REFINITIV

DELTA REPORT

10-Q

SYLVAMO CORP

10-Q - JUNE 30, 2023 COMPARED TO 10-Q - MARCH 31, 2023

The following comparison report has been automatically generated

TOTAL DELTAS	572
CHANGES	190
DELETIONS	206
ADDITIONS	176

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

FORM 10-Q

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

For the Quarterly Period Ended March 31, 2023 June 30, 2023

 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 001-40718

SYLVAMO CORPORATION
(Exact Name of Registrant as Specified in its Charter)

Delaware	**86-2596371**
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification No.)
6077 Primacy Parkway Memphis, Tennessee	**38119**
(Address of Principal Executive Offices)	(Zip Code)

901-519-8000
(Registrant's Telephone Number, Including Area Code)

N/A
(Former name, former address and and former fiscal year if changed since last report)

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value $1.00 per share	**SLVM**	**New York Stock Exchange**

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 (paragraph 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, 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	☐	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

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 number of shares outstanding of the registrant's common stock, par value $1.00 per share, as of May 5, 2023 August 4, 2023 was 42,563,277. 41,864,548.

INDEX

ITEM 1. FINANCIAL STATEMENTS

SYLVAMO CORPORATION

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)
(In millions, except per share amounts)

		Three Months Ended March 31,			Three Months Ended June 30,		Six Months Ended June 30,	
		2023	**2022**		**2023**	**2022**	**2023**	**2022**
NET SALES	**NET SALES**	**$ 959**	$ 821	**NET SALES**	**$ 919**	$ 912	**$ 1,860**	$ 1,733
COSTS AND EXPENSES	**COSTS AND EXPENSES**			**COSTS AND EXPENSES**				

Cost of products sold (exclusive of depreciation, amortization and cost of timber harvested shown separately below)	Cost of products sold (exclusive of depreciation, amortization and cost of timber harvested shown separately below)	**688**	620	Cost of products sold (exclusive of depreciation, amortization and cost of timber harvested shown separately below)	**721**	659	**1,390**	1,279
Selling and administrative expenses	Selling and administrative expenses	**82**	66	Selling and administrative expenses	**76**	81	**159**	147
Depreciation, amortization and cost of timber harvested	Depreciation, amortization and cost of timber harvested	**35**	31	Depreciation, amortization and cost of timber harvested	**34**	32	**69**	63
Taxes other than payroll and income taxes	Taxes other than payroll and income taxes	**6**	6	Taxes other than payroll and income taxes	**6**	6	**12**	12
Interest (income) expense, net	Interest (income) expense, net	**7**	17	Interest (income) expense, net	**12**	17	**19**	34
INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES	**INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES**	**141**	81	**INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES**	**70**	117	**211**	198
Income tax provision	Income tax provision	**44**	26	Income tax provision	**21**	33	**65**	59
NET INCOME FROM CONTINUING OPERATIONS	**NET INCOME FROM CONTINUING OPERATIONS**	**97**	55	**NET INCOME FROM CONTINUING OPERATIONS**	**49**	84	**146**	139
Discontinued operations, net of taxes	Discontinued operations, net of taxes	**—**	(29)	Discontinued operations, net of taxes	**—**	(143)	**—**	(172)
NET INCOME (LOSS)	**NET INCOME (LOSS)**	**$ 97**	$ 26	**NET INCOME (LOSS)**	**$ 49**	$ (59)	**$ 146**	$ (33)
BASIC EARNINGS (LOSS) PER SHARE	**BASIC EARNINGS (LOSS) PER SHARE**			**BASIC EARNINGS (LOSS) PER SHARE**				
Earnings from continuing operations	Earnings from continuing operations	**$ 2.28**	$ 1.25	Earnings from continuing operations	**$ 1.16**	$ 1.90	**$ 3.44**	$ 3.15
Discontinued operations, net of taxes	Discontinued operations, net of taxes	**—**	(0.66)	Discontinued operations, net of taxes	**—**	(3.24)	**—**	(3.90)
Net earnings (loss)	Net earnings (loss)	**$ 2.28**	$ 0.59	Net earnings (loss)	**$ 1.16**	$ (1.34)	**$ 3.44**	$ (0.75)
DILUTED EARNINGS (LOSS) PER SHARE	**DILUTED EARNINGS (LOSS) PER SHARE**			**DILUTED EARNINGS (LOSS) PER SHARE**				
Earnings from continuing operations	Earnings from continuing operations	**$ 2.25**	$ 1.25	Earnings from continuing operations	**$ 1.14**	$ 1.89	**$ 3.40**	$ 3.13
Discontinued operations, net of taxes	Discontinued operations, net of taxes	**—**	(0.66)	Discontinued operations, net of taxes	**—**	(3.22)	**—**	(3.87)
Net earnings (loss)	Net earnings (loss)	**$ 2.25**	$ 0.59	Net earnings (loss)	**$ 1.14**	$ (1.33)	**$ 3.40**	$ (0.74)

The accompanying notes are an integral part of these condensed consolidated financial statements.

SYLVAMO CORPORATION

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(Unaudited)
(In millions)

		Three Months Ended March 31,			Three Months Ended June 30,		Six Months Ended June 30,	
		2023	**2022**		**2023**	**2022**	**2023**	**2022**
NET INCOME (LOSS)	**NET INCOME (LOSS)**	**$ 97**	$ 26	**NET INCOME (LOSS)**	**$ 49**	$ (59)	**$ 146**	$ (33)
OTHER COMPREHENSIVE INCOME (LOSS), NET OF TAXES	**OTHER COMPREHENSIVE INCOME (LOSS), NET OF TAXES**			**OTHER COMPREHENSIVE INCOME (LOSS), NET OF TAXES**				
Defined Benefit Pension and Postretirement Adjustments:	Defined Benefit Pension and Postretirement Adjustments:			Defined Benefit Pension and Postretirement Adjustments:				
Amortization of pension and postretirement loss (less taxes of $0 and $0)		**—**	(1)					
Amortization of pension and postretirement loss (less taxes of $0, $0, $0 and $0)				Amortization of pension and postretirement loss (less taxes of $0, $0, $0 and $0)	**—**	—	**—**	(1)
Change in cumulative foreign currency translation adjustment	Change in cumulative foreign currency translation adjustment	**41**	99	Change in cumulative foreign currency translation adjustment	**45**	(21)	**86**	78
Net gains/losses on cash flow hedging derivatives:	Net gains/losses on cash flow hedging derivatives:			Net gains/losses on cash flow hedging derivatives:				
Net gains (losses) arising during the period (less taxes of $0 and $(12))		**(4)**	29					
Reclassification adjustment for (gains) losses included in net earnings (less taxes of $2 and $3)		**(4)**	(6)					
Net gains (losses) arising during the period (less taxes of $9, $1, $9 and $13)				Net gains (losses) arising during the period (less taxes of $9, $1, $9 and $13)	**22**	4	**18**	33
Reclassification adjustment for (gains) losses included in net earnings (less taxes of $4, $2, $6 and $5)				Reclassification adjustment for (gains) losses included in net earnings (less taxes of $4, $2, $6 and $5)	**(10)**	(4)	**(14)**	(10)
TOTAL OTHER COMPREHENSIVE INCOME (LOSS), NET OF TAXES	**TOTAL OTHER COMPREHENSIVE INCOME (LOSS), NET OF TAXES**	**33**	121	**TOTAL OTHER COMPREHENSIVE INCOME (LOSS), NET OF TAXES**	**57**	(21)	**90**	100
COMPREHENSIVE INCOME (LOSS)	**COMPREHENSIVE INCOME (LOSS)**	**$ 130**	$ 147	**COMPREHENSIVE INCOME (LOSS)**	**$ 106**	$ (80)	**$ 236**	$ 67

The accompanying notes are an integral part of these condensed consolidated financial statements.

SYLVAMO CORPORATION

CONDENSED CONSOLIDATED BALANCE SHEETS
(In millions)

		March 31, 2023	December 31, 2022		June 30, 2023	December 31, 2022
		(unaudited)			(unaudited)	
ASSETS	**ASSETS**			**ASSETS**		
Current Assets	Current Assets			Current Assets		
Cash and temporary investments	Cash and temporary investments	**$ 191**	$ 360	Cash and temporary investments	**$ 164**	$ 360
Accounts and notes receivable, net	Accounts and notes receivable, net	**441**	450	Accounts and notes receivable, net	**440**	450
Contract assets	Contract assets	**33**	30	Contract assets	**32**	30
Inventories	Inventories	**506**	364	Inventories	**486**	364
Other current assets	Other current assets	**38**	39	Other current assets	**39**	39
Total Current Assets	Total Current Assets	**1,209**	1,243	Total Current Assets	**1,161**	1,243
Plants, Properties and Equipment, net	Plants, Properties and Equipment, net	**938**	817	Plants, Properties and Equipment, net	**960**	817
Forestlands	Forestlands	**340**	322	Forestlands	**360**	322
Goodwill	Goodwill	**133**	128	Goodwill	**140**	128
Right of Use Assets	Right of Use Assets	**37**	35	Right of Use Assets	**43**	35
Deferred Charges and Other Assets	Deferred Charges and Other Assets	**141**	165	Deferred Charges and Other Assets	**159**	165
TOTAL ASSETS	**TOTAL ASSETS**	**$ 2,798**	$ 2,710	**TOTAL ASSETS**	**$ 2,823**	$ 2,710
LIABILITIES AND EQUITY	**LIABILITIES AND EQUITY**			**LIABILITIES AND EQUITY**		
Current Liabilities	Current Liabilities			Current Liabilities		
Accounts payable	Accounts payable	**$ 409**	$ 453	Accounts payable	**$ 391**	$ 453
Notes payable and current maturities of long-term debt	Notes payable and current maturities of long-term debt	**104**	29	Notes payable and current maturities of long-term debt	**79**	29
Accrued payroll and benefits	Accrued payroll and benefits	**53**	81	Accrued payroll and benefits	**50**	81
Other current liabilities	Other current liabilities	**160**	165	Other current liabilities	**147**	165
Total Current Liabilities	Total Current Liabilities	**726**	728	Total Current Liabilities	**667**	728
Long-Term Debt	Long-Term Debt	**954**	1,003	Long-Term Debt	**954**	1,003
Deferred Income Taxes	Deferred Income Taxes	**198**	183	Deferred Income Taxes	**212**	183
Other Liabilities	Other Liabilities	**130**	118	Other Liabilities	**128**	118
Commitments and Contingent Liabilities (Note 13)	Commitments and Contingent Liabilities (Note 13)			Commitments and Contingent Liabilities (Note 13)		
Equity	Equity			Equity		
Common stock $1 par value, 200.0 shares authorized, 44.5 shares and 44.2 shares issued and 42.6 shares and 42.6 shares outstanding at March 31, 2023 and December 31, 2022, respectively		**44**	44			

Common stock $1 par value, 200.0 shares authorized, 44.5 shares and 44.2 shares issued and 41.9 shares and 42.6 shares outstanding at June 30, 2023 and December 31, 2022, respectively				Common stock $1 par value, 200.0 shares authorized, 44.5 shares and 44.2 shares issued and 41.9 shares and 42.6 shares outstanding at June 30, 2023 and December 31, 2022, respectively	**45**	44
Paid-in capital	Paid-in capital	**32**	25	Paid-in capital	**39**	25
Retained earnings	Retained earnings	**2,116**	2,029	Retained earnings	**2,153**	2,029
Accumulated other comprehensive loss	Accumulated other comprehensive loss	**(1,305)**	(1,338)	Accumulated other comprehensive loss	**(1,248)**	(1,338)
		887	760		**989**	760
Less: Common stock held in treasury, at cost, 1.9 shares and 1.6 shares at March 31, 2023 and December 31, 2022, respectively		**(97)**	(82)			
Less: Common stock held in treasury, at cost, 2.6 shares and 1.6 shares at June 30, 2023 and December 31, 2022, respectively				Less: Common stock held in treasury, at cost, 2.6 shares and 1.6 shares at June 30, 2023 and December 31, 2022, respectively	**(127)**	(82)
Total Equity	Total Equity	**790**	678	Total Equity	**862**	678
TOTAL LIABILITIES AND EQUITY	**TOTAL LIABILITIES AND EQUITY**	**$ 2,798**	$ 2,710	**TOTAL LIABILITIES AND EQUITY**	**$ 2,823**	$ 2,710

The accompanying notes are an integral part of these condensed consolidated financial statements.

SYLVAMO CORPORATION

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)
(In millions)

		Three Months Ended March 31,			**Six Months Ended June 30,**	
		2023	**2022**		**2023**	**2022**
OPERATING ACTIVITIES	**OPERATING ACTIVITIES**			**OPERATING ACTIVITIES**		
Net income from continuing operations	Net income from continuing operations	**$ 97**	$ 55	Net income from continuing operations	**$ 146**	$ 139
Adjustments to reconcile net income to net cash provided by operating activities:	Adjustments to reconcile net income to net cash provided by operating activities:			Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation, amortization, and cost of timber harvested	Depreciation, amortization, and cost of timber harvested	**35**	31	Depreciation, amortization, and cost of timber harvested	**69**	63
Deferred income tax provision (benefit), net	Deferred income tax provision (benefit), net	**5**	7	Deferred income tax provision (benefit), net	**4**	2
Stock-based compensation	Stock-based compensation	**7**	4	Stock-based compensation	**15**	11
Changes in operating assets and liabilities and other	Changes in operating assets and liabilities and other			Changes in operating assets and liabilities and other		

Accounts and notes receivable	Accounts and notes receivable	**82**	16	Accounts and notes receivable	**91**	(58)
Inventories	Inventories	**(81)**	(26)	Inventories	**(60)**	(33)
Accounts payable and accrued liabilities	Accounts payable and accrued liabilities	**(100)**	(62)	Accounts payable and accrued liabilities	**(147)**	(31)
Other	Other	**18**	23	Other	**22**	37
CASH PROVIDED BY OPERATING ACTIVITIES FROM CONTINUING OPERATIONS	CASH PROVIDED BY OPERATING ACTIVITIES FROM CONTINUING OPERATIONS	**63**	48	CASH PROVIDED BY OPERATING ACTIVITIES FROM CONTINUING OPERATIONS	**140**	130
CASH PROVIDED BY OPERATING ACTIVITIES FROM DISCONTINUED OPERATIONS, NET	CASH PROVIDED BY OPERATING ACTIVITIES FROM DISCONTINUED OPERATIONS, NET	**—**	44	CASH PROVIDED BY OPERATING ACTIVITIES FROM DISCONTINUED OPERATIONS, NET	**—**	45
CASH PROVIDED BY OPERATING ACTIVITIES	**CASH PROVIDED BY OPERATING ACTIVITIES**	**63**	92	**CASH PROVIDED BY OPERATING ACTIVITIES**	**140**	175
INVESTMENT ACTIVITIES	**INVESTMENT ACTIVITIES**			**INVESTMENT ACTIVITIES**		
Invested in capital projects	Invested in capital projects	**(61)**	(16)	Invested in capital projects	**(105)**	(59)
Acquisition of business, net of cash acquired		**(167)**	—			
Acquisition of business				Acquisition of business	**(167)**	—
CASH PROVIDED BY (USED FOR) INVESTMENT ACTIVITIES FROM CONTINUING OPERATIONS	CASH PROVIDED BY (USED FOR) INVESTMENT ACTIVITIES FROM CONTINUING OPERATIONS	**(228)**	(16)	CASH PROVIDED BY (USED FOR) INVESTMENT ACTIVITIES FROM CONTINUING OPERATIONS	**(272)**	(59)
CASH PROVIDED BY (USED FOR) INVESTMENT ACTIVITIES FROM DISCONTINUED OPERATIONS, NET	CASH PROVIDED BY (USED FOR) INVESTMENT ACTIVITIES FROM DISCONTINUED OPERATIONS, NET	**—**	(3)	CASH PROVIDED BY (USED FOR) INVESTMENT ACTIVITIES FROM DISCONTINUED OPERATIONS, NET	**—**	(5)
CASH PROVIDED BY (USED FOR) INVESTMENT ACTIVITIES	**CASH PROVIDED BY (USED FOR) INVESTMENT ACTIVITIES**	**(228)**	(19)	**CASH PROVIDED BY (USED FOR) INVESTMENT ACTIVITIES**	**(272)**	(64)
FINANCING ACTIVITIES	**FINANCING ACTIVITIES**			**FINANCING ACTIVITIES**		
Dividends paid	Dividends paid	**(10)**	—	Dividends paid	**(21)**	—
Issuance of debt	Issuance of debt	**427**	—	Issuance of debt	**437**	—
Reduction of debt	Reduction of debt	**(407)**	(35)	Reduction of debt	**(443)**	(86)
Repurchases of common stock	Repurchases of common stock	**(10)**	—	Repurchases of common stock	**(40)**	—
Other	Other	**(8)**	(4)	Other	**(6)**	(6)
CASH PROVIDED BY (USED FOR) FINANCING ACTIVITIES FROM CONTINUING OPERATIONS	CASH PROVIDED BY (USED FOR) FINANCING ACTIVITIES FROM CONTINUING OPERATIONS	**(8)**	(39)	CASH PROVIDED BY (USED FOR) FINANCING ACTIVITIES FROM CONTINUING OPERATIONS	**(73)**	(92)
CASH PROVIDED BY (USED FOR) FINANCING ACTIVITIES FROM DISCONTINUED OPERATIONS, NET	CASH PROVIDED BY (USED FOR) FINANCING ACTIVITIES FROM DISCONTINUED OPERATIONS, NET	**—**	—	CASH PROVIDED BY (USED FOR) FINANCING ACTIVITIES FROM DISCONTINUED OPERATIONS, NET	**—**	—
CASH PROVIDED BY (USED FOR) FINANCING ACTIVITIES	**CASH PROVIDED BY (USED FOR) FINANCING ACTIVITIES**	**(8)**	(39)	**CASH PROVIDED BY (USED FOR) FINANCING ACTIVITIES**	**(73)**	(92)
Effect of Exchange Rate Changes on Cash	**Effect of Exchange Rate Changes on Cash**	**4**	15	**Effect of Exchange Rate Changes on Cash**	**9**	42
Change in Cash Included in Assets Held for Sale	**Change in Cash Included in Assets Held for Sale**	**—**	46	**Change in Cash Included in Assets Held for Sale**	**—**	63
Change in Cash and Temporary Investments	**Change in Cash and Temporary Investments**	**(169)**	3	**Change in Cash and Temporary Investments**	**(196)**	(2)

Cash and Temporary Investments	Cash and Temporary Investments					Cash and Temporary Investments				
Beginning of the period	Beginning of the period		**360**		159	Beginning of the period		**360**		159
End of the period	End of the period	**$**	**191**	$	162	End of the period	**$**	**164**	$	157

The accompanying notes are an integral part of these condensed consolidated financial statements.

SYLVAMO CORPORATION

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 BASIS OF PRESENTATION

The accompanying unaudited condensed consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States and in accordance with the instructions to Form 10-Q and, in the opinion of management, include all adjustments that are necessary for the fair presentation of Sylvamo Corporation's ("Sylvamo's", "the Company's" or "our") financial position, results of operations, and cash flows for the interim periods presented. Except as disclosed herein, such adjustments are of a normal, recurring nature. Results for the first three six months of the year may not necessarily be indicative of full year results due to factors such as the Company's planned maintenance outage schedule at its mills. All intercompany transactions have been eliminated. Intra-Europe paper revenue and related cost of products sold for the year-to-date period ended June 30, 2023, reflect the correction of an immaterial error which reduced both net sales and cost of products sold by $18 million for three-month period ended March 31, 2023. You should read these condensed consolidated financial statements in conjunction with the audited financial statements and the notes thereto included in the Company's Annual Report on Form 10-K for the year ended December 31, 2022 (the "Annual Report"), which have previously been filed with the Securities and Exchange Commission. These consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States that require the use of management's estimates. Actual results could differ from management's estimates.

Acquisition of Nymölla

On January 2, 2023, the Company completed the previously announced acquisition of Stora Enso's uncoated freesheet paper mill in Nymölla, Sweden. Sylvamo accounted for the acquisition under ASC 805, "Business Combinations" and the Nymölla mill's results of operations are included in Sylvamo's condensed consolidated financial statements from the date of acquisition. See Note 7 Acquisitions for further details.

Divestiture of Russian Operations

During the second quarter of 2022, management committed to a plan to sell the Company's Russian operations, which were previously part of the Europe business segment. As a result, all historical operating results of the Russian operations are presented as "Discontinued operations, net of taxes" in the condensed consolidated statement of operations and the notes to the condensed consolidated financial statements. In October 2022, the Company completed the sale of its Russian operations to Pulp Invest Limited Liability Company, a company incorporated in the Russian Federation. See Note 8 Divestiture and Impairment of Business for further details.

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES

Our significant accounting policies are described in Note 2 Significant Accounting Policies to the audited consolidated and combined financial statements included in our 2022 Form 10-K. There have been no material changes to the significant accounting policies for the three six months ended March 31, 2023 June 30, 2023.

Recently Issued Accounting Pronouncements Not Yet Adopted

Reference Rate Reform

In March 2020, the FASB issued ASU 2020-04, "Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting" which was subsequently amended by ASU 2022-06, "Reference Rate Reform (Topic 848): Deferral of Sunset Date of Topic 848," issued in December 2022. Together this guidance provides companies with optional guidance to ease the potential accounting burden associated with transitioning away from reference rates that are expected to be discontinued. This guidance is effective upon issuance and generally can be applied through December 31, 2024. We will apply

During the amendments in three months ended June 30, 2023, the Company transitioned its LIBOR-based debt arrangements and the related interest rate swaps from a reference rate of LIBOR to SOFR ("Standard Overnight Financing Rate"). See Note 14 Long-Term Debt for further details. The impact of the reference rate transition to the debt arrangements and the related interest rate swaps, along with the adoption of the provisions from this update to account for contract modifications due to changes in reference rates once those occur. We do standard, did not expect these amendments to have a material impact on our condensed consolidated financial statements. At this time, the Company does not plan to enter into additional contracts using LIBOR as a reference rate.

NOTE 3 REVENUE RECOGNITION

External Net Sales by Product

External net sales by major products were as follows by business segment:

		Three Months Ended March 31,			Three Months Ended June 30,		Six Months Ended June 30,	
In millions	*In millions*	2023	2022	*In millions*	2023	2022	2023	2022
Europe	Europe			Europe				
Uncoated Papers	Uncoated Papers	**$ 221**	$ 90	Uncoated Papers	**$ 192**	$ 112	**$ 395**	$ 202
Market Pulp	Market Pulp	**27**	27	Market Pulp	**18**	23	**45**	50
Europe	Europe	**248**	117	Europe	**210**	135	**440**	252
Latin America *(a)*	Latin America *(a)*			Latin America *(a)*				
Uncoated Papers	Uncoated Papers	**186**	181	Uncoated Papers	**215**	215	**401**	396
Market Pulp	Market Pulp	**20**	15	Market Pulp	**20**	13	**40**	28
Latin America	Latin America	**206**	196	Latin America	**235**	228	**441**	424
North America	North America			North America				
Uncoated Papers	Uncoated Papers	**487**	486	Uncoated Papers	**463**	528	**949**	1,013
Market Pulp	Market Pulp	**18**	22	Market Pulp	**11**	21	**30**	44
North America	North America	**505**	508	North America	**474**	549	**979**	1,057
Total	**Total**	**$ 959**	$ 821	**Total**	**$ 919**	$ 912	**$ 1,860**	$ 1,733

(a) Prior period amounts have been corrected to reflect market pulp sales sales.

Revenue Contract Balances

A contract asset is created when the Company recognizes revenue on its customized products for which we have an enforceable right to payment.

A contract liability is created when customers prepay for goods prior to the Company transferring those goods to the customer. The contract liability is reduced when control of the goods is transferred to the customer, satisfying our performance obligation. Contract liabilities of $3 million $13 million are included in "Other current liabilities" as of March 31, 2023 June 30, 2023. There were no contract liabilities included in "Other current liabilities" as of December 31, 2022.

The difference between the opening and closing balances of the Company's contract assets and contract liabilities primarily results from the difference between the price and quantity at comparable points in time for goods which we have an unconditional right to payment or receive pre-payment prepayment from the customer, respectively.

NOTE 4 EQUITY

A summary of changes in equity for the three months and six months ended March 31, 2023 June 30, 2023 and 2022 is provided below:

Three Months Ended June 30, 2023	Three Months Ended March 31, 2023								Three Months Ended June 30, 2023							
In millions	*In millions*	Shares	Common Stock	Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Common Stock Held In Treasury, At Cost	Total Equity	*In millions*	Shares	Common Stock	Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Common Stock Held In Treasury, At Cost	Total Equity
Balance, December 31, 2022		44	$ 44	$ 25	$ 2,029	$ (1,338)	$ (82)	$ 678								
Balance, March 31, 2023									Balance, March 31, 2023	44	$ 44	$ 32	$ 2,116	$ (1,305)	$ (97)	$ 790
Stock-based employee compensation	Stock-based employee compensation	—	—	7	—	—	(5)	2	Stock-based employee compensation	—	1	7	—	—	—	8
Share repurchases	Share repurchases	—	—	—	—	—	(10)	(10)	Share repurchases	—	—	—	—	—	(30)	(30)
Dividends ($0.25 per share)	Dividends ($0.25 per share)	—	—	—	(10)	—	—	(10)	Dividends ($0.25 per share)	—	—	—	(12)	—	—	(12)

Comprehensive income (loss)	Comprehensive income (loss)	—	—	—	97	33	—	130	Comprehensive income (loss)	—	—	—	49	57	—	106
Balance, March 31, 2023		**44**	**$ 44**	**$ 32**	**$ 2,116**	**$ (1,305)**	**$ (97)**	**$ 790**								
Balance, June 30, 2023									**Balance, June 30, 2023**	**44**	**$ 45**	**$ 39**	**$ 2,153**	**$ (1,248)**	**$ (127)**	**$ 862**

Six Months Ended June 30, 2023	**Three Months Ended March 31, 2022**								**Six Months Ended June 30, 2023**							
In millions	*In millions*	**Shares**	**Common Stock**	**Paid-In Capital**	**Retained Earnings**	**Accumulated Other Comprehensive Loss**	**Common Stock Held In Treasury, At Cost**	**Total Equity**	*In millions*	**Shares**	**Common Stock**	**Paid-In Capital**	**Retained Earnings**	**Accumulated Other Comprehensive Loss**	**Common Stock Held In Treasury, At Cost**	**Total Equity**
Balance, December 31, 2021		44	$ 44	$ 4	$ 1,935	$ (1,801)	$ —	$ 182								
Balance, December 31, 2022									Balance, December 31, 2022	**$ 44**	**$ 44**	**$ 25**	**$ 2,029**	**$ (1,338)**	**$ (82)**	$ 678
Stock-based employee compensation	Stock-based employee compensation	—	—	4	—	—	(2)	2	Stock-based employee compensation	—	**1**	**14**	—	—	**(5)**	**10**
Share repurchases									Share repurchases	—	—	—	—	—	**(40)**	**(40)**
Dividends ($0.50 per share)									Dividends ($0.50 per share)	—	—	—	**(22)**	—	—	**(22)**
Comprehensive income (loss)	Comprehensive income (loss)	—	—	—	26	121	—	147	Comprehensive income (loss)	—	—	—	**146**	**90**		**236**
Balance, March 31, 2022		44	$ 44	$ 8	$ 1,961	$ (1,680)	$ (2)	$ 331								
Balance, June 30, 2023									**Balance, June 30, 2023**	**44**	**$ 45**	**$ 39**	**$ 2,153**	**$ (1,248)**	**$ (127)**	**$ 862**

	Three Months Ended June 30, 2022					
In millions	**Shares**	**Common Stock**	**Paid-In Capital**	**Retained Earnings**	**Accumulated Other Comprehensive Loss**	**Common Stock Held In Treasury, At Cost**	**Total Equity**
Balance, March 31, 2022	44	$ 44	$ 8	$ 1,961	$ (1,680)	$ (2)	$ 331
Stock-based employee compensation	—	—	6	—	—	—	6
Dividends ($0.1125 per share)	—	—		(5)	—	—	(5)
Comprehensive income (loss)	—	—	—	(59)	(21)	—	(80)
Balance, June 30, 2022	44	$ 44	$ 14	$ 1,897	$ (1,701)	$ (2)	$ 252

	Six Months Ended June 30, 2022						
In millions	**Shares**	**Common Stock**	**Paid-In Capital**	**Retained Earnings**	**Accumulated Other Comprehensive Loss**	**Common Stock Held In Treasury, At Cost**	**Total Equity**
Balance, December 31, 2021	44	$ 44	$ 4	$ 1,935	$ (1,801)	$ —	182
Stock-based employee compensation	—	—	10	—	—	(2)	8
Dividends ($0.1125 per share)	—	—	—	(5)	—	—	(5)
Comprehensive income (loss)	—	—	—	(33)	100		67
Balance, June 30, 2022	44	$ 44	$ 14	$ 1,897	$ (1,701)	$ (2)	$ 252

NOTE 5 OTHER COMPREHENSIVE INCOME

The following table presents the changes in Accumulated Other Comprehensive Income (Loss) ("AOCI"), net of taxes, reported in the condensed consolidated financial statements:

		Three Months Ended March 31,			**Three Months Ended June 30,**		**Six Months Ended June 30,**	
In millions	*In millions*	**2023**	**2022**	*In millions*	**2023**	**2022**	**2023**	**2022**

Defined Benefit Pension and Postretirement Adjustments	**Defined Benefit Pension and Postretirement Adjustments**			**Defined Benefit Pension and Postretirement Adjustments**				
Balance at beginning of period	Balance at beginning of period	**$ (76)**	$ (80)	Balance at beginning of period	**$ (76)**	$ (81)	**$ (76)**	$ (80)
Amounts reclassified from accumulated other comprehensive income	Amounts reclassified from accumulated other comprehensive income	**—**	(1)	Amounts reclassified from accumulated other comprehensive income	**—**	—	**—**	(1)
Balance at end of period	Balance at end of period	**(76)**	(81)	Balance at end of period	**(76)**	(81)	**(76)**	(81)
Change in Cumulative Foreign Currency Translation Adjustments	**Change in Cumulative Foreign Currency Translation Adjustments**			**Change in Cumulative Foreign Currency Translation Adjustments**				
Balance at beginning of period	Balance at beginning of period	**(1,288)**	(1,719)	Balance at beginning of period	**(1,247)**	(1,620)	**(1,288)**	(1,719)
Other comprehensive income (loss) before reclassifications	Other comprehensive income (loss) before reclassifications	**41**	99	Other comprehensive income (loss) before reclassifications	**45**	(21)	**86**	78
Balance at end of period	Balance at end of period	**(1,247)**	(1,620)	Balance at end of period	**(1,202)**	(1,641)	**(1,202)**	(1,641)
Net Gains and Losses on Cash Flow Hedging Derivatives	**Net Gains and Losses on Cash Flow Hedging Derivatives**			**Net Gains and Losses on Cash Flow Hedging Derivatives**				
Balance at beginning of period	Balance at beginning of period	**26**	(2)	Balance at beginning of period	**18**	21	**26**	(2)
Other comprehensive income (loss) before reclassifications	Other comprehensive income (loss) before reclassifications	**(4)**	29	Other comprehensive income (loss) before reclassifications	**22**	4	**18**	33
Amounts reclassified from accumulated other comprehensive income	Amounts reclassified from accumulated other comprehensive income	**(4)**	(6)	Amounts reclassified from accumulated other comprehensive income	**(10)**	(4)	**(14)**	(10)
Balance at end of period	Balance at end of period	**18**	21	Balance at end of period	**30**	21	**30**	21
Total Accumulated Other Comprehensive Income (Loss) at End of Period	**Total Accumulated Other Comprehensive Income (Loss) at End of Period**	**$ (1,305)**	$ (1,680)	**Total Accumulated Other Comprehensive Income (Loss) at End of Period**	**$ (1,248)**	$ (1,701)	**$ (1,248)**	$ (1,701)

NOTE 6 EARNINGS PER SHARE

Basic earnings per share from continuing operations is computed by dividing net income from continuing operations by the weighted average number of shares of common stock outstanding during the period. Diluted earnings per share from continuing operations is computed by dividing net income from continuing operations by the weighted-average number of shares of common stock outstanding during the period, increased to include the number of shares of common stock that would have been outstanding had potentially dilutive shares of common stock been issued. The dilutive effect of restricted stock units is reflected in diluted earnings per share by applying the treasury stock method. Basic and dilutive earnings per share from discontinued operations are computed under the same approach utilizing the same weighted-average number of shares of common stock outstanding during the period and dilutive shares.

There are no adjustments required to be made to net income from continuing operations for purposes of computing basic and diluted earnings per share from continuing operations.

Basic and diluted earnings per share from continuing operations are calculated as follows:

		Three Months Ended March 31,			Three Months Ended June 30,		Six Months Ended June 30,	
In millions, except per share amounts	*In millions, except per share amounts*	**2023**	**2022**	*In millions, except per share amounts*	**2023**	**2022**	**2023**	**2022**
Net income from continuing operations	Net income from continuing operations	**$ 97**	$ 55	Net income from continuing operations	**$ 49**	$ 84	**$ 146**	$ 139
Weighted average common shares outstanding	Weighted average common shares outstanding	**42.5**	44.0	Weighted average common shares outstanding	**42.4**	44.1	**42.4**	44.1
Effect of dilutive securities	Effect of dilutive securities	**0.6**	0.2	Effect of dilutive securities	**0.4**	0.4	**0.6**	0.2
Weighted average common shares outstanding - assuming dilution	Weighted average common shares outstanding - assuming dilution	**43.1**	44.2	Weighted average common shares outstanding - assuming dilution	**42.8**	44.5	**43.0**	44.3
Earnings per share from continuing operations - basic	**Earnings per share from continuing operations - basic**	**$ 2.28**	$ 1.25	**Earnings per share from continuing operations - basic**	**$ 1.16**	$ 1.90	**$ 3.44**	$ 3.15
Earnings per share from continuing operations - diluted	**Earnings per share from continuing operations - diluted**	**$ 2.25**	$ 1.25	**Earnings per share from continuing operations - diluted**	**$ 1.14**	$ 1.89	**$ 3.40**	$ 3.13
Anti-dilutive common shares *(a)*				Anti-dilutive common shares *(a)*	**0.4**	0.2	**0.3**	0.1

(a) Common stock related to service-based restricted stock units and performance-based restricted stock units were outstanding but excluded from the computation of diluted earnings per share because their effect would be anti-dilutive under the treasury stock method or because the shares were subject to performance conditions that had not been met.

NOTE 7 ACQUISITIONS

In January 2023, the Company completed the previously announced acquisition of Stora Enso's uncoated freesheet paper mill in Nymölla, Sweden, for €157 million (approximately $167 million) after post-close working capital adjustments. The integrated mill has the capacity to produce approximately 500,000 short tons of uncoated freesheet on two paper machines.

Sylvamo accounted for the acquisition under ASC 805, "Business Combinations" and the Nymölla mill's results of operations are included in Sylvamo's consolidated financial statements from the date of acquisition. Due to the timing of the closing of the acquisition, the purchase price allocation is preliminary and could be significantly revised as a result of additional information obtained regarding assets acquired and liabilities assumed and revisions of estimates of fair values of both tangible and intangible assets including goodwill and related deferred tax assets and liabilities. These revisions may include, but are not limited to, the completion of independent appraisals and valuations related to property, plant and equipment and intangible assets. The Company will finalize its valuation and the allocation of the purchase price, along with required retrospective adjustments, if any, within a year following the acquisition date.

The following table summarizes the preliminary allocation of the purchase price to the fair value assigned to assets and liabilities acquired as of January 2, 2023:

In millions		
Accounts receivable	$	63
Inventory		67
Plants, properties and equipment		118116
Other assets		2
Total assets acquired		250248
Accounts payable		6151
Other liabilities		2230
Total liabilities assumed		8381
Net assets acquired	$	167

In connection with the allocation of fair value, inventories were written up by $9 million to their estimated fair value. During the first quarter of 2023, $9 million before taxes ($7 million after taxes) was expensed related to the impact of the step-up of acquired Nymolla Nymölla inventory sold during the quarter.

Since the date of acquisition, Net sales of $100 million $104 million and $217 million and Income from continuing operations before income taxes of $8 million $8 million and $17 million from the acquired business are included in the Company's condensed consolidated statement of operations for the three

and six months ended March 31, 2023. June 30, 2023, respectively. Additionally, Selling and administrative expenses for the three and six months ended March 31, 2023 June 30, 2023 include $4 million $1 million and $5 million in charges before taxes ($31 million and $4 million after taxes) for transaction costs associated with the acquisition. acquisition, respectively.

On an unaudited pro forma basis, assuming the acquisition of the Nymölla mill had closed January 1, 2022, the condensed consolidated results would have reflected Net sales of $926 million $1.0 billion and $2.0 billion and Income from continuing operations before income taxes of $83 million $144 million and $227 million for the three and six months ended March 31, 2022. June 30, 2022, respectively.

The 2022 pro forma information includes adjustments for non-recurring transaction costs associated with the acquisition of $4 million $5 million, and incremental expense of $9 million incurred related to the impact of the step-up of acquired Nymolla Nymölla inventory sold during the first quarter.

The unaudited pro forma condensed consolidated financial information was prepared for comparative purposes only and includes certain adjustments, as noted above. This does not reflect the effect of costs or synergies that would have been expected to result from the integration of the acquisition. The pro forma information does not purport to represent Sylvamo's actual results of operations as if the transaction described above would have occurred as of January 1, 2022, nor is it necessarily an indicator of future results.

NOTE 8 DIVESTITURE AND IMPAIRMENT OF BUSINESS

RUSSIAN OPERATIONS

During the first quarter of 2022, as a result of the significant changes in the business climate impacting our Russian operations, a determination was made that the current carrying value of our Russian operations exceeded the estimated fair value. The fair value of the Russian operations was estimated based on a probability-weighted average approach of the potential cash flows from various paths the Company evaluated to exit the business. As a result, a pre-tax charge of $68 million ($57 million) was recorded for the impairment of the Russian fixed assets during the first quarter of 2022. These charges are included in “Impairment of business” within the summarized income statement for our Russian operations included in this footnote and is included in “Discontinued operations, net of taxes” in the condensed consolidated statement of operations.

During the second quarter of 2022, management committed to a plan to sell the Company’s Russian operations. In October 2022, the Company completed the sale of its Russian operations to Pulp Invest Limited Liability Company, a company incorporated in the Russian Federation, for $420 million. After transaction and foreign currency exchange costs of $35 million, Sylvamo received $385 million in cash proceeds.

As a result, all historical operating results of the Russian operations are presented as “Discontinued operations, net of taxes” in the condensed consolidated statement of operations. The Russian operations were previously part of the Europe business segment. The following summarizes the major classes of line items comprising Income (Loss) Before Income Taxes reconciled to Discontinued Operations, net of taxes, related to the Russian operations for all periods presented in the condensed consolidated statement of operations.

In millions	Three Months Ended March 31, 2022	
NET SALES	**$**	**156**
COSTS AND EXPENSES		
Cost of products sold (exclusive of depreciation, amortization and cost of timber harvested shown separately below)		**113**
Selling and administrative expenses		**1**
Depreciation, amortization and cost of timber harvested		**4**
Taxes other than payroll and income taxes		**—**
Impairment of business		**68**
Interest (income) expense, net		**(1)**
INCOME (LOSS) BEFORE INCOME TAXES		**(29)**
Income tax provision (benefit)		**—**
DISCONTINUED OPERATIONS, NET OF TAXES	**$**	**(29)**

In millions	Three Months Ended June 30, 2022		Six Months Ended June 30, 2022	
NET SALES	$	157	$	313
COSTS AND EXPENSES				
Cost of products sold (exclusive of depreciation, amortization and cost of timber harvested shown separately below)		146		259
Selling and administrative expenses		3		4
Depreciation, amortization and cost of timber harvested		—		4
Taxes other than payroll and income taxes		1		1
Impairment of business		156		224
Interest (income) expense, net		(2)		(3)
INCOME (LOSS) BEFORE INCOME TAXES		(147)		(176)
Income tax provision (benefit)		(4)		(4)
DISCONTINUED OPERATIONS, NET OF TAXES	$	(143)	$	(172)

The following summarizes the total cash provided by operating activities from discontinued operations, net and total cash provided by (used for) investing activities from discontinued operations, net and included in the condensed consolidated statement of cash flows:

In millions for the three six months ended March 31 June 30	2022	
Cash Provided by Operating Activities	$	4445
Cash Provided by (Used for) Investment Activities *(a)*	$	(3)(5)

(a) Includes cash invested in capital projects of $3 million $5 million.

NOTE 9 SUPPLEMENTARY FINANCIAL STATEMENT INFORMATION

Temporary Investments

Temporary investments with an original maturity of three months or less and money market funds with greater than three-month maturities but with the right to redeem without notice are treated as cash equivalents and are stated at cost. Temporary investments totaled $88 million $84 million and $80 million at March 31, 2023 June 30, 2023 and December 31, 2022, respectively.

Accounts and Notes Receivable

Accounts and notes receivable, net, by classification were:

In millions	*In millions*	March 31, 2023		December 31, 2022		*In millions*	June 30, 2023		December 31, 2022	
Accounts and notes receivable:	Accounts and notes receivable:					Accounts and notes receivable:				
Trade	Trade	**$**	**416**	$	430	Trade	**$**	**416**	$	430
Notes and other	Notes and other		**25**		20	Notes and other		**24**		20

REFINITIV

Total	**Total**	**$ 441**		$ 450	**Total**	**$ 440**		$ 450

The allowance for expected credit losses was $24 million $25 million and $20 million at March 31, 2023 June 30, 2023 and December 31, 2022, respectively. Based on the Company's accounting estimates and the facts and circumstances available as of the reporting date, we believe our allowance for expected credit losses is adequate.

Inventories

In millions	*In millions*	**March 31, 2023**	**December 31, 2022**	*In millions*	**June 30, 2023**	**December 31, 2022**
Raw materials	Raw materials	**$ 87**	$ 40	Raw materials	**$ 77**	$ 40
Finished paper and pulp products	Finished paper and pulp products	**302**	226	Finished paper and pulp products	**293**	226
Operating supplies	Operating supplies	**94**	78	Operating supplies	**104**	78
Other	Other	**23**	20	Other	**12**	20
Total	**Total**	**$ 506**	$ 364	**Total**	**$ 486**	$ 364

Plants, Properties and Equipment, Net

Accumulated depreciation was $3.7 billion and $3.6 billion at March 31, 2023 June 30, 2023 and December 31, 2022, respectively. Depreciation expense was $30 million $28 million and $25 million $27 million for the three months and $58 million and $52 million for the six months ended March 31, 2023 June 30, 2023 and 2022, respectively.

Non-cash additions to plants, property and equipment included within accounts payable were $7 million $9 million and $36 million each at March 31, 2023 June 30, 2023 and December 31, 2022.

Interest

Interest payments of $24 million $37 million and $25 million $34 million were made during the three six months ended March 31, 2023 June 30, 2023 and March 31, 2022, 2022, respectively.

Amounts related to interest were as follows:

		Three Months Ended March 31,			**Three Months Ended June 30,**		**Six Months Ended June 30,**	
In millions	*In millions*	**2023**	**2022**	*In millions*	**2023**	**2022**	**2023**	**2022**
Interest expense *(a)*	Interest expense *(a)*	**$ 19**	$ 18	Interest expense *(a)*	**$ 15**	$ 20	**$ 34**	$ 39
Interest income *(b)*	Interest income *(b)*	**(11)**	(1)	Interest income *(b)*	**(2)**	(2)	**(13)**	(4)
Capitalized interest cost	Capitalized interest cost	**(1)**	—	Capitalized interest cost	**(1)**	(1)	**(2)**	(1)
Total	**Total**	**$ 7**	$ 17	**Total**	**$ 12**	$ 17	**$ 19**	$ 34

(a) Interest expense for the three six months ended March 31, 2023 June 30, 2023 includes $5 million of debt extinguishment cost related to the tender offer for our 7.00% 2029 Senior Notes.

(b) Interest income for the three six months ended March 31, 2023 June 30, 2023 includes $9 million of interest income related to tax settlements.

ASSET RETIREMENT OBLIGATIONS

At both March 31, 2023 June 30, 2023 and December 31, 2022, we had recorded liabilities of $26 million related to asset retirement obligations. These amounts are included in "Other liabilities."

NOTE 10 LEASES

The Company leases various real estate, including certain operating facilities, warehouses, office space and land. The Company also leases material handling equipment, vehicles and certain other equipment. The Company's leases have a remaining lease term of up to 15 years. Total lease cost was $17 million $16 million and $15 million for the three months and $33 million and $30 million for the six months ended March 31, 2023 June 30, 2023 and 2022, respectively.

Supplemental Balance Sheet Information Related to Leases

In millions	*In millions*	**Classification**	**March 31, 2023**	**December 31, 2022**	*In millions*	**Classification**	**June 30, 2023**	**December 31, 2022**
Assets	**Assets**				**Assets**			
Operating lease assets	Operating lease assets	Right of use assets	**$ 37**	$ 35	Operating lease assets	Right of use assets	**$ 43**	$ 35
Finance lease assets	Finance lease assets	Plants, properties, and equipment, net *(a)*	**24**	24	Finance lease assets	Plants, properties, and equipment, net *(a)*	**23**	24
Total leased assets	Total leased assets		**$ 61**	$ 59	Total leased assets		**$ 66**	$ 59
Liabilities	**Liabilities**				**Liabilities**			
Current	Current				Current			
Operating	Operating	Other current liabilities	**$ 14**	$ 13	Operating	Other current liabilities	**$ 17**	$ 13
Finance	Finance	Notes payable and current maturities of long-term debt	**3**	3	Finance	Notes payable and current maturities of long-term debt	**3**	3
Noncurrent	Noncurrent				Noncurrent			
Operating	Operating	Other Liabilities	**30**	28	Operating	Other Liabilities	**33**	28
Finance	Finance	Long-term debt	**14**	14	Finance	Long-term debt	**14**	14
Total lease liabilities	Total lease liabilities		**$ 61**	$ 58	Total lease liabilities		**$ 67**	$ 58

(a) Finance leases are recorded net of accumulated amortization of $14 million and $13 million as of March 31, 2023 June 30, 2023 and December 31, 2022, respectively.

NOTE 11 GOODWILL AND OTHER INTANGIBLES

Goodwill

The following table presents changes in the goodwill balance as allocated to each business segment for the three six months ended March 31, 2023 June 30, 2023:

In millions	*In millions*	**Europe**	**Latin America**	**North America**	**Total**	*In millions*	**Europe**	**Latin America**	**North America**	**Total**
Balance as of December 31, 2022	Balance as of December 31, 2022					Balance as of December 31, 2022				
Goodwill	Goodwill	$ 11	$ 118	$ —	$ 129	Goodwill	$ 11	$ 118	$ —	$ 129
Accumulated impairment losses	Accumulated impairment losses	(1)	—	—	(1)	Accumulated impairment losses	(1)	—	—	(1)
		$ 10	$ 118	$ —	$ 128		$ 10	$ 118	$ —	$ 128
Currency translation and other *(a)*	Currency translation and other *(a)*	**—**	**5**	**—**	**5**	Currency translation and other *(a)*	**—**	**12**	**—**	**12**
Balance as of March 31, 2023										
Balance as of June 30, 2023						Balance as of June 30, 2023				
Goodwill	Goodwill	**11**	**123**	**—**	**134**	Goodwill	**11**	**130**	**—**	**141**
Accumulated impairment losses	Accumulated impairment losses	**(1)**	**—**	**—**	**(1)**	Accumulated impairment losses	**(1)**	**—**	**—**	**(1)**
Total	**Total**	**$ 10**	**$ 123**	**$ —**	**$ 133**	**Total**	**$ 10**	**$ 130**	**$ —**	**$ 140**

(a) Represents the effects of foreign currency translations and reclassifications.

Other Intangibles

Identifiable intangible assets comprised the following:

	March 31, 2023	**December 31, 2022**	**June 30, 2023**

In millions	In millions	Gross Carrying Amount	Accumulated Amortization	Net Intangible Assets	Gross Carrying Amount	Accumulated Amortization	Net Intangible Assets	In millions	Gross Carrying Amount	Accumulated Amortization	Net Intangible Assets	Gros Carry Amou
Customer relationships and lists	Customer relationships and lists	**$ 56**	**$ (50)**	**$ 6**	$ 56	$ (50)	$ 6	Customer relationships and lists	**$ 56**	**$ (50)**	**$ 6**	$
Other	Other	**7**	**(6)**	**1**	7	(6)	1	Other	**7**	**(6)**	**1**	
Total	**Total**	**$ 63**	**$ (56)**	**$ 7**	$ 63	$ (56)	$ 7	**Total**	**$ 63**	**$ (56)**	**$ 7**	$

Amortization expense related to intangibles was immaterial for each of the three months and six month periods ended March 31, 2023 June 30, 2023 and 2022, respectively.

NOTE 12 INCOME TAXES

An income tax provision of $44 million $21 million and $26 million $65 million was recorded for the three and six months ended March 31, 2023 and March 31, 2022 June 30, 2023, and the reported effective income tax rate from continuing operations was 31% 30% and 32% 31%, respectively. An income tax provision of $33 million and $59 million was recorded for the three and six months ended June 30, 2022, and the reported effective income tax rate was 28% and 30%, respectively.

The Brazilian Federal Revenue Service has challenged the deductibility of goodwill amortization generated in a 2007 acquisition by International Paper do Brasil Ltda., now named Sylvamo do Brasil Ltda. ("Sylvamo Brasil"), a wholly-owned subsidiary of the Company (the "Brazil Tax Dispute"). Sylvamo Brasil received assessments for the tax years 2007-2015 totaling approximately $111 million $121 million in tax, and $375 million $414 million in interest, penalties and fees as of March 31, 2023 June 30, 2023 (adjusted for variation in currency exchange rates). International Paper challenged and is managing the litigation of this matter pursuant to the tax matters agreement between us and International Paper. After a previous favorable ruling challenging the basis for these assessments, there were subsequent unfavorable decisions from the Brazilian Administrative Council of Tax Appeals. On behalf of Sylvamo Brasil, International Paper has appealed and at present, has advised us that it intends to further appeal these and any future unfavorable administrative judgments to the Brazilian federal courts; however, this tax litigation matter may take many years to resolve. The Company believes that the transaction underlying these assessments was appropriately evaluated, and that the Company's tax position would be sustained, based on Brazilian tax law.

Pursuant to the terms of the tax matters agreement entered into between International Paper and Sylvamo, International Paper will pay 60%, and Sylvamo will pay 40% on up to $300 million of any assessment related to this matter, and International Paper will pay all amounts of the assessment over $300 million. Also in connection with this agreement, all decisions concerning the conduct of the litigation related to this matter, including strategy, settlement, pursuit and abandonment, will continue to be made by International Paper, which is vigorously defending Sylvamo Brasil's historic tax position against the current assessments and any similar assessments that may be issued for tax years subsequent to 2015.

NOTE 13 COMMITMENTS AND CONTINGENT LIABILITIES

Environmental and Legal Proceedings

The Company is subject to environmental and legal proceedings in the countries in which we operate. Accruals for contingent liabilities, such as environmental remediation costs, are recorded in the condensed consolidated financial statements when it is probable that a liability has been incurred or an asset impaired and the amount of the loss can be reasonably estimated. The Company has estimated some probable liability associated with environmental remediation matters that is immaterial in the aggregate as of March 31, 2023 June 30, 2023.

At the Company's Mogi Guaçu mill, there are legacy basin areas that were formerly lagoons used for treatment of mill wastewater from pulp and paper manufacturing. In coordination with and in response to a request by the Environmental Company of the State of São Paulo ("CETESB"), which is the state environmental regulatory authority, there has been continuous regulatory monitoring and sampling of the former basins, which began prior to their closure in 2006, both to assess for contamination and evaluate whether additional remediation is needed beyond the basins' ongoing natural vegetation growth.

This monitoring and sampling detected metal contamination, with the main constituent of potential environmental impact being mercury. The Company has presented CETESB with proposals for studies and other actions to further assess the scope and type of contamination and the possible need for an additional remediation approach.

Additionally, in October 2022, CETESB requested that the Company expand its efforts to include providing CETESB with a proposed pilot intervention (remediation) plan for a portion of the former basins. The purpose of the pilot intervention plan is to facilitate determination of the appropriate actions to take for the basins generally, guided by the results of the pilot intervention plan in the subset of basins. The Company has submitted its pilot invention plan to CETESB and is waiting for CETESB to determine if it approves the plan set forth in the response.

As of March 31, 2023 June 30, 2023, the Company has recorded an immaterial liability for the ongoing and additional environmental studies and sampling of the basins. While this matter could in the future have a material impact on our results of operations or cash flows, the Company is unable to estimate its potential additional liability, including the costs of executing certain elements of the proposed pilot intervention plan, because the further studies to be conducted and the remediation that may be required, both for the pilot intervention plan and for the ultimate intervention, will depend on CETESB's approval of the proposed pilot intervention plan, the results of the pilot intervention plan, the Company's environmental studies assessing the existence of ecological risk due to the contamination and what intervention may be required beyond vegetation of the basins, the extent to which there is eventual risk of harm from the contamination, and CETESB's approval of any ultimate intervention plan for the basins.

Taxes Other Than Payroll Taxes

See Note 1212 Income Taxes for a discussion of a goodwill amortization tax matter in Brazil.

In the first quarter of 2023, the Company reached an amnesty agreement with the Brazilian government related to certain VAT amounts assessed in prior years. This agreement resulted in the recognition of $9 million of interest income during the period.

We have other open tax matters awaiting resolution in Brazil, which are at various stages of review in various administrative and judicial proceedings. We routinely assess these tax matters for materiality and probability of loss or gain, and appropriate amounts have been recorded in our financial statements for any open items where the risk of loss is deemed probable. We currently do not consider any of these other tax matters to be material individually. However, it is reasonably possible that settlement of any of these matters concurrently could result in a material loss or that over time a matter could become material, for example, if interest were accruing on the amount at issue for a significant period of time. Also, future exchange rate fluctuations could be unfavorable to the U.S. dollar and significant enough to cause an open matter to become material. The expected timing for resolution of these open matters ranges from one year to ten years.

General

The Company is involved in various other inquiries, administrative proceedings and litigation relating to environmental and safety matters, taxes (including VAT), personal injury, product liability, labor and employment, contracts, sales of property and other matters, some of which allege substantial monetary damages. Assessments of lawsuits and claims can involve a series of complex judgments about future events, can rely heavily on estimates and assumptions, and are otherwise subject to significant uncertainties. As a result, there can be no certainty that the Company will not ultimately incur charges in excess of presently recorded liabilities. The Company believes that loss contingencies arising from pending matters, including the matters described herein, will not have a material effect on the consolidated financial position or liquidity of the Company. However, in light of the inherent uncertainties involved in pending or threatened legal matters, some of which are beyond the Company's control, and the large or indeterminate damages sought in some of these matters, a future adverse ruling, settlement, unfavorable development, or increase in accruals with respect to these matters, could result in future charges that could be material to the Company's results of operations or cash flows in any particular reporting period.

NOTE 14 LONG-TERM DEBT

Long-term debt is summarized in the following table:

In millions	*In millions*	**March 31, 2023**	**December 31, 2022**	*In millions*	**June 30, 2023**	**December 31, 2022**
Term Loan F - due 2027 *(a)*	Term Loan F - due 2027 *(a)*	**$ 490**	$ 496	Term Loan F - due 2027 *(a)*	**$ 484**	$ 496
Term Loan A - due 2028 *(b)*	Term Loan A - due 2028 *(b)*	**297**	—	Term Loan A - due 2028 *(b)*	**294**	—
7.00% Senior Notes - due 2029 *(c)*	7.00% Senior Notes - due 2029 *(c)*	**89**	444	7.00% Senior Notes - due 2029 *(c)*	**89**	444
Securitization Program	Securitization Program	**105**	75	Securitization Program	**115**	75
Other	Other	**17**	17	Other	**16**	17
Less: current portion	Less: current portion	**(44)**	(29)	Less: current portion	**(44)**	(29)
Total	**Total**	**$ 954**	$ 1,003	**Total**	**$ 954**	$ 1,003

(a) As of March 31, 2023 June 30, 2023 and December 31, 2022, presented net of $4 million and $4 million in unamortized debt issuance costs, respectively.
(b) As of March 31, 2023 June 30, 2023, presented net of $3 million in unamortized debt issuance costs.
(c) As of March 31, 2023 June 30, 2023 and December 31, 2022, presented net of $1 million and $6 million in unamortized original issue discount paid, debt issuance costs, respectively.

In addition to the debt noted above, the Company has the ability to access a cash flow-based revolving credit facility with a total borrowing capacity of $450 million ("Revolving Credit Facility"), which matures in 2026. As of March 31, 2023 June 30, 2023, the Company had $60 $35 million outstanding borrowings on the Revolving Credit Facility and $24 million $23 million of letters of credit related to the Revolving Credit Facility, resulting in an available borrowing capacity of $366 million $392 million. As of December 31, 2022, the Company had no outstanding borrowings on the Revolving Credit Facility and $24 million of letters of credit related to the Revolving Credit Facility, resulting in an available borrowing capacity of $426 million. The outstanding borrowings on the Revolving Credit Facility are recorded within "Notes payable and current maturities of long-term debt" in the condensed consolidated balance sheet.

In the first quarter of 2023, the Company announced the commencement of a cash tender offer to purchase any and all of the Company's outstanding 2029 Senior Notes. The Company also solicited consents from holders of the 2029 Senior Notes to amend certain provisions of the indenture with respect to the notes. In connection with the tender offer and the consent solicitation, the Company entered into a new senior secured term loan facility amendment which provided an aggregate principal amount of $300 million ("Term Loan A") maturing in 2028. Term Loan A, together with $60 million of borrowings under the Revolving Credit Facility, were used to pay the total consideration for all notes tendered in the tender offer, plus accrued interest and all fees and expenses incurred in connection with the tender offer and consent solicitation. As of March 31, 2023, Upon close in the first quarter, $360 million aggregate principal of the notes were tendered, resulting in a debt extinguishment cost of $5 million, which includes the write-off of debt issuance costs. This cost was recorded within "Interest expense (income), net."

Sylvamo North America LLC, a wholly owned subsidiary of the Company, maintains a $120 million accounts receivable finance facility (the "Securitization Program"), maturing in 2025. The Company sells substantially all of its North American accounts receivable balances to Sylvamo Receivables, LLC, a special purpose entity, which pledges the receivables as collateral for the Securitization Program. The borrowing availability under this facility is limited by the balance of eligible receivables within the program. As of March 31, 2023 June

30, 2023 and December 31, 2022, the Company had $105 million $115 million and $75 million outstanding borrowings under the receivables securitization program, respectively. The average interest rate for the quarters ended March 31, 2023 June 30, 2023 and December 31, 2022 was 5.34% 5.87% and 5.19%, respectively.

The 2029 Senior Notes are unsecured bonds with a 7.00% fixed interest rate, payable semi-annually. The obligations under the Term Loan F, Term Loan A and the Revolving Credit Facility are secured by substantially all the tangible and intangible assets of Sylvamo and its subsidiaries, subject to certain exceptions, and along with the 2029 Senior Notes facility are guaranteed by Sylvamo and certain subsidiaries.

Effective May 31, 2023, in accordance with the existing credit agreement, the Company transitioned LIBOR-based interest rates to a benchmark reference rate of SOFR. The interest rates applicable to the Term Loan F and Revolving Credit Facility are now based on a fluctuating rate of interest measured by reference to LIBOR SOFR plus a fixed percentage of 1.75%, 1.85% and 1.50% 1.60%, respectively, payable monthly, with a LIBOR SOFR floor of 0.00%. The interest rate applicable to the Term Loan A is based on a fluctuating rate of interest measured in reference to SOFR plus a fixed percentage of 1.85%, subject to a SOFR floor of 0.00%

.

We are receiving interest patronage credits under the Term Loan F. Patronage distributions, which are made primarily in cash but also in equity in the lenders, are generally received in the first quarter of the year following that in which they were earned. Expected patronage credits are accrued in accounts and notes receivable as a reduction to interest expense in the period earned. After giving effect to expected patronage distributions of 90 basis points, of which 70 basis points is expected as a cash rebate, the effective net interest rate on the Term Loan F was approximately 5.69% 6.05% and 5.23% as of March 31, 2023 June 30, 2023 and December 31, 2022, respectively.

In connection with the Term Loan F, the Company entered into interest rate swaps with various counterparties with a notional amount of $400 million and maturities ranging from 2024 to 2026. In the first quarter, the Company received cash proceeds of $12 million from the unwind of four interest rate swaps maturing in 2024, with a total notional amount of $200 million. Subsequently, the Company entered into four new interest rate swaps with various counter parties counterparties with a notional amount of $200 million, which mature in 2025. The related gain has been deferred within "Accumulated other comprehensive loss" in the condensed consolidated balance sheet and will be amortized over the contracts' original term of two remaining years. These interest rate swaps are designated as cash flow hedges, and are utilized to manage interest rate risk. The interest rate swaps allow for the Company to exchange the difference in the variable rates on Term Loan F determined in reference to LIBOR SOFR and the fixed interest rate per notional amount ranging from 1.30% 1.14% to 3.85% 3.75%. All interest rate swap agreements related to Term Loan F were amended during the quarter ended June 30, 2023 to provide a hedge against changes in variable rate cash flows regarding fluctuations in SOFR as compared to the previous benchmark rate of one-month LIBOR. The revisions to the interest rate swap agreements did not impact our hedge accounting because we applied the accounting expedients outlined in ASU 2020-04 and ASU 2021-01 of ASC Topic 848, Reference Rate Reform.

As of March 31, 2023 June 30, 2023 and December 31, 2022, the fair value of the interest rate swaps related to Term Loan F was an asset of $14 million $23 million and $30 million, respectively. Assets resulting from interest rate swaps are reflected in "Deferred charges and other assets."

In connection with the issuance of Term Loan A, the Company entered into interest rate swaps with a current aggregate notional amount of $300 $296 million that amortize each quarter and maturities mature in 2028. These interest rate swaps allow for the Company to exchange the difference in the variable rates on Term Loan A determined in reference to SOFR and the fixed interest rate per notional amount ranging from 4.13% to 4.16%. As of March 31, 2023 June 30, 2023, the fair value of these interest rate swaps resulted in a liability of $9 $2 million, recorded within "Other liabilities."

The Company is subject to certain covenants limiting, among other things, the ability of most of its subsidiaries to: (a) incur additional indebtedness or issue certain preferred shares; (b) pay dividends on or make distributions in respect of the Company's or its subsidiaries' capital stock or make investments or other restricted payments; (c) create restrictions on the ability of the Company's restricted subsidiaries to pay dividends to the Company or make certain other intercompany transfers; (d) sell certain assets; (e) create liens; (f) consolidate, merge, sell or otherwise dispose of all or substantially all of the Company's assets; and (g) enter into certain transactions with its affiliates. The Company is currently subject to a maximum consolidated total leverage ratio of 3.75 to 1.00.

The limit on restricted payments that we may make prior to the resolution of the Brazil Tax Dispute is $60 million $60 million if our pro-forma consolidated leverage ratio is less than 2.50 to 1.00 and greater than or equal to 2.00 to 1.00, or $90 million if the pro-forma consolidated leverage ratio is less than 2.00 to 1.00. However, limitations imposed on restricted payments are eliminated prior to the final settlement of the Brazil Tax Dispute if (i) we deposit $120 million in an account subject to the control of the administrative agent under our credit agreement, or (ii) we deposit $60 million in such an account and maintain $225 million of available liquidity at the time we make restricted payments. The funds deposited in the account would be used to pay the Company's share of the settlement of the Brazil Tax Dispute, with any excess funds returned to us if our portion of any final settlement amount is less than the amount on deposit. If we meet these conditions, our ability to make restricted payments under the credit agreement would then be governed by the provisions in the credit agreement in effect when as if the Brazil Tax Dispute is settled. No amounts have been deposited as of June 30, 2023.

As of March 31, 2023 June 30, 2023, we were in compliance with our debt covenants.

NOTE 15 PENSION AND POSTRETIREMENT BENEFIT PLANS

Defined Benefit Plans

The Company sponsors and maintains pension plans for the benefit of certain of the Company's employees. The service and non-service cost components of net periodic pension expense for these employees is recorded within cost of products sold and selling and administrative expenses. The assets and liabilities related to plans sponsored by the Company are reflected in deferred charges and other assets and other liabilities, respectively.

Net periodic pension expense (benefit) for all pension plans sponsored by the Company for the three six months ended March 31, 2023 June 30, 2023 and March 31, 2022 2022 was immaterial.

The Company's funding policy for the pension plans is to contribute amounts sufficient to meet legal funding requirements, plus any additional amounts that the Company may determine to be appropriate considering the funded status of the plans, tax deductibility, cash flow generated by the Company, and other factors. The Company continually reassesses the amount and timing of any discretionary contributions. Generally, the non-U.S. pension plans are funded using the projected benefit as a target, except in certain countries where funding of benefit plans is not required.

NOTE 16 INCENTIVE PLANS

The Company has adopted the Sylvamo 2021 Incentive Compensation Plan, which includes shares under its long-term incentive plan ("LTIP") that grants certain employees, consultants, or non-employee directors of the Company different forms of awards, including time-based and performance-based restricted stock units. As of March 31, 2023June 30, 2023, 2,899,804 2,821,985 shares remain available for future grants.

Total stock-based compensation cost recognized by the Company was as follows:

		Three Months Ended March 31,			Three Months Ended June 30,		Six Months Ended June 30,	
In millions	*In millions*	**2023**	**2022**	*In millions*	**2023**	**2022**	**2023**	**2022**
Total stock-based compensation expense (included in selling and administrative expense)	Total stock-based compensation expense (included in selling and administrative expense)	**$ 7**	$ 4	Total stock-based compensation expense (included in selling and administrative expense)	**$ 8**	$ 7	**$ 15**	$ 11

As of March 31, 2023June 30, 2023, $30 million $25 million of compensation cost, net of estimated forfeitures, related to all stock-based compensation arrangements for Company employees had not yet been recognized. This amount will be recognized in expense over a weighted-average period of 1.5 1.4 years.

NOTE 17 FINANCIAL INFORMATION BY BUSINESS SEGMENT AND GEOGRAPHIC AREA

The Company's business segments, Europe, Latin America and North America, are consistent with the internal structure used to manage these businesses. All segments are differentiated on a common product, common customer basis, consistent with the business segmentation generally used in the Forest Products industry.

Business segment operating profit is used by the Company's management to measure the earnings performance of its businesses. Management believes that this measure provides investors and analysts useful insights into our operating performance. Business segment operating profit is defined as income from continuing operations before income taxes, excluding interest (income) expense, net, and net special items.

External sales are defined as those that are made to parties outside the Company's combined group, whereas sales by segment in the Net Sales table are determined using a management approach and include intersegment sales.

Information By Business Segment

Net Sales

		Three Months Ended March 31,			Three Months Ended June 30,		Six Months Ended June 30,	
In millions	*In millions*	**2023**	**2022**	*In millions*	**2023**	**2022**	**2023**	**2022**
Europe	Europe	**$ 248**	$ 117	Europe	**$ 210**	$ 135	**$ 440**	$ 252
Latin America	Latin America	**222**	215	Latin America	**250**	249	**472**	464
North America	North America	**505**	508	North America	**474**	549	**979**	1,057
Intersegment Sales	Intersegment Sales	**(16)**	(19)	Intersegment Sales	**(15)**	(21)	**(31)**	(40)
Net Sales	**Net Sales**	**$ 959**	$ 821	**Net Sales**	**$ 919**	$ 912	**$ 1,860**	$ 1,733

Business Segment Operating Profit

		Three Months Ended March 31,			Three Months Ended June 30,		Six Months Ended June 30,	
In millions	*In millions*	**2023**	**2022**	*In millions*	**2023**	**2022**	**2023**	**2022**
Europe	Europe	**$ 23**	$ 2	Europe	**$ (11)**	$ 17	**$ 12**	$ 19
Latin America	Latin America	**46**	39	Latin America	**48**	59	**94**	98
North America	North America	**97**	62	North America	**45**	66	**142**	128

REFINITIV

Business Segment Operating Profit	Business Segment Operating Profit	**$ 166**	$ 103	Business Segment Operating Profit	**$ 82**	$ 142	**$ 248**	$ 245
Income from continuing operations before income taxes	Income from continuing operations before income taxes	**$ 141**	$ 81	Income from continuing operations before income taxes	**$ 70**	$ 117	**$ 211**	$ 198
Interest (income) expense, net	Interest (income) expense, net	**7**	17	Interest (income) expense, net	**12**	17	**19**	34
Net special items expense (income) (a)	Net special items expense (income) (a)	**18**	5	Net special items expense (income) (a)	**—**	8	**18**	13
Business Segment Operating Profit	Business Segment Operating Profit	**$ 166**	$ 103	Business Segment Operating Profit	**$ 82**	$ 142	**$ 248**	$ 245

(a) Special items represent income or expenses that are incurred periodically, rather than on a regular basis. Net special items in the periods presented primarily include transaction costs related to the Nymölla acquisition, professional and legal fees related to negotiations resulting in a shareholder cooperation agreement, the impact of the step-up of acquired Nymölla inventory sold during the first quarter and one-time costs incurred in the prior year associated with the spin-off.

NOTE 18 RELATED PARTY TRANSACTIONS

Prior to the spin-off on October 1, 2021, we historically operated as part of International Paper and not as a standalone company. As a result of the spin-off on October 1, 2021, Sylvamo became an independent public company. On September 12, 2022, International Paper sold its remaining shares of Sylvamo stock. Therefore, International Paper is no longer a related party. The following discussion summarizes activity between the Company and International Paper both prior and subsequent to the spin-off and up to the time International Paper was deemed to no longer be a related party.

Related Party Sales and Purchases

The Company purchases certain of its products from International Paper which are produced in facilities that remained with International Paper. The Company continues to purchase uncoated freesheet and bristols pursuant to offtake agreements between the Company and International Paper. The Company purchased inventory associated with the offtake agreements of $149 million $147 million for the three six months ended March 31, 2022 June 30, 2022.

The Company purchases fiber pursuant to fiber purchase agreements between the Company and International Paper. The Company purchased inventory associated with the fiber supply agreements of $49 million $47 million for the three six months ended March 31, 2022 June 30, 2022.

The Company also purchases certain packaging materials from International Paper. These packaging purchases totaled $4 million for the three six months ended March 31, 2022 June 30, 2022.

Transition Services Agreement

Pursuant to the Transition Services Agreement, International Paper and Sylvamo provided certain services to one another on an interim, transitional basis. The services included certain information technology services, finance and accounting services and human resources and employee benefits services. The agreed-upon charges for such services were generally intended to allow the providing company to recover all costs and expenses for providing such services. The total amount of expenses incurred by the Company under the Transition Services Agreement for the three six months ended March 31, 2022 June 30, 2022 was $8 $16 million. The Company is no longer receiving services under this agreement as of October 1, 2022.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our condensed consolidated financial statements and related notes included in "Financial Information" of this Quarterly Report on Form 10-Q (this "Form 10-Q") and the Company's Form 10-K for the three years ended December 31, 2022, 2021 and 2020. In addition to historical consolidated financial information, the following discussion contains forward-looking statements that reflect our plans, estimates, and beliefs that involve significant risks and uncertainties. Our actual results could differ materially from those stated and implied in any forward-looking statements. Factors that could cause or contribute to those differences include those discussed below and elsewhere in this Form 10-Q and in our 2022 Form 10-K, particularly under the headings "Risk Factors" and "Forward-Looking Statements."

EXECUTIVE SUMMARY

First Second quarter 2023 net income from continuing operations was $97 million $49 million ($2.25 1.14 per diluted share) compared with $55 million $84 million ($1.25 1.89 per diluted share) for the first second quarter of 2022. Net sales increased 17% to $959 million $919 million in the current quarter compared with $821 million $912 million in the first second quarter of 2022. Cash from operations was $63 million $77 million compared to $48 million $76 million in the first second quarter of 2022. Adjusted EBITDA was $208 million $124 million and our adjusted EBITDA margin was 22% 13.5% compared to $146 million $189 million and an adjusted EBITDA margin of 18% 20.7% in the first second quarter of 2022. Free cash flow was $2 million $33 million compared to $32 million $39 million in the first second quarter of 2022.

Comparing our performance in the first second quarter of 2023 to the prior year comparable first quarter, price and mix improvement outpaced decreased primarily due to lower paper prices in Europe and lower global pulp prices. Volume was unfavorable reflecting continued channel inventory corrections and weaker than expected demand in Europe and North America. Operations and costs were higher than the first quarter driven by higher unabsorbed fixed costs due to increased economic downtime and we conducted four planned maintenance outages in the second quarter compared with no outages in the first quarter. These headwinds more than offset lower input and transportation costs in all three regions. Volume was unfavorable the current quarter, driven by favorable energy, chemical and transportation costs. Additionally, we generated $33 million of free cash flow and returned $41 million in Latin America cash to shareowners through dividends and North America due to a delay share repurchases in the annual Brazilian government textbook program and continued destocking in North America, and planned maintenance costs in North America were lower when compared to the prior year comparable second quarter. Our European business benefited from the earnings of our newly acquired Nymölla mill. In addition, we repurchased $360 million of our outstanding notes during the quarter in order to eliminate the notes covenant that limited annual shareowner cash returns to $90 million. The notes were replaced with a new term loan and short-term debt.

Looking ahead to the second third quarter of 2023, we expect price and mix to be unfavorable primarily reflecting paper price decreases in Europe and the realization of prior price decreases for pulp in all regions and paper in Europe, as well as less favorable product mix. pulp. Volume is expected to improve, reflecting seasonally stronger volume in Latin America and North America. Operations and costs are expected to increase due to higher unabsorbed fixed costs as we continue to match supply to our customers customers' demand. Additionally, Planned maintenance outage expenses will be lower coming out of the second quarter will be which was our highest planned maintenance heaviest outage quarter reflecting two-thirds of our total annual costs.Lastly, we expect the year. Additionally, input and transportation costs are expected to be favorable lower due to lower costs for natural gas, chemicals favorable trends in fiber and transportation.chemicals. Despite the challenging demand environment in Europe and North America, we are committed to our strong financial position and returning $125 million of cash to shareowners in 2023.

Acquisition of Nymölla

On January 2, 2023, the Company completed the previously announced acquisition of Stora Enso's uncoated freesheet paper mill in Nymölla, Sweden. Sylvamo accounted for the acquisition under ASC 805, "Business Combinations" and the Nymölla mill's results of operations are included in Sylvamo's condensed consolidated financial statements from the date of acquisition. See Note 7 Acquisitions for further details.

Divestiture of Russian Operations

During the second quarter of 2022, management committed to a plan to sell the Company's Russian operations (which were sold on October 2, 2022). As a result, the operating results of the Company's Russian operations have been classified as "Discontinued operations, net of taxes" for all periods presented in the condensed consolidated statement of operations. See Note 8 Divestiture and Impairment of Business for further details.

BUSINESS SEGMENT RESULTS

Overview

Management provides business segment operating profit, a non-GAAP financial measure, to supplement our GAAP financial information, and it should be considered in addition to, but not instead of, the financial statements prepared in accordance with GAAP. Management believes that business segment operating profit provides investors and analysts useful insights into our operating performance. Business segment operating profit is reconciled to Income from continuing operations before income taxes, the most directly comparable GAAP measure. Business segment operating profit may be determined or calculated differently by other companies and therefore may not be comparable among companies.

The following table presents a comparison of Income from continuing operations before taxes to business segment operating profit:

		Three Months Ended March 31,			**Three Months Ended June 30,**		**Six Months Ended June 30,**			
In millions	*In millions*	**2023**	**2022**	*In millions*	**2023**	**2022**	**Three Months Ended June 30,**	**2023**	**2022**	**Six Months Ended June 30,**
Income From Continuing Operations Before Income Taxes	**Income From Continuing Operations Before Income Taxes**	**$141**	$ 81	**Income From Continuing Operations Before Income Taxes**	**$ 70**	$117	**$ 211**	$198		

Interest (income) expense, net	Interest (income) expense, net	**7**	17	Interest (income) expense, net	**12**	17	**19**	34
Net special items expense (income) *(b)*	Net special items expense (income) *(b)*	**18**	5	Net special items expense (income) *(b)*	**—**	8	**18**	13
Business Segment Operating Profit *(a)*	**Business Segment Operating Profit *(a)***	**$166**	$103	**Business Segment Operating Profit *(a)***	**$ 82**	$142	**$ 248**	$245
Europe	Europe	**$ 23**	$ 2	Europe	**$(11)**	$ 17	**$ 12**	$ 19
Latin America	Latin America	**46**	39	Latin America	**48**	59	**94**	98
North America	North America	**97**	62	North America	**45**	66	**142**	128
Business Segment Operating Profit *(a)*	**Business Segment Operating Profit *(a)***	**$166**	$103	**Business Segment Operating Profit *(a)***	**$ 82**	$142	**$ 248**	$245

(a) We define business segment operating profit as our income from continuing operations before income taxes calculated in accordance with GAAP, excluding net interest expense (income) and net special items. We believe that business segment operating profit is an important indicator of operating performance as it is a measure reported to our management for purposes of making decisions about allocating resources to our business segments and assessing the performance of our business segments.

(b) Net special items represent income or expenses that are incurred periodically, rather than on a regular basis. Net special items in the periods presented primarily include transaction costs related to the Nymölla acquisition, professional and legal fees related to negotiations resulting in a shareholder cooperation agreement, the impact of the step-up of acquired Nymölla inventory sold during the first quarter and one-time costs incurred in the prior year associated with the spin-off.

Three Months Ended March 31, 2023June 30, 2023 Compared to the Three Months Ended March 31, 2022June 30, 2022

Operating Profit QoQ.jpg

Six Months Ended June 30, 2023 Compared to the Six Months Ended June 30, 2022

Operating Profit YoY.jpg

The following tables present net sales and operating profit, which is the Company's measure of business segment profitability, for each of the Company's segments. See Note 1717 Financial Information by Business Segment and Geographic Area for more information on the Company's segments.

Europe

		Three Months Ended March 31,			Three Months Ended June 30,		Six Months Ended June 30,	
In millions	*In millions*	**2023**	**2022**	*In millions*	**2023**	**2022**	**2023**	**2022**
Net Sales	**Net Sales**	**$ 248**	$ 117	**Net Sales**	**$ 210**	$ 135	**$ 440**	$ 252
Operating Profit	**Operating Profit**	**$ 23**	$ 2	**Operating Profit**	**$ (11)**	$ 17	**$ 12**	$ 19

Three Months Ended June 30, 2023 Compared to the Three Months Ended June 30, 2022

Our Europe business segment net sales increased $131 million $75 million, compared to the same period in 2022, primarily due to net sales of $100 million contributed by Nymölla, and an increase in the market price for uncoated freesheet and pulp. offset by lower volumes.

Europe operating profit was $21 million higher $28 million lower than the same period in 2022, driven primarily by increased sales prices and more favorable product mix higher planned maintenance outages ($2321 million) and operating profit contributed by Nymölla, higher unabsorbed fixed costs due to economic downtime ($167 million) which more than offset the impacts of higher operating costs, lower volumes ($6 million), higher input costs, primarily for purchased pulp, fiber ($3 million) and lower sales prices and product mix ($1 million), which more than offset operating profit contributed by Nymölla ($8 million) and lower operating costs ($2 million).

Six Months Ended June 30, 2023 Compared to the Six Months Ended June 30, 2022

Our Europe business segment net sales increased $188 million, compared to the same period in 2022, primarily due to net sales contributed by Nymölla, decreased sales volumes and increased sales prices and mix.

Europe operating profit was $7 million lower than the same period in 2022, driven primarily by higher planned maintenance outages ($22 million), higher input costs, primarily for purchased fiber and chemicals and energy ($912 million), slightly higher unabsorbed fixed costs due to economic downtime ($10 million), lower volumes ($29 million) and slightly higher outages operating costs ($1 million), which more than offset operating profit contributed by Nymölla ($25 million) and higher sales prices and more favorable product mix ($22 million).

Latin America

	Three Months Ended March 31,			Three Months Ended June 30,			Six Months Ended June 30,	
In millions	*In millions*	**2023**	**2022**	*In millions*	**2023**	**2022**	**2023**	**2022**
Net Sales	**Net Sales**	**$ 222**	$ 215	**Net Sales**	**$ 250**	$ 249	**$ 472**	$ 464
Operating Profit	**Operating Profit**	**$ 46**	$ 39	**Operating Profit**	**$ 48**	$ 59	**$ 94**	$ 98

Three Months Ended June 30, 2023 Compared to the Three Months Ended June 30, 2022

Our Latin America business segment net sales were consistent with the same period in 2022 as decreased sales volumes were offset by increased sales prices and mix.

Operating profit for Latin America was $11 million lower than the same period in 2022, due to higher input costs, primarily for purchased fiber and pulp ($14 million), higher planned maintenance outages ($5 million), lower volumes ($5 million), and higher operating costs ($2 million) which more than offset the benefits of increased sales prices and more favorable product mix ($15 million).

Six Months Ended June 30, 2023 Compared to the Six Months Ended June 30, 2022

Our Latin America business segment net sales increased $7 million $8 million, compared to the same period in 2022, primarily driven by an increase in the market price and mix of uncoated freesheet and pulp for both export and domestic markets. markets in the first six months of 2023.

Operating profit for Latin America was $7 million higher $4 million lower than the same period in 2022, as due to higher input costs, primarily for purchased fiber and pulp ($36 million), lower volumes ($17 million) and planned maintenance outages ($5 million), which more than offset the benefits of increased sales prices and more favorable product mix ($3450 million), along with and lower operating costs ($64 million), more than offset lower volumes ($12 million) and higher input costs ($21 million), primarily for purchased pulp, chemicals and energy..

North America

	Three Months Ended March 31,			Three Months Ended June 30,			Six Months Ended June 30,	
In millions	*In millions*	**2023**	**2022**	*In millions*	**2023**	**2022**	**2023**	**2022**
Net Sales	**Net Sales**	**$ 505**	$ 508	**Net Sales**	**$ 474**	$ 549	**$ 979**	$ 1,057
Operating Profit	**Operating Profit**	**$ 97**	$ 62	**Operating Profit**	**$ 45**	$ 66	**$ 142**	$ 128

Three Months Ended June 30, 2023 Compared to the Three Months Ended June 30, 2022

Our North America business segment net sales remained consistent, was $75 million lower, compared to the same period in 2022, as lower sales volumes ($109 million) were only partially offset by increased sales prices and more favorable product mix ($70 million) were largely offset by lower volumes ($6835 million).

Operating profit for North America was $35 million $21 million lower than the same period in 2022, primarily due to lower volumes ($35 million), higher unabsorbed fixed costs due to economic downtime ($21 million) and higher planned maintenance outages ($9 million), which more than offset the benefits of increased sales prices and product mix ($28 million), lower input costs ($13 million) and lower operating costs ($3 million).

Six Months Ended June 30, 2023 Compared to the Six Months Ended June 30, 2022

Our North America business segment net sales were $78 million lower, compared to the same period in 2022, as lower sales volumes ($177 million) were partially offset by increased sales prices and product mix ($105 million).

Operating profit for North America was $14 million higher than the same period in 2022, primarily due to increased sales price prices and more favorable product mix ($7098 million) as well as and lower outage operating costs ($87 million). These changes were partially which more than offset by lower volumes ($1752 million), higher operating unabsorbed fixed costs due to economic downtime ($832 million) and, increased input costs ($186 million), primarily for purchased fiber energy and chemicals, as well as and higher distribution costs due to continued transportation cost increases. planned maintenance outages ($1 million).

Non-GAAP Financial Measures

Management provides Adjusted EBITDA, a non-GAAP financial measure, to supplement our GAAP financial information, and it should be considered in addition to, but not instead of, the financial statements prepared in accordance with GAAP. Management uses this measure in managing the operating performance of our business and believes that Adjusted EBITDA provide investors and analysts meaningful insights into our operating performance and is a relevant metric for the third-party debt. Adjusted EBITDA is reconciled to Net income, the most directly comparable GAAP measure. Adjusted EBITDA may be determined or calculated differently by other companies and therefore may not be comparable among companies.

		Three Months Ended March 31,			Three Months Ended June 30,		Six Months Ended June 30,	
In millions	***In millions***	**2023**	**2022**	***In millions***	**2023**	**2022**	**2023**	**2022**
Net Income (Loss)	Net Income (Loss)	**$ 97**	$ 26	Net Income (Loss)	**$ 49**	$ (59)	**$ 146**	$ (33)
Less: Discontinued operations, net of taxes	Less: Discontinued operations, net of taxes	**—**	(29)	Less: Discontinued operations, net of taxes	**—**	(143)	**—**	(172)
Net Income From Continuing Operations	Net Income From Continuing Operations	**97**	55	Net Income From Continuing Operations	**49**	84	**146**	139
Income tax provision	Income tax provision	**44**	26	Income tax provision	**21**	33	**65**	59
Interest (income) expense, net	Interest (income) expense, net	**7**	17	Interest (income) expense, net	**12**	17	**19**	34
Depreciation, amortization and cost of timber harvested	Depreciation, amortization and cost of timber harvested	**35**	31	Depreciation, amortization and cost of timber harvested	**34**	32	**69**	63
Stock-based compensation	Stock-based compensation	**7**	4	Stock-based compensation	**8**	7	**15**	11
Transition service agreement expense	Transition service agreement expense	**—**	8	Transition service agreement expense	**—**	8	**—**	16
Net special items expense (income) *(a)*	Net special items expense (income) *(a)*	**18**	5	Net special items expense (income) *(a)*	**—**	8	**18**	13
Adjusted EBITDA *(b)*	**Adjusted EBITDA *(b)***	**$ 208**	$ 146	**Adjusted EBITDA *(b)***	**$ 124**	$ 189	**$ 332**	$ 335
Net Sales	**Net Sales**	**$ 959**	$ 821	**Net Sales**	**$ 919**	$ 912	**$ 1,860**	$ 1,733
Adjusted EBITDA Margin	**Adjusted EBITDA Margin**	**21.7 %**	17.8 %	**Adjusted EBITDA Margin**	**13.5 %**	20.7 %	**17.8 %**	19.3 %

(a) Special items represent income or expenses that are incurred periodically, rather than on a regular basis. Net special items in the periods presented primarily include transaction costs related to the Nymölla acquisition, professional and legal fees related to negotiations resulting in a shareholder cooperation agreement, the impact of the step-up of acquired Nymölla inventory sold during the first quarter and one-time costs incurred in the prior year associated with the spin-off.

(b) We define Adjusted EBITDA (non-GAAP) as net income (GAAP) excluding discontinued operations, net of taxes plus the sum of income taxes, net interest expense (income), depreciation, amortization and cost of timber harvested, transition service agreement expense, stock-based compensation, and, when applicable for the periods reported, special items.

Free cash flow is a non-GAAP measure and the most directly comparable GAAP measure is cash provided by operating activities from continuing operations. Management believes that free cash flow is useful to investors as a liquidity measure because it measures the amount of cash generated that is available, after reinvesting in the business, to maintain a strong balance sheet and service debt, and return cash to shareowners. It should not be inferred that the entire free cash flow amount is available for discretionary expenditures. By adjusting for certain items that are not indicative of the Company's ongoing performance, free cash flow also enables investors to perform meaningful comparisons between past and present periods.

The following is a reconciliation of Cash provided by continuing operations to Free Cash Flow:

	Three Months Ended March 31,	Three Months Ended June 30,	Six Months Ended June 30,

In millions	*In millions*	2023	2022	*In millions*	2023	2022	2023	2022
Cash provided by operating activities from continuing operations	Cash provided by operating activities from continuing operations	**$ 63**	$ 48	Cash provided by operating activities from continuing operations	**$ 77**	$ 76	**$ 140**	$ 130
Adjustments:	Adjustments:			Adjustments:				
Cash invested in capital projects	Cash invested in capital projects	**(61)**	(16)	Cash invested in capital projects	**(44)**	(37)	**(105)**	(59)
Free Cash Flow	Free Cash Flow	**$ 2**	$ 32	Free Cash Flow	**$ 33**	$ 39	**$ 35**	$ 71

The non-GAAP financial measures presented in this Form 10-Q as referenced above have limitations as analytical tools and should not be considered in isolation or as a substitute for an analysis of our results calculated in accordance with GAAP. In addition, because not all companies utilize identical calculations, the Company's presentation of non-GAAP measures in this Form 10-Q may not be comparable to similarly titled measures disclosed by other companies, including companies in the same industry as the Company.

LIQUIDITY AND CAPITAL RESOURCES

Overview

Our ability to fund the Company's cash needs depends on our ongoing ability to generate cash from operations and obtain financing on acceptable terms. Based upon our history of generating strong operating cash flow, we believe we will be able to meet our short-term liquidity needs. We believe we will meet known or reasonably likely future cash requirements through the combination of cash flows from operating activities, available cash balances and available borrowings through the issuance of third-party debt, as needed.

A major factor in our liquidity and capital resource planning is our generation of operating cash flow, which is highly sensitive to changes in the pricing and demand for our products. While changes in key operating cash costs, such as raw materials, energy, mill outages and distribution expenses do have an effect on operating cash generation, we believe that our focus on commercial and operational excellence, as well as our ability to manage costs and working capital, will provide sufficient cash flow generation to meet our operational and capital spending needs.

The terms of the agreements governing our debt contain customary limitations for the financing as well as other provisions. These provisions may also restrict our business and, in the event we cannot meet the terms of those provisions, may adversely impact our financial condition, results of operations or cash flows.

Operating Activities

Cash provided by operating activities from continuing operations totaled $63 million $140 million for the three six months ended March 31, 2023 June 30, 2023, compared with cash provided by operating activities from continuing operations of $48 million $130 million for the three six months ended March 31, 2022.

June 30, 2022. The increase in cash provided by operating activities in 2023 relates primarily to higher net income offset by changes in working capital.

Cash used for working capital components (accounts and notes receivable, inventories, accounts payable and accrued liabilities, and other) was $81 million $94 million for the three six months ended March 31, 2023 June 30, 2023, compared with cash used for working capital components of $49 million $85 million for the three six months ended March 31, 2022 June 30, 2022. The three six months ended March 31, 2023 June 30, 2023 working capital components primarily reflect $82 million $91 million and $18 million $22 million of cash provided by our accounts and notes receivable and other operating activities, respectively, offset by $81 million $60 million and $100 million $147 million in cash used for our inventories and accounts payable and accrued liabilities balances, respectively. The three six months ended March 31, 2022 June 30, 2022 working capital components primarily reflect $16 million $58 million, $33 million, and $23 million $31 million of cash provided by used for our accounts and notes receivable, balance and other operating activities, respectively, offset by $26 million and $62 million of cash used for our inventories, and accounts payable and accrued liabilities balances, respectively. respectively, offset by $37 million of cash provided by our other operating activities.

Investment Activities

The total cash used for investing activities from continuing operations for the three six months ended March 31, 2023 June 30, 2023 increased from the three six months ended March 31, 2022 June 30, 2022, primarily due to the purchase of the Nymölla mill and the increase in capital spending in the current year.

The following table shows capital spending by business segment:

	Three Months Ended March 31,			Six Months Ended June 30,		
In millions	*In millions*	2023	2022	*In millions*	2023	2022
Europe	Europe	**$ 11**	$ 1	Europe	**$ 19**	$ 2

Latin America	Latin America	**32**	10	Latin America	**51**	21
North America	North America	**14**	4	North America	**31**	13
Corporate	Corporate	**4**	1	Corporate	**4**	23
Total	**Total**	**$ 61**	$ 16	**Total**	**$ 105**	$ 59

Capital spending primarily consists of purchases of machinery and equipment and reforestation costs related to our global mill operations.

Financing Activities

Cash used for financing activities from continuing operations for the three six months ended March 31, 2023 June 30, 2023 primarily reflects the payments of $30 million, $10 million, $35 million, $30 million, $13 million, and $7 million $4 million on our outstanding principal debt balances for the AR Securitization, Revolving Credit Facility, AR Securitization, Term Loan F, and Term Loan F, A, respectively. Additionally, $360 million $360 million was paid to bond holders as part of our tender offer. These amounts are primarily offset by the issuance of Term Loan A, draws on our Revolving Credit Facility, and AR Securitization of $300 million, $70 million, $300 million, $70 million, and $60 million, $70 million, respectively. During the three six months ended March 31, 2023 June 30, 2023 the Company also paid $10 million $21 million in dividends and repurchased $10 million $40 million of our shares pursuant to our share repurchase program. Cash used for financing activities from continuing operations for the three six months ended March 31, 2022 June 30, 2022 primarily reflects the payments of $20 million, $10 million, $55 million, $20 million, and $3 million $7 million on our outstanding principal debt balances for Term Loan B, the Revolving Credit Facility, Term Loan B, and Term Loan F, respectively.

Contractual Obligations

Our 2022 Form 10-K included disclosures of our contractual obligations and commitments as of December 31, 2022. We continue to make the contractually required payments, and, therefore, the 2022 obligations and commitments described in our 2022 Form 10-K have been reduced by the required payments.

Capital Expenditures

For the three six months ended March 31, 2023 June 30, 2023, we have invested approximately $61 million, $105 million, or 6.4% 5.6% of net sales, in total capital expenditures. Over that period, we spent approximately $54 $95 million, or 5.6% 5.1% of net sales, in maintenance, regulatory and reforestation capital expenditures, and approximately $7 $10 million, or 0.7% 0.5% of net sales, in high-return capital projects. Our

annual maintenance, regulatory and reforestation capital expenditures are expected to be in the range of approximately $175 to $190 million per year for the next several years, which we believe will be sufficient to maintain our operations and productivity. In addition, we expect to spend approximately $35 million to $45 million $40 million on high-return projects in 2023.

CRITICAL ACCOUNTING POLICIES AND SIGNIFICANT ACCOUNTING ESTIMATES

The preparation of financial statements in conformity with U.S. GAAP requires the Company to establish accounting policies and to make estimates that affect both the amounts and timing of the recording of assets, liabilities, revenues and expenses. Some of these estimates require subjective judgments about matters that are inherently uncertain.

Accounting policies whose application may have a significant effect on the reported results of operations and financial position of the Company, and that can require judgments by management that affect their application, include the accounting for impairment or disposal of long-lived assets and goodwill, business combinations and income taxes.

The Company has included in the Form 10-K a discussion of these critical accounting policies, which are important to the portrayal of the Company's financial condition and results of operations and require management's judgments. The Company has not made any changes in these critical accounting policies during the first three six months of 2023.

FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q contains information that includes or is based upon forward-looking statements. Forward-looking statements forecast or state expectations concerning future events. These statements often can be identified by the fact that they do not relate strictly to historical or current facts. They typically use words such as "anticipate," "assume," "could," "estimate," "expect," "project," "intend," "plan," "believe," "should," "will" and other words and terms of similar meaning, or they are tied to future periods in connection with discussions of the Company's performance. Some examples of forward-looking statements include those relating to our business and operating outlook, future obligations and anticipated expenditures.

Forward-looking statements are not guarantees of future performance. Any or all forward-looking statements may turn out to be incorrect, and actual results could differ materially from those expressed or implied in forward-looking statements. Forward-looking statements are based on current expectations and the current economic environment. They can be affected by inaccurate assumptions or by known or unknown risks, uncertainties and other factors that are difficult to predict.

Although it is not possible to identify all of these risks, uncertainties and other factors, the following factors, among others, could cause our actual results to differ from those in the forward-looking statements: the deterioration of economic and political conditions where we operate such as continuing inflation that increases our costs of operating, conditions such as economic recession decreasing demand for our products, and the war in Ukraine potentially spreading or causing significant economic disruption, particularly in Europe where we operate; workforce, natural gas, fuel and transportation shortages experienced by us and our suppliers creating challenges for our and their operations to overcome, increasing suppliers' prices charged us and increasing our costs of operating; a resurgence of the COVID-19 pandemic or the occurrence of another public health crisis that results in new governmental measures implemented to address it that impede our, our suppliers' or our customers' operations, and that exacerbates inflation, workforce and transportation shortages; climate change and physical and financial risks to us associated with fluctuating regional and global weather conditions or patterns; reduced truck, rail and ocean freight availability resulting in higher costs to us or poor service; information technology risks related to potential breaches of security which may result in the distribution of company, customer, employee and vendor information; extensive environmental laws and regulations, as well as tax and other laws, in the United States, Brazil and other countries in which we operate, which could result in substantial costs to us as a result of compliance with, violations of or liabilities under these laws; failure to attract and retain senior management and other key and skilled employees, particularly in the current tight labor market; the loss of our commercial agreements with International Paper; failure of our separation from International Paper to qualify as a tax-free transaction for U.S. federal income tax purposes; our indebtedness and its impact on our ability to operate and satisfy our debt obligations; the limited trading history of our common stock; and the factors disclosed in Item 1A. Risk Factors in our annual report on Form 10-K for the year ended December 31, 2022 ("2022 Form 10-K"), as such disclosures may be amended, supplemented or superseded from time to time by other reports that we file with the Securities and Exchange Commission, including subsequent quarterly reports on Form 10-Q, annual reports on Form 10-K and current reports on Form 8-K.

We assume no obligation to update any forward-looking statements made in this quarterly report to reflect subsequent events or circumstances or actual outcomes.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Information relating to quantitative and qualitative disclosures about market risk is shown on page 44 of the Company's Form 10-K, which information is incorporated herein by reference. There have been no material changes in the Company's exposure to market risk since December 31, 2022.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure of Controls and Procedures:

Management carried out an evaluation, under the supervision and with the participation of our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) as of March 31, 2023June 30, 2023. Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of such date and designed to ensure that information required to be disclosed by us in reports we file or submit under the Exchange Act is: recorded, processed, summarized and reported within the time periods specified in SEC rules and forms; and accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, to allow timely decisions regarding required disclosure.

In January 2023, the Company completed the previously announced acquisition of Stora Enso's uncoated freesheet paper mill in Nymölla, Sweden. Due to the timing of this acquisition, we have excluded this business from our evaluation of the effectiveness of internal control over financial reporting.

Changes in Internal Control over Financial Reporting:

The Company is in the process of integrating the recently acquired Nymölla mill into the Company's internal control over financial reporting. As a result of these integration activities, certain controls will be being evaluated and may be changed. Excluding the Nymölla acquisition, there were no changes in our internal control over financial reporting that occurred in the first second quarter of 2023 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

Sylvamo may be involved in legal proceedings arising from time to time in the ordinary course of business. Sylvamo is not involved in any legal proceedings that we believe will result, individually or in the aggregate, in a material adverse effect upon our financial condition or results of operations. Note 1212 Income Taxes and Note 1313 Commitments and Contingent Liabilities of the Notes to the Condensed Consolidated Financial Statements in this Form 10-Q are incorporated into this Item 1 by reference.

Item 103 of Regulation S-K requires disclosure of certain environmental matters when a governmental authority is a party to the proceedings and the proceedings involve potential monetary sanctions, unless we reasonably believe the monetary sanctions will not equal or exceed a threshold of $1 million (which is the threshold we elected to use as permitted by this regulation). The matters set forth in Note 1313 Commitments and Contingent Liabilities and incorporated herein are disclosed in accordance with such requirement.

ITEM 1A. RISK FACTORS

The risk factors that affect our business and financial results are set forth under Part I, Item 1A, "Risk Factors," in our 2022 Form 10-K. There have been no material changes to the risk factors described in the 2022 Form 10-K. The risk factors in "Item"Item 1A. Risk Factors," in theour 2022 Form 10-K and the risks described in this Form 10-Q or our other SEC filings could cause our actual results to differ materially from those stated in any forward-looking statements.

ITEM 2. PURCHASES OF EQUITY SECURITIES BY THE ISSUER AND AFFILIATED PURCHASERS

Period	Total Number of Shares Purchased	Average Price Paid Per Share	Total Number of Shares (or Units) Purchased as Part of the Publicly Announced Program	Maximum Number (or Approximate Dollar Value) of Shares that May Yet Be Purchased Under the Program (in millions)
January 1, 2023 - January 31, 2023	201,985	$ 49.53	201,896	$ 60

February 1, 2023 - February 28, 2023 (a)	489 $	47.53	— $	60
March 1, 2023 - March 31, 2023 (a)	87,691 $	49.33	— $	60
Total	290,165		201,896	

Period	Total Number of Shares Purchased	Average Price Paid Per Share	Total Number of Shares (or Units) Purchased as Part of the Publicly Announced Program	Maximum Number (or Approximate Dollar Value) of Shares that May Yet Be Purchased Under the Program (in millions)
April 1, 2023 - April 30, 2023	644 $	46.26	— $	60
May 1, 2023 - May 31, 2023 (a)	277,152 $	41.46	275,938 $	49
June 1, 2023 - June 30, 2023 (a)	437,928 $	42.39	437,899 $	30
Total	715,724		713,837	

(a) 88,269 1,887 shares were acquired from employees from share withholdings under the Company's long term incentive compensation program.

On May 18, 2022, the Board approved a share repurchase program under which the Company may purchase up to an aggregate amount of $150 million of shares of its common stock (the "Repurchase Program"). Pursuant to the Repurchase Program, the Company may repurchase in amounts, at prices and at such times as it deems appropriate, subject to market conditions and other considerations, including all applicable legal requirements. Repurchases may include purchases on the open market or privately negotiated transfers, under Rule 10b5-1 trading plans, under accelerated share repurchase programs, in tender offers and otherwise. The Repurchase Program does not obligate the Company to acquire any particular amount of shares of its common stock and may be modified or suspended at any time at the Company's discretion. The Company repurchased $10 million $30 million of shares during the three months ended March 31, 2023 June 30, 2023.

ITEM 6. EXHIBITS

3.1		Amended and Restated Certificate of Incorporation of Sylvamo Corporation (incorporated by reference to Exhibit 3.1 to Sylvamo Corporation's Registration Statement on Form S-8 filed with the SEC on September 28, 2021).).
3.2		Amended and Restated By-Laws of Sylvamo Corporation (incorporated by reference to Exhibit 3.2 to Sylvamo Corporation's Current Report on Form 8-K filed with the SEC on October 1, 2021).
4.1		Second Supplemental Indenture, dated as of March 10, 2023, between Sylvamo Corporation and the Bank of New York Mellon Trust Company, N.A., as trustee (incorporated by reference to Exhibit 4.1 to Sylvamo Corporation's Corporation's Current Report on Form 8-K filed with the SEC on March 10, 2023 (the "Form 8-K filed 3/10/2023")).
10.1		Credit Agreement, dated as of September 13, 2021 (as amended, restated, amended and restated, supplemented or otherwise modified from time to time (including pursuant to Amendment No. 2)), amongSylvamo Corporation, Bank of America, N.A., as administrative agent, and the lenders from time to time party thereto (incorporated by reference to Exhibit 10.1 to the Form 8-K filed 3/10/2023).
10.2	†	2023 Long-Term Incentive Plan Award Agreement Terms and Conditions (incorporated by reference to Exhibit 10.19 to Sylvamo Corporation's Annual Report on Form 10-K filed with the SEC on February 22, 2023 (the "Form 10-K filed 2/22/2023")).
10.3	†	Sylvamo Corporation 2023 Annual Incentive Plan (incorporated by reference to Exhibit 10.21 to the Form 10-K filed 2/22/2023).
10.4	†	Sylvamo Corporation 2021 Executive Severance Plan (restated) (incorporated by reference to Exhibit 10.22 to the Form 10-K filed 2/22/2023). October 1, 2021).
31.1*		Certification of principal executive officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2*		Certification of principal financial officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32**		Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS		XBRL Instance Document – the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the inline XBRL document.
101.SCH XBRL		Taxonomy Extension Schema.
101.CAL XBRL		Taxonomy Extension Calculation Linkbase.
101.DEF XBRL		Taxonomy Extension Definition Linkbase.
101.LAB XBRL		Taxonomy Extension Label Linkbase.
101.PRE XBRL		Extension Presentation Linkbase.
104.		Cover Page Interactive Data File (formatted as Inline XBRL, and contained in Exhibit 101).

† Management contract or compensatory plan or arrangement

*   Filed herewith
**   Furnished herewith

Items 3, 4 and 5 are not applicable and have been omitted.

SIGNATURES

Pursuant to the requirements of Section 12 of the Securities Exchange Act of 1934, the registrant has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized.

SYLVAMO CORPORATION

Date: May 9, 2023 August 9, 2023	By:	/s/ Kevin W. Ferguson
	Name:	Kevin W. Ferguson
	Title:	Vice-President and Controller

28 32

Exhibit 31.1

CERTIFICATION

I, Jean-Michel Ribiéras, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Sylvamo Corporation;

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 and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) 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 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.

May August 9, 2023

By: /s/ Jean-Michel Ribiéras
Jean-Michel Ribiéras
Chairman and Chief Executive Officer

Exhibit 31.2

CERTIFICATION

I, John V. Sims, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Sylvamo Corporation;

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 and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) 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 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.

May August 9, 2023

By: /s/ John V. Sims
John V. Sims
Senior Vice President and Chief Financial Officer

Exhibit 32

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-Q of Sylvamo Corporation (the "Company") for the period ended March 31, 2023 June 30, 2023 (the "Report"), each of the undersigned certifies, pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

By: /s/ Jean-Michel Ribiéras
Jean-Michel Ribiéras
Chairman and Chief Executive Officer
May August 9, 2023

By: /s/ John V. Sims
John V. Sims
Senior Vice President and Chief Financial Officer
May August 9, 2023

REFINITIV

DISCLAIMER