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 September 30, 2024

or

☐ **Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

For the transition period from to

GLATFELTER

4350 Congress Street, Suite 600
Charlotte, North Carolina 28209
(Address of principal executive offices)

(704) 885-2555
(Registrant's telephone number, including area code)

Commission file number	Exact name of registrant as specified in its charter	IRS Employer Identification No.	State or other jurisdiction of incorporation or organization
1-03560	**Glatfelter Corporation**	**23-0628360**	**Pennsylvania**

(N/A)
Former name or former address, 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	**GLT**	**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 at the past 90 days. Yes ☒ No ☐.

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a small reporting company or 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 ☒.

Common Stock outstanding on October 29, 2024 totaled 45,498,375 shares.

GLATFELTER CORPORATION AND SUBSIDIARIES
REPORT ON FORM 10-Q

For the Quarterly Period Ended

September 30, 2024

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PART I

Item 1 – Financial Statements

GLATFELTER CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(unaudited)

In thousands, except per share	Three months ended September 30, 2024	Three months ended September 30, 2023	Nine months ended September 30, 2024	Nine months ended September 30, 2023
Net sales	**$ 332,101**	$ 329,921	**$ 988,800**	$ 1,065,134
Costs of products sold	**296,620**	285,434	**882,022**	966,300
Gross profit	**35,481**	44,487	**106,778**	98,834
Selling, general and administrative expenses	**32,511**	24,714	**97,988**	84,098
Loss on sale of Ober-Schmitten	**—**	17,805	**—**	17,805
Losses (gains) on dispositions of plant, equipment and timberlands, net	**(1)**	(685)	**70**	(1,350)
Operating income (loss)	**2,971**	2,653	**8,720**	(1,719)
Non-operating income (expense)				
Interest expense	**(18,404)**	(17,386)	**(53,989)**	(47,241)
Interest income	**237**	329	**771**	1,159
Other, net	**(3,316)**	(1,948)	**(7,852)**	(8,271)
Total non-operating expense	**(21,483)**	(19,005)	**(61,070)**	(54,353)
Loss from continuing operations before income taxes	**(18,512)**	(16,352)	**(52,350)**	(56,072)
Income tax provision	**1,490**	3,328	**9,597**	13,421
Loss from continuing operations	**(20,002)**	(19,680)	**(61,947)**	(69,493)
Discontinued operations:				
Income (loss) before income taxes	**4,755**	(183)	**4,074**	(894)
Income tax provision	**—**	—	**—**	—
Income (loss) from discontinued operations	**4,755**	(183)	**4,074**	(894)
Net loss	**$ (15,247)**	$ (19,863)	**$ (57,873)**	$ (70,387)
Basic earnings per share				
Loss from continuing operations	**$ (0.44)**	$ (0.43)	**$ (1.37)**	$ (1.54)
Income (loss) from discontinued operations	**0.11**	—	**0.09**	(0.02)
Basic loss per share	**$ (0.33)**	$ (0.43)	**$ (1.28)**	$ (1.56)
Diluted earnings per share				
Loss from continuing operations	**$ (0.44)**	$ (0.43)	**$ (1.37)**	$ (1.54)
Income (loss) from discontinued operations	**0.11**	—	**0.09**	(0.02)
Diluted loss per share	**$ (0.33)**	$ (0.43)	**$ (1.28)**	$ (1.56)
Weighted average shares outstanding				
Basic	**45,442**	45,099	**45,322**	45,033
Diluted	**45,442**	45,099	**45,322**	45,033

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

GLATFELTER CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(unaudited)

In thousands	Three months ended September 30, 2024	Three months ended September 30, 2023	Nine months ended September 30, 2024	Nine months ended September 30, 2023
Net loss	**$ (15,247)**	$ (19,863)	**$ (57,873)**	$ (70,387)
Foreign currency translation adjustments	**16,598**	(7,185)	**5,456**	2,298
Net change in:				
Deferred (losses) gains on derivatives, net of taxes of $(557), $521, $(46) and $372, respectively	**(1,211)**	1,031	**(130)**	1,177
Unrecognized retirement obligations, net of taxes of $(36), $6, $(21) and $10, respectively	**20**	11	**62**	681
Other comprehensive income (loss)	**15,407**	(6,143)	**5,388**	4,156
Comprehensive income (loss)	**$ 160**	$ (26,006)	**$ (52,485)**	$ (66,231)

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

GLATFELTER CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(unaudited)

In thousands	September 30, 2024	December 31, 2023
Assets		
Cash and cash equivalents	**$ 41,635**	$ 50,265
Accounts receivable, net	**172,853**	170,974
Inventories	**313,187**	298,248
Prepaid expenses and other current assets	**58,388**	86,480
Total current assets	**586,063**	605,967
Plant, equipment and timberlands, net	**649,219**	662,916
Goodwill	**108,640**	107,691
Intangible assets, net	**98,864**	106,333
Other assets	**78,837**	80,889
Total assets	**$ 1,521,623**	$ 1,563,796
Liabilities and Shareholders' Equity		
Current portion of long-term debt	**$ —**	$ 1,005
Short-term debt	**7,607**	6,150
Accounts payable	**151,527**	158,455
Environmental liabilities	**700**	2,000
Other current liabilities	**102,962**	112,758
Total current liabilities	**262,796**	280,368
Long-term debt	**879,983**	853,163
Deferred income taxes	**49,891**	52,219
Other long-term liabilities	**122,253**	121,192
Total liabilities	**1,314,923**	1,306,942
Commitments and contingencies (Note 18)	—	—
Shareholders' equity		
Common stock	**544**	544
Capital in excess of par value	**54,894**	58,759
Retained earnings	**361,937**	419,810
Accumulated other comprehensive loss	**(77,121)**	(82,509)
	340,254	396,604
Less cost of common stock in treasury	**(133,554)**	(139,750)
Total shareholders' equity	**206,700**	256,854
Total liabilities and shareholders' equity	**$ 1,521,623**	$ 1,563,796

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

GLATFELTER CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited)

	Nine months ended September 30,	
In thousands	**2024**	2023
Operating activities		
Net loss	**$ (57,873)**	$ (70,387)
Loss (income) from discontinued operations, net of taxes	**(4,074)**	894
Adjustments to reconcile to net cash used by continuing operations:		
Depreciation, depletion and amortization	**47,125**	47,394
Amortization of debt issue costs and original issue discount	**3,121**	4,292
Pension settlement charge	**—**	633
Deferred income tax benefit	**(2,166)**	(2,073)
Losses (gains) on dispositions of plant, equipment and timberlands, net	**70**	(1,350)
Share-based compensation	**2,550**	2,205
Loss on sale of Ober-Schmitten	**—**	17,805
Change in operating assets and liabilities:		
Accounts receivable	**1,341**	18,606
Inventories	**(10,477)**	1,142
Prepaid and other current assets	**31,985**	(13,702)
Accounts payable	**(9,024)**	(60,042)
Accruals and other current liabilities	**(14,068)**	11,380
Other	**3,093**	1,248
Net cash used by operating activities from continuing operations	**(8,397)**	(41,955)
Investing activities		
Expenditures for purchases of plant, equipment and timberlands	**(21,695)**	(25,229)
Proceeds from disposals of plant, equipment and timberlands, net	**49**	1,484
Payments related to Ober-Schmitten sale	**—**	(5,793)
Other	**864**	844
Net cash used by investing activities from continuing operations	**(20,782)**	(28,694)
Financing activities		
Proceeds from term loan	**—**	262,273
Repayment of term loans	**(988)**	(227,422)
Net borrowings (repayments) under revolving credit facility	**19,037**	(11,981)
Payments of borrowing costs	**(60)**	(11,603)
Payments related to share-based compensation awards and other	**(219)**	(280)
Net cash provided by financing activities from continuing operations	**17,770**	10,987
Effect of exchange rate changes on cash	**192**	(143)
Net decrease in cash, cash equivalents and restricted cash	**(11,217)**	(59,805)
Decrease in cash, cash equivalents and restricted cash from discontinued operations	**(234)**	(734)
Cash, cash equivalents and restricted cash at the beginning of period	**55,360**	119,162
Cash, cash equivalents and restricted cash at the end of period	**43,909**	58,623
Less: restricted cash in Prepaid expenses and other current assets	**(2,274)**	(3,600)
Less: restricted cash in Other assets	**—**	(2,282)
Cash and cash equivalents at the end of period	**$ 41,635**	$ 52,741
Supplemental cash flow information		
Cash paid for:		
Interest	**$ 44,481**	$ 37,026
Income taxes, net	**8,268**	6,823

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

GLATFELTER CORPORATION AND SUBSIDIARIES
STATEMENTS OF SHAREHOLDERS' EQUITY
(unaudited)

In thousands	Common stock	Capital in Excess of Par Value	Retained Earnings	Accumulated Other Comprehensive Loss	Treasury Stock	Total Shareholders' Equity
Balance at July 1, 2024	**$ 544**	**$ 55,396**	**$ 377,184**	**$ (92,528)**	**$ (135,076)**	**$ 205,520**
Net loss			**(15,247)**			**(15,247)**
Other comprehensive income				**15,407**		**15,407**
Comprehensive income						**160**
Share-based compensation expense		**1,081**				**1,081**
Delivery of treasury shares:						
RSUs and PSAs		**(1,583)**			**1,522**	**(61)**
Balance at September 30, 2024	**$ 544**	**$ 54,894**	**$ 361,937**	**$ (77,121)**	**$ (133,554)**	**$ 206,700**
Balance at July 1, 2023	$ 544	$ 57,945	$ 448,339	$ (87,596)	$ (140,394)	$ 278,838
Net loss			(19,863)			(19,863)
Other comprehensive loss				(6,143)		(6,143)
Comprehensive loss						(26,006)
Share-based compensation expense		898				898
Delivery of treasury shares:						
RSUs and PSAs		(676)			644	(32)
Balance at September 30, 2023	$ 544	$ 58,167	$ 428,476	$ (93,739)	$ (139,750)	$ 253,698
Balance at January 1, 2024	**$ 544**	**$ 58,759**	**$ 419,810**	**$ (82,509)**	**$ (139,750)**	**$ 256,854**
Net loss			**(57,873)**			**(57,873)**
Other comprehensive income				**5,388**		**5,388**
Comprehensive loss						**(52,485)**
Share-based compensation expense		**2,550**				**2,550**
Delivery of treasury shares:						
RSUs and PSAs		**(6,415)**			**6,196**	**(219)**
Balance at September 30, 2024	**$ 544**	**$ 54,894**	**$ 361,937**	**$ (77,121)**	**$ (133,554)**	**$ 206,700**
Balance at January 1, 2023	$ 544	$ 60,663	$ 498,863	$ (97,895)	$ (144,171)	$ 318,004
Net loss			(70,387)			(70,387)
Other comprehensive income				4,156		4,156
Comprehensive loss						(66,231)
Share-based compensation expense		2,205				2,205
Delivery of treasury shares:						
RSUs and PSAs		(4,701)			4,421	(280)
Balance at September 30, 2023	$ 544	$ 58,167	$ 428,476	$ (93,739)	$ (139,750)	$ 253,698

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

GLATFELTER CORPORATION AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

1. ORGANIZATION

Glatfelter Corporation and subsidiaries ("Glatfelter") is a leading global supplier of engineered materials with a strong focus on innovation and sustainability. Glatfelter's high quality, technology-driven, innovative, and customizable nonwovens solutions can be found in products that are Enhancing Everyday Life®. These include personal care and hygiene products, food and beverage filtration, critical cleaning products, medical and personal protection, packaging products, as well as home improvement and industrial applications. Headquartered in Charlotte, NC, our 2023 net sales were $1.4 billion. At September 30, 2024, we employed approximately 2,867 employees worldwide. Glatfelter's operations utilize a variety of manufacturing technologies including airlaid, wetlaid, and spunlace with fifteen manufacturing sites located in the United States, Canada, Germany, the United Kingdom, France, Spain, and the Philippines. The Company has sales offices in all major geographies serving customers under the Glatfelter and Sontara brands. Additional information about Glatfelter may be found at www.glatfelter.com. The terms "we," "us," "our," "the Company," or "Glatfelter," refer to Glatfelter Corporation and subsidiaries unless the context indicates otherwise.

2. ACCOUNTING POLICIES

Basis of Presentation The unaudited condensed consolidated financial statements ("financial statements") include the accounts of Glatfelter and its wholly-owned subsidiaries. All intercompany balances and transactions have been eliminated.

We prepared these financial statements in accordance with accounting principles generally accepted in the United States of America ("generally accepted accounting principles" or "GAAP") and pursuant to the rules and regulations of the Securities and Exchange Commission pertaining to interim financial statements. In our opinion, the financial statements reflect all normal, recurring adjustments needed to present fairly our results for the interim periods. When preparing these financial statements, we have assumed you have read the audited consolidated financial statements included in our 2023 Annual Report on Form 10-K.

Discontinued Operations The results of operations and cash flows of our former Specialty Papers business have been classified as discontinued operations for all periods presented in the condensed consolidated statements of operations.

Accounting Estimates The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingencies as of the balance sheet date and the reported amounts of revenues and expenses during the reporting period. Management believes the estimates and assumptions used in the preparation of these financial statements are reasonable, based upon currently available facts and known circumstances, but recognizes actual results may differ from those estimates and assumptions.

Recently Issued Accounting Pronouncements

In November 2023, the FASB issued ASU 2023-07, "Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures ("ASU 2023-07"). The standard improves reportable segment disclosure requirements, primarily through enhanced disclosures about significant segment expenses. ASU 2023-07 is effective for annual reporting periods beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024, with early adoption permitted. The guidance is to be applied retrospectively to all prior periods presented in the financial statements. We are currently evaluating the potential impact of adopting this new guidance on our consolidated financial statements and related disclosures.

In December 2023, the FASB issued ASU 2023-09, "Income Taxes (Topic 740): Improvements to Income Tax Disclosures" ("ASU 2023-09"). The standard enhances income tax disclosure requirements by requiring specified categories and greater disaggregation within the rate reconciliation table, disclosure of income taxes paid by jurisdiction, and provides clarification on uncertain tax positions and related financial statement impacts. ASU 2023-09 is effective for annual periods beginning after December 15, 2024. We are currently evaluating the potential impact of adopting this new guidance on our consolidated financial statements and related disclosures.

3. REVENUE

The following tables set forth disaggregated information pertaining to our net sales:

In thousands	Three months ended September 30, 2024	Three months ended September 30, 2023	Nine months ended September 30, 2024	Nine months ended September 30, 2023
Revenue by product category				
Airlaid Materials				
Feminine hygiene	**$ 48,415**	$ 54,787	**$ 138,007**	$ 164,914
Specialty wipes	**40,107**	43,503	**118,247**	133,832
Tabletop	**29,084**	26,101	**79,209**	88,294
Food pads	**3,602**	2,814	**10,265**	9,715
Home care	**6,218**	7,638	**18,579**	21,778
Adult incontinence	**5,577**	7,806	**17,947**	22,228
Other	**5,303**	4,365	**18,165**	18,205
	138,306	147,014	**400,419**	458,966
Composite Fibers				
Food & beverage	**66,954**	63,272	**204,647**	212,971
Wallcovering	**11,189**	14,561	**40,133**	50,288
Technical specialties	**16,344**	16,407	**47,299**	58,402
Composite laminates	**12,537**	9,542	**35,211**	27,343
Metallized	**6,665**	5,933	**19,764**	19,027
	113,689	109,715	**347,054**	368,031
Spunlace				
Consumer wipes	**33,612**	32,512	**98,759**	105,380
Critical cleaning	**30,642**	14,960	**88,524**	61,693
Health care	**9,120**	17,620	**28,101**	44,803
Hygiene	**4,938**	4,576	**19,158**	15,270
High performance	**1,908**	3,447	**6,999**	11,264
Beauty care	**223**	676	**1,229**	1,524
	80,443	73,791	**242,770**	239,934
Inter-segment sales elimination	**(337)**	(599)	**(1,443)**	(1,797)
Total	**$ 332,101**	$ 329,921	**$ 988,800**	$ 1,065,134

In thousands	Three months ended September 30, 2024	2023	Nine months ended September 30, 2024	2023
Revenue by geography				
Airlaid Materials				
Americas	**$ 75,529**	$ 81,751	**$ 221,737**	$ 257,080
Europe, Middle East and Africa	**62,366**	61,485	**174,754**	190,995
Asia Pacific	**411**	3,778	**3,928**	10,891
	138,306	147,014	**400,419**	458,966
Composite Fibers				
Europe, Middle East and Africa	**65,806**	66,765	**199,717**	213,295
Americas	**29,991**	27,125	**92,215**	93,753
Asia Pacific	**17,892**	15,825	**55,122**	60,983
	113,689	109,715	**347,054**	368,031
Spunlace				
Americas	**50,225**	49,317	**154,691**	152,470
Europe, Middle East and Africa	**23,894**	19,885	**68,375**	68,237
Asia Pacific	**6,324**	4,589	**19,704**	19,227
	80,443	73,791	**242,770**	239,934
Inter-segment sales elimination	**(337)**	(599)	**(1,443)**	(1,797)
Total	**$ 332,101**	$ 329,921	**$ 988,800**	$ 1,065,134

4. PROPOSED MERGER

As previously announced on February 7, 2024, we entered into certain definitive agreements with Berry Global Group, Inc. (“Berry”) for Berry to spin-off and merge the majority of its Health, Hygiene and Specialties segment including its Global Nonwovens and Films business (“HHNF”) with Glatfelter (the “Merger”) that will create Magnera, a leading, publicly-traded company in the specialty materials industry. The board of directors of both Berry and Glatfelter have unanimously approved the Merger. The Merger is expected to occur through a series of transactions, including a Reverse Morris Trust transaction such that HHNF will become a wholly owned subsidiary of Glatfelter. Upon completion of the Merger, Berry shareholders will hold 90% of the outstanding shares of Glatfelter and Glatfelter shareholders will continue to hold 10% of the outstanding shares of Glatfelter. The combined company’s Board of Directors will include 6 members chosen by Berry and 3 chosen from Glatfelter’s existing Board of Directors, with Curt Begle, the current president of the Health, Hygiene & Specialties Division of Berry, becoming the Chief Executive Officer.

Previously, the Company reported the achievement of all required approvals and clearances under competition and foreign direct investment laws and Berry received a favorable private letter ruling from the U.S. Internal Revenue Service regarding the qualification of the spin-off and the merger as tax-free transactions under the Internal Revenue Code. On October 23, 2024, we obtained the shareholder approval for the merger and the transaction is expected to close on November 4, 2024. Prior to the completion of the Merger, Glatfelter and HHNF will continue to operate as independent companies.

5. GAINS ON DISPOSITION OF PLANT, EQUIPMENT AND TIMBERLANDS

Timberland and other asset sales for the nine months ended September 30, 2024 were inconsequential.

The following table sets forth sales of timberlands and other assets completed during the nine months ended September 30, 2023:

Dollars in thousands	Acres	Proceeds	Gain
2023			
Timberlands	546	$ 1,340	$ 1,305
Other	n/a	144	45
Total		$ 1,484	$ 1,350

6. DISCONTINUED OPERATIONS

For the three and nine months ended September 30, 2024, we recognized income in discontinued operations of $4.8 million and $4.1 million, respectively, primarily related to the settlement of a legal dispute in the third quarter, pension related costs and legal costs incurred. For the three and nine months ended September 30, 2023, we recognized a loss in discontinued operations of $0.2 million and $0.9 million, respectively, primarily related to an insurance claim settlement and legal costs.

In August 2024, we reached a settlement of a legal dispute with a manufacturer for equipment supplied and installed at our former Specialty Papers business. Under the terms of the sale agreement of our Specialty Papers business in 2018, we retained the right to any recoveries from the resolution of this matter. Under the terms of this settlement, we will be paid $6.5 million in monthly installments of approximately $1.1 million beginning in September 2024. We recognized a $6.5 million gain, less applicable legal fees, in the quarter ended September 30, 2024 which is included in discontinued operations.

7. EARNINGS PER SHARE

The following table sets forth the details of basic and diluted earnings per share ("EPS") from continuing operations:

	Three months ended September 30,		Nine months ended September 30,	
In thousands, except per share	**2024**	2023	**2024**	2023
Loss from continuing operations	**$ (20,002)**	$ (19,680)	**$ (61,947)**	$ (69,493)
Weighted average common shares outstanding used in basic EPS	**45,442**	45,099	**45,322**	45,033
Common shares issuable upon exercise of dilutive stock options and PSAs / RSUs	**—**	—	**—**	—
Weighted average common shares outstanding and common share equivalents used in diluted EPS	**45,442**	45,099	**45,322**	45,033
Loss per share from continuing operations				
Basic	**$ (0.44)**	$ (0.43)	**$ (1.37)**	$ (1.54)
Diluted	**(0.44)**	(0.43)	**(1.37)**	(1.54)

The following table sets forth potential common shares outstanding that were not included in the computation of diluted EPS for the periods indicated, because their effect would be anti-dilutive:

	Three months ended September 30,		Nine months ended September 30,	
In thousands	**2024**	2023	**2024**	2023
Potential common shares	**424**	532	**424**	532

8. ACCUMULATED OTHER COMPREHENSIVE LOSS

The following table sets forth details of the changes in accumulated other comprehensive loss for the three and nine months ended September 30, 2024 and 2023.

In thousands	Currency translation adjustments	Unrealized gain (loss) on derivatives	Change in pensions	Change in other postretirement defined benefit plans	Total
Balance at July 1, 2024	**$ (101,875)**	**$ 11,636**	**$ (2,644)**	**$ 355**	**$ (92,528)**
Other comprehensive income (loss) before reclassifications (net of tax)	**16,598**	**(1,345)**	**—**	**—**	**15,253**
Amounts reclassified from accumulated other comprehensive income (net of tax)	**—**	**134**	**24**	**(4)**	**154**
Net current period other comprehensive income (loss)	**16,598**	**(1,211)**	**24**	**(4)**	**15,407**
Balance at September 30, 2024	**$ (85,277)**	**$ 10,425**	**$ (2,620)**	**$ 351**	**$ (77,121)**
Balance at July 1, 2023	$ (96,759)	$ 11,322	$ (2,562)	$ 403	$ (87,596)
Other comprehensive income (loss) before reclassifications (net of tax)	(7,185)	1,515	—	—	(5,670)
Amounts reclassified from accumulated other comprehensive income (net of tax)	—	(484)	19	(8)	(473)
Net current period other comprehensive income (loss)	(7,185)	1,031	19	(8)	(6,143)
Balance at September 30, 2023	$ (103,944)	$ 12,353	$ (2,543)	$ 395	$ (93,739)
Balance at January 1, 2024	**$ (90,733)**	**$ 10,555**	**$ (2,692)**	**$ 361**	**$ (82,509)**
Other comprehensive income before reclassifications (net of tax)	**5,456**	**373**	**—**	**—**	**5,829**
Amounts reclassified from accumulated other comprehensive income (net of tax)	**—**	**(503)**	**72**	**(10)**	**(441)**
Net current period other comprehensive income (loss)	**5,456**	**(130)**	**72**	**(10)**	**5,388**
Balance at September 30, 2024	**$ (85,277)**	**$ 10,425**	**$ (2,620)**	**$ 351**	**$ (77,121)**
Balance at January 1, 2023	$ (106,242)	$ 11,176	$ (3,247)	$ 418	$ (97,895)
Other comprehensive income before reclassifications (net of tax)	2,298	3,128	—	—	5,426
Amounts reclassified from accumulated other comprehensive income (net of tax)	—	(1,951)	704	(23)	(1,270)
Net current period other comprehensive income (loss)	2,298	1,177	704	(23)	4,156
Balance at September 30, 2023	$ (103,944)	$ 12,353	$ (2,543)	$ 395	$ (93,739)

Reclassifications out of accumulated other comprehensive loss and into the condensed consolidated statements of operations were as follows:

In thousands	Three months ended September 30, 2024	Three months ended September 30, 2023	Nine months ended September 30, 2024	Nine months ended September 30, 2023	
Description					**Line Item in Statements of Operations**
Cash flow hedges (Note 17)					
Gains on cash flow hedges	**$ (331)**	$ (261)	**$ (457)**	$ (1,579)	Costs of products sold
Tax provision (benefit)	**465**	(223)	**(46)**	(372)	Income tax provision (benefit)
Net of tax	**134**	(484)	**(503)**	(1,951)	
Total cash flow hedges	**134**	(484)	**(503)**	(1,951)	
Retirement plan obligations (Note 10)					
Amortization of deferred benefit pension plans					
Prior service costs	**3**	4	**11**	16	Other, net
Actuarial losses	**34**	21	**82**	64	Other, net
Pension settlement	**—**	—	**—**	633	Other, net
	37	25	**93**	713	
Tax benefit	**(13)**	(6)	**(21)**	(9)	Income tax provision (benefit)
Net of tax	**24**	19	**72**	704	
Amortization of deferred benefit other plans					
Prior service costs	**12**	6	**37**	16	Other, net
Actuarial gain	**(16)**	(14)	**(47)**	(39)	Other, net
	(4)	(8)	**(10)**	(23)	
Tax expense	**—**	—	**—**	—	Income tax provision (benefit)
Net of tax	**(4)**	(8)	**(10)**	(23)	
Total reclassifications, net of tax	**$ 154**	$ (473)	**$ (441)**	$ (1,270)	

9. SHARE-BASED COMPENSATION

On May 5, 2023 (the "Effective Date"), the Board and shareholders approved an amendment and restatement of the Glatfelter Corporation 2022 Long-Term Incentive Plan (the "Equity Plan") to increase the number of shares available for grant under the Equity Plan (as amended and restated, the "Amended Plan") (collectively, the "LTIP"). The LTIP is a long-term incentive plan, pursuant to which awards may be granted to full-time or part-time employees, officers, non-employee directors, and consultants of the Company or any subsidiary or affiliate of the Company, including stock options, stock-only stock appreciation rights ("SOSARs"), restricted stock awards, restricted stock units ("RSUs"), performance share awards ("PSAs"), and other share-based awards. The Amended Plan was adopted primarily to increase the number of shares of Company common stock reserved for equity-based awards by 675,000 shares (in addition to any shares that remained available for awards under the Equity Plan as of the Effective Date and any shares subject to outstanding awards granted under the Equity Plan as of the Effective Date). As of September 30, 2024, there were 343,605 shares of common stock available for future issuance under the LTIP.

Pursuant to terms of the LTIP, we have issued to eligible participants RSUs, PSAs and SOSARs.

Restricted Stock Units and Performance Share Awards In the first nine months of 2024, we granted RSUs to employees under our LTIP. The RSUs awarded in 2024 vest over three years, with 33% vesting on December 31, 2024, 33% on February 28, 2026, and 34% vesting on February 28, 2027. PSAs were not awarded in 2024. Instead, there was a cash restoration award (paid in cash instead of stock) that vests the same as the RSUs. This cash restoration award is outside of the LTIP. In 2023, we granted RSUs and PSAs to employees under our LTIP. In 2023, 50% of fair value of the awards granted were RSUs, which vest based on the passage of time, generally over a graded three-year period or, in certain instances, the RSUs were cliff vesting after one or three years. The remaining 50% of the fair value of the awards granted in 2023 were PSAs. The PSAs awarded vest based on either the achievement of cumulative financial performance targets covering a two-year period or based on the three-year total shareholder return relative to a broad market index. The performance measures include a minimum, target and maximum performance level providing the grantees an opportunity to receive more or less shares than targeted depending on actual financial performance.

For RSUs, the grant date fair value of the awards, or the closing price per common share on the date of the award, is used to determine the amount of expense to be recognized over the applicable service period. For PSAs, the grant date fair value is estimated using a lattice model. The significant inputs include the stock price, volatility, dividend yield, and risk-free rate of return. Settlement of RSUs and PSAs will be made in shares of our common stock currently held in treasury.

The following table summarizes RSU and PSA activity during periods indicated:

Units	**2024**	2023
Balance at January 1,	**2,273,939**	1,650,152
Granted	**2,403,905**	1,452,769
Forfeited	**(254,730)**	(460,218)
Shares delivered	**(520,135)**	(371,660)
Balance at September 30,	**3,902,979**	2,271,043

The amount granted in 2023 included 756,526 of PSAs exclusive of reinvested dividends.

The following table sets forth aggregate RSU and PSA compensation expense included in continuing operations for the periods indicated:

	September 30,	
In thousands	**2024**	2023
Three months ended	**$ 1,081**	$ 898
Nine months ended	**$ 2,550**	$ 2,205

Stock-Only Stock Appreciation Rights Under terms of the SOSAR, a recipient receives the right to a payment in the form of shares of common stock equal to the difference, if any, in the fair market value of one share of common stock at the time of exercising the SOSAR and the exercise price. All SOSARs are vested, exercisable and have a term of ten years. No SOSARs have been awarded since 2016.

The following table sets forth information related to outstanding SOSARs:

	2024		2023	
	Shares	Wtd Avg Exercise Price	Shares	Wtd Avg Exercise Price
Outstanding at January 1,	**531,519**	**$ 22.10**	769,544	$ 21.34
Granted	—	—	—	—
Exercised	—	—	—	—
Canceled / forfeited	**(107,294)**	**29.73**	(238,025)	19.66
Outstanding at September 30,	**424,225**	**$ 20.17**	531,519	$ 22.10

10. RETIREMENT PLANS AND OTHER POST-RETIREMENT BENEFITS

The following tables provide information with respect to the net periodic costs of our pension and post-retirement medical benefit plans included in continuing operations.

	Three months ended September 30,		Nine months ended September 30,	
In thousands	**2024**	2023	**2024**	2023
Pension Benefits				
Service cost	**$ —**	$ —	**$ —**	$ —
Interest cost	**358**	347	**1,059**	1,120
Amortization of prior service cost	**3**	4	**11**	16
Amortization of actuarial loss	**34**	21	**82**	64
Pension settlement charge	—	—	—	633
Total net periodic benefit expense	**$ 395**	$ 372	**$ 1,152**	$ 1,833
Other Benefits				
Service cost	**$ 5**	$ 3	**$ 15**	$ 8
Interest cost	**40**	44	**122**	133
Amortization of prior service cost	**12**	6	**37**	16
Amortization of actuarial gain	**(16)**	(14)	**(47)**	(39)
Total net periodic benefit expense	**$ 41**	$ 39	**$ 127**	$ 118

11. INCOME TAXES

Income taxes are recognized for the amount of taxes payable or refundable for the current year, and deferred tax liabilities and assets for the future tax consequences of events that have been recognized in our condensed consolidated financial statements or tax returns. The effects of income taxes are measured based on enacted tax laws and rates.

For the nine months ended September 30, 2024, we had a pretax loss from continuing operations of $52.4 million and income tax expense of $9.6 million. The effective income tax rate for the nine months ended September 30, 2024 was unfavorably impacted by the jurisdictional mix of pretax results among the Company and its subsidiaries and losses which generated no tax benefit in domestic and certain foreign jurisdictions.

For the nine months ended September 30, 2024, we recorded an increase in the valuation allowance of $14.5 million for U.S. federal and certain foreign jurisdictions against our net deferred tax assets. In assessing the need for a valuation allowance, management considers all available positive and negative evidence in its analysis. Based on this analysis, we recorded a valuation allowance for the portion of deferred tax assets where the weight of the evidence indicated it is more likely than not that the deferred assets will not be realized.

As of September 30, 2024 and December 31, 2023, we had $63.4 million and $60.7 million, respectively, of gross unrecognized tax benefits. As of September 30, 2024, if such benefits were to be recognized, approximately $60.8 million would be recorded as a component of income tax expense, thereby affecting our effective tax rate.

The amount of income taxes we pay is subject to ongoing audits by federal, state and foreign tax authorities, which often result in proposed assessments. Management performs a comprehensive review of its global tax positions on a quarterly basis and accrues amounts for uncertain tax positions. Based on these reviews and the result of discussions and resolutions of matters with tax authorities and the closure of tax years subject to tax audit, reserves are adjusted as necessary. However, future results may include favorable or unfavorable adjustments to our estimated tax liabilities in the period the assessments are determined or resolved or as statutes are closed. Due to potential resolution of federal, state and foreign examinations, and the lapse of various statutes of limitation, it is reasonably possible our gross unrecognized tax benefits may decrease within the next twelve months by a range of zero to $27.1 million. We recognize interest and penalties related to uncertain tax positions as income tax expense.

The following table summarizes information included in continuing operations related to interest on uncertain tax positions:

	Nine months ended September 30,	
In millions	**2024**	2023
Interest expense	**$ 2.1**	$ 1.6

	September 30, 2024	December 31, 2023
Accrued interest payable	**$ 8.4**	$ 6.3
Accrued penalties	**2.7**	2.8

In 2021, the Organization for Economic Cooperation and Development (OECD) published Pillar Two Model Rules defining a global minimum tax, which calls for the taxation of large corporations at a minimum rate of 15%. The OECD has since issued administrative guidance providing transition and safe harbor rules around the implementation of the Pillar Two global minimum tax. Effective January 1, 2024, a number of countries have proposed or enacted legislation to implement core elements of the Pillar Two proposal. Pillar Two did not have a significant impact on Glatfelter's financial results for the nine months ended September 30, 2024. While Glatfelter is monitoring developments and evaluating the potential impact on future periods, Glatfelter does not expect Pillar Two to have a significant impact on its 2024 financial results.

12. INVENTORIES

Inventories, net of reserves, were as follows:

In thousands	**September 30, 2024**	December 31, 2023
Raw materials	**$ 92,261**	$ 82,012
In-process and finished	**150,879**	150,220
Supplies	**70,047**	66,016
Total	**$ 313,187**	$ 298,248

13. GOODWILL AND OTHER INTANGIBLE ASSETS

The following table sets forth changes in the amounts of goodwill and other intangible assets recorded by each of our segments during the periods indicated:

In thousands	December 31, 2023	Purchase price allocation adjustment	Translation	**September 30, 2024**
Goodwill				
Airlaid Materials	$ 107,691	$ —	$ 949	**$ 108,640**
Total	$ 107,691	$ —	$ 949	**$ 108,640**

Other Intangible Assets	December 31, 2023	Amortization	Translation	**September 30, 2024**
Airlaid Materials				
Tradename	$ 3,566	$ —	$ 47	**$ 3,613**
Accumulated amortization	(944)	(131)	(16)	**(1,091)**
Net	2,622	(131)	31	**2,522**
Technology and related	18,121	—	232	**18,353**
Accumulated amortization	(6,819)	(875)	(111)	**(7,805)**
Net	11,302	(875)	121	**10,548**
Customer relationships and related	43,986	—	317	**44,303**
Accumulated amortization	(17,685)	(2,787)	(212)	**(20,684)**
Net	26,301	(2,787)	105	**23,619**
Spunlace				
Products and Tradenames	30,064	—	(181)	**29,883**
Accumulated amortization	(3,452)	(969)	(195)	**(4,616)**
Net	26,612	(969)	(376)	**25,267**
Technology and related	15,833	—	(96)	**15,737**
Accumulated amortization	(3,146)	(1,204)	137	**(4,213)**
Net	12,687	(1,204)	41	**11,524**
Customer relationships and related	30,478	—	(184)	**30,294**
Accumulated amortization	(3,669)	(1,207)	(34)	**(4,910)**
Net	26,809	(1,207)	(218)	**25,384**
Total intangibles	142,048	—	135	**142,183**
Total accumulated amortization	(35,715)	(7,173)	(431)	**(43,319)**
Net intangibles	$ 106,333	$ (7,173)	$ (296)	**$ 98,864**

14. LEASES

We enter into a variety of arrangements in which we are the lessee for the use of automobiles, forklifts and other production equipment, production facilities, warehouses, office space and land. We determine if an arrangement contains a lease at inception. All our lease arrangements are operating leases and are recorded in the condensed consolidated balance sheet under the caption "Other assets" and the lease obligation is under "Other current liabilities" and "Other long-term liabilities." We do not have any finance leases.

Operating lease right of use ("ROU") assets and operating lease liabilities are recognized based on the present value of the future minimum lease payments over the lease term at commencement date. ROU assets also include any initial direct costs incurred and any lease payments made at or before the lease commencement date, less lease incentives received. We use our incremental borrowing rate based on information available at the commencement date in determining the lease liabilities as our leases generally do not provide an implicit rate. For purposes of recording the lease arrangement, the term of lease may include options to extend or terminate when we are reasonably certain that the option will be exercised. Lease expense is recognized on a straight-line basis over the lease term.

The following table sets forth information related to our leases as of the periods indicated.

Dollars in thousands	**September 30, 2024**	December 31, 2023
Right of use asset	**$ 24,462**	$ 24,991
Weighted average discount rate	**4.09 %**	3.63 %
Weighted average remaining maturity *(years)*	**19**	20

The following table sets forth operating lease expense for the periods indicated:

	September 30,	
In thousands	**2024**	2023
Three months ended	**$ 1,719**	$ 1,665
Nine months ended	**$ 5,084**	$ 5,058

The following table sets forth required remaining future minimum lease payments during the years indicated:

In thousands	
2024	**$ 1,701**
2025	**6,310**
2026	**3,787**
2027	**2,808**
2028	**2,119**
Thereafter	**19,098**

15. LONG-TERM DEBT

Long-term debt is summarized as follows:

In thousands		**September 30, 2024**		December 31, 2023
Revolving credit facility, due Sep 2026	**$**	**120,020**	$	99,450
4.750% Senior Notes, due Oct 2029		**500,000**		500,000
11.25% Term loan, due Mar 2029		**275,339**		271,215
1.10% Term Loan, due Mar 2024		**—**		1,005
Total long-term debt		**895,359**		871,670
Less current portion		**—**		(1,005)
Unamortized deferred issuance costs		**(15,376)**		(17,502)
Long-term debt, net of current portion	**$**	**879,983**	$	853,163

On September 2, 2021, we entered into a restatement agreement as part of a Fourth Amended and Restated $400.0 million Revolving Credit Facility and a €220.0 million Term Loan (collectively, the “Credit Agreement”).

On May 9, 2022, we entered into an amendment to the Credit Agreement, which was further amended on March 30, 2023. The March 30, 2023 amendment to the Credit Agreement reduced the Revolving Credit Facility to $250.0 million and had us fully extinguish the €220.0 million Term Loan. All remaining principal outstanding and accrued interest under the Revolving Credit Facility will be due and payable on September 2, 2026.

The Credit Agreement contains a number of customary covenants for financings of this type that, among other things, restrict our ability to dispose of or create liens on assets, incur additional indebtedness, limits certain intercompany financing arrangements, make acquisitions and engage in mergers or consolidations. The Credit Agreement also contains covenants requiring a minimum debt coverage ratio. As of September 30, 2024, the leverage ratio, as calculated in accordance with the definition in our Credit Agreement, was 3.8x. A breach of these requirements would give rise to certain remedies under the Revolving Credit Facility, among which is the termination of the agreement.

On March 30, 2023, we entered into a €250.0 million Term Loan with certain affiliates of Angelo, Gordon & Co., L.P. (“AG Loan”). The net proceeds from the AG Loan were used to extinguish the €220.0 million Term Loan, to repay a portion of outstanding revolving borrowings under the Revolving Credit Facility, for working capital and general corporate purposes and to pay estimated fees and expenses. The AG Loan will mature on March 23, 2029 and is prepayable, in whole or in part, at any time at the prepayable premium specified in the Term Loan Agreement.

On October 25, 2021, we issued $500.0 million aggregate principal amount of 4.750% senior notes due 2029 (the “Notes”). The net proceeds from the offering of the Notes, together with cash on hand, were used to pay the purchase price of the Jacob Holm acquisition, to repay certain indebtedness of Jacob Holm, to repay outstanding revolving borrowings under the Revolving Credit Facility, and to pay estimated fees and expenses. The Notes will mature on November 15, 2029. The Notes are redeemable, in whole or in part, at any time at the redemption prices specified in the Indenture. Prior to November 15, 2024, we may redeem some or all of the Notes at a "make-whole" premium as specified in the Indenture.

Glatfelter Gernsbach GmbH (“Gernsbach”), a wholly-owned subsidiary of ours, entered into a series of borrowing agreements with IKB Deutsche Industriebank AG, Düsseldorf (“IKB”). Each of the borrowings require quarterly repayments of principal and interest and provide for representations, warranties and covenants customary for financings of these types. The financial covenants of these borrowings are calculated by reference to the Credit Agreement. These borrowings were fully extinguished on March 14, 2023.

In 2021, Gernsbach also entered into two fixed-rate non-amortizing term loans with certain financial institutions. On February 28, 2023, one of these term loans for €20.0 million was fully extinguished. The remaining term loan matured in March 2024.

Aggregated unamortized deferred debt issuance costs incurred in connection with all of our outstanding debt totaled $15.4 million at September 30, 2024. The deferred costs are being amortized on a straight-line basis over the life of the underlying instruments. Amortization expense related to deferred debt issuance costs totaled $2.6 million and $3.9 million in 2024 and 2023, respectively.

The following schedule sets forth the amortization of our term loan agreements together with the maturity of our other long-term debt during the indicated year.

In thousands	
2024	$ —
2025	—
2026	**120,020**
2027	—
2028	—
Thereafter	**775,339**

Glatfelter Corporation guarantees all debt obligations of its subsidiaries. All such obligations are recorded in these consolidated financial statements.

As of September 30, 2024 and December 31, 2023, we had $3.7 million and $5.7 million, respectively, of letters of credit issued to us by certain financial institutions. The letters of credit, which reduce amounts available under our Revolving Credit Facility, provide financial assurances for the performance of long-term monitoring activities associated with the Fox River environmental matter and for the benefit of certain state workers compensation insurance agencies in conjunction with our self-insurance program. We bear the credit risk on this amount to the extent that we do not comply with the provisions of certain agreements. No amounts are outstanding under the letters of credit.

16. FAIR VALUE OF FINANCIAL INSTRUMENTS

The amounts reported on the condensed consolidated balance sheets for cash and cash equivalents, accounts receivable, accounts payable and short-term debt approximate their respective fair value. The following table sets forth carrying value and fair value of long-term debt:

In thousands	**September 30, 2024** Carrying Value	**September 30, 2024** Fair Value	December 31, 2023 Carrying Value	December 31, 2023 Fair Value
Revolving credit facility, due Sep 2026	**$ 120,020**	**$ 120,020**	$ 99,450	$ 99,450
4.750% Senior Notes, due Oct 2029	**500,000**	**450,625**	500,000	346,250
11.25% Term loan, due Mar 2029	**275,339**	**287,761**	271,215	282,586
1.10% Term Loan, due Mar 2024	**—**	**—**	1,005	993
Total	**$ 895,359**	**$ 858,406**	$ 871,670	$ 729,279

The values set forth above are based on observable inputs and other relevant market data (Level 2). The fair value of financial derivatives is set forth below in Note 17.

17. FINANCIAL DERIVATIVES AND HEDGING ACTIVITIES

As part of our overall risk management practices, we enter into financial derivatives primarily designed to either i) hedge foreign currency risks associated with forecasted transactions ("cash flow hedges"); ii) mitigate the impact that changes in currency exchange rates have on intercompany financing transactions and foreign currency denominated receivables and payables ("foreign currency hedges"); or iii) convert variable-interest-rate debt to fixed rates.

Derivatives Designated as Hedging Instruments - Cash Flow Hedges We use currency forward contracts as cash flow hedges to manage our exposure to fluctuations in the currency exchange rates on certain forecasted production costs. Currency forward contracts involve fixing the exchange for delivery of a specified amount of foreign currency on a specified date. As of September 30, 2024, the maturity of currency forward contracts ranged from one month to 15 months.

We designate certain currency forward contracts as cash flow hedges of forecasted raw material purchases, certain production costs or capital expenditures with exposure to changes in foreign currency exchange rates. Changes in the fair value of derivatives designated and that qualify as cash flow hedges of foreign exchange risk is deferred as a component of accumulated other comprehensive income in the accompanying condensed consolidated balance sheets. With respect to hedges of forecasted raw material purchases or production costs, the amount deferred is subsequently reclassified into costs of products sold in the period that inventory produced using the hedged transaction affects earnings. For hedged capital expenditures, deferred gains or losses are reclassified and included in the historical cost of the capital asset and subsequently affect earnings as depreciation is recognized.

We had the following outstanding derivatives that were used to hedge foreign exchange risks associated with forecasted transactions and designated as hedging instruments:

In thousands	September 30, 2024	December 31, 2023
Derivative		
Sell/Buy - sell notional		
Euro / British Pound	**15,338**	15,210
Philippine Peso / Euro	**—**	137,449
U.S. Dollar / British Pound	**10,335**	18,470
U.S. Dollar / Euro	**67**	277
Sell/Buy - buy notional		
Euro / Philippine Peso	**670,767**	788,342
British Pound / Philippine Peso	**951,019**	923,653
Euro / U.S. Dollar	**76,139**	93,397
U.S. Dollar / Canadian Dollar	**32,211**	30,914
British Pound / U.S. Dollar	**—**	2,211

Derivatives Designated as Hedging Instruments – Net Investment Hedge The €220 million Term Loan discussed in Note 15 – "*Long-Term Debt*" was designated as a net investment hedge of our Euro functional currency foreign subsidiaries and was extinguished on March 30, 2023 in conjunction with the amendment of the Credit Facility. During the first nine months of 2023, we recognized a pre-tax loss of $3.7 million on the remeasurement of the term loan from changes in currency exchange rates. Such amounts are recorded as a component of Other Comprehensive Income (Loss).

Derivatives Not Designated as Hedging Instruments - Foreign Currency Hedges We also entered into forward foreign exchange contracts to mitigate the impact changes in currency exchange rates have on balance sheet monetary assets and liabilities. None of these contracts are designated as hedges for financial accounting purposes and, accordingly, changes in value of the foreign exchange forward contracts and in the offsetting underlying on-balance-sheet transactions are reflected in the accompanying condensed consolidated statements of operations under the caption "Other, net."

The following sets forth derivatives used to mitigate the impact changes in currency exchange rates have on balance sheet monetary assets and liabilities:

In thousands	September 30, 2024	December 31, 2023
Derivative		
Sell/Buy - sell notional		
U.S. Dollar / British Pound	**13,500**	22,800
British Pound / Euro	**2,600**	3,500
Japanese Yen / Euro	**53,000**	—
U.S. Dollar / Swiss Franc	**—**	13,620
British Pound / Swiss Franc	**930**	2,240
Euro / Swiss Franc	**8,200**	4,940
Euro / U.S. Dollar	**10,300**	11,000
U.S Dollar / Philippine Peso	**9,100**	6,700
Sell/Buy - buy notional		
Euro / U.S. Dollar	**—**	10,200
British Pound / Euro	**3,600**	6,470
Swiss Franc / Danish Krone	**—**	—
U.S. Dollar / Canadian Dollar	**2,400**	1,120

These contracts have maturities of one month from the date originally entered into.

Fair Value Measurements The following table summarizes the fair values of derivative instruments for the period indicated and the line items in the accompanying condensed consolidated balance sheets where the instruments are recorded:

In thousands	**September 30, 2024**	December 31, 2023	**September 30, 2024**	December 31, 2023
Balance sheet caption	Prepaid Expenses and Other Current Assets		Other Current Liabilities	
Designated as hedging:				
Forward foreign currency exchange contracts	**$ 433**	$ 851	**$ 1,278**	$ 1,653
Not designated as hedging:				
Forward foreign currency exchange contracts	**$ 184**	937	**$ 226**	$ 155

The amounts set forth in the table above represent the net asset or liability giving effect to rights of offset with each counterparty. The effect of netting the amounts presented above did not have a material effect on our consolidated financial position.

The fair value hierarchy consists of three broad levels, which gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The fair values of the foreign exchange forward contracts are considered to be Level 2. Foreign currency forward contracts are valued using foreign currency forward and interest rate curves. The fair value of each contract is determined by comparing the contract rate to the forward rate and discounting to present value. Contracts in a gain position are recorded in the condensed consolidated balance sheets under the caption “Prepaid expenses and other current assets” and the value of contracts in a loss position is recorded under the caption “Other current liabilities.”

The following table summarizes the amount of income or (loss) from derivative instruments recognized in our results of operations for the periods indicated and the line items in the accompanying condensed consolidated statements of operations where the results are recorded:

	Three months ended September 30,		**Nine months ended September 30,**	
In thousands	**2024**	2023	**2024**	2023
Designated as hedging:				
Forward foreign currency exchange contracts:				
Cost of products sold	**$ (331)**	$ (261)	**$ (457)**	$ (1,579)
Not designated as hedging:				
Forward foreign currency exchange contracts:				
Other – net	**$ (553)**	$ 250	**$ 2,003**	$ 32

The impact of activity not designated as hedging was substantially all offset by the remeasurement of the underlying on-balance-sheet item.

A rollforward of fair value amounts recorded as a component of accumulated other comprehensive loss, before taxes, is as follows:

In thousands	**2024**	2023
Balance at January 1,	**$ (808)**	$ 242
Deferred gains on cash flow hedges	**(769)**	3,128
Reclassified to earnings	**(457)**	(1,579)
Balance at September 30,	**$ (2,034)**	$ 1,791

We expect substantially all of the amounts recorded as a component of accumulated other comprehensive loss will be recorded in results of operations within the next 12 to 18 months and the amount ultimately recognized will vary depending on actual market rates.

Credit risk related to derivative activity arises in the event the counterparty fails to meet its obligations to us. This exposure is generally limited to the amounts, if any, by which the counterparty's obligations exceed our obligation to them. Our policy is to enter into contracts only with financial institutions which meet certain minimum credit ratings.

18. COMMITMENTS, CONTINGENCIES AND LEGAL PROCEEDINGS

Fox River - Neenah, Wisconsin

Background We have previously reported that we face liabilities associated with environmental claims arising out of the presence of polychlorinated biphenyls ("PCBs") in sediments in the lower Fox River, on which our former Neenah facility was located, and in the Bay of Green Bay, Wisconsin (collectively, the "Site"). Over the past several years, we and certain other PRPs completed all remedial actions pursuant to applicable consent decrees or a Unilateral Administrative Order. Under the Glatfelter consent decrees, we are primarily responsible for long-term monitoring and maintenance in OU1-OU4a and for reimbursement of government oversight costs paid after October 2018.

The monitoring activities consist of, among others, testing fish tissue, sampling water quality and sediment, and inspections of the engineered caps. In 2018, we entered into a fixed-price, 30-year agreement with a third party for the performance of all of our monitoring and maintenance obligations in OU1 through OU4a with limited exceptions, such as, for extraordinary amounts of cap maintenance or replacement. Our obligation under this agreement is included in our total reserve for the Site. We are obligated to make the regular payments under that fixed-price contract until the remaining amount due is less than the OU1 escrow account balance. We are permitted to pay for this contract using the remaining balance of the escrow account established by us and WTM I Company ("WTM I") another PRP, under the OU1 consent decree during any period that the balance in the escrow account exceeds the amount due under our fixed-price contract. As of September 30, 2024, the balance in the escrow exceeds the amounts due under the fixed-price contract by approximately $0.7 million. At September 30, 2024, the escrow account balance totaled $9.3 million which is included in the condensed consolidated balance sheet under the caption "Other assets."

Under the consent decree, we are responsible for reimbursement of government oversight costs paid from October 2018 and later over approximately the next 30 years. We anticipate that oversight costs will decline as activities at the site have transitioned from remediation to long-term monitoring and maintenance.

Reserves for the Site Our reserve for past and future government oversight costs and long-term monitoring and maintenance totaled $12.1 million at September 30, 2024, of which $0.7 million is recorded in the accompanying September 30, 2024 condensed consolidated balance sheet under the caption "Environmental liabilities" and the remaining $11.4 million is recorded under the caption "Other long-term liabilities."

Range of Reasonably Possible Outcomes Based on our analysis of all available information, including but not limited to decisions of the courts, official documents such as records of decision, discussions with legal counsel, cost estimates for future monitoring and maintenance and other post-remediation costs to be performed at the Site, we do not believe that our costs associated with the Fox River matter could exceed the aggregate amounts accrued by a material amount.

19. SEGMENT INFORMATION

The following tables set forth financial and other information by segment for the period indicated:

Dollars in thousands	Three months ended September 30, 2024	Three months ended September 30, 2023	Nine months ended September 30, 2024	Nine months ended September 30, 2023
Net Sales				
Airlaid Material	**$ 138,306**	$ 147,014	**$ 400,419**	$ 458,966
Composite Fibers	**113,689**	109,715	**347,054**	368,031
Spunlace	**80,443**	73,791	**242,770**	239,934
Inter-segment sales elimination	**(337)**	(599)	**(1,443)**	(1,797)
Total	**$ 332,101**	$ 329,921	**$ 988,800**	$ 1,065,134
Operating income (loss)				
Airlaid Material	**$ 10,343**	$ 11,196	**$ 22,806**	$ 34,836
Composite Fibers	**6,292**	7,268	**20,582**	14,293
Spunlace	**1,324**	(1,053)	**6,348**	(4,390)
Other and unallocated	**(14,988)**	(14,758)	**(41,016)**	(46,458)
Total	**$ 2,971**	$ 2,653	**$ 8,720**	$ (1,719)
Depreciation and amortization				
Airlaid Material	**$ 7,656**	$ 7,553	**$ 22,922**	$ 22,876
Composite Fibers	**3,810**	3,898	**11,238**	11,760
Spunlace	**3,447**	3,289	**10,147**	9,857
Other and unallocated	**916**	953	**2,818**	2,901
Total	**$ 15,829**	$ 15,693	**$ 47,125**	$ 47,394
Capital expenditures				
Airlaid Material	**$ 3,286**	$ 2,625	**$ 6,948**	$ 7,039
Composite Fibers	**2,540**	2,579	**8,613**	8,352
Spunlace	**2,198**	2,271	**4,964**	7,481
Other and unallocated	**499**	296	**1,170**	2,357
Total	**$ 8,523**	$ 7,771	**$ 21,695**	$ 25,229
Tons shipped (metric)				
Airlaid Material	**39,069**	40,076	**115,205**	119,149
Composite Fibers	**22,862**	22,188	**73,599**	71,972
Spunlace	**14,699**	14,436	**46,727**	46,047
Inter-segment sales elimination	**(164)**	(328)	**(830)**	(925)
Total	**76,466**	76,372	**234,701**	236,243

Segments Results of individual operating segments are presented based on our management accounting practices and management structure. There is no comprehensive, authoritative body of guidance for management accounting equivalent to accounting principles generally accepted in the United States of America; therefore, the financial results of individual segments are not necessarily comparable with similar information for any other company. The management accounting process uses assumptions and allocations to measure performance of the segments. Methodologies are refined from time to time as management accounting practices are enhanced and businesses change. The costs incurred by support areas not directly aligned with the segment are allocated primarily based on an estimated utilization of support area services or are included in "Other and Unallocated" in the table set forth above.

Management evaluates results of operations of the operating segments before certain corporate level costs and the effects of certain gains or losses not considered to be related to the core business operations. Management believes that this is a more meaningful representation of the operating performance of its core businesses, the profitability of the segments and the extent of cash flow generated from these core operations. Such amounts are presented under the caption “Other and Unallocated.” In the evaluation of operating segments results, management does not use any measures of total assets. This presentation is aligned with the management and operating structure of our company. It is also on this basis that the Company’s performance is evaluated internally and by the Company’s Board of Directors.

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

The following discussion should be read in conjunction with the information in the unaudited condensed consolidated financial statements and notes thereto included herein and Glatfelter's Financial Statements and Management's Discussion and Analysis of Financial Condition and Results of Operations included in our 2023 Annual Report on Form 10-K ("2023 Form 10-K").

Forward-Looking Statements This Quarterly Report on Form 10-Q includes forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. All statements other than statements of historical fact, including statements regarding industry prospects and future consolidated financial position or results of operations, made in this Report on Form 10-Q are forward looking. We use words such as "anticipates", "believes", "expects", "future", "intends" and similar expressions to identify forward-looking statements. Forward-looking statements reflect management's current expectations and are inherently uncertain. Our actual results may differ significantly from such expectations. The following discussion includes forward-looking statements all of which are inherently difficult to predict. Although we make such statements based on assumptions that we believe to be reasonable, there can be no assurance that actual results will not differ materially from our expectations. Accordingly, we identify the following important factors, among others, which could cause our results to differ from any results that might be projected, forecasted or estimated in any such forward-looking statements:

i. risks related to the military conflict between Russia and Ukraine and related sanctions and its impact on our production, sales, supply chain, cost of energy, and availability of energy due to natural gas supply issues into Europe;
ii. disruptions of our global supply chain, including the availability of key raw materials and transportation for the delivery of critical inputs and of products to customers, and the increase in the costs of transporting materials and products;
iii. risks associated with our ability to increase selling prices quickly or sufficiently enough to recover rapid cost inflation in our raw materials, energy, freight and other costs, and the potential reduction or loss of sales due to price increases;
iv. variations in demand for our products, including the impact of unplanned market-related downtime, variations in product pricing, or product substitution;
v. the impact of competition, changes in industry production capacity, including the construction of new facilities or new machines, the closing of facilities and incremental changes due to capital expenditures or productivity increases;
vi. risks associated with our international operations, including local economic and political environments and fluctuations in currency exchange rates;
vii. our ability to develop new, high value-added products;
viii. changes in the price or availability of raw materials we use, particularly woodpulp, pulp substitutes, synthetic pulp, other specialty fibers and abaca fiber;
ix. changes in energy-related prices and commodity raw materials with an energy component;
x. the impact of unplanned production interruption at our facilities or at any of our key suppliers;
xi. disruptions in production and/or increased costs due to labor disputes;
xii. the gain or loss of significant customers and/or on-going viability of such customers;
xiii. the impact of war and terrorism;
xiv. the impact of unfavorable outcomes of audits by various state, federal or international tax authorities or changes in pre-tax income and its impact on the valuation of deferred taxes; and
xv. enactment of adverse state, federal or foreign tax or other legislation or changes in government legislation, policy or regulation.

Introduction We manufacture a wide array of engineered materials and manage our company along three operating segments:

- *Airlaid Materials* with sales of airlaid nonwoven fabric-like materials used in feminine hygiene products, adult incontinence products, tabletop, specialty wipes, home care products and other airlaid applications;
- *Composite Fibers* with sales of single-serve tea and coffee filtration papers, wallcovering base materials, composite laminate papers, technical specialties including substrates for electrical applications, and metallized products; and
- *Spunlace* with sales of premium quality spunlace nonwovens for critical cleaning, high-performance materials, personal care, hygiene and medical applications.

The former Specialty Papers business' results of operations and financial condition are reported as discontinued operations. Following is a discussion and analysis primarily of the financial results of operations and financial condition of our continuing operations.

As previously announced on February 7, 2024, we entered into certain definitive agreements with Berry Global Group, Inc. ("Berry") for Berry to spin-off and merge the majority of its Health, Hygiene and Specialties segment including its Global Nonwovens and Films business ("HHNF") with Glatfelter (the "Merger"). The board of directors of both Berry and Glatfelter have unanimously approved the Merger. The Merger is expected to occur through a series of transactions, including a Reverse Morris Trust transaction such that HHNF will become a wholly owned subsidiary of Glatfelter. Upon completion of the Merger, Berry shareholders will hold 90% of the outstanding shares of Glatfelter and Glatfelter shareholders will continue to hold 10% of the outstanding shares of Glatfelter. The combined company's Board of Directors will include 6 members chosen by Berry and 3 chosen from Glatfelter's existing Board of Directors, with Curt Begle, the current president of the Health, Hygiene & Specialties Division of Berry, becoming the Chief Executive Officer.

Previously, the Company reported the achievement of all required approvals and clearances under competition and foreign direct investment laws and Berry received a favorable private letter ruling from the U.S. Internal Revenue Service regarding the qualification of the spin-off and the merger as tax-free transactions under the Internal Revenue Code. On October 23, 2024 we obtained the shareholder approval for the merger and the transaction is expected to close on November 4, 2024. Prior to the completion of the Merger, Glatfelter and HHNF will continue to operate as independent companies.

RESULTS OF OPERATIONS

Nine Months ended September 30, 2024 versus the nine months ended September 30, 2023

Overview For the first nine months of 2024, we reported a loss from continuing operations of $61.9 million, sor $1.37 per share compared with a loss of $69.5 million or $1.54 per share in the same period in 2023. The following table sets forth summarized consolidated results of operations:

	Nine months ended September 30,	
In thousands, except per share	**2024**	2023
Net sales	**$ 988,800**	$ 1,065,134
Gross profit	**106,778**	98,834
Operating income (loss)	**8,720**	(1,719)
Continuing operations		
Loss	**(61,947)**	(69,493)
Loss per share	**(1.37)**	(1.54)
Net loss	**(57,873)**	(70,387)
Loss per share	**(1.28)**	(1.56)

The reported results are in accordance with generally accepted accounting principles in the United States ("GAAP") and reflect the impact of a number of significant items including strategic initiatives, turnaround strategy costs, debt refinancing, and CEO transition costs, among others. Our operating results for the nine months ended September 30, 2024 reflect: i) the impact of macroeconomic conditions and new sanctions related to wallcover resulting in lower sales volumes, as well as, lower production; ii) higher interest expense stemming from the debt refinancing in the first nine months of 2023; iii) costs incurred related to the merger with Berry's HHNF business.

In addition to the results reported in accordance with GAAP, we evaluate our performance using financial metrics not calculated in accordance with GAAP, including adjusted earnings and adjusted earnings before interest expense, interest income, income taxes, depreciation and amortization and share-based compensation ("Adjusted EBITDA"). On an adjusted earnings basis, a non-GAAP measure, we had an adjusted loss from continuing operations of $38.0 million, or $0.84 per share for the first nine months of 2024, compared with a loss of $36.7 million, or $0.81 per share, a year ago. Our Adjusted EBITDA, also a non-GAAP measure, was $74.0 million for the nine months ended September 30, 2024 as compared to $67.5 million for the same period in 2023. We disclose this information to allow investors to evaluate our performance exclusive of certain items that impact the comparability of results from period to period and we believe it is helpful in understanding underlying operating trends and cash flow generation.

Adjusted earnings consists of net income determined in accordance with GAAP adjusted to exclude the impact of the following:

Strategic initiatives. These adjustments primarily reflect professional and legal fees and other costs incurred which are directly related to evaluating and executing certain strategic initiatives including costs associated with the Berry HHNF merger.

Turnaround Strategy costs. This adjustment reflects costs incurred in connection with the Company's Turnaround Strategy initiated in 2022 under its new chief executive officer to drive operational and financial improvement. These costs are primarily related to professional services fees and employee separation costs.

Ober-Schmitten divestiture. These adjustments reflect employee separation costs and professional and other costs directly associated with the divestiture of the Ober-Schmitten, Germany facility.

Debt refinancing costs. Represents charges to write-off unamortized debt issuance costs in connection with the extinguishment of the Company's €220.0 million Term Loan and IKB loans, as well as the amendment to the Company's credit facility. These costs also include an early repayment penalty related to the extinguishment of the IKB loans.

CEO transition costs. This adjustment reflects costs associated with the separation of our former CEO, including a non-cash pension settlement charge related to a lump-sum distribution made in Q1 2023 under the terms of his non-qualified pension plan agreement.

COVID-19 ERC recovery. This adjustment reflects the benefit recognized from employee retention credits claimed under the Coronavirus Aid, Relief, and Economic Security Act ("CARES") Act and the Taxpayer Certainty and Disaster Tax Relief Act of 2020 and professional services fees directly associated with claiming this benefit.

Timberland sales and related costs. These adjustments exclude gains from the sales of timberlands as these items are not considered to be part of our core business, ongoing results of operations or cash flows. These adjustments are irregular in timing and amount and may benefit our operating results.

These adjustments are each unique and not considered to be on-going in nature. The transactions are irregular in timing and amount and may significantly impact our operating performance. As such, these items may not be indicative of our past or future performance and therefore are excluded for comparability purposes.

Adjusted earnings and adjusted EBITDA are considered measures not calculated in accordance with GAAP, and therefore are non-GAAP measures. The non-GAAP financial information should not be considered in isolation from, or as a substitute for, measures of financial performance prepared in accordance with GAAP. The following table sets forth the reconciliation of net loss to adjusted earnings for the periods presented:

Adjusted Earnings	**Nine months ended September 30,**			
	2024		2023	
In thousands, except per share	**Amount**	**EPS**	Amount	EPS
Net loss	**$ (57,873)**	**$ (1.28)**	$ (70,387)	$ (1.56)
Exclude: (Income) loss from discontinued operations, net of tax (1)	**(4,074)**	**(0.09)**	894	0.02
Loss from continuing operations	**(61,947)**	**(1.37)**	(69,493)	(1.54)
Adjustments *(pre-tax):*				
Strategic initiatives (2)	**23,024**		2,158	
Turnaround strategy costs (3)	**416**		7,054	
Ober-Schmitten divestiture (4)	—		18,797	
Debt refinancing (5)	—		1,883	
CEO transition costs (6)	—		579	
COVID-19 ERC recovery (7)	—		(233)	
Timberland sales and related costs	—		(1,305)	
Total adjustments (pre-tax)	**23,440**		28,933	
Income taxes (8)	**(192)**		867	
Other tax adjustments (9)	**702**		3,005	
Total after-tax adjustments	**23,950**	**0.53**	32,805	0.73
Adjusted loss from continuing operations	**$ (37,997)**	**$ (0.84)**	$ (36,688)	$ (0.81)

(1) In Q3 2024, we recognized a $6.5 million gain, less applicable legal fees, related to the settlement of a legal dispute with a manufacturer for equipment supplied and installed at our former Specialty Papers business.

(2) For 2024, primarily reflects consulting and legal fees associated with the pending Berry HHNF merger of $20.7 million, and personnel retention, to offset the risk of potential employee departures due to the pending transaction, of $1.8 million, a contract settlement of $0.4 million, and other costs of $0.1 million. For 2023, primarily reflects integration activities including consulting and legal fees of $1.2 million, the write-off of construction in process asset deemed unusable of $0.5 million, employee separation costs of $0.1 million, and other costs of $0.4 million.

(3) For 2024, primarily reflects employee separation costs. For 2023, reflects employee separation costs of $4.3 million and $2.7 million in professional fees.

(4) Reflects disposal costs of $17.8 million, legal fees of $0.5 million, employee separation costs of $0.1 million, and other costs of $0.4 million in connection with the closure of the Ober-Schmitten facility.

(5) Reflects $1.8 million write-off of deferred debt issuance costs in connection with the Company's debt refinancing in Q1 2023, and $0.1 million in early repayment penalties and write-off of unamortized financing fees on the IKB loans.

(6) Reflects pension settlement charge related to former CEO's separation.

(7) Reflects $0.3 million of interest income on employee retention credits claimed under the CARES Act of 2020 and the subsequent related amendments, offset by professional fees of less than $0.1 million.

(8) Tax effect on adjustments calculated based on the incremental effective tax rate of the jurisdiction in which each adjustment originated. For items originating in the U.S., no tax effect is recognized due to the previously established valuation allowance on the net deferred tax assets.

(9) Tax effect of applying certain provisions of the CARES Act of 2020. The amount in 2023 also includes $2.4 million of deferred tax expense resulting from valuation allowance for Ober-Schmitten facility.

The following table sets forth the reconciliation of net loss to adjusted EBITDA for the periods indicated:

Adjusted EBITDA *In thousands*	**Nine months ended September 30,** **2024**	 2023
Net loss	**$ (57,873)**	$ (70,387)
Exclude: Loss from discontinued operations, net of tax	**(4,074)**	894
Add back: Taxes on continuing operations	**9,597**	13,421
Depreciation and amortization	**47,125**	47,394
Interest expense, net	**53,218**	46,082
EBITDA	**47,993**	37,404
Adjustments:		
Strategic initiatives	**23,024**	2,158
Turnaround strategy costs	**449**	7,566
Ober-Schmitten divestiture	—	18,797
Debt refinancing	—	59
CEO transition costs	—	579
Share-based compensation	**2,550**	2,205
COVID-19 ERC recovery	—	41
Timberland sales and related costs	—	(1,305)
Adjusted EBITDA	**$ 74,016**	$ 67,504

EBITDA is a measure used by management to assess our operating performance and is calculated using income (loss) from continuing operations and excludes interest expense, interest income, income taxes, and depreciation and amortization. Adjusted EBITDA is calculated using EBITDA and further excludes certain items management considers to be unrelated to the company’s core operations. The adjustments include, among others, strategic initiative costs, turnaround strategy costs, and share-based compensation expense. Adjusted EBITDA is a performance measure that excludes costs that we do not consider to be indicative of our ongoing operating performance.

Segment Financial Performance

Dollars in thousands	Nine months ended September 30, 2024	2023
Net Sales		
Airlaid Material	$ **400,419**	$ 458,966
Composite Fibers	**347,054**	368,031
Spunlace	**242,770**	239,934
Inter-segment sales elimination	**(1,443)**	(1,797)
Total	$ **988,800**	$ 1,065,134
Operating income (loss)		
Airlaid Material	$ **22,806**	$ 34,836
Composite Fibers	**20,582**	14,293
Spunlace	**6,348**	(4,390)
Other and unallocated	**(41,016)**	(46,458)
Total	$ **8,720**	$ (1,719)
Depreciation and amortization		
Airlaid Material	$ **22,922**	$ 22,876
Composite Fibers	**11,238**	11,760
Spunlace	**10,147**	9,857
Other and unallocated	**2,818**	2,901
Total	$ **47,125**	$ 47,394
Capital expenditures		
Airlaid Material	$ **6,948**	$ 7,039
Composite Fibers	**8,613**	8,352
Spunlace	**4,964**	7,481
Other and unallocated	**1,170**	2,357
Total	$ **21,695**	$ 25,229
Tons shipped (metric)		
Airlaid Material	**115,205**	119,149
Composite Fibers	**73,599**	71,972
Spunlace	**46,727**	46,047
Inter-segment sales elimination	**(830)**	(925)
Total	**234,701**	236,243

Segments Results of individual operating segments are presented based on our management accounting practices and management structure. There is no comprehensive, authoritative body of guidance for management accounting equivalent to accounting principles generally accepted in the United States of America; therefore, the financial results of individual segments are not necessarily comparable with similar information for any other company. The management accounting process uses assumptions and allocations to measure performance of the segments. Methodologies are refined from time to time as management accounting practices are enhanced and businesses change. The costs incurred by support areas not directly aligned with the segment are allocated primarily based on an estimated utilization of support area services or are included in “Other and Unallocated” in the table set forth above.

Management evaluates results of operations of the operating segments before certain corporate level costs and the effects of certain gains or losses not considered to be related to the core business operations. Management believes that this is a more meaningful representation of the operating performance of its core businesses, the profitability of the segments and the extent of cash flow generated from these core operations. Such amounts are presented under the caption "Other and Unallocated." In the evaluation of operating segments results, management does not use any measures of total assets. This presentation is aligned with the management and operating structure of our company. It is also on this basis that the Company's performance is evaluated internally and by the Company's Board of Directors.

Sales and Costs of Products Sold

In thousands	Nine months ended September 30, 2024	2023	Change
Net sales	**$ 988,800**	$ 1,065,134	$ (76,334)
Costs of products sold	**882,022**	966,300	(84,278)
Gross profit	**$ 106,778**	$ 98,834	$ 7,944
Gross profit as a percent of Net sales	**10.8 %**	9.3 %	

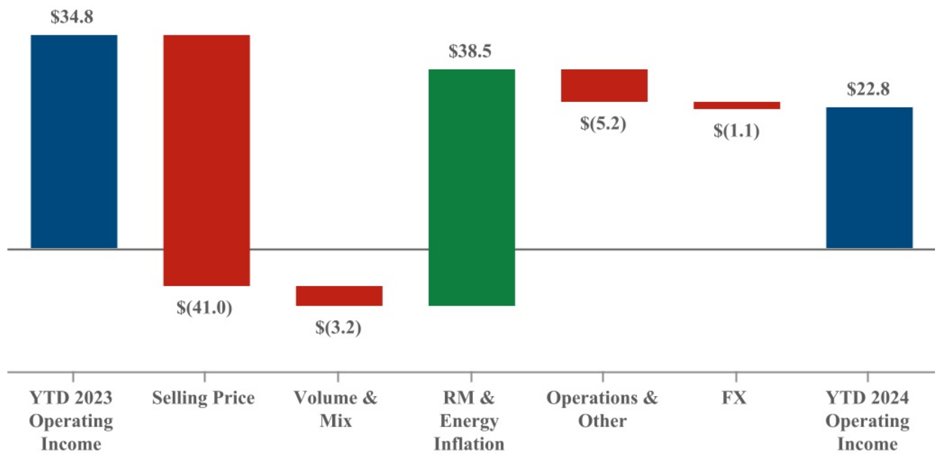
The following table sets forth the contribution to consolidated net sales by each segment:

Percent of Total	Nine months ended September 30, 2024	2023
Segment		
Airlaid Materials	**40.5 %**	43.1 %
Composite Fibers	**35.0**	34.4
Spunlace	**24.5**	22.5
Total	**100.0 %**	100.0 %

Net sales totaled $988.8 million and $1,065.1 million in the nine months ended September 30, 2024 and 2023, respectively. Net sales for Airlaid Materials, Composite Fibers and Spunlace decreased by 12.8%, 5.6% and 1.1%, respectively, on a constant currency basis.

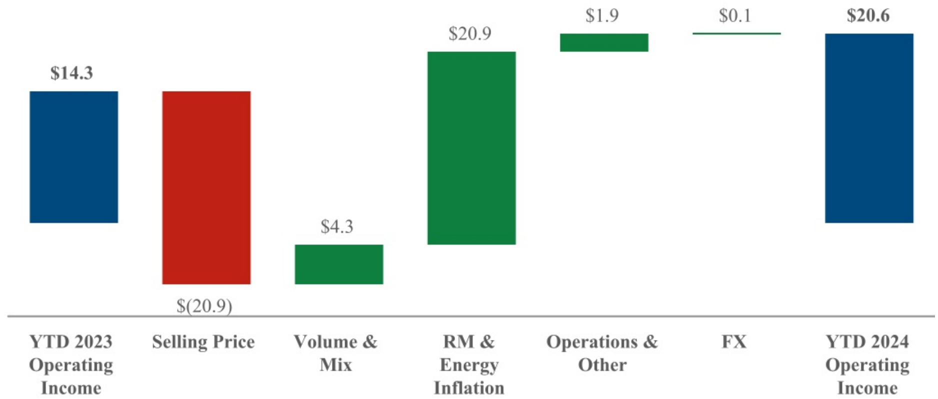
Airlaid Materials' first nine months net sales decreased $58.5 million in the year-over-year comparison mainly driven by lower selling prices of $41.0 million from cost pass-through arrangements and lower energy surcharges in Europe as both raw materials and energy input costs declined compared to last year. Shipments were 3.3% lower driven by declines in the hygiene categories mainly due to pricing actions taken in 2023 to retain margins as well as lower shipments in the home care category. Currency translation was favorable by $0.6 million.

Airlaid Materials' first nine months of operating income of $22.8 million was $12.0 million lower when compared to the first nine months of 2023. Selling price decreases of $41.0 million were mostly offset by lower raw material, energy, and other inflation costs of $38.5 million. For the first nine months of 2024, primary raw material input costs decreased by $36.6 million, or 15%, and energy costs decreased by $1.8 million, or 10%, compared to the same nine months of 2023. As of September 30, 2024, Airlaid Materials had approximately 76% of its net sales with contracts with pass-through provisions. Operations were unfavorable by $5.2 million mainly driven by lower production and higher wage inflation. The impact of currency and related hedging negatively impacted earnings by $1.1 million. The primary drivers of the change in Airlaid Materials' operating income are summarized in the following chart (presented in millions):



Composite Fibers' net sales were $21.0 million lower in the first nine months of 2024, compared to 2023 due to lower selling prices of $20.9 million. Even though shipments were higher 2.3%, it was largely driven by the composite laminates and metallized products categories that have lower average selling prices compared to other inclined wire products lowering the revenue for the nine months. Currency translation was favorable by $0.3 million.

Composite Fibers had an operating income for the first nine months of $20.6 million which was $6.3 million higher when compared to the first nine months of 2023. Selling price decreases of $20.9 million were fully offset by lower raw material, energy, and other inflation costs of $20.9 million. For the first nine months of 2024, primary raw material input costs decreased by $15.7 million, or 3%, and energy costs decreased by $5.2 million, or 10%, compared to the same nine months of 2023. As of September 30, 2024, Composite Fibers had approximately 45% of its net sales with contracts with pass-through provisions. Operations were favorable by $1.9 million mainly driven by higher inclined wire production when compared to the same period in 2023. The impact of currency and related hedging positively impacted earnings by $0.1 million. The primary drivers of the change in Composite Fibers' operating income are summarized in the following chart (presented in millions):



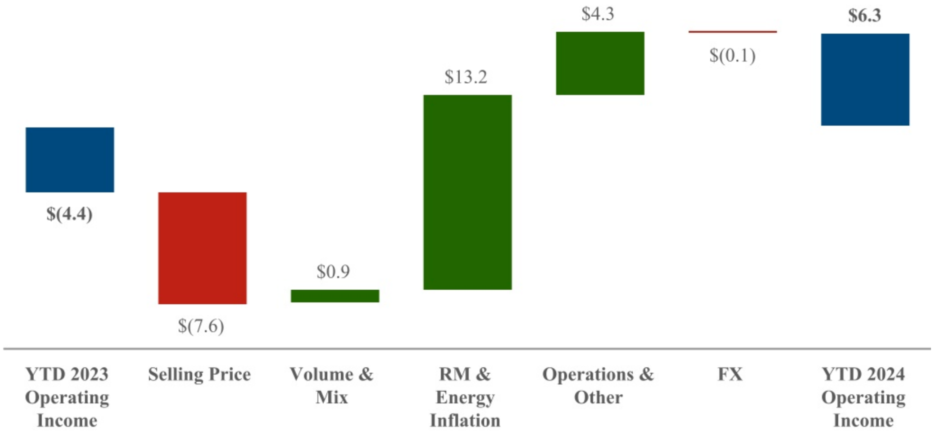
Spunlace's net sales were $2.8 million higher in the first nine months of 2024 compared to 2023, mainly driven by higher shipments of Sontara product categories that have higher average selling prices compared to health and hygiene products. This was partially offset by lower selling prices of $7.6 million mainly due to cost pass-through arrangements. Currency translation was slightly favorable by $0.1 million.

Spunlace had an operating income for the first nine months of $6.3 million which was $10.7 million higher when compared to the operating loss of $4.4 million of the first nine months of 2023. Selling price decreases of $7.6 million were more than offset by lower raw material, energy, and other inflation costs of $13.2 million. For the first nine months of 2024, primary raw material input costs decreased by $12.2 million, or 10%, and energy costs decreased by $0.9 million, or

6%, compared to the same nine months of 2023. As of September 30, 2024, Spunlace had approximately 53% of its net sales with contracts with pass-through provisions. Operations were favorable by $4.3 million mainly driven by higher production, lower operational spending, and improved operations when compared to the same period in 2023. The impact of currency and related hedging negatively impacted earnings by $0.1 million.

In September 2024, our Asheville facility was impacted by Hurricane Helene. Fortunately, our facility avoided property damage, however, performance was impacted for four days in Q3. Due to lack of access to water, the facility remained idle through the month of October; however we anticipate operations and shipments will resume in early November.

The primary drivers of the change in Spunlace's operating income are summarized in the following chart (presented in millions):



Other and Unallocated The amount of operating expense not allocated to a reporting segment in the Segment Financial Information totaled $41.0 million in the first nine months of 2024 compared with $46.5 million in the same period a year ago. Excluding the items identified to present "adjusted earnings," unallocated expenses for the first nine months of 2024 decreased $2.3 million compared to the first nine months of 2023 mainly driven by Ober-Schmitten divestiture costs incurred in 2023.

Income taxes In the first nine months of 2024, our U.S. GAAP pre-tax loss from continuing operations totaled $52.4 million and we recorded an income tax provision of $9.6 million, which primarily related to the tax provision for foreign jurisdictions, reserves for uncertain tax positions, and valuation allowances for domestic and foreign jurisdiction losses for which no tax benefit could be recognized. The comparable amounts in the same first nine months of 2023 were a pre-tax loss of $56.1 million and an income tax provision of $13.4 million.

Foreign Currency We own and operate facilities in Canada, Germany, France, the United Kingdom, Spain, and the Philippines. The functional currency of our Canadian operations is the U.S. dollar. However, in Germany, France and Spain, it is the euro, in the UK, it is the British pound sterling, and in the Philippines the functional currency is the peso. On an annual basis, our euro denominated net sales exceeds euro expenses by an estimated €170 million. For the nine months ended September 30, 2024, the average currency exchange rate was 1.09 dollar/euro compared with 1.08 in the same period of 2023. With respect to the British pound sterling, Canadian dollar, and Philippine peso, we have differing amounts of inflows and outflows of these currencies, although to a lesser degree than the euro. As a result, we are exposed to changes in currency exchange rates and such changes could be significant. The translation of the results from international operations into U.S. dollars is subject to changes in foreign currency exchange rates.

The table below summarizes the translation impact on reported results that changes in currency exchange rates had on our non-U.S. based operations from the conversion of these operation's results for the first nine months of 2024.

In thousands	Nine months ended September 30,	
	Favorable (unfavorable)	
Net sales	**$**	**1,037**
Costs of products sold		**(1,997)**
SG&A expenses		**(96)**
Income taxes and other		**(30)**
Net loss	**$**	**(1,086)**

The above table only presents the financial reporting impact of foreign currency translations assuming currency exchange rates in 2024 were the same as 2023. It does not present the impact of certain competitive advantages or disadvantages of operating or competing in multi-currency markets.

Three months ended September 30, 2024 versus the three months ended September 30, 2023

Overview For the third quarter of 2024, we reported a loss from continuing operations of $20.0 million, or $0.44 per share compared with a loss of $19.7 million or $0.43 per share in the same period in 2023. The following table sets forth summarized consolidated results of operations:

In thousands, except per share	**Three months ended September 30, 2024**		2023	
Net sales	**$**	**332,101**	$	329,921
Gross profit		**35,481**		44,487
Operating income (loss)		**2,971**		2,653
Continuing operations				
Loss		**(20,002)**		(19,680)
Loss per share		**(0.44)**		(0.43)
Net loss		**(15,247)**		(19,863)
Loss per share		**(0.33)**		(0.43)

The reported results are in accordance with generally accepted accounting principles in the United States ("GAAP") and reflect the impact of a number of significant items including strategic initiatives, turnaround strategy costs, and the loss on sale of our Ober-Schmitten operations, among others. Our operating results for the three months ended September 30, 2024 reflect: i) the impact of macroeconomic conditions and new sanctions related to wallcover resulting in lower sales volumes, as well as, lower production, ii) higher interest expense stemming from the debt refinancing in the first quarter of 2023, iii) costs incurred related to our turnaround strategy, iv) costs associated with the pending merger with Berry's HHNF business.

In addition to the results reported in accordance with GAAP, we evaluate our performance using financial metrics not calculated in accordance with GAAP, including adjusted earnings and adjusted earnings before interest expense, interest income, income taxes, depreciation and amortization and share-based compensation ("Adjusted EBITDA"). On an adjusted earnings basis, a non-GAAP measure, we had an adjusted loss from continuing operations of $11.8 million, or $0.26 per share for the third quarter of 2024, compared with a loss of $10.4 million, or $0.23 per share, a year ago. Our Adjusted EBITDA, also a non-GAAP measure, was $24.6 million for the three months ended September 30, 2024 as compared to $25.5 million for the same period in 2023. We disclose this information to allow investors to evaluate our performance exclusive of certain items that impact the comparability of results from period to period and we believe it is helpful in understanding underlying operating trends and cash flow generation.

Adjusted earnings and adjusted earnings per share are considered measures not calculated in accordance with GAAP, and therefore are non-GAAP measures. The non-GAAP financial information should not be considered in isolation from, or as a substitute for, measures of financial performance prepared in accordance with GAAP.

The following table sets forth the reconciliation of net loss to adjusted loss from continuing operations for the periods indicated:

In thousands, except per share	Three months ended September 30, 2024 Amount	2024 EPS	2023 Amount	2023 EPS
Net loss	**$ (15,247)**	**$ (0.33)**	$ (19,863)	$ (0.43)
Exclude: (Income) loss from discontinued operations, net of tax [(1)]	**(4,755)**	**(0.11)**	183	—
Loss from continuing operations	**(20,002)**	**(0.44)**	(19,680)	(0.43)
Adjustments *(pre-tax)*:				
Strategic initiatives [(2)]	**8,020**		488	
Turnaround strategy costs [(3)]	—		372	
Ober-Schmitten divestiture [(4)]	—		8,055	
CEO transition costs [(5)]	—		(54)	
Timberland sales and related costs	—		(688)	
Total adjustments (pre-tax)	**8,020**		8,173	
Income taxes [(6)]	**(77)**		928	
Other tax adjustments [(7)]	**254**		207	
Total after-tax adjustments	**8,197**	**0.18**	9,308	0.21
Adjusted loss from continuing operations	**$ (11,805)**	**$ (0.26)**	$ (10,372)	$ (0.23)

(1) In Q3 2024, we recognized a $6.5 million gain, less applicable legal fees, related to the settlement of a legal dispute with a manufacturer for equipment supplied and installed at our former Specialty Papers business.
(2) For 2024, primarily reflects consulting and legal fees associated with the pending Berry HHNF merger of $6.9 million, and personnel retention, to offset the risk of potential employee departures due to the pending transaction, of $0.7 million, and a contract settlement of $0.4 million. For 2023, primarily reflects professional fees (tax and IT) of $0.4 million and other costs of $0.1 million.
(3) Reflects employee separation costs of $0.4 million.
(4) Reflects loss on sale of $17.8 million partially offset by a benefit of $10.3 million related to the reversal of employee separation expenses recorded in Q2 2023 in anticipation of the closure of the facility, and legal fees of $0.5 million.
(5) Reflects a reduction in expected benefit costs of $0.1 million related to the former CEO's separation.
(6) Tax effect on adjustments calculated based on the incremental effective tax rate of the jurisdiction in which each adjustment originated. For items originating in the U.S., no tax effect is recognized due to the previously established valuation allowance on the net deferred tax assets.
(7) Tax effect of applying certain provisions of the CARES Act of 2020.

The following table sets forth the reconciliation of net loss to adjusted EBITDA for the periods indicated:

Adjusted EBITDA
In thousands

	Three months ended September 30, 2024	2023
Net loss	**$ (15,247)**	$ (19,863)
Exclude: (Income) loss from discontinued operations, net of tax	**(4,755)**	183
Add back: Taxes on continuing operations	**1,490**	3,328
Depreciation and amortization	**15,829**	15,693
Interest expense, net	**18,167**	17,057
EBITDA	**15,484**	16,398
Adjustments:		
Strategic initiatives	**8,020**	488
Turnaround strategy costs	—	370
Ober-Schmitten divestiture	—	8,055
CEO transition costs	—	(54)
Share-based compensation	**1,081**	898
Timberland sales and related costs	—	(688)
Adjusted EBITDA	**$ 24,585**	$ 25,467

EBITDA is a measure used by management to assess our operating performance and is calculated using income (loss) from continuing operations and excludes interest expense, interest income, income taxes, and depreciation and amortization. Adjusted EBITDA is calculated using EBITDA and further excludes certain items management considers to be unrelated to the company's core operations. The adjustments include, among others, Ober-Schmitten divestiture costs, turnaround strategy costs, strategic initiative costs, and share-based compensation expense. Adjusted EBITDA is a performance measure that excludes costs that we do not consider to be indicative of our ongoing operating performance.

Segment Financial Performance

	Three months ended September 30,	
Dollars in thousands	**2024**	2023
Net Sales		
Airlaid Material	**$ 138,306**	$ 147,014
Composite Fibers	**113,689**	109,715
Spunlace	**80,443**	73,791
Inter-segment sales elimination	**(337)**	(599)
Total	**$ 332,101**	$ 329,921
Operating income (loss)		
Airlaid Material	**$ 10,343**	$ 11,196
Composite Fibers	**6,292**	7,268
Spunlace	**1,324**	(1,053)
Other and unallocated	**(14,988)**	(14,758)
Total	**$ 2,971**	$ 2,653
Depreciation and amortization		
Airlaid Material	**$ 7,656**	$ 7,553
Composite Fibers	**3,810**	3,898
Spunlace	**3,447**	3,289
Other and unallocated	**916**	953
Total	**$ 15,829**	$ 15,693
Capital expenditures		
Airlaid Material	**$ 3,286**	$ 2,625
Composite Fibers	**2,540**	2,579
Spunlace	**2,198**	2,271
Other and unallocated	**499**	296
Total	**$ 8,523**	$ 7,771
Tons shipped (metric)		
Airlaid Material	**39,069**	40,076
Composite Fibers	**22,862**	22,188
Spunlace	**14,699**	14,436
Inter-segment sales elimination	**(164)**	(328)
Total	**76,466**	$ 76,372

Segments Results of individual operating segments are presented based on our management accounting practices and management structure. There is no comprehensive, authoritative body of guidance for management accounting equivalent to accounting principles generally accepted in the United States of America; therefore, the financial results of individual segments are not necessarily comparable with similar information for any other company. The management accounting process uses assumptions and allocations to measure performance of the segments. Methodologies are refined from time to time as management accounting practices are enhanced and businesses change. The costs incurred by support areas not directly aligned with the segment are allocated primarily based on an estimated utilization of support area services or are included in "Other and Unallocated" in the table set forth above.

Management evaluates results of operations of the operating segments before certain corporate level costs and the effects of certain gains or losses not considered to be related to the core business operations. Management believes that this is a more meaningful representation of the operating performance of its core businesses, the profitability of the segments and the extent of cash flow generated from these core operations. Such amounts are presented under the caption “Other and Unallocated.” In the evaluation of operating segments results, management does not use any measures of total assets. This presentation is aligned with the management and operating structure of our company. It is also on this basis that the Company’s performance is evaluated internally and by the Company’s Board of Directors.

Sales and Costs of Products Sold

	Three months ended September 30,		
In thousands	**2024**	2023	Change
Net sales	**$ 332,101**	$ 329,921	$ 2,180
Costs of products sold	**296,620**	285,434	11,186
Gross profit	**$ 35,481**	$ 44,487	$ (9,006)
Gross profit as a percent of Net sales	**10.7 %**	13.5 %	

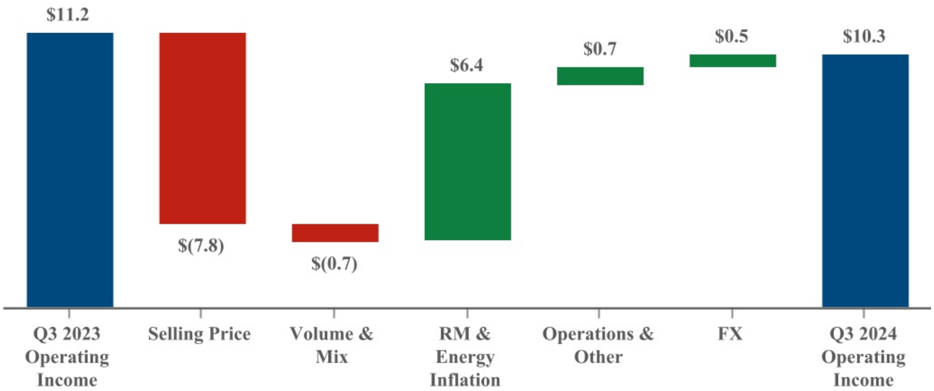
The following table sets forth the contribution to consolidated net sales by each segment:

	Three months ended September 30,	
Percent of Total	**2024**	2023
Segment		
Airlaid Materials	**41.6 %**	44.6 %
Composite Fibers	**34.1**	33.0
Spunlace	**24.3**	22.4
Total	**100.0 %**	100.0 %

Net sales totaled $332.1 million and $329.9 million in the three months ended September 30, 2024 and 2023, respectively. Net sales decreased for Airlaid Materials by 5.9% and increased for Composite Fibers and Spunlace by 3.6% and 8.7%, respectively, on a constant currency basis.

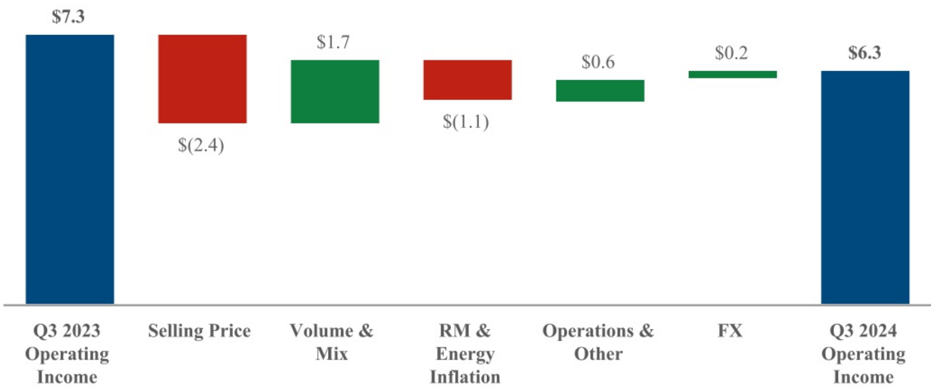
Airlaid Materials’ third quarter net sales decreased $8.7 million in the year-over-year comparison mainly driven by lower selling prices from cost pass-through arrangements as raw materials input costs declined compared to last year. Shipments were 2.5% lower driven by declines in the hygiene categories mainly due to pricing actions taken in 2023 to retain margins. Currency translation was favorable by $0.6 million.

Airlaid Materials’ 2024 third quarter operating income of $10.3 million was $0.9 million lower than the third quarter operating income in 2023. Lower shipments in the hygiene categories due to pricing actions taken in 2023 to retain margins and lower shipments in the home care category related to timing lowered earnings by $0.7 million. Selling price decreases and lower energy surcharges of $7.8 million were moderately offset by lower raw material, energy, and other inflationary costs of $6.4 million. For the third quarter of 2024, primary raw material input costs decreased by $6.5 million, or 9%, and energy costs increased by $0.2 million, or 3%, compared to the third quarter of 2023. As of September 30, 2024, Airlaid Materials had approximately 75% of its net sales with contracts with pass-through provisions. Operations and other costs were favorable by $0.7 million mainly driven by lower production. The impact of currency and related hedging positively impacted earnings by $0.5 million. The primary drivers of the change in Airlaid Materials’ operating income are summarized in the following chart (presented in millions):



Composite Fibers' net sales were $4.0 million lower in the third quarter of 2024, compared to the year-ago quarter. Shipments were higher 3.0% largely driven by the composite laminates, food and beverage and metallized categories but were partially offset by lower wallcover shipments as a result of additional sanctions impacting sales to our Eastern European customers. Currency translation was favorable by $0.7 million.

Composite Fibers' 2024 third quarter operating income of $6.3 million was $1.0 million lower than the third quarter operating income in 2023. Lower selling prices and energy surcharges were unfavorable by $2.4 million and increases in input prices paid for raw materials, energy, freight, and packaging were unfavorable by $1.1 million, slightly offset by higher shipments of $1.7 million. For the third quarter of 2024, primary raw material input costs increased slightly by $1.9 million, or 1%, while energy costs decreased by $0.9 million, or 6%, compared to the third quarter of 2023. As of September 30, 2024, Composite Fibers had approximately 45% of its net sales with contracts with pass-through provisions. Operations and other costs were favorable by $0.6 million mainly driven by higher inclined wire production. The impact of currency and related hedging positively impacted earnings by $0.2 million. The primary drivers of the change in Composite Fibers' operating income are summarized in the following chart (presented in millions):

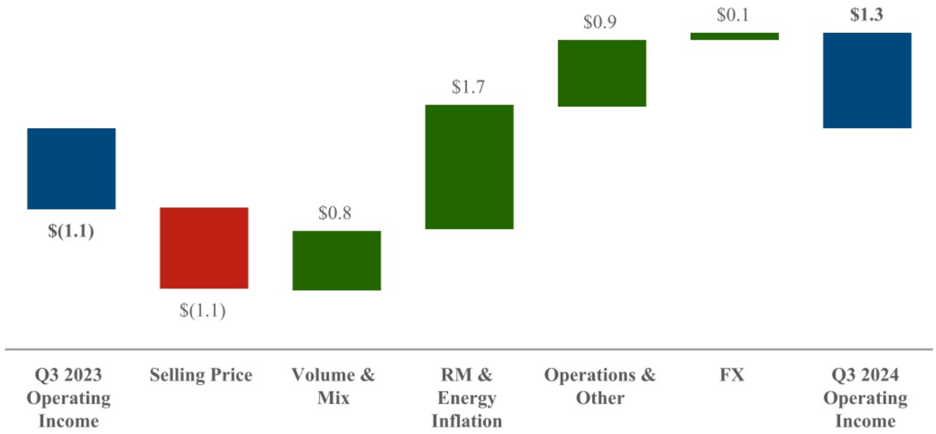


Spunlace's net sales were $6.7 million higher in the third quarter of 2024, compared to the year-ago quarter mainly driven by higher Sontara sales that has higher average selling price compared to the hygiene and wipes categories. Currency translation was slightly favorable by $0.2 million.

Spunlace's 2024 third quarter operating income of $1.3 million was $2.4 million higher compared to the operating loss of $1.1 million in third quarter of 2023. Lower selling prices and energy surcharges were unfavorable by $1.1 million but were more than fully offset by lower raw material and energy costs of $1.7 million. For the third quarter of 2024, primary raw material input costs decreased by $1.4 million, or 4%, and energy costs decreased by $0.2 million, or 5%, compared to the third quarter of 2023. As of September 30, 2024, Spunlace had approximately 53% of its net sales with contracts with pass-through provisions. Operations and others were favorable by $0.9 million driven by higher production to meet customer demand. The impact of currency and related hedging positively impacted earnings by $0.1 million.

In September 2024, our Asheville facility was impacted by Hurricane Helene. Fortunately, our facility avoided property damage, however, performance was impacted for four days in Q3. Due to lack of access to water, the facility remained idle through the month of October; however we anticipate operations and shipments will resume in early November.

The primary drivers of the change in Spunlace's operating income are summarized in the following chart (presented in millions):



Other and Unallocated The amount of net operating expenses not allocated to an operating segment, and reported as "Other and Unallocated" in our table of Segment Financial Performance, totaled $15.0 million in the third quarter of 2024 compared with $14.8 million in the same period a year ago. Excluding the items identified to present "adjusted earnings," unallocated expenses for the third quarter of 2024 increased $0.4 million compared to the third quarter of 2023.

Income taxes In the third quarter of 2024, our U.S. GAAP pre-tax loss from continuing operations totaled $18.5 million and we recorded an income tax expense of $1.5 million which primarily related to the tax provision for foreign jurisdictions, reserves for uncertain tax positions, and valuation allowances for domestic and foreign jurisdiction losses for which no tax benefit could be recognized. The comparable amounts in the same quarter of 2023 were a pre-tax loss of $16.4 million and an income tax provision of $3.3 million.

Foreign Currency We own and operate facilities in Canada, Germany, France, the United Kingdom, Spain, and the Philippines. The functional currency of our Canadian operations is the U.S. dollar. However, in Germany, France and Spain, it is the euro, in the UK, it is the British pound sterling, and in the Philippines the functional currency is the peso. On an annual basis, our euro denominated net sales exceeds euro expenses by an estimated €170 million. For the three months ended September 30, 2024, the average currency exchange rate was 1.09 dollar/euro compared with 1.09 in the same period of 2023. With respect to the British pound sterling, Canadian dollar, and Philippine peso, we have differing amounts of inflows and outflows of these currencies, although to a lesser degree than the euro. As a result, we are exposed to changes in currency exchange rates and such changes could be significant. The translation of the results from international operations into U.S. dollars is subject to changes in foreign currency exchange rates.

The table below summarizes the translation impact on reported results that changes in currency exchange rates had on our non-U.S. based operations from the conversion of these operation's results for the third quarter of 2024.

In thousands	Three months ended September 30,
	Favorable (unfavorable)
Net sales	**$ 1,294**
Costs of products sold	**(530)**
SG&A expenses	**(79)**
Income taxes and other	**(4)**
Net loss	**$ 681**

The above table only presents the financial reporting impact of foreign currency translations assuming currency exchange rates in 2024 were the same as 2023. It does not present the impact of certain competitive advantages or disadvantages of operating or competing in multi-currency markets.

LIQUIDITY AND CAPITAL RESOURCES

Our business requires significant expenditures for new or enhanced equipment, to support our research and development efforts, and to support our business strategy. In addition, we have mandatory debt service requirements of both principal and interest. The following table summarizes cash flow information for each of the periods presented:

	Nine months ended September 30,	
In thousands	**2024**	2023
Cash, cash equivalents and restricted cash at the beginning of period	**$ 55,360**	$ 119,162
Cash provided (used) by		
Operating activities	**(8,397)**	(41,955)
Investing activities	**(20,782)**	(28,694)
Financing activities	**17,770**	10,987
Effect of exchange rate changes on cash	**192**	(143)
Change in cash and cash equivalents from discontinued operations	**(234)**	(734)
Net cash used	**(11,451)**	(60,539)
Cash, cash equivalents and restricted cash at the end of period	**43,909**	58,623
Less: restricted cash in Prepaid and other current assets	**(2,274)**	(3,600)
Less: restricted cash in Other assets	**—**	(2,282)
Cash and cash equivalents at the end of period	**$ 41,635**	$ 52,741

At September 30, 2024, we had $41.6 million in cash and cash equivalents (“cash”) held by both domestic and foreign subsidiaries. Approximately 99.2% of our cash and cash equivalents is held by our foreign subsidiaries but could be repatriated without incurring a significant amount of additional taxes.

Cash used by operating activities in the first nine months of 2024 totaled $8.4 million compared with $42.0 million in the same period a year ago. The decrease in cash used was primarily due to an improvement in working capital usage of approximately $22.1 million, partially offset by an increase in interest paid of $7.5 million due to the higher interest rates on our debt stemming from the debt refinancing in the first nine months of 2023 and higher professional costs associated with the pending merger. Operating cash also improved $5.8 million primarily due to a lump-sum payment in Q1 2023 to our former CEO under the terms of his non-qualified pension plan.

Net cash used by investing activities was $20.8 million in the first nine months of 2024 compared with $28.7 million in the same period a year ago. Capital expenditures totaled $21.7 million and $25.2 million for the nine months ended September 30, 2024 and 2023, respectively. Capital expenditures are expected to total between $30 million and $35 million in 2024.

Net cash provided by financing activities totaled $17.8 million in the first nine months of 2024 compared with $11.0 million in the same period of 2023. The change in financing activities primarily reflects additional borrowings under our existing revolving credit facility. In 2023, we entered into a €250.0 million Term Loan in which the proceeds were used to fully extinguish the €220.0 million Term Loan, the IKB term loans and reduced the revolving credit facility balance.

As discussed in Item 1 - Financial Information, Note - 15, our Credit Agreement and AG Loan contains a number of customary compliance covenants. As of September 30, 2024, the leverage ratio, as calculated in accordance with the definition in our Credit Agreement and AG Loan, was 3.8x, well within the maximum limit. A breach of these requirements would give rise to certain remedies under the Credit Agreement and AG Loan, among which are the termination, and accelerated repayment of the outstanding borrowings plus accrued and unpaid interest. As discussed in Note 15 - *"Long Term Debt,"* on March 30, 2023, we amended our Credit Agreement to permit the maximum leverage ratio (calculated as consolidated senior secured debt to consolidated adjusted EBITDA) to be 4.25 to 1.0 through the quarter ended December 31, 2024, stepping down to 4.0 to 1.0 at June 30, 2025, and 3.50 to 1.0 at June 30, 2026.

Details of our outstanding long-term indebtedness are set forth under Item 1 - Financial Statements – Note 15 -"*Long-Term Debt*."

We are subject to various federal, state and local laws and regulations intended to protect the environment, as well as human health and safety. At various times, we have incurred significant costs to comply with these regulations and we could incur additional costs as new regulations are developed or regulatory priorities change.

At September 30, 2024, we had ample liquidity consisting of $41.6 million of cash on hand and $45.6 million of capacity under our revolving credit facility. We expect to meet all of our near and long-term cash needs from a combination of operating cash flow, cash and cash equivalents, our existing credit facility and other long-term debt.

Off-Balance-Sheet Arrangements As of September 30, 2024 and December 31, 2023, we had not entered into any off-balance-sheet arrangements. Financial derivative instruments, to which we are a party, and guarantees of indebtedness, which solely consist of obligations of subsidiaries, are reflected in the condensed consolidated balance sheets included herein in Item 1 – Financial Statements.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISKS

In thousands, except percentages	Year Ended December 31					September 30, 2024	
	2024	2025	2026	2027	2028	Carrying Value	Fair Value
Long-term debt							
Average principal outstanding							
At variable interest rates	$ 120,020	$ 120,020	$ 80,890			$ 120,020	$ 120,020
At fixed interest rates	774,302	774,302	774,302	774,302	774,302	775,339	738,386
						$ 895,359	$ 858,406
Weighted-average interest rate							
On variable rate debt	8.52 %	8.52 %	8.52 %				
On fixed rate debt	7.05 %	7.05 %	7.05 %	7.05 %	7.05 %		

Our market risk exposure primarily results from changes in interest rates and currency exchange rates. The table above presents the average principal outstanding and related interest rates for the next five years for debt outstanding as of September 30, 2024. Fair values included herein have been determined based upon rates currently available to us for debt with similar terms and remaining maturities.

At September 30, 2024, we had $895.4 million of long-term debt, of which $120.0 million, or 13.4%, was at variable interest rates. Variable-rate debt represents borrowings under our credit agreement. The fixed-rate Term Loans are euro-based borrowings and thus the value of which is also subject to currency risk. Variable-rate debt outstanding represents borrowings under our revolving credit agreement and a euro-denominated term loan which accrue interest based on one-month LIBOR plus a margin.

At September 30, 2024, the weighted-average interest rate paid was equal to 8.52%. A hypothetical 100 basis point increase in the interest rate on variable rate debt would increase annual interest expense by $1.2 million. In the event rates are 100 basis points lower, interest expense would be $1.2 million lower.

As part of our overall risk management practices, we enter into financial derivatives primarily designed to either i) hedge currency risks associated with forecasted transactions – “cash flow hedges”; or ii) mitigate the impact that changes in currency exchange rates have on intercompany financing transactions and foreign currency denominated receivables and payables – “foreign currency hedges.” For a more complete discussion of this activity, refer to Item 8 – Financial Statements and Supplementary Data – Note 17 - *“Financial Derivatives and Hedging Activities.”*

We are subject to certain risks associated with changes in foreign currency exchange rates to the extent our operations are conducted in currencies other than the U.S. dollar. On an annual basis, our euro denominated net sales is estimated to exceed euro expenses by approximately €170 million. With respect to the British pound sterling, Canadian dollar, and Philippine peso, we have greater outflows than inflows of these currencies, although to a lesser degree. As a result, particularly with respect to the euro, we are exposed to changes in currency exchange rates and such changes could be significant.

Critical Accounting Estimates

The preceding discussion and analysis of our consolidated financial position and results of operations is based upon our consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States of America. The preparation of these consolidated financial statements requires us to make estimates and assumptions that affect the reported amounts of assets, liabilities, net sales and expenses, and related disclosures of contingent assets and liabilities. On an ongoing basis, we evaluate our estimates, including those related to long-lived assets, environmental liabilities, and income taxes. We base our estimates on historical experience and on various other assumptions that we believe are reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. We believe that our policies for long- and indefinite-lived assets, environmental liabilities and income taxes represent the most significant and subjective estimates used in the preparation of our consolidated financial statements and are therefore considered our critical accounting policies and estimates.

During the nine months ended September 30, 2024, there were no changes in our critical accounting policies or estimates. See Note 2 — Accounting Policies, of the Condensed Consolidated Financial Statements included elsewhere in this Report on Form 10-Q and in our Annual Report on Form 10-K for the year ended December 31, 2023, as filed with the SEC, for additional information regarding our critical accounting policies.

Long- and indefinite-lived Assets We evaluate the recoverability of our long- and indefinite-lived assets, including plant, equipment, timberlands, goodwill, and other intangible assets periodically or whenever events or changes in circumstances indicate that the carrying amounts may not be recoverable. Goodwill is reviewed for impairment annually during the fourth quarter, or more frequently if impairment indicators are present.

The fair value of our reporting units, which are also our operating segments, is determined using a market approach and a discounted cash flow model. Our evaluations include a variety of qualitative factors and analyses based on estimates of future cash flows expected to be generated from the use of the underlying assets, trends or other determinants of fair value. If the value of an asset determined by these evaluations is less than its carrying amount, a loss is recognized for the difference between the fair value and the carrying value of the asset. At September 30, 2024, Airlaid Materials was our only operating segment with goodwill. Our Airlaid Materials segment's fair value exceeded its carrying value at the time of its last valuation performed in connection with the last annual impairment test in the fourth quarter of 2023 by approximately 19%. Airlaid Material's fair value, as well as the asset groups within each of our operating segments, could be impacted by factors such as unexpected changes in market demand for our products, the impact of competition, and the inability to successfully adjust selling prices in response to changes in inflation, among other factors. Future adverse changes such as these or in market conditions or poor operating results of the related business may indicate an inability to recover the carrying value of the assets, thereby possibly requiring an impairment charge in the future.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures Our Chief Executive Officer and our principal financial officer, after evaluating the effectiveness of our disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) as of September 30, 2024, have concluded that, as of the evaluation date, our disclosure controls and procedures are effective.

Changes in Internal Controls There were no changes in our internal control over financial reporting during the three months ended September 30, 2024 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

See the discussion of legal proceedings contained in Note 18 - *"Commitments, Contingencies and Legal Proceedings"* to our unaudited consolidated financial statements in Part I, Item 1 of this report, which is incorporated herein by reference.

ITEM 5. OTHER INFORMATION

During the nine months ended September 30, 2024, none of the Company's directors or "officers," as defined in Rule 16a-1(f) of the Exchange Act, adopted, modified, or terminated a "Rule 10b5-1 trading arrangement" or a "non-Rule 10b5-1 trading arrangement," as each term is defined in Item 408 of Regulation S-K.

ITEM 6. EXHIBITS

The following exhibits are filed or furnished herewith or incorporated by reference as indicated.

		Incorporated by reference to
31.1	Certification of Thomas M. Fahnemann, President and Chief Executive Officer of Glatfelter, pursuant to Section 302(a) of the Sarbanes-Oxley Act of 2002, filed herewith.	
31.2	Certification of Ramesh Shettigar, Senior Vice President, Chief Financial Officer and Treasurer of Glatfelter, pursuant to Section 302(a) of the Sarbanes-Oxley Act of 2002, filed herewith.	
32.1	Certification of Thomas M. Fahnemann, President and Chief Executive Officer of Glatfelter, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, furnished herewith.	
32.2	Certification of Ramesh Shettigar, Senior Vice President, Chief Financial Officer and Treasurer of Glatfelter, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, furnished herewith.	
101.INS	Inline XBRL Instance Document – the instance document does not appear in the Interactive Data file because its iXBRL tags are embedded within the Inline XBRL document.	
101.SCH	Inline XBRL Taxonomy Extension Schema.	
101.CAL	Inline XBRL Extension Calculation Linkbase.	
101.DEF	Inline XBRL Extension Definition Linkbase.	
101.LAB	Inline XBRL Extension Label Linkbase.	
101.PRE	Inline XBRL Extension Presentation Linkbase.	
104	Cover Page Interactive Data File (formatted as an inline XBRL and contained in Exhibit 101).	

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Glatfelter Corporation
(Registrant)

October 30, 2024

By /s/ David C. Elder

David C. Elder
Vice President, Strategic Initiatives, Business Optimization, & Chief Accounting Officer
(Principal accounting officer)

EXHIBIT 31.1

CERTIFICATION PURSUANT TO SECTION 302 (a) OF THE SARBANES-OXLEY ACT OF 2002

I, Thomas M. Fahnemann certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarter ended September 30, 2024 of Glatfelter Corporation and subsidiaries (“Glatfelter”);
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. Glatfelter’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)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for Glatfelter 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 Glatfelter, 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 Glatfelter’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 Glatfelter’s internal control over financial reporting that occurred during Glatfelter’s most recent fiscal quarter (the fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, Glatfelter's internal control over financial reporting.
5. Glatfelter’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to Glatfelter’s auditors and the audit committee of Glatfelter’s board of directors (or persons performing similar 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 Glatfelter’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 Glatfelter’s internal control over financial reporting.

October 30, 2024

By /s/ Thomas M. Fahnemann

Thomas M. Fahnemann
President and Chief Executive Officer

EXHIBIT 31.2

CERTIFICATION PURSUANT TO SECTION 302 (a) OF THE SARBANES-OXLEY ACT OF 2002

I, Ramesh Shettigar, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarter ended September 30, 2024 of Glatfelter Corporation and subsidiaries (“Glatfelter”);

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. Glatfelter’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)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for Glatfelter 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 Glatfelter, 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 Glatfelter’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 Glatfelter’s internal control over financial reporting that occurred during Glatfelter’s most recent fiscal quarter (the fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, Glatfelter's internal control over financial reporting.

5. Glatfelter’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to Glatfelter’s auditors and the audit committee of Glatfelter’s board of directors (or persons performing similar 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 Glatfelter’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 Glatfelter’s internal control over financial reporting.

October 30, 2024

By /s/ Ramesh Shettigar

Ramesh Shettigar

Senior Vice President, Chief Financial Officer & Treasurer

Exhibit 32.1

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

In connection with the Quarterly Report on Form 10-Q for the quarter ended September 30, 2024 of Glatfelter Corporation (the "Company") as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Thomas M. Fahnemann, President and Chief Executive Officer of the Company, certify to the best of my knowledge, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, 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.

A signed original of this written statement required by Section 906 has been provided to Glatfelter and will be retained by Glatfelter and furnished to the Securities and Exchange Commission or its staff upon request.

October 30, 2024

By /s/ Thomas M. Fahnemann
Thomas M. Fahnemann
President and Chief Executive Officer

Exhibit 32.2

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

In connection with the Quarterly Report on Form 10-Q for the quarter ended September 30, 2024 of Glatfelter Corporation (the "Company") as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Ramesh Shettigar Senior Vice President, Chief Financial Officer & Treasurer of the Company, certify to the best of my knowledge, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, 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.

A signed original of this written statement required by Section 906 has been provided to Glatfelter and will be retained by Glatfelter and furnished to the Securities and Exchange Commission or its staff upon request.

October 30, 2024

By /s/ Ramesh Shettigar
Ramesh Shettigar
Senior Vice President, Chief Financial Officer & Treasurer