |
| Adjust: Discontinued ops                                    | 0.5            | 0.2            | 0.6            | (0.1)          |
| Add: Taxes  | 3.6            | 4.9            | 14.8           | (8.6)          |
| Add: Depreciation and Amortization                          | 15.7           | 15.5           | 44.2           | 50.5           |
| Add: Net Interest Expense                                   | 2.0            | 8.0            | 5.3            | 23.5           |
| EBITDA  | \$ 29.4        | \$ (20.7)      | \$ 82.2        | \$ (94.6)      |
| <u>Adjustments / Exclusions:</u>                            |                |                |                |                |
| Share-based compensation <sup>(1)</sup>                     | 1.5            | (2.4)          | 4.0            | 3.1            |
| Gains on Timberland Sales and Transaction Related Costs     | (2.2)          | -              | (4.6)          | (3.0)          |
| Cost optimization actions                                   | 0.7            | -              | 0.7            | 0.6            |
| Goodwill and other asset impairment charges                 | -              | 42.5           | -              | 159.9          |
| Russia / Ukraine conflict charges                           | -              | -              | -              | 3.9            |
| CEO transition costs  | -              | 4.6            | -              | 1.5            |
| Strategic initiatives                                       | 2.8            | 2.2            | 11.2           | 4.7            |
| Corporate headquarters relocation                           | 0.1            | 0.1            | 0.4            | 0.3            |
| <b>Adjusted EBITDA from continuing operations</b>           | <b>\$ 32.1</b> | <b>\$ 26.3</b> | <b>\$ 93.9</b> | <b>\$ 76.6</b> |
| Depreciation and Amortization                               | (15.7)         | (15.5)         | (44.2)         | (50.1)         |
| Other Expense   | 0.9            | 2.2            | 1.9            | 4.0            |
| Share-based compensation <sup>(1)</sup>                     | (1.5)          | (0.7)          | (4.0)          | (3.1)          |
| <b>Adjusted Operating Income from continuing operations</b> | <b>\$ 15.8</b> | <b>\$ 12.3</b> | <b>\$ 47.7</b> | <b>\$ 27.3</b> |

**Notes:**

(1) - Adjusted EBITDA for all periods presented has been modified to add back share-based compensation consistent with the newly amended credit agreement  
The sum of individual amounts set forth above may not agree to the column totals due to rounding



# Reconciliation of Non-GAAP measures

## Adjusted EPS from continuing operations

| <i>In millions</i>                                       | 2018              | 2019             | 2020           | 2021           | TTM<br>9/30/2022  |
|--|-------------------|------------------|----------------|----------------|-------------------|
| <b>Net Income (loss)</b>                                 | <b>\$ (177.6)</b> | <b>\$ (21.5)</b> | <b>\$ 21.3</b> | <b>\$ 6.9</b>  | <b>\$ (170.3)</b> |
| Adjust: Discontinued ops, net of tax                     | 177.2             | (3.7)            | (0.5)          | (0.2)          | (1.0)             |
| <b>Income (loss) from continuing operations</b>          | <b>(0.4)</b>      | <b>(25.2)</b>    | <b>20.8</b>    | <b>6.7</b>     | <b>(171.2)</b>    |
| <u>Adjustments / Exclusions:</u>                         |                   |                  |                |                |                   |
| Pension settlement expenses, net                         | -                 | 75.3             | 6.2            | -              | -                 |
| Gains on Timberland Sales and Transaction Related Costs  | (3.2)             | (1.6)            | (1.4)          | (5.2)          | (3.6)             |
| Goodwill and other asset impairment charges              | -                 | -                | 0.9            | -              | 159.9             |
| Russia / Ukraine conflict charges                        | -                 | -                | -              | -              | 3.9               |
| CEO transition costs                                     | -                 | -                | -              | -              | 1.5               |
| COVID-19 incremental costs                               | -                 | -                | 2.7            | -              | -                 |
| Debt refinancing fees                                    | -                 | 1.0              | -              | -              | -                 |
| Cost optimization actions                                | 0.4               | 8.6              | 6.0            | 0.9            | 1.1               |
| Restructuring charge - Metallized operations             | -                 | -                | 11.1           | -              | -                 |
| Strategic initiatives <sup>(1)</sup>                     | 13.0              | 1.3              | 1.6            | 30.9           | 24.4              |
| Fox River environmental matter                           | -                 | (2.5)            | -              | -              | -                 |
| Corporate headquarters relocation                        | -                 | -                | 1.1            | 0.6            | 0.5               |
| Income Tax impact and other adjustments                  | (0.5)             | (23.7)           | (11.5)         | (6.3)          | (27.0)            |
| Total adjustments  | 9.6               | 58.4             | 16.6           | 20.9           | 160.8             |
| <b>Adjusted income (loss) from continuing operations</b> | <b>9.2</b>        | <b>33.2</b>      | <b>37.4</b>    | <b>27.6</b>    | <b>(10.4)</b>     |
| <b>Adjusted EPS for continuing operations</b>            | <b>\$ 0.21</b>    | <b>\$ 0.75</b>   | <b>\$ 0.84</b> | <b>\$ 0.61</b> | <b>\$ (0.23)</b>  |
| <i>Weighted average shares</i>                           | <i>43,768</i>     | <i>44,132</i>    | <i>44,614</i>  | <i>44,924</i>  | <i>45,141</i>     |

**Notes:**

(1) - The amount for 2018 includes approximately \$2.9 million of foreign currency gains associated with the financing for the Steinfurt acquisition



# Reconciliation of Non-GAAP measures

## Adjusted EPS from continuing operations

| <i>In millions</i>                                      | Q3 2021        | Q3 2022          | 2021           | 2022             |
|---|----------------|------------------|----------------|------------------|
| <b>Net Income (loss)</b>                                | \$ 7.5         | \$ (49.5)        | \$ 17.3        | \$ (159.9)       |
| Adjust: Discontinued ops, net of tax                    | 0.5            | 0.2              | 0.6            | (0.1)            |
| <b>Net Income (loss) from continuing operations</b>     | <b>8.1</b>     | <b>(49.3)</b>    | <b>17.9</b>    | <b>(160.0)</b>   |
| <u>Adjustments / Exclusions:</u>                        |                |                  |                |                  |
| Gains on Timberland Sales and Transaction Related Costs | (2.2)          | -                | (4.6)          | (3.0)            |
| Goodwill and other asset impairment charges             | -              | 42.5             | -              | 159.9            |
| Russia / Ukraine conflict charges                       | -              | -                | -              | 3.9              |
| CEO transition costs                                    | -              | 1.5              | -              | 1.5              |
| Corporate headquarters relocation                       | 0.1            | 0.1              | 0.4            | 0.3              |
| Cost optimization actions                               | 0.7            | -                | 0.7            | 0.9              |
| Strategic initiatives                                   | 2.8            | 2.2              | 11.2           | 4.7              |
| Income Tax impacts and other adjustments                | 0.1            | (1.4)            | 0.3            | (20.4)           |
| Total adjustments                                       | 1.4            | 44.9             | 8.0            | 147.9            |
| <b>Adjusted income from continuing operations</b>       | <b>\$ 9.5</b>  | <b>\$ (4.3)</b>  | <b>\$ 26.0</b> | <b>\$ (12.1)</b> |
| <b>Adjusted EPS for continuing operations</b>           | <b>\$ 0.21</b> | <b>\$ (0.10)</b> | <b>\$ 0.58</b> | <b>\$ (0.27)</b> |
| <i>Weighted average shares - QTD/YTD</i>                | <i>44,939</i>  | <i>44,877</i>    | <i>44,939</i>  | <i>44,877</i>    |



# Reconciliation of Non-GAAP measures

## Adjusted EBITDA from continuing operations

| <i>In millions</i>   | 2018             | 2019             | 2020            | 2021            | TTM<br>9/30/2022  |
|--|------------------|------------------|-----------------|-----------------|-------------------|
| <b>Net Income (loss)</b>   | <b>\$(177.6)</b> | <b>\$ (21.5)</b> | <b>\$ 21.3</b>  | <b>\$ 6.9</b>   | <b>\$ (170.3)</b> |
| Exclude: Income from discontinued operations, net of tax                       | 177.2            | (3.7)            | (0.5)           | (0.2)           | (1.0)             |
| Add: Taxes from continuing operations  | 7.7              | (9.2)            | 11.6            | 7.0             | (16.4)            |
| Add: Depreciation and Amortization   | 47.5             | 50.8             | 56.6            | 61.4            | 67.7              |
| Add: Net Interest Expense  | 15.0             | 9.3              | 6.6             | 12.3            | 30.5              |
| EBITDA from continuing operations  | \$ 69.8          | \$ 25.7          | \$ 95.6         | \$ 87.4         | \$ (89.4)         |
| <u>Adjustments / Exclusions:</u>   |                  |                  |                 |                 |                   |
| Share-based compensation   | 6.3              | 3.6              | 5.7             | 5.1             | 1.1               |
| Pension settlement expenses, net   | -                | 75.3             | 6.2             | -               | -                 |
| Gains on Timberland Sales and Transaction Related Costs                        | (3.2)            | (1.6)            | (1.4)           | (5.2)           | (3.6)             |
| Goodwill and other asset impairment charges                                    | -                | -                | 0.9             | -               | 159.9             |
| Russia / Ukraine conflict charges  | -                | -                | -               | -               | 3.9               |
| Restructuring charge - Metallized operations (net of accelerated depreciation) | -                | -                | 7.2             | -               | -                 |
| CEO transition costs   | -                | -                | -               | -               | 4.6               |
| Cost optimization actions  | 0.4              | 8.6              | 6.0             | 0.9             | 0.8               |
| COVID-19 incremental costs   | -                | -                | 2.7             | -               | -                 |
| Corporate headquarters relocation (net of asset write off)                     | -                | -                | 0.9             | 0.6             | 0.5               |
| Strategic initiatives <sup>(1)</sup>   | 13.0             | 1.3              | 1.6             | 30.9            | 24.4              |
| Fox River environmental matter   | -                | (2.5)            | -               | -               | -                 |
| <b>Adjusted EBITDA from continuing operations <sup>(2)</sup></b>               | <b>\$ 86.3</b>   | <b>\$ 110.3</b>  | <b>\$ 125.3</b> | <b>\$ 119.6</b> | <b>\$ 102.3</b>   |

(1) The amount for 2018 includes approximately \$2.9 million of foreign currency gains associated with the financing for the Steinfurt acquisition

(2) Adjusted EBITDA for all periods presented has been modified to add back share-based compensation consistent with the newly amended credit agreement



# Reconciliation of Non-GAAP measures

## Adjusted Free Cash Flow from Continuing Operations

| In millions                                 | Q3 2021       | Q3 2022       | YTD'21        | YTD'22          |
|---|---------------|---------------|---------------|-----------------|
| Adjusted EBITDA <sup>(1)</sup>              | \$32.1        | \$26.3        | \$93.9        | \$76.6          |
| Change in working capital                   | 3.8           | (7.4)         | (34.1)        | (96.0)          |
| Taxes paid                                  | (2.7)         | 0.0           | (9.8)         | (19.1)          |
| Interest paid                               | (1.8)         | (2.0)         | (4.7)         | (17.9)          |
| Other                                       | 5.7           | (1.7)         | (6.8)         | (7.9)           |
| <b>Cash Flow from continuing Operations</b> | <b>\$37.1</b> | <b>\$15.2</b> | <b>\$38.5</b> | <b>(\$64.4)</b> |
| Less: Capital expenditures                  | (7.3)         | (7.4)         | (18.5)        | (30.1)          |
| <b>Free Cash Flow</b>                       | <b>\$29.8</b> | <b>\$7.8</b>  | <b>\$20.0</b> | <b>(\$94.4)</b> |
| Fox River Payments                          | 0.8           | 0.0           | 1.6           | 1.4             |
| Strategic Initiatives                       | 3.6           | (1.3)         | 5.2           | 1.2             |
| CEO transition costs                        | 0.0           | 0.3           | 0.0           | 0.3             |
| Cost Optimization                           | 1.1           | 0.0           | 2.8           | 1.1             |
| Metallized Restructuring                    | (0.2)         | 0.0           | 1.0           | 0.0             |
| HQ Relocation                               | 0.1           | (0.6)         | 0.9           | (0.3)           |
| Tax payments (refunds) on adjusting items   | 0.0           | 0.6           | (1.0)         | 2.6             |
| Less: Adjustments to Free Cash Flow         | 5.4           | (1.0)         | 10.5          | 6.4             |
| <b>Adjusted Free Cash Flow</b>              | <b>\$35.2</b> | <b>\$6.8</b>  | <b>30.4</b>   | <b>(\$88.1)</b> |

(1) - Adjusted EBITDA for all periods presented has been modified to add back share-based compensation consistent with the newly amended credit agreement  
 Note: The sum of individual amounts set forth above may not agree to the column totals due to rounding



# Reconciliation of Non-GAAP measures

## Adjusted EBITDA from continuing operations

| <i>In thousands</i>                  | Q3 2021         | Q2 2022         | Q3 2022          |
|--------------------------------------|-----------------|-----------------|------------------|
| Composite Fibers Operating Profit    | \$5,812         | \$5,779         | \$6,636          |
| Addback: Depreciation & Amortization | 6,904           | 4,823           | 3,960            |
| Composite Fibers EBITDA              | <u>\$12,717</u> | <u>\$10,602</u> | <u>\$10,611</u>  |
| Airlaid Materials Operating Profit   | \$14,742        | \$11,944        | \$16,553         |
| Addback: Depreciation & Amortization | 7,763           | 7,563           | 7,400            |
| Airlaid Materials EBITDA             | <u>\$22,505</u> | <u>\$19,507</u> | <u>\$23,968</u>  |
| Spunlace Operating Loss              | -               | (\$1,808)       | (\$4,671)        |
| Addback: Depreciation & Amortization | -               | 2,952           | 2,954            |
| Spunlace EBITDA                      | <u>\$-</u>      | <u>\$1,143</u>  | <u>(\$1,716)</u> |

