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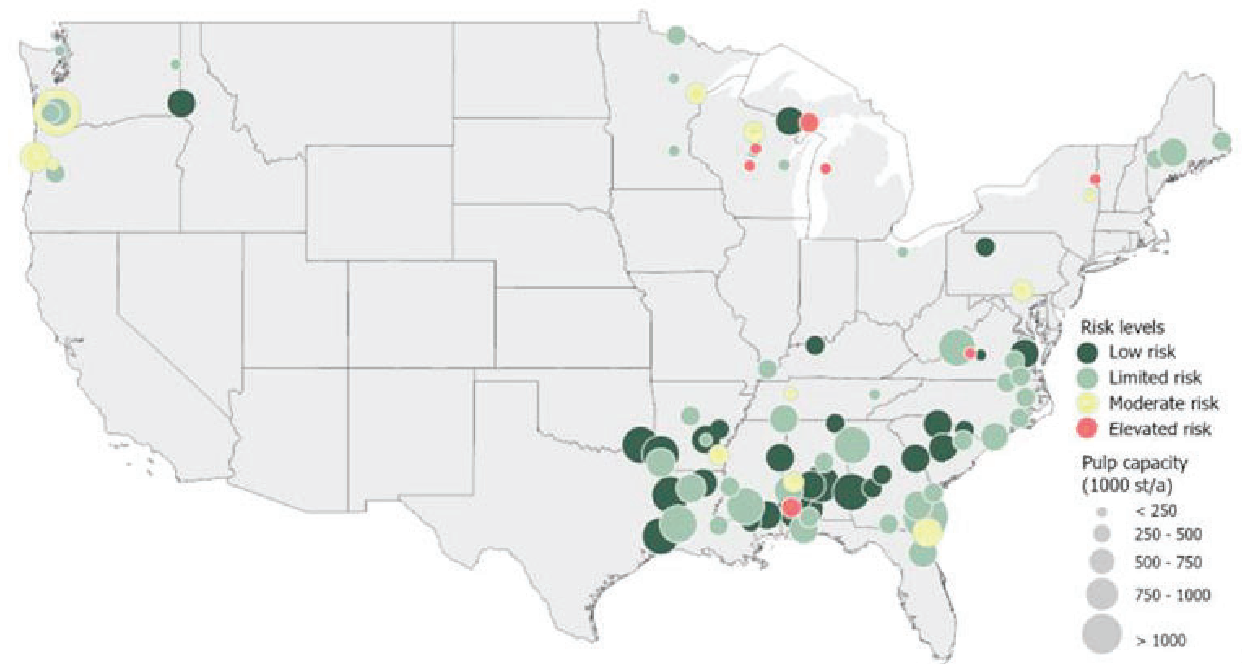
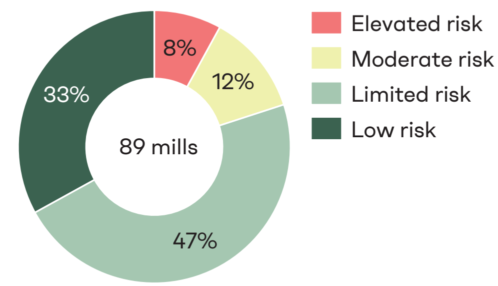
Based on the techno-economic mill assessment, 18 wood consuming pulp & paper mills are at elevated or moderate risk of closure in the medium-term in the U.S.

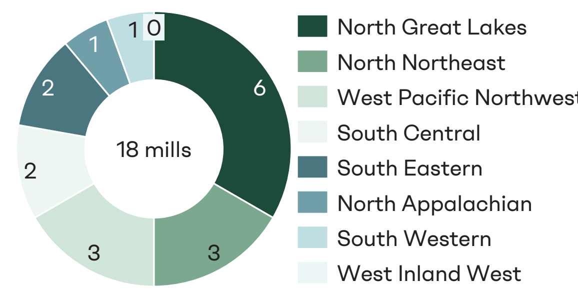
U.S. operating wood consuming pulp mills by risk levels



Mill techno-economic closure risk



Elevated and moderate risk mills by region



Source: AFRY SMART

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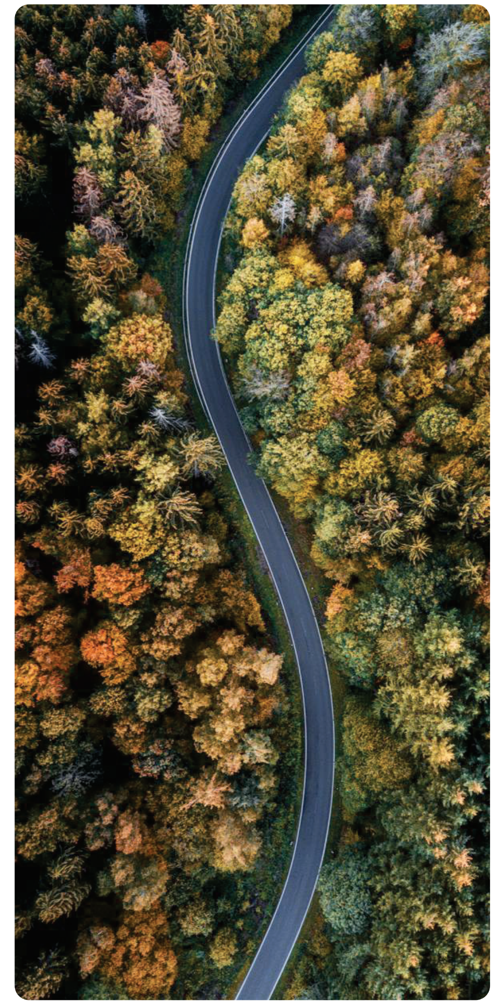
The U.S. pulp and paper sector is not in terminal decline, but it is at an inflection point

How to avoid accelerating loss of domestic pulp & paper manufacturing and forest market instability?

- **Protect competitive regions and grades.** Focus on Southern U.S. packaging, containerboard and fluff pulp assets, where the U.S. remains globally competitive.
- **Enable reinvestment in critical infrastructure.** Recovery boilers and digesters are the single largest determinant of survival; delayed reinvestment sharply increases closure risk.
- **Recognize pulp mills as forest-system infrastructure.** Mill closures ripple outward—into sawmills, logging jobs, and forest health—far beyond the mill gate
- **Anticipate policy-driven capacity loss.** Absent action, the next wave of closures will be structural, not cyclical, with impacts concentrated in rural America.



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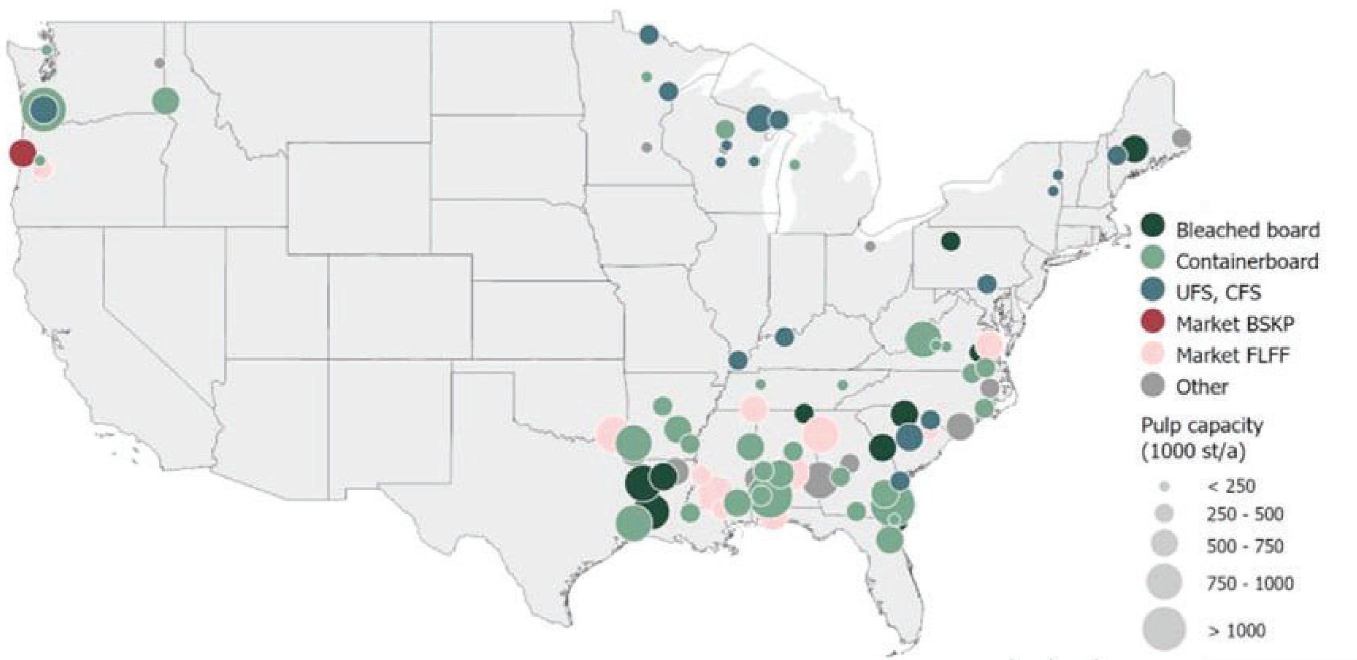
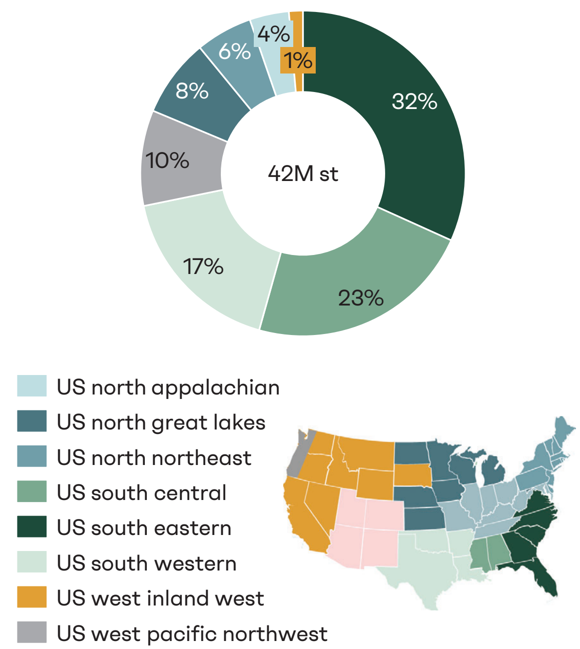
There are 89 operating wood consuming pulp mills in the U.S. - 70% clustered in the U.S. South. On average, a pulp mill consumes 60 million cu ft of wood per year

Operating wood consuming pulp & paper mills in the U.S.



Wood pulp mills by region*



Source: AFRY SMART. *) Total capacity based on total wood pulp capacity. Some manufacturers produce multiple grades.in the same mill, main grade taken for the classification

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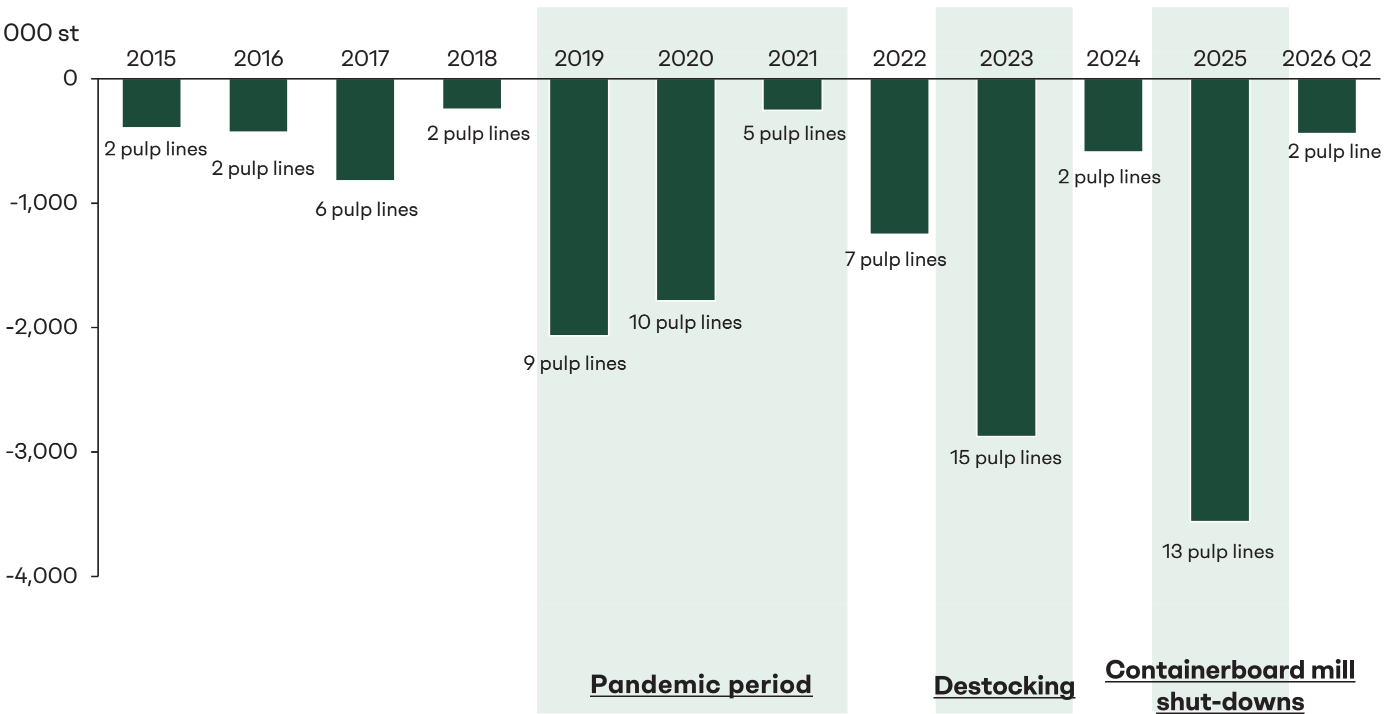
Over the past decade, 43 pulp mills with 15 million tons of wood pulp capacity have closed in the U.S. - equivalent to ~60 million green tons of wood per year

U.S. wood pulp capacity shut-downs 2015-2026 Q1



- Since 2015, there has been a 25% reduction in pulp capacity in the U.S., while 42 mills, including 70 pulping lines, have closed.
- On average, a pulp mill in the U.S. consumes ~2 million green tons of wood per year, while an integrated pulp & paper mill may directly employ ~500 people.
- Pulp & paper mill closures have created significant stress on forestry and local communities.

U.S. WOOD PULP CAPACITY REDUCTION
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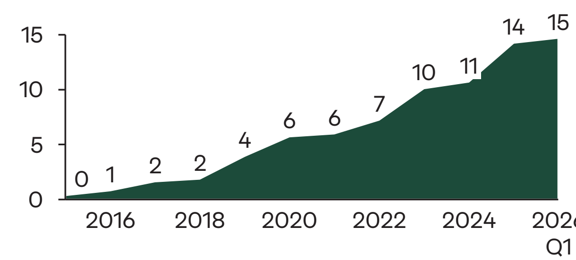

Source: AFRY SMART

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Recovery boilers at U.S. pulp mills are aging and require reinvestment – 50 recovery boilers, representing 41%, have been operational for more than 50 years

Age profile of U.S. pulp mill recovery boiler and digester age

Source: AFRY SMART.

Recovery boilers

- There are 121 recover boilers at the 89 pulp mills in the U.S. 41% of the mills have recovery boiler age >50 years
- When recovery boilers reach 50 years of service, substantial investments and replacements are typically needed within 5 to 10 years. Capex between $500 million and over $1 billion may be needed, or rising maintenance costs and needs can disrupt the mill's operations, efficiency and competitiveness.
- Average recovery boiler age by region:
  - U.S. : 45 years
  - Europe: 31 years
  - Latin America: 20 years
  - China: 10 years

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