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

FORM 10-Q

☒ **Quarterly Report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

For the quarterly period ended September 30, 2023

or

☐ **Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

For the transition period from to

GLATFELTER

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

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

Commission file number	Exact name of registrant as specified in its charter	IRS Employer Identification No.	State or other jurisdiction of incorporation or organization
1-03560	**Glatfelter Corporation**	**23-0628360**	**Pennsylvania**

(N/A)
Former name or former address, if changed since last report

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 (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for at the past 90 days. Yes ☒ No ☐.

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a small reporting company or emerging growth company. See the definitions of “large accelerated filer”, “accelerated filer”, “smaller reporting company” and “emerging growth company” in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer	☐	Accelerated filer	☒
Non-accelerated filer	☐	Smaller reporting company	☐

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. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act) Yes ☐ No ☒.

Common Stock outstanding on October 31, 2023 totaled 45,086,919 shares.

GLATFELTER CORPORATION AND SUBSIDIARIES
REPORT ON FORM 10-Q

For the Quarterly Period Ended

September 30, 2023

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PART I

Item 1 – Financial Statements

GLATFELTER CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(unaudited)

In thousands, except per share	Three months ended September 30, 2023	Three months ended September 30, 2022	Nine months ended September 30, 2023	Nine months ended September 30, 2022
Net sales	**$ 329,921**	$ 371,780	**$ 1,065,134**	$ 1,117,423
Costs of products sold	**285,434**	334,396	**966,300**	1,010,977
Gross profit	**44,487**	37,384	**98,834**	106,446
Selling, general and administrative expenses	**24,714**	28,890	**84,098**	90,456
Goodwill and other asset impairment charges	**—**	42,541	**—**	159,890
Loss on sale of Ober-Schmitten	**17,805**	—	**17,805**	—
Gains (losses) on dispositions of plant, equipment and timberlands, net	**(685)**	20	**(1,350)**	(2,868)
Operating income (loss)	**2,653**	(34,067)	**(1,719)**	(141,032)
Non-operating income (expense)				
Interest expense	**(17,386)**	(8,139)	**(47,241)**	(23,673)
Interest income	**329**	92	**1,159**	147
Other, net	**(1,948)**	(2,220)	**(8,271)**	(4,015)
Total non-operating expense	**(19,005)**	(10,267)	**(54,353)**	(27,541)
Loss from continuing operations before income taxes	**(16,352)**	(44,334)	**(56,072)**	(168,573)
Income tax provision (benefit)	**3,328**	4,920	**13,421**	(8,569)
Loss from continuing operations	**(19,680)**	(49,254)	**(69,493)**	(160,004)
Discontinued operations:				
Income (loss) before income taxes	**(183)**	(242)	**(894)**	129
Income tax provision	**—**	—	**—**	—
Income (loss) from discontinued operations	**(183)**	(242)	**(894)**	129
Net loss	**$ (19,863)**	$ (49,496)	**$ (70,387)**	$ (159,875)
Basic earnings per share				
Loss from continuing operations	**$ (0.43)**	$ (1.10)	**$ (1.54)**	$ (3.57)
Loss from discontinued operations	**—**	(0.01)	**(0.02)**	—
Basic loss per share	**$ (0.43)**	$ (1.11)	**$ (1.56)**	$ (3.57)
Diluted earnings per share				
Loss from continuing operations	**$ (0.43)**	$ (1.10)	**$ (1.54)**	$ (3.57)
Loss from discontinued operations	**—**	(0.01)	**(0.02)**	—
Diluted loss per share	**$ (0.43)**	$ (1.11)	**$ (1.56)**	$ (3.57)
Weighted average shares outstanding				
Basic	**45,099**	44,877	**45,033**	44,809
Diluted	**45,099**	44,877	**45,033**	44,809

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

GLATFELTER CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(unaudited)

In thousands	Three months ended September 30, **2023**	Three months ended September 30, 2022	Nine months ended September 30, **2023**	Nine months ended September 30, 2022
Net loss	**$ (19,863)**	$ (49,496)	**$ (70,387)**	$ (159,875)
Foreign currency translation adjustments	**(7,185)**	(24,394)	**2,298**	(63,984)
Net change in:				
Deferred gains on derivatives, net of taxes of $521, $2,041, $372 and $4,670, respectively	**1,031**	5,871	**1,177**	14,048
Unrecognized retirement obligations, net of taxes of $6, $16, $10 and $50, respectively	**11**	233	**681**	537
Other comprehensive income (loss)	**(6,143)**	(18,290)	**4,156**	(49,399)
Comprehensive loss	**$ (26,006)**	$ (67,786)	**$ (66,231)**	$ (209,274)

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

GLATFELTER CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(unaudited)

In thousands	September 30, 2023	December 31, 2022
Assets		
Cash and cash equivalents	**$ 52,741**	$ 110,660
Accounts receivable, net	**168,424**	195,665
Inventories	**301,860**	309,436
Prepaid expenses and other current assets	**71,857**	63,723
Total current assets	**594,882**	679,484
Plant, equipment and timberlands, net	**654,916**	675,811
Goodwill	**104,726**	105,195
Intangible assets, net	**102,233**	108,670
Other assets	**76,155**	78,193
Total assets	**$ 1,532,912**	$ 1,647,353
Liabilities and Shareholders' Equity		
Current portion of long-term debt	**$ 1,926**	$ 40,435
Short-term debt	**5,555**	11,422
Accounts payable	**156,869**	217,625
Environmental liabilities	**2,000**	2,200
Other current liabilities	**89,236**	88,724
Total current liabilities	**255,586**	360,406
Long-term debt	**847,864**	793,252
Deferred income taxes	**52,921**	54,388
Other long-term liabilities	**122,843**	121,303
Total liabilities	**1,279,214**	1,329,349
Commitments and contingencies		
Shareholders' equity		
Common stock	**544**	544
Capital in excess of par value	**58,167**	60,663
Retained earnings	**428,476**	498,863
Accumulated other comprehensive loss	**(93,739)**	(97,895)
	393,448	462,175
Less cost of common stock in treasury	**(139,750)**	(144,171)
Total shareholders' equity	**253,698**	318,004
Total liabilities and shareholders' equity	**$ 1,532,912**	$ 1,647,353

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

GLATFELTER CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited)

In thousands	Nine months ended September 30, 2023	2022
Operating activities		
Net loss	**$ (70,387)**	$ (159,875)
Loss (income) from discontinued operations, net of taxes	**894**	(129)
Adjustments to reconcile to net cash used by continuing operations:		
Depreciation, depletion and amortization	**47,394**	50,482
Amortization of debt issue costs and original issue discount	**4,292**	1,420
Pension settlement charge	**633**	—
Goodwill and other asset impairment charges	**—**	159,890
Russia/Ukraine conflict charges	**—**	3,948
Deferred income tax benefit	**(2,073)**	(19,032)
Gains on dispositions of plant, equipment and timberlands, net	**(1,350)**	(2,868)
Share-based compensation	**2,205**	37
Loss on sale of Ober-Schmitten	**17,805**	—
Change in operating assets and liabilities:		
Accounts receivable	**18,606**	(42,890)
Inventories	**1,142**	(70,818)
Prepaid and other current assets	**(13,702)**	7,227
Accounts payable	**(60,042)**	17,702
Accruals and other current liabilities	**11,380**	(3,868)
Other	**1,248**	(5,579)
Net cash used by operating activities from continuing operations	**(41,955)**	(64,353)
Investing activities		
Expenditures for purchases of plant, equipment and timberlands	**(25,229)**	(30,084)
Proceeds from disposals of plant, equipment and timberlands, net	**1,484**	3,194
Payments related to Ober-Schmitten sale	**(5,793)**	—
Acquisition, net of cash acquired	**—**	1,413
Other	**844**	(25)
Net cash used by investing activities from continuing operations	**(28,694)**	(25,502)
Financing activities		
Proceeds from term loan	**262,273**	—
Repayment of term loans	**(227,422)**	(29,528)
Net borrowings (repayments) under revolving credit facility	**(11,981)**	102,957
Payments of borrowing costs	**(11,603)**	(1,285)
Payments of dividends	**—**	(18,766)
Payments related to share-based compensation awards and other	**(280)**	(1,294)
Net cash provided by financing activities from continuing operations	**10,987**	52,084
Effect of exchange rate changes on cash	**(143)**	(6,760)
Net decrease in cash, cash equivalents and restricted cash	**(59,805)**	(44,531)
Increase (decrease) in cash, cash equivalents and restricted cash from discontinued operations	**(734)**	45
Cash, cash equivalents and restricted cash at the beginning of period	**119,162**	148,814
Cash, cash equivalents and restricted cash at the end of period	**58,623**	104,328
Less: restricted cash in Prepaid expenses and other current assets	**(3,600)**	(2,000)
Less: restricted cash in Other assets	**(2,282)**	(6,993)
Cash and cash equivalents at the end of period	**$ 52,741**	$ 95,335
Supplemental cash flow information		
Cash paid for:		
Interest	**$ 37,026**	$ 17,885
Income taxes, net	**6,823**	19,085

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

GLATFELTER CORPORATION AND SUBSIDIARIES
STATEMENTS OF SHAREHOLDERS' EQUITY
(unaudited)

In thousands	Common stock	Capital in Excess of Par Value	Retained Earnings	Accumulated Other Comprehensive Loss	Treasury Stock	Total Shareholders' Equity
Balance at July 1, 2023	**$ 544**	**$ 57,945**	**$ 448,339**	**$ (87,596)**	**$ (140,394)**	**$ 278,838**
Net loss			**(19,863)**			**(19,863)**
Other comprehensive loss				**(6,143)**		**(6,143)**
Comprehensive loss						**(26,006)**
Share-based compensation expense		**898**				**898**
Delivery of treasury shares:						
RSUs and PSAs		**(676)**			**644**	**(32)**
Balance at September 30, 2023	**$ 544**	**$ 58,167**	**$ 428,476**	**$ (93,739)**	**$ (139,750)**	**$ 253,698**
Balance at July 1, 2022	$ 544	$ 62,555	$ 582,687	$ (111,413)	$ (144,451)	$ 389,922
Net loss			(49,496)			(49,496)
Other comprehensive loss				(18,290)		(18,290)
Comprehensive loss						(67,786)
Share-based compensation expense		(2,382)				(2,382)
Delivery of treasury shares:						
RSUs and PSAs		(382)			325	(57)
Balance at September 30, 2022	$ 544	$ 59,792	$ 533,191	$ (129,703)	$ (144,126)	$ 319,698
Balance at January 1, 2023	**$ 544**	**$ 60,663**	**$ 498,863**	**$ (97,895)**	**$ (144,171)**	**$ 318,004**
Net loss			**(70,387)**			**(70,387)**
Other comprehensive income				**4,156**		**4,156**
Comprehensive loss						**(66,231)**
Share-based compensation expense		**2,205**				**2,205**
Delivery of treasury shares:						
RSUs and PSAs		**(4,701)**			**4,421**	**(280)**
Balance at September 30, 2023	**$ 544**	**$ 58,167**	**$ 428,476**	**$ (93,739)**	**$ (139,750)**	**$ 253,698**
Balance at January 1, 2022	$ 544	$ 64,779	$ 705,600	$ (80,304)	$ (147,857)	$ 542,762
Net loss			(159,875)			(159,875)
Other comprehensive loss				(49,399)		(49,399)
Comprehensive loss						(209,274)
Cash dividends declared ($0.28 per share)			(12,534)			(12,534)
Share-based compensation expense		37				37
Delivery of treasury shares:						
RSUs and PSAs		(5,025)			3,731	(1,294)
Balance at September 30, 2022	$ 544	$ 59,792	$ 533,191	$ (129,703)	$ (144,126)	$ 319,698

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

GLATFELTER CORPORATION AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

1. ORGANIZATION

Glatfelter Corporation and subsidiaries ("Glatfelter") is a leading global supplier of engineered materials with a strong focus on innovation and sustainability. Glatfelter's high quality, technology-driven, innovative, and customizable nonwovens solutions can be found in products that are Enhancing Everyday Life®. These include personal care and hygiene products, food and beverage filtration, critical cleaning products, medical and personal protection, packaging products, as well as home improvement and industrial applications. Headquartered in Charlotte, NC, our 2022 net sales were $1.5 billion. At September 30, 2023, we employed approximately 2,980 employees worldwide. Glatfelter's operations utilize a variety of manufacturing technologies including airlaid, wetlaid, and spunlace with fifteen manufacturing sites located in the United States, Canada, Germany, the United Kingdom, France, Spain, and the Philippines. The Company has sales offices in all major geographies serving customers under the Glatfelter and Sontara brands. Additional information about Glatfelter may be found at www.glatfelter.com. The terms "we," "us," "our," "the Company," or "Glatfelter," refer to Glatfelter Corporation and subsidiaries unless the context indicates otherwise.

2. ACCOUNTING POLICIES

Basis of Presentation The unaudited condensed consolidated financial statements ("financial statements") include the accounts of Glatfelter and its wholly-owned subsidiaries. All intercompany balances and transactions have been eliminated.

We prepared these financial statements in accordance with accounting principles generally accepted in the United States of America ("generally accepted accounting principles" or "GAAP") and pursuant to the rules and regulations of the Securities and Exchange Commission pertaining to interim financial statements. In our opinion, the financial statements reflect all normal, recurring adjustments needed to present fairly our results for the interim periods. When preparing these financial statements, we have assumed you have read the audited consolidated financial statements included in our 2022 Annual Report on Form 10-K.

Discontinued Operations The results of operations and cash flows of our former Specialty Papers business have been classified as discontinued operations for all periods presented in the condensed consolidated statements of income.

Accounting Estimates The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingencies as of the balance sheet date and the reported amounts of revenues and expenses during the reporting period. Management believes the estimates and assumptions used in the preparation of these financial statements are reasonable, based upon currently available facts and known circumstances, but recognizes actual results may differ from those estimates and assumptions.

3. REVENUE

The following tables set forth disaggregated information pertaining to our net sales:

In thousands	Three months ended September 30, 2023	Three months ended September 30, 2022	Nine months ended September 30, 2023	Nine months ended September 30, 2022
Revenue by product category				
Airlaid Materials				
Feminine hygiene	**$ 54,787**	$ 60,736	**$ 164,914**	$ 176,991
Specialty wipes	**43,503**	43,971	**133,832**	118,974
Tabletop	**26,101**	26,322	**88,294**	83,840
Food pads	**2,814**	3,722	**9,715**	10,673
Home care	**7,638**	7,237	**21,778**	19,035
Adult incontinence	**7,806**	6,707	**22,228**	19,696
Other	**4,365**	5,656	**18,205**	18,314
	147,014	154,351	**458,966**	447,523
Composite Fibers				
Food & beverage	**63,272**	76,301	**212,971**	225,989
Wallcovering	**14,561**	10,531	**50,288**	36,264
Technical specialties	**16,407**	20,504	**58,402**	62,243
Composite laminates	**9,542**	11,171	**27,343**	34,038
Metallized	**5,933**	9,762	**19,027**	28,902
	109,715	128,269	**368,031**	387,436
Spunlace				
Consumer wipes	**32,512**	36,746	**105,380**	122,452
Critical cleaning	**14,960**	28,411	**61,693**	80,472
Health care	**17,620**	13,493	**44,803**	42,532
Hygiene	**4,576**	5,924	**15,270**	18,070
High performance	**3,447**	2,649	**11,264**	10,779
Beauty care	**676**	1,937	**1,524**	8,159
	73,791	89,160	**239,934**	282,464
Inter-segment sales elimination	**(599)**	—	**(1,797)**	—
Total	**$ 329,921**	$ 371,780	**$ 1,065,134**	$ 1,117,423

In thousands	Three months ended September 30, 2023	Three months ended September 30, 2022	Nine months ended September 30, 2023	Nine months ended September 30, 2022
Revenue by geography				
Airlaid Materials				
Americas	**$ 81,751**	$ 83,686	**$ 257,080**	$ 242,207
Europe, Middle East and Africa	**61,485**	68,854	**190,995**	195,345
Asia Pacific	**3,778**	1,811	**10,891**	9,971
	147,014	154,351	**458,966**	447,523
Composite Fibers				
Americas	27,125	42,096	**93,753**	122,149
Europe, Middle East and Africa	66,765	60,726	**213,295**	194,198
Asia Pacific	15,825	25,447	**60,983**	71,089
	109,715	128,269	**368,031**	387,436
Spunlace				
Americas	**49,317**	52,130	**152,470**	162,599
Europe, Middle East and Africa	**19,885**	26,813	**68,237**	86,883
Asia Pacific	**4,589**	10,217	**19,227**	32,982
	73,791	89,160	**239,934**	282,464
Inter-segment sales elimination	**(599)**	—	**(1,797)**	—
Total	**$ 329,921**	$ 371,780	**$ 1,065,134**	$ 1,117,423

4. SALE OF OBER-SCHMITTEN, GERMANY FACILITY

In the third quarter of 2023, we sold our Composite Fibers' Ober-Schmitten, Germany operations as part of the Company's turnaround strategy that is aimed at improving financial performance of the Company's overall business. The Company sold the facility for one euro and recognized a loss on the sale of $17.8 million during the three and nine months ended September 30, 2023. The loss on sale is recapped as follows:

In thousands	
Cash	**$ 5,793**
Accounts receivable	**2,950**
Inventory	**5,039**
Prepaids and other current assets	**8,847**
Property, plant and equipment	**2,513**
Accounts payable and accrued liabilities	**(7,337)**
Loss on sale	**$ 17,805**

In connection with the sale, we entered into a transition services and distribution agreements with the purchaser pursuant to which we agreed to provide various back-office, information technology, commercial and operations support until the business is fully separated from us.

The Company had previously announced the planned closure of the facility after unsuccessfully attempting to sell the operations. In conjunction with the planned closure of the site, during the second quarter of 2023, the Company had recognized an expense of approximately $10.4 million in connection with expected employee severance and benefit costs associated with the termination of the employees at the Facility. In the third quarter of 2023, prior to the planned closure of the site, a buyer was identified and the facility was subsequently sold. As a result, the $10.4 million expense recognized in

"Cost of Goods Sold" in the second quarter of 2023 was reversed and reflected as a benefit in "Cost of Goods Sold" in the third quarter of 2023.

5. GAINS ON DISPOSITION OF PLANT, EQUIPMENT AND TIMBERLANDS

The following table sets forth sales of timberlands and other assets completed during the first nine months of 2023 and 2022:

Dollars in thousands	Acres	Proceeds	Gain (loss)
2023			
Timberlands	**546**	**$ 1,340**	**$ 1,305**
Other	**n/a**	**144**	**45**
Total		**$ 1,484**	**$ 1,350**
2022			
Timberlands	790	$ 3,130	$ 2,962
Other	n/a	64	(94)
Total		$ 3,194	$ 2,868

6. GOODWILL AND OTHER ASSET IMPAIRMENT

No impairment charges were recognized during the first nine months of 2023.

During the third quarter of 2022, we recognized a non-cash goodwill impairment charge for our Spunlace segment of $42.5 million stemming from inflationary challenges at the time and our selling price increases having been insufficient to offset the impact of inflation. Furthermore, the Spunlace segment had been impacted by unexpected supply chain and other operational issues which, in combination with commercial issues, resulted in an unexpected increase in operating losses.

During the first quarter of 2022, in connection with an assessment of potential impairment of long-lived and indefinite lived intangible assets stemming from the compounding impacts resulting from the Russia/Ukraine military conflict and related sanctions, we recorded a $117.3 million non-cash asset impairment charge related to Composite Fibers' Dresden facility and an impairment of Composite Fibers' goodwill.

The following table summarizes the impairment charges recorded during the nine months ended September 30, 2023 and 2022, respectively, in the accompanying condensed consolidated statements of income under the caption "Goodwill and other asset impairment charges:"

In thousands	**2023**	2022
Plant, property and equipment	$ —	$ 27,619
Technological know-how	—	18,443
Customer relationships	—	11,695
Tradename	—	3,530
Goodwill	—	98,603
Total	**$** —	$ 159,890

The fair value of the underlying assets was estimated using discounted cash flow models, independent appraisals and similar methods, all of which are Level 3 fair value classification.

7. DISCONTINUED OPERATIONS

For the three and nine months ended September 30, 2023, we recognized a loss in discontinued operations of $0.2 million and $0.9 million, respectively, primarily related to an insurance claim settlement and legal costs. For both the three and nine months ended September 30 2022, we recognized a loss in discontinued operations of $0.2 million and income of $0.1 million which primarily represents legal costs and the successful appeal of a sales and use tax audit partially offset by legal costs, respectively.

The following table sets forth a summary of cash flows from discontinued operations which is included in the condensed consolidated statements of cash flows:

	Nine months ended September 30,	
In thousands	**2023**	2022
Net cash used by operating activities	**$ (734)**	$ 45
Net cash used by investing activities	**—**	—
Net cash provided by financing activities	**—**	—
Change in cash and cash equivalents from discontinued operations	**$ (734)**	$ 45

8. EARNINGS PER SHARE

The following table sets forth the details of basic and diluted earnings per share ("EPS") from continuing operations:

	Three months ended September 30,		Nine months ended September 30,	
In thousands, except per share	**2023**	2022	**2023**	2022
Loss from continuing operations	**$ (19,680)**	$ (49,254)	**$ (69,493)**	$ (160,004)
Weighted average common shares outstanding used in basic EPS	**45,099**	44,877	**45,033**	44,809
Common shares issuable upon exercise of dilutive stock options and PSAs / RSUs	**—**	—	**—**	—
Weighted average common shares outstanding and common share equivalents used in diluted EPS	**45,099**	44,877	**45,033**	44,809
Loss per share from continuing operations				
Basic	**$ (0.43)**	$ (1.10)	**$ (1.54)**	$ (3.57)
Diluted	**(0.43)**	(1.10)	**(1.54)**	(3.57)

The following table sets forth potential common shares outstanding that were not included in the computation of diluted EPS for the periods indicated, because their effect would be anti-dilutive:

	Three months ended September 30,		Nine months ended September 30,	
In thousands	**2023**	2022	**2023**	2022
Potential common shares	**532**	863	**532**	863

9. ACCUMULATED OTHER COMPREHENSIVE INCOME

The following table sets forth details of the changes in accumulated other comprehensive income (losses) for the three and nine months ended September 30, 2023 and 2022.

In thousands	Currency translation adjustments	Unrealized gain (loss) on derivatives	Change in pensions	Change in other postretirement defined benefit plans	Total
Balance at July 1, 2023	**$ (96,759)**	**$ 11,322**	**$ (2,562)**	**$ 403**	**$ (87,596)**
Other comprehensive income (loss) before reclassifications (net of tax)	**(7,185)**	**1,515**	**—**	**—**	**(5,670)**
Amounts reclassified from accumulated other comprehensive income (net of tax)	**—**	**(484)**	**19**	**(8)**	**(473)**
Net current period other comprehensive income (loss)	**(7,185)**	**1,031**	**19**	**(8)**	**(6,143)**
Balance at September 30, 2023	**$ (103,944)**	**$ 12,353**	**$ (2,543)**	**$ 395**	**$ (93,739)**
Balance at July 1, 2022	$ (109,347)	$ 10,165	$ (11,230)	$ (1,001)	$ (111,413)
Other comprehensive income (loss) before reclassifications (net of tax)	(24,394)	7,665	—	—	(16,729)
Amounts reclassified from accumulated other comprehensive income (net of tax)	—	(1,794)	207	26	(1,561)
Net current period other comprehensive income (loss)	(24,394)	5,871	207	26	(18,290)
Balance at September 30, 2022	$ (133,741)	$ 16,036	$ (11,023)	$ (975)	$ (129,703)
Balance at January 1, 2023	**$ (106,242)**	**$ 11,176**	**$ (3,247)**	**$ 418**	**$ (97,895)**
Other comprehensive income before reclassifications (net of tax)	**2,298**	**3,128**	**—**	**—**	**5,426**
Amounts reclassified from accumulated other comprehensive income (net of tax)	**—**	**(1,951)**	**704**	**(23)**	**(1,270)**
Net current period other comprehensive income (loss)	**2,298**	**1,177**	**704**	**(23)**	**4,156**
Balance at September 30, 2023	**$ (103,944)**	**$ 12,353**	**$ (2,543)**	**$ 395**	**$ (93,739)**
Balance at January 1, 2022	$ (69,757)	$ 1,988	$ (11,482)	$ (1,053)	$ (80,304)
Other comprehensive income (loss) before reclassifications (net of tax)	(63,984)	17,808	—	—	(46,176)
Amounts reclassified from accumulated other comprehensive income (net of tax)	—	(3,760)	459	78	(3,223)
Net current period other comprehensive income (loss)	(63,984)	14,048	459	78	(49,399)
Balance at September 30, 2022	$ (133,741)	$ 16,036	$ (11,023)	$ (975)	$ (129,703)

Reclassifications out of accumulated other comprehensive income and into the condensed consolidated statements of income were as follows:

In thousands	Three months ended September 30, 2023	Three months ended September 30, 2022	Nine months ended September 30, 2023	Nine months ended September 30, 2022	
Description					**Line Item in Statements of Income**
Cash flow hedges (Note 18)					
Gains on cash flow hedges	**$ (261)**	$ (2,275)	**$ (1,579)**	$ (5,044)	Costs of products sold
Tax expense	**(223)**	654	**(372)**	1,446	Income tax provision
Net of tax	**(484)**	(1,621)	**(1,951)**	(3,598)	
Loss (gain) on interest rate swaps	**—**	(173)	**—**	(162)	Interest expense
Tax expense	**—**	—	**—**	—	Income tax provision
Net of tax	**—**	(173)	**—**	(162)	
Total cash flow hedges	**(484)**	(1,794)	**(1,951)**	(3,760)	
Retirement plan obligations (Note 11)					
Amortization of deferred benefit pension plans					
Prior service costs	**4**	(5)	**16**	17	Other, net
Actuarial losses	**21**	161	**64**	492	Other, net
Pension settlement	**—**	—	**633**	—	Other, net
	25	156	**713**	509	
Tax benefit	**(6)**	51	**(9)**	(50)	Income tax provision
Net of tax	**19**	207	**704**	459	
Amortization of deferred benefit other plans					
Prior service costs	**6**	26	**16**	78	Other, net
Actuarial gain	**(14)**	—	**(39)**	—	Other, net
	(8)	26	**(23)**	78	
Tax expense	**—**	—	**—**	—	Income tax provision
Net of tax	**(8)**	26	**(23)**	78	
Total reclassifications, net of tax	**$ (473)**	$ (1,561)	**$ (1,270)**	$ (3,223)	

10. SHARE-BASED COMPENSATION

On May 5, 2023 (the "Effective Date"), the Board and shareholders approved an amendment and restatement of the Glatfelter Corporation 2022 Long-Term Incentive Plan (the "Equity Plan") to increase the number of shares available for grant under the Equity Plan (as amended and restated, the "Amended Plan") (collectively, the "LTIP"). The LTIP is a long-term incentive plan, pursuant to which awards may be granted to full-time or part-time employees, officers, non-employee directors, and consultants of the Company or any subsidiary or affiliate of the Company, including stock options, stock-only stock appreciation rights ("SOSARs"), restricted stock awards, restricted stock units ("RSUs"), performance share awards ("PSAs"), and other share-based awards. The Amended Plan was adopted primarily to increase the number of shares of Company common stock reserved for equity-based awards by 675,000 shares (in addition to any shares that remained available for awards under the Equity Plan as of the Effective Date and any shares subject to outstanding awards granted under the Equity Plan as of the Effective Date). As of September 30, 2023, there were 2,388,382 shares of common stock available for future issuance under the LTIP.

Pursuant to terms of the LTIP, we have issued to eligible participants RSUs, PSAs and SOSARs.

Restricted Stock Units and Performance Share Awards In the first nine months of 2023 and 2022, we granted RSUs and PSAs to employees under our LTIP. In both 2023 and 2022, 50% of fair value of the awards granted were RSUs, which vest based on the passage of time, generally over a graded three-year period or, in certain instances, the RSUs were cliff vesting after one or three years. The remaining 50% of the fair value of the awards granted in 2023 and 2022 were PSAs. The PSAs awarded vest based on either the achievement of cumulative financial performance targets covering a two-year period or based on the three-year total shareholder return relative to a broad market index. The performance measures include a minimum, target and maximum performance level providing the grantees an opportunity to receive more or less shares than targeted depending on actual financial performance.

For RSUs, the grant date fair value of the awards, or the closing price per common share on the date of the award, is used to determine the amount of expense to be recognized over the applicable service period. For PSAs, the grant date fair value is estimated using a lattice model. The significant inputs include the stock price, volatility, dividend yield, and risk-free rate of return. Settlement of RSUs and PSAs will be made in shares of our common stock currently held in treasury.

The following table summarizes RSU and PSA activity during periods indicated:

Units	**2023**	2022
Balance at January 1,	**1,650,152**	1,111,382
Granted	**1,452,769**	1,452,213
Forfeited	**(460,218)**	(570,959)
Shares delivered	**(371,660)**	(336,342)
Balance at September 30,	**2,271,043**	1,656,294

The amount granted in 2023 and 2022 includes 756,526 and 701,428, respectively, of PSAs exclusive of reinvested dividends.

The following table sets forth aggregate RSU and PSA compensation expense included in continuing operations for the periods indicated:

	September 30,	
In thousands	**2023**	2022
Three months ended	**$ 898**	$ (2,381)
Nine months ended	**$ 2,205**	$ 37

Stock-Only Stock Appreciation Rights Under terms of the SOSAR, a recipient receives the right to a payment in the form of shares of common stock equal to the difference, if any, in the fair market value of one share of common stock at the time of exercising the SOSAR and the exercise price. All SOSARs are vested and have a term of ten years. No SOSARs have been awarded since 2016.

The following table sets forth information related to outstanding SOSARs:

	2023		2022	
	Shares	Wtd Avg Exercise Price	Shares	Wtd Avg Exercise Price
Outstanding at January 1,	**769,544**	**$ 21.34**	1,079,113	$ 20.42
Granted	**—**	**—**	—	—
Exercised	**—**	**—**	—	—
Canceled / forfeited	**(238,025)**	**19.66**	(309,569)	18.12
Outstanding at September 30,	**531,519**	**$ 22.10**	769,544	$ 21.34

11. RETIREMENT PLANS AND OTHER POST-RETIREMENT BENEFITS

The following tables provide information with respect to the net periodic costs of our pension and post-retirement medical benefit plans included in continuing operations.

	Three months ended September 30,		**Nine months ended September 30,**	
In thousands	**2023**	2022	**2023**	2022
Pension Benefits				
Service cost	**$ —**	$ —	**$ —**	$ —
Interest cost	**347**	244	**1,120**	658
Amortization of prior service cost	**4**	11	**16**	33
Amortization of actuarial loss	**21**	161	**64**	492
Pension settlement charge	**—**	—	**633**	—
Total net periodic benefit expense	**$ 372**	$ 416	**$ 1,833**	$ 1,183
Other Benefits				
Service cost	**$ 3**	$ —	**$ 8**	$ —
Interest cost	**44**	33	**133**	98
Amortization of prior service cost	**6**	26	**16**	78
Amortization of actuarial gain	**(14)**	—	**(39)**	—
Total net periodic benefit expense	**$ 39**	$ 59	**$ 118**	$ 176

During the nine months ended September 30, 2023, we made a $5.8 million lump-sum payment to our former CEO under the terms of his non-qualified pension plan. In accordance with pension settlement accounting, we recorded a $0.6 million settlement charge reflecting the recognition of amounts previously included in accumulated other comprehensive income.

12. INCOME TAXES

Income taxes are recognized for the amount of taxes payable or refundable for the current year, and deferred tax liabilities and assets for the future tax consequences of events that have been recognized in our condensed consolidated financial statements or tax returns. The effects of income taxes are measured based on enacted tax laws and rates.

For the nine months ended September 30, 2023, we had a pretax loss from continuing operations of $56.1 million and income tax expense of $13.4 million. The effective income tax rate for the nine months ended September 30, 2023 was unfavorably impacted by the jurisdictional mix of pretax results among the Company and its subsidiaries and losses which generated no tax benefit in domestic and certain foreign jurisdictions.

For the nine months ended September 30, 2023, we recorded an increase in the valuation allowance of $18.3 million for U.S. federal and certain foreign jurisdictions against our net deferred tax assets. In assessing the need for a valuation allowance, management considers all available positive and negative evidence in its analysis. Based on this analysis, we recorded a valuation allowance for the portion of deferred tax assets where the weight of the evidence indicated it is more likely than not that the deferred assets will not be realized.

As of September 30, 2023 and December 31, 2022, we had $58.8 million and $56.5 million, respectively, of gross unrecognized tax benefits. As of September 30, 2023, if such benefits were to be recognized, approximately $55.7 million would be recorded as a component of income tax expense, thereby affecting our effective tax rate.

The amount of income taxes we pay is subject to ongoing audits by federal, state and foreign tax authorities, which often result in proposed assessments. Management performs a comprehensive review of its global tax positions on a quarterly basis and accrues amounts for uncertain tax positions. Based on these reviews and the result of discussions and resolutions of matters with tax authorities and the closure of tax years subject to tax audit, reserves are adjusted as necessary. However, future results may include favorable or unfavorable adjustments to our estimated tax liabilities in the period the assessments are determined or resolved or as statutes are closed. Due to potential resolution of federal, state and foreign examinations, and the lapse of various statutes of limitation, it is reasonably possible our gross unrecognized tax benefits may decrease within the next twelve months by a range of zero to $8.4 million. We recognize interest and penalties related to uncertain tax positions as income tax expense.

The following table summarizes information included in continuing operations related to interest on uncertain tax positions:

	Nine months ended September 30,	
In millions	**2023**	2022
Interest expense	**$ 1.6**	$ 0.5

	September 30, 2023	December 31, 2022
Accrued interest payable	**$ 6.3**	$ 4.8
Accrued penalties	**2.9**	3.0

13. INVENTORIES

Inventories, net of reserves, were as follows:

In thousands	September 30, 2023	December 31, 2022
Raw materials	**$ 85,053**	$ 109,166
In-process and finished	**153,148**	142,331
Supplies	**63,659**	57,939
Total	**$ 301,860**	$ 309,436

14. GOODWILL AND OTHER INTANGIBLE ASSETS

The following table sets forth changes in the amounts of goodwill and other intangible assets recorded by each of our segments during the periods indicated:

In thousands	December 31, 2022	Purchase price allocation adjustment	Translation	**September 30, 2023**
Goodwill				
Airlaid Materials	$ 105,195	$ —	$ (469)	**$ 104,726**
Total	$ 105,195	$ —	$ (469)	**$ 104,726**

Other Intangible Assets	December 31, 2022	Amortization	Translation	**September 30, 2023**
Airlaid Materials				
Tradename	$ 3,442	$ —	$ (23)	**$ 3,419**
Accumulated amortization	(739)	(131)	8	**(862)**
Net	2,703	(131)	(15)	**2,557**
Technology and related	17,512	—	(115)	**17,397**
Accumulated amortization	(5,437)	(872)	39	**(6,270)**
Net	12,075	(872)	(76)	**11,127**
Customer relationships and related	43,152	—	(156)	**42,996**
Accumulated amortization	(13,571)	(2,782)	117	**(16,236)**
Net	29,581	(2,782)	(39)	**26,760**
Spunlace				
Products and Tradenames	27,290	—	315	**27,605**
Accumulated amortization	(1,759)	(947)	(96)	**(2,802)**
Net	25,531	(947)	219	**24,803**
Technology and related	14,372	—	166	**14,538**
Accumulated amortization	(1,455)	(914)	(188)	**(2,557)**
Net	12,917	(914)	(22)	**11,981**
Customer relationships and related	27,666	—	319	**27,985**
Accumulated amortization	(1,803)	(1,180)	3	**(2,980)**
Net	25,863	(1,180)	322	**25,005**
Total intangibles	133,434	—	506	**133,940**
Total accumulated amortization	(24,764)	(6,826)	(117)	**(31,707)**
Net intangibles	$ 108,670	$ (6,826)	$ 389	**$ 102,233**

15. LEASES

We enter into a variety of arrangements in which we are the lessee for the use of automobiles, forklifts and other production equipment, production facilities, warehouses, office space and land. We determine if an arrangement contains a lease at inception. All our lease arrangements are operating leases and are recorded in the condensed consolidated balance sheet under the caption “Other assets” and the lease obligation is under “Other current liabilities” and “Other long-term liabilities.” We do not have any finance leases.

Operating lease right of use (“ROU”) assets and operating lease liabilities are recognized based on the present value of the future minimum lease payments over the lease term at commencement date. ROU assets also include any initial direct costs incurred and any lease payments made at or before the lease commencement date, less lease incentives received. We use our incremental borrowing rate based on information available at the commencement date in determining the lease liabilities as our leases generally do not provide an implicit rate. For purposes of recording the lease arrangement, the term of lease may include options to extend or terminate when we are reasonably certain that the option will be exercised. Lease expense is recognized on a straight-line basis over the lease term.

The following table sets forth information related to our leases as of the periods indicated.

Dollars in thousands	**September 30, 2023**	December 31, 2022
Right of use asset	**$ 26,476**	$ 25,420
Weighted average discount rate	**3.62 %**	3.14 %
Weighted average remaining maturity *(years)*	**19.1**	21.2

The following table sets forth operating lease expense for the periods indicated:

	September 30,	
In thousands	**2023**	2022
Three months ended	**$ 1,665**	$ 1,431
Nine months ended	**$ 5,058**	$ 4,351

The following table sets forth required remaining future minimum lease payments during the years indicated:

In thousands	
2023	**$ 1,707**
2024	**5,643**
2025	**4,697**
2026	**2,727**
2027	**2,244**
Thereafter	**20,195**

16. LONG-TERM DEBT

Long-term debt is summarized as follows:

In thousands	September 30, 2023	December 31, 2022
Revolving credit facility, due Sep 2026	**$ 105,940**	$ 118,685
4.750% Senior Notes, due Oct 2029	**500,000**	500,000
11.25% Term loan, due Mar 2029	**259,862**	—
Term loan, due Feb 2024	**—**	193,588
2.05% Term Loan, due Mar 2023	**—**	1,423
1.30% Term Loan, due Jun 2023	**—**	762
1.55% Term Loan, due Sep 2025	**—**	3,594
1.10% Term Loan, due Mar 2024	**1,926**	4,848
0.57% Term Loan, due Jul 2023	**—**	21,332
Total long-term debt	**867,728**	844,232
Less current portion	**(1,926)**	(40,435)
Unamortized deferred issuance costs	**(17,938)**	(10,545)
Long-term debt, net of current portion	**$ 847,864**	$ 793,252

On September 2, 2021, we entered into a restatement agreement as part of a Fourth Amended and Restated $400.0 million Revolving Credit Facility and a €220.0 million Term Loan (collectively, the “Credit Agreement”).

On March 30, 2023, we entered into an amendment to the Credit Agreement which reduced the Revolving Credit Facility to $250.0 million and had us fully extinguish the €220.0 million Term Loan. The amendment: i) modifies the “leverage ratio” to be the ratio of consolidated senior secured debt to consolidated adjusted EBITDA ; ii) increases the maximum interest rate borrowing margin to be applied to the applicable index by 275 basis points; and iii) pledges as collateral substantially all domestic and Canadian assets to secure obligations owed under the Credit Agreement, as well as, on a second lien basis, the European assets that secure the AG Loan (as defined below). As amended, we are obligated to maintain a leverage ratio under 4.25 to 1.0 through the quarter ended December 31, 2024, stepping down to 4.0 to 1.0 at March 31, 2025, and 3.50 to 1.0 at March 31, 2026.

Borrowing rates for the Revolving Loans are determined at our option at the time of each borrowing. For all U.S. Dollar denominated Revolving Loan borrowings, the borrowing rate is either, (a) the bank’s base rate which is equal to the greater of i) the prime rate; ii) the overnight bank funding rate plus 50 basis points; or iii) the daily Simple Secured Overnight Financing Rate (“SOFR”) rate plus 100 basis points plus an applicable spread over either i), ii) or iii) ranging from 250 basis points to 400 basis points based on the Company’s leverage ratio; or (b) the daily Term SOFR-rate plus an applicable margin ranging from 350 basis points to 500 basis points based on the Company’s leverage ratio. For non-U.S. Dollar denominated borrowings, interest is based on the Euro-rate or EURIBOR-rate plus an applicable margin ranging from 350 basis points to 500 basis points based on the Company’s leverage ratio.

The Credit Agreement contains a number of customary covenants for financings of this type that, among other things, restrict our ability to dispose of or create liens on assets, incur additional indebtedness, limits certain intercompany financing arrangements, make acquisitions and engage in mergers or consolidations. The Credit Agreement also contains covenants requiring a minimum debt coverage ratio.

Revolving Loans borrowings are available in U.S. Dollars, Euros, British Pound Sterling, and Canadian Dollars.

All remaining principal outstanding and accrued interest under the Revolving Credit Facility will be due and payable on September 2, 2026.

As of September 30, 2023, the leverage ratio, as calculated in accordance with the definition in our Credit Agreement, was 3.1x. A breach of these requirements would give rise to certain remedies under the Revolving Credit Facility, among which is the termination of the agreement.

On March 30, 2023, we entered into a €250.0 million Term Loan with certain affiliates of Angelo, Gordon & Co., L.P. ("AG Loan"). The net proceeds from the AG Loan were used to extinguish the €220.0 million Term Loan, to repay a portion of outstanding revolving borrowings under the Revolving Credit Facility, for working capital and general corporate purposes and to pay estimated fees and expenses.

The AG Loan will mature on March 23, 2029. Interest on the AG Loan accrues at the rate of 11.25% per annum and is payable quarterly in arrears on March 31, June 30, September 30, and December 31 each year, commencing on June 30, 2023.

The AG Loan is prepayable, in whole or in part, at any time at the prepayable premium specified in the Term Loan Agreement. Prior to September 30, 2024, we may prepay some or all of the AG Loan at a "make-whole" premium as specified.

Under the terms of the AG Loan, we have pledged as collateral substantially all assets of our subsidiaries in Germany, Luxembourg, United Kingdom, Malta and Switzerland, as well as, on a second lien basis, the domestic and Canadian assets that secure the Revolving Credit Facility.

All covenants contained in the AG Loan agreement are substantially consistent with the Credit Agreement.

On October 25, 2021, we issued $500.0 million aggregate principal amount of 4.750% senior notes due 2029 (the "Notes"). The Notes are guaranteed on a senior unsecured basis, jointly and severally, by each of our existing and future domestic restricted subsidiaries that guarantees our obligations under the Credit Agreement, and/or certain other indebtedness.

The Notes were issued pursuant to an indenture dated as of October 25, 2021 (the "Base Indenture"), as supplemented by the supplemental indenture dated as of October 25, 2021 (the "Supplemental Indenture" and, together with the Base Indenture, the "Indenture") among the Company, certain subsidiaries of the Company party thereto, as guarantors, and Wilmington Trust, National Association, as trustee.

The net proceeds from the offering of the Notes, together with cash on hand, were 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 Revolving Credit Facility, and to pay estimated fees and expenses.

The Notes will mature on November 15, 2029. Interest on the Notes accrues at the rate of 4.750% per annum and is payable semi-annually in arrears on May 15 and November 15 of each year, commencing on May 15, 2022.

The Notes are redeemable, in whole or in part, at any time at the redemption prices specified in the Indenture. Prior to November 15, 2024, we may redeem some or all of the Notes at a "make-whole" premium as specified in the Indenture.

The Notes contain various covenants customary to indebtedness of this nature, including limitations on i) the amount of indebtedness that may be incurred; ii) certain restricted payments including common stock dividends; iii) distributions from certain subsidiaries; iv) sales of assets; v) transactions amongst subsidiaries; and vi) incurrence of liens on assets. In addition, the Notes contain cross default provisions that could result in all such notes becoming due and payable in the event of a failure to repay debt outstanding under the Credit Agreement at maturity or a default under the Credit Agreement that accelerates the debt outstanding thereunder. As of September 30, 2023, we met all of the requirements of our debt covenants.

Glatfelter Gernsbach GmbH ("Gernsbach"), a wholly-owned subsidiary of ours, entered into a series of borrowing agreements with IKB Deutsche Industriebank AG, Düsseldorf ("IKB"). Each of the borrowings require quarterly repayments of principal and interest and provide for representations, warranties and covenants customary for financings of these types. The financial covenants of these borrowings are calculated by reference to the Credit Agreement. These borrowings were fully extinguished on March 14, 2023.

In 2021, Gernsbach also entered into two fixed-rate non-amortizing term loans with certain financial institutions. Similar to the IKB loans discussed above, the financial covenants of these borrowings are calculated by reference to the Credit Agreement. On February 28, 2023, one of these term loans for €20.0 million was fully extinguished. The remaining term loan has a principal balance of $1.9 million and matures in March 2024.

Aggregated unamortized deferred debt issuance costs incurred in connection with all of our outstanding debt totaled $17.9 million at September 30, 2023. The deferred costs are being amortized on a straight-line basis over the life of the underlying instruments. Amortization expense related to deferred debt issuance costs totaled $3.9 million and $1.9 million in 2023 and 2022, respectively.

The following schedule sets forth the amortization of our term loan agreements together with the maturity of our other long-term debt during the indicated year.

In thousands	
2023	$ **963**
2024	**963**
2025	—
2026	**105,940**
2027	—
Thereafter	**759,862**

Glatfelter Corporation guarantees all debt obligations of its subsidiaries. All such obligations are recorded in these consolidated financial statements.

As of September 30, 2023 and December 31, 2022, we had $5.3 million and $4.7 million, respectively, of letters of credit issued to us by certain financial institutions. The letters of credit, which reduce amounts available under our Revolving Credit Facility, provide financial assurances for the performance of long-term monitoring activities associated with the Fox River environmental matter and for the benefit of certain state workers compensation insurance agencies in conjunction with our self-insurance program. We bear the credit risk on this amount to the extent that we do not comply with the provisions of certain agreements. No amounts are outstanding under the letters of credit.

17. FAIR VALUE OF FINANCIAL INSTRUMENTS

The amounts reported on the condensed consolidated balance sheets for cash and cash equivalents, accounts receivable, accounts payable and short-term debt approximate their respective fair value. The following table sets forth carrying value and fair value of long-term debt:

	September 30, 2023		December 31, 2022	
In thousands	Carrying Value	Fair Value	Carrying Value	Fair Value
Revolving credit facility, due Sep 2026	**$ 105,940**	**$ 105,940**	$ 118,685	$ 118,685
4.750% Senior Notes, due Oct 2029	**500,000**	**330,000**	500,000	301,250
11.25% Term loan, due Mar 2029	**259,862**	**260,781**	—	—
Term loan, due Feb 2024	—	—	193,588	188,998
2.05% Term Loan, due Mar 2023	—	—	1,423	1,418
1.30% Term Loan, Jun 2023	—	—	762	754
1.55% Term Loan, due Sep 2025	—	—	3,594	3,430
1.10% Term Loan, due Mar 2024	**1,926**	**1,894**	4,848	4,721
0.57% Term Loan, due Jul 2023	—	—	21,332	20,932
Total	**$ 867,728**	**$ 698,615**	$ 844,232	$ 640,188

The values set forth above are based on observable inputs and other relevant market data (Level 2). The fair value of financial derivatives is set forth below in Note 18.

18. FINANCIAL DERIVATIVES AND HEDGING ACTIVITIES

As part of our overall risk management practices, we enter into financial derivatives primarily designed to either i) hedge foreign currency risks associated with forecasted transactions (“cash flow hedges”); ii) mitigate the impact that changes in currency exchange rates have on intercompany financing transactions and foreign currency denominated receivables and payables (“foreign currency hedges”); or iii) convert variable-interest-rate debt to fixed rates.

Derivatives Designated as Hedging Instruments - Cash Flow Hedges We use currency forward contracts as cash flow hedges to manage our exposure to fluctuations in the currency exchange rates on certain forecasted production costs. Currency forward contracts involve fixing the exchange for delivery of a specified amount of foreign currency on a specified date. As of September 30, 2023, the maturity of currency forward contracts ranged from one month to 15 months.

We designate certain currency forward contracts as cash flow hedges of forecasted raw material purchases, certain production costs or capital expenditures with exposure to changes in foreign currency exchange rates. Changes in the fair value of derivatives designated and that qualify as cash flow hedges of foreign exchange risk is deferred as a component of accumulated other comprehensive income in the accompanying condensed consolidated balance sheets. With respect to hedges of forecasted raw material purchases or production costs, the amount deferred is subsequently reclassified into costs of products sold in the period that, inventory produced using the hedged transaction, affects earnings. For hedged capital expenditures, deferred gains or losses are reclassified and included in the historical cost of the capital asset and subsequently affect earnings as depreciation is recognized.

We had the following outstanding derivatives that were used to hedge foreign exchange risks associated with forecasted transactions and designated as hedging instruments:

In thousands	**September 30, 2023**	December 31, 2022
Derivative		
Sell/Buy - sell notional		
Euro / British Pound	**12,679**	18,961
Philippine Peso / Euro	**183,120**	—
U.S. Dollar / British Pound	**26,817**	34,501
U.S. Dollar / Euro	**—**	824
Canadian Dollar / U.S. Dollar	**—**	—
Sell/Buy - buy notional		
Euro / Philippine Peso	**1,044,331**	1,030,114
British Pound / Philippine Peso	**765,097**	1,144,839
Euro / U.S. Dollar	**93,831**	78,435
U.S. Dollar / Canadian Dollar	**31,158**	36,423
British Pound / U.S. Dollar	**8,335**	—

On June 15, 2022, we terminated a €180 million notional value floating-to-fixed interest rate swap agreement with certain financial institutions that was entered into in October 2019 and was to mature in December 2022. During the life of the swap, we paid a fixed interest rate of the applicable margin plus 0.0395% on €180 million of the underlying variable rate term loan. We received the greater of 0.00% or the EURIBOR-rate. At termination, we recognized a deferred gain of $0.4 million that was amortized into interest expense through December 2022.

Derivatives Designated as Hedging Instruments – Net Investment Hedge The €220 million Term Loan discussed in Note 16 – "*Long-Term Debt"* was designated as a net investment hedge of our Euro functional currency foreign subsidiaries and was extinguished on March 30, 2023 in conjunction with the amendment of the Credit Facility. During the first nine months of 2023 and 2022, we recognized a pre-tax loss of $3.7 million and a pre-tax gain of $27.5 million, respectively, on the remeasurement of the term loan from changes in currency exchange rates. Such amounts are recorded as a component of Other Comprehensive Income (Loss).

On September 6, 2022, we terminated a $150.0 million cross currency swap agreement with certain financial institutions that was entered into in March 2022 and was to mature in May 2025. Pursuant to the terms of the swap, we agreed to receive 4.750% interest denominated in U.S. dollars and we agreed to pay 3.06% interest denominated in euros. We designated the cross-currency swap as a hedge of our net investment in certain euro functional currency subsidiaries. We collected cash proceeds of approximately $15.2 million upon termination. The gain associated with the swap remains in accumulated other comprehensive loss.

Derivatives Not Designated as Hedging Instruments - Foreign Currency Hedges We also entered into forward foreign exchange contracts to mitigate the impact changes in currency exchange rates have on balance sheet monetary assets and liabilities. None of these contracts are designated as hedges for financial accounting purposes and, accordingly, changes in value of the foreign exchange forward contracts and in the offsetting underlying on-balance-sheet transactions are reflected in the accompanying condensed consolidated statements of income under the caption "Other, net."

The following sets forth derivatives used to mitigate the impact changes in currency exchange rates have on balance sheet monetary assets and liabilities:

In thousands	**September 30, 2023**	December 31, 2022
Derivative		
Sell/Buy - sell notional		
U.S. Dollar / British Pound	**14,100**	28,600
Euro / British Pound	**—**	—
British Pound / Euro	**3,100**	2,800
U.S. Dollar / Swiss Franc	**6,970**	—
British Pound / Swiss Franc	**1,930**	2,535
Euro / Swiss Franc	**1,270**	—
Euro / U.S. Dollar	**9,740**	9,630
U.S Dollar / Philippine Peso	**7,200**	—
Sell/Buy - buy notional		
Euro / U.S. Dollar	**4,500**	2,900
British Pound / Euro	**2,700**	15,950
Swiss Franc / Euro	—	2,250
Swiss Franc / U.S. Dollar	—	930
Chinese Yuan / U.S. Dollar	—	4,400

These contracts have maturities of one month from the date originally entered into.

Fair Value Measurements The following table summarizes the fair values of derivative instruments for the period indicated and the line items in the accompanying condensed consolidated balance sheets where the instruments are recorded:

In thousands	**September 30, 2023**	December 31, 2022	**September 30, 2023**	December 31, 2022
Balance sheet caption	Prepaid Expenses and Other Current Assets		Other Current Liabilities	
Designated as hedging:				
Forward foreign currency exchange contracts	**$ 2,076**	$ 1,795	**$ 438**	$ 2,368
Not designated as hedging:				
Forward foreign currency exchange contracts	**$ 430**	797	**$ 899**	$ 317

The amounts set forth in the table above represent the net asset or liability giving effect to rights of offset with each counterparty. The effect of netting the amounts presented above did not have a material effect on our consolidated financial position.

The fair value hierarchy consists of three broad levels, which gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The fair values of the foreign exchange forward contracts are considered to be Level 2. Foreign currency forward contracts are valued using foreign currency forward and interest rate curves. The fair value of each contract is determined by comparing the contract rate to the forward rate and discounting to present value. Contracts in a gain position are recorded in the condensed consolidated balance sheets under the caption “Prepaid expenses and other current assets” and the value of contracts in a loss position is recorded under the caption “Other current liabilities.”

The following table summarizes the amount of income or (loss) from derivative instruments recognized in our results of operations for the periods indicated and the line items in the accompanying condensed consolidated statements of income where the results are recorded:

In thousands	Three months ended September 30, 2023	2022	Nine months ended September 30, 2023	2022
Designated as hedging:				
Forward foreign currency exchange contracts:				
Cost of products sold	**$ (261)**	$ (2,275)	**$ (1,579)**	$ (5,044)
Interest expense	**—**	(173)	**—**	(162)
Not designated as hedging:				
Forward foreign currency exchange contracts:				
Other – net	**$ 250**	$ 1,253	**$ 32**	$ 2,982

The impact of activity not designated as hedging was substantially all offset by the remeasurement of the underlying on-balance-sheet item.

A rollforward of fair value amounts recorded as a component of accumulated other comprehensive income (loss), before taxes, is as follows:

In thousands	2023	2022
Balance at January 1,	**$ 242**	$ 2,889
Deferred gains on cash flow hedges	**3,128**	9,578
Reclassified to earnings	**(1,579)**	(5,206)
Balance at September 30,	**$ 1,791**	$ 7,261

We expect substantially all of the amounts recorded as a component of accumulated other comprehensive income will be recorded in results of operations within the next 12 to 18 months and the amount ultimately recognized will vary depending on actual market rates.

Credit risk related to derivative activity arises in the event the counterparty fails to meet its obligations to us. This exposure is generally limited to the amounts, if any, by which the counterparty's obligations exceed our obligation to them. Our policy is to enter into contracts only with financial institutions which meet certain minimum credit ratings.

19. COMMITMENTS, CONTINGENCIES AND LEGAL PROCEEDINGS

Fox River - Neenah, Wisconsin

Background We have previously reported that we face liabilities associated with environmental claims arising out of the presence of polychlorinated biphenyls ("PCBs") in sediments in the lower Fox River, on which our former Neenah facility was located, and in the Bay of Green Bay, Wisconsin (collectively, the "Site"). Since the early 1990s, the United States, the State of Wisconsin and two Indian tribes (collectively, the "Governments") have pursued a cleanup of a 39-mile stretch of river from Little Lake Butte des Morts into Green Bay and natural resource damages ("NRDs"). The United States originally notified several entities that they were potentially responsible parties ("PRPs"); however, after giving effect to settlements reached with the Governments, the remaining PRPs exposed to continuing obligations to implement the remainder of the cleanup consist of us, Georgia-Pacific Consumer Products, L.P. ("Georgia-Pacific") and NCR Corporation. The United States Environmental Protection Agency ("EPA") has divided the Site into five "operable units", including the most upstream portion of the Site on which our facility was located ("OU1") and four downstream reaches of the river and bay ("OU2-5").

Over the past several years, we and certain other PRPs completed all remedial actions pursuant to applicable consent decrees or a Unilateral Administrative Order. In January 2019, we reached an agreement with the United States, the State of Wisconsin, and Georgia-Pacific to resolve all remaining claims among those parties. Under the Glatfelter consent decree, we are primarily responsible for long-term monitoring and maintenance in OU2-OU4a and for reimbursement of government oversight costs paid after October 2018. Finally, we remain responsible for our obligation to continue long-term monitoring and maintenance under our OU1 consent decree.

Cost estimates Our remaining obligations under the OU1 consent decree consist of long-term monitoring and maintenance. Furthermore, we are primarily responsible for long-term monitoring and maintenance in OU2-OU4a over a period of at least 30 years. The monitoring activities consist of, among others, testing fish tissue, sampling water quality and sediment, and inspections of the engineered caps. In 2018, we entered into a fixed-price, 30-year agreement with a third party for the performance of all of our monitoring and maintenance obligations in OU1 through OU4a with limited exceptions, such as, for extraordinary amounts of cap maintenance or replacement. Our obligation under this agreement is included in our total reserve for the Site. We are obligated to make the regular payments under that fixed-price contract until the remaining amount due is less than the OU1 escrow account balance. We are permitted to pay for this contract using the remaining balance of the escrow account established by us and WTM I Company ("WTM I") another PRP, under the OU1 consent decree during any period that the balance in the escrow account exceeds the amount due under our fixed-price contract. As of September 30, 2023, the balance in the escrow is less than amounts due under the fixed-price contract by approximately $1.1 million. Our obligation to pay this difference is secured by a letter of credit**.**

At September 30, 2023, the escrow account balance totaled $8.9 million which is included in the condensed consolidated balance sheet under the caption "Other assets."

Under the consent decree, we are responsible for reimbursement of government oversight costs paid from October 2018 and later over approximately the next 30 years. We anticipate that oversight costs will decline as activities at the site have transitioned from remediation to long-term monitoring and maintenance.

Reserves for the Site Our reserve for past and future government oversight costs and long-term monitoring and maintenance totaled $14.0 million at September 30, 2023, of which $2.0 million is recorded in the accompanying September 30, 2023 condensed consolidated balance sheet under the caption "Environmental liabilities" and the remaining $12.0 million is recorded under the caption "Other long-term liabilities."

Range of Reasonably Possible Outcomes Based on our analysis of all available information, including but not limited to decisions of the courts, official documents such as records of decision, discussions with legal counsel, cost estimates for future monitoring and maintenance and other post-remediation costs to be performed at the Site, we do not believe that our costs associated with the Fox River matter could exceed the aggregate amounts accrued by a material amount.

20. SEGMENT INFORMATION

The following tables set forth financial and other information by segment for the period indicated:

Dollars in thousands	Three months ended September 30, 2023	Three months ended September 30, 2022	Nine months ended September 30, 2023	Nine months ended September 30, 2022
Net Sales				
Airlaid Material	**$ 147,014**	$ 154,351	**$ 458,966**	$ 447,523
Composite Fibers	**109,715**	128,269	**368,031**	387,436
Spunlace	**73,791**	89,160	**239,934**	282,464
Inter-segment sales elimination	**(599)**	—	**(1,797)**	—
Total	**$ 329,921**	$ 371,780	**$ 1,065,134**	$ 1,117,423
Operating income (loss)				
Airlaid Material	**$ 11,196**	$ 16,553	**$ 34,836**	$ 40,718
Composite Fibers	**7,268**	6,636	**14,293**	12,080
Spunlace	**(1,053)**	(4,671)	**(4,390)**	(8,051)
Other and unallocated	**(14,758)**	(52,585)	**(46,458)**	(185,779)
Total	**$ 2,653**	$ (34,067)	**$ (1,719)**	$ (141,032)
Depreciation and amortization				
Airlaid Material	**$ 7,553**	$ 7,400	**$ 22,876**	$ 22,571
Composite Fibers	**3,898**	3,961	**11,760**	15,276
Spunlace	**3,289**	2,954	**9,857**	8,813
Other and unallocated	**953**	1,231	**2,901**	3,822
Total	**$ 15,693**	$ 15,546	**$ 47,394**	$ 50,482
Capital expenditures				
Airlaid Material	**$ 2,625**	$ 1,925	**$ 7,039**	$ 7,457
Composite Fibers	**2,579**	2,462	**8,352**	12,720
Spunlace	**2,271**	1,341	**7,481**	5,227
Other and unallocated	**296**	1,659	**2,357**	4,680
Total	**$ 7,771**	$ 7,387	**$ 25,229**	$ 30,084
Tons shipped (metric)				
Airlaid Material	**40,076**	41,925	**119,149**	125,658
Composite Fibers	**22,188**	24,958	**71,972**	77,415
Spunlace	**14,436**	17,674	**46,047**	57,768
Inter-segment sales elimination	**(328)**	—	**(925)**	—
Total	**76,372**	84,557	**236,243**	260,841

Segments Results of individual operating segments are presented based on our management accounting practices and management structure. There is no comprehensive, authoritative body of guidance for management accounting equivalent to accounting principles generally accepted in the United States of America; therefore, the financial results of individual segments are not necessarily comparable with similar information for any other company. The management accounting process uses assumptions and allocations to measure performance of the segments. Methodologies are refined from time to time as management accounting practices are enhanced and businesses change. The costs incurred by support areas not directly aligned with the segment are allocated primarily based on an estimated utilization of support area services or are included in "Other and Unallocated" in the table set forth above.

Management evaluates results of operations of the operating segments before certain corporate level costs and the effects of certain gains or losses not considered to be related to the core business operations. Management believes that this is a more meaningful representation of the operating performance of its core businesses, the profitability of the segments and the extent of cash flow generated from these core operations. Such amounts are presented under the caption "Other and Unallocated." In the evaluation of operating segments results, management does not use any measures of total assets. This presentation is aligned with the management and operating structure of our company. It is also on this basis that the Company's performance is evaluated internally and by the Company's Board of Directors.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion should be read in conjunction with the information in the unaudited condensed consolidated financial statements and notes thereto included herein and Glatfelter's Financial Statements and Management's Discussion and Analysis of Financial Condition and Results of Operations included in our 2022 Annual Report on Form 10-K ("2022 Form 10-K").

Forward-Looking Statements This Quarterly Report on Form 10-Q includes forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. All statements other than statements of historical fact, including statements regarding industry prospects and future consolidated financial position or results of operations, made in this Report on Form 10-Q are forward looking. We use words such as "anticipates", "believes", "expects", "future", "intends" and similar expressions to identify forward-looking statements. Forward-looking statements reflect management's current expectations and are inherently uncertain. Our actual results may differ significantly from such expectations. The following discussion includes forward-looking statements all of which are inherently difficult to predict. Although we make such statements based on assumptions that we believe to be reasonable, there can be no assurance that actual results will not differ materially from our expectations. Accordingly, we identify the following important factors, among others, which could cause our results to differ from any results that might be projected, forecasted or estimated in any such forward-looking statements:

i. risks related to the military conflict between Russia and Ukraine and related sanctions and its impact on our production, sales, supply chain, cost of energy, and availability of energy due to natural gas supply issues into Europe;
ii. 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;
iii. risks associated with our ability to increase selling prices quickly or sufficiently enough to recover rapid cost inflation in our raw materials, energy, freight and other costs, and the potential reduction or loss of sales due to price increases;
iv. variations in demand for our products, including the impact of unplanned market-related downtime, variations in product pricing, or product substitution;
v. 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;
vi. risks associated with our international operations, including local economic and political environments and fluctuations in currency exchange rates;
vii. our ability to develop new, high value-added products;
viii. changes in the price or availability of raw materials we use, particularly woodpulp, pulp substitutes, synthetic pulp, other specialty fibers and abaca fiber;
ix. changes in energy-related prices and commodity raw materials with an energy component;
x. the impact of unplanned production interruption at our facilities or at any of our key suppliers;
xi. disruptions in production and/or increased costs due to labor disputes;
xii. the gain or loss of significant customers and/or on-going viability of such customers;
xiii. the impact of war and terrorism;
xiv. 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;
xv. enactment of adverse state, federal or foreign tax or other legislation or changes in government legislation, policy or regulation; and

Introduction We manufacture a wide array of engineered materials and manage our company along three operating segments:

- *Airlaid Materials* with sales of airlaid nonwoven fabric-like materials used in feminine hygiene products, adult incontinence products, tabletop, specialty wipes, home care products and other airlaid applications;
- *Composite Fibers* with sales of single-serve tea and coffee filtration papers, wallcovering base materials, composite laminate papers, technical specialties including substrates for electrical applications, and metallized products; and

- *Spunlace* with sales of premium quality spunlace nonwovens for critical cleaning, high-performance materials, personal care, hygiene and medical applications.

The former Specialty Papers business' results of operations and financial condition are reported as discontinued operations. Following is a discussion and analysis primarily of the financial results of operations and financial condition of our continuing operations.

RESULTS OF OPERATIONS

Nine months ended September 30, 2023 versus the nine months ended September 30, 2022

Overview For the first nine months of 2023, we reported a loss from continuing operations of $69.5 million, or $1.54 per share compared with a loss of $160.0 million or $3.57 per share in the year earlier period. The following table sets forth summarized consolidated results of operations:

	Nine months ended September 30,	
In thousands, except per share	**2023**	2022
Net sales	**$ 1,065,134**	$ 1,117,423
Gross profit	**98,834**	106,446
Operating loss	**(1,719)**	(141,032)
Continuing operations		
Loss	**(69,493)**	(160,004)
Loss per share	**(1.54)**	(3.57)
Net loss	**(70,387)**	(159,875)
Loss per share	**(1.56)**	(3.57)

The reported results are in accordance with generally accepted accounting principles in the United States ("GAAP") and reflect the impact of a number of significant items including the loss on sale of our Ober-Schmitten operations, debt refinancing, turnaround strategy costs, strategic initiatives, and CEO transition costs, among others. Our operating results for the first nine months of 2023 reflect: i) the impact of market softness and customer destocking resulting in lower sales volumes and sales, as well as, lower production to manage inventory levels, ii) higher interest expense stemming from the debt refinancing in the first quarter of 2023, iii) costs incurred related to the divestiture of our Ober-Schmitten, Germany facility and our turnaround strategy.

In addition to the results reported in accordance with GAAP, we evaluate our performance using financial metrics not calculated in accordance with GAAP, including adjusted earnings and adjusted earnings before interest expense, interest income, income taxes, depreciation and amortization and share-based compensation ("Adjusted EBITDA"). On an adjusted earnings basis, a non-GAAP measure, we had an adjusted loss from continuing operations of $36.7 million, or $0.81 per share for the first nine months of 2023, compared with a loss of $12.1 million, or $0.27 per share, a year ago. Our Adjusted EBITDA, also a non-GAAP measure, was $67.5 million for the nine months ended September 30, 2023 as compared to $76.6 million for the same period in 2022. We disclose this information to allow investors to evaluate our performance exclusive of certain items that impact the comparability of results from period to period and we believe it is helpful in understanding underlying operating trends and cash flow generation.

Adjusted earnings consists of net income determined in accordance with GAAP adjusted to exclude the impact of the following:

Goodwill and other asset impairment charges. This adjustment represents non-cash charges recorded to reduce the carrying amount of certain long-lived assets of our Dresden, Germany facility and goodwill of our Composite Fibers and Spunlace reporting segments.

Turnaround strategy costs. This adjustment reflects costs incurred in connection with the Company's turnaround strategy initiated in 2022 under its new chief executive officer to drive operational and financial improvement. These costs are primarily related to professional services fees and employee separation costs.

Russia/Ukraine conflict charges. This adjustment represents a non-cash charge recorded to reduce the carrying amount of accounts receivable and inventory directly related to the Russia/Ukraine military conflict and related sanctions.

Strategic initiatives. These adjustments primarily reflect professional and legal fees incurred directly related to evaluating and executing certain strategic initiatives including costs associated with acquisitions, related integrations, and charges incurred to step-up acquired inventory to fair-value.

Ober-Schmitten divestiture costs. This adjustment reflects the loss on sale of the Ober-Schmitten, Germany operations and professional and other costs directly associated with the sale, and previously anticipated closure, of the facility.

Debt refinancing costs. Represents charges to write-off unamortized debt issuance costs in connection with the extinguishment of the Company's €220.0 million Term Loan and IKB loans, as well as the amendment to the Company's credit facility. These costs also include an early repayment penalty related to the extinguishment of the IKB loans.

CEO transition costs. This adjustment reflects a costs associated with the separation of our former CEO, including a non-cash pension settlement charge related to a lump-sum distribution made in Q1 2023 under the terms of his non-qualified pension plan agreement.

Corporate headquarters relocation. These adjustments reflect costs incurred in connection with the strategic relocation of the Company's corporate headquarters to Charlotte, NC. The costs are primarily related to employee relocation costs and exit costs at the former corporate headquarters.

Cost optimization actions. These adjustments reflect charges incurred in connection with initiatives to optimize the cost structure of the Company, improve efficiencies or other objectives. Such actions may include asset rationalization, headcount reductions, or similar actions. These adjustments, which have occurred at various times in the past, are irregular in timing and relate to specific identified programs to reduce or optimize the cost structure of a particular operating segment or a corporate function.

COVID-19 ERC recovery. This adjustment reflects the benefit recognized from employee retention credits claimed under the Coronavirus Aid, Relief, and Economic Security Act ("CARES") Act and the Taxpayer Certainty and Disaster Tax Relief Act of 2020 and professional services fees directly associated with claiming this benefit.

Timberland sales and related costs. These adjustments exclude gains from the sales of timberlands as these items are not considered to be part of our core business, ongoing results of operations or cash flows. These adjustments are irregular in timing and amount and may benefit our operating results.

These adjustments are each unique and not considered to be on-going in nature. The transactions are irregular in timing and amount and may significantly impact our operating performance. As such, these items may not be indicative of our past or future performance and therefore are excluded for comparability purposes.

Adjusted earnings and adjusted earnings per share are considered measures not calculated in accordance with GAAP, and therefore are non-GAAP measures. The non-GAAP financial information should not be considered in isolation from, or as a substitute for, measures of financial performance prepared in accordance with GAAP.

The following table sets forth the reconciliation of net loss to adjusted loss from continuing operations for the periods indicated:

	Nine months ended September 30,			
	2023		2022	
In thousands, except per share	**Amount**	**EPS**	Amount	EPS
Net loss	**$ (70,387)**	**$ (1.56)**	$ (159,875)	$ (3.57)
Exclude: Loss (income) from discontinued operations, net of tax	**894**	**0.02**	(129)	—
Loss from continuing operations	**(69,493)**	**(1.54)**	(160,004)	(3.57)
Adjustments *(pre-tax):*				
Goodwill and other asset impairment charges [(1)]	—		159,890	
Turnaround strategy costs [(2)]	**7,054**		—	
Russia/Ukraine conflict charges [(3)]	—		3,948	
Strategic initiatives [(4)]	**2,158**		4,687	
Ober-Schmitten divestiture[(5)]	**18,797**		—	
Debt refinancing [(6)]	**1,883**		—	
CEO transition costs [(7)]	**579**		1,489	
Corporate headquarters relocation	—		343	
Cost optimization actions [(8)]	—		941	
COVID-19 ERC recovery [(9)]	**(233)**		—	
Timberland sales and related costs	**(1,305)**		(2,962)	
Total adjustments (pre-tax)	**28,933**		168,336	
Income taxes [(10)]	**867**		(20,694)	
Other tax adjustments [(11)]	**3,005**		301	
Total after-tax adjustments	**32,805**	**0.73**	147,943	3.30
Adjusted loss from continuing operations	**$ (36,688)**	**$ (0.81)**	$ (12,061)	$ (0.27)

(1) Reflects goodwill impairment charge of $56.1 million related to our Composite Fibers segment and other asset impairment charges of $61.3 million related to our Dresden asset group recognized in Q1 2022. An additional goodwill impairment charge of $42.5 million related to our Spunlace segment was recognized in Q3 2022.
(2) Reflects employee separation costs of $4.3 million and $2.7 million in professional fees.
(3) Reflects bad debt expense charges of $2.9 million and inventory reserves charges of $1.0 million recognized in Q1 2022.
(4) For 2023, primarily reflects integration activities including consulting and legal fees of $1.2 million, the write-off of construction in process asset deemed unusable of $0.5 million, employee separation costs of $0.1 million, and other costs of $0.4 million. For 2022, primarily reflects professional services fees (including legal, audit, valuation specialists and consulting) of $3.3 million, employee separation and other costs of $1.4 million and other costs, all of which are directly related to acquisitions.
(5) Reflects disposal costs of $17.8 million, legal fees of $0.5 million, employee separation costs of $0.1 million, and other costs of $0.4 million in connection with the closure of the Ober-Schmitten facility.
(6) Reflects $1.8 million write-off of deferred debt issuance costs in connection with the Company's debt refinancing in Q1 2023, and $0.1 million in early repayment penalties and write-off of unamortized financing fees on the IKB loans.
(7) For 2023, primarily reflects pension settlement charge related to the former CEO's separation. For 2022, reflects cash severance and transition related costs of $4.6 million partially offset by a $3.1 million non-cash benefit related to the forfeiture of stock-based compensation awards.
(8) Primarily reflects employee separation costs of $0.4 million, equipment write-down of $0.4 million and other costs of $0.1 million directly associated with closure of a synthetic fiber production facility in the U.K.
(9) Reflects $0.3 million of interest income on employee retention credits claimed under the CARES Act of 2020 and the subsequent related amendments, offset by professional fees of less than $0.1 million.
(10) Tax effect on adjustments calculated based on the incremental effective tax rate of the jurisdiction in which each adjustment originated. For items originating in the U.S., no tax effect is recognized due to the previously established valuation allowance on the net deferred tax assets.
(11) Tax effect of applying certain provisions of the CARES Act of 2020. The amount in 2023 also includes $2.4 million of valuation allowance added to deferred tax asset related to the Ober-Schmitten facility.

The following table sets forth the reconciliation of net loss to adjusted EBITDA for the periods indicated:

Adjusted EBITDA	**Nine months ended September 30,**	
In thousands	**2023**	2022
Net loss	**$ (70,387)**	$ (159,875)
Exclude: Loss (income) from discontinued operations, net of tax	**894**	(129)
Add back: Taxes on continuing operations	**13,421**	(8,569)
Depreciation and amortization	**47,394**	50,482
Interest expense, net	**46,082**	23,526
EBITDA	**37,404**	(94,565)
Adjustments:		
Goodwill and other asset impairment charges	**—**	159,890
Turnaround strategy costs	**7,566**	—
Russia/Ukraine conflict charges	**—**	3,948
Strategic initiatives	**2,158**	4,687
Ober-Schmitten divestiture	**18,797**	—
Debt refinancing	**59**	—
CEO transition costs	**579**	4,592
Corporate headquarters relocation	**—**	343
Share-based compensation	**2,205**	37
Cost optimization actions, excluding accelerated depreciation	**—**	589
COVID-19 ERC recovery	**41**	—
Timberland sales and related costs	**(1,305)**	(2,962)
Adjusted EBITDA	**$ 67,504**	$ 76,559

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 unrelated to the company's core operations. The adjustments include, among others, goodwill and other asset impairment charges, the costs of strategic initiatives, turnaround strategy costs, Ober-Schmitten divestiture costs, CEO transition costs, and share-based compensation expense, as well as the elimination of gains from sales of timberlands, among others. Adjusted EBITDA is a performance measure that excludes costs that we do not consider to be indicative of our ongoing operating performance.

Segment Financial Performance

Dollars in thousands	Nine months ended September 30, 2023	2022
Net Sales		
Airlaid Material	**$ 458,966**	$ 447,523
Composite Fibers	**368,031**	387,436
Spunlace	**239,934**	282,464
Inter-segment sales elimination	**(1,797)**	—
Total	**$ 1,065,134**	$ 1,117,423
Operating income (loss)		
Airlaid Material	**$ 34,836**	$ 40,718
Composite Fibers	**14,293**	12,080
Spunlace	**(4,390)**	(8,051)
Other and unallocated	**(46,458)**	(185,779)
Total	**$ (1,719)**	$ (141,032)
Depreciation and amortization		
Airlaid Material	**$ 22,876**	$ 22,571
Composite Fibers	**11,760**	15,276
Spunlace	**9,857**	8,813
Other and unallocated	**2,901**	3,822
Total	**$ 47,394**	$ 50,482
Capital expenditures		
Airlaid Material	**$ 7,039**	$ 7,457
Composite Fibers	**8,352**	12,720
Spunlace	**7,481**	5,227
Other and unallocated	**2,357**	4,680
Total	**$ 25,229**	$ 30,084
Tons shipped (metric)		
Airlaid Material	**119,149**	125,658
Composite Fibers	**71,972**	77,415
Spunlace	**46,047**	57,768
Inter-segment sales elimination	**(925)**	—
Total	**236,243**	$ 260,841

Segments Results of individual operating segments are presented based on our management accounting practices and management structure. There is no comprehensive, authoritative body of guidance for management accounting equivalent to accounting principles generally accepted in the United States of America; therefore, the financial results of individual segments are not necessarily comparable with similar information for any other company. The management accounting process uses assumptions and allocations to measure performance of the segments. Methodologies are refined from time to time as management accounting practices are enhanced and businesses change. The costs incurred by support areas not directly aligned with the segment are allocated primarily based on an estimated utilization of support area services or are included in “Other and Unallocated” in the table set forth above.

Management evaluates results of operations of the operating segments before certain corporate level costs and the effects of certain gains or losses not considered to be related to the core business operations. Management believes that this is a more meaningful representation of the operating performance of its core businesses, the profitability of the segments and the extent of cash flow generated from these core operations. Such amounts are presented under the caption "Other and Unallocated." In the evaluation of operating segments results, management does not use any measures of total assets. This presentation is aligned with the management and operating structure of our company. It is also on this basis that the Company's performance is evaluated internally and by the Company's Board of Directors.

Sales and Costs of Products Sold

In thousands	Nine months ended September 30, 2023	2022	Change
Net sales	**$ 1,065,134**	$ 1,117,423	$ (52,289)
Costs of products sold	**966,300**	1,010,977	(44,677)
Gross profit	**$ 98,834**	$ 106,446	$ (7,612)
Gross profit as a percent of Net sales	**9.3 %**	9.5 %	

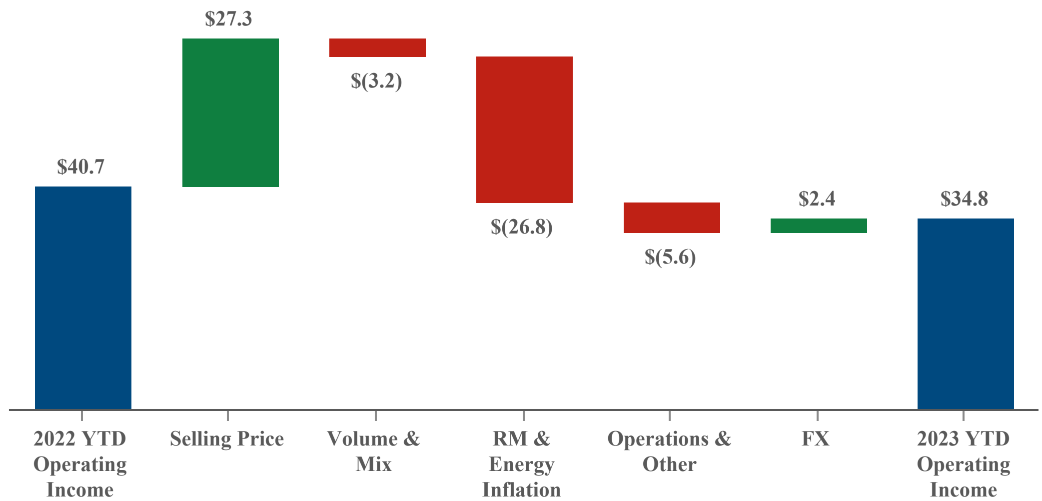
The following table sets forth the contribution to consolidated net sales by each segment:

Percent of Total	Nine months ended September 30, 2023	2022
Segment		
Airlaid Materials	**43.1 %**	40.0 %
Composite Fibers	**34.4**	34.7
Spunlace	**22.5**	25.3
Total	**100.0 %**	100.0 %

Net sales totaled $1,065.1 million and $1,117.4 million in the first nine months of 2023 and 2022, respectively. Net sales for Airlaid Materials increased by 1.9% on a constant currency basis. Net Sales for Composite Fibers and Spunlace decreased by 5.5% and 15.2% on a constant currency basis.

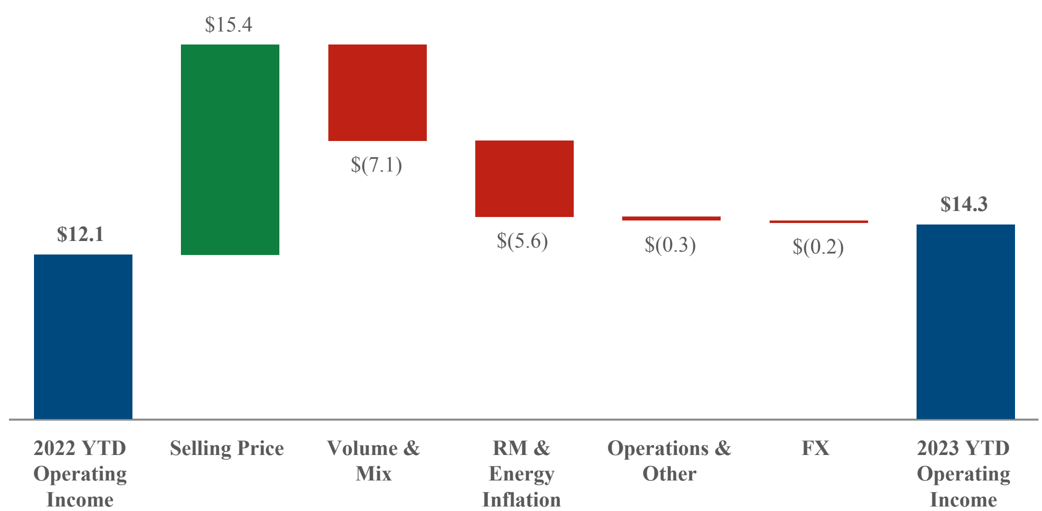
Airlaid Materials' net sales increased $11.4 million in the year-over-year comparison mainly driven by higher selling prices from cost-pass-through arrangements with customers and pricing actions to recover significant inflation in raw materials and energy. Shipments were 5.2% lower mainly due to food pads, baby diapers and feminine hygiene categories and currency translation was favorable by $3.0 million.

Airlaid Materials' first nine months operating income of $34.8 million was $5.9 million lower when compared to the first nine months of 2022. Lower shipments lowered results by $3.2 million. Selling price increases and energy surcharges of $27.3 million more than offset higher raw material and energy costs of $26.8 million. For the first nine months of 2023, primary raw material input costs increased $26 million, or 12%, and energy costs increased $1 million, or 3%, compared to the same nine months of 2022. The increase in primary raw material input costs was approximately in-line with broader market indices, and energy prices were less volatile with the government legislation in Europe capping energy prices. We expect prices for both energy and raw materials to continue to decline in the fourth quarter. As of September 30, 2023, Airlaid Materials had approximately 79% of its net sales with contracts with pass-through provisions. Operations were unfavorable by $5.6 million mainly driven by lower production to manage customer demand as some customers slowed ordering patterns to manage inventory levels built up at the end of 2022 to avoid anticipated energy and supply chain disruptions in the beginning of 2023. The impact of currency and related hedging positively impacted earnings by $2.4 million. The primary drivers of the change in Airlaid Materials' operating income are summarized in the following chart (presented in millions):



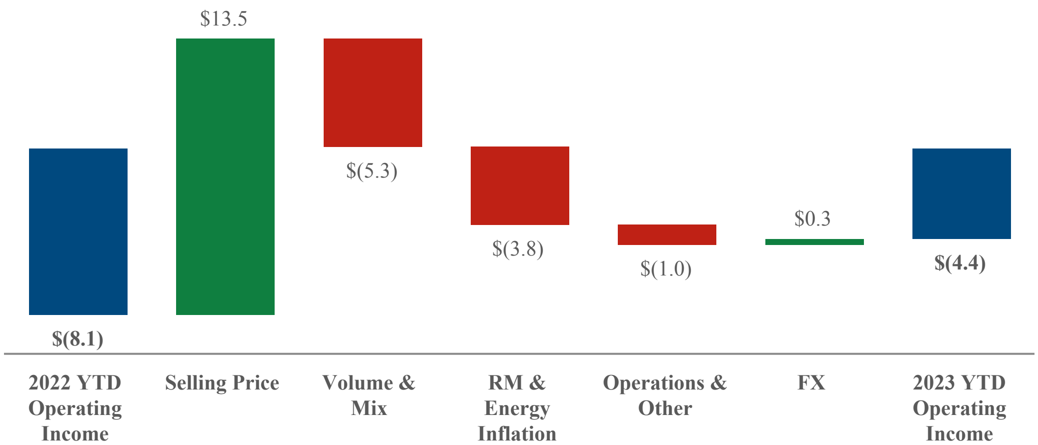
Composite Fibers' net sales was $19.4 million lower in the first nine months of 2023 compared to the year-ago period. Shipments were 7.0% lower mainly due to metallized products and composite laminates categories and currency translation was favorable by $1.7 million.

Composite Fibers had operating income for the first nine months of $14.3 million compared with operating income of $12.1 million in the first nine months of 2022. Higher selling prices and energy surcharges more than offset the continued inflation in energy, raw material, and freight and was a net favorable benefit to results of $9.8 million. For the first nine months of 2023, energy costs increased $1.7 million, or 3%, and primary raw material input costs increased $3.8 million, or 3%, compared to the same nine months of 2022. The increase in primary raw material input costs was approximately in-line with broader market indices, and energy prices were less volatile with the government legislation in Europe capping energy prices. We expect prices for both energy and raw materials to continue to decline in the fourth quarter. As of September 30, 2023, Composite Fibers had approximately 47% of its net sales with contracts with pass-through provisions. Operations was unfavorable by $0.3 million mainly driven by lower production volume to match customer demand and manage inventory levels, largely offset by cost savings from headcount reduction actions taken related to the turnaround strategy, lower energy consumption due to lower production volume and lower depreciation expense due to the Dresden and Ober-Schmitten asset impairments in 2022. The Ober-Schmitten site negatively impacted year-over-year results by $5.7 million. The impact of currency and related hedging negatively impacted earnings by $0.2 million. The primary drivers of the change in Composite Fibers' operating income are summarized in the following chart (presented in millions):



Spunlace's net sales was $42.5 million lower in the first nine months of 2023 compared to the year-ago period. Shipments were 20.3% lower mainly due to beauty care, critical cleaning and hygiene categories and currency translation was favorable by $0.4 million.

Spunlace had an operating loss of $4.4 million in the first nine months of this year compared with an operating loss of $8.1 million in the first nine months of 2022. Higher selling prices and energy surcharges were partially offset by higher raw material and energy costs favorably impacting earnings by $9.7 million. For the first nine months of 2023, primary raw material input costs increased $5.8 million, or 4%, and energy costs decreased $3.3 million, or 14%, compared to the same nine months of 2022. The increase in primary raw material input costs was approximately in-line with broader market indices, and energy prices were less volatile with the government legislation in Europe capping energy prices. We expect prices for both energy and raw materials to continue to decline in the fourth quarter. Volume was unfavorable by $5.3 million driven by lower shipments in almost all categories. As of September 30, 2023, Spunlace had approximately 38% of its net sales with contracts with pass-through provisions. The primary drivers of the change in Spunlace's operating income are summarized in the following chart (presented in millions):



Asset Impairment During the first quarter of 2022, in connection with an assessment of potential impairment of long-lived and indefinite-lived intangible assets stemming from the compounding impacts resulting from the Russia/ Ukraine military conflict and related sanctions, we recorded a $117.3 million non-cash asset impairment charge related to Composite Fibers' Dresden facility and an impairment of Composite Fibers' goodwill. Dresden is a single-line facility that produces wallcover base paper, the majority of which is directly sold into the Russian and Ukrainian markets.

In addition, as a result of economic sanctions and disruptions to the financial markets, certain customers were not able to satisfy outstanding accounts receivables. As such, during the first quarter of 2022, we recognized bad debt expense of approximately $2.9 million directly related to Russian and Ukrainian customers which is included in "Selling, general and administrative expenses" in the accompanying condensed consolidated statements of income. Furthermore, during the first quarter of 2022, we increased inventory reserves by approximately $1.0 million, primarily related to wallcover products. The charge related to inventory reserves is included in "Cost of products sold" in the accompanying condensed consolidated statements of income.

During the third quarter of 2022, we recognized a non-cash goodwill impairment charge for our Spunlace segment of $42.5 million stemming from inflationary challenges at the time and our selling price increases having been insufficient to offset the impact of inflation. Furthermore, the Spunlace segment had been impacted by unexpected supply chain and other operational issues which, in combination with commercial issues, resulted in an unexpected increase in operating losses.

Other and Unallocated The amount of net operating expenses not allocated to an operating segment, and reported as "Other and Unallocated" in our table of Segment Financial Performance, totaled $46.5 million in the first nine months of 2023 compared with $185.8 million in the same period a year ago. Excluding the items identified to present "adjusted earnings," unallocated expenses for the first nine months of 2023 increased $2.4 million compared to the same period in 2022 mainly driven by higher professional services costs, higher travel costs and wage inflation.

Income Taxes For the nine months ended September 30, 2023, we recorded a $13.4 million income tax provision on a pretax loss of $56.1 million from continuing operations. The comparable amounts for 2022 were $8.6 million income tax benefit on a pre-tax loss of $168.6 million. The income tax provision in both periods reflects valuation allowances recorded for the operating losses in the U.S. and certain foreign jurisdictions for which no income tax benefit was recorded. The income tax benefit in 2022 also includes deferred tax benefits associated with the asset impairment charges and related bad debt and inventory reserves.

Foreign Currency We own and operate facilities in Canada, Germany, France, the United Kingdom, Spain, and the Philippines. The functional currency of our Canadian operations is the U.S. dollar. However, in Germany, France and Spain, it is the euro, in the UK, it is the British pound sterling, and in the Philippines the functional currency is the peso. On an annual basis, our euro denominated net sales exceeds euro expenses by an estimated €190 million. For the first nine months of 2023, the average currency exchange rate was 1.08 dollar/euro compared with 1.07 in the same period of 2022. With respect to the British pound sterling, Canadian dollar, and Philippine peso, we have differing amounts of inflows and outflows 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. The translation of the results from international operations into U.S. dollars is subject to changes in foreign currency exchange rates.

The table below summarizes the translation impact on reported results that changes in currency exchange rates had on our non-U.S. based operations from the conversion of these operation's results for the first nine months of 2023.

In thousands	**Nine months ended September 30,**
	Favorable (unfavorable)
Net sales	**$ 5,080**
Costs of products sold	**(2,442)**
SG&A expenses	**(325)**
Income taxes and other	**41**
Net loss	**$ 2,354**

The above table only presents the financial reporting impact of foreign currency translations assuming currency exchange rates in 2023 were the same as 2022. It does not present the impact of certain competitive advantages or disadvantages of operating or competing in multi-currency markets.

Three months ended September 30, 2023 versus the three months ended September 30, 2022

Overview For the third quarter of 2023, we reported a loss from continuing operations of $19.7 million, or $0.43 per share compared with a loss of $49.3 million or $1.10 per share in the same period in 2022. The following table sets forth summarized consolidated results of operations:

	Three months ended September 30,	
In thousands, except per share	**2023**	2022
Net sales	**$ 329,921**	$ 371,780
Gross profit	**44,487**	37,384
Operating income (loss)	**2,653**	(34,067)
Continuing operations		
Loss	**(19,680)**	(49,254)
Loss per share	**(0.43)**	(1.10)
Net loss	**(19,863)**	(49,496)
Loss per share	**(0.43)**	(1.11)

The reported results are in accordance with generally accepted accounting principles in the United States ("GAAP") and reflect the impact of a number of significant items including the loss on sale of our Ober-Schmitten operations, debt refinancing, turnaround strategy costs, strategic initiatives, and CEO transition costs, among others. Our operating results for the three months ended September 30, 2023 reflect: i) the impact of market softness and customer destocking resulting in lower sales volumes and sales, as well as, lower production, ii) higher interest expense stemming from the debt refinancing in the first quarter of 2023, iii) costs incurred related to the sale of our Ober-Schmitten, Germany operations and our turnaround strategy.

In addition to the results reported in accordance with GAAP, we evaluate our performance using financial metrics not calculated in accordance with GAAP, including adjusted earnings and adjusted earnings before interest expense, interest income, income taxes, depreciation and amortization and share-based compensation ("Adjusted EBITDA"). On an adjusted earnings basis, a non-GAAP measure, we had an adjusted loss from continuing operations of $10.4 million, or $(0.23) per share for the third quarter of 2023, compared with a loss of $4.3 million, or $(0.10) per share, a year ago. Our Adjusted EBITDA, also a non-GAAP measure, was $25.5 million for the three months ended September 30, 2023 as compared to $26.3 million for the same period in 2022. We disclose this information to allow investors to evaluate our performance exclusive of certain items that impact the comparability of results from period to period and we believe it is helpful in understanding underlying operating trends and cash flow generation.

Adjusted earnings and adjusted earnings per share are considered measures not calculated in accordance with GAAP, and therefore are non-GAAP measures. The non-GAAP financial information should not be considered in isolation from, or as a substitute for, measures of financial performance prepared in accordance with GAAP.

The following table sets forth the reconciliation of net loss to adjusted loss from continuing operations for the periods indicated:

	Three months ended September 30,			
	2023		2022	
In thousands, except per share	**Amount**	**EPS**	Amount	EPS
Net loss	**$ (19,863)**	**$ (0.43)**	$ (49,496)	$ (1.11)
Exclude: Loss (income) from discontinued operations, net of tax	**183**	**—**	242	0.01
Loss from continuing operations	**(19,680)**	**(0.43)**	(49,254)	(1.10)
Adjustments *(pre-tax):*				
Goodwill and other asset impairment charges	**—**		42,541	
Turnaround strategy costs (1)	**372**		—	
Strategic initiatives (2)	**488**		2,199	
Ober-Schmitten divestiture costs (3)	**8,055**		—	
CEO transition costs (4)	**(54)**		1,489	
Corporate headquarters relocation	**—**		120	
Timberland sales and related costs	**(688)**		—	
Total adjustments (pre-tax)	**8,173**		46,349	
Income taxes (5)	**928**		(1,527)	
Other tax adjustments (6)	**207**		126	
Total after-tax adjustments	**9,308**	**0.21**	44,948	1.00
Adjusted loss from continuing operations	**$ (10,372)**	**$ (0.23)**	$ (4,306)	$ (0.10)

(1) Reflects employee separation costs of $0.4 million.
(2) For 2023, primarily reflects professional fees (tax and IT) of $0.4 million and other costs of $0.1 million. For 2022, primarily reflects professional services fees (including legal, audit, valuation specialists and consulting) of $1.6 million, employee separation and other costs of $0.6 million and other costs, all of which are directly related to acquisitions.
(3) Reflects loss on sale of $17.8 million partially offset by a benefit of $10.3 million related to the reversal of employee separation expenses recorded in Q2 2023 in anticipation of the closure of the facility, and legal fees of $0.5 million.
(4) For 2023, reflects pension settlement benefit of $0.1 million related to the former CEO's separation. For 2022, reflects cash severance and transition related costs of $4.6 million partially offset by a $3.1 million non-cash benefit related to the forfeiture of stock-based compensation awards.
(5) Tax effect on adjustments calculated based on the incremental effective tax rate of the jurisdiction in which each adjustment originated. For items originating in the U.S., no tax effect is recognized due to the previously established valuation allowance on the net deferred tax assets.
(6) Tax effect of applying certain provisions of the CARES Act of 2020.

The following table sets forth the reconciliation of net loss to adjusted EBITDA for the periods indicated:

Adjusted EBITDA *In thousands*	**Three months ended September 30,**	
	2023	2022
Net loss	**$ (19,863)**	$ (49,496)
Exclude: Loss from discontinued operations, net of tax	**183**	242
Add back: Taxes on continuing operations	**3,328**	4,920
Depreciation and amortization	**15,693**	15,546
Interest expense, net	**17,057**	8,047
EBITDA	**16,398**	(20,741)
Adjustments:		
Goodwill and other asset impairment charges	**—**	42,541
Turnaround strategy costs	**370**	—
Strategic initiatives	**488**	2,199
Ober-Schmitten divestiture	**8,055**	—
CEO transition costs	**(54)**	4,592
Corporate headquarters relocation	**—**	120
Share-based compensation	**898**	(2,382)
Timberland sales and related costs	**(688)**	—
Adjusted EBITDA	**$ 25,467**	$ 26,329

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 unrelated to the company's core operations. The adjustments include, among others, Ober-Schmitten divestiture costs, turnaround strategy costs, strategic initiative costs, corporate headquarters relocation expenses, and share-based compensation expense. Adjusted EBITDA is a performance measure that excludes costs that we do not consider to be indicative of our ongoing operating performance.

Segment Financial Performance

Dollars in thousands	Three months ended September 30, 2023	2022
Net Sales		
Airlaid Material	**$ 147,014**	$ 154,351
Composite Fibers	**109,715**	128,269
Spunlace	**73,791**	89,160
Inter-segment sales elimination	**(599)**	—
Total	**$ 329,921**	$ 371,780
Operating income (loss)		
Airlaid Material	**$ 11,196**	$ 16,553
Composite Fibers	**7,268**	6,636
Spunlace	**(1,053)**	(4,671)
Other and unallocated	**(14,758)**	(52,585)
Total	**$ 2,653**	$ (34,067)
Depreciation and amortization		
Airlaid Material	**$ 7,553**	$ 7,400
Composite Fibers	**3,898**	3,961
Spunlace	**3,289**	2,954
Other and unallocated	**953**	1,231
Total	**$ 15,693**	$ 15,546
Capital expenditures		
Airlaid Material	**$ 2,625**	$ 1,925
Composite Fibers	**2,579**	2,462
Spunlace	**2,271**	1,341
Other and unallocated	**296**	1,659
Total	**$ 7,771**	$ 7,387
Tons shipped (metric)		
Airlaid Material	**40,076**	41,925
Composite Fibers	**22,188**	24,958
Spunlace	**14,436**	17,674
Inter-segment sales elimination	**(328)**	—
Total	**76,372**	$ 84,557

Segments Results of individual operating segments are presented based on our management accounting practices and management structure. There is no comprehensive, authoritative body of guidance for management accounting equivalent to accounting principles generally accepted in the United States of America; therefore, the financial results of individual segments are not necessarily comparable with similar information for any other company. The management accounting process uses assumptions and allocations to measure performance of the segments. Methodologies are refined from time to time as management accounting practices are enhanced and businesses change. The costs incurred by support areas not directly aligned with the segment are allocated primarily based on an estimated utilization of support area services or are included in "Other and Unallocated" in the table set forth above.

Management evaluates results of operations of the operating segments before certain corporate level costs and the effects of certain gains or losses not considered to be related to the core business operations. Management believes that this is a more meaningful representation of the operating performance of its core businesses, the profitability of the segments and the extent of cash flow generated from these core operations. Such amounts are presented under the caption "Other and Unallocated." In the evaluation of operating segments results, management does not use any measures of total assets. This presentation is aligned with the management and operating structure of our company. It is also on this basis that the Company's performance is evaluated internally and by the Company's Board of Directors.

Sales and Costs of Products Sold

In thousands	Three months ended September 30, 2023	2022	Change
Net sales	**$ 329,921**	$ 371,780	$ (41,859)
Costs of products sold	**285,434**	334,396	(48,962)
Gross profit	**$ 44,487**	$ 37,384	$ 7,103
Gross profit as a percent of Net sales	**13.5 %**	10.1 %	

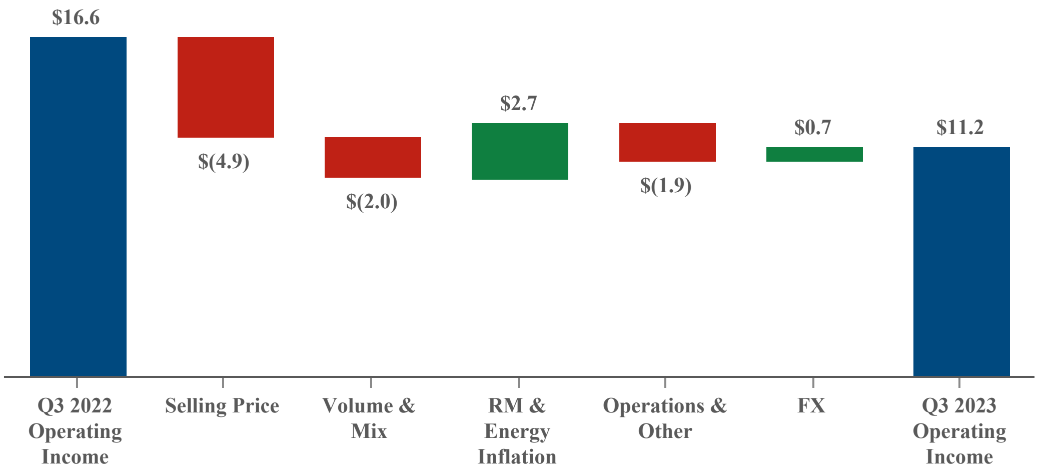
The following table sets forth the contribution to consolidated net sales by each segment:

Percent of Total	Three months ended September 30, 2023	2022
Segment		
Airlaid Materials	**44.6 %**	41.5 %
Composite Fibers	**33.0**	34.5
Spunlace	**22.4**	24.0
Total	**100.0 %**	100.0 %

Net sales totaled $329.9 million and $371.8 million in the three months ended September 30, 2023 and 2022, respectively. Net sales for Airlaid Materials, Composite Fibers and Spunlace decreased by 7.9%, 19.5% and 18.7%, respectively, on a constant currency basis.

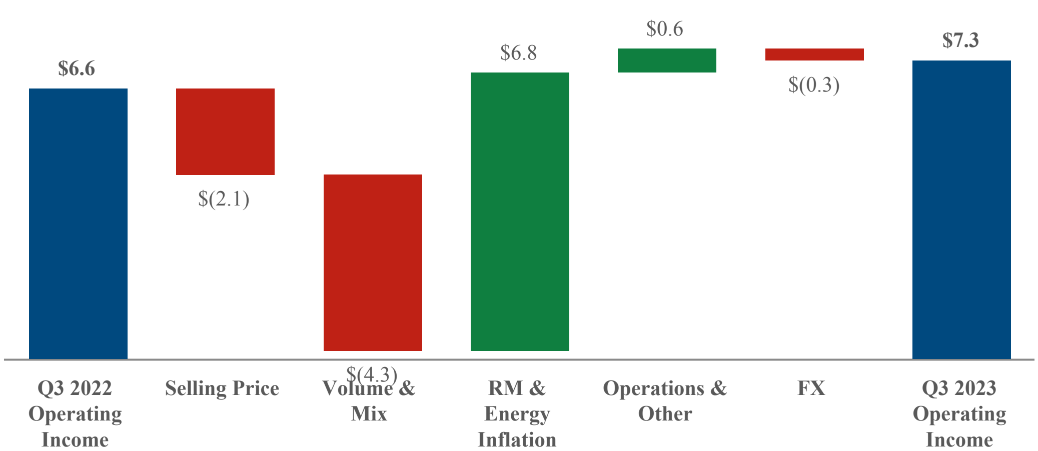
Airlaid Materials' third quarter net sales decreased $7.3 million in the year-over-year comparison mainly driven by lower selling prices from cost pass-through arrangements and lower energy surcharges in Europe as both raw materials and energy input costs declined compared to last year. Shipments were 4.4% lower mainly in feminine hygiene and table top categories due to European market weakness and customer shift to alternate substrates to manage input costs. Currency translation was favorable by $4.8 million.

Airlaid Materials' third quarter operating income of $11.2 million was $5.4 million lower when compared to the third quarter of 2022. Shipments were lower primarily in the feminine hygiene and table top categories lowering results by $2.0 million. Selling price was $4.9 million lower compared the third quarter of 2022 due to the lower raw materials costs pass-through, selected pricing actions to retain volume, and lower energy surcharges. Raw material and energy costs were favorable $2.7 million. In the three months ended September 30, 2023, primary raw material input costs decreased $2.2 million, or 3%, and energy costs was in-line with the second quarter of 2022. The decrease in primary raw material input costs was approximately in-line with broader market indices and energy prices were less volatile with the government legislation in Europe capping energy prices. We expect prices for both energy and raw materials to steadily decline in the fourth quarter of 2023. As of September 30, 2023, Airlaid Materials had approximately 79% of its net sales with contracts with pass-through provisions. Operations were unfavorable by $1.9 million primarily due to lower production and higher operational spending. The impact of currency and related hedging positively impacted earnings by $0.7 million. The primary drivers of the change in Airlaid Materials' operating income are summarized in the following chart (presented in millions):



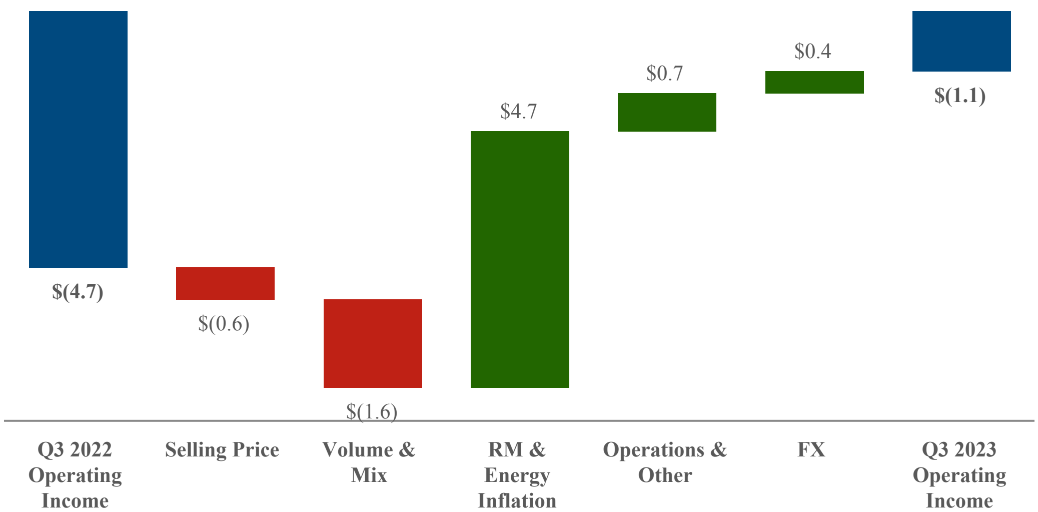
Composite Fibers' revenue was $18.6 million lower in the third quarter of 2023, compared to the year-ago quarter due to lower selling prices of $2.1 million, the sale of Ober-Schmitten mid-quarter this year, and lower overall shipments down 11.1%. Currency translation was favorable by $6.3 million.

Composite Fibers had operating income for the third quarter of $7.3 million compared with operating income of $6.6 million in the third quarter of 2022. Lower energy and raw material costs more than offset the decline in selling prices and energy surcharges and was a net favorable benefit to results of $4.7 million. The strong wallcover shipments were more than offset by lower shipments of higher margin food and beverage and composite laminates categories that negatively impacted income by $4.3 million. In the third quarter of 2023, energy costs decreased $1 million, or 5%, and primary raw material input costs decreased $5.8 million, or 12%, compared to the third quarter of 2022. The decrease in primary raw material input costs was approximately in-line with broader market indices and energy prices were less volatile with the government legislation in Europe capping energy prices. We expect prices for both energy and raw materials to steadily decline in the fourth quarter of 2023. As of September 30, 2023, freight inflation reported as part of raw material, energy and other inflation decreased as global supply chain disruptions experienced in 2022 significantly improved in 2023. As of September 30, 2023, Composite Fibers had approximately 47% of its net sales with contracts with pass-through provisions. During the three months ended September 30, 2023, operations were favorable compared to the third quarter of 2022 by $0.6 million mainly driven by benefits from the Turnaround Strategy, partially offset by lower production. The Ober-Schmitten site negatively impacted year-over-year results by $1.2 million. The impact of currency and related hedging negatively impacted earnings by $0.3 million. The primary drivers of the change in Composite Fibers' operating income are summarized in the following chart (presented in millions):



Spunlace's revenue was $15.4 million lower in the third quarter of 2023, compared to the year-ago quarter mainly driven by lower shipments of 18.3% and lower selling prices of $0.6 million which were partially offset by favorable currency translation of $1.3 million.

Spunlace had an operating loss of $1.1 million in the third quarter of this year compared with an operating loss of $4.7 million in the third quarter of 2022. In the third quarter of 2023, primary raw material input costs decreased by 2.8 million, or 6%, and energy costs decreased $1.8 million, or 22%, compared to the third quarter of 2022. The decrease in primary raw material input costs was approximately in-line with broader market indices and energy prices were less volatile with the government legislation in Europe capping energy prices. We expect prices for both energy and raw materials to steadily decline in the fourth quarter of 2023. Volume was unfavorable $1.6 million driven by lower shipments in all categories. As of September 30, 2023, Spunlace had approximately 38% of its net sales with contracts with pass-through provisions. Operations were favorable by $0.7 million from headcount actions taken in 2022, which resulted in lower overall spending and other cost improvements as a result of the turnaround strategy. The impact of currency positively impacted earnings by $0.4 million. The primary drivers of the change in Spunlace's operating income are summarized in the following chart (presented in millions):



Other and Unallocated The amount of net operating expenses not allocated to an operating segment, and reported as "Other and Unallocated" in our table of Segment Financial Performance, totaled $14.8 million in the third quarter of 2023 compared with $52.6 million in the same period a year ago. Excluding the items identified to present "adjusted earnings," unallocated expenses for the third quarter of 2023 increased $0.4 million compared to the third quarter of 2022 which includes a $1.2 million charge in 2023 for costs associated with a supplier's raw material defect, partially offset by benefits from headcount actions related to the turnaround strategy and lower professional costs.

Income taxes In the third quarter of 2023, our U.S. GAAP pre-tax loss from continuing operations totaled $16.4 million and we recorded an income tax expense of $3.3 million which primarily related to the tax provision for foreign jurisdictions, reserves for uncertain tax positions, and valuation allowances for domestic and foreign jurisdiction losses for which no tax benefit could be recognized. The comparable amounts in the same quarter of 2022 were a pre-tax loss of $44.3 million and an income tax provision of $4.9 million.

Foreign Currency We own and operate facilities in Canada, Germany, France, the United Kingdom, Spain, and the Philippines. The functional currency of our Canadian operations is the U.S. dollar. However, in Germany, France and Spain, it is the euro, in the UK, it is the British pound sterling, and in the Philippines the functional currency is the peso. On an annual basis, our euro denominated net sales exceeds euro expenses by an estimated €190 million. For the three months ended September 30, 2023, the average currency exchange rate was 1.09 dollar/euro compared with 1.01 in the same period of 2022. With respect to the British pound sterling, Canadian dollar, and Philippine peso, we have differing amounts of inflows and outflows 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. The translation of the results from international operations into U.S. dollars is subject to changes in foreign currency exchange rates.

The table below summarizes the translation impact on reported results that changes in currency exchange rates had on our non-U.S. based operations from the conversion of these operation's results for the third quarter of 2023.

In thousands	Three months ended September 30,	
	Favorable (unfavorable)	
Net sales	**$**	**11,110**
Costs of products sold		**(10,171)**
SG&A expenses		**(751)**
Income taxes and other		**—**
Net loss	**$**	**188**

The above table only presents the financial reporting impact of foreign currency translations assuming currency exchange rates in 2023 were the same as 2022. It does not present the impact of certain competitive advantages or disadvantages of operating or competing in multi-currency markets.

LIQUIDITY AND CAPITAL RESOURCES

Our business requires significant expenditures for new or enhanced equipment, to support our research and development efforts, and to support our business strategy. In addition, we have mandatory debt service requirements of both principal and interest. The following table summarizes cash flow information for each of the periods presented:

	Nine months ended September 30,			
In thousands		**2023**		2022
Cash, cash equivalents and restricted cash at the beginning of period	**$**	**119,162**	$	148,814
Cash provided (used) by				
Operating activities		**(41,955)**		(64,353)
Investing activities		**(28,694)**		(25,502)
Financing activities		**10,987**		52,084
Effect of exchange rate changes on cash		**(143)**		(6,760)
Change in cash and cash equivalents from discontinued operations		**(734)**		45
Net cash used		**(60,539)**		(44,486)
Cash, cash equivalents and restricted cash at the end of period		**58,623**		104,328
Less: restricted cash in Prepaid and other current assets		**(3,600)**		(2,000)
Less: restricted cash in Other assets		**(2,282)**		(6,993)
Cash and cash equivalents at the end of period	**$**	**52,741**	$	95,335

At September 30, 2023, we had $52.7 million in cash and cash equivalents (“cash”) held by both domestic and foreign subsidiaries. Approximately 99.0% of our cash and cash equivalents is held by our foreign subsidiaries but could be repatriated without incurring a significant amount of additional taxes.

Cash used by operating activities in the first nine months of 2023 totaled $42.0 million compared with $64.4 million in the same period a year ago. The decrease in cash used was primarily due to a decrease in working capital usage of approximately $55.7 million, primarily due to: i) accounts receivable, which was driven by higher accounts receivables in the first nine months of 2022 due in part to the termination of the Spunlace factoring program in the U.S., improved collections, and lower sales in 2023, ii) inventory, which was driven by higher inventory values in 2022 due to raw material and energy inflation and lower raw material levels in 2023, partially offset by, iii) accounts payable which declined in 2023 due to inflationary impacts in 2022 and tighter credit terms by vendors. Cash outflows for prepaid and other current assets increased $20.9 million primarily due to increased vendor prepayment deposits. Operating cash also improved $12.3 million from a decrease in income taxes paid due to higher Canadian income taxes and withholding tax in the first nine months of 2022 and a U.K. income tax refund in Q1 2023. Interest paid increased $19.1 million due to higher interest rates on our debt stemming from the debt refinancing in the first quarter of 2023.

Net cash used by investing activities was $28.7 million in the first nine months of 2023 compared with $25.5 million in the same period a year ago. Capital expenditures totaled $25.2 million and $30.1 million for the nine months ended

September 30, 2023 and 2022, respectively. Capital expenditures are expected to total between $30 million and $35 million in 2023.

Net cash provided by financing activities totaled $11.0 million in the first nine months of 2023 compared with $52.1 million in the same period of 2022. The change in financing activities primarily reflects the new €250.0 million Term Loan we entered into in which the proceeds were used to fully extinguish the €220.0 million Term Loan, the IKB term loans and reduced the revolving credit facility balance. In 2022, we used borrowings under the revolving credit facility for working capital and other operating expenditures.

As discussed in Item 1 - Financial Information, Note - 16, our Credit Agreement and AG Loan contains a number of customary compliance covenants. As of September 30, 2023, the leverage ratio, as calculated in accordance with the definition in our Credit Agreement and AG Loan, was 3.1x, well within the maximum limit. A breach of these requirements would give rise to certain remedies under the Credit Agreement and AG Loan, among which are the termination, and accelerated repayment of the outstanding borrowings plus accrued and unpaid interest. As discussed in Note 16 - *"Long Term Debt,"* on March 30, 2023, we amended our Credit Agreement to permit the maximum leverage ratio (calculated as consolidated senior secured debt to consolidated adjusted EBITDA) to be 4.25 to 1.0 through the quarter ended December 31, 2024, stepping down to 4.0 to 1.0 at March 31, 2025, and 3.50 to 1.0 at March 31, 2026.

Details of our outstanding long-term indebtedness are set forth under Item 1 - Financial Statements – Note 16 -"*Long-Term Debt*."

Financing activities include cash used for common stock dividends. Our Board of Directors determines what, if any, dividends will be paid to our shareholders. In the third quarter of 2022, our Board of Directors suspended the Company's quarterly cash dividend to focus efforts on optimizing the operational and financial results of the business. As such, we paid no cash dividends in the first nine months of 2023. In the first nine months of 2022, we paid $18.8 million of cash for dividends on our common stock.

We are subject to various federal, state and local laws and regulations intended to protect the environment, as well as human health and safety. At various times, we have incurred significant costs to comply with these regulations and we could incur additional costs as new regulations are developed or regulatory priorities change.

At September 30, 2023, we had ample liquidity consisting of $52.7 million of cash on hand and $133.6 million of capacity under our revolving credit facility. We expect to meet all of our near and long-term cash needs from a combination of operating cash flow, cash and cash equivalents, our existing credit facility and other long-term debt.

On April 13, 2023, our credit rating from Moody's Investor Service was upgraded to B3, in part due to our successful refinancing of our €220.0 million Term Loan with the €250.0 million AG Loan as discussed in Note 16 - *"Long Term Debt,"*. In October 2022, our credit rating was downgraded by S&P Global Ratings to CCC+ based on its latest assessment of our business, and no further action has been taken to date. Although the Moody's Investor Service ratings upgrade action is positive, it does not impact our current interest costs, or reduce the possibility of default on any of our debt.

Off-Balance-Sheet Arrangements As of September 30, 2023 and December 31, 2022, we had not entered into any off-balance-sheet arrangements. Financial derivative instruments, to which we are a party, and guarantees of indebtedness, which solely consist of obligations of subsidiaries, are reflected in the condensed consolidated balance sheets included herein in Item 1 – Financial Statements.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISKS

	Year Ended December 31					September 30, 2023	
In thousands, except percentages	2023	2024	2025	2026	2027	Carrying Value	Fair Value
Long-term debt							
Average principal outstanding							
At variable interest rates	$295,308	$105,940	$105,940	$ 71,401	$ —	$ 105,940	$ 105,940
At fixed interest rates	777,368	760,516	759,553	759,553	759,553	761,788	592,675
						$ 867,728	$ 698,615
Weighted-average interest rate							
On variable rate debt	3.73 %	8.36 %	8.36 %	5.63 %	— %		
On fixed rate debt	5.90 %	6.96 %	6.97 %	6.97 %	6.97 %		

Our market risk exposure primarily results from changes in interest rates and currency exchange rates. The table above presents the average principal outstanding and related interest rates for the next five years for debt outstanding as of September 30, 2023. Fair values included herein have been determined based upon rates currently available to us for debt with similar terms and remaining maturities.

At September 30, 2023, we had $867.7 million of long-term debt, of which $105.9 million was at variable interest rates. Variable-rate debt represents borrowings under our credit agreement. Borrowing rates under our credit agreement are determined at our option at the time of each borrowing. For all U.S. Dollar denominated borrowings, the borrowing rate is either, (a) the bank's base rate which is equal to the greater of i) the prime rate; ii) the overnight bank funding rate plus 50 basis points; or iii) the daily Simple Secured Overnight Financing Rate ("SOFR") rate plus 100 basis points plus an applicable spread over either i), ii) or iii) ranging from 250 basis points to 400 basis points based on the Company's leverage ratio; or (b) the daily Term SOFR-rate plus an applicable margin ranging from 350 basis points to 500 basis points based on the Company's leverage ratio. For non-U.S. Dollar denominated borrowings, interest is based on the Euro-rate or EURIBOR-rate plus an applicable margin ranging from 350 basis points to 500 basis points based on the Company's leverage ratio.

At September 30, 2023, the weighted-average interest rate paid was equal to 8.36%. A hypothetical 100 basis point increase in the interest rate on variable rate debt would increase annual interest expense by $1.1 million. In the event rates are 100 basis points lower, interest expense would be $1.1 million lower.

We are subject to certain risks associated with changes in foreign currency exchange rates to the extent our operations are conducted in currencies other than the U.S. dollar. On an annual basis, our euro denominated revenue exceeds euro expenses by an estimated €190 million. With respect to the British pound sterling, Canadian dollar, and Philippine peso, we have differing amounts of inflows and outflows of these currencies, although to a lesser degree than the euro. As a result, particularly with respect to the euro, we are exposed to changes in currency exchange rates and such changes could be significant.

As part of our overall risk management practices, we enter into financial derivatives primarily designed to either i) hedge foreign currency risks associated with forecasted transactions – "cash flow hedges"; or ii) mitigate the impact that changes in currency exchange rates have on intercompany financing transactions and foreign currency denominated receivables and payables – "foreign currency hedges." For a more complete discussion of this activity, refer to Item 1 – Financial Statements – Note 18.

Critical Accounting Estimates

The preceding discussion and analysis of our consolidated financial position and results of operations is based upon our consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States of America. The preparation of these consolidated financial statements requires us to make estimates and assumptions that affect the reported amounts of assets, liabilities, net sales and expenses, and related disclosures of contingent assets and liabilities. On an ongoing basis, we evaluate our estimates, including those related to long-lived assets, environmental liabilities, and income taxes. We base our estimates on historical experience and on various other assumptions that we believe are reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. We believe that our policies for long- and indefinite-lived assets, environmental liabilities and income taxes represent the most significant and subjective estimates used in the preparation of our consolidated financial statements and are therefore considered our critical accounting policies and estimates.

During the nine months ended September 30, 2023, there were no changes in our critical accounting policies or estimates. See Note 2 — Accounting Policies, of the Condensed Consolidated Financial Statements included elsewhere in this Report on Form 10-Q and in our Annual Report on Form 10-K for the year ended December 31, 2022, as filed with the SEC, for additional information regarding our critical accounting policies.

Long- and indefinite-lived Assets We evaluate the recoverability of our long- and indefinite-lived assets, including plant, equipment, timberlands, goodwill, and other intangible assets periodically or whenever events or changes in circumstances indicate that the carrying amounts may not be recoverable. Goodwill is reviewed for impairment annually during the fourth quarter, or more frequently if impairment indicators are present.

The fair value of our reporting units, which are also our operating segments, is determined using a market approach and a discounted cash flow model. Our evaluations include a variety of qualitative factors and analyses based on estimates of future cash flows expected to be generated from the use of the underlying assets, trends or other determinants of fair value. If the value of an asset determined by these evaluations is less than its carrying amount, a loss is recognized for the difference between the fair value and the carrying value of the asset. In 2022, all the goodwill of our Composite Fibers and Spunlace operating segments was fully impaired. Our Airlaid Materials segment's fair value substantially exceeded its carrying value at the time of its last valuation performed in connection with the last annual impairment test in the fourth quarter of 2022. Airlaid Material's fair value, as well as the asset groups within each of our operating segments, could be impacted by factors such as unexpected changes in inflation, unexpected changes in market conditions or demand for our products, among other factors. Future adverse changes such as these or in market conditions or poor operating results of the related business may indicate an inability to recover the carrying value of the assets, thereby possibly requiring an impairment charge in the future.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures Our Chief Executive Officer and our principal financial officer, after evaluating the effectiveness of our disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) as of September 30, 2023, have concluded that, as of the evaluation date, our disclosure controls and procedures are effective.

Changes in Internal Controls There were no changes in our internal control over financial reporting during the three months ended September 30, 2023 that have materially affected or are reasonably likely to materially affect our internal control over financial reporting.

PART II – OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

See the discussion of legal proceedings contained in Note 19 - *"Commitments, Contingencies and Legal Proceedings"* to our unaudited consolidated financial statements in Part I, Item 1 of this report, which is incorporated herein by reference.

ITEM 5. OTHER INFORMATION

During the three months ended September 30, 2023, none of the Company's directors or "officers," as defined in Rule 16a-1(f) of the Exchange Act, adopted, modified, or terminated a "Rule 10b5-1 trading arrangement" or a "non-Rule 10b5-1 trading arrangement," as each term is defined in Item 408 of Regulation S-K.

In the third quarter of 2023, a new Form of Change in Control Employment Agreement (the "2023 CIC Agreement") was entered into between Glatfelter Corporation and certain employees (form effective as of July 1, 2023). The terms and conditions of the 2023 CIC Agreement and potential payments in the event of a CIC are described in detail in the definitive proxy statement filed by the Company with the Securities and Exchange Commission on March 31, 2023, in the "Potential Payments upon Termination or Change in Control" section beginning on page 78. This description of the terms and conditions of the 2023 CIC Agreement does not purport to be complete and is qualified in its entirety by reference to the full text of the 2023 CIC Agreement, which is filed herewith as Exhibit 10.1 and incorporated herein by reference.

ITEM 6. EXHIBITS

The following exhibits are filed or furnished herewith or incorporated by reference as indicated.

		Incorporated by reference to
10.1	Form of Change in Control Employment Agreement by and between Glatfelter Corporation and certain employees (form effective as of July 1, 2023). **	
10.2	Schedule of Change in Control Employment Agreements. **	
31.1	Certification of Thomas M. Fahnemann, President and Chief Executive Officer of Glatfelter, pursuant to Section 302(a) of the Sarbanes-Oxley Act of 2002, filed herewith.	
31.2	Certification of Ramesh Shettigar, Senior Vice President, Chief Financial Officer and Treasurer of Glatfelter, pursuant to Section 302(a) of the Sarbanes-Oxley Act of 2002, filed herewith.	
32.1	Certification of Thomas M. Fahnemann, President and Chief Executive Officer of Glatfelter, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, furnished herewith.	
32.2	Certification of Ramesh Shettigar, Senior Vice President, Chief Financial Officer and Treasurer of Glatfelter, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, furnished herewith.	
101.INS	Inline XBRL Instance Document – the instance document does not appear in the Interactive Data file because its iXBRL tags are embedded within the Inline XBRL document.	
101.SCH	Inline XBRL Taxonomy Extension Schema.	
101.CAL	Inline XBRL Extension Calculation Linkbase.	
101.DEF	Inline XBRL Extension Definition Linkbase.	
101.LAB	Inline XBRL Extension Label Linkbase.	
101.PRE	Inline XBRL Extension Presentation Linkbase.	
104	Cover Page Interactive Data File (formatted as an inline XBRL and contained in Exhibit 101).	

**Management contract or compensatory plan

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Glatfelter Corporation
(Registrant)

November 2, 2023

By /s/ David C. Elder

David C. Elder

Vice President, Strategic Initiatives, Business Optimization, & Chief Accounting Officer

(Principal accounting officer)

CHANGE IN CONTROL
EMPLOYMENT AGREEMENT

AGREEMENT by and between Glatfelter Corporation (the "Company"), and {Insert Employee's Name}(the "Employee"), dated as of the {Insert Date}.

The Board of Directors of the Company (the "Board") has determined that it is in the best interests of the Company and its shareholders to ensure that the Company and its subsidiaries will have the continued dedication of the Employee, notwithstanding the possibility, threat, or occurrence of a Change in Control (as defined below) of the Company. The Board believes it is imperative to diminish the inevitable distraction of the Employee by virtue of the personal uncertainties and risks created by a threatened or pending Change in Control, to encourage the Employee's full attention and dedication to the Company currently and in the event of any threatened or pending Change in Control, and to provide the Employee with compensation arrangements upon a Change in Control that provide the Employee with individual financial security and which are competitive with those of other comparably situated companies and, in order to accomplish these objectives, the Board has authorized the Company to enter into this Agreement.

NOW, THEREFORE, the parties hereto, intending to be legally bound, agree as follows:

1. **Effective Date**.

   a. The "Effective Date" shall be the first date during the "Change in Control Period" (as defined in Section 1(b)) on which a Change in Control occurs. Anything in this Agreement to the contrary notwithstanding, if the Employee's employment with the Company is terminated prior to the date on which a Change in Control occurs, and it is reasonably demonstrated that such termination (i) was at the request of a third party who has taken steps reasonably calculated to effect a Change in Control or (ii) otherwise arose in connection with or anticipation of a Change in Control, then for all purposes of this Agreement the "Effective Date" shall mean the date immediately prior to the date of such termination.

   b. The "Change in Control Period" is the period commencing on the date hereof and ending on the second December 31 immediately following such date; provided, however, that commencing on the first December 31 immediately following the date hereof, and on each annual anniversary of such December 31 (such December 31 and each annual anniversary thereof is hereinafter referred to as the "Renewal Date"), the Change in Control Period shall be automatically extended so as to terminate two years from such Renewal Date, unless at least 60 days prior to the Renewal Date the Company shall give notice that the Change in Control Period shall not be so extended.

   c. Neither the Employee nor the Company shall have any obligations under this Agreement in the event that (i) prior to the Effective Date, the Change in Control Period expires as set forth in paragraph (b) without renewal, or (ii) the

Employee's employment with the Company is terminated for any reason prior to the Effective Date. In such event, the obligations of the Employee and Company shall be limited to such obligations as exist under Company policy or agreement, applicable law, and/or the terms of Company's benefit plans, without regard to this Agreement.

2. **Change in Control**. For the purpose of this Agreement, a "Change in Control" shall mean:

   a. Any person, entity or "group" (within the meaning of Section 13(d)(3) or 14(d)(2) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), excluding, for this purpose, the Company, its subsidiaries, and any employee benefit plan of the Company or its subsidiaries, (a "Third Party") becomes the beneficial owner (within the meaning of Rule 13d-3 promulgated under the Exchange Act), directly or indirectly, of securities of the Company representing 20% or more of the combined voting power of the Company's then outstanding voting securities entitled to vote generally in the election of directors, other than in connection with an acquisition from the Company; or

   b. Individuals who, as of the date hereof, constitute the Board (the "Incumbent Directors") cease in any twelve (12) month period for any reason to constitute at least a majority of the Board, provided that any person becoming a director subsequent to the date hereof whose election, or nomination for election by the Company's shareholders, was approved by a vote of at least a majority of the Incumbent Directors who are directors at the time of such vote shall be, for purposes of this Agreement, an Incumbent Director, but, excluding for this purpose, any such person whose initial election as a member of the Board occurs as a result of an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a Third Party other than the Board; or

   c. Consummation of (i) a reorganization, merger or consolidation, in each case, with respect to which persons who were the shareholders of the Company immediately prior to such reorganization, merger or consolidation (other than the acquiror) do not, immediately thereafter, beneficially own more than 50% of the combined voting power of the reorganized, merged or consolidated company's then outstanding voting securities entitled to vote generally in the election of directors, or (ii) a liquidation or dissolution of the Company or the sale of all or substantially all of the assets of the Company (whether such assets are held directly or indirectly) to a Third Party.

3. **Employment Period**. The Company hereby agrees to continue the Employee in its employ, and the Employee hereby agrees to remain in the employ of the Company, for the period commencing on the Effective Date and ending on the second anniversary of such date (the "Employment Period").

4. **Terms of Employment**.

a. ***Position and Duties***.

i. During the Employment Period,

A. the Employee's position (including status, offices, titles and reporting requirements), authority, duties and responsibilities shall be at least commensurate in all material respects with the most significant of those held, exercised and assigned at any time during the 90-day period immediately preceding the Effective Date and

B. the Employee's services shall be performed at the location where the Employee was employed immediately preceding the Effective Date or any office or location less than forty (40) miles from such location.

ii. During the Employment Period, excluding any periods of vacation and sick leave to which the Employee is entitled, the Employee agrees to devote reasonable attention and time during normal business hours to the business and affairs of the Company and, to the extent necessary to discharge the responsibilities assigned to the Employee hereunder, to use the Employee's reasonable best efforts to perform faithfully and efficiently such responsibilities. During the Employment Period it shall not be a violation of this Agreement for the Employee to:

A. serve on corporate, civic or charitable boards or committees,

B. deliver lectures, fulfill speaking engagements or teach at educational institutions, and

C. manage personal investments, so long as such activities do not significantly interfere with the performance of the Employee's responsibilities as an employee of the Company in accordance with this Agreement. It is expressly understood and agreed that to the extent that any such activities have been conducted by the Employee prior to the Effective Date, the continued conduct of such activities (or the conduct of activities similar in nature and scope thereto) subsequent to the Effective Date shall not thereafter be deemed to interfere with the performance of the Employee's responsibilities to the Company.

iii. During the Employment Period, the Employee shall be subject to, and shall comply with, the Company's policies regarding sexual harassment, insider trading, confidentiality, non-disclosure, non-competition, non-disparagement, substance abuse, and conflicts of interest and any other written policy of the Company, the violation of which could result in termination of employment.

b. ***Compensation***.

i. Base Salary. During the Employment Period, the Employee shall receive a base salary ("Base Salary") at a monthly rate at least equal to the highest monthly base salary paid or payable to the Employee by the Company during the twelve-month period immediately preceding the month in which the Effective Date occurs. During the Employment Period, the Base Salary shall be reviewed at least annually and shall be increased at any time and from time to time as shall be substantially consistent with increases in base salary awarded in the ordinary course of business to other key employees of the Company and its subsidiaries in the same salary grade (or, if there are no salary grades, to other key employees of the Company and its subsidiaries in comparable positions). Any increase in Base Salary shall not serve to limit or reduce any other obligation to the Employee under this Agreement. Base Salary shall not be reduced after any such increase.

ii. Annual Bonus. In addition to Base Salary, the Employee shall be awarded, for each fiscal year ending during the Employment Period, an annual bonus (an "Annual Bonus"), either pursuant to the Company's Management Incentive Plan or otherwise, in cash at least equal to the average Annual Bonus paid to the Employee for each of the three fiscal years immediately preceding the Effective Date (or for such fewer number of such years as the Employee has been employed by the Company, with the bonus for any partial year in such period being annualized), but not less than the target bonus for the Employee under the Company's Management Incentive Plan for the fiscal year during which the Effective Date occurs, provided that the Employee is employed as of the last day of the fiscal year in respect of which such Annual Bonus is paid.

iii. Incentive, Savings and Retirement Plans. In addition to Base Salary and Annual Bonus payable as hereinabove provided, the Employee shall be entitled to participate during the Employment Period in all incentive, savings and retirement plans, practices, policies and programs applicable to other key employees of the Company and its subsidiaries (including the 2022 Long-Term Incentive Plan and any successor thereto). Such plans, practices, policies and programs, in the aggregate, shall provide the Employee with compensation, benefits and reward opportunities at least as favorable as the most favorable of such compensation, benefits and reward opportunities provided by the Company to the Employee under such plans, practices, policies and programs as in effect at any time during the 90-day period immediately preceding the Effective Date or, if more favorable to the Employee, as provided at any time thereafter with respect to other key employees of the Company and its subsidiaries in the same salary grade (or, if there are no salary grades, to other key employees of the Company and its subsidiaries in comparable positions).

iv. Welfare Benefit Plans. During the Employment Period, the Employee and/or the Employee's covered dependents, as the case may be, shall be eligible for participation in and shall receive all benefits under welfare benefit plans, practices, policies and programs provided by the Company and its subsidiaries, and as applicable (including, without limitation, medical, prescription, dental, disability, salary continuance, employee life, group life, accidental death and travel accident insurance plans and programs), at least as favorable as the most favorable of such plans, practices, policies and programs of the Company and its subsidiaries in effect at any time during the 90-day period immediately preceding the Effective Date or, if more favorable to the Employee and/or the Employee's covered dependents, as applicable, as in effect at any time thereafter with respect to other key employees of the Company and its subsidiaries in the same salary grade (or, if there are no salary grades, to other key employees of the Company and its subsidiaries in comparable positions).

v. Expenses. During the Employment Period, the Employee shall be entitled to receive prompt reimbursement for all reasonable business expenses incurred by the Employee in accordance with the most favorable policies, practices and procedures of the Company and its subsidiaries in effect at any time during the 90-day period immediately preceding the Effective Date or, if more favorable to the Employee, as in effect at any time thereafter with respect to other key employees of the Company and its subsidiaries in the same salary grade (or, if there are no salary grades, to other key employees of the Company and its subsidiaries in comparable positions). Notwithstanding anything to the contrary in the preceding sentence, the amount of expenses eligible for reimbursement during a calendar year may not affect the expenses eligible for reimbursement in any other calendar year and all reimbursements must be made on or before the last day of the calendar year following the calendar year in which the expense was incurred.

vi. Fringe Benefits. During the Employment Period, the Employee shall be entitled to fringe benefits in accordance with the most favorable plans, practices, programs and policies of the Company and its subsidiaries in effect at any time during the 90-day period immediately preceding the Effective Date or, if more favorable to the Employee, as in effect at any time thereafter with respect to other key employees of the Company and its subsidiaries in the same salary grade (or, if there are no salary grades, to other key employees of the Company and its subsidiaries in comparable positions).

vii. Vacation. During the Employment Period, the Employee shall be entitled to paid holidays and vacation in accordance with the most favorable plans, policies, programs and practices of the Company and its subsidiaries as in effect at any time during the 90-day period immediately preceding the Effective Date or, if more favorable to the Employee, as in effect at any time thereafter with respect to other key employees of the Company and its subsidiaries in the same salary grade (or, if there are no salary grades, to other key employees of the Company and its subsidiaries in comparable positions).

viii. Recoupment. Any amounts payable under this Agreement are subject to any policy (whether in existence as of the date of this Agreement, the Effective Date or later adopted) established by the Company providing for clawback or recovery of amounts that were paid to the Employee. The Company will make any determination for clawback or recovery in its sole discretion and in accordance with any applicable law or regulation.

5. **Termination**.

a. ***Death or Disability***. This Agreement shall terminate automatically upon the Employee's death. If the Company determines in good faith that the Disability of the Employee has occurred (pursuant to the definition of "Disability" set forth below), it may give to the Employee written notice of its intention to terminate, or its intention to cause its subsidiary to terminate, the Employee's employment. In such event, the Employee's employment with the Company shall terminate effective on the 30th day after receipt of such notice by the Employee (the "Disability Effective Date"), provided that, within 30 days after such receipt, the Employee shall not have returned to full-time performance of the Employee's duties. For purposes of this Agreement, a "Disability" shall occur if the Employee, by reason of any medically determinable physical or mental impairment, is determined to be disabled and eligible for benefits under the terms of the Company's long-term disability plan or policy applicable to the Employee. Such determination of Disability shall be made by the plan administrator or insurer with respect to such Company long-term disability plan or policy.

b. ***Cause***. The Company may terminate the Employee's employment pursuant to this Agreement for "Cause." For purposes of this Agreement, "Cause" means (i) an act or acts of personal dishonesty taken by the Employee and intended to result in substantial personal enrichment of the Employee at the expense of the Company, (ii) repeated violations by the Employee of the Employee's obligations under Section 4(a) of this Agreement or illegal conduct or gross misconduct by the Employee which is materially injurious to the Company and which violations, conduct or misconduct are demonstrably willful and deliberate on the Employee's part and which are not remedied within thirty (30) days after receipt of written notice from the Company, (iii) violation by the Employee of any of the Company's policies, including, but not limited to, policies regarding sexual harassment, insider trading, confidentiality, non-disclosure, non-competition, non-disparagement, substance abuse and conflicts of interest and any other written policy of the Company, which violation could result in the termination of the Employee's employment; or (iv) the conviction of the Employee of a felony which is materially injurious to the Company or a plea by the Employee of guilty or no contest to a charge of a felony which is materially injurious to the Company.

c. ***Good Reason***. The Employee's employment pursuant to this Agreement may be terminated by the Employee for Good Reason. For purposes of this Agreement, "Good Reason" means:

i. a material diminution in the Employee's authority, duties or responsibilities, including without limitation a material diminution in the authority, duties or responsibilities of the supervisor to whom the Employee is expected to report;

ii. a material diminution in Employee's Base Salary or other failure to comply with any of the other provisions of Section 4(b) of this Agreement that represents a material diminution in the Employee's authority, duties or responsibilities or which represent a material breach by the Company of the terms of employment described in this Agreement;

iii. a material change in the geographic location at which Employee must perform services; provided however, that a requirement that Employee's services be performed at a location less than forty (40) miles from the location where the Employee was employed immediately preceding the Effective Date shall not be considered a material change; or

iv. any other action or inaction that constitute a material breach by the Company of this Agreement, including without limitations any failure by the Company to comply with and satisfy Section 11(c) of this Agreement; provided that within ninety (90) days after the occurrence of any of the events listed in clauses (i), (ii), (iii), or (iv) above the Employee delivers written notice to the Company of his intention to terminate for Good Reason specifying in reasonable detail the facts and circumstances claimed to give rise to the Employee's right to terminate his employment for Good Reason and the Company shall not have cured such facts and circumstances within thirty (30) days after delivery of such notice by the Employee to the Company (unless the Company shall have waived its right to cure by written notice to the Employee), and provided further that within thirty (30) days after the expiration of such thirty (30) day period or the date of receipt of such waiver notice, if earlier, the Employee delivers a Notice of Termination to the Company under Section 5(d) based on the same Good Reason specified in the notice of intent to terminate delivered to the Company under this Section 5(c).

d. ***Notice of Termination***. Any termination by the Company for Cause or by the Employee for Good Reason shall be communicated by Notice of Termination to the other party hereto given in accordance with Section 14(b) of this Agreement. For purposes of this Agreement, a "Notice of Termination" means a written notice which (i) indicates the specific termination provision in this Agreement relied upon, (ii) sets forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of the Employee's employment under the provision so indicated and (iii) if the Date of Termination (as defined below) is other than the date of receipt of such notice, specifies the termination date (which date shall not be prior to the date of receipt of such notice). The failure by the Employee to set forth in the Notice of Termination any fact or circumstance which contributes to a showing of Good Reason shall not waive any right of the Employee hereunder or preclude the Employee from asserting such fact or circumstance in enforcing his rights hereunder.

e. ***Date of Termination***. "Date of Termination" means the date of receipt of the Notice of Termination or any later date specified therein as permitted by Section 5(d), as the case may be; provided, however, that (i) if the Employee's employment is terminated by the Company or a subsidiary of the Company other than for Cause, death or Disability, the Date of Termination shall be the date on which the Employee receives notice from the Company or such subsidiary of such termination and (ii) if the Employee's employment is terminated by reason of death or Disability, the Date of Termination shall be the date of death of the Employee or the Disability Effective Date, as the case may be.

6. **Obligations of the Company upon Termination**.

a. ***Death***. If the Employee's employment is terminated during the Employment Period by reason of the Employee's death, this Agreement shall terminate without further obligations to the Employee's legal representatives under this Agreement, other than (i) those obligations accrued or earned and vested (if applicable) by the Employee as of the Date of Termination, including, for this purpose (i) the Employee's full Base Salary through the Date of Termination at the rate in effect on the Date of Termination and (ii) accrued vacation pay not yet paid by the Company (such amounts are collectively hereinafter referred to as "Accrued Obligations"). All such Accrued Obligations shall be paid to the Employee's estate or beneficiary, as applicable, in a lump sum in cash within 30 days after the Date of Termination.

b. ***Disability***. If the Employee's employment is terminated during the Employment Period by reason of the Employee's Disability, this Agreement shall terminate without further obligations to the Employee, other than Accrued Obligations and such obligations as may exist under the terms of the Company's long term disability plan or policy applicable to the Employee. All such Accrued Obligations shall be paid to the Employee in a lump sum in cash within 30 days after the Date of Termination.

c. ***Termination for Cause; Termination by Employee Other than for Good Reason***. If, during the Employment Period, the Employee's employment is terminated for Cause or the Employee terminates employment other than for Good Reason, this Agreement shall terminate without further obligations to the Employee, other than Accrued Obligations. All such Accrued Obligations shall be paid to the Employee in a lump sum in cash within 30 days after the Date of Termination.

d. ***Termination for Good Reason; Termination by the Company Other than for Cause, Disability or Death***. If, during the Employment Period, the Company terminates the Employee's employment other than for Cause, Disability, or death, or if the Employee terminates his employment for Good Reason:

i. The Company shall pay to the Employee the Accrued Obligations;

ii. The Company shall pay as a severance benefit to the Employee in a lump sum in cash (less applicable withholdings) the aggregate of the following amounts:

   A. The product of the Employee's target bonus in effect at any time during the period beginning 90 days before the Effective Date through the Date of Termination for the fiscal year during which the Date of Termination occurs, and a fraction, the numerator of which is the number of days in the current fiscal year through the Date of Termination, and the denominator of which is 365; and

   B. Two (2) times the sum of (1) the Employee's annual Base Salary at the highest rate in effect at any time during the period beginning 90 days before the Effective Date through the Date of Termination and (2) the Employee's target bonus at the highest rate in effect at any time during the period beginning 90 days before the Effective Date through the Date of Termination.

   Payment of the lump sum amount described in this clause (ii) shall be made within 30 days after the Date of Termination. Such payment is predicated on such amount not being a "deferral of compensation" subject to Section 409A of the Internal Revenue Code (hereinafter, "Section 409A") by reason of the exceptions in Treasury Regulation Sections 1.409A-1(b)(4) ("short term deferrals") and/or (b)(9) ("separation pay plan"). In the event that the Company should determine in good faith that payment of the amount described in this clause (ii) does not so qualify for one of the above-described exceptions and hence is deferred compensation subject to Section 409A, and provided that the Employee is a "specified employee" within the meaning of Section 409A(a)(2)(B)(i) of the Internal Revenue Code ("Code"), payment shall be made within 30 days following the date which is six (6) months following the Employee's separation from service following a Notice of Termination.

iii. For a period of two (2) years after the Date of Termination, or such longer period as any plan, program, practice or policy may provide, the Company shall continue group medical, prescription, dental, disability, salary continuance, group life, accidental death and dismemberment and travel accident insurance benefits (each, a "Welfare Benefit" and, together "Welfare Benefits") to the Employee and/or the Employee's covered dependents, as applicable, at levels substantially equal to those which would have been provided to them in accordance with the Company's plans, programs, practices and policies with respect to such benefits if the Employee's employment had not been terminated, in accordance with the most favorable plans, practices, programs or policies of the Company and its subsidiaries in effect during the 90-day period immediately preceding the Date of Termination or, if more favorable to the Employee, as in effect at any time thereafter with respect to other key employees in the same salary grade (or, if there are no salary grades, to other key employees of the Company and its subsidiaries in comparable positions) and their dependents. To the extent that a Welfare Benefit which is not a bona fide disability pay plan or death benefit plan (within the meaning of Section 409A and the regulations thereunder) is taxable to the Employee, the following rules shall apply to the provision of such benefits pursuant to this paragraph: (1) the benefits provided during any calendar year shall not affect the benefits provided in any other calendar year; and (2) if the Employee is a "specified employee" within the meaning of Section 409A(a)(2)(B)(i) of the Code, the Employee shall pay the cost of such benefit for the first six months following the Date of Termination and shall be reimbursed by the Company for such costs, with interest at the applicable federal rate, within thirty days of the end of such six month period, provided that the amount of such expenses eligible for reimbursement in any calendar year shall not affect the expenses eligible for reimbursement in any other calendar year. For purposes of eligibility for post-retirement benefits pursuant to such plans, practices, programs and policies and for purposes of health benefit continuation coverage pursuant to Section 601 *et seq.* of ERISA ("COBRA"), the Employee shall be considered to have remained employed until the end of the Employment Period and to have retired on the last day of such period.

iv. In the event that the Employee has not, as of the Date of Termination, earned sufficient vesting service to have earned a nonforfeitable interest in his the Employee's Company contributions account, including any matching contributions account, under the Company's 401(k) Savings Plan (the "401(k) Plan") (or any successor plan), the Company shall pay to the Employee a lump sum in cash (less applicable withholdings) in an amount equal to the Employee's unvested Company contributions, including any matching contributions, if applicable, under the 401(k) Plan, valued as of the Date of Termination.

Payment of the lump sum amount described in this clause (iv) shall be made within 30 days after the Date of Termination. Such payment is predicated on such amount not being a "deferral of compensation" subject to Section 409A by reason of the exceptions in Treasury Regulation Sections 1.409A-1(b)(4) ("short term deferrals") and/or (b)(9) ("separation pay plan"). In the event that the Company determines in good faith that payment of the amount described in this clause (iv) does not so qualify for one of the above-described exceptions and hence is deferred compensation subject to Section 409A, and provided that the Employee is a "specified employee" within the meaning of Section 409A(a)(2)(B)(i) of the Code, payment shall be made within 30 days following the date which is six (6) months following the Employee's separation from service following a Notice of Termination (or, if earlier, the Employee's death).

In the event that the Employee should return to employment with the Company and acquire a vested, nonforfeitable interest in the plan with respect to which the payment in this clause (iv) is determined, the Employee shall return an amount equal to the payment made under this subsection, within 30 days of demand by the Company.

v. If the Employee is, as of the Date of Termination, a participant in the Company's Deferred Compensation Plan (or a successor plan) (the "Deferred Compensation Plan"), the Employee will become fully vested in his account balance under the Deferred Compensation Plan as of the Date of Termination, and the Employee's vested benefit thereunder shall be paid to the Employee in accordance with the terms of the Deferred Compensation Plan. In addition, if the Employee, as of the Date of Termination, has an accrued benefit under the Deferred Compensation Plan, the Company shall be obligated to contribute funds, to the extent it has not already done so, to a so-called "rabbi trust" established for the purpose of serving as a funding vehicle for the Deferred Compensation Plan in sufficient amount to provide for payment of the Employee's accounts under the Deferred Compensation Plan, within five days of the Date of Termination. Notwithstanding anything in this Agreement to the contrary, amounts contributed to a rabbi trust pursuant to this Agreement shall in no event be invested in assets located outside the United States or otherwise violate the requirements of Section 409A(b).

vi. If the Employee has previously deferred compensation under a plan or arrangement not described above which has not yet been paid by the Company, the Employee's right to payment of such compensation shall be considered vested and nonforfeitable as of the Date of Termination. Such deferred compensation shall be paid to the Employee in accordance with the terms of the deferred compensation plan or arrangement subject to the applicable requirements of Section 409A.

vii. Notwithstanding the foregoing, the Company shall have no obligation under this Section 6(d) unless the Employee executes and delivers to the Company a valid general release agreement in a form reasonably acceptable to the Company in which the Employee releases the Company from any and all possible liability, including, without limitation, any and all liability based on the Employee's employment or the termination of his employment; provided, however, that nothing in such release shall include any release of the Company's indemnification obligations to or for the benefit of the Employee.

viii. Notwithstanding the foregoing, any benefit or payment that is due upon termination of Employee's employment under this Agreement and that represents a "deferral of compensation" within the meaning of Section 409A shall only be paid or provided to Employee upon a "separation from service" as defined in Section 409A. For purposes of this Agreement, amounts payable under this Agreement shall be deemed not to be a "deferral of compensation" subject to Section 409A to the extent provided in the exceptions in Treasury Regulation Sections 1.409A-1(b)(4) ("short-term deferrals") and (b)(9) ("separation pay plans," including the exception under subparagraph (iii)) and other applicable provisions of Treasury Regulation Section 1.409A-1 through A-6 (or any successor to any of the foregoing provisions). To the extent that any provision of this Agreement would, if enforced as written, cause adverse tax consequences to either party under Section 409A, the parties shall work together in good faith to seek to avoid, or minimize, such consequences.

7. **Non-exclusivity of Rights**. Nothing in this Agreement shall prevent or limit the Employee's continuing or future participation in any benefit, bonus, incentive or other plans, programs, policies or practices provided by the Company or its subsidiaries and for which the Employee may qualify, nor shall anything herein limit or otherwise affect such rights as the Employee may have under any stock option, restricted stock, restricted stock unit, performance share or other agreements with the Company or any of its subsidiaries. Amounts which are vested benefits or which the Employee is otherwise entitled to receive under any plan, policy, practice or program of the Company or any of its subsidiaries at or subsequent to the Date of Termination shall be payable in accordance with such plan, policy, practice or program.

8. **Full Settlement**. The Company's obligation to make the payments provided for in this Agreement and otherwise to perform its obligations hereunder shall not be affected by any set-off, counterclaim, recoupment, defense or other claim, right or action which the Company may have against the Employee or others. In no event shall the Employee be obligated to seek other employment or take any other action by way of mitigation of the amounts payable to the Employee under any of the provisions of this Agreement.

9. **Confidential Information**.

    a. The Employee shall hold in a fiduciary capacity for the benefit of the Company all secret or confidential information, knowledge or data relating to the Company or any of its subsidiaries, and their respective businesses, which shall have been obtained by the Employee during the Employee's employment by the Company or any of its subsidiaries and which shall not be or become public knowledge (other than by acts by the Employee or his representatives in violation of this Agreement). After termination of the Employee's employment with the Company, the Employee shall not, without the prior written consent of the Company, communicate or divulge any such information, knowledge or data to anyone other than the Company and those designated by it. In no event shall an asserted violation of the provisions of this Section 10(a) constitute a basis for deferring or withholding any amounts otherwise payable to the Employee under this Agreement.

b. Nothing herein prohibits or restricts the Employee from initiating communications directly with, responding to an inquiry from, or providing testimony before the Securities and Exchange Commission, any other self-regulatory organization, or any other federal or state regulatory authority.

c. Notwithstanding any other provision of this Agreement:

i. The Employee will not be held criminally or civilly liable under any federal or state trade secret law for any disclosure of a trade secret that:

A. is made (1) in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney; and (2) solely for the purpose of reporting or investigating a suspected violation of law; or

B. is made in a complaint or other document filed under seal in a lawsuit or other proceeding.

ii. If the Employee files a lawsuit for retaliation by the Company for reporting a suspected violation of law, the Employee may disclose the Company's trade secrets to the Employee's attorney and use the trade secret information in the court proceeding if the Employee:

A. files any document containing trade secrets under seal; and

B. does not disclose trade secrets, except pursuant to court order.

10. **Successors**.

a. This Agreement is personal to the Employee and without the prior written consent of the Company shall not be assignable by the Employee otherwise than by will or the laws of descent and distribution. This Agreement shall inure to the benefit of and be enforceable by the Employee's legal representatives.

b. This Agreement shall inure to the benefit of and be binding upon the Company and its successors and assigns.

c. The Company will require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company (whether such assets are held directly or indirectly) to assume expressly and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place. As used in this Agreement, "Company" shall mean the Company as hereinbefore defined and any successor to its business and/or assets as aforesaid which assumes and agrees to perform this Agreement by operation of law, or otherwise.

11. **Arbitration**.

a. Any controversy or claim arising out of or relating to this Agreement, or any breach hereof, shall be settled in accordance with the terms of this Section 12. All claims by the Employee for benefits under this Agreement shall first be directed to and determined by the Board and shall be in writing. Any denial by the Board of a claim for benefits under this Agreement shall be delivered to the Employee in writing within thirty (30) days and shall set forth the specific reasons for the denial and the specific provisions of this Agreement relied upon. The Board shall afford a reasonable opportunity to the Employee for a review of the decision denying a claim and shall further allow the Employee to appeal to the Board a decision of the Board within thirty (30) days after notification by the Board that the Employee's claim has been denied. Any further dispute, controversy or claim arising out of or relating to this Agreement, or the interpretation or alleged breach hereof, shall be settled by arbitration in accordance with Employment Dispute Resolution Rules of the American Arbitration Association (or such other rules as may be agreed upon by the Employee and the Company). The place of the arbitration shall be Charlotte, North Carolina and judgment upon the award rendered by the arbitrator(s) may be entered by any court having jurisdiction thereof. Such an award shall be binding and conclusive upon the parties hereto.

b. Judgment may be entered on the arbitrator's award in any court having jurisdiction; provided, however, that the Employee shall be entitled to seek specific performance of his or her right to be paid until the Date of Termination during pendency of any dispute arising out of this Agreement.

12. **Legal Expenses**. The Company agrees to reimburse the Employee, to the full extent permitted by law, for all costs and expenses (including without limitation reasonable attorneys' fees) which the Employee may reasonably incur as a result of any contest of the validity or enforceability of, or the Company's liability under, any provision of this Agreement, plus in each case interest at the applicable Federal rate provided for in Section 7872(f)(2) of the Code; provided, however, that such payment shall be made only if the Employee prevails on at least one material issue provided, further, (1) that the amount of such expenses eligible for reimbursement in any calendar year shall not affect the expenses eligible for reimbursement in any other calendar year and (2) all such reimbursements must be made on or before the last day of the calendar year following the calendar year in which the expense was incurred.

13. **Miscellaneous**.

a. This Agreement shall be governed by and construed in accordance with the laws of the State of North Carolina without reference to principles of conflict of laws. The captions of this Agreement are not part of the provisions hereof and shall have no force or effect. This Agreement may not be amended or modified otherwise than by a written agreement executed by the parties hereto or their respective successors and legal representatives.

b. Any notices required or permitted to be given hereunder shall be sufficient if in writing, and if delivered by hand, or sent by registered or certified mail, return receipt requested, or overnight delivery using a national courier service, or by facsimile or electronic transmission, with confirmation as to receipt, to the Company at the address set forth below and to the Employee at the address set forth in the personnel records of the Company, or such other address as either party may from time to time designate in writing to the other, and shall be deemed given as of the date of the delivery or mailing:

Glatfelter Corporation
4350 Congress Street
Suite 600
Charlotte, NC 28209
Attention: General Counsel

or to such other address as either party shall have furnished to the other in writing in accordance herewith. Notice and communications shall be effective when actually received by the addressee.

c. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement.

d. The Company may withhold from any amounts payable under this Agreement such Federal, state or local taxes as shall be required to be withheld pursuant to any applicable law or regulation.

e. The Employee’s failure to insist upon strict compliance with any provision hereof shall not be deemed to be a waiver of such provision or any other provision hereof.

f. No material provisions of this Agreement may be waived or discharged, unless such waiver or discharge is in writing signed by the party who is making the waiver or discharge.

g. This Agreement shall be binding upon and enforceable by the Employee’s personal or legal representatives, executors, administrators, successors, heirs, distributes, devisees and legatees and shall be binding upon and enforceable by the Company’s successors.

h. This Agreement contains the entire understanding of the Company and the Employee with respect to the subject matter hereof and supersedes (i) all prior change in control employment agreements and (ii) all other agreements or understandings between the Company and the Employee relating to the subject matter hereof, but only during the two-year period commencing on the Effective Date, if the Employee remains employed by the Company at the end of such two-year period.

IN WITNESS WHEREOF, the Employee has hereunto set his hand and, pursuant to the authorization from its Board of Directors, the Company has caused these presents to be executed in its name and on its behalf, all as of the day and year first above written.

EMPLOYEE:

By: ______________________________

GLATFELTER CORPORATION:

By: ______________________________

Its: ______________________________

Exhibit 10.2

SCHEDULE OF CHANGE IN CONTROL EMPLOYMENT AGREEMENTS

In accordance with the Instructions to Item 601 of Regulation S-K, the Registrant has omitted filing Change in Control Employment Agreements by and between Glatfelter Corporation and the following employees as exhibits to the Form 10-Q for the quarterly period ended September 30, 2023 because they are substantially identical to the Form of Change in Control Employment Agreement by and between Glatfelter Corporation and certain employees, which are filed as indicated below:

Exhibit 10.1 to the Form 10-Q for the quarterly period ended September 30, 2023.

Thomas M. Fahnemann

Boris Illetschko

EXHIBIT 31.1

CERTIFICATION PURSUANT TO SECTION 302 (a) OF THE SARBANES-OXLEY ACT OF 2002

I, Thomas M. Fahnemann certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarter ended September 30, 2023 of Glatfelter Corporation and subsidiaries ("Glatfelter");

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report.

4. Glatfelter's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for Glatfelter and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to Glatfelter, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of Glatfelter's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in Glatfelter's internal control over financial reporting that occurred during Glatfelter's most recent fiscal quarter (the fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, Glatfelter's internal control over financial reporting.

5. Glatfelter's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to Glatfelter's auditors and the audit committee of Glatfelter's board of directors (or persons performing similar functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect Glatfelter's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in Glatfelter's internal control over financial reporting.

November 2, 2023

By /s/ Thomas M. Fahnemann

Thomas M. Fahnemann

President and Chief Executive Officer

EXHIBIT 31.2

CERTIFICATION PURSUANT TO SECTION 302 (a) OF THE SARBANES-OXLEY ACT OF 2002

I, Ramesh Shettigar, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarter ended September 30, 2023 of Glatfelter Corporation and subsidiaries ("Glatfelter");

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report.

4. Glatfelter's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for Glatfelter and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to Glatfelter, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of Glatfelter's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in Glatfelter's internal control over financial reporting that occurred during Glatfelter's most recent fiscal quarter (the fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, Glatfelter's internal control over financial reporting.

5. Glatfelter's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to Glatfelter's auditors and the audit committee of Glatfelter's board of directors (or persons performing similar functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect Glatfelter's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in Glatfelter's internal control over financial reporting.

November 2, 2023

By /s/ Ramesh Shettigar

Ramesh Shettigar
Senior Vice President, Chief Financial Officer & Treasurer

Exhibit 32.1

CERTIFICATION PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002 18 U.S.C. SECTION 1350

In connection with the Quarterly Report on Form 10-Q for the quarter ended September 30, 2023 of Glatfelter Corporation (the “Company”) as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Thomas M. Fahnemann, President and Chief Executive Officer of the Company, certify to the best of my knowledge, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that:

1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

A signed original of this written statement required by Section 906 has been provided to Glatfelter and will be retained by Glatfelter and furnished to the Securities and Exchange Commission or its staff upon request.

November 2, 2023

By /s/ Thomas M. Fahnemann

Thomas M. Fahnemann

President and Chief Executive Officer

Exhibit 32.2

CERTIFICATION PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002 18 U.S.C. SECTION 1350

In connection with the Quarterly Report on Form 10-Q for the quarter ended September 30, 2023 of Glatfelter Corporation (the “Company”) as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Ramesh Shettigar Senior Vice President, Chief Financial Officer & Treasurer of the Company, certify to the best of my knowledge, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that:

1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

A signed original of this written statement required by Section 906 has been provided to Glatfelter and will be retained by Glatfelter and furnished to the Securities and Exchange Commission or its staff upon request.

November 2, 2023

By /s/ Ramesh Shettigar

Ramesh Shettigar
Senior Vice President, Chief Financial Officer & Treasurer