



Mercer International Inc.

Transforming Biomass into Bioproducts for a More Sustainable World

June 2023



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.



Bioproducts: Part of the Solution

The tolerance for carbon-intensive products is rapidly waning. Sustainably sourced wood and wood derivatives are part of the solution.

However, wood supply is precious; only the most efficient and innovative producers and products will be capable of meeting demand.

Mercer is well positioned to be a leader in this space.



Transforming biomass into bioproducts for a more sustainable world



Be Safe &
Healthy.



Be
Sustainable.



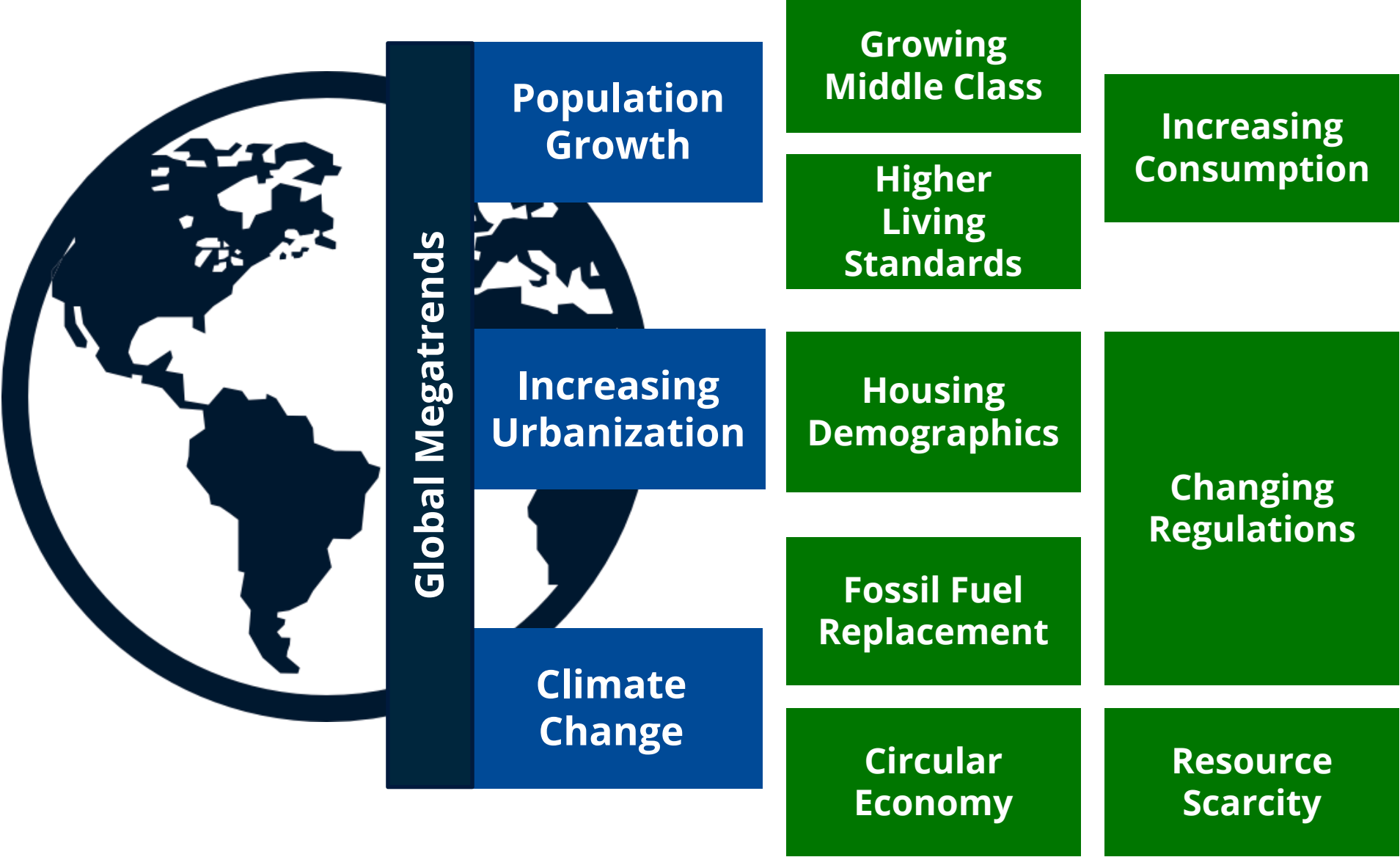
Be
Respectful.



Be
Bold.



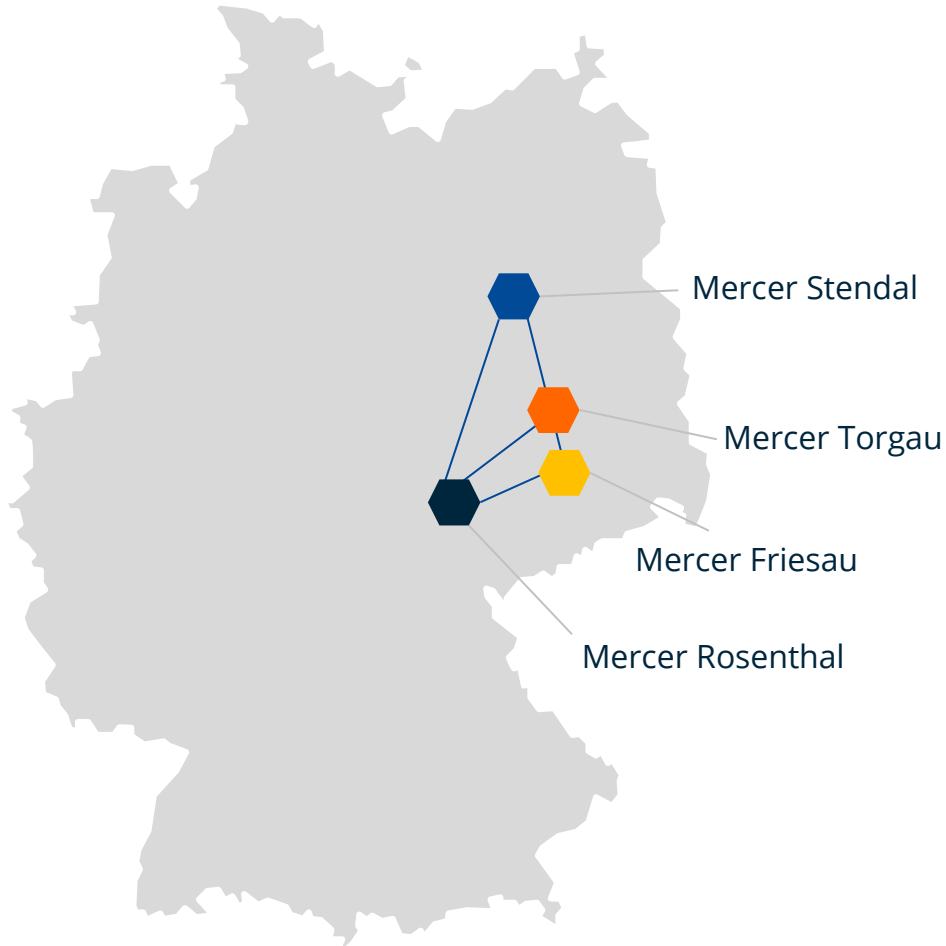
Global Megatrends Driving Long-Term Demand



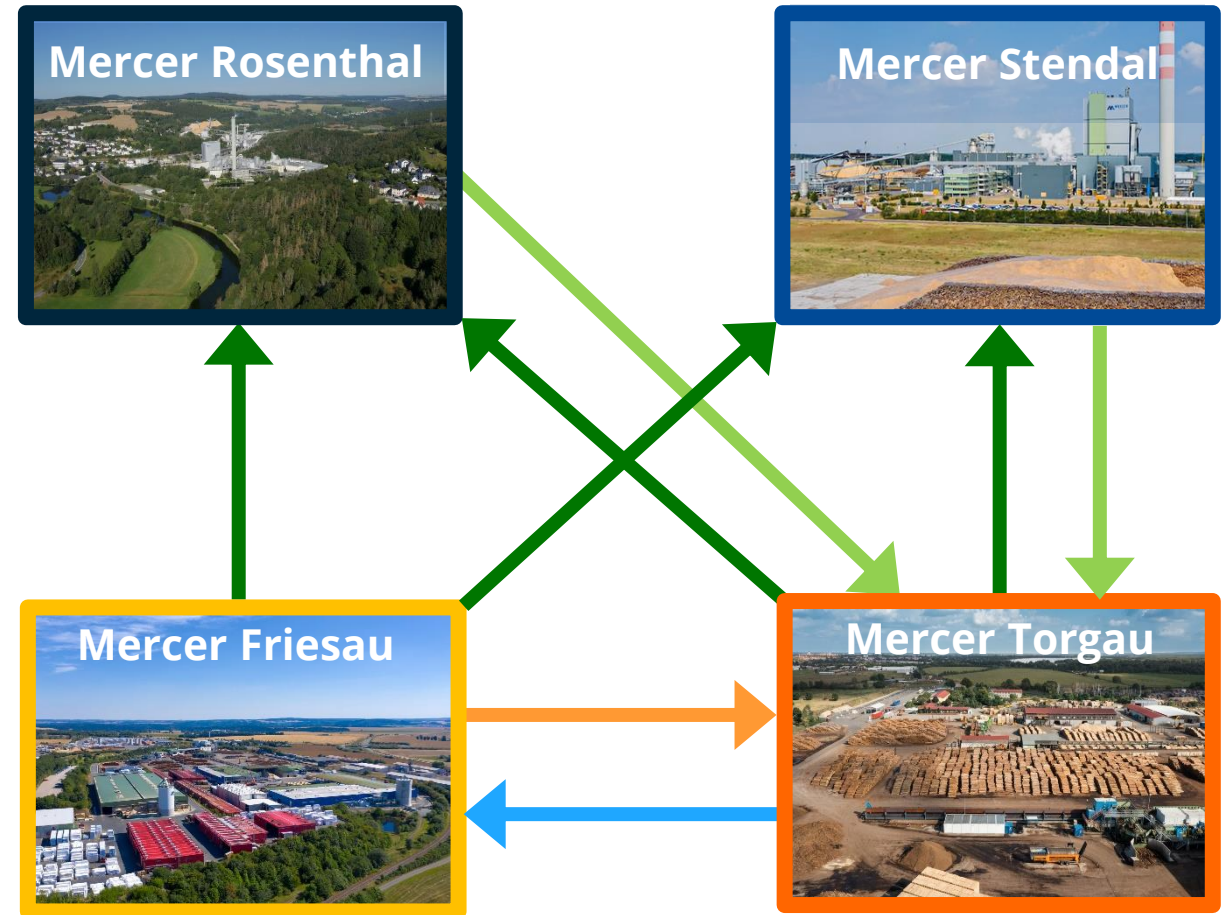


Maximizing Value through Purposeful Diversification

Leveraging Geographic Clusters to Maximize Value

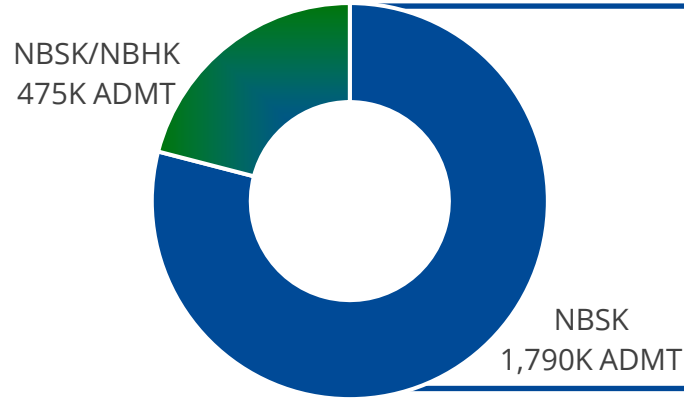


- Residual fiber for pulp
- Sawdust for pallet components and biofuels
- Unplaned lumber for further processing
- Low quality lumber for pallets



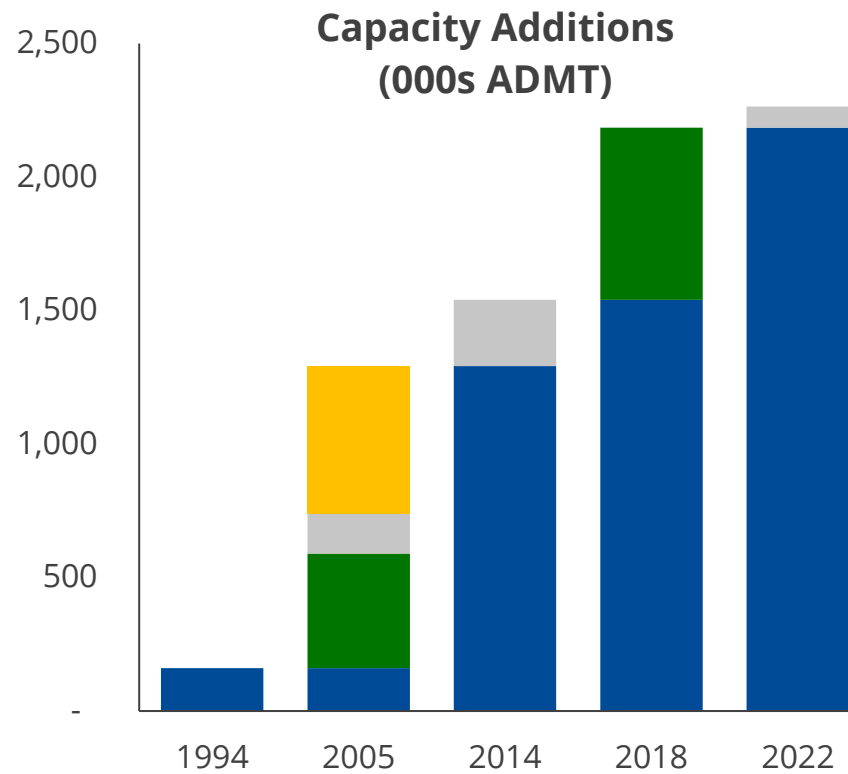
Pulp:

Continued Optimization



2.3
million
ADMT

3rd
Largest
Producer
of Market
NBSK



+1,935K
tonnes
1994 - 2022

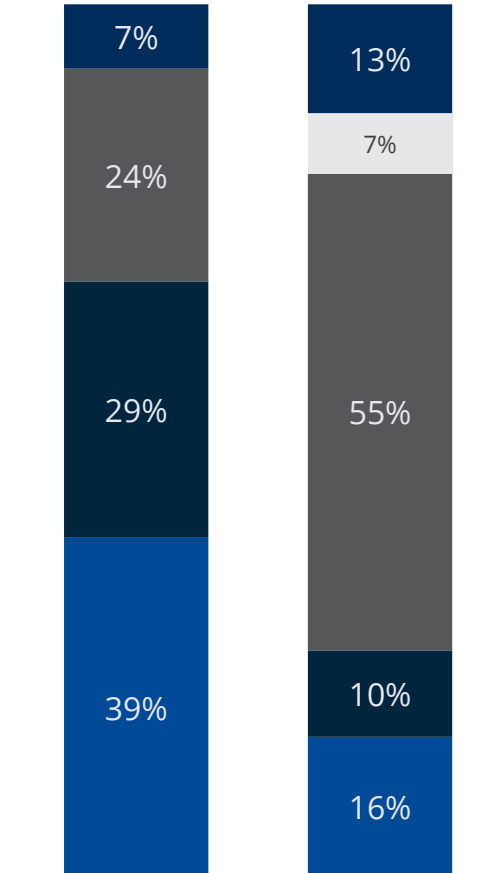
- Greenfield Investments +552K tonnes
- Efficiency and Capacity Investments +398K tonnes
- Aquisitions +1,075K tonnes

Solid Wood:

Continued
Expansion to
Capture
Synergies



Lumber Sales
Revenue by Region
(% of Revenue)



2017 2022

- Germany
- Other EU
- North America
- Asia
- Other

960

MMfbm
Lumber

Expansive range
of metric and US
dimension grades
for all major
world markets

Mercer Friesau



550 MMfbm

Mercer Torgau



410 MMfbm

230k

metric tonnes
pellets + briquettes

17

million
pallets

Mass Timber: Continued Geographic Expansion

45,000 m³ Glulam

210,000 m³ CLT

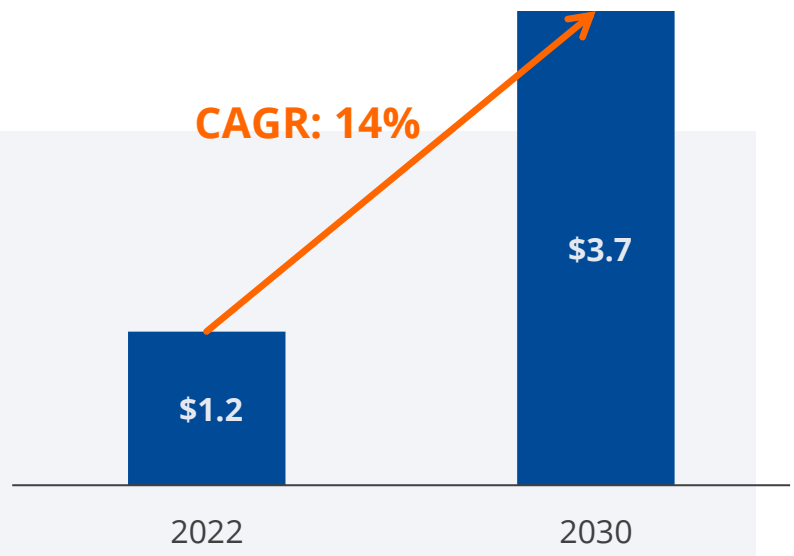
5 NA Facilities with Wide Geographic Reach

2 State of the Art Facilities in Northwest and Southeast US

North America's Leading Mass Timber Producer

35% of North American Mass Timber Panel Capacity⁽¹⁾

Global CLT Market Value⁽²⁾
(\$US Billions)



North America made up ~20% of the Global CLT Market in 2022⁽³⁾

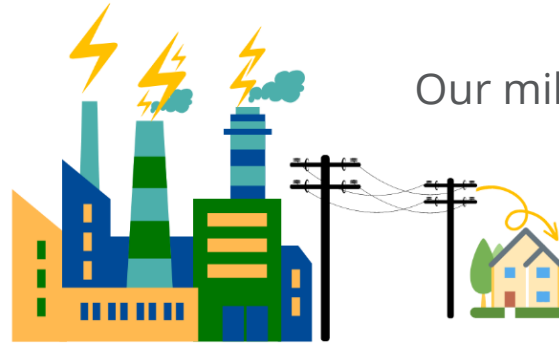
**Eco-Living
Prefabrication
Customizable
Concrete of the Future**



1) Source: FEA – 2022 Mass Timber Annual Update. Reflects Mercer + Structurlam North American Mass Timber Panel Capacity by %.
 2) Source: Polaris Market Research
 3) Source: Grand View Research

Bioenergy & Biomaterials:

Development of Green Fossil-Fuel Replacement Alternatives

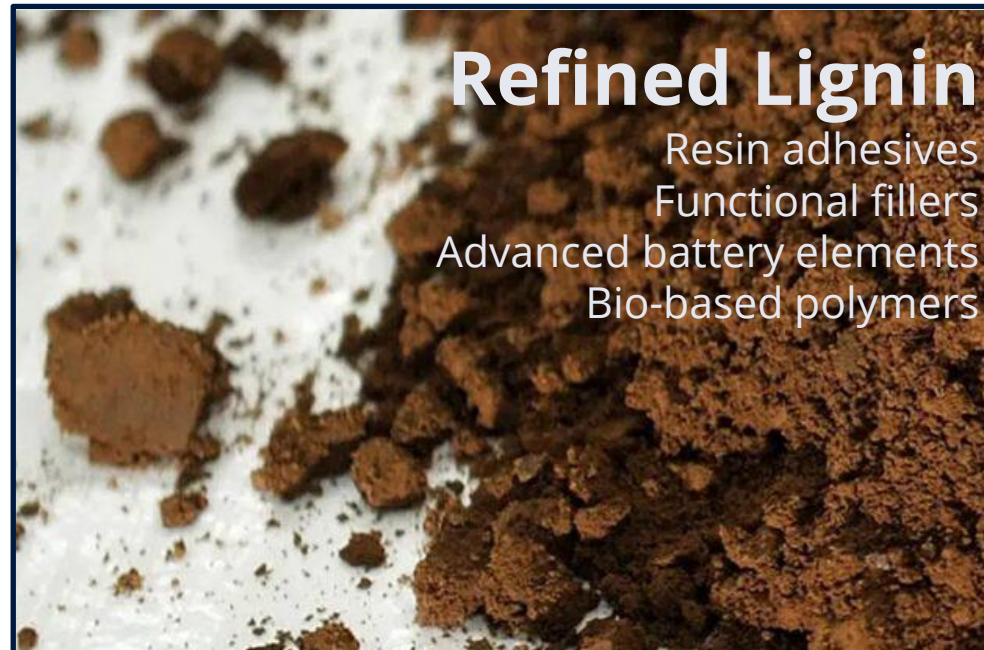


Green Electricity

Our mills generate 890 GWh of surplus power from biomass each year enough to power

83,700

homes without fossil fuels



Refined Lignin

Resin adhesives
Functional fillers
Advanced battery elements
Bio-based polymers

Pilot Plant Completed 2023

250 tonnes
annual capacity



Commercialization of nano-fibrillated cellulose

Tall Oil

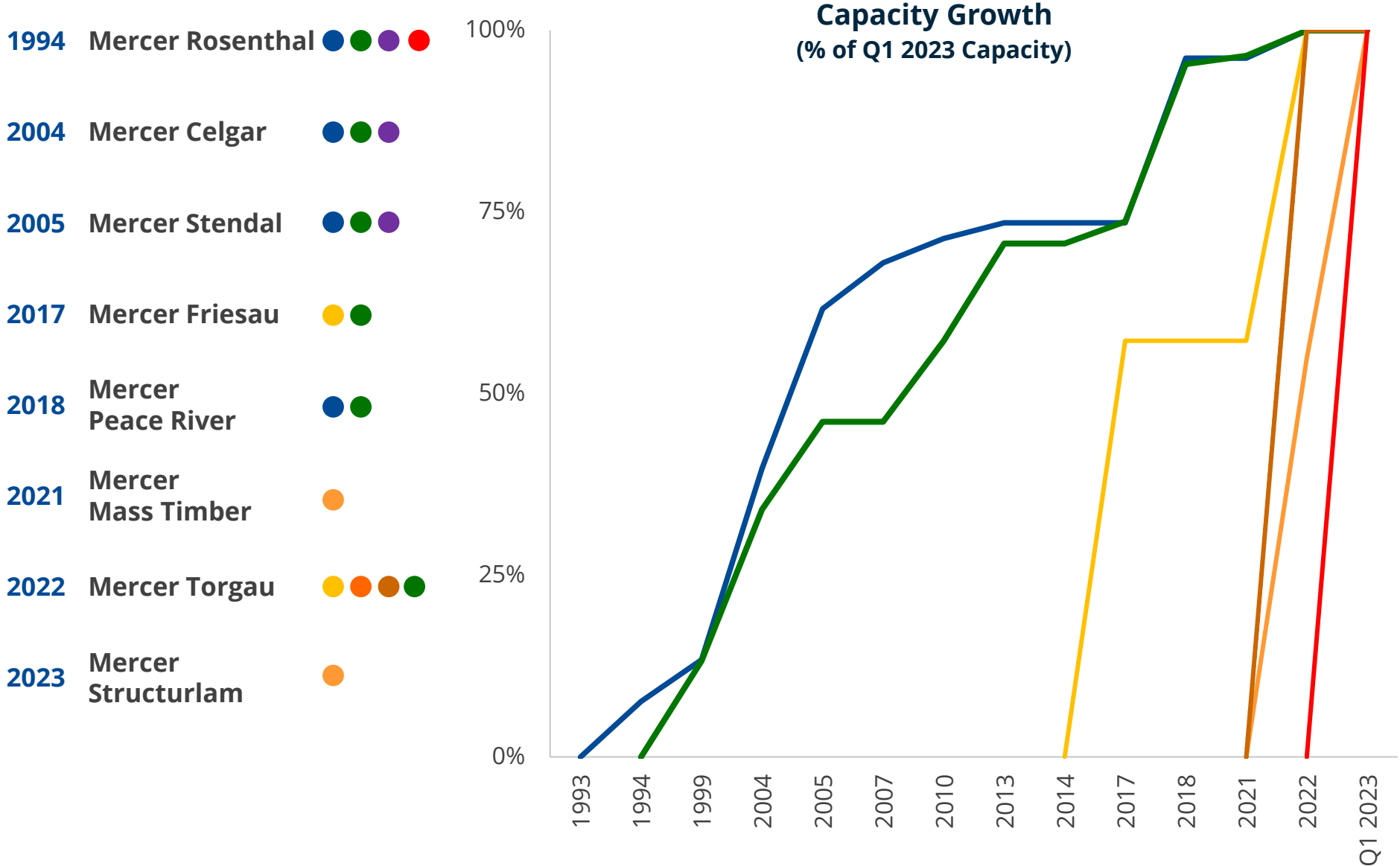
Raw material in chemical industry

Briquettes & Pellets

Alternative to petroleum-based heating fuels



Sustained Growth and Diversification



KRAFT PULP
2.3 million ADMT

BIOENERGY
431.5 MW

LUMBER
960 MMfbm

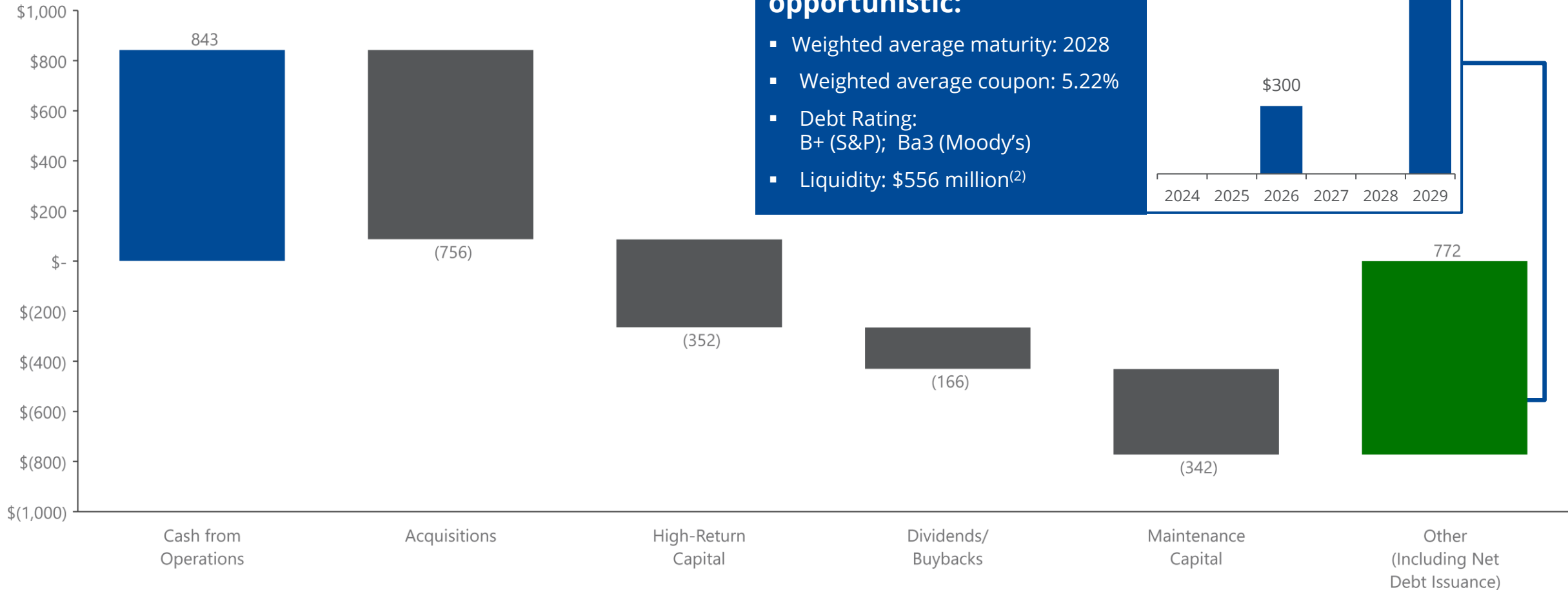
CLT + GLULAM
255,000 m³

PELLETS + BRIQUETTES
230,000 metric tonnes

PALLETS
17 million units

LIGNIN
250 tonnes

Balanced Capital Allocation



Debt composition optimized when opportunistic:

- Weighted average maturity: 2028
- Weighted average coupon: 5.22%
- Debt Rating: B+ (S&P); Ba3 (Moody's)
- Liquidity: \$556 million⁽²⁾

1) Maintenance of Business is a term broadly referencing the base capital required to continuously use facilities and equipment, in their designed capacity and efficiency, for their intended purpose
 2) As at March 31, 2023

Fit for Future

Environmental and Social Responsibility

SBTi Validated Targets



Validated 35% reduction targets in Scope 1, 2 and 3 GHG emissions by 2030

UN Global Compact



Alignment with a recognized global framework

ESG-Linked Loan



Five-year €300 million revolving credit facility linking ESG performance with borrowing cost

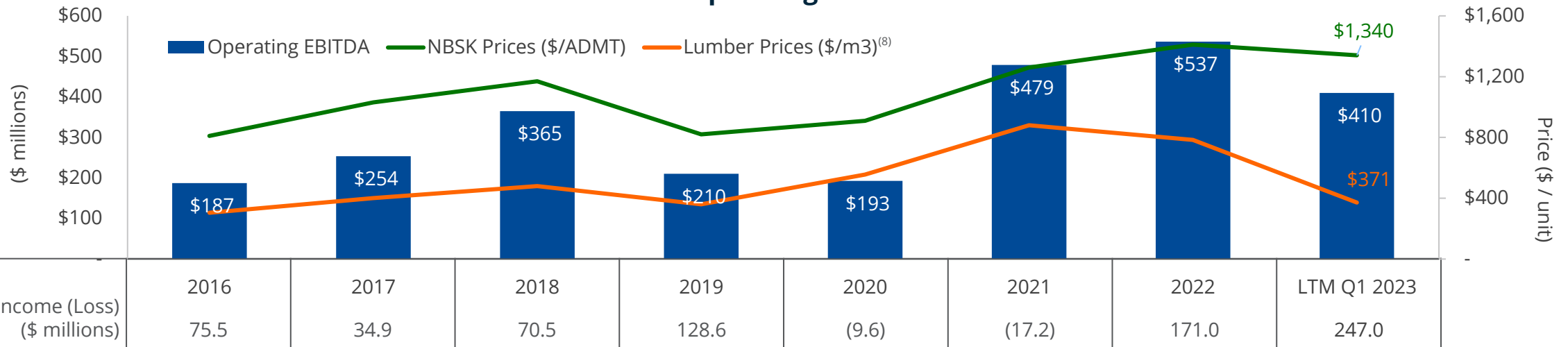
Fit for Future 2022



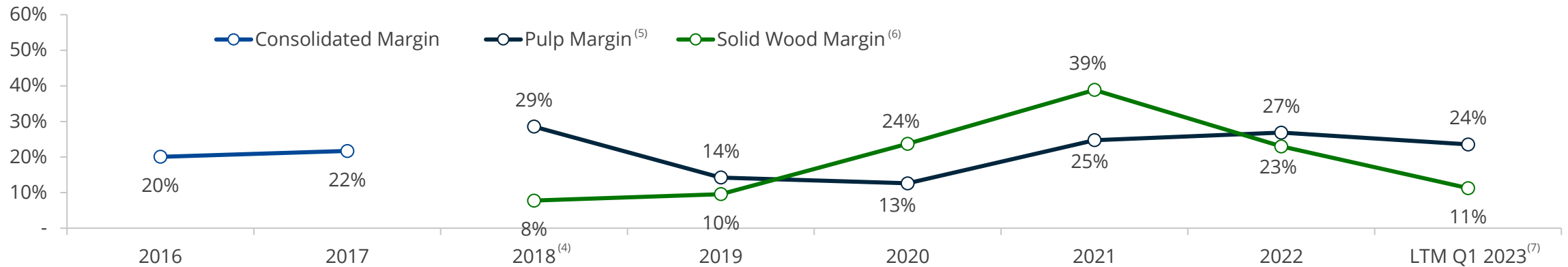
2022 Annual Sustainability Report highlights our commitment to becoming an ESG performance and disclosure leader

Financial Performance

Annual Operating EBITDA ⁽¹⁾⁽²⁾



Annual Operating EBITDA Margin ⁽¹⁾⁽²⁾⁽³⁾



1) Operating EBITDA is a non-GAAP measure. For a Reconciliation of Net Income (Loss) to Operating EBITDA, please refer to slide 18

2) Operating EBITDA Margin is defined as Operating EBITDA divided by revenue

3) Excludes unrealized MPR synergies and energy sales from 50% owned Cariboo mill, recorded as an equity investment

4) Includes MPR results since acquisition on December 10, 2018

5) Excludes corporate segment

6) Includes Mercer Mass Timber

7) Includes Mercer Torgau results since acquisition on September 30, 2022

8) Random Lengths: kiln-dried Western SPF 2&btr 2x4

Current Market Conditions

Softwood Pulp	Current prices are expected to be short-lived. Low customer inventories, combined with a lack of material greenfield NBSK capacity additions and the closure of high-cost NBSK mills (Canfor Prince George, Stora Enso Sunila) is expected to balance supply-demand fundamentals in the near-term.
Hardwood Pulp	Expected additional downward pressure on hardwood pulp vs. softwood pulp in the near-term as the market digests new South American eucalyptus supply. Additional capacities, while representing almost 10% of 2023 capacity will create extended headwinds. While large South American producers are reducing production to better balance the market (Suzano recently announced a 4% curtailment in production), increases are intended to match growing demand, which has seen an increase of ~4% CAGR from 2002 – 2022 ⁽¹⁾ .
Lumber	Economic uncertainty and rising interest rates placing downward pressure on pricing in the near-term. Mid-term supply-demand fundamentals remains strong given low, old housing inventory, population demographics, and demand for low-carbon building solutions combined with falling Canadian lumber supply.
Mass Timber	North American CLT consumption for construction has grown four-fold between 2016 and 2020. The annual global market value of CLT is expected to grow at a CAGR of ~14% between 2022 and 2030 ⁽²⁾ .
Green Energy	Despite implementation of price caps on electricity in the EU, prices still higher than grey market prices of €50/MWh in 2021. Increasing demand for solar and bio-fuel derived energy, combined with electrification of economies will continue to drive electricity demand growth.

1) Demand, capacity data per PPPC
2) Polaris Market Research

Investment Highlights



History of sustained growth
Prudent financial management



Strategic purposeful diversification focused on synergistic biomass operations that maximize resource efficiency and value and contribute favorably to the circular economy



Future growth engines:

- **Pulp:** Continuous optimization of our current asset base
- **Lumber:** Continued expansion to capture synergies
- **Mass Timber:** Continued geographic expansion
- **Lignin:** Develop fossil-fuel replacement alternatives through innovation and biomaterial technology



Reconciling Net Income (Loss) to EBITDA

Consolidated (US\$ millions)	2018 ⁽¹⁾⁽²⁾	2019 ⁽²⁾	2020 ⁽²⁾	2021 ⁽²⁾	2022 ⁽²⁾⁽³⁾	LTM Q1 2023 ⁽²⁾⁽³⁾⁽⁴⁾
Net Income (Loss) Attributable to Common Shareholders	128.6	(9.6)	(17.2)	171.0	247.0	127.6
Add: Income Tax Provision	48.7	19.2	6.1	89.6	98.3	68.7
Add: Interest Expense	51.5	75.8	80.7	70.0	71.5	73.1
Add: Loss on Extinguishment of Debt	21.5	4.8	-	30.4	-	-
Add: Other Expense (Income)	17.6	(6.1)	(5.9)	(14.4)	(24.4)	(19.4)
Operating Income	267.9	84.0	63.7	346.6	392.4	249.9
Add: Depreciation and Amortization	96.7	126.4	128.9	132.2	144.2	159.6
Operating EBITDA	364.6	210.4	192.7	478.8	536.5	409.5
Segmented (US\$ millions)	Pulp		Solid Wood			
	Q1 2022	Q1 2023	Q1 2022	Q1 2023		
Operating Income (Loss)	86.2	12.8	40.5	(27.1)		
Add: Depreciation and Amortization	27.7	27.4	3.6	19.9		
Operating EBITDA	113.9	40.2	44.1	(7.2)		

Note: See next slide for additional disclosures

Note: The above reconciles net income (loss) to EBITDA. Some numbers may not add due to rounding

- 1) Includes MPR results since acquisition on December 10, 2018
- 2) Excludes unrealized MPR synergies and energy sales from 50% owned Cariboo mill, recorded as an equity investment
- 3) Includes Mercer Torgau results since acquisition on September 30, 2022
- 4) Includes non-cash inventory impairment charge of \$15.2 million

Reconciling Net Income (Loss) to EBITDA

Note: For other reconciliations of Net Income (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 non-recurring capital asset impairment charges. Operating EBITDA Margin is defined as Operating EBITDA divided by revenue. Management uses Operating EBITDA and Operating EBITDA Margin as benchmark measurements of its own operating results, and as benchmarks relative to its competitors. Management considers these measures to be a meaningful supplement to operating income (loss) as a performance measure primarily because depreciation expense and non-recurring capital asset impairment charges are not an actual cash cost, and depreciation expense varies widely from company to company in a manner that management considers largely independent of the underlying cost efficiency of their operating facilities. In addition, we believe Operating EBITDA and Operating EBITDA Margin 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 income (loss) attributable to common shareholders, including financing costs and the effect of derivative instruments. Operating EBITDA is not a measure of financial performance under the accounting principles generally accepted in the United States of America ("GAAP"), and should not be considered as an alternative to net income (loss) or income (loss) from operations as a measure of performance, nor as an alternative to net cash from operating activities as a measure of liquidity.

Operating EBITDA and Operating EBITDA Margin have significant limitations as analytical tools, and should not be considered in isolation, or as a substitute for analysis of our results as reported under GAAP. 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 and Operating EBITDA Margin as calculated by us may differ from Operating EBITDA or EBITDA and Operating EBITDA Margin, or EBITDA Margin as calculated by other companies. We compensate for these limitations by using Operating EBITDA and Operating EBITDA Margin as supplemental measures of our performance and by relying primarily on our GAAP financial statements.

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