Mercer International Inc.

Transforming biomass into bioproducts for a more sustainable world

Q3 2025 Earnings Call

November 7th, 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)	Q2 2025	Q3 2025	Change (+/-)
Pulp Segment[(1)]	($10)	($13)	($3)
Solid Wood Segment[(1)]	($5)	($9)	($4)
Corporate & Other	($6)	($6)	-
Operating EBITDA[(2)]	**($21)**	**($28)**	**($7)**

Key Drivers

- Lower sales realizations was the primary driver of a non-cash inventory impairment of $20 million in Q3.
- EBITDA decreased quarter-over-quarter due to:
    - Persistent global trade uncertainties suppressing pulp demand and pricing;
    - High fiber costs; and
    - Lower sales realizations for NBSK and NBHK pulp negatively impacted EBITDA by ~$15 million.

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.

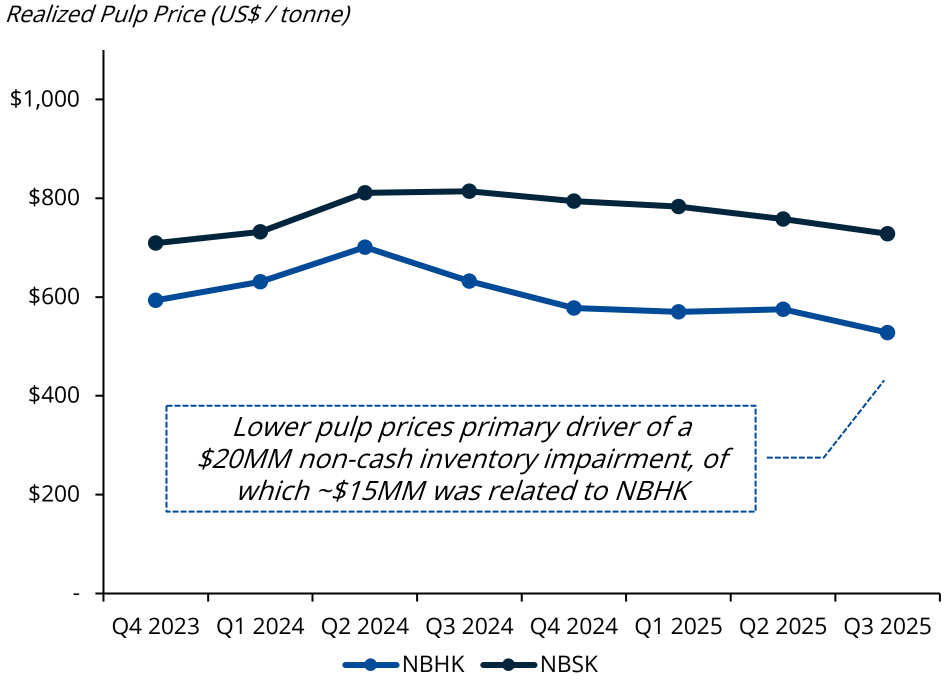
1) Segment Operating EBITDA is a measure of segment profit or loss presented in our financial statements under GAAP. Refer to the segment information note in our consolidated financial statements for more information.
2) Operating EBITDA is a non-GAAP measure. For a reconciliation of Net Loss to Operating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

Pulp Prices

Pricing Overview

Region	Q2 2025	Q3 2025
NBSK List Price (US$ / tonne)		
Domestic	$1,820	$1,700
China (net)	$734	$690
Europe	$1,553	$1,497
NBHK List Price (US$ / tonne)		
Domestic	$1,310	$1,203
China (net)[1]	$533	$503
NBSK / NBHK Price Gap (US$ / tonne)		
China	$201	$187

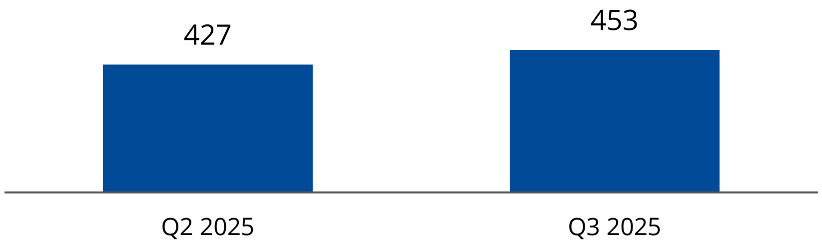
Realized Prices Decreased in Q3



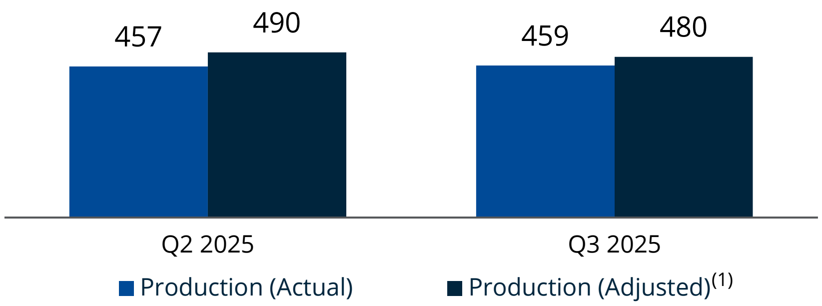
1) Bleached eucalyptus kraft

Key Performance Indicators

Sales Volume (000s tonnes)



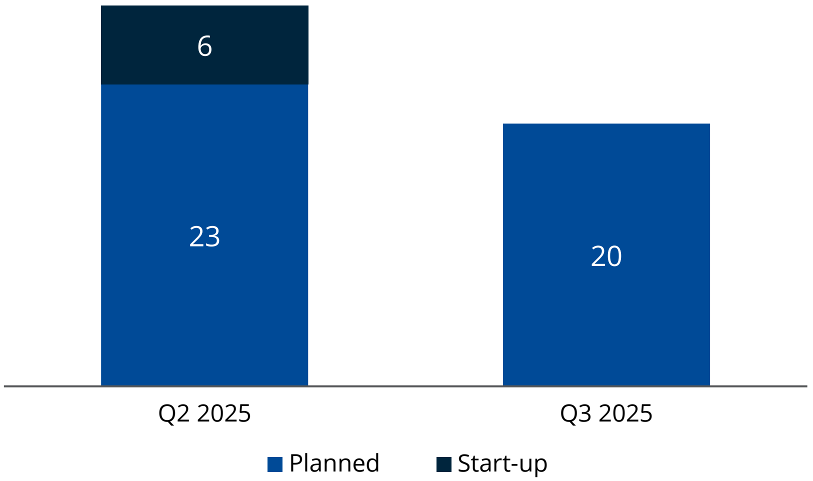
Production Volume (000s tonnes)



Major Maintenance Downtime (Days)

Q4 2025:

- 18 days (Stendal)

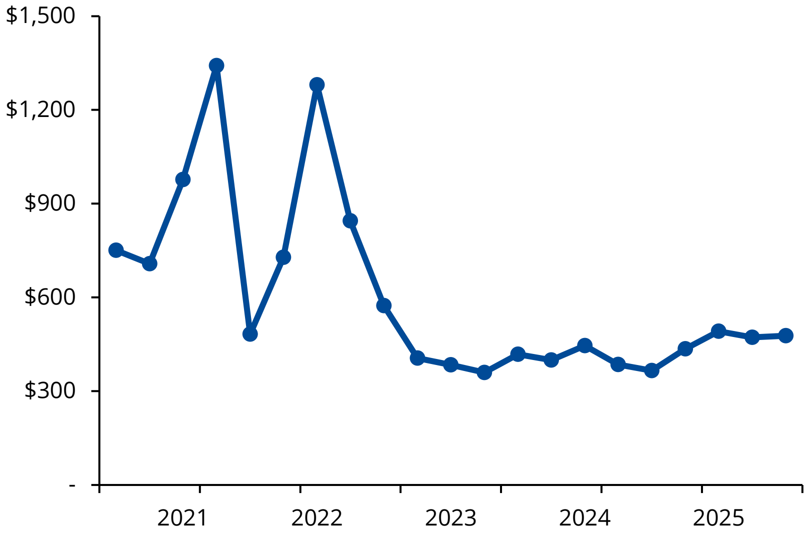


1) Adjusted production adds back lost tonnes from planned downtime

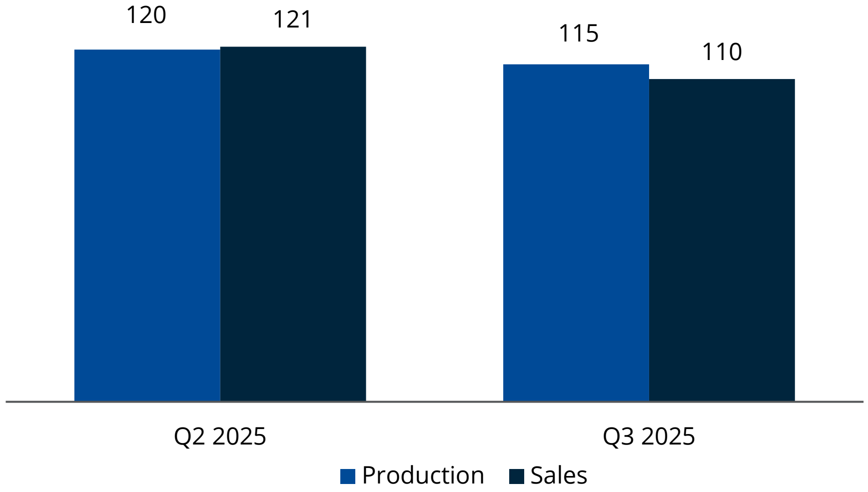
Lumber Overview

Benchmark Lumber Price

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

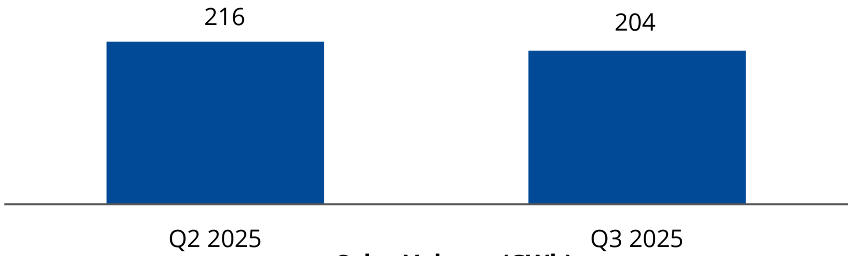


Lumber Operations (mmfbm)



Electricity and Mass Timber

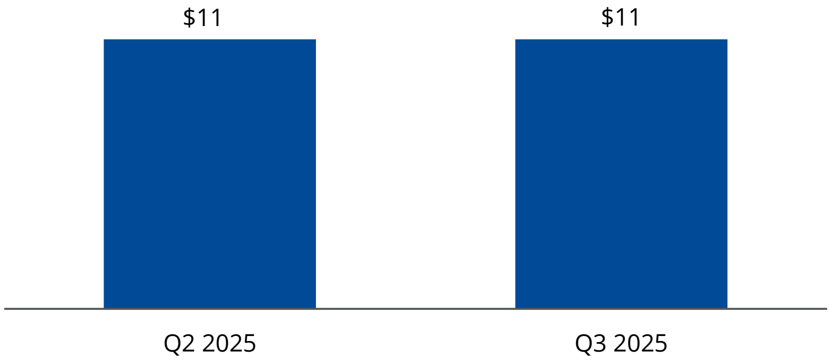
Electricity



Sales Volume (GWh)

Price ($ / MWh)

Mass Timber Revenue (US$mm)



Despite headwinds our mass timber business has a healthy order book; we expect improved results in 2026

Financial Position

Summary

US$mm unless otherwise stated			
Measure	**Q2 2025**	**Q3 2025**	**Change (+/-)**
Net Loss	**($86)**	**($81)**	**($5)**
Loss per Share	($1.29 / share)	($1.21 / share)	($0.08 / share)
Cash flows			
Cash flow used in operating activities	($5)	($30)	($25)
Capital expenditures	($24)	($30)	($6)
Liquidity Position	**$438**	**$376**	**($62)**
Cash	$146	$98	($48)
Undrawn Revolvers	$292	$278	($14)

One Goal, One Hundred

- Goal to improve profitability by $100 million by the end of 2026, using 2024 as a baseline
- $30 million in cost savings anticipated for 2025
- On track to meet goal

Key Points

- $13 million increase in cash consumption primarily driven by lower EBITDA
- $6 million increase in capital expenditures primarily driven by maintenance, but also includes upgrades to our log yards at Friesau and Torgau

Headwinds

Trade Uncertainty

- Operating results were negatively impacted by trade uncertainty, dampening both paper and lumber demand

Pulp Pricing Pressure

- Chinese overcapacity and cheap hardwood are driving grade substitution, putting downward pressure on both hardwood and softwood pulp prices

Currency Impact

- U.S. dollar weakness, driven by trade disputes, resulted in an $11 million increase in operating costs in Q3 compared to Q2

Internal Focus

Focusing on controllable factors:
mill reliability is beginning to yield tangible improvements and cost control initiatives are gaining traction

Strategic Focus: One Goal, One Hundred

$100 million

- Targeting $100 million in EBITDA improvements by the end of 2026 compared to 2024
    - Expecting to realize $30 million in reliability related savings for 2025
    - Initiative also includes targeting ~$20 million reduction in working capital and ~$20 million reduction in capital expenditures
- On track to meet goals in 2025 and 2026 through savings programs and unlocking significant reliability improvements

Macroeconomic Headwinds: Tariffs & Fiber Supply

Increased Visibility on Tariff Impacts

U.S. Section 232 review subjects both Canadian and European lumber to a 10% incremental tariff (average duty + tariff impact on Canadian lumber is now ~50%)

Anticipated Canadian lumber curtailments driven by these duties will reduce residual chip supply, creating upward pressure on fiber costs

Pulp shipments from Canada to the U.S. are not impacted by tariffs as they are CUSMA compliant

Strategic Position & Mitigation

- Celgar is strategically positioned to mitigate fiber cost pressure due to existing access to the U.S. fiber market and its capability to harvest and process whole logs
- Peace River's hardwood supply is not impacted by tariffs
- Primary U.S. import (wood chips for Celgar, representing ~45% of its fiber) is currently not subject to counter-tariffs

Pulp Markets

Current State

- Pulp markets weakened significantly due to seasonality-driven weak demand and low fiber costs in China
- Market dynamics have created opportunistic pulp substitution by paper producers as they run their machines slower
- Pulp de-stocking by paper producers is putting additional pressure on pulp prices

Short-term Outlook

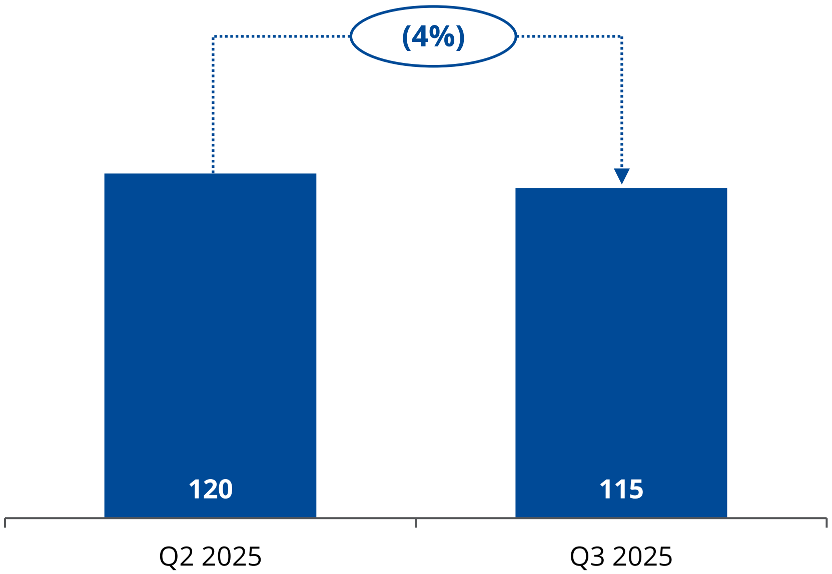
- Expected upward pressure on pulp prices in late Q4 and early Q1 2026 as:
  - ➢ Announced European NBSK curtailments impact Chinese port stock; and
  - ➢ Impact of delisting low-grade Russian pulp from Shanghai futures exchange is realized
- However, trade uncertainty is expected to linger likely keeping commodity prices subdued

Longer-term Outlook

- Optimistic that once trade uncertainty subsides, markets will normalize and re-stocking effect will occur

Lumber Production

Quarterly Lumber Production (mmfbm)



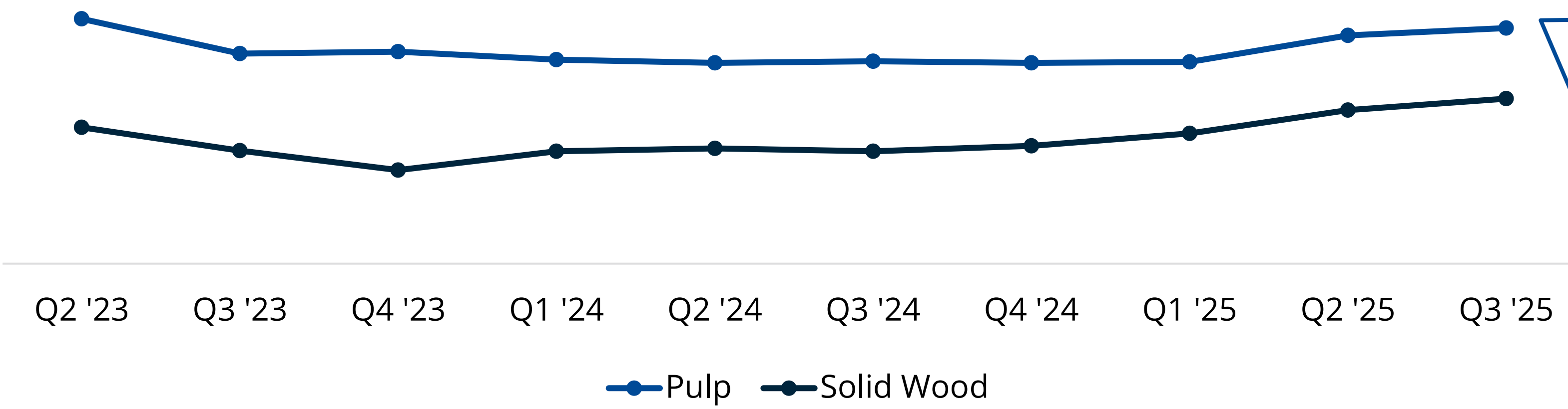
4% decrease in lumber production compared to Q2 due to planned maintenance at Friesau

Expected incremental lumber production at Torgau will provide ~65 million board feet of annual lumber capacity beginning in Q4

Fiber Costs

Fiber Costs Increased for Pulp and Lumber

Per Unit Fiber Costs



Overall pulp fibre costs relatively flat compared to Q2. In Germany, reduced demand for pulp logs reduced fibre costs. In Canada, costs increased due to higher logistics costs.

Meaningful fiber cost increases are anticipated in Q4 for our operating segments. Pulp segment will be impacted by reduced sawmill residual availability and, for our German pulp mills, increased competition for wood chips from biofuel producers

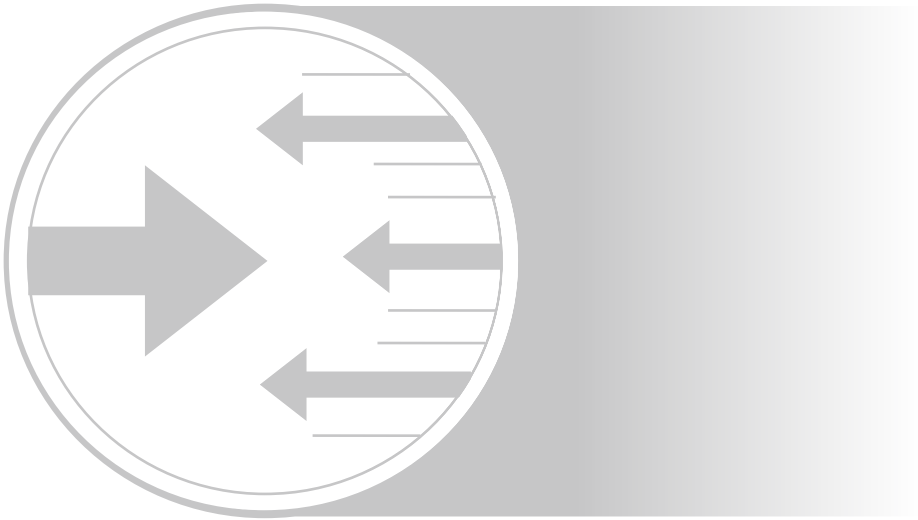
Solid Wood Segment

Segment Headwinds Remained Consistent with Q2

Segment continues to be held back by weak European economy

Persistent high interest rates on construction

Negative $9MM segment EBITDA for Q3 with higher U.S. lumber pricing not offsetting the sustained weak demand for pallets



Lumber Markets

- While U.S. lumber pricing may remain volatile in the short term, significantly higher anti-dumping and countervailing duties is expected to force production curtailments and drive an increase in lumber prices
- European lumber prices trending upwards, driven by increasing saw log prices
- Long-term price improvement in both markets reliant on economic recovery and interest rate reductions
- Cost competitive configuration at Friesau gives us flexibility to maintain strong presence in Europe and the U.S., while also serving the quality-sensitive Japanese market

Mid-Term Drivers of Positive Supply-Demand Dynamics

Sawmill Curtailments

Low Housing Stock

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
- A $1/pallet increase, or ~10%, will put the pallet business into a positive cash flow position

Pellet

- Heating pellet prices remained relatively flat in Q3
- Expect demand and prices to be slightly higher in Q4 due to increased seasonal demand combined with supply concerns

Mass Timber

- Steady growth in incoming project inquiries for the mass timber business, with potential sales volumes of these inquiries exceeding $400 million and over 100 projects per quarter
- Order book is growing, with projects being bid on and won today scheduled for construction about 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
- Mass Timber backlog of projects currently sits at ~$80 million

~30% of North American CLT capacity

+

Broad range of product offerings

+

Large **geographic footprint**

=

Competitive across entire **North American Market**

Capital Allocation

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

MERCER torgau

- Project will increase annual sawn timber production capacity by 100,000 m^3 of dimensional lumber
- Will increase value-added product mix and maximize potential synergies

MERCER celgar

- Wood room upgrade expected to provide incremental fiber flexibility, reduced costs, and increased yield

Capital Expenditure Summary

- Total Q3 capex of ~$30 million
- Expected 2025 capex of ~$100 million
- Continued prioritization of maintenance of business, environmental, and safety capex
- Expect 2026 capex to be meaningful lower than the 2025 spend

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

- Given the disappointing Q3 results and persistent industry headwinds, further measures are being implemented to improve liquidity position, including reductions in cost, capex, and working capital
- Strong asset portfolio and experienced management team are well-positioned to navigate the downturn
- Long-term strategic plan to transform pulp mills into biorefineries will introduce additional revenue streams, balance the product mix, and build greater resilience during future pulp market downturns

Ongoing and continued measures to support our liquidity position

Aggressive Cost-Reduction Programs

Strong Mill Reliability

Rebalancing Portfolio of Assets

Capex and Working Capital Reductions

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Reconciling Net Loss to Operating EBITDA

Consolidated (US$ millions)	Q2 2025	Q3 2025
Net loss	($86.1)	($80.8)
Income tax recovery	(1.9)	(14.8)
Interest expense	28.4	28.5
Other expense (income)	1.1	(0.5)
Operating loss	**(58.4)**	**(67.6)**
Add: Depreciation and amortization	37.5	39.5
Operating EBITDA	**(20.9)**	**(28.2)**

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 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 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 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.