Mercer International Inc.

Transforming biomass into bioproducts for a more sustainable world

Q2 2026 Earnings Call
August 7th, 2026

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

Updates

Evaluating Strategic Alternatives

- Working with advisors to enhance liquidity and strengthen the balance sheet amid ongoing market uncertainty

Going Concern Disclosure

- Added to financial statements following the reclassification of revolving credit facilities to current liabilities:

Canadian Facility (Matures January 2027): Expect to successfully renegotiate or replace prior to maturity

German Facility: Waiver active through Sept 30, 2026; anticipated Q4 leverage covenant breach triggered current liability classification

Financial Results Overview

EBITDA Decreased Quarter-Over-Quarter

EBITDA (US$ millions)	Q1 2026	Q2 2026	Change (+/-)
Pulp Segment(1)	$7	($13)	($20)
Solid Wood Segment(1)	($6)	($8)	($2)
Corporate & Other	$7	($0)	($7)
Operating EBITDA(2)	**$8**	**($21)**	**($29)**

Key Drivers

- Due to higher fiber costs in Germany
- Includes non-cash inventory impairment of $29 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

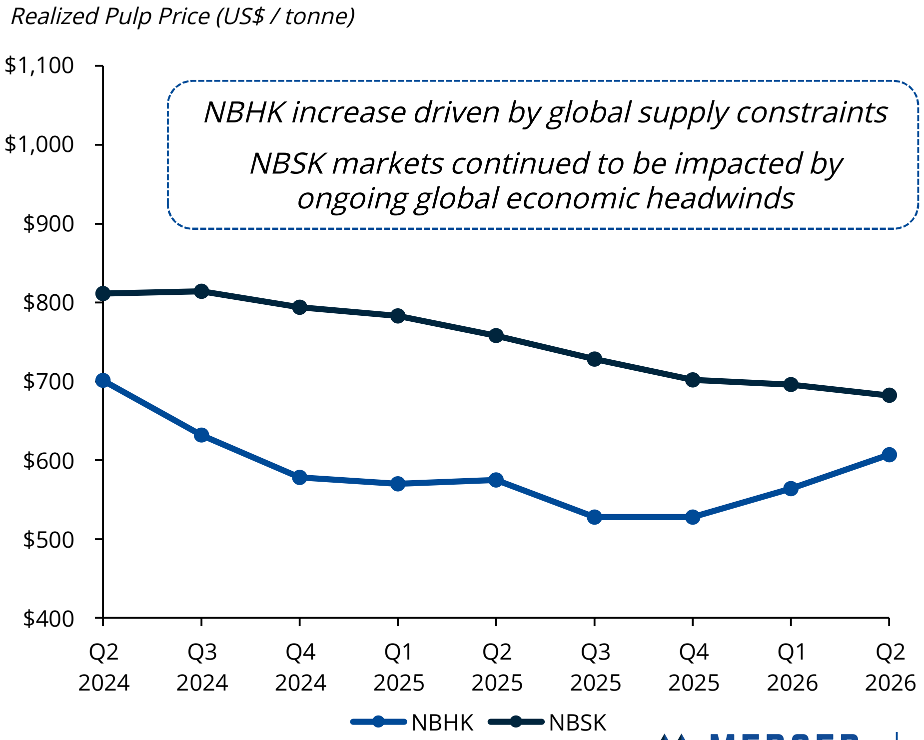
1) Segment Operating EBITDA is a measure of segment profit or loss presented in our financial statements under GAAP
   Refer to the segment information note in our consolidated financial statements for more information
2) Operating EBITDA is a non-GAAP measure. For a reconciliation of Net Loss to Operating EBITDA, refer to slide 22

Pulp Prices

Pricing Overview

Region	Q1 2026	Q2 2026
NBSK List Price (US$ / tonne)		
Domestic	$1,563	▲ $1,577
China (net)	$685	▼ $658
Europe	$1,618	▲ $1,655
NBHK List Price (US$ / tonne)		
Domestic	$1,338	▲ $1,495
China (net)(1)	$595	▲ $602
NBSK / NBHK Price Gap (US$ / tonne)		
China	$90	▼ $56

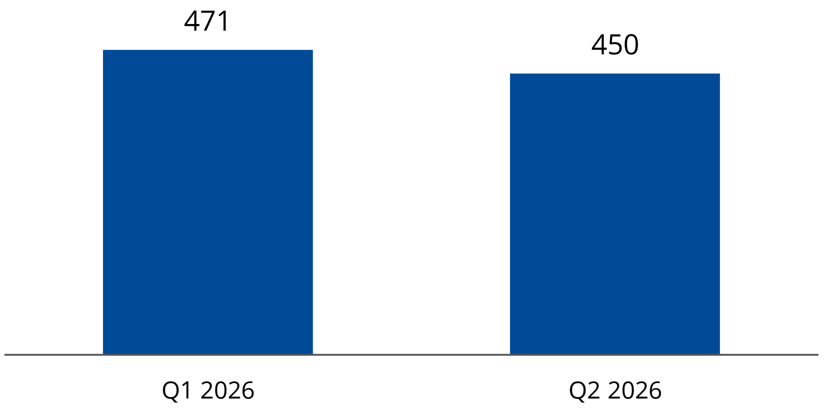
Realized Prices in Q2



1) Bleached eucalyptus kraft

Key Performance Indicators

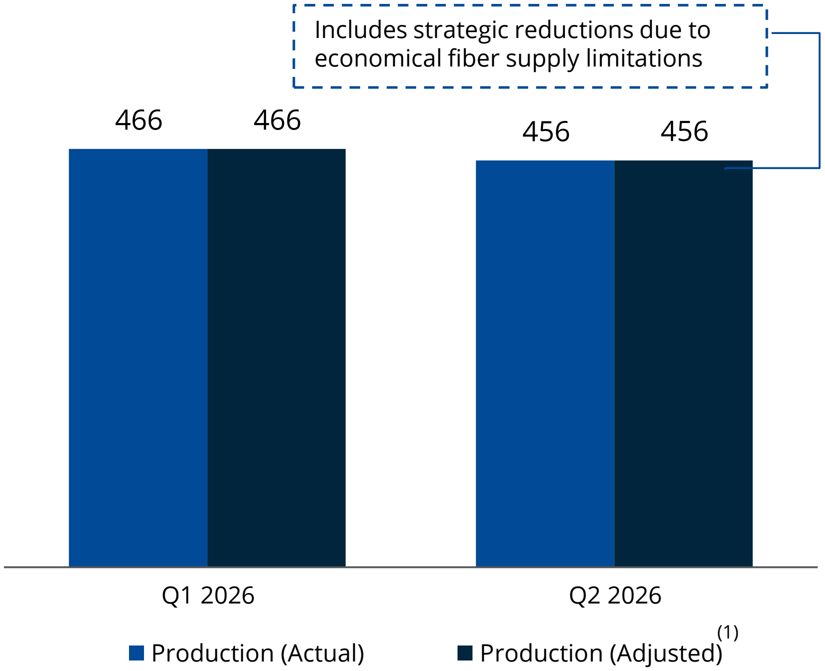
Sales Volume (000s tonnes)



Planned Maintenance Downtime (Days)

- Q2 2026: none
- Q3 2026: 40 (43,000 tonnes)

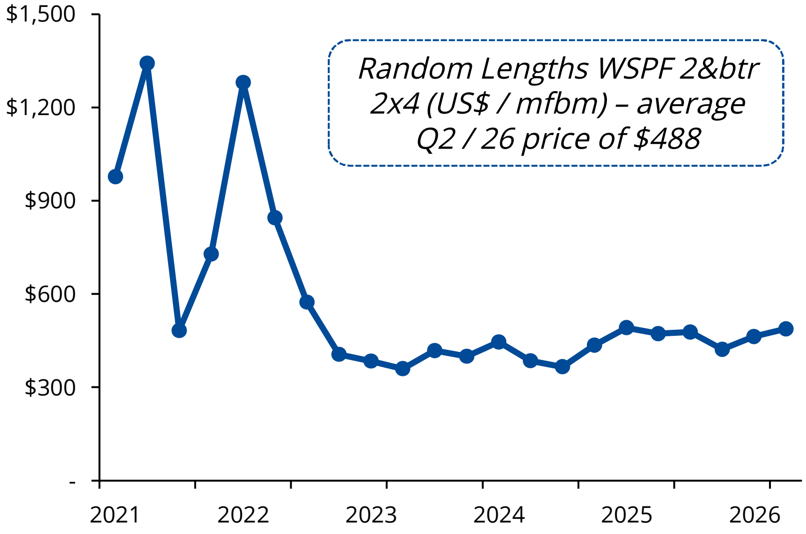
Production Volume (000s tonnes)



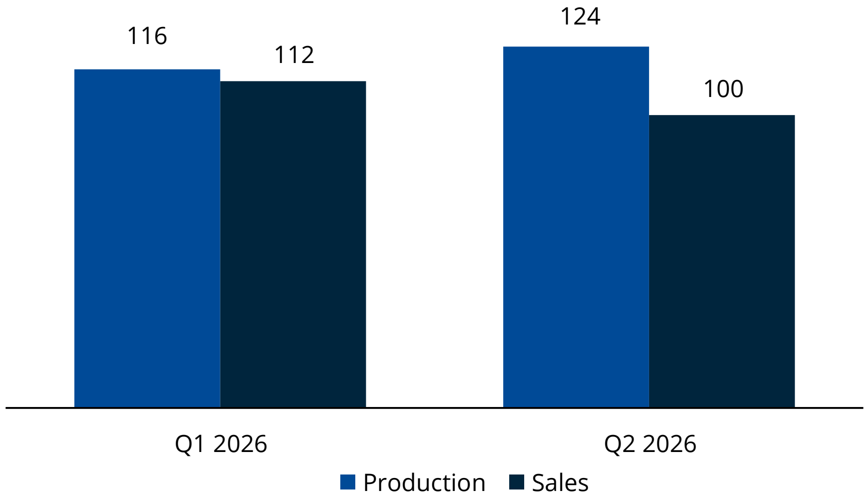
1) Adjusted production adds back lost tonnes from planned maintenance downtime

Lumber Overview

Benchmark Lumber Price

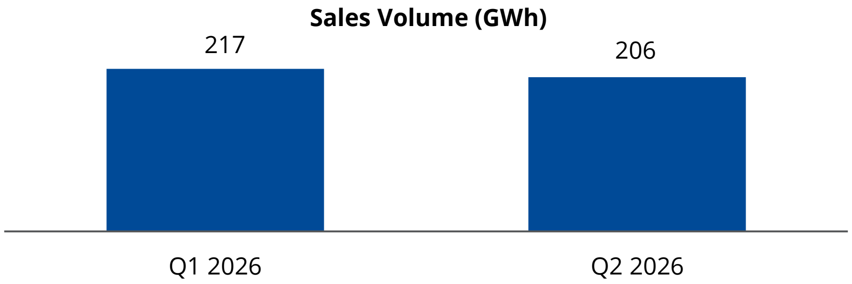


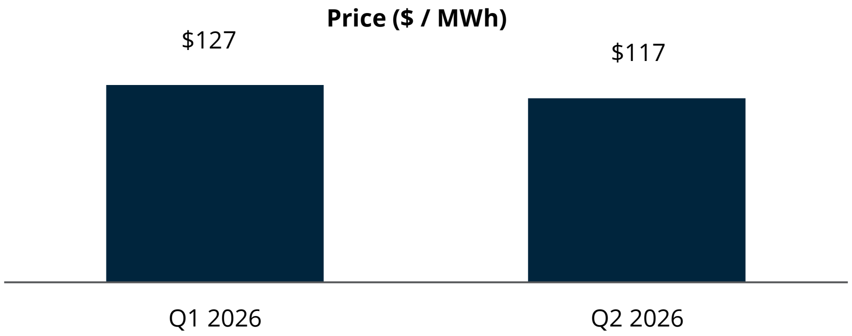
Lumber Operations (mmfbm)



Electricity, Fiber and Mass Timber

Electricity





Fiber Costs

- Fiber costs rose across both pulp and solid wood segments, driven by low harvesting levels and strong energy demand for residuals in Germany
- German pulp costs will remain elevated, while sawmill and Canadian mill costs are expected to moderate due to improving supply and reduced demand

Mass Timber

- Mass Timber operations had significantly higher revenues in the second quarter compared to the first quarter reflecting our strong order book
- Current order book is expected to provide stable production for our facilities through 2026 and into 2027

Strategic Focus: One Goal, One Hundred

- Targeting $100 million in EBITDA improvements by the end of 2026 compared to 2024
    - To date, we have achieved ~$54 million in cost savings and reliability improvements compared to 2024
- On track to meet goals by the end of 2026 through savings programs and unlocking significant reliability improvements

Financial Position

Summary

US$mm unless otherwise stated			
Measure	**Q1 2026**	**Q2 2026**	**Change (+/-)**
Net Loss	**($52)**	**($76)**	**($24)**
Loss per Share	($0.78 / share)	($1.13 / share)	($0.35/ share)
Cash flows			
Cash flows used in operating activities	($86)	($15)	$71
Capital expenditures	($13)	($12)	$1
Liquidity Position	**$229**	**$192**	**($37)**
Cash	$85	$79	($6)
Undrawn Revolvers	$144	$113	($31)

Key Points

- Decrease to liquidity caused by weak operating results
- Working capital decreased by $6 million (excluding non-cash inventory impairments)
- Net Loss of $76 million dollars for Q2; ($1.13)/share
  - Includes $29 million non-cash inventory impairment; ($0.43)/ share [1]

1) Non-GAAP measure; see reconciliation to GAAP net loss per share on slide 23

Resilience Amidst Headwinds

Continue to navigate significant macroeconomic headwinds driven by geopolitical instability and trade volatility

Decisive Operational Measures

Torgau restructuring plan, extending Rosenthal's Q3 maintenance downtime by two weeks, and slowing daily production by ~10% at Stendal and Rosenthal to address shortage of economical fiber

One Goal One Hundred

~$54 million realized to date and on track to achieve $100 million by the end of 2026 versus 2024 baseline

Capital Structure Optimization

Engaged advisors to evaluate strategic alternatives with key stakeholders to address debt maturities, enhance liquidity and strengthen capital structure

Macroeconomic Headwinds: Tariffs and Instability

Macroeconomic Challenges	Strategic Position & Mitigation
Direct 10% tariff on our European lumber imports into the U.S	Positions us relatively favorably against the reduced ~35% combined tariff and duty rates facing Canadian lumber producers
Torgau heavily impacted by global economic uncertainty and heightened raw material and energy costs	Increase production of higher-value dimensional lumber and restructure workforce to align with our targeted shift in production
German fiber costs have reached historically high levels driven by supply constraints and strong demand	Comparatively, in Canada we are seeing pulp fiber costs coming down due to reduced chip demand resulting from pulp mill curtailments

Pulp Markets

Softwood

- China net prices were down 4% and European list prices were up 2%
- North America list prices remained stable

Hardwood

- Today, the softwood-hardwood differential about $76 per tonne
- North America prices increased 12%
- China prices were flat

Short-term Outlook

- Reduced NBSK supply should somewhat offset seasonally slow demand
- NBHK pricing expected to decrease as global supply constraints ease
- Ongoing trade uncertainty and inflationary pressures remain an overhang on the business
- Until the uncertainty caused by these macro effects is reduced, the supply-demand dynamic will continue to be influenced by the supply side

Pulp Production

German Pulp Mills: Navigating Economical Fiber Supply Shortages

Driver
Ongoing fiber supply constraints

Q2 Impact
Strategic reduction of
~26k tonnes

Q3 Impact
Reduced operating rates

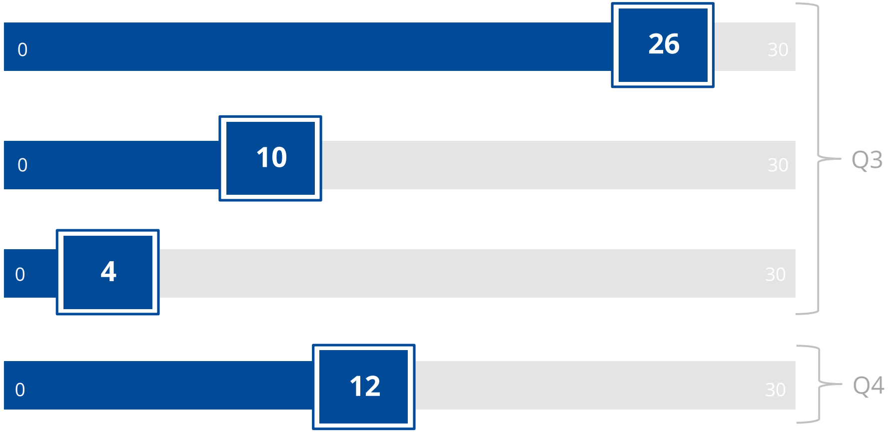
Pulp Mills: Maintenance Strategy

Rosenthal will be down for 26 days or ~22,100 tonnes. This includes 12 days of market-related curtailment

Peace River will be down for 10 days or ~13,700 tonnes

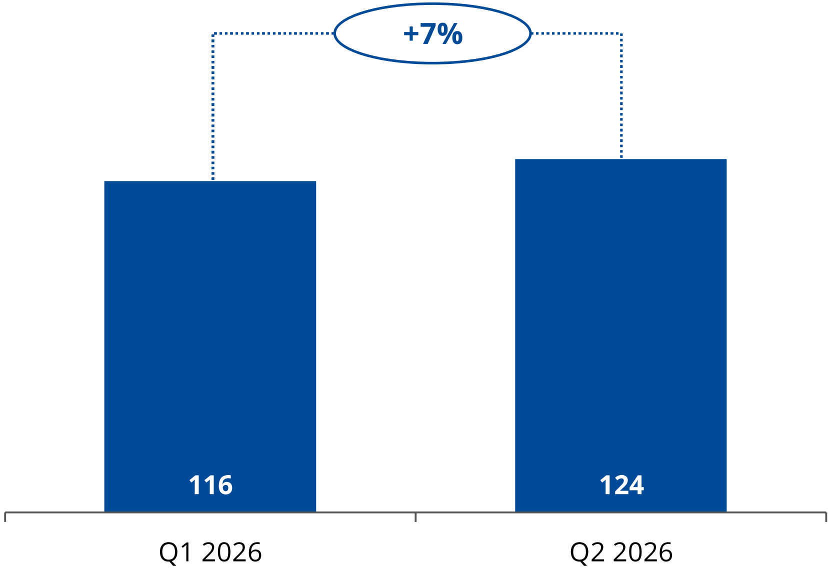
Stendal will be down for 4 days or ~6,800 tonnes

Celgar will be down for 18 days or ~23,000 tonnes



Lumber Production

Quarterly Lumber Production (mmfbm)



Approximately 7% increase in lumber production compared to Q1 2026

Installation of new scanning technology at Torgau in Q2 allows us to upgrade sales profile

Solid Wood Segment

Q2 Market

− Segment faces headwinds from weak European economy, dampening impact of high U.S. mortgage rates

\+ Reduced supply of Canadian lumber has pushed up lumber prices in U.S. market

Q2 Results

- A weak European economy, high fiber costs, Conway unplanned downtime and transition to two shifts, as well as mass timber project delays drove ~$8 million segment EBITDA loss

Q3 Outlook

- **U.S.:** lumber pricing will continue to be volatile. Modest increase in summer building season + reduced supply will improve pricing environment
- **Europe:** Prices expected to stay flat

Meaningful improvement in either market dependent on improved economic conditions + lower long-term interest rates

Mid-Term Drivers of Positive Supply-Demand Dynamics

Favorable Homeowner Demographics

Sawmill Curtailments

Pallets & Biofuels

Pallet

- Shipping pallet market remains weak due to overhang of European economy (especially Germany)
- Expecting generally stable pricing in the second half of 2026

Biofuels

- Biofuel prices were down ~3% relative to Q1, due to lower seasonal demand
- We expect biofuel prices to come down in Q3

Mass Timber

- Mass timber revenues grew over 25% and production volumes rose ~40% vs. Q1
- Total project backlog reached ~$151 million, driven by steady ongoing project inquiries

70% Related to Data Centers/Hyperscalers **$151M**

Q2 Backlog

- Our capacity and geographic footprint position us well to capture sustained demand for hyperscalers

Large share of North American CLT capacity

\+

Broad range of product offerings

\+

Large **geographic footprint**

=

Competitive across entire **North American Market**

Outlook

- Industry headwinds are proving more severe than anticipated, exacerbated by the conflict in the Middle East. Our short-term strategy and focus on controllable elements will allow us to navigate the downturn
- Current market conditions validate our long-term strategic plan to transform pulp mills into biorefineries, which will introduce additional revenue streams, balance the product mix, and build greater resilience

Peace River
Carbon Capture

Rosenthal
Lignin

Stendal
Sustainable Aviation Fuel

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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.

Reconciling Net Loss to Operating EBITDA

Consolidated (US$ millions)	Q1 2026	Q2 2026
Net loss	($52)	($76)
Income tax recovery	($8)	($13)
Interest expense	$29	$31
Other income	($2)	($1)
Operating loss	**($33)**	**($59)**
Add: Depreciation and amortization	$41	$38
Operating EBITDA	**$8**	**($21)**

Note: See next slide for additional disclosures

Reconciling Non-GAAP Earnings Per Share

Non-GAAP impairment (US$ millions, except per share data)	Amount	Per Share
Net loss	($76)	($1.13)
Impairment of inventories	$29	$0.43
Income tax effect of inventory impairment	($3)	($0.04)
Adjusted Net Loss	($51)	($0.74)