

REFINITIV

# DELTA REPORT

## 10-Q

RAYONIER ADVANCED MATERIA

10-Q - JUNE 29, 2024 COMPARED TO 10-Q - MARCH 30, 2024

The following comparison report has been automatically generated

**TOTAL DELTAS** 796

<span style="color: yellow;">█</span>	CHANGES	116
<span style="color: pink;">█</span>	DELETIONS	274
<span style="color: green;">█</span>	ADDITIONS	406

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UNITED STATES SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

**FORM 10-Q**

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended **March 30, 2024** **June 29, 2024**

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from to

**Commission File Number 001-36285**



**RAYONIER ADVANCED MATERIALS INC.**

Incorporated in the State of **Delaware**

I.R.S. Employer Identification No.: **46-4559529**

Principal Executive Office:

**1301 RIVERPLACE BOULEVARD, SUITE 2300  
JACKSONVILLE, FL 32207**

Telephone Number: **(904) 357-4600**

Securities registered pursuant to Section 12(b) of the Act:

<b>Title of each class</b>	<b>Trading Symbol</b>	<b>Name of exchange on which registered</b>
Common stock, par value \$0.01 per share	<b>RYAM</b>	New York Stock Exchange

Securities to be registered pursuant to Section 12(g) of the Act: **None**

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes  No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer	<input checked="" type="checkbox"/>
Non-accelerated filer	<input checked="" type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

The registrant had **65,576,090** **65,892,698** shares of common stock outstanding as of **May 6, 2024** **August 5, 2024**.

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## Glossary

The following terms and abbreviations appearing in the text of this report have the meanings indicated below.

2023 Form 10-K	RYAM Annual Report on Form 10-K for the year ended December 31, 2023
2026 Notes	\$500 million original aggregate principal amount of 7.625 percent senior secured notes issued December 2020, due January 2026
2027 Term Loan	\$250 million original aggregate principal amount of variable rate term loan entered into July 2023, maturing July 2027
ABL Credit Facility	5-year senior secured asset-based revolving credit facility due December 2025
ASU	Accounting Standards Update
AOCI	Accumulated other comprehensive income (loss)
CAD	Canadian dollar
CEWS	Canada Emergency Wage Subsidy
DTA	Deferred tax asset
EBITDA	Earnings before interest, taxes, depreciation and amortization
ERP	Enterprise Resource Planning
Exchange Act	Securities Exchange Act of 1934, as amended
Financial Statements	Consolidated financial statements included in Part I Item 1 of this Quarterly Report on Form 10-Q
GAAP	United States generally accepted accounting principles
GRAS	Generally Recognized As Safe
GreenFirst	GreenFirst Forest Products, Inc.
LTF	LignoTech Florida LLC
MT	Metric ton
OPEB	Other post-employment benefits
ROU	Right-of-use
RYAM, the Company, our, we, us	Rayonier Advanced Materials Inc. and its consolidated subsidiaries
SEC	United States Securities and Exchange Commission
SG&A	Selling, general and administrative expense
SOFR	Secured Overnight Financing Rate
TSR	Total shareholder return
U.S.	United States of America
USD	United States of America dollar
USDOC	United States Department of Commerce

**Part I. Financial Information**

**Item 1. Financial Statements**

**Rayonier Advanced Materials Inc.**  
**Consolidated Statements of Operations**  
**(Unaudited)**  
(in thousands, except per share amounts)

	Three Months Ended	Three Months Ended	Three Months Ended	Six Months Ended	
	March 30, 2024	March 30, 2024	March 30, 2024		
Net sales					
Net sales					
Net sales		June 29, 2024	July 1, 2023	June 29, 2024	July 1, 2023
Cost of sales					
Cost of sales					
Cost of sales					
Gross margin					
Gross margin					
Gross margin					
Selling, general and administrative expense					
Selling, general and administrative expense					
Selling, general and administrative expense					
Foreign exchange gain (loss)					
Foreign exchange gain (loss)					
Foreign exchange gain (loss)					
Other operating expense, net					
Other operating expense, net					
Other operating expense, net					
Operating income					
Operating income					
Operating income					
Indefinite suspension charges (Note 2)					
Other operating income (expense), net					
Operating income (loss)					

Interest expense
Interest expense
Interest expense
Components of pension and OPEB, excluding service costs (Note 12)
Components of pension and OPEB, excluding service costs (Note 12)
Components of pension and OPEB, excluding service costs (Note 12)
Components of pension and OPEB, excluding service costs (Note 14)
Other income, net
Other income, net
Other income, net
Loss before income taxes
Loss before income taxes
Loss before income taxes
Income tax benefit (Note 13)
Income tax benefit (Note 13)
Income tax benefit (Note 13)
Income (loss) from continuing operations before income tax
Income tax benefit (Note 15)
Equity in loss of equity method investment
Equity in loss of equity method investment
Equity in loss of equity method investment
Income (loss) from continuing operations
Income (loss) from discontinued operations, net of tax (Note 3)
Net income (loss)
Basic and Diluted earnings per common share (Note 12)
Basic and Diluted earnings per common share (Note 12)
Basic and Diluted earnings per common share (Note 12)
Income (loss) from continuing operations
Income (loss) from continuing operations
Income (loss) from continuing operations
Income (loss) from discontinued operations
Net income (loss)
Net income (loss)
Basic and Diluted earnings per common share (Note 10)
Basic and Diluted earnings per common share (Note 10)
Basic and Diluted earnings per common share (Note 10)
Net income (loss) per common share
Net income (loss) per common share

Net income (loss) per common share

See Notes to Consolidated Financial Statements.

<b>Rayonier Advanced Materials Inc.</b> <b>Consolidated Statements of Comprehensive Income (Loss)</b> <b>(Unaudited)</b> <b>(in thousands)</b>				
	Three Months Ended	Three Months Ended	Three Months Ended	Six Months Ended
	March 30, 2024	March 30, 2024	March 30, 2024	June 29, 2024
				July 1, 2023
Net income (loss)				June 29, 2024
Net income (loss)				July 1, 2023
Net income (loss)				June 29, 2024
Other comprehensive income (loss), net of tax (Note 9)				July 1, 2023
Other comprehensive income (loss), net of tax (Note 9)				June 29, 2024
Other comprehensive income (loss), net of tax (Note 9)				July 1, 2023
Other comprehensive income (loss), net of tax (Note 11)				June 29, 2024
Foreign currency translation adjustment				July 1, 2023
Foreign currency translation adjustment				June 29, 2024
Foreign currency translation adjustment				July 1, 2023
Unrealized gain on derivative instruments				June 29, 2024
Unrealized gain on derivative instruments				July 1, 2023
Unrealized gain on derivative instruments				June 29, 2024
Net loss on employee benefit plans				July 1, 2023
Net loss on employee benefit plans				June 29, 2024
Net loss on employee benefit plans				July 1, 2023
Total other comprehensive income (loss)				June 29, 2024
Total other comprehensive income (loss)				July 1, 2023
Net gain (loss) on employee benefit plans				June 29, 2024

Total other comprehensive income (loss)

Comprehensive income (loss)

Comprehensive income (loss)

Comprehensive income (loss)

See Notes to Consolidated Financial Statements.

**Rayonier Advanced Materials Inc.**

**Consolidated Balance Sheets**

**(Unaudited)**

(in thousands, except share and par value amounts)

	March 30, 2024	December 31, 2023	June 29, 2024	December 31, 2023
<b>Assets</b>				
Current assets				
Current assets				
Current assets				
Cash and cash equivalents				
Cash and cash equivalents				
Cash and cash equivalents				
Accounts receivable, net (Note 2)				
Inventory (Note 3)				
Accounts receivable, net (Note 4)				
Inventory (Note 5)				
Income tax receivable				
Prepaid and other current assets				
Total current assets				
Property, plant and equipment (net of accumulated depreciation of \$1,824,097 and \$1,797,529, respectively)				
Property, plant and equipment (net of accumulated depreciation of \$1,824,097 and \$1,797,529, respectively)				
Property, plant and equipment (net of accumulated depreciation of \$1,824,097 and \$1,797,529, respectively)				
Property, plant and equipment (net of accumulated depreciation of \$1,846,547 and \$1,797,529, respectively)				
Property, plant and equipment (net of accumulated depreciation of \$1,846,547 and \$1,797,529, respectively)				
Property, plant and equipment (net of accumulated depreciation of \$1,846,547 and \$1,797,529, respectively)				
Deferred tax assets				

Intangible assets, net	
Other assets	
Total assets	
<b>Liabilities and Stockholders' Equity</b>	
<b>Liabilities and Stockholders' Equity</b>	
<b>Liabilities and Stockholders' Equity</b>	
Current liabilities	
Current liabilities	
Current liabilities	
Accounts payable	
Accounts payable	
Accounts payable	
Accrued and other current liabilities (Note 5)	
Debt due within one year (Note 6)	
Current environmental liabilities (Note 7)	
Accrued and other current liabilities (Note 7)	
Debt due within one year (Note 8)	
Current environmental liabilities (Note 9)	
Total current liabilities	
Long-term debt (Note 6)	
Long-term debt (Note 6)	
Long-term debt (Note 6)	
Non-current environmental liabilities (Note 7)	
Pension and other postretirement benefits (Note 12)	
Long-term debt (Note 8)	
Long-term debt (Note 8)	
Long-term debt (Note 8)	
Non-current environmental liabilities (Note 9)	
Pension and other postretirement benefits (Note 14)	
Deferred tax liabilities	
Other liabilities	
Commitments and contingencies (Note 15)	
Commitments and contingencies (Note 15)	
Commitments and contingencies (Note 15)	
Commitments and contingencies (Note 17)	
Commitments and contingencies (Note 17)	
Commitments and contingencies (Note 17)	
Stockholders' Equity	
Stockholders' Equity	
Stockholders' Equity	
Common stock: 140,000,000 shares authorized at \$0.01 par value, 65,554,837 and 65,393,014 issued and outstanding, respectively	

Common stock: 140,000,000 shares authorized at \$0.01 par value, 65,554,837 and 65,393,014 issued and outstanding, respectively

Common stock: 140,000,000 shares authorized at \$0.01 par value, 65,554,837 and 65,393,014 issued and outstanding, respectively

Common stock: 140,000,000 shares authorized at \$0.01 par value, 65,890,093 and 65,393,014 issued and outstanding, respectively

Common stock: 140,000,000 shares authorized at \$0.01 par value, 65,890,093 and 65,393,014 issued and outstanding, respectively

Common stock: 140,000,000 shares authorized at \$0.01 par value, 65,890,093 and 65,393,014 issued and outstanding, respectively

Additional paid-in capital

Retained earnings

Accumulated other comprehensive loss (Note 9)

Accumulated other comprehensive loss (Note 11)

Total stockholders' equity

Total liabilities and stockholders' equity

See Notes to Consolidated Financial Statements.

**Rayonier Advanced Materials Inc.**  
**Consolidated Statements of Stockholders' Equity**  
**(Unaudited)**  
(in thousands, except share data)

	Common Stock	Common Stock	Additional Paid in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Total Stockholders' Equity	Common Stock	Additional Paid in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Total Stockholders' Equity
<b>Shares</b>											
<b>Three months ended March 30, 2024</b>											
Three months ended March 30, 2024											
Three months ended March 30, 2024											
Balance at December 31, 2023											
Balance at December 31, 2023											
Balance at December 31, 2023											
<b>Three months ended June 29, 2024</b>											
Three months ended June 29, 2024											
Three months ended June 29, 2024											
Balance at March 30, 2024											
Balance at March 30, 2024											
Balance at March 30, 2024											
Net income											

Other comprehensive income, net of tax	
Issuance of common stock under incentive stock plans	
Stock-based compensation	
Repurchase of common stock <sup>(a)</sup>	
Balance at June 29, 2024	
<b>Three months ended July 1, 2023</b>	
<b>Three months ended July 1, 2023</b>	
<b>Three months ended July 1, 2023</b>	
Balance at April 1, 2023	
Balance at April 1, 2023	
Balance at April 1, 2023	
<b>Net loss</b>	
Other comprehensive loss, net of tax	
Issuance of common stock under incentive stock plans	
Stock-based compensation	
Repurchase of common stock <sup>(a)</sup>	
Balance at March 30, 2024	
Balance at July 1, 2023	
<b>Three months ended April 1, 2023</b>	
<b>Three months ended April 1, 2023</b>	
<b>Three months ended April 1, 2023</b>	
<b>Six months ended June 29, 2024</b>	
<b>Six months ended June 29, 2024</b>	
<b>Six months ended June 29, 2024</b>	
Balance at December 31, 2023	
Balance at December 31, 2023	
Balance at December 31, 2023	
<b>Net income</b>	
Other comprehensive loss, net of tax	
Issuance of common stock under incentive stock plans	

Stock-based compensation
Repurchase of common stock <sup>(a)</sup>
Balance at June 29, 2024
<b>Six months ended July 1, 2023</b>
<b>Six months ended July 1, 2023</b>
<b>Six months ended July 1, 2023</b>
Balance at December 31, 2022
Balance at December 31, 2022
Balance at December 31, 2022

Net income
Net loss
Other comprehensive income, net of tax

Issuance of common stock under incentive stock plans

Stock-based compensation
--------------------------

Repurchase of common stock <sup>(a)</sup>
<b>Balance at April 1, 2023</b>
<b>Balance at July 1, 2023</b>

<sup>(a)</sup> Repurchased to satisfy tax withholding requirements related to the issuance of stock under the Company's incentive stock plans.

See Notes to Consolidated Financial Statements.

**Rayonier Advanced Materials Inc.**  
**Consolidated Statements of Cash Flows**  
**(Unaudited)**  
(in thousands)

	Three Months Ended
	Three Months Ended
	Three Months Ended
<b>Operating activities</b>	<b>March 30, 2024</b>
<b>Operating activities</b>	<b>March 30, 2024</b>
	<b>March 30, 2024</b>
	<b>Six Months Ended</b>

June 29, 2024

July 1, 2023

**Operating activities**

Net income (loss)

Net income (loss)

Net income (loss)

Adjustments to reconcile net income (loss) to cash provided by operating activities:

Adjustments to reconcile net income (loss) to cash provided by operating activities:

Adjustments to reconcile net income (loss) to cash provided by operating activities:

Depreciation and amortization

Depreciation and amortization

(Income) loss from discontinued operations

(Income) loss from discontinued operations

(Income) loss from discontinued operations

Depreciation and amortization

Stock-based compensation expense

Stock-based compensation expense

Stock-based compensation expense

Deferred income tax benefit

Deferred income tax benefit

Deferred income tax benefit

Net periodic benefit cost of pension and other postretirement plans

Net periodic benefit cost of pension and other postretirement plans

Net periodic benefit cost of pension and other postretirement plans

Unrealized (gain) loss on foreign currency

Unrealized (gain) loss on foreign currency

Unrealized (gain) loss on foreign currency

(Gain) loss on disposal of property, plant and equipment

Other

Other

Other

Changes in operating assets and liabilities:

Changes in operating assets and liabilities:

Changes in operating assets and liabilities:

Accounts receivable

Accounts receivable

Accounts receivable

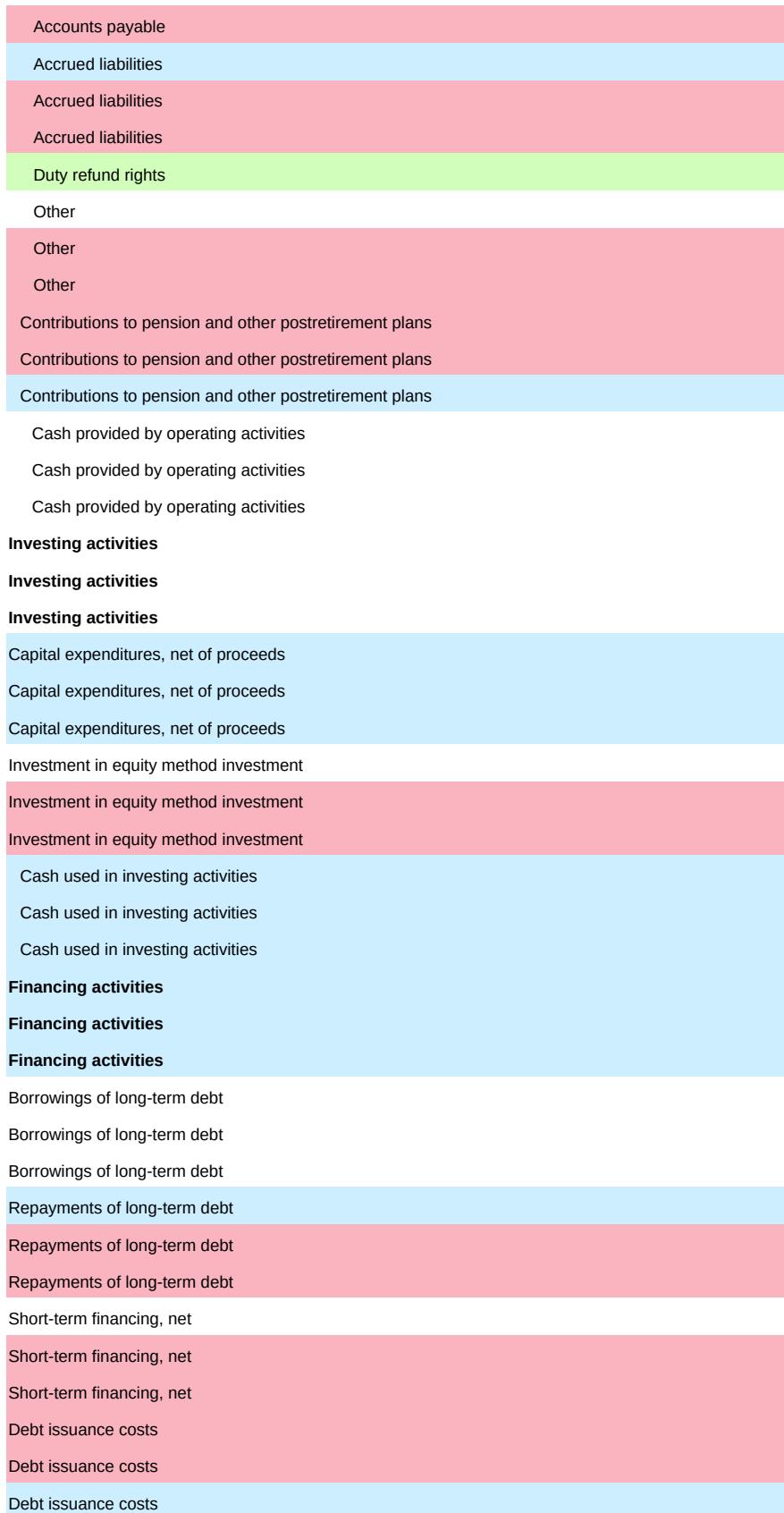
Inventories

Inventories

Inventories

Accounts payable

Accounts payable



Repurchase of common stock	
Cash used in financing activities	
Cash used in financing activities	
Cash used in financing activities	
Cash provided by (used in) financing activities	
Cash provided by (used in) financing activities	
Cash provided by (used in) financing activities	
Net increase (decrease) in cash and cash equivalents	
Net increase (decrease) in cash and cash equivalents	
Net increase (decrease) in cash and cash equivalents	
Net effect of foreign exchange on cash and cash equivalents	
Net effect of foreign exchange on cash and cash equivalents	
Net increase in cash and cash equivalents	
Net increase in cash and cash equivalents	
Net increase in cash and cash equivalents	
Net effect of foreign exchange on cash and cash equivalents	
Balance, beginning of period	
Balance, beginning of period	
Balance, beginning of period	
Balance, end of period	
Balance, end of period	
Balance, end of period	
Interest paid	
Interest paid	
Interest paid	
Income taxes refunded (paid), net	
Income taxes refunded (paid), net	
Income taxes refunded (paid), net	
Capital assets purchased on account	
Capital assets purchased on account	
Capital assets purchased on account	

See Notes to Consolidated Financial Statements.

**Rayonier Advanced Materials Inc.**  
**Notes to Consolidated Financial Statements (Unaudited)**  
 (in thousands unless otherwise stated)

## 1. Basis of Presentation

RYAM is a global leader of specialty cellulose materials with a broad offering of high purity cellulose specialties, a natural polymer used in the production of a variety of specialty chemical products, including liquid crystal displays, filters, textiles and performance additives for pharmaceutical, food and other industrial applications. The Company's specialized assets are also used to produce biofuels, bioelectricity and other biomaterials such as bioethanol and tall oils. The Company also produces a unique, lightweight multi-ply paperboard product, which is used for production in the commercial printing, lottery ticket and high-end packaging sectors, and a bulky, high-yield pulp product that is used by paperboard producers, as well as in traditional printing, writing and specialty paper manufacturing.

The unaudited consolidated financial statements and notes thereto of the Company have been prepared in accordance with GAAP for interim financial information and in accordance with the rules and regulations of the SEC. In the opinion of management, these consolidated financial statements and notes reflect all adjustments, including all normal recurring adjustments, necessary for a fair presentation of the results of operations, financial position and cash flows for the periods presented. These statements and notes should be read in conjunction with the consolidated financial statements and supplementary data included in the Company's 2023 Form 10-K.

As a result of the sale of its lumber and newsprint assets in August 2021, the Company presents the historical results for those operations, and any subsequent directly associated impacts, as discontinued operations. Unless otherwise stated, information in these notes to consolidated financial statements relates to continuing operations. See Note 3—Discontinued Operations for further information on the sale.

### Recent Accounting Developments

#### Change in Accounting Policy

On January 1, 2024, the Company changed the method of valuation of its finished goods, work-in-process and raw materials inventories from first-in first-out to average cost. The Company believes the average cost method is preferable because it provides better matching of revenue and expense trends and is a better reflection of periodic income from operations. This change was not retrospectively applied to prior periods presented, as the overall effect of the change is not deemed material to the Company's consolidated financial statements.

#### Accounting Pronouncements

There have been no new or recently adopted accounting pronouncements impacting the Company's consolidated interim financial statements. The Company continues to evaluate the impacts of ASU 2023-05 "Business Combinations—Joint Venture Formations (Subtopic 805-60): Recognition and Initial Measurement," ASU 2023-07 "Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures" and ASU 2023-09 "Income Taxes (Topic 740): Improvements to Income Tax Disclosures" as previously disclosed in its 2023 Form 10-K.

### Subsequent Events

Events and transactions subsequent to the consolidated balance sheets date have been evaluated for potential recognition and disclosure through the date of issuance of these consolidated financial statements. No subsequent events were identified.

## 2. Indefinite Suspension of Operations of Temiscaming High Purity Cellulose Plant

On April 29, 2024, As previously announced, the Company announced that it will suspend began its indefinite suspension of operations at its Temiscaming High Purity Cellulose plant effective July 2, 2024, for an indefinite period. in July 2024. The decision suspension does not affect the Temiscaming paperboard and high-yield pulp plants that support the Company's High-Yield Pulp and Paperboard operating segments, which will continue to operate at full capacity while remaining part of an ongoing previously announced, sales process. The effective date was determined as the latest possible date allowing suspension of operations timeline allows enough lead time for the Company to properly execute the shutdown prior to the arrival of winter in the region. The High Purity Cellulose plant will be idled in a safe and environmentally sound manner. The Company will assess on an annual basis the possibility of restarting the Temiscaming High Purity Cellulose plant.

The indefinite suspension of operations will result

In connection with the suspension of operations, the Company expects to incur, one-time operating all in 2024, total charges in 2024 the range of approximately \$30 million to \$30 million, including mothballing costs of \$5 million to \$10 million and severance and other employee costs. Further, the Company also expects costs of \$15 million to incur non-cash charges in 2024 related to impairments, the amounts of which will be assessed. \$20 million. While most 2024 cash costs associated with the suspension of operations will be incurred and paid in the third and fourth quarters, severance and other restructuring suspension costs are expected to be paid over a period of time. Non-cash asset impairment charges are expected in the third quarter of 2024, the amounts of which are currently being assessed.

From 2021 through 2023, average maintenance capital expenditures The suspension of operations began on July 16, 2024 and is expected to conclude in the fourth quarter of 2024.

The following table presents the accrued liability balance activity related to the suspension during the six months ended June 29, 2024:

	Mothballing Costs	Severance and Other Employee Costs	Total
Balance at December 31, 2023	\$ —	\$ —	\$ —
Charges incurred(a)	420	5,476	5,896
Payments	(420)	—	(420)
Balance at June 29, 2024	\$ —	\$ 5,476	\$ 5,476

(a) Excludes non-cash items, including a \$1 million loss on pension curtailment charges associated with early retirements driven by the indefinite suspension of operations. See Note 14—Employee Benefit Plans for the Temiscaming High Purity Cellulose plant was \$15 million. In 2023, further information.

The following table presents total suspension charges incurred by cost type:

	Three and Six Months Ended June 29, 2024
Severance and other employee costs	\$ 6,206
Mothballing costs	420
Indefinite suspension charges	\$ 6,626

The mothballing and severance and other employee costs incurred were charged to the High Purity Cellulose plant incurred an operating loss segment in “indefinite suspension charges” in the consolidated statements of \$60 million, including a non-cash asset impairment of \$25 million. Working capital for the High Purity Cellulose plant was \$31 million at the end of 2023. operations.

#### **Sale of Softwood Lumber Duty Rights 3. Discontinued Operations**

In August 2021, the Company completed the sale of its lumber and newsprint facilities, facilities and certain related assets located in Canada. As part of the sale of the lumber assets, the Company retained all refund rights and obligations, including interest, to softwood duties generated or incurred through the closing date of the sale. In total, the Company paid \$112 million in softwood lumber duties paid by the Company from 2017 through 2021, and has accumulated as of December 31, 2023, the Company had a \$40 million long-term receivable as a result of related to USDOC administrative reviews. On May 6, 2024, reviews completed to date. In June 2024, the Company announced executed on the sale of these rights (inclusive of the receivable), including all accrued interest, for \$39 million, with the opportunity for additional sale proceeds in the

future contingent upon the timing and terms of the ultimate outcome of the trade dispute between the USDOC and Canada. The Company recorded a \$1 million loss on the sale, included in pre-tax income from discontinued operations.

During the quarter and six months ended June 29, 2024, the Company recognized \$5 million in pre-tax income from discontinued operations related to CEWS benefit claims deferred since 2021. See Note 7—Accrued and Other Current Liabilities for further information.

During the quarter and six months ended July 1, 2023, the Company incurred \$2 million related to the settlement of a claim pursuant to the representations and warranties in the asset purchase agreement.

**Rayonier Advanced Materials Inc.**  
**Notes to Consolidated Financial Statements (Unaudited)**  
(in thousands unless otherwise stated)

Income (loss) from discontinued operations was comprised of the following:

	Three Months Ended		Six Months Ended	
	June 29, 2024	July 1, 2023	June 29, 2024	July 1, 2023
Loss on sale of duty refund rights	\$ (890)	\$ —	\$ (890)	\$ —
Selling, general and administrative and other operating income (expense)	5,267	(1,533)	5,267	(1,533)
Operating income (loss)	4,377	(1,533)	4,377	(1,533)
Income (loss) from discontinued operations before income taxes	4,377	(1,533)	4,377	(1,533)
Income tax (expense) benefit	(1,160)	405	(1,160)	405
Income (loss) from discontinued operations, net of taxes	\$ 3,217	\$ (1,128)	\$ 3,217	\$ (1,128)

#### 2.4. Accounts Receivable, Net

Accounts receivable, net included the following:

	March 30, 2024	December 31, 2023	June 29, 2024	December 31, 2023
Accounts receivable, trade				
Accounts receivable, other <sup>(a)</sup>				
Allowance for credit loss				
Accounts receivable, net				

<sup>(a)</sup> Consists primarily of value-added/consumption taxes, grants receivable and accrued billings due from government agencies.

#### 3.5. Inventory

Inventory included the following:

	March 30, 2024	December 31, 2023	June 29, 2024	December 31, 2023
Finished goods				
Work-in-progress				
Raw materials				
Manufacturing and maintenance supplies				
Inventory				

#### 4.6. Leases

The Company's operating and finance leases are primarily for corporate offices, warehouse space, rail cars and equipment. As of **March 30, 2024**, the Company's leases have remaining lease terms of less than one year to **12.6** **12.3** years with standard renewal and termination options available at the Company's discretion. Certain equipment leases have purchase options at the end of the term of the lease, which are not included in the ROU assets, as it is not reasonably certain that the Company will exercise such options. The Company's lease agreements do not contain any material residual value guarantees or restrictive covenants. The Company uses its incremental borrowing rate in determining the present value of lease payments unless the lease provides an implicit or explicit interest rate.

Financial and other information related to the Company's operating and finance leases follow:

	Three Months Ended	
	March 30, 2024	April 1, 2023
Operating lease cost	\$ 1,710	\$ 1,694
Finance lease cost		
Amortization of ROU assets	106	99
Interest	23	30
Total lease cost	\$ 1,839	\$ 1,823

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	Balance Sheet Location	March 30, 2024		December 31, 2023	
<b>Operating leases</b>					
ROU assets	Other assets	\$ 17,271	\$ 17,475		
Lease liabilities, current	Accrued and other current liabilities	4,793	4,499		
Lease liabilities, non-current	Other liabilities	14,161	14,666		
<b>Finance leases</b>					
ROU assets	Property, plant and equipment, net	986	1,078		
Lease liabilities	Long-term debt	1,250	1,355		

Financial and other information related to the Company's operating and finance leases follow:

	Three Months Ended	
	March 30, 2024	April 1, 2023
Operating cash flows - cash paid for amounts included in the measurement of operating lease liabilities	\$ 1,675	\$ 1,581
Operating lease ROU assets obtained in exchange for lease liabilities	1,194	(80)

	Three Months Ended		Six Months Ended	
	June 29, 2024	July 1, 2023	June 29, 2024	July 1, 2023
Operating lease cost	\$ 2,136	\$ 1,791	\$ 3,802	\$ 3,485
Finance lease cost				
Amortization of ROU assets	107	100	213	199

Interest	22	29	45	59
Total lease cost	\$ 2,265	\$ 1,920	\$ 4,060	\$ 3,743

	Balance Sheet Location	June 29, 2024	December 31, 2023
<b>Operating leases<sup>(a)</sup></b>			
ROU assets	Other assets	\$ 32,634	\$ 17,475
Lease liabilities, current	Accrued and other current liabilities	7,089	4,499
Lease liabilities, non-current	Other liabilities	27,089	14,666
<b>Finance leases</b>			
ROU assets	Property, plant and equipment, net	893	1,078
Lease liabilities	Long-term debt	1,142	1,355

<sup>(a)</sup> During the second quarter of 2024, the Company recorded an ROU asset and corresponding lease liability of \$14 million related to a new warehouse lease agreement in Canada.

	Six Months Ended	
	June 29, 2024	July 1, 2023
Operating cash flows - cash paid for amounts included in the measurement of operating lease liabilities	\$ 3,799	\$ 1,701
Operating lease ROU assets obtained in exchange for lease liabilities	18,092	1,946

Finance lease cash flows were immaterial during each of the **three** **six** months ended **March 30, 2024** **June 29, 2024** and **April 1, 2023** **July 1, 2023**.

	March 30, 2024	December 31, 2023
<b>Operating leases</b>		
Weighted average remaining lease term (in years)	5.3	5.5
Weighted average discount rate	8.3 %	8.3 %
<b>Finance leases</b>		
Weighted average remaining lease term (in years)	2.6	2.8
Weighted average discount rate	7.0 %	7.0 %

Operating lease maturities as of March 30, 2024 were as follows:

Remainder of 2024	\$ 4,619
2025	5,509
2026	4,397
2027	3,305
2028	2,064
Thereafter	4,094
Total minimum lease payments	23,988
Less: imputed interest	(5,034)
Present value of future minimum lease payments	\$ 18,954

	June 29, 2024	December 31, 2023
<b>Operating leases</b>		
Weighted average remaining lease term (in years)	5.1	5.5
Weighted average discount rate	8.2 %	8.3 %
<b>Finance leases</b>		
Weighted average remaining lease term (in years)	2.3	2.8
Weighted average discount rate	7.0 %	7.0 %

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**5. Operating lease maturities as of June 29, 2024 were as follows:**

Remainder of 2024	\$ 4,795
2025	9,415
2026	8,643
2027	7,488
2028	6,262
Thereafter	5,756
Total minimum lease payments	42,359
Less: imputed interest	(8,181)
Present value of future minimum lease payments	<u><u>\$ 34,178</u></u>

**7. Accrued and Other Current Liabilities**

Accrued and other current liabilities included the following:

	March 30, 2024	December 31, 2023	June 29, 2024	December 31, 2023
Accrued customer incentives				
Accrued payroll and benefits				
Accrued interest				
Accrued income taxes				
Accrued property and other taxes				
Deferred revenue <sup>(a)</sup>				
Other current liabilities <sup>(b)</sup>				
Accrued and other current liabilities				

<sup>(a)</sup> Included at March 30, 2024 June 29, 2024 and December 31, 2023 was CAD \$5 million and \$25 million, respectively (USD \$18 million and \$19 million, respectively), associated with funds received in 2021 for CEWS. All CEWS claims are subject to mandatory audit. The in the second quarter of 2024, the Company will recognize amounts from these claims recognized in income \$15 million of this amount, including \$10 million in "other operating income (expense), net" and \$5 million in "income (loss) from discontinued

operations, net of taxes." The remaining amount will be recognized at the time there is sufficient evidence that it will not be required to repay such amounts, earlier of the conclusion of the final outstanding audit and the expiration of the statute of limitations in July 2025.

(b) Included at **March 30, 2024** **June 29, 2024** and December 31, 2023 were **\$14** **\$17** million and \$13 million, respectively, of energy-related payables associated with Tartas facility operations.

## 6.8. Debt and Finance Leases

Debt and finance leases included the following:

	March 30, December 31, 2024	2023
ABL Credit Facility due December 2025: \$131 million net availability, bearing interest of 7.42% (5.42% adjusted SOFR plus 2.00% margin) at March 30, 2024		
Term Loan due July 2027: bearing interest of 13.30% (5.30% three-month Term SOFR plus 8.00% margin) at March 30, 2024		
	June 29, December 31, 2024	2023
ABL Credit Facility due December 2025: \$135 million net availability, bearing interest of 7.44% (5.44% adjusted SOFR plus 2.00% margin) at June 29, 2024		
Term Loan due July 2027: bearing interest of 13.32% (5.32% three-month Term SOFR plus 8.00% margin) at June 29, 2024		
7.625% Senior Secured Notes due January 2026		
5.50% CAD-based term loan due April 2028		
Other loans <sup>(a)</sup>		
Short-term factoring facility		
Finance lease obligations		
Total principal payments due		
Less: unamortized premium, discount and issuance costs		
Total debt		
Less: debt due within one year		
Long-term debt		

<sup>(a)</sup> Consist of low-interest green loans for energy projects and other loans intended for use in biomaterials projects in France.

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### Term Loan

In January 2024, the Company amended the 2027 Term Loan to increase the maximum consolidated secured net leverage ratio that it must maintain in the fourth quarter of 2023 and through its 2024 fiscal year (see below). In addition, should the Company exceed the 4.50 to 1.00 maximum ratio established by the original agreement in any of these quarters, it will incur a fee of 0.25% of the principal balance outstanding at the end of the applicable quarter. The Company incurred total fees of \$3 million related to this amendment, including \$1 million in legal and advisory fees recorded to "selling, general and administrative expense" in the consolidated statements of operations in the fourth quarter of 2023, and \$2 million in lender fees recorded as deferred financing costs in the first quarter of 2024 that will be amortized to "interest expense" over the remaining term of the loan.

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The Company is required to maintain various financial covenants, including a consolidated secured net leverage ratio, based on covenant EBITDA, as follows:

- 5.25 to 1.00 for the fourth quarter of 2023 through the second quarter of 2024;
- 5.00 to 1.00 for the third fiscal quarter of 2024;
- 4.75 to 1.00 for the fourth fiscal quarter of 2024; and
- 4.50 to 1.00 for each fiscal quarter thereafter.

#### **At March 30, 2024 Senior Notes**

In April 2023, the Company repurchased \$10 million of its 2026 Notes through open-market transactions and recorded a gain on extinguishment of \$1 million to "other income, net" in the consolidated statements of operations.

#### **Covenants and Debt Maturity**

As of June 29, 2024, the Company was in compliance with all covenants under its debt agreements.

As of **March 30, 2024** June 29, 2024, the Company's debt principal payments, excluding finance lease obligations, were due as follows:

Remainder of 2024
2025
2026
2027
2028
Thereafter
Total debt principal payments

#### **7.9. Environmental Liabilities**

The Company's environmental liabilities balance changed as follows during the **three** six months ended **March 30, 2024** June 29, 2024:

Balance at December 31, 2023	\$ 170,291
Increase in liabilities	653 1,784
Payments	(796) (2,072)
Foreign currency adjustments	(108) (207)
Balance at March 30, 2024 June 29, 2024	170,040 169,796
Less: current portion	(9,829) (9,825)
Non-current environmental liabilities	\$ 160,211 159,971

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In addition to these estimated liabilities, the Company is subject to the risk of reasonably possible additional liabilities in excess of the established liabilities due to potential changes in circumstances and future events, including, without limitation, changes to current laws and regulations; changes in governmental agency personnel, direction, philosophy or enforcement policies; developments in remediation

technologies; increases in the cost of remediation, operation, maintenance and monitoring of its environmental liability sites; changes in the volume, nature or extent of contamination to be remediated or monitoring to be undertaken; the outcome of negotiations with governmental agencies or non-governmental parties; and changes in accounting rules or interpretations. Based on information available as of **March 30, 2024** **June 29, 2024**, the Company estimates this exposure could range up to approximately \$85 million, although no assurances can be given that this amount will not be exceeded given the factors described above. These potential additional costs are attributable to several sites and other applicable liabilities. This estimate excludes liabilities that would otherwise be considered reasonably possible but for the fact that they are not currently estimable, primarily due to the factors discussed above.

Subject to the previous paragraph, the Company believes its estimates of liabilities are sufficient for probable costs expected to be incurred over the next 20 years with respect to its environmental liabilities. However, no assurance is given that these estimates will be sufficient for the reasons described above and additional liabilities could have a material adverse effect on the Company's financial position, results of operations and cash flows.

#### **8.10. Fair Value Measurements**

The carrying amounts of the Company's cash, receivables and payables approximate fair value due to the short-term nature of those instruments. The carrying amount of borrowings outstanding under the ABL Credit Facility, 2027 Term Loan and short-term factoring facility approximate fair value due to their variable interest rates.

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The fair value of the Company's fixed rate debt is estimated using quoted market prices for debt with similar terms and maturities, which are Level 2 inputs, and was as follows:

	<b>March 30, 2024</b>	<b>December 31, 2023</b>
	<b>June 29, 2024</b>	<b>December 31, 2023</b>
Carrying amount of fixed rate debt <sup>(a)</sup>		
Fair value of fixed rate debt		

(a) Excludes finance lease obligations.

#### **9.**

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#### **11. Accumulated Other Comprehensive Loss**

	<b>Three Months Ended</b>	
	<b>March 30, 2024</b>	<b>April 1, 2023</b>
	<b>Six Months Ended</b>	
<b>Unrecognized components of employee benefit plans, net of tax</b>	<b>June 29, 2024</b>	<b>July 1, 2023</b>
Balance, beginning of period		
Balance, beginning of period		
Balance, beginning of period		
Other comprehensive income (loss) before reclassifications		
Income tax on other comprehensive gain (loss)		

Reclassifications to earnings <sup>(a)</sup>	
Reclassifications to earnings <sup>(a)</sup>	
Reclassifications to earnings <sup>(a)</sup>	
Amortization of gain	
Amortization of gain	
Amortization of gain	
<b>Amortization of prior service cost</b>	
Income tax on reclassifications	
Net comprehensive loss on employee benefit plans, net of tax	
Net comprehensive income (loss) on employee benefit plans, net of tax	
Balance, end of period	
<b>Unrealized loss on derivative instruments, net of tax</b>	
<b>Unrealized loss on derivative instruments, net of tax</b>	
<b>Unrealized loss on derivative instruments, net of tax</b>	
Balance, beginning of period	
Balance, beginning of period	
Balance, beginning of period	
Reclassifications to earnings - foreign currency exchange contracts <sup>(b)</sup>	
Income tax on reclassifications	
Net comprehensive gain on derivative instruments, net of tax	
Balance, end of period	
<b>Foreign currency translation</b>	
<b>Foreign currency translation</b>	
<b>Foreign currency translation</b>	
Balance, beginning of period	
Balance, beginning of period	
Balance, beginning of period	
Foreign currency translation adjustment, net of tax <sup>(c)</sup>	
Balance, end of period	
Accumulated other comprehensive loss, end of period	
Accumulated other comprehensive loss, end of period	
Accumulated other comprehensive loss, end of period	

(a) The AOCI components for defined benefit pension and post-retirement plans are included in the computation of net periodic benefit cost. See Note 12—14—Employee Benefit Plans for further information.

(b) Reclassifications of foreign currency exchange contracts are recorded in "cost of sales," "other operating expense, income (expense), net" or "other income, net," as appropriate.

(c) Foreign currency translation is net of tax effects of \$0 for all periods presented, as the French operations are taxed on the foreign functional currency, not the translated reporting currency.

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## 10.12. Earnings Per Common Share

The following table provides the inputs to the calculations of basic and diluted earnings per common share (share amounts not in thousands):

	Three Months Ended March 30, 2024	Three Months Ended March 30, 2024	Three Months Ended March 30, 2024	Six Months Ended June 29, 2024	July 1, 2023	June 29, 2024	July 1, 2023
Income (loss) from continuing operations							
Income (loss) from discontinued operations							
Net income (loss) available for common stockholders							
Net income (loss) available for common stockholders							
Net income (loss) available for common stockholders							
Shares used for determining basic earnings per share of common stock							
Shares used for determining basic earnings per share of common stock							
Shares used for determining basic earnings per share of common stock							
Dilutive effect of:							
Dilutive effect of:							
Weighted average shares used for determining basic earnings per share of common stock							
Weighted average shares used for determining basic earnings per share of common stock							
Weighted average shares used for determining basic earnings per share of common stock							
Dilutive effect of:							
Stock options							
Stock options							
Stock options							
Performance and restricted stock							
Performance and restricted stock							
Performance and restricted stock							
Shares used for determining diluted earnings per share of common stock							
Shares used for determining diluted earnings per share of common stock							

Shares used for determining diluted earnings per share of common stock
Weighted average shares used for determining diluted earnings per share of common stock

Anti-dilutive instruments excluded from the computation of diluted earnings per share included (not in thousands):

	Three Months Ended	Three Months Ended	Six Months Ended
	Three Months Ended	Three Months Ended	Three Months Ended
	March 30, 2024	March 30, 2024	March 30, 2024
Stock options			
Stock options			
	June 29, 2024	July 1, 2023	June 29, 2024
Stock options			
Performance and restricted stock			
Performance and restricted stock			
Performance and restricted stock			
Total anti-dilutive instruments			
Total anti-dilutive instruments			
Total anti-dilutive instruments			

### 11.13. Incentive Stock Plans

Stock-based compensation expense was as follows:

	Three Months Ended	Three Months Ended	Six Months Ended
	Three Months Ended	Three Months Ended	Three Months Ended
	March 30, 2024	March 30, 2024	March 30, 2024
Stock-based compensation expense			
Stock-based compensation expense			
Stock-based compensation expense			
	June 29, 2024	July 1, 2023	June 29, 2024
Stock-based compensation expense			
Stock-based compensation expense			
Stock-based compensation expense			

The Company made new grants of restricted stock units, performance-based stock units and performance-based cash awards during the first quarter and second quarters of 2024. The 2024 restricted stock unit awards cliff vest after three years, except for director awards, which vest after one year. The 2024 performance-based awards cliff vest after three years and are based equally on TSR relative to peers and three-year cumulative adjusted EBITDA. Participants can earn between 0 percent and 200 percent of the target award for each of the TSR and adjusted EBITDA metrics. Performance below threshold for each metric would result in zero payout. The performance-based cash award is paid in cash and is classified as a liability and remeasured to fair value at the end of each reporting period until settlement.

In March 2024, the performance-based awards granted in 2021 vested without meeting the performance thresholds, resulting in no stock units or cash being awarded.

The following table summarizes the 2024 activity of the Company's incentive stock awards:

	Stock Options		Restricted Stock Units			Performance-Based Stock Units		
	Options	Exercise Price	Weighted Average		Value	Weighted Average		Value
			Awards	Grant Date Fair		Awards	Grant Date Fair	
Outstanding at December 31, 2023	46,798	\$ 37.77	1,886,694	\$ 6.01	6.01	1,370,601	\$ 7.83	7.83
Granted	—	—	389,799	3.79	3.79	568,812	4.50	4.50
Forfeited	—	—	(41,348)	5.17	5.17	(293,790)	11.41	11.41
Exercised or settled	—	—	(245,389)	10.52	10.52	—	—	—
Expired or cancelled	(46,798)	29.52	—	—	—	—	—	—
Outstanding at March 30, 2024	—	\$ —	1,989,756	\$ 5.04	5.04	1,645,623	\$ 6.12	6.12

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12. The following table summarizes the 2024 activity of the Company's incentive stock awards:

	Stock Options		Restricted Stock Units			Performance-Based Stock Units		
	Options	Exercise Price	Weighted Average		Value	Weighted Average		Value
			Awards	Grant Date Fair		Awards	Grant Date Fair	
Outstanding at December 31, 2023	46,798	\$ 37.77	1,886,694	\$ 6.01	6.01	1,370,601	\$ 7.83	7.83
Granted	—	—	622,957	4.05	4.05	582,442	4.52	4.52
Forfeited	—	—	(58,241)	5.27	5.27	(316,467)	11.12	11.12
Exercised or settled	—	—	(616,485)	6.81	6.81	(5,000)	2.41	2.41
Expired or cancelled	(46,798)	29.52	—	—	—	—	—	—
Outstanding at June 29, 2024	—	\$ —	1,834,925	\$ 5.10	5.10	1,631,576	\$ 6.11	6.11

#### 14. Employee Benefit Plans

##### Defined Benefit Plans

The Company has defined benefit pension and other long-term and postretirement benefit plans covering certain union and non-union employees, primarily in the U.S. and Canada. The defined benefit pension plans are closed to new participants. The liabilities for these plans are calculated using actuarial estimates and management assumptions. These estimates are based on historical information and certain assumptions about future events.

During the three quarter and six months ended April 1, 2023 June 29, 2024, the Company recorded a \$1 million loss on pension curtailment charges associated with early retirements driven by the indefinite suspension of operations at the Temiscaming High Purity Cellulose plant. The loss on curtailment was recognized in "indefinite suspension charges" in the Company's consolidated statements of operations. Additionally, the Company decreased its pension liability by \$3 million. See Note 2—Indefinite Suspension of Operations for further information.

During the six months ended July 1, 2023, the Company recorded a \$2 million loss related to the final asset surplus distribution to the plan participants of certain wound-up Canadian pension plans. The settlement was recognized in "components of pension and OPEB, excluding service costs" in the Company's consolidated statements of operations.

The following table presents the components of net periodic benefit costs of these plans:

	Pension		Pension	Postretirement	Pension	Postretirement
	Three Months Ended					
	March 30, 2024	April 1, 2023	March 30, 2024	April 1, 2023		
	June 29, 2024	July 1, 2023	June 29, 2024	July 1, 2023		
Service cost						
Interest cost						
Expected return on plan assets						
Amortization of prior service cost (credit)						
Amortization of gain						
Pension settlement loss						
Curtailment						
Curtailment						
Curtailment						
Net periodic benefit cost						

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	Pension		Postretirement	
	Six Months Ended		Six Months Ended	
	June 29, 2024	July 1, 2023	June 29, 2024	July 1, 2023
Service cost	\$ 3,064	\$ 2,441	\$ 276	\$ 586
Interest cost	13,812	14,382	495	705
Expected return on plan assets	(16,128)	(15,887)	—	—
Amortization of prior service cost (credit)	408	221	(49)	(49)
Amortization of gain	(22)	(246)	(369)	(108)
Pension settlement loss	—	2,317	—	—
Curtailment	736	—	—	—
Net periodic benefit cost	\$ 1,870	\$ 3,228	\$ 353	\$ 1,134

Service cost is included in "cost of sales" or "selling, general and administrative expense" in the consolidated statements of operations, as appropriate. Interest cost, expected return on plan assets, amortization of prior service cost (credit) and amortization of gain (gain) loss are included in "components of pension and OPEB, excluding service costs" in the consolidated statements of operations.

### 13.15. Income Taxes

#### Effective Tax Rate

The Company's effective tax rates were as follows:

	Three Months Ended	Three Months Ended	Three Months Ended	Three Months Ended	Six Months Ended
	March 30, 2024	March 30, 2024	March 30, 2024	March 30, 2024	March 30, 2024

	March 30, 2024	March 30, 2024				
			June 29, 2024	July 1, 2023	June 29, 2024	July 1, 2023
Loss before income taxes						
Loss before income taxes						
Loss before income taxes						
Income (loss) from continuing operations before income taxes						
Effective tax rate	Effective tax rate	(10.9) %	17.9 %	(21.4) %	31.5 %	
Effective tax rate						
Effective tax rate						

The effective tax rate for the three quarter and six months ended March 30, 2024 June 29, 2024 differed from the federal statutory rate of 21 percent primarily due to the release of certain tax reserves, partially offset by return-to-accrual adjustments, excess deficit on vested stock compensation and changes in the valuation allowance on disallowed interest deductions.

The effective tax rate for the three quarter and six months ended April 1, 2023 was not meaningful due to near break-even pretax income for the period, which results in any discrete tax adjustments significantly impacting the rate. The largest adjustments creating a difference between the effective tax rate and July 1, 2023 differed from the federal statutory rate of 21 percent were primarily due to disallowed interest deductions in the U.S. and nondeductible executive compensation, offset by U.S. tax credits, return-to-accrual adjustments related to previously filed tax returns and an excess tax benefit on vested stock compensation and return-to-accrual adjustments related to previously filed tax returns.

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compensation.

#### Deferred Taxes

As of March 30, 2024 both June 29, 2024 and December 31, 2023, the Company's net DTA included \$14 million and \$15 million respectively, of disallowed U.S. interest deductions that the Company does not believe will be realized. In strict compliance with the American Institute of Certified Public Accountants' Technical Questions and Answers 3300.01-02, which asserts that certain material evidence regarding the realizability of disallowed U.S. interest deductions should be ignored when assessing the need for a valuation allowance, the Company has not recognized a valuation allowance on this portion of the net DTA generated from disallowed interest.

#### 14.16. Segments

The Company operates in the following business segments: High Purity Cellulose, Paperboard and High-Yield Pulp. Corporate consists primarily of senior management, accounting, information systems, human resources, treasury, tax and legal administrative functions that provide support services to the operating business units. The Company allocates a portion of the cost of maintaining these support functions to its operating units.

The Company evaluates the performance of its segments based on operating income (loss). Intersegment sales consist primarily of High-Yield Pulp sales to Paperboard. Intersegment sales prices are at rates that approximate market for the respective operating area.

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Net sales, disaggregated by product line, was comprised of the following:

	Three Months Ended	Three Months Ended	Three Months Ended	Six Months Ended
	Three Months Ended	Three Months Ended	Three Months Ended	
	June 29, 2024	July 1, 2023	June 29, 2024	July 1, 2023
High Purity Cellulose				
High Purity Cellulose				
High Purity Cellulose				
Cellulose Specialties				
Cellulose Specialties				
Cellulose Specialties				
Commodity Products				
Commodity Products				
Commodity Products				
Other sales <sup>(a)</sup>				
Other sales <sup>(a)</sup>				
Other sales <sup>(a)</sup>				
Total High Purity Cellulose				
Total High Purity Cellulose				
Total High Purity Cellulose				
Paperboard				
Paperboard				
Paperboard				
High-Yield Pulp				
High-Yield Pulp				
High-Yield Pulp				
Eliminations				
Eliminations				
Eliminations				
Net sales				
Net sales				
Net sales				

<sup>(a)</sup> Included sales of bioelectricity, lignosulfonates and other by-products to third parties.

Operating income (loss) by segment was comprised of the following:

	Three Months Ended	Three Months Ended	Three Months Ended	Six Months Ended
	Three Months Ended	Three Months Ended	Three Months Ended	
	March 30, 2024	March 30, 2024	March 30, 2024	

High Purity Cellulose	June 29, 2024	July 1, 2023	June 29, 2024	July 1, 2023
High Purity Cellulose				
High Purity Cellulose				
Paperboard				
Paperboard				
Paperboard				
High-Yield Pulp				
High-Yield Pulp				
High-Yield Pulp				
Corporate				
Corporate				
Corporate				
Operating income (loss)				
Operating income (loss)				
Operating income (loss)				

Identifiable assets by segment were as follows:

High Purity Cellulose	March 30, 2024
High Purity Cellulose	March 30, 2024
High Purity Cellulose	March 30, 2024
Paperboard	June 29, 2024
Paperboard	June 29, 2024
Paperboard	June 29, 2024
High-Yield Pulp	June 29, 2024
High-Yield Pulp	June 29, 2024
High-Yield Pulp	June 29, 2024
Corporate (a)	
Corporate (a)	
Corporate (a)	
Total assets	
Total assets	
Total assets	

**Rayonier Advanced Materials Inc.**<sup>(a)</sup> Includes ERP and certain lease assets shared across segments.

## Notes to Consolidated Financial Statements (Unaudited)

(in thousands unless otherwise stated)

### 15.17. Commitments and Contingencies

#### Commitments

The Company had no material changes to the purchase obligations presented in its 2023 Form 10-K that were outside the normal course of business during the three six months ended March 30, 2024 June 29, 2024. The Company's purchase obligations primarily consist of commitments for the purchase of natural gas, electricity and wood chips.

The Company remains subject to purchase obligations under the 20-year wood chip and residual fiber supply agreement with GreenFirst, under which total required purchase volumes of wood chips and residual fiber are dependent on sawmill production. In connection with the indefinite suspension of operations at the Temiscaming High Purity Cellulose plant, GreenFirst and the Company have agreed that the Company will purchase the required volumes at market value and sell them to third parties at the same amount for an expected neutral impact.

The Company leases certain buildings, machinery and equipment under various operating and finance leases. See Note 4—6—Leases for further information.

**Rayonier Advanced Materials Inc.**  
**Notes to Consolidated Financial Statements (Unaudited)**  
(in thousands unless otherwise stated)

#### Litigation and Contingencies

##### *Duties on Canadian Softwood Lumber Sold to the U.S.*

The Company previously operated six softwood lumber mills in Ontario and Quebec, Canada, and exported softwood lumber into the U.S. from Canada. In connection with these exports, the Company paid approximately \$112 million of softwood lumber duties between 2017 and August 2021, including \$1 million of ancillary fees, which were recorded as expense in the periods incurred. As part of the sale of its lumber assets in 2021, the Company retained all refund rights and obligations to softwood duties generated or incurred through the closing date of the sale. As of March 30, 2024 December 31, 2023, the Company had a \$40 million long-term receivable associated with the USDOC's USDOC determinations of the revised duty rates for 2017 through 2021. This amount does not include interest, which will be due on any amounts refunded. The Company estimates that interest earned on the total amount of softwood lumber duties paid will exceed \$10 million. In June

On May 6, 2024, the Company announced executed on the sale of these rights (inclusive of the receivable), including all accrued interest, for \$39 million, with the opportunity for additional sale proceeds in the future contingent upon the timing and terms of the ultimate outcome of the trade dispute between the USDOC and Canada.

#### Other

In addition to the above, the Company is engaged in various legal and regulatory actions and proceedings and has been named as a defendant in various lawsuits and claims arising in the ordinary course of business. While the Company has procured reasonable and customary insurance covering risks normally occurring in connection with its business, the Company has, in certain cases, retained some risk through the operation of self-insurance, primarily in the areas of workers' compensation, property insurance, business interruption and general liability. These other lawsuits and claims, either individually or in the aggregate, are not expected to have a material adverse effect on the Company's financial position, results of operations or cash flows.

#### Guarantees and Other

The Company provides financial guarantees as required by creditors, insurance programs and various governmental agencies. As of March 30, 2024 June 29, 2024, the Company had net exposure of \$34 million \$33 million from various standby letters of credit, primarily for financial assurance relating to environmental remediation, credit support for natural gas and electricity purchases and guarantees related to foreign retirement plan obligations. These standby letters of credit represent a contingent liability; the Company would only be liable upon its default on the related payment obligations. The standby letters of credit have various expiration dates and are expected to be renewed as required.

The Company had surety bonds of \$89 million as of **March 30, 2024** **June 29, 2024**, primarily to comply with financial assurance requirements relating to environmental remediation and post-closure care, to provide collateral for the Company's workers' compensation program and to guarantee taxes and duties for products shipped internationally. These surety bonds expire at various dates and are expected to be renewed annually as required.

LTF is a venture in which the Company owns 45 percent and its partner, Borregaard ASA, owns 55 percent. The Company is a guarantor of LTF's financing agreements and, in the event of default, expects it would only be liable for its proportional share of any repayment under the agreements. The Company's proportion of the LTF financing agreement guarantee was **\$30 million** **\$29 million** at **March 30, 2024** **June 29, 2024**.

**Rayonier Advanced Materials Inc.**  
**Notes to Consolidated Financial Statements (Unaudited)**  
(in thousands unless otherwise stated)

The Company has not recorded any liabilities for these financial guarantees in its consolidated balance sheets, either because the Company has recorded the underlying liability associated with the guarantee or the guarantee is dependent on the Company's own performance and, therefore, is not subject to the measurement requirements or because the Company has calculated the estimated fair value of the guarantee and determined it to be immaterial based upon the current facts and circumstances that would trigger a payment obligation.

It is not possible to determine the maximum potential amount of liability under these potential obligations due to the unique set of facts and circumstances likely to be involved with each provision.

As of **March 30, 2024** **June 29, 2024**, all of the Company's collective bargaining agreements covering its unionized employees were current. As of the filing of this report, collective bargaining agreements covering approximately **235** **225** unionized employees were expired at the Fernandina plant. The employees have continued to work under the terms of the expired contracts while negotiations continue. While there can be no assurances, the Company expects to reach agreement with the unions. However, a work stoppage could have a material adverse effect on the Company's business, results of operations and financial condition.

## **Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations**

The following analysis of our financial condition and results of operations should be read in conjunction with our Financial Statements and the notes thereto included in this Quarterly Report on Form 10-Q and with our 2023 Form 10-K and information contained in subsequent Forms 8-K and other reports filed with the SEC.

### **Forward-Looking Statements**

Certain statements in this Quarterly Report on Form 10-Q regarding anticipated financial, business, legal or other outcomes, including business and market conditions, outlook and other similar statements relating to future events, developments or financial or operational performance or results, are "forward-looking statements" made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995 and other federal securities laws. These forward-looking statements are identified by the use of words such as "may," "will," "should," "could," "expect," "estimate," "target," "believe," "intend," "plan," "forecast," "anticipate," "project," "guidance" and other similar language. However, the absence of these or similar words or expressions does not mean that a statement is not forward-looking.

Forward-looking statements are not guarantees of future performance or events and undue reliance should not be placed on these statements. Although we believe the expectations reflected in any forward-looking statements are based on reasonable assumptions, we can give no assurance that these expectations will be attained, and it is possible that actual results may differ materially from those indicated by these forward-looking statements due to a variety of risks and uncertainties. The risk factors contained in Item 1A—Risk Factors of our 2023 Form 10-K, among others, could cause actual results or events to differ materially from our historical experience and those expressed in forward-looking statements made in this report.

Forward-looking statements are only as of the date of the filing of this Quarterly Report on Form 10-Q and we undertake no duty to update its forward-looking statements except as required by law. You are advised to review any disclosures that we have made or may make in our filings and other submissions to the SEC, including those on Forms 10-K, 10-Q, 8-K and other reports.

## Business Overview

We are a global leader of specialty cellulose materials with a broad offering of high purity cellulose specialties, a natural polymer used in the production of a variety of specialty chemical products, including liquid crystal displays, filters, textiles and performance additives for pharmaceutical, food and other industrial applications. Building upon more than 95 years of experience in cellulose chemistry, we provide some of the highest quality high-purity cellulose pulp products that make up the essential building blocks for our customers' products while providing exceptional service and value. Our specialized assets are also used to produce biofuels, bioelectricity and other biomaterials such as bioethanol and tall oils. We also produce a unique, lightweight multi-ply paperboard product and a bulky, high-yield pulp product. Our paperboard is used for production in the commercial printing, lottery ticket and high-end packaging sectors. Our high-yield pulp is used by paperboard producers, as well as in traditional printing, writing and specialty paper manufacturing.

We operate in three business segments: High Purity Cellulose, Paperboard and High-Yield Pulp.

## Recent Business Developments

- In May July 2024, we announced the sale suspended operations at our Temiscaming High Purity Cellulose plant for an indefinite period. See Note 2—Indefinite Suspension of Operations to our Financial Statements for further information.
- In June 2024, we recognized \$15 million in pre-tax income related to CEWS benefit claims deferred since 2021. See Note 3—Discontinued Operations and Note 7—Accrued and Other Current Liabilities to our Financial Statements for further information.
- In June 2024, we sold our refund rights, including interest, related to softwood lumber duties paid from 2017 through 2021 for \$39 million. See Note 1—Basis of Presentation to our Financial Statements for further information.
- In April 2024, we announced the suspension of operations at our Temiscaming High Purity Cellulose plant, effective July 2, 2024, for an indefinite period. See Note 1—Basis of Presentation 3—Discontinued Operations to our Financial Statements for further information.
- In January 2024, we amended our 2027 Term Loan agreement to increase the maximum consolidated secured net leverage ratio that we must maintain in the fourth quarter of 2023 and through fiscal year 2024. In addition, should we exceed the maximum ratio established by the original agreement during this period, we will incur a fee of 0.25% of the principal balance outstanding at the end of the applicable quarter. See Note 6—8—Debt and Finance Leases to our Financial Statements for further information.

## 2024 Outlook

We are actively pursuing the refinancing of our 2026 Senior Notes before they go current in January 2025 and strongly believe that, due to improving business performance and credit metrics, we will secure refinancing at satisfactory terms. We have engaged Houlihan Lokey to explore refinancing options.

In October 2023, we announced that we are exploring the potential sale of our Paperboard and High-Yield Pulp assets located at our Temiscaming site. The potential sale is consistent with our commitment. We continue to align our portfolio with our long-term growth strategy and provide flexibility. We are running a thorough process involving multiple suitors. While this process has been slowed due to pay down debt, reduce leverage and minimize earnings volatility. The sales process is progressing, albeit slower than originally anticipated, as buyers work through complexities relating to the complexity of carving out these assets from existing operations and consider the impact of the recently announced indefinite suspension of operations of the site's High Purity Cellulose line, we remain highly committed to completing a near-term sale of these assets at a fair price.

In July 2024, we indefinitely suspended operations at our Temiscaming High Purity Cellulose plant. While the suspension and asset sale decisions affecting the Temiscaming site have been approached and carried out independently, we believe the suspension will bring clarity to the

asset sale diligence process by validating that these assets can be efficiently run separately.

The indefinite suspension of operations at the Temiscaming High Purity Cellulose plant, announced on April 29, 2024, is anticipated to mitigate the plant's ongoing high capital needs and operating losses and high capital needs related to exposure to commodity viscose products and improve our consolidated free cash flow. We realized an \$18 million Adjusted EBITDA loss from these operations in 2023 and invested an average of \$15 million in capital expenditures over the past three years; flow, however, any future operational loss reductions will be partially offset by stranded costs, custodial site expenses. In connection with the suspension of operations, we expect to incur one-time operating charges in 2024 of approximately \$30 million, \$25 million to \$30 million, including mothball, mothballing and severance and other employee costs. Further, we also expect to incur non-cash charges in the third quarter of 2024 related to asset impairments. Overall, we We continue to expect that for 2024, the indefinite suspension of the Temiscaming High Purity Cellulose plant will be marginally positive to Adjusted EBITDA and will increase free cash flow by \$15 million \$25 million to \$20 million \$30 million as lower capital expenditures and benefits from the monetization of working capital are expected to more than offset the one-time and other cash costs associated with the suspension of operations.

On May 6, 2024, we announced the sale of our refund rights, including interest, related to softwood lumber duties paid from 2017 through 2021 for \$39 million, with the opportunity for additional sale proceeds in the future contingent upon the timing and terms of the ultimate outcome of the trade dispute between the USDOC and Canada.

The following market assessment represents our current outlook of our business segments' future performance.

#### **High Purity Cellulose**

Average sales prices for cellulose specialties in 2024 are expected to increase by a low single-digit percentage as compared to average sales prices in 2023 as the Company prioritizes we continue to prioritize value over volume. Sales volumes for cellulose specialties are expected to be comparable increase compared to 2023 driven by increased volumes from the closure of a competitor's plant, and a modest increase in ethers sales and additional volume sold to customers ahead of the suspension of Temiscaming High Purity Cellulose operations, partially offset by a one-time favorable impact from a change in customer contract terms in the prior year first quarter and customer destocking in the acetate markets. Demand for RYAM commodity products remains stable as stable. Commodity average sales prices are expected to be flat to in line with 2023 despite a difficult comparison to the first quarter of 2023. prices. Commodity sales volumes are expected to decline increase slightly in 2024 as we suspend operations at our Temiscaming High Purity Cellulose plant for the second half of 2024. 2024 due to increased fluff sales. Costs are expected to be lower in 2024 driven by lower key input and logistics costs, improved productivity and the indefinite suspension of operations at the Temiscaming High Purity Cellulose plant, partially offset by increased maintenance costs due to the timing of projects and net custodial site expenses related to the suspension. Our bioethanol facility in Tartas, France became operational in the first quarter of 2024 and is expected to deliver \$3 million \$3 million to \$4 million \$4 million of EBITDA in 2024, growing to \$8 million \$8 million to \$10 million \$10 million beginning in 2025. EBITDA in the third quarter of 2024 is expected to decrease in be lower than the second quarter of 2024 compared to the first quarter of 2024 due to the annual planned maintenance outage anticipated net custodial site expenses at Jesup, but the Temiscaming site, no additional CEWS benefits to be recognized and lower cellulose specialties volumes to be sold ahead of the suspension of operations; however, EBITDA in the third quarter of 2024 is expected to be significantly stronger than the second third quarter of 2023.

#### **Paperboard**

Paperboard prices in the second half of 2024 are expected to remain relatively stable decrease slightly compared to the first quarter half of 2024, while sales volumes are expected to improve due to improved customer demand increase slightly as inventories reduce, despite higher planned maintenance downtime for our distributed control system upgrade. Raw material prices are expected to increase as purchased pulp prices are forecast compared to increase from the first quarter 2024 levels, half of the year. Overall, we expect a decline in EBITDA is expected to increase sequentially, from this segment in the coming quarter.

#### **High-Yield Pulp**

High-Yield Pulp prices are expected to improve slightly in the second quarter and increase further decline in the second half of 2024, while sales volumes are expected to remain stable sequentially and then increase in the second half of 2024, due to improved productivity. Overall, we expect to generate positive moderately higher EBITDA from this segment in the coming quarter.

#### **Corporate**

Corporate costs are expected to be flat or increase slightly in the second half of 2024 as we continue our ERP implementation transformation project and considering the favorable foreign exchange rates in the first half of the year. The ERP transformation project will enhance our operating and reporting systems and is expected to drive additional improvements and efficiencies beginning in 2025.

## Biomaterials Strategy

We continue to invest in new products to provide both increased end market diversity and incremental profitability. These new products will target the growing green energy and products renewable product markets. The successful shipment of our first production of 2G Our bioethanol from our facility in Tertes, France bioethanol facility is operating as expected and represents a significant milestone towards our goal of generating \$42 million of annual EBITDA from these new biomaterial products by in 2027. Recent achievements include receiving conditional We have submitted notice of our GRAS regulatory approval self-certification for a prebiotics product to the U.S. Food and moving Drug Administration and continue to move forward with plans for a bioethanol facility in Fernandina Beach, Fernandina. We are also advancing various other projects and are in the process final stages of securing green capital to support these efforts. Updates on the progress of these initiatives will be provided throughout the year.

## Results of Operations

		Three Months Ended	Three Months Ended	Three Months Ended	Six Months Ended
		Three Months Ended	Three Months Ended	Three Months Ended	
	(in millions, except percentages)				
(in millions, except percentages)		(in millions, except percentages)	June 29, 2024	July 1, 2023	June 29, 2024
Net sales					
Net sales					
Net sales					
Cost of sales					
Cost of sales					
Cost of sales					
Gross margin					
Gross margin					
Gross margin					
Selling, general and administrative expense					
Selling, general and administrative expense					
Selling, general and administrative expense					
Foreign exchange gain					
Foreign exchange gain					
Foreign exchange gain					
Other operating expense, net					
Other operating expense, net					
Other operating expense, net					
Operating income					
Operating income					

Operating income											
Foreign exchange gain (loss)											
Indefinite suspension charges											
Other operating income (expense), net											
Operating income (loss)											
Interest expense											
Interest expense											
Interest expense											
Components of pension and OPEB, excluding service costs											
Components of pension and OPEB, excluding service costs											
Components of pension and OPEB, excluding service costs											
Other income, net											
Other income, net											
Other income, net											
Loss before income taxes											
Loss before income taxes											
Loss before income taxes											
Income tax benefit											
Income tax benefit											
Income (loss) from continuing operations before income tax											
Income tax benefit											
Equity in loss of equity method investment											
Equity in loss of equity method investment											
Equity in loss of equity method investment											
Net income (loss)											
Net income (loss)											
Income (loss) from continuing operations											
Income (loss) from discontinued operations, net of tax											
Net income (loss)											
Gross margin %											
Gross margin %											
Gross margin %											
Operating margin %											
Operating margin %											
Operating margin %											
Effective tax rate											
Effective tax rate											

## Effective tax rate

### Net Sales

	Three Months Ended	Three Months Ended	Three Months Ended	Six Months Ended
	Three Months Ended	Three Months Ended	Three Months Ended	
(in millions)				
(in millions)	(in millions)	June 29, 2024	July 1, 2023	June 29, 2024
High Purity Cellulose				
High Purity Cellulose				
High Purity Cellulose				
Paperboard				
Paperboard				
Paperboard				
High-Yield Pulp				
High-Yield Pulp				
High-Yield Pulp				
Eliminations				
Eliminations				
Eliminations				
Net sales				
Net sales				
Net sales				

Net sales for the quarter ended March 30, 2024 decreased \$79 million June 29, 2024 increased \$34 million, or 179 percent, compared to the prior year quarter driven by higher sales prices in High Purity Cellulose and higher sales volumes in cellulose specialties and Paperboard, partially offset by lower sales prices in Paperboard and High-Yield Pulp and lower sales volumes in commodity products and High-Yield Pulp.

Net sales for the six months ended June 29, 2024 decreased \$45 million, or 5 percent, compared to the same prior year period driven by lower sales prices in commodity products, Paperboard and High-Yield Pulp and lower sales volumes in cellulose specialties commodity products and commodity products, High-Yield Pulp, partially offset by higher sales prices in cellulose specialties and higher sales volumes in High-Yield Pulp, cellulose specialties and Paperboard. See **Operating Results by Segment** below for further discussion.

### Operating Income (Loss)

	Three Months Ended		Six Months Ended	
	June 29, 2024	July 1, 2023	June 29, 2024	July 1, 2023
(in millions)				
High Purity Cellulose	\$ 30	\$ —	\$ 51	\$ 13

Paperboard	12	6	20	16
High-Yield Pulp	1	1	—	8
Corporate	(15)	(14)	(26)	(27)
Operating income (loss)	\$ 28	\$ (7)	\$ 45	\$ 10

#### Operating Income

(in millions)	Three Months Ended	
	March 30, 2024	April 1, 2023
High Purity Cellulose	\$ 21	\$ 13
Paperboard	8	10
High-Yield Pulp	(1)	7
Corporate	(11)	(13)
Operating income	\$ 17	\$ 17

Operating income results for the quarter ended March 30, 2024 was flat June 29, 2024 improved \$35 million, or 500 percent compared to the prior year quarter as driven by the higher net sales in High Purity Cellulose and Paperboard, lower key input and logistics costs and a decrease in Corporate expense items were higher productivity, partially offset by the decrease in lower net sales across all segments in High-Yield Pulp and the impact of the timing of planned maintenance outages compared to the prior year.

Operating income for the six months ended June 29, 2024 increased \$35 million, or 350 percent compared to the prior year period driven by higher Paperboard net sales, lower key input and logistics costs and higher productivity, partially offset by the net sales decreases in High Purity Cellulose and High-Yield Pulp and the impact of the timing of planned maintenance outages compared to the prior year.

Also included in operating income in the current quarter and six-month periods was the recognition of \$10 million in CEWS benefit claims deferred since 2021 and \$7 million in costs incurred related to the suspension of Temiscaming High Purity Cellulose operations. Included in operating results in the prior year quarter and six-month periods was the recognition of a \$3 million benefit from payroll tax credit carryforwards and \$4 million and \$11 million, respectively, of energy cost benefits from sales of excess emission allowances that did not repeat in the current year. See *Operating Results by Segment* below for further discussion.

#### Non-Operating Income & Expense

Interest expense increased \$6 million during for the quarter and six months ended March 30, 2024 June 29, 2024 increased \$5 million and \$11 million, respectively, compared to the same prior year quarter periods driven by an increase in the average effective interest rate on debt, partially offset by a decrease in the average outstanding balance of debt. Total debt decreased \$67 \$56 million from April 1, 2023 July 1, 2023 to March 30, 2024 June 29, 2024.

Included in non-operating other "other income, net" in the quarter six months ended March 30, 2024 June 29, 2024 was a \$1 million impact from favorable foreign exchange rates in the current quarter.

Included in non-operating expense "other income, net" in the quarter and six months ended April 1, 2023 July 1, 2023 was a \$2 million gain on a passive land sale and a \$1 million net gain on debt extinguishment, which were partially offset by a \$1 million impact from unfavorable foreign exchange rates. Also included in the prior six-month period was a pension settlement loss, loss of \$2 million.

#### Income Taxes

The effective tax benefit rate on the income from continuing operations for the quarter and six months ended March 30, 2024 June 29, 2024 was 30 percent. a benefit of 11 percent and 21 percent, respectively. The 2024 effective tax rate differed from the federal statutory rate of 21 percent primarily due to the release of certain tax reserves, partially offset by return-to-accrual adjustments, excess deficit on vested stock compensation and changes in the valuation allowance on disallowed interest deductions.

The effective tax rate on the loss from continuing operations for the quarter and six months ended April 1, 2023 July 1, 2023 was not meaningful due to near break-even pretax income for the period, which results in any discrete tax adjustments significantly impacting the rate.

benefit of 18 percent and 32 percent, respectively. The largest adjustments creating a difference between the 2023 effective tax rate and rates differed from the federal statutory rate of 21 percent were primarily due to disallowed interest deductions in the U.S. and nondeductible executive compensation, offset by U.S. tax credits, return-to-accrual adjustments related to previously filed tax returns and an excess tax benefit on vested stock compensation and return-to-accrual adjustments compensation.

### Discontinued Operations

During the quarter ended June 29, 2024, we recorded pre-tax income from discontinued operations of \$5 million related to previously filed tax returns. CEWS benefit claims deferred since 2021 and a loss of \$1 million on the sale of our softwood lumber duty refund rights.

### Operating Results by Segment

#### High Purity Cellulose

(in millions, unless otherwise stated)	Three Months Ended	
	March 30, 2024	April 1, 2023
Net sales	\$ 307	\$ 374
Operating income	\$ 21	\$ 13
Average sales prices (\$ per MT)	\$ 1,299	\$ 1,322
Sales volumes (thousands of MTs)	219	265

(in millions, unless otherwise stated)	Three Months Ended		Six Months Ended	
	June 29, 2024	July 1, 2023	June 29, 2024	July 1, 2023
Net sales	\$ 332	\$ 300	\$ 639	\$ 674
Operating income	\$ 30	\$ —	\$ 51	\$ 13
Average sales prices (\$ per MT)	\$ 1,371	\$ 1,301	\$ 1,335	\$ 1,313
Sales volumes (thousands of MTs)	225	214	444	479

#### Net Sales - Three Months Ended

(in millions)	Three Months Ended April 1, 2023	Changes Attributable to:		Three Months Ended March 30, 2024
		Three Months Ended July 1, 2023	Three Months Ended June 29, 2024	
Cellulose specialties				
Cellulose specialties				
Cellulose specialties				
Commodity products				
Other sales(a)				

## Net sales

(a) Included sales of bioelectricity, lignosulfonates and other by-products to third parties.

Net sales of our High Purity Cellulose segment for the quarter decreased \$67 million ended June 29, 2024 increased \$32 million compared to the same prior year quarter. Included in each of the current and prior year quarters were \$23 million and \$22 million, respectively, of other sales primarily from bio-based energy and lignosulfonates. Despite Due to improved mix, total sales prices increased 5 percent. Total sales volumes increased 5 percent due to a 25 percent increase in cellulose specialties volumes that was partially offset by a 13 percent decrease in commodity volumes. Cellulose specialties sales volumes increased due to additional volumes sold to customers affected by the indefinite suspension of Temiscaming High Purity Cellulose operations that began in the third quarter, the closure of a competitor's plant in late 2023 and a continued uptick in ethers sales. The decrease in commodity sales volumes was primarily driven by a higher mix of cellulose specialties production.

### Net Sales - Six Months Ended

(in millions)	Six Months Ended July 1, 2023	Changes Attributable to:		Six Months Ended June 29, 2024
		Price	Volume/Mix/Other	
Cellulose specialties	\$ 406	\$ 5	\$ 7	\$ 418
Commodity products	223	(23)	(25)	175
Other sales <sup>(a)</sup>	45	—	1	46
<b>Net sales</b>	<b>\$ 674</b>	<b>\$ (18)</b>	<b>\$ (17)</b>	<b>\$ 639</b>

(a) Included sales of bioelectricity, lignosulfonates and other by-products to third parties.

Net sales of our High Purity Cellulose segment for the six months ended June 29, 2024 decreased \$35 million compared to the same prior year period. Included in the current and prior year six-month periods were \$46 million and \$45 million, respectively, of other sales primarily from bio-based energy and lignosulfonates. Total sales prices increased 2 percent due to a 1 percent increase in cellulose specialties prices total sales prices decreased 2 percent due to an 11 that was partially offset by a 6 percent decrease in commodity prices. Total Despite a cellulose specialties sales volumes increase of 2 percent, total sales volumes decreased 177 percent driven by a 16 percent and 18 percent decreases decrease in cellulose specialties and commodity volumes, respectively. volumes. Increased cellulose specialties sales volumes resulting from the additional volumes sold ahead of the suspension of Temiscaming High Purity Cellulose operations, the closure of a competitor's plant in late 2023 and an uptick in ethers sales were more than nearly entirely offset by customer destocking in acetate products and the one-time favorable impact from a change in customer contract terms in the prior year first quarter. The decrease in commodity sales volumes was primarily driven by lower production in favor a higher mix of cellulose specialties production as we built inventory ahead of Jesup's second quarter planned maintenance outage. production.

### Operating Income - Three Months Ended

		Gross Margin			
	Three Months Ended April 1, 2023	Changes Attributable to:		Three Months Ended March 30, 2024	
	Three Months Ended July 1, 2023	Three Months Ended June			

(in millions,  
except  
percentages)

29,  
2024

Operating income

Operating income

Operating income

Operating margin %

margin % 3.5 %

(3.8)%

(10.5)%

17.9 %

(0.3)%

6.8 %

Operating margin %

— %

(2.0)%

4.5 %

7.2 %

(0.7)%

9.0 %

(a) Computed based on contribution margin.

Operating income of our High Purity Cellulose segment for the quarter ended June 29, 2024 increased \$8 million \$30 million compared to the same prior year quarter driven by the higher cellulose specialties sales prices, volumes, decreased key input and logistics costs and improved higher productivity, partially offset by the lower cellulose specialties sales volumes, lower commodity sales prices impact of the timing of planned maintenance outages compared to the prior year. Also included in the current quarter was the recognition of \$5 million in CEWS benefit claims deferred since 2021 and \$7 million in costs incurred related to the suspension of Temiscaming High Purity Cellulose operations. Included in the operating results of the prior year quarter was the recognition of a \$3 million benefit from payroll tax credit carryforwards and \$7 million \$4 million of energy cost benefits in the prior year quarter from sales of excess emission allowances that did not repeat in the current quarter.

#### Operating Income - Six Months Ended

(in millions, except percentages)	Gross Margin Changes Attributable to:						Six Months Ended June 29, 2024
	Six Months Ended July 1, 2023		Sales			SG&A and other	
	Sales Price	Volume/Mix/Other <sup>(a)</sup>	Cost				
Operating income	\$ 13	\$ (18)	\$ (19)	\$ 78	\$ (3)	\$ 51	
Operating margin %	1.9 %	(2.7)%	(3.0)%	12.2 %	(0.4)%	8.0 %	

(a) Computed based on contribution margin.

Operating income of our High Purity Cellulose segment for the six months ended June 29, 2024 increased \$38 million compared to the same prior year period driven by the increase in cellulose specialties sales prices and volumes, decreased key input and logistics costs and higher productivity, partially offset by the lower commodity sales prices and volumes and the impact of the timing of planned maintenance outages compared to the prior year. Also included in the current six-month period was the recognition of \$5 million in CEWS benefit claims deferred since 2021 and \$7 million in costs incurred related to the suspension of Temiscaming High Purity Cellulose operations. Included in operating income in the prior year six-month period was the recognition of a \$3 million benefit from payroll tax credit carryforwards and \$11 million of energy cost benefits from sales of excess emission allowances that did not repeat in the current year.

#### Paperboard

(in millions, unless otherwise stated)	Three Months Ended		Three Months Ended		Six Months Ended	
	Three Months Ended		Three Months Ended		Six Months Ended	
	Three Months Ended					
(in millions, unless otherwise stated)			(in millions, unless otherwise stated)	June 29, 2024	July 1, 2023	June 29, 2024
Net sales						July 1, 2023
Net sales						
Net sales						
Operating income						

Operating income
Operating income
Average sales prices (\$ per MT)
Average sales prices (\$ per MT)
Average sales prices (\$ per MT)
Sales volumes (thousands of MTs)
Sales volumes (thousands of MTs)
Sales volumes (thousands of MTs)

#### Net Sales - Three Months Ended

	Three Months Ended April 1, 2023		Changes Attributable to:		Three Months Ended March 30, 2024	
	(in millions)	Three Months Ended July 1, 2023	Three Months Ended June 29, 2024			
Net sales						
Net sales						
Net sales						

Net sales of our Paperboard segment for the quarter decreased \$6 million ended June 29, 2024 increased \$12 million compared to the same prior year quarter driven by a 12.38 percent increase in sales volumes due to the easing of prior year customer destocking, partially offset by an 8 percent decrease in sales prices driven by mix and increased competitive activity from European imports.

#### Net Sales - Six Months Ended

(in millions)	Six Months Ended July 1, 2023		Changes Attributable to:		Six Months Ended June 29, 2024	
			Price	Volume/Mix		
Net sales	\$ 107	\$ (13)	\$ 19	\$ 113		

Net sales of our Paperboard segment for the six months ended June 29, 2024 increased \$6 million compared to the same prior year period driven by a 17 percent increase in sales volumes due to market-driven demand declines and mix, the easing of prior year customer destocking, partially offset by a slight increase 10 percent decrease in sales volumes.

prices driven by mix and increased competitive activity from European imports.

#### Operating Income - Three Months Ended

		Three Months Ended April 1, 2023		Three Months Ended March 30, 2024	
		Gross Margin Changes Attributable to:			
		Three Months Ended July 1, 2023		Three Months Ended June 29, 2024	
(in millions, except percentages)					
Operating income					
Operating income					
Operating income					
Operating margin %	Operating margin %	16.9 %	(11.2) %	— %	9.4 %
				— %	15.1 %
				Operating margin %	12.5 %
				(10.2) %	11.0 %
					3.3 %
					3.4 %
					20.0 %

(a) Computed based on contribution margin.

Operating income of our Paperboard segment for the quarter decreased \$2 million ended June 29, 2024 increased \$6 million compared to the same prior year quarter driven by the higher sales volumes and lower purchased pulp costs, partially offset by the lower sales prices and the impact of the planned maintenance outage in the prior year. Also included in operating income in the current quarter was the recognition of \$2 million in CEWS benefit claims deferred since 2021.

#### Operating Income - Six Months Ended

(in millions, except percentages)	Gross Margin Changes Attributable to:						Six Months Ended June 29, 2024	
	Six Months Ended July 1, 2023			SG&A and other				
	Sales Price	Sales Volume/Mix <sup>(a)</sup>	Cost					
Operating income	\$ 16	\$ (13)	\$ 8	\$ 7	\$ 2	\$ 20		
Operating margin %	15.0 %	(11.8) %	6.5 %	6.2 %	1.8 %	17.7 %		

(a) Computed based on contribution margin.

Operating income of our Paperboard segment for the six months ended June 29, 2024 increased \$4 million compared to the same prior year period driven by the higher sales volumes and lower purchased pulp costs, partially offset by the lower purchased pulp costs, sales prices and the impact of the planned maintenance outage in the prior year. Also included in operating income in the current six-month period was the recognition of \$2 million in CEWS benefit claims deferred since 2021.

#### High-Yield Pulp

	Three Months Ended	Three Months Ended	Three Months Ended
	Three Months Ended	Three Months Ended	Six Months Ended

(in millions, unless otherwise stated)			
(in millions, unless otherwise stated)			
(in millions, unless otherwise stated)	(in millions, unless otherwise stated)	June 29, 2024	July 1, 2023
Net sales			
Net sales			
Net sales			
Operating income (loss)			
Operating income (loss)			
Operating income (loss)			
Average sales prices (\$ per MT) <sup>(a)</sup>			
Average sales prices (\$ per MT) <sup>(a)</sup>			
Operating income			
Average sales prices (\$ per MT) <sup>(a)</sup>			
Sales volumes (thousands of MTs) <sup>(a)</sup>			
Sales volumes (thousands of MTs) <sup>(a)</sup>			
Sales volumes (thousands of MTs) <sup>(a)</sup>			

(a) External sales only. During the quarters ended **March 30, 2024** June 29, 2024 and **April 1, 2023** July 1, 2023, the High-Yield Pulp segment sold 16,000 MTs and **17,000** 14,000 MTs of high-yield pulp to the Paperboard segment for \$7 million and **\$8** \$6 million, respectively. During each of the six months ended June 29, 2024 and July 1, 2023, the High-Yield Pulp segment sold 32,000 MTs of high-yield pulp to the Paperboard segment for \$13 million and **\$15** million, respectively.

#### Net Sales - Three Months Ended

	Three Months Ended April 1, 2023		Changes Attributable to:		Three Months Ended March 30, 2024	
			Three Months Ended July 1, 2023	Three Months Ended June 29, 2024		
(in millions)						
Net sales						
Net sales						
Net sales						

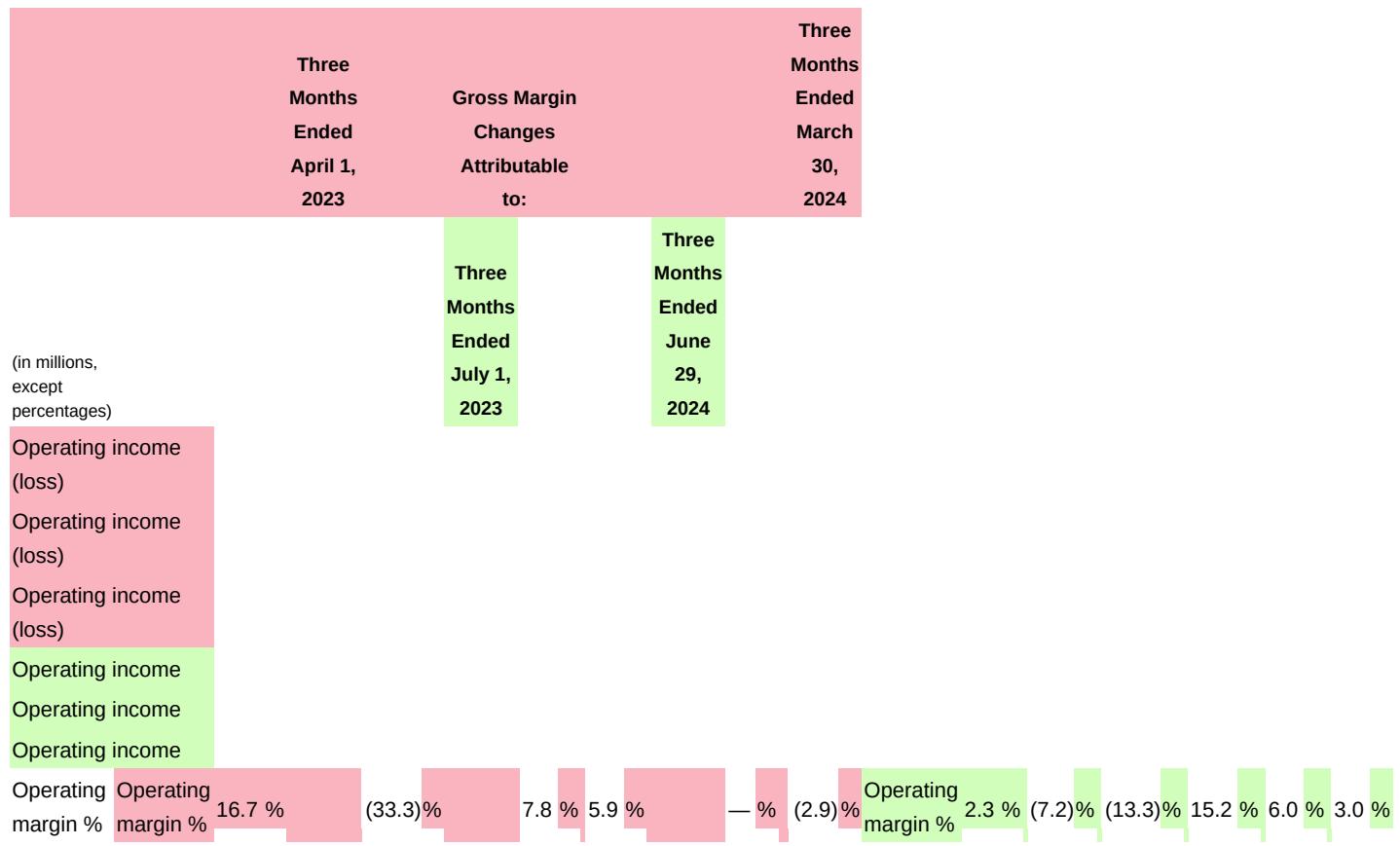
Net sales of our High-Yield Pulp segment for the quarter ended June 29, 2024 decreased \$8 million \$11 million compared to the same prior year quarter driven by a 27.9 percent decrease in sales prices due to market supply dynamics in China partially offset by and a 16.25 percent increase decrease in sales volumes. volumes due to lower demand.

#### Net Sales - Six Months Ended

	Six Months Ended July 1, 2023		Changes Attributable to:		Six Months Ended June 29, 2024	
			Price	Volume/Mix		
(in millions)						
Net sales	\$ 86	\$ (14)	\$ (5)	\$ 67		

Net sales of our High-Yield Pulp segment for the six months ended June 29, 2024 decreased \$19 million compared to the same prior year period driven by an 18 percent decrease in sales prices due to market supply dynamics in China and an 8 percent decrease in sales volumes due to lower demand.

### Operating Income (Loss) - Three Months Ended



(a) Computed based on contribution margin.

Operating results income of our High-Yield Pulp segment for the quarter declined \$8 million ended June 29, 2024 was flat compared to the same prior year quarter, driven as lower logistics and chemicals costs were offset by the lower sales prices partially offset by the higher sales and volumes and lower logistics costs. the impact of the planned maintenance outage in the prior year. Also included in the current quarter was the recognition of \$2 million in CEWS benefit claims deferred since 2021.

### Operating Income - Six Months Ended

#### Corporate

(in millions, except percentages)	Six Months Ended July 1, 2023	Gross Margin Changes Attributable to:			SG&A and other	Six Months Ended June 29, 2024
		Sales Price	Sales Volume/Mix <sup>(a)</sup>	Cost		
Operating income	\$ 8	\$ (14)	\$ (2)	\$ 6	\$ 2	\$ —
Operating margin %	9.3 %	(17.6) %	(3.6) %	9.0 %	2.9 %	— %
<b>Three Months Ended</b>					<b>March 30, 2024</b>	
<b>Operating loss</b>					<b>April 1, 2023</b>	
(in millions)					\$ (11)	

(a) Computed based on contribution margin.

Operating income of our High-Yield Pulp segment for the six months ended June 29, 2024 decreased \$8 million compared to the same prior year period, as the lower sales prices and volumes and the impact of the planned maintenance outage in the prior year were partially offset by lower logistics and chemicals costs. Also included in the current six-month period was the recognition of \$2 million in CEWS benefit claims deferred since 2021.

#### Corporate

(in millions)	Three Months Ended		Six Months Ended	
	June 29, 2024	July 1, 2023	June 29, 2024	July 1, 2023
Operating loss	\$ (15)	\$ (14)	\$ (26)	\$ (27)

The Corporate operating loss for the quarter and six months ended June 29, 2024 increased \$1 million and decreased \$2 million \$1 million, respectively, compared to the same prior year periods. The increase in the quarter loss was driven by higher costs related to our ERP transformation project and higher variable compensation costs and discounting and financing fees, partially offset by more favorable foreign exchange rates in the current quarter. The improvement in the operating loss in the six-month period was driven by more favorable foreign exchange rates in the current quarter, partially offset by higher costs related to our ERP transformation project and higher variable compensation costs and discounting and financing fees in the current quarter, fees.

#### Liquidity and Capital Resources

##### Overview

Cash flows from operations, primarily driven by operating results, have historically been our primary source of liquidity and capital resources. As operating cash flows can be negatively impacted by fluctuations in market prices for our commodity products and changes in demand for our products, we maintain a key focus on cash, managing working capital closely and optimizing the timing and level of our capital expenditures. We believe our future cash flows from operations, availability under our ABL Credit Facility and our ability to access the capital markets, if necessary or desirable, will be adequate to fund our operations and anticipated long-term funding requirements, including capital expenditures, defined benefit plan contributions and repayment of debt maturities.

Our Board of Directors suspended our quarterly common stock dividend in September 2019. No dividends have been declared since. The declaration and payment of future common stock dividends, if any, will be at the discretion of our Board of Directors and will be dependent upon our financial condition, results of operations, capital requirements and other factors that the Board of Directors deems relevant. In addition, our debt facilities place limitations on the declaration and payment of future dividends.

In January 2018, our Board of Directors authorized a \$100 million common stock share buyback program. We did have not repurchased any shares under this program during the three months ended March 30, 2024 and April 1, 2023, since 2018 and do not expect to utilize any of the remaining \$60 million in unused authorization in the future.

Our non-guarantor subsidiaries had assets of \$450 \$452 million, liabilities of \$400 \$406 million, year-to-date revenue of \$56 \$116 million and a trailing twelve month ABL Credit Facility and Term Loan covenant EBITDA for continuing operations of \$15 \$12 million as of March 30, 2024 June 29, 2024.

Our liquidity and capital resources are summarized below:

(in millions, except ratios)	(in millions, except ratios)	March 30, 2024	December 31, 2023	(in millions, except ratios)	June 29, 2024	December 31, 2023
	(in millions, except ratios)	(in millions, except ratios)	(in millions, except ratios)		(in millions, except ratios)	(in millions, except ratios)
Cash and cash equivalents						
Availability under the ABL Credit Facility <sup>(a)(b)</sup>						
Total debt <sup>(b)</sup>						
Stockholders' equity						

Total capitalization (total debt plus stockholders' equity)	Debt to capital ratio	51 %	Debt to capital ratio	51 %	Debt to capital ratio	51 %
Debt to capital ratio						

(a) Amounts available under the ABL Credit Facility fluctuate based on eligible accounts receivable and inventory levels. At **March 30, 2024** **June 29, 2024**, we had **\$164 million** **\$167 million** of gross availability and net available borrowings of **\$131 million** **\$135 million** after taking into account outstanding letters of credit of **\$33 million** **\$32 million**. In addition to the availability under the ABL Credit Facility, we have **\$13 million** **\$11 million** available under our accounts receivable factoring line of credit in France.

(b) See Note 6—8—Debt and Finance Leases to our Financial Statements for further information.

### Cash Requirements

#### Contractual Commitments

Our principal contractual commitments include standby letters of credit, surety bonds, guarantees, purchase obligations and leases. We utilize arrangements such as standby letters of credit and surety bonds to provide credit support for certain suppliers and vendors in case of their default on critical obligations, collateral for certain of our self-insurance programs and guarantees for the completion of our remediation of environmental liabilities. As part of our ongoing operations, we also periodically issue guarantees to third parties. Our primary purchase obligation payments relate to natural gas, steam energy and wood chips purchase contracts. There have been no material changes to our contractual commitments outside the ordinary course of business during the **three** **six** months ended **March 30, 2024** **June 29, 2024**.

We remain subject to purchase obligations under the 20-year wood chip and residual fiber supply agreement with GreenFirst, under which total required purchase volumes of wood chips and residual fiber are dependent on sawmill production. In connection with the indefinite suspension of operations at the Temiscaming High Purity Cellulose plant, we and GreenFirst have agreed that we will purchase the required volumes at market value and sell them to third parties at the same amount for an expected neutral impact.

See Note 15—17—Commitments and Contingencies to our Financial Statements for further information.

#### Debt

In January 2024, we amended the 2027 Term Loan to increase the maximum consolidated secured net leverage ratio that we must maintain beginning in the fourth quarter of 2023 and through our 2024 fiscal year. The amendment provides us with the operational flexibility to execute our strategic initiatives in 2024. Should we exceed the maximum ratio established by the original agreement in any of these quarters, we will incur a fee of 0.25% of the principal balance outstanding at the end of the applicable quarter. As of **March 30, 2024** **June 29, 2024** we were in compliance with all financial and other **customary** covenants under our 2027 Term Loan and other credit agreements. See Note 6—8—Debt and Finance Leases to our Financial Statements for further information.

#### Cash Flows

	Three Months Ended		Six Months Ended	
(in millions)	(in millions)	<b>March 30, 2024</b>	(in millions)	<b>June 29, 2024</b>
Cash flows provided by (used in):				
Operating activities				

Operating activities
Operating activities
Investing activities
Investing activities
Investing activities
Financing activities
Financing activities
Financing activities

Cash provided by operating activities decreased \$39 million increased \$15 million primarily due to lower costs, proceeds of \$39 million for the sale of our softwood lumber duty refund rights, net cash outflows from working capital tax refunds in the current year compared to net inflows tax payments in the prior year and higher payments of interest on long-term debt, partially offset by higher payments in the prior year on deferred energy liabilities associated with our Tartas facility operations and the receipt of net tax refunds operations. These cash inflows were partially offset by cash outflows from working capital in the current year compared to net tax payments inflows in the prior year and higher payments of interest on long-term debt.

Cash used in investing activities increased \$12 million \$4 million primarily due to the timing of payments of capital expenditures and higher strategic capital spending.

Cash used in financing activities decreased \$15 million \$25 million primarily due to net borrowings of long-term debt in the current year compared to net repayments in the prior year and a decrease in repurchases of common stock to satisfy tax withholding requirements related to the issuance of stock under our incentive stock plans, partially offset by debt issuance costs paid in the current year.

#### Performance and Liquidity Indicators

The discussion below is presented to enhance the reader's understanding of our operating performance, liquidity and ability to generate cash and satisfy rating agency and creditor requirements. This information includes the non-GAAP financial measures of EBITDA, adjusted EBITDA and adjusted free cash flows. These measures are not defined by GAAP and our discussion of them is not intended to conflict with or change any of our GAAP disclosures provided in this report.

We believe these non-GAAP financial measures provide useful information to our Board of Directors, management and investors regarding our financial condition and results of operations. Our management uses these non-GAAP financial measures to compare our performance to that of prior periods for trend analyses, to determine management incentive compensation and for budgeting, forecasting and planning purposes. Our management considers these non-GAAP financial measures, in addition to operating income, to be important in estimating our enterprise and stockholder values and for making strategic and operating decisions. In addition, analysts, investors and creditors use these non-GAAP financial measures when analyzing our operating performance, financial condition and cash-generating ability. We use EBITDA and adjusted EBITDA as performance measures and adjusted free cash flows as a liquidity measure.

We do not consider non-GAAP financial measures an alternative to financial measures determined in accordance with GAAP. The principal limitation of these non-GAAP financial measures is that they may exclude significant expense and income items that are required by GAAP to be recognized in our Financial Statements. In addition, they reflect the exercise of management's judgment about which expense and income items are excluded or included in determining these non-GAAP financial measures. To compensate for these limitations, reconciliations of our non-GAAP financial measures to their most directly comparable GAAP financial measures are provided below. Non-GAAP financial measures are not necessarily indicative of results that may be generated in future periods and should not be relied upon, in whole or part, in evaluating our financial condition, results of operations or future prospects.

## EBITDA and Adjusted EBITDA

EBITDA is defined as earnings before interest, taxes, depreciation and amortization. Adjusted EBITDA is defined as EBITDA adjusted for items that management believes are not representative of our core operations.

Net income **Income (loss) from continuing operations** is reconciled to EBITDA and Adjusted EBITDA **from continuing operations**, by segment, as follows:

(in millions)	High Purity Cellulose	Paperboard	High-Yield Pulp	Corporate	Total
<b>Three Months Ended March 30, 2024</b>					
Net income (loss)	\$ 21	\$ 8	\$ (1)	\$ (30)	\$ (2)
Depreciation and amortization	29	4	1	—	34
Interest expense, net	—	—	—	20	20
Income tax benefit	—	—	—	—	—
<b>EBITDA and Adjusted EBITDA</b>	<b>\$ 50</b>	<b>\$ 12</b>	<b>\$ —</b>	<b>\$ (10)</b>	<b>\$ 52</b>
<b>Three Months Ended April 1, 2023</b>					
Net income (loss)	\$ 13	\$ 10	\$ 7	\$ (28)	\$ 2
Depreciation and amortization	31	3	1	—	35
Interest expense, net	—	—	—	15	15
Income tax benefit	—	—	—	(3)	(3)
<b>EBITDA</b>	<b>44</b>	<b>13</b>	<b>8</b>	<b>(16)</b>	<b>49</b>
Pension settlement loss	—	—	—	2	2
<b>Adjusted EBITDA</b>	<b>\$ 44</b>	<b>\$ 13</b>	<b>\$ 8</b>	<b>\$ (14)</b>	<b>\$ 51</b>

(in millions)	High Purity Cellulose	Paperboard	High-Yield Pulp	Corporate	Total
<b>Three Months Ended June 29, 2024</b>					
Income (loss) from continuing operations	\$ 30	\$ 13	\$ 1	\$ (36)	\$ 8
Depreciation and amortization	29	2	1	1	33
Interest expense, net	—	—	—	21	21
Income tax benefit	—	—	—	(1)	(1)
<b>EBITDA-continuing operations</b>	<b>59</b>	<b>15</b>	<b>2</b>	<b>(15)</b>	<b>61</b>
Indefinite suspension charges	7	—	—	—	7
<b>Adjusted EBITDA-continuing operations</b>	<b>\$ 66</b>	<b>\$ 15</b>	<b>\$ 2</b>	<b>\$ (15)</b>	<b>\$ 68</b>
<b>Three Months Ended July 1, 2023</b>					
Income (loss) from continuing operations	\$ —	\$ 6	\$ 1	\$ (23)	\$ (16)
Depreciation and amortization	28	4	—	1	33
Interest expense, net	—	—	—	14	14
Income tax benefit	—	—	—	(3)	(3)
<b>EBITDA-continuing operations</b>	<b>28</b>	<b>10</b>	<b>1</b>	<b>(11)</b>	<b>28</b>

Gain on debt extinguishment	—	—	—	(1)	(1)
Adjusted EBITDA-continuing operations	\$ 28	\$ 10	\$ 1	\$ (12)	\$ 27

#### **Six Months Ended June 29, 2024**

Income (loss) from continuing operations	\$ 51	\$ 21	\$ —	\$ (65)	\$ 7
Depreciation and amortization	58	6	2	1	67
Interest expense, net	—	—	—	41	41
Income tax benefit	—	—	—	(2)	(2)
EBITDA-continuing operations	109	27	2	(25)	113
Indefinite suspension charges	7	—	—	—	7
Adjusted EBITDA-continuing operations	\$ 116	\$ 27	\$ 2	\$ (25)	\$ 120

#### **Six Months Ended July 1, 2023**

Income (loss) from continuing operations	\$ 13	\$ 16	\$ 8	\$ (51)	\$ (14)
Depreciation and amortization	59	7	1	1	68
Interest expense, net	—	—	—	29	29
Income tax benefit	—	—	—	(6)	(6)
EBITDA-continuing operations	72	23	9	(27)	77
Pension settlement loss	—	—	—	2	2
Gain on debt extinguishment	—	—	—	(1)	(1)
Adjusted EBITDA-continuing operations	\$ 72	\$ 23	\$ 9	\$ (26)	\$ 78

EBITDA from continuing operations for the quarter ended **March 30, 2024** **June 29, 2024** increased \$3 million \$33 million compared to the same prior year quarter driven by higher net sales, lower key input and logistics costs, higher productivity and CEWS benefit claims income, partially offset by the impact of the timing of planned maintenance outages compared to the prior year quarter and the costs incurred related to the suspension of Temiscaming High Purity Cellulose operations. EBITDA from continuing operations for the six months ended June 29, 2024 increased \$36 million compared to the same prior year period driven by lower key input and logistics costs, improved higher productivity and a decrease in Corporate expense items, CEWS benefit claims income, partially offset by the decrease in net sales, across all segments. the impact of the timing of planned maintenance outages compared to the prior year and the costs incurred related to the suspension of Temiscaming High Purity Cellulose operations. See **Results of Operations** above for additional discussion of the changes in our operating results.

#### **Adjusted Free Cash Flow**

Adjusted free cash flow is defined as cash provided by operating activities adjusted for capital expenditures, net of proceeds from the sale of assets and excluding strategic capital expenditures deemed discretionary by management. Adjusted free cash flow is a non-GAAP financial measure of cash generated during a period, which is available for debt reduction, strategic capital expenditures, acquisitions and repurchases of our common stock. Adjusted free cash flow is not necessarily indicative of the adjusted free cash flow that may be generated in future periods.

Cash provided by operating activities is reconciled to adjusted free cash flow as follows:

	Three Months Ended		Six Months Ended			
(in millions)	(in millions)	March 30, 2024	April 1, 2023	(in millions)	June 29, 2024	July 1, 2023

## Cash provided by operating activities

Capital expenditures, net<sup>(a)</sup>

Adjusted free cash flow

<sup>(a)</sup> Net of proceeds from the sale of assets and excluding strategic capital expenditures. Strategic capital expenditures for the **three** **six** months ended **March 30, 2024** **June 29, 2024** and **April 1, 2023** **July 1, 2023** were **\$5 million** **\$28 million** and **\$6 million** **\$22 million**, respectively.

Adjusted free cash flow **decreased** **increased** primarily due to **lower** **costs** and the **proceeds** from the **sale** of our **softwood** **lumber** **duty** **refund** **rights**, partially offset by changes in working **capital** and higher **capital** **expenditures**, **capital**. See **Liquidity and Capital Resources—Cash Flows** above for additional discussion of our operating cash flows.

## Item 3. Quantitative and Qualitative Disclosures About Market Risk

### Market and Other Economic Risks

We are exposed to various market risks, primarily changes in interest rates, currency and commodity prices. Our objective is to minimize the economic impact of these market risks. We may use derivatives in accordance with policies and procedures approved by the Finance & Strategic Planning Committee of our Board of Directors.

#### Foreign Currency

We manage our foreign currency exposures by balancing certain assets and liabilities denominated in foreign currencies. We may also use foreign currency forward contracts to manage these exposures. The principal objective of such contracts is to minimize the potential volatility and financial impact of changes in foreign currency exchange rates. We do not utilize financial instruments for trading or other speculative purposes.

#### Prices

The prices, sales volumes and margins of the commodity products of our High Purity Cellulose segment and all the products of the High-Yield Pulp segment have historically been cyclically affected by economic and market shifts, fluctuations in capacity and changes in foreign currency exchange rates. These products have less distinguishing qualities from producer to producer and competition is based primarily on price, which is determined by market supply relative to demand. The overall levels of demand for the products we manufacture, and consequently our sales and profitability, reflect fluctuations in end user demand. Our cellulose specialties product prices are impacted by market supply and demand, raw material and processing costs, changes in global currencies and other factors.

Certain key input costs, such as wood fiber, chemicals and energy, may experience significant price fluctuations, also impacted by market shifts, fluctuations in capacity and other demand and supply dynamics. We may periodically enter into commodity forward contracts to fix some of our energy costs that are subject to price volatility caused by weather, supply conditions, political and economic variables and other unpredictable factors. Such forward contracts partially mitigate the risk of changes to our gross margins resulting from an increase or decrease in these costs. Forward contracts that are derivative instruments are reported in our consolidated balance sheets at their fair values, unless they qualify for the normal purchase normal sale exception and such exception has been elected, in which case, the fair values of such contracts are not recognized in the balance sheet.

#### Variable Interest Rates

As of **March 30, 2024** **June 29, 2024** and December 31, 2023, we had \$252 million and \$255 million, respectively, of variable rate debt subject to interest rate risk. At these borrowing levels, a hypothetical one percent change in interest rates would have resulted in a \$2 million change in interest expense for each of the respective periods.

The fair market value of our long-term fixed interest rate debt is also subject to interest rate risk when the debt becomes due or if we do not hold the debt until maturity. The estimated fair value of our fixed-rate debt at **March 30, 2024** **June 29, 2024** and December 31, 2023 was **\$502** **\$511** million and \$498 million, respectively, compared to their respective **\$544** **\$542** million and \$540 million principal amounts. We use

quoted market prices to estimate the fair value of our fixed-rate debt. Generally, the fair market value of fixed-rate debt will increase as interest rates fall and decrease as interest rates rise.

#### **Item 4. Controls and Procedures**

##### **Management's Evaluation of Disclosure Controls and Procedures**

Our management is responsible for establishing and maintaining adequate disclosure controls and procedures. Disclosure controls and procedures (as defined in Rule 13a-15(e) under the Exchange Act) are designed with the objective of ensuring that information required to be disclosed in reports filed under the Exchange Act, such as this Quarterly Report on Form 10-Q, is (1) recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and (2) accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

Because of the inherent limitations in all control systems, no control evaluation can provide absolute assurance that all control exceptions and instances of fraud have been prevented or detected on a timely basis. Even systems determined to be effective can provide only reasonable assurance their objectives are achieved.

Based on an evaluation of our disclosure controls and procedures as of the end of the period covered by this Quarterly Report on Form 10-Q, our management, including the Chief Executive Officer and Chief Financial Officer, concluded the design and operation of the disclosure controls and procedures were effective as of **March 30, 2024** **June 29, 2024**.

#### **Internal Control over Financial Reporting**

For the quarter ended **March 30, 2024** **June 29, 2024**, based upon the evaluation required by SEC Rule 13a-15(d), there were no changes in our internal control over financial reporting that would materially affect or are reasonably likely to materially affect our internal control over financial reporting.

## **Part II. Other Information**

#### **Item 1. Legal Proceedings**

The Company is engaged in various legal and regulatory actions and proceedings and has been named as a defendant in various lawsuits and claims arising in the ordinary course of business. While the Company has procured reasonable and customary insurance covering risks normally occurring in connection with its business, the Company has, in certain cases, retained some risk through the operation of self-insurance, primarily in the areas of workers' compensation, property insurance, business interruption and general liability. While there can be no assurance, the ultimate outcomes of these actions, either individually or in the aggregate, are not expected to have a material adverse effect on the Company's financial position, results of operations or cash flows.

#### **Item 1A. Risk Factors**

There have been no material changes or updates to the risk factors previously disclosed in our 2023 Form 10-K.

#### **Item 2. Unregistered Sales of Equity Securities and Use of Proceeds**

##### **Issuer Purchases of Equity Securities**

The following table summarizes our purchases of RYAM common stock during the quarter ended **March 30, 2024** **June 29, 2024**:

Period	Number of Shares Purchased	Average Price per Share	Total Value of Shares Purchased
March 30, 2024	0	\$0.00	\$0.00

	Total Number of Shares Purchased <sup>(a)</sup>	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Dollar Value of Shares That May Yet be Purchased Under the Plans or Programs <sup>(b)</sup>
January 1 to February 3	5,361	\$ 4.17	—	\$ 60,294,000
February 4 to March 2	76,349	\$ 3.78	—	\$ 60,294,000
March 3 to March 30	—	\$ —	—	\$ 60,294,000
<b>Total</b>	<b>81,710</b>			

	Total Number of Shares Purchased <sup>(a)</sup>	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Dollar Value of Shares That May Yet be Purchased Under the Plans or Programs <sup>(b)</sup>
March 31 to May 4	7,154	\$ 4.58	—	\$ 60,294,000
May 5 to June 1	30,873	\$ 4.71	—	\$ 60,294,000
June 2 to June 29	5,018	\$ 5.66	—	\$ 60,294,000
<b>Total</b>	<b>43,045</b>			

(a) Represents shares repurchased to satisfy tax withholding requirements related to the issuance of stock under our stock incentive plans.

(b) As of **March 30, 2024** **June 29, 2024**, the remaining unused authorization under our share buyback program was \$60 million.

## Item 5. Other Information

(c) During the quarter ended **March 30, 2024** **June 29, 2024**, no director or officer of the Company adopted, modified or terminated a Rule 10b5-1 or non-Rule 10b5-1 trading arrangement.

## Item 6. Exhibits

Exhibit No.	Description	Location
<a href="#">3.1</a>	Amended and Restated Certificate of Incorporation of Rayonier Advanced Materials Inc.	Incorporated herein by reference to Exhibit 3.1 to the Registrant's Form 8-K filed on June 30, 2014
<a href="#">3.2</a>	Certificate of <a href="#">Amendment of the Amended and Restated Certificate of Incorporation of Rayonier Advanced Materials Inc.</a>	Filed herewith
<a href="#">3.3</a>	<a href="#">Certificate of Designations of 8.00% Series A Mandatory Convertible Preferred Stock of Rayonier Advanced Materials Inc.</a> , filed with the Secretary of State of the State of Delaware and effective August 10, 2016	Incorporated herein by reference to Exhibit 3.1 to the Registrant's Form 8-K filed on August 10, 2016
<a href="#">3.3</a> <a href="#">3.4</a>	Certificate of Designations of Series A Junior Participating Preferred Stock	Incorporated herein by reference to Exhibit 3.1 to the Registrant's Form 8-K filed on March 21, 2022
<a href="#">3.4</a> <a href="#">3.5</a>	Amended and Restated Bylaws of Rayonier Advanced Materials Inc., effective October 19, 2022	Incorporated herein by reference to Exhibit 3.1 to the Registrant's Form 8-K filed on October 19, 2022
<a href="#">18</a>	<a href="#">Preferability Letter from Grant Thornton LLP</a>	Filed herewith
<a href="#">31.1</a>	Chief Executive Officer's Certification Pursuant to Rule 13a-14(a)/15d-14(a) and pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	Filed herewith
<a href="#">31.2</a>	Chief Financial Officer's Certification Pursuant to Rule 13a-14(a)/15d-14(a) and pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	Filed herewith
<a href="#">32</a>	Certification of Periodic Financial Reports Under Section 906 of the Sarbanes-Oxley Act of 2002	Furnished herewith
101	Interactive data files (formatted in Inline XBRL) pursuant to Rule 405 of Regulation S-T	Filed herewith
104	Cover page interactive data file (formatted in Inline XBRL and contained in Exhibit 101) pursuant to Rule 406 of Regulation S-T	Filed herewith

#### SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

**Rayonier Advanced Materials Inc.**

By: /s/ MARCUS J. MOELTNER

Marcus J. Moeltner  
Chief Financial Officer and Senior Vice President, Finance  
(Principal Financial Officer)

Date: May 8, 2024 August 7, 2024

**May 8, 2024 CERTIFICATE OF AMENDMENT OF  
THE AMENDED AND RESTATED  
CERTIFICATE OF INCORPORATION  
OF  
RAYONIER ADVANCED MATERIALS INC.**

Rayonier Advanced Materials Inc., a corporation organized and existing under and by virtue of the General Corporation Law of the State of Delaware (the "Corporation"), DOES HEREBY CERTIFY:

**FIRST:** That the Board of Directors of the Corporation (the "Board") duly adopted resolutions proposing and declaring advisable certain amendments to the Certificate of Incorporation of the Corporation as described herein.

**SECOND:** This Certificate of Amendment has been duly adopted by the Board and by its stockholders in accordance with the applicable provisions of Section 242 of the General Corporation Law of the State of Delaware.

**THIRD:** Article IX of the Certificate of Incorporation of the Corporation is hereby amended and restated to read in its entirety as follows:

**ARTICLE IX  
DIRECTOR AND OFFICER LIABILITY**

To the fullest extent permitted by the DGCL, as the same exists or may hereafter be amended, a director or an officer of the Corporation shall not be personally liable either to the Corporation or to any of its stockholders for monetary damages for breach of fiduciary duty as a director or an officer. For purposes of this Article IX, "officer" shall have the meaning provided in Section 102(b)(7) of the DGCL as the same exists or may hereafter be amended. Any amendment or modification or repeal of the foregoing sentence shall not adversely affect any right or protection of a director or an officer of the Corporation hereunder in respect of any act or omission occurring prior to the time of such amendment, modification or repeal. If the DGCL hereafter is amended to further eliminate or limit the liability of a director or an officer, then a director or an officer of the Corporation, in addition to the circumstances in which a director or an officer is not personally liable as set forth in the preceding sentence, shall not be liable to the fullest extent permitted by the amended DGCL.

Board

[Signature Page Follows]

IN WITNESS WHEREOF, said Corporation has caused this certificate to be signed by its duly authorized officer this 5th day of Directors

Rayonier Advanced Materials Inc.  
1301 Riverplace Blvd, Suite 2300,  
Jacksonville, FL, 32207

Dear Directors:

We are providing this letter solely for inclusion as an exhibit to Rayonier Advanced Materials Inc. (the "Company") Form 10-Q filing pursuant to Item 601 of Regulation S-K.

As stated in Note 1 to the unaudited condensed consolidated financial statements included in the Company's Quarterly Report on Form 10-Q for the quarterly period ended March 30, 2024, the Company changed its accounting for the valuation of its finished goods, work-in-process and raw materials inventories from first-in first-out to average cost. Note 1 also states management's belief that the newly adopted accounting principle is preferable in the circumstances because it provides better matching of revenue and expense trends and is a better reflection of periodic income from operations.

With regard to the aforementioned accounting change, it should be understood that authoritative criteria have not been established for evaluating the preferability of one acceptable method of accounting over another acceptable method and, in expressing our concurrence below, we have relied on management's business planning and judgment and on management's determination that this change in accounting principle is preferable.

Based on our reading of management's stated reasons and justification for this change in accounting principle in the Form 10-Q, and our discussions with management as to their judgment about the relevant business planning factors relating to the change, we concur with management that the newly adopted method of accounting is preferable in the Company's circumstances.

We have not audited the application of the aforementioned accounting change to the financial statements included in Part I of the Company's Form 10-Q. We also have not audited any consolidated financial statements of the Company as of any date or for any period subsequent to December 31, 2023. Accordingly, we do not express an opinion on whether the accounting for the change in accounting principle has been properly applied or whether the aforementioned financial statements are fairly presented in conformity with accounting principles generally accepted in the United States of America.

Sincerely,

/s/ GRANT THORNTON LLP June, 2024.

Jacksonville, Florida RAYONIER ADVANCED MATERIALS INC.

By:/s/ R. Colby Slaughter

Name: R. Colby Slaughter

Title: Senior Vice President, General  
Counsel and Corporate Secretary

*[Signature Page to Exculpation of Officers Amendment]*

**Certification**

I, De Lyle W. Bloomquist, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Rayonier Advanced Materials Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rule 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rule 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: **May 8, 2024** August 7, 2024

/s/ DE LYLE W. BLOOMQUIST

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De Lyle W. Bloomquist

President and Chief Executive Officer

Rayonier Advanced Materials Inc.

**Exhibit 31.2**

**Certification**

I, Marcus J. Moeltner, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Rayonier Advanced Materials Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rule 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rule 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 8, 2024 August 7, 2024

/s/ MARCUS J. MOELTNER

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Marcus J. Moeltner

Chief Financial Officer and Senior Vice President, Finance  
Rayonier Advanced Materials Inc.

**Exhibit 32**

**Certification**

The undersigned hereby certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that to our knowledge:

1. The quarterly report on Form 10-Q of Rayonier Advanced Materials Inc. (the "Company") for the period ended March 30, 2024 June 29, 2024 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 8, 2024 August 7, 2024

/s/ DE LYLE W. BLOOMQUIST

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De Lyle W. Bloomquist  
President and Chief Executive Officer  
Rayonier Advanced Materials Inc.

/s/ MARCUS J. MOELTNER

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Marcus J. Moeltner  
Chief Financial Officer and Senior Vice President, Finance  
Rayonier Advanced Materials Inc.

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