Mercer International Inc.

Transforming biomass into bioproducts for a more sustainable world

Q2 2025 Earnings Call

August 1, 2025

Juan Carlos Bueno – President & CEO
Richard Short – CFO, Executive VP & Secretary

MERCER international

Forward-looking Statements




The Private Securities Litigation Reform Act of 1995 provides a "safe harbor" for forward-looking statements.

Certain information included in this presentation contains statements that are forward-looking, such as statements relating to results of operations and financial conditions, market expectations and business development activities, as well as capital spending and financing sources.

Such forward-looking information involves important risks and uncertainties that could significantly affect anticipated results in the future and, accordingly, such results may differ materially from those expressed in any forward-looking statements made by or on behalf of Mercer.

For more information regarding these risks and uncertainties, review Mercer's filings with the United States Securities and Exchange Commission.

Unless required by law, we do not assume any obligation to update forward-looking statements based on unanticipated events or changed expectations.

Financial Results Overview

EBITDA Decreased Quarter-Over-Quarter

EBITDA (US$ millions)	**Q1 2025**	**Q2 2025**	**Change (+/-)**
Pulp Segment[1]	$50	($10)	($60)
Solid Wood Segment[1]	($0)	($5)	($5)
Corporate & Other	($3)	($6)	($3)
Operating EBITDA[2]	**$47**	**($21)**	**($68)**

Key Drivers

- EBITDA decreased quarter-over-quarter due to:
  - Negative FX impact from a weaker U.S. dollar primarily on EUR and CAD denominated expenses;
  - Lower pulp prices in China led to a $11 million non-cash hardwood inventory impairment; and
  - Higher fibre costs for both Pulp and Solid Wood segments.

Note: Due to rounding, numbers presented in this presentation may not add up precisely to totals and percentages may not precisely reflect the absolute figure

1) Segment Operating EBITDA is a measure of segment profit or loss presented in our financial statements under GAAP. Refer to the segment information note in our consolidated financial statements for more information.
2) Operating EBITDA is a non-GAAP measure. For a reconciliation of Net Loss to Operating EBITDA, refer to slide 24.

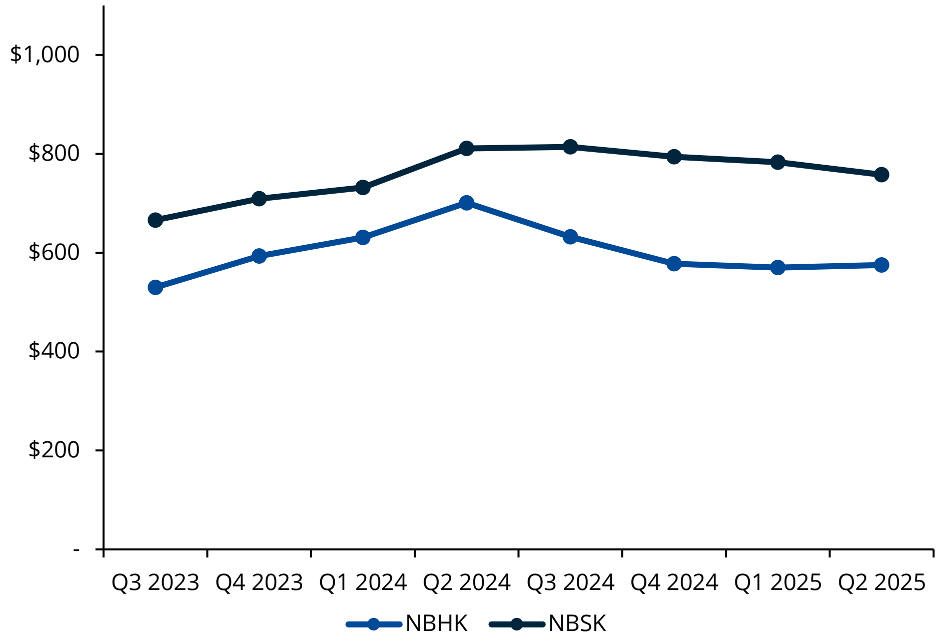
Pulp Prices

Pricing Overview

Region	Q1 2025	Q2 2025
NBSK List Price (US$ / tonne)		
Domestic	$1,753	$1,820
China (net)	$793	$734
Europe	$1,550	$1,553
NBHK List Price (US$ / tonne)		
Domestic	$1,268	$1,310
China (net)(1)	$578	$533
NBSK / NBHK Price Gap (US$ / tonne)		
China	$215	$201

NBSK Realized Prices Decreased in Q2

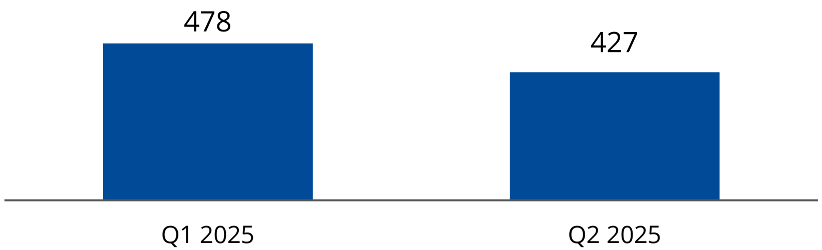
Realized Pulp Price (US$ / tonne)



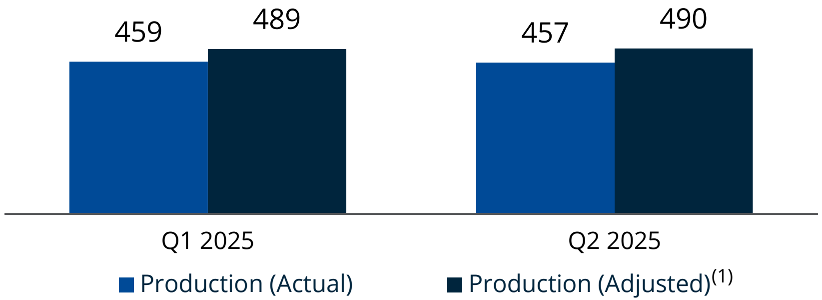
1) Bleached eucalyptus kraft

Key Performance Indicators

Sales Volume (000s tonnes)



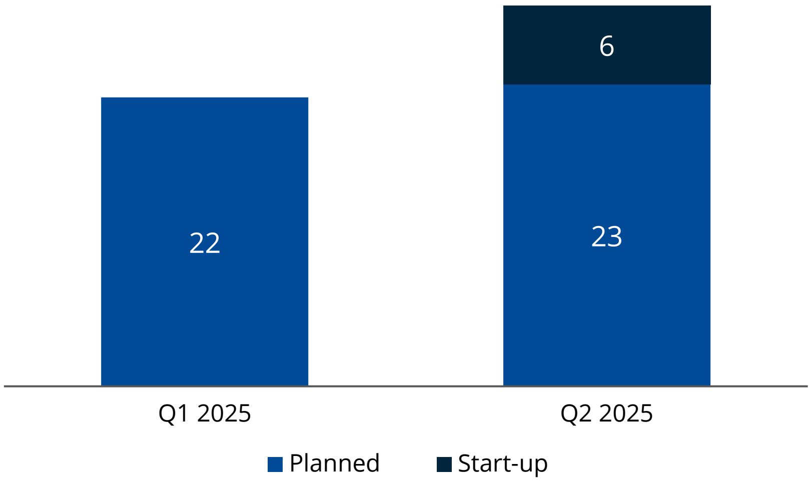
Production Volume (000s tonnes)



Major Maintenance Downtime (Days)

Q3 2025:

- 14 days (Rosenthal)
- 4 days (Celgar)

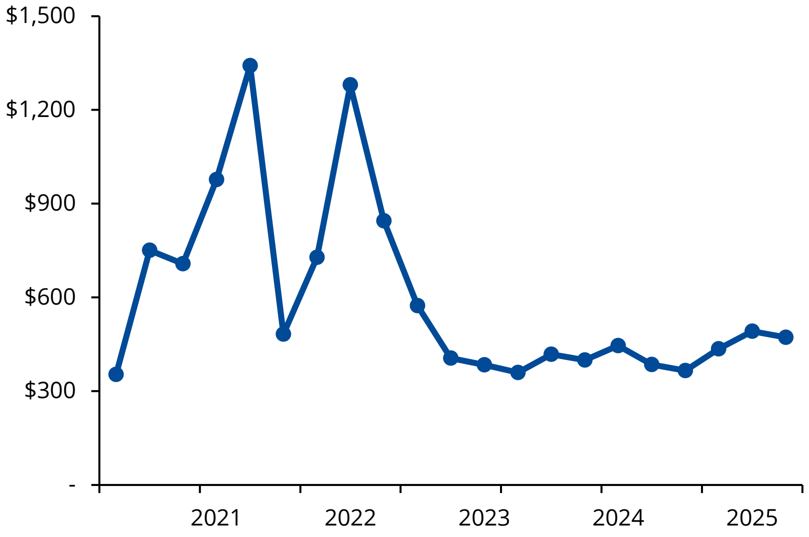


1) Adjusted production adds back lost tonnes from planned downtime

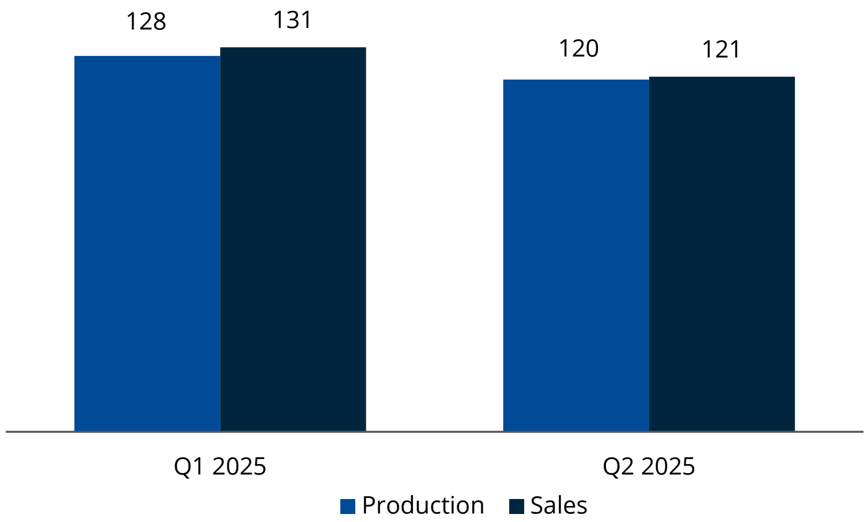
Lumber Overview

Benchmark Lumber Price

Random Lengths WSPF 2&btr 2x4 (US$ / mfbm)

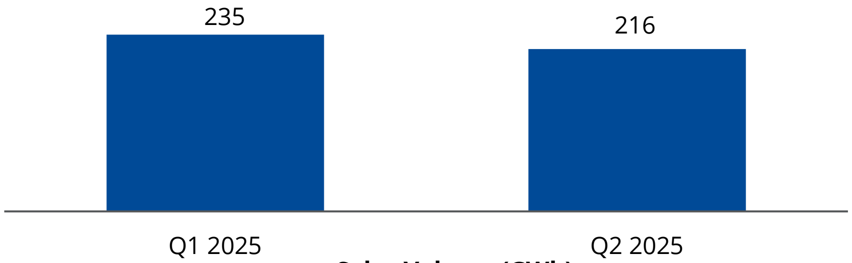


Lumber Operations (mmfbm)



Electricity and Mass Timber

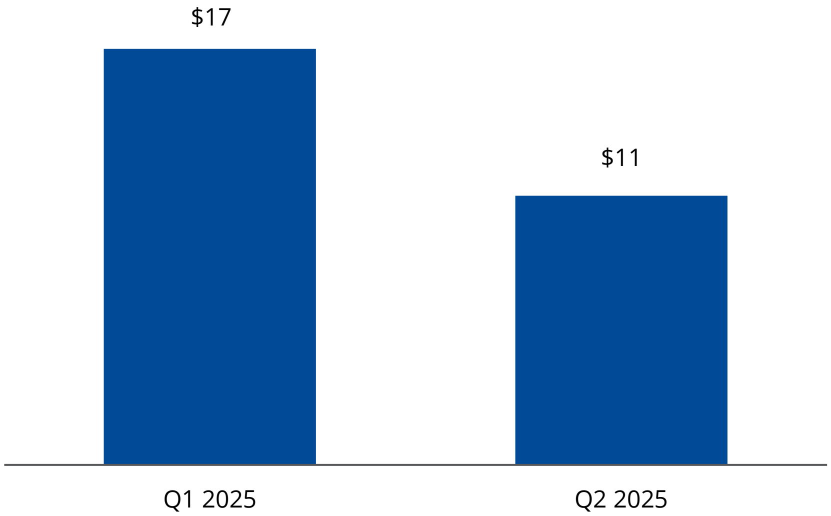
Electricity



Sales Volume (GWh)

Price ($ / MWh)

Mass Timber Revenue (US$mm)



Lower Q2 mass timber revenues due to prevailing high-interest rate environment, which is impacting project timelines and market momentum

Financial Position

Summary

US$mm unless otherwise stated			
Measure	**Q1 2025**	**Q2 2025**	**Change (+/-)**
Net Loss	**($22)**	**($86)**	**($64)**
Loss per Share	($0.33 / share)	($1.29 / share)	($0.96 / share)
Cash flows			
Cash flow used in operating activities	($3)	($5)	($2)
Capital expenditures	($20)	($24)	($4)
Liquidity Position	**$471**	**$438**	**($33)**
Cash	$182	$146	($36)
Undrawn Revolvers	$289	$292	$3
Dividend	**7.5¢ / share**	**- / share**	**(7.5 ¢ / share)**

One Goal, One Hundred

- Goal to improve profitability by $100 million by the end of 2026, using 2024 as a baseline
- $5 million in cost savings realized to date; $25 million anticipated for 2025
- On track to meet goal

Key Points

- $32 million increase in cash consumption primarily driven by lower EBITDA; offset by working capital decrease
- Working capital, excluding non-cash items, decreased by $21 million due in part to working capital reductions from One Goal, One Hundred

Strategic Focus: One Goal, One Hundred

- Targeting $100 million in EBITDA improvements by the end of 2026 compared to 2024
  - $5 million in savings achieved in Q2 with additional $20 million identified for 2025.
  - Targeting ~$20 million reduction in working capital and ~$20 million reduction in capital expenditures by the end of 2025
- On track to meet goals through 2025 and 2026 through savings programs and unlocking significant reliability improvements

Trade Uncertainty

Tariff Exposure and Impacts

- Pulp and mass timber imports from Canada are currently not subject to tariffs
- Lumber from Germany also do not have tariffs applied but under a Section 232 review
- Wood chips imported from the U.S. poses potential counter-tariff risk if trade tensions escalate
- Uncertain business environment directly affects regular trade flows of our commodities and forces delays in construction projects
- Weaker U.S. dollar has an immediate effect on our cost basis and our receivable balances

Quarterly Dividend Temporarily Suspended in Q2

Amidst economic uncertainty, the dividend will be suspended to focus on debt reduction and navigating market uncertainty

A competitive dividend remains a commitment once market conditions improve

Macroeconomic Headwinds

Heavy maintenance quarter, including 6 days of slow start-up for Celgar

+

Impact of market uncertainty, including weakening U.S. dollar and pulp pricing

+

Unclear global trade landscape

=

($21MM) EBITDA

- In face of global trade uncertainties, continue to maintain open dialogue with our customers, government officials and industry associations.
- Prepared to take swift action redirecting products to other geographies if necessary, and adjusting operations accordingly

Pulp Markets

NBSK

- Softwood pricing expected to remain weak through summer months
- Steady demand for softwood in mid-term, combined with reduced supply, will create upward pressure on pricing in Q4 2025, into 2026

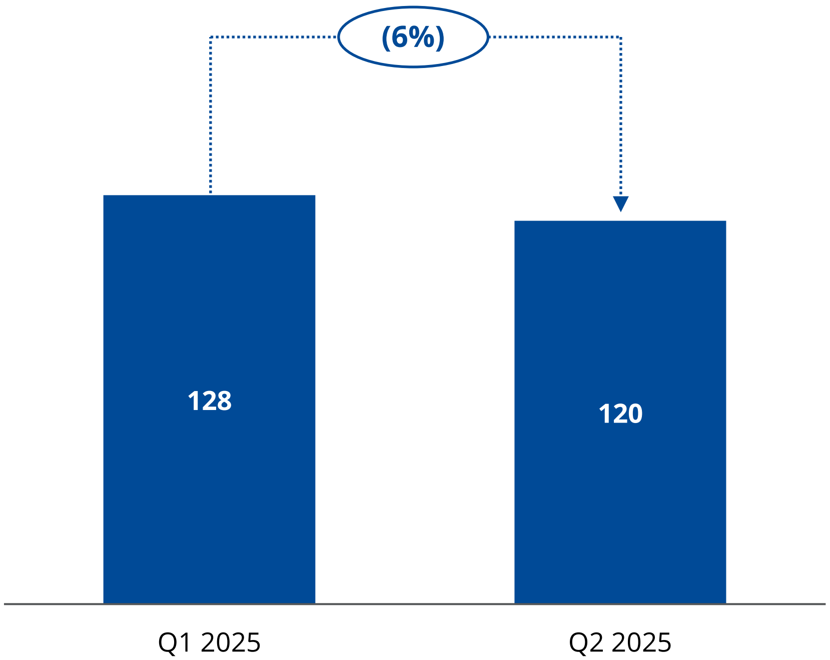
NBHK

- Hardwood pricing weakened in China due to weak paper demand and increased domestic pulp supply
- Pricing in North America resilient due to steady demand

Hardwood-softwood substitution opportunities are largely exhausted, with limited future flexibility despite price disparities

Lumber Production

Quarterly Lumber Production (mmfbm)



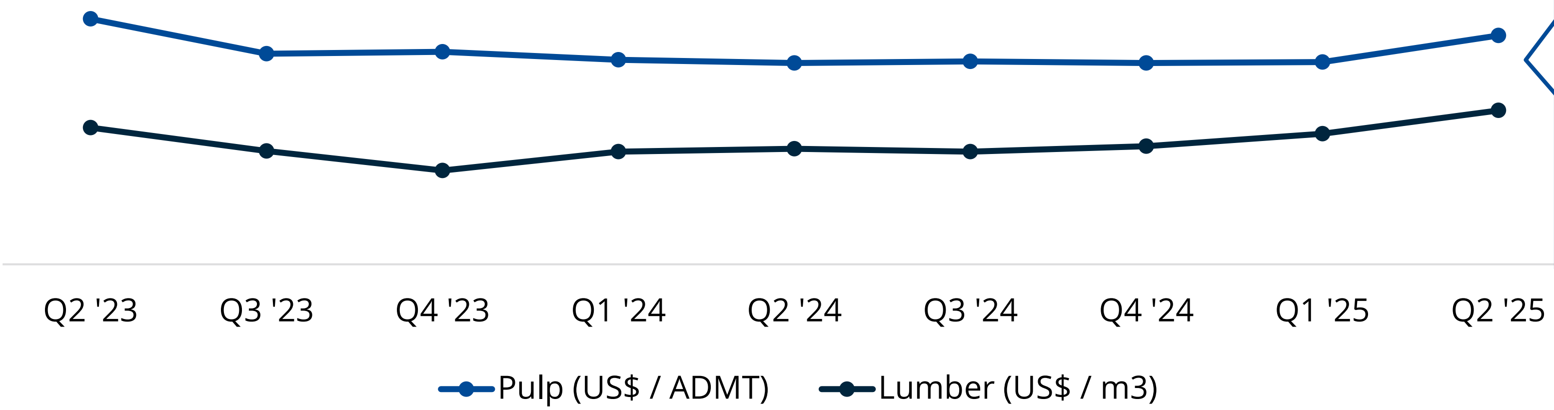
6% decrease in lumber production compared to Q1 due to planned maintenance at Friesau

Expected incremental lumber production at Torgau will provide ~65 million board feet of annual lumber capacity

Fiber Costs

Fiber Costs Increased for Pulp and Lumber

Per Unit Fiber Costs



Overall pulp fibre costs were up slightly relative to Q1. In Germany, increased demand for sawlogs inflated fibre costs. In Canada, costs increased due to higher logistics costs.

Looking ahead, fiber costs are expected to modestly decrease for the pulp segment with a ~10% increase for the solid wood segment in Q3 2025

Solid Wood Segment

- Despite challenging European economic backdrop and impact of high interest rates on the construction industry, U.S. lumber market saw some modest price improvements
- Negative $5 million EBITDA in Q2 for solid wood segment primarily due to sustained weak demand for pallets
- Anticipate the beginning of improved economic growth in Germany and broader Europe, which should drive better pallet pricing. A modest $1/pallet increase projected to move pallet business into a positive cash flow position.

Lumber Markets

- Expect U.S. lumber pricing to be volatile in the short term due to economic forces affecting the construction industry
- In contrast, European lumber prices trending upwards, driven by increasing saw log prices
- Long-term price improvement in both markets reliant on economic recovery, spurred by interest rate reductions in late 2025

Mid-Term Drivers of Positive Supply-Demand Dynamics

Low Lumber Inventories

Sawmill Curtailments & AAC Reduction

Low Housing Stock

Shortages from Canadian wildfires

Constructive Homeowner Demographics

We continue optimizing our mix of lumber products and customers to current market conditions

Pallets & Pellets

Pallet

- Shipping pallet market remains weak due to overhang of European economy (especially Germany)
- Once signs of economic recovery show, pallet prices expected to return to normal level

Pellet

- Heating pellet prices up in Q2, driven from higher German fiber costs which created supply concerns
- Expect demand and prices to be slightly lower in Q3

Mass Timber

- Steady growth in incoming project inquiries for the mass timber business, with potential sales volumes exceeding $400 million and over 100 projects per quarter
- Order book is growing, with projects being bid on and won today scheduled for construction nine months from now, well into 2026
- Revenue will pick up momentum in Q4, leading to a plan to ramp one facility to two shifts early next year

~30% of North American CLT capacity

+

Broad range of product offerings

+

Large **geographic footprint**

=

Competitive across entire **North American Market**

Pulp Operations

2025 Major Maintenance Shut

Q1:
- ✓ Celgar (22 days)

Q2:
- ✓ Peace River (20 days)
- ✓ Stendal (3 days)

Q3:
- ✓ Rosenthal (14 days)
- ✓ Celgar (4 days)

Q4:
- ✓ Stendal (18 days)

Total downtime of 81 days vs. 57 days in 2024 as Celgar did not take a major shut in 2024

Capital Allocation

Strategic and high-return capital projects at Torgau and Celgar mills are underway / recently completed

MERCER torgau

- Project will increase sawn timber production capacity by 100,000 m^3 annually and increase dimensional lumber production for the U.S. market by ~240,000 m^3 annually
- Part of original investment strategy to increase the mill's value-added product mix and maximize potential synergies

MERCER celgar

- Recently completed wood room upgrade expected to provide incremental fiber flexibility, reduced costs, and increased yield

Capital Expenditure Summary

- Total Q2 capex of ~$24 million
- Expected 2025 capex of ~$100 million (reduction of $20 million from previous targets)
- Continued prioritization of maintenance of business, environmental, and safety capex

Bioproducts for a More Sustainable World

Carbon Capture Plant

- Currently in FEL-2 stage of assessing the installation of a carbon capture plant.
- Exciting opportunity to enter the voluntary carbon credit market

We believe products like lignin, mass timber, green energy, lumber, and pulp will play increasingly important roles in displacing carbon-intensive products

2025 Outlook

- Amidst a challenging global trade environment, focused on building resilience
- Businesses have strong fundamentals and when combined with debt reduction strategy, will create significant shareholder value
- Committed to strengthening our businesses through the "One Goal, One Hundred" program and improving mill reliability

Mercer remains committed to increasing shareholder value by reducing leverage through

Aggressive Cost-Reduction Programs

Strong Mill Reliability + Operational Rationalization

Prudent Capital Management

Contact Information

www.mercerint.com

MERCER

Mercer International Inc.

P: +1 (604) 684 1099
info@mercerint.com

Suite 1120, 700 West Pender St
Vancouver, B.C. Canada
V6C 1G8

Reconciling Net Loss to Operating EBITDA

Consolidated (US$ millions)	Q1 2025	Q2 2025
Net loss	($22.3)	($86.1)
Income tax provision (recovery)	0.7	($1.9)
Interest expense	28.2	28.4
Other expense	0.2	1.1
Operating income (loss)	**6.7**	**(58.4)**
Add: Depreciation and amortization	40.2	37.4
Operating EBITDA	**47.0**	**(21.0)**

Note: See next slide for additional disclosures

Reconciling Net Loss to Operating EBITDA

Note: For other reconciliations of Net Loss to Operating EBITDA in periods not shown, please refer to that period's respective Form 10-Q or 10-K, which can be found on our website (www.mercerint.com)

Operating EBITDA is defined as operating income (loss) plus depreciation and amortization and long-lived asset impairment charges. We use Operating EBITDA as a benchmark measurement of our own operating results and as a benchmark relative to our competitors. We consider it to be a meaningful supplement to operating income (loss) as a performance measure primarily because depreciation expense and long-lived asset impairment charges are not actual cash costs, and depreciation expense varies widely from company to company in a manner that we consider largely independent of the underlying cost efficiency of our operating facilities. In addition, we believe Operating EBITDA is commonly used by securities analysts, investors and other interested parties to evaluate our financial performance.

Operating EBITDA does not reflect the impact of a number of items that affect our net loss, including financing costs, income taxes, and the effect of derivative instruments. Operating EBITDA is not a measure of financial performance under GAAP, and should not be considered as an alternative to net loss or operating income (loss) as a measure of performance, or as an alternative to net cash from (used in) operating activities as a measure of liquidity. Operating EBITDA is an internal measure and therefore may not be comparable to other companies.

Operating EBITDA has significant limitations as an analytical tool, and should not be considered in isolation, or as a substitute for analysis of our results as reported under GAAP. Some of these limitations are that Operating EBITDA does not reflect: (i) our cash expenditures, or future requirements, for capital expenditures or contractual commitments; (ii) changes in, or cash requirements for, working capital needs; (iii) the significant interest expense, or the cash requirements necessary to service interest or principal payments, on our outstanding debt; (iv) the impact of realized or marked to market changes in our derivative positions, which can be substantial; and (v) the impact of impairment charges against our investments or assets. Because of these limitations, Operating EBITDA should only be considered as a supplemental performance measure and should not be considered as a measure of liquidity or cash available to us to invest in the growth of our business. Because all companies do not calculate Operating EBITDA in the same manner, Operating EBITDA as calculated by us may differ from Operating EBITDA or EBITDA as calculated by other companies. We compensate for these limitations by using Operating EBITDA as a supplemental measure of our performance and by relying primarily on our GAAP financial statements.

Operating EBITDA is a non-GAAP financial measure at the consolidated level and is considered different from Operating EBITDA at the segment level, referred to as “Segment Operating EBITDA”, which is our single measure of segment profit or loss presented in our financial statements under GAAP. For more information on Segment Operating EBITDA, refer to the segment information note within our consolidated financial statements.