

Mercer International Inc.

Transforming biomass into bioproducts for a more sustainable world

Q1 2026 Earnings Call **May 8th, 2026**

Juan Carlos Bueno – President & CEO

Richard Short – CFO, Executive VP & Secretary



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 Increased Quarter-Over-Quarter

<i>EBITDA (US\$ millions)</i>	Q4 2025	Q1 2026	Change (+/-)
Pulp Segment ⁽¹⁾	(\$11)	\$7	\$18
Solid Wood Segment ⁽¹⁾	(\$11)	(\$6)	\$5
Corporate & Other	\$2	\$7	\$5
Operating EBITDA⁽²⁾	(\$20)	\$8	\$28

Key Drivers







- Improved EBITDA due to scheduling of planned maintenance downtime and benefits of One Goal One Hundred
- EBITDA improved quarter-over-quarter but continues to be impacted by:
 - Rising fiber costs in both Germany and Canada
 - Weak demand and pricing for pulp and lumber
- Includes non-cash inventory impairment of \$22 million
- Obtained a waiver for German RCF which remains classified as a non-current liability; expect compliance with covenant by Q4

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 23

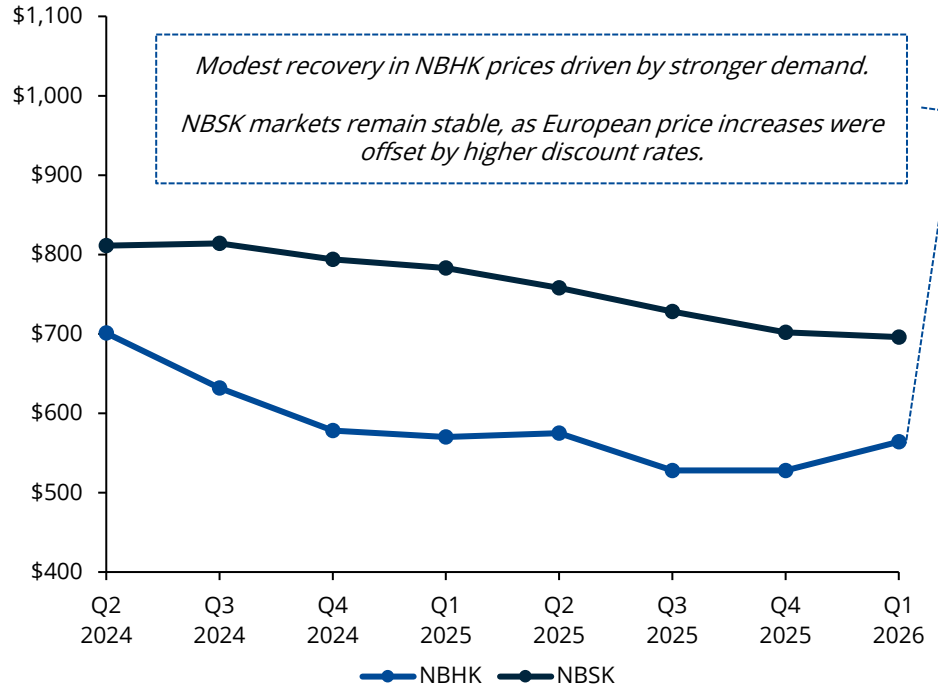
Pulp Prices

Pricing Overview

Region	Q4 2025	Q1 2026
NBSK List Price (US\$ / tonne)		
 Domestic	\$1,568	\$1,563
 China (net)	\$671	\$685
 Europe	\$1,498	\$1,618
NBHK List Price (US\$ / tonne)		
 Domestic	\$1,198	\$1,338
 China (net) ⁽¹⁾	\$540	\$595
NBSK / NBHK Price Gap (US\$ / tonne)		
 China	\$131	\$90

Realized Prices in Q1

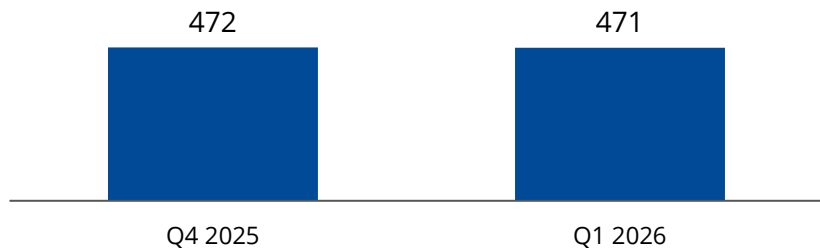
Realized Pulp Price (US\$ / tonne)



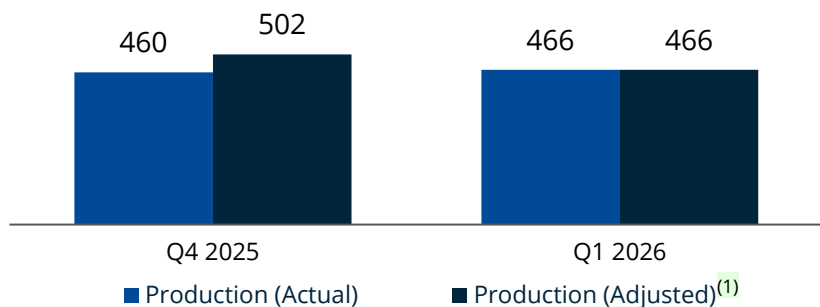
1) Bleached eucalyptus kraft

Key Performance Indicators

Sales Volume (000s tonnes)

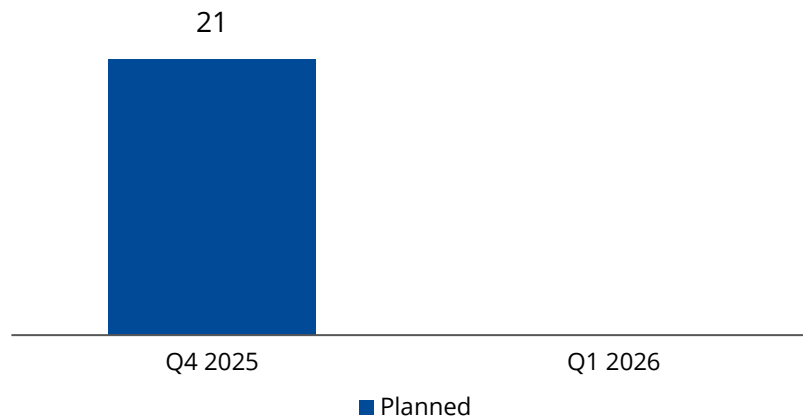


Production Volume (000s tonnes)



Major Maintenance Downtime (Days)

- Q2 2026: No planned downtime

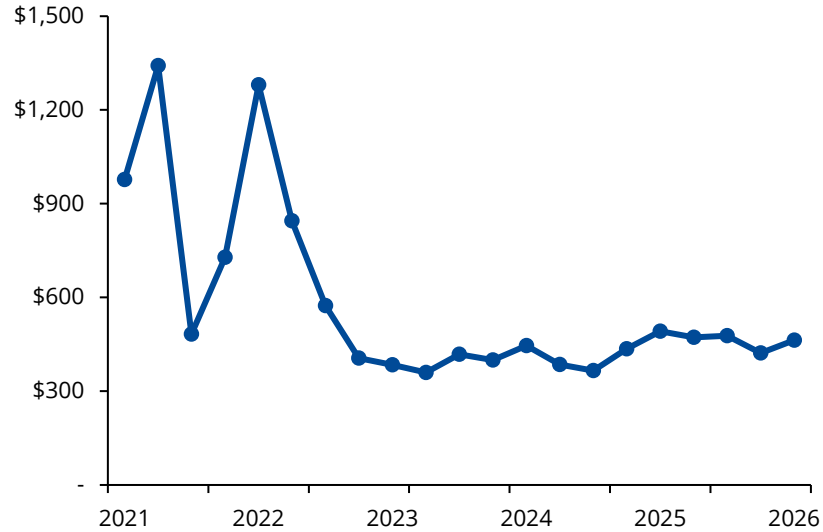


1) Adjusted production adds back lost tonnes from planned maintenance downtime

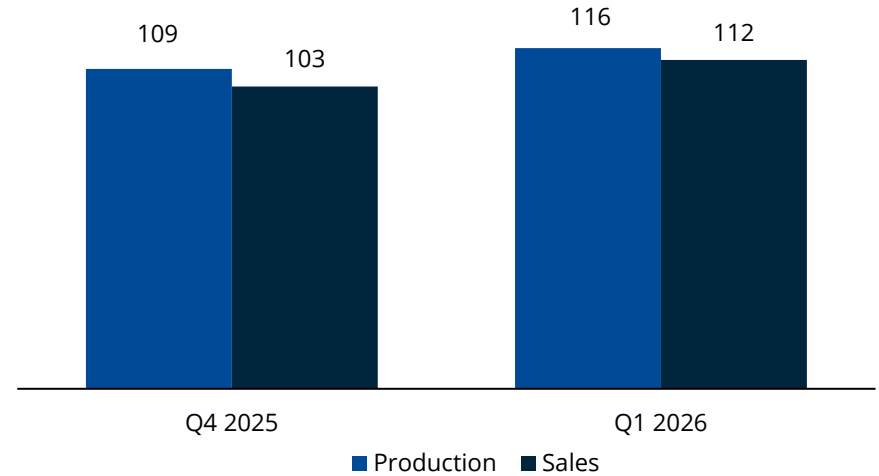
Lumber Overview

Benchmark Lumber Price

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

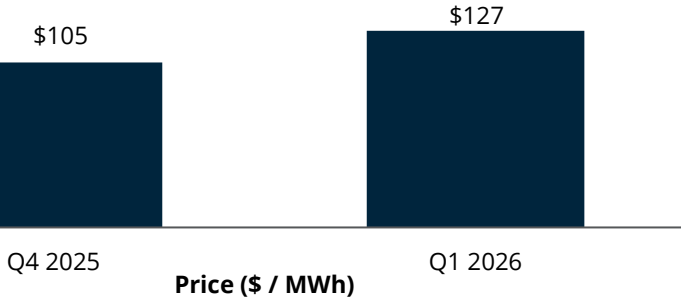
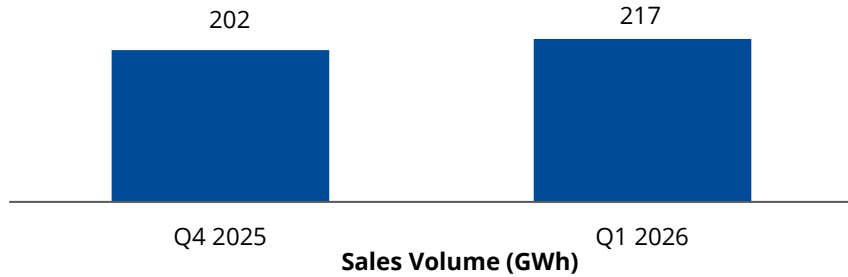


Lumber Operations (mmfbm)



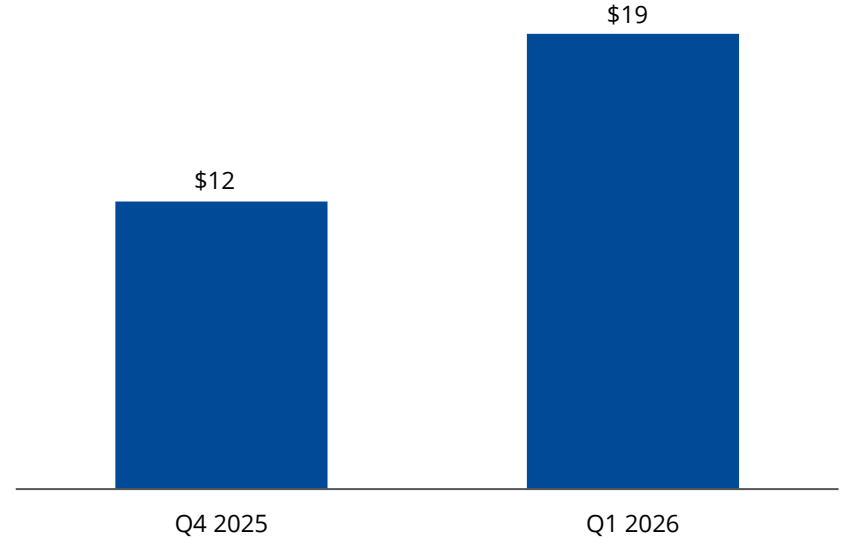
Electricity and Mass Timber

Electricity



Mass Timber Revenue (US\$mm)

MMT backlog has grown to ~\$171 million; will provide stable production throughout 2026 and into 2027.



Strategic Focus: One Goal, One Hundred



**\$100
million**

- Targeting \$100 million in EBITDA improvements by the end of 2026 compared to 2024
- To date, we have achieved ~\$41 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	Q4 2025	Q1 2026	Change (+/-)
Net Loss	(\$309)	(\$52)	\$257
Loss per Share	(\$4.61 / share)	(\$0.78 / share)	(\$3.83/ share)
Cash flows			
Cash flow from (used in) operating activities	\$46	(\$86)	(\$132)
Capital expenditures	(\$14)	(\$13)	\$1
Liquidity Position	\$430	\$229	(\$201)
Cash	\$187	\$85	(\$102)
Undrawn Revolvers	\$243	\$144	(\$99)

Key Points

- Decrease to liquidity includes:
 - €70 million temporary reduction in German RCF availability as part of waiver terms; and
 - Higher working capital driven by seasonal increase in fiber inventory, senior note interest payment and higher receivables due to sales timing.
- Continued focus on working capital management; modest reduction expected in Q2.
- Net Loss of \$52 million dollars for Q1; (\$0.78)/share
 - Includes \$22 million non-cash inventory impairment; (\$0.33)/share⁽¹⁾

1) Non-GAAP measure; see reconciliation to GAAP net loss per share on slide 24.

Resilience Amidst Headwinds

Underlying operating performance continued to progress quarter over quarter despite macro-economic pressures:



Operational Performance

Mills ran well in Q1, boosted by reduced planned maintenance; however strategically reduced some production due to insufficient, or very costly European fiber supply.



Covenant Waiver

To navigate challenging market conditions, successfully secured covenant waiver for German RCF. Expect return to compliance by Q4.



One Goal One Hundred

~\$41 million realized to date and on track to achieve \$100 million by the end of 2026 versus 2024 baseline.



Macroeconomic Headwinds: Global Conflict and Tariffs

Macroeconomic Challenges

Geopolitical conflict in the Middle East is driving inflationary pressures on freight and chemical costs heading into Q2.



Direct 10% tariff on our European lumber imports into the U.S.



High U.S. tariffs on Canadian lumber forcing sawmill curtailments, which is tightening residual chip supply and inflating regional fiber costs.



Strategic Position & Mitigation

Q1 impacts were minimal, Q2 exposure expected to be ~\$5-\$10 per tonne increase for freight and ~\$5 per tonne for chemicals.

Comparatively favorable against the reduced ~35% combined tariff and duty rates facing Canadian lumber producers.

Sourcing 45% of our fiber from the U.S. alongside our whole-log processing capabilities partially insulates the Celgar mill from full tariff impacts relative to peers, driving visible Q2 cost relief.

Pulp Markets

Softwood

NBSK prices improved modestly:

- European prices increased 8% in the quarter, though this increase was offset by higher discounts
- North America and China prices remained stable

Hardwood

NBHK prices improved:

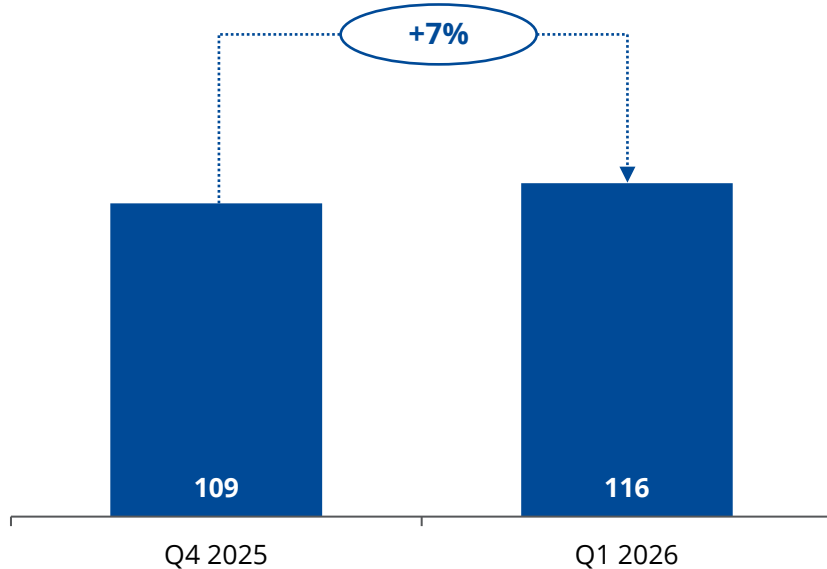
- Prices for hardwood in both China and North America increased in Q1
- Primarily driven by improving demand and higher domestic fiber costs in China

Short-term Outlook

- NBSK modest price improvements across all markets
- NBHK pricing expected to remain flat
- 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

Lumber Production

Quarterly Lumber Production (mmfbm)



Approximately 7% increase in lumber production compared to Q4 2025



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

Solid Wood Segment

Segment Headwinds Persist Despite Seasonal Improvements

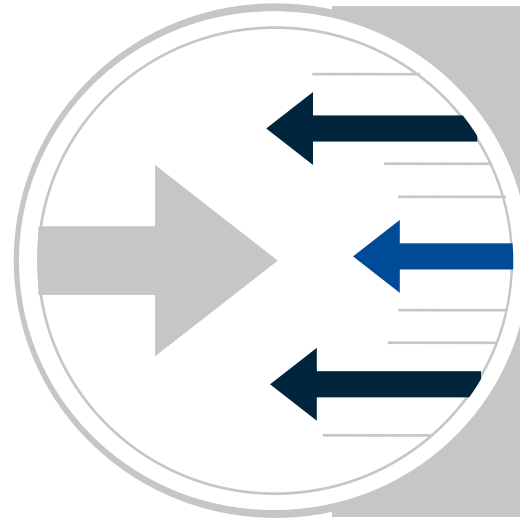
A weak European economy, and high U.S. mortgage rates drove ~\$6 million segment EBITDA loss, despite modest seasonal improvements in U.S. lumber pricing.



Segment earnings were further impacted by unplanned downtime at the Spokane facility and anticipated fixed costs associated with adding a second shift at the Conway plant.



We expect slight pricing and demand improvements during the summer building season, but meaningful long-term recovery remains dependent on lower interest rates and broader economic stabilization.



Lumber Markets

- U.S. lumber pricing is expected to be volatile in the short term, but the summer building season should drive modest demand increases and slightly improved pricing across both North America and Europe
- Meaningful long-term price improvement in both markets remains reliant on improved economic conditions and lower long-term interest rates
- U.S. market remains a key focus, accounting for 42% of our lumber volume sold in Q1

Mid-Term Drivers of Positive Supply-Demand Dynamics



Favorable
Homeowner
Demographics



Sawmill
Curtailments



Low Housing Stock

Pallets & Biofuels



Pallet

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



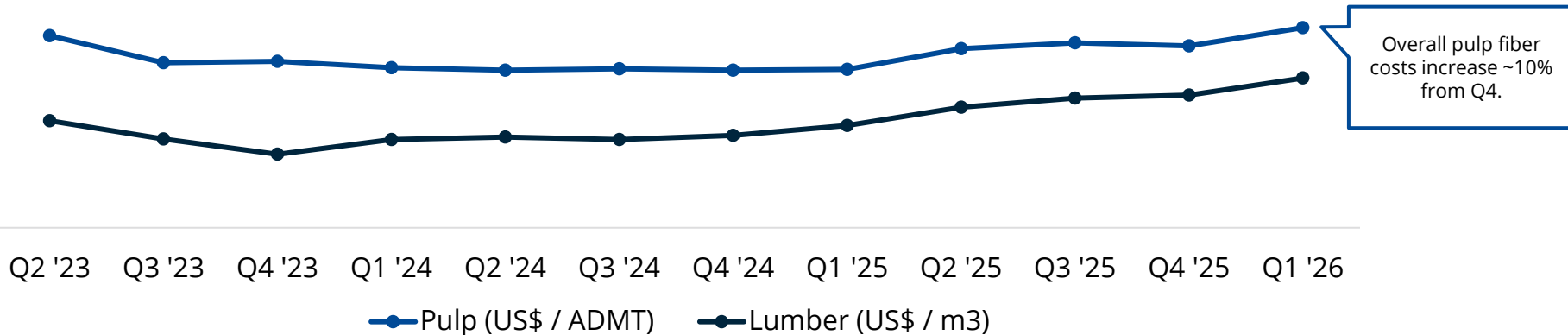
Biofuels

-
- Heating pellet prices were up ~15% relative to Q4, due to seasonal demand
 - As the weather warms up we expect biofuel prices to come down

Fiber Costs

Fiber Costs Steady for Pulp and Lumber

Per Unit Fiber Costs



Looking ahead to Q2, we expect fiber costs to stabilize in the second quarter for both our pulp and sawmill businesses.

Mass Timber

- Mass timber revenues grew over 60% and production volumes rose over 21% vs. Q4 as we ramp up a second mill shift.
- Q1 results were impacted by unplanned downtime at Spokane and temporary mill ramp-up costs, which are expected to yield future benefits.
- Total project backlog reached ~\$171 million, driven by steady ongoing project inquiries.
- Our capacity and geographic footprint position us well to capture sustained demand for hyperscaler data centers.
- Anticipated Q2 production and sales increases reinforce mass timber as a key growth engine for Mercer.

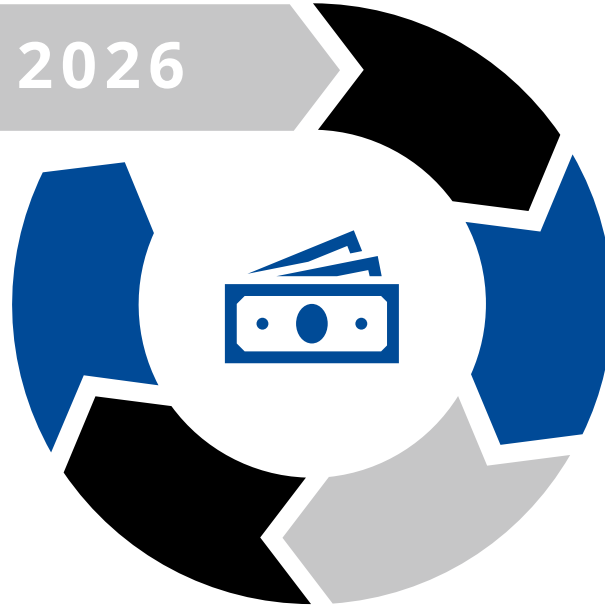


Capital Allocation

2026

Maintain strong liquidity

- Continued cost reductions
- Lower capital expenditures
- Commitment to rebalance portfolio of assets to improve balance sheet



Capex Spend

- 2026 capital expenditures targeted between \$60 - \$80 million
- Budget focused on maintenance, environmental and safety projects

Full commitment to prudent financial management

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
Pilot Plant



Rosenthal
Lignin Pilot Plant



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)	Q4 2025	Q1 2026
Net loss	(\$309)	(\$52)
Income tax provision (recovery)	\$3	(\$8)
Interest expense	\$30	\$29
Other income	(\$2)	(\$2)
Operating loss	(\$278)	(\$33)
Add: Depreciation and amortization	\$43	\$41
Add: Impairments of long-lived assets	\$216	\$-
Operating EBITDA	(\$20)	\$8

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	(\$52)	(\$0.78)
Impairment of inventories	\$22	0.33
Income tax effect	(\$3)	(0.04)
Adjusted Net Loss	(\$33)	(\$0.49)