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

Form 10-Q

(Mark One)

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

For the quarterly period ended June 30, 2026

or

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

For the transition period from__________ to __________

Commission File Number: 001-34146

CLEARWATER PAPER CORPORATION

(Exact name of registrant as specified in its charter)

Delaware	**20-3594554**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**
601 West Riverside, Suite 300	
Spokane, WA	**99201**
(Address of principal executive offices)	**(Zip Code)**

(509) 344-5900

(Registrant's telephone number, including area code)

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value $0.0001 per share	CLW	New York Stock Exchange

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

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

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

Large accelerated filer	☐	Accelerated filer	☒
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

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

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

The number of shares of common stock of the registrant outstanding as of July 27, 2026 was 16,127,764.

FORWARD-LOOKING STATEMENTS

Our disclosure and analysis in this report contains, in addition to historical information, certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including statements as to our expectations for third quarter 2026 operating performance, including maintenance-outage timing, energy costs and expected benefits from our fixed-cost-reduction initiatives; our cost-reduction and restructuring plan, including the amount and timing of severance and other related charges; our liquidity and capital resources, including our ability to generate cash flows from operations, access borrowing capacity and remain in compliance with financial covenants under our credit agreements; our expected capital expenditures for 2026; our belief that the representation-and-warranty insurance claim related to the Augusta acquisition is meritorious and the extent to which we may recover any losses; our ongoing assessment of potential asset dispositions, reorganizations or impairment charges; our expectations regarding retroactive wage adjustments associated with a union settlement; our evaluation of macroeconomic factors, including related cost changes in energy, chemicals, pulp and freight; our expectations concerning accounting standards; our expectations with respect to environmental matters, including the PFAS-related litigation involving the Augusta facility and potential insurance recoveries; and our ability to execute our growth, expansion and strategic initiatives and other plans described in this report. Words such as “anticipate,” “expect,” “intend,” “plan,” “project,” “believe,” “estimate,” “may,” and similar expressions are intended to identify such forward-looking statements. These forward-looking statements are based on management’s current expectations, estimates, assumptions and projections that are subject to change. Our actual results of operations may differ materially from those expressed or implied by the forward-looking statements contained in this report. Important factors that could cause or contribute to such differences in operating results include those risks discussed in Item 1A “Risk Factors” in our 2025 Form 10-K, as well as the following:

- competitive pricing pressures for our products, including as a result of capacity additions, demand reduction and the impact of foreign currency fluctuations on the pricing of products globally;
- the loss of, change in price in regard to, or reduction in, orders from a significant customer;
- changes in customer or consumer preferences for paperboard grades or substrates;
- consolidation and vertical integration of converting operations in the paperboard industry;
- cyclical industry conditions;
- continued changes in the United States and international economies and in general economic conditions in the regions and industries in which we operate;
- manufacturing or operating disruptions, including equipment malfunctions and damage to our manufacturing facilities;
- larger competitors having operational, financial and other advantages;
- labor disruptions;
- reliance on a limited number of third-party suppliers, vendors and service providers required for the production of our products and our operations;
- cyber-security risks;
- environmental liabilities or expenditures and climate change;
- our ability to execute on our growth and expansion strategies and other strategic initiatives;
- our ability to successfully execute capital projects and other activities to operate our assets, including effective maintenance, implement our operational efficiencies and realize higher throughput or lower costs;
- IT system disruptions and IT system implementation failures;
- changes in expenses, required contributions and potential withdrawal costs associated with our pension plans;
- our ability to attract, motivate, train and retain qualified and key personnel;
- our ability to service our debt obligations and restrictions on our business from debt covenants and terms;
- changes in our banking relations;
- negative changes in our credit agency ratings;
- changes in laws, regulations or industry standards affecting our business;
- our inability to realize the expected benefits of the Augusta, Georgia paperboard manufacturing facility acquisition, including anticipated financial results;
- unexpected costs, charges or expenses resulting from the sale of our consumer products division (“tissue business”);

- the inability to successfully implement our restructuring initiatives in response to the sale of our tissue business;
- increased regulation or retaliatory trade actions in response to announced or proposed U.S. tariffs, including potential impacts on costs, structure, supply chains, or consumer demand;
- changes in the cost and availability of wood fiber and wood pulp;
- changes in energy, chemicals, packaging and freight costs and disruptions in transportation services impacting our ability to receive inputs or ship products to customers; and
- risks and costs associated with new or ongoing environmental litigation, including PFAS-related claims or regulatory actions affecting recently acquired facilities.

Forward-looking statements contained in this report present management's views only as of the date of this report. Except as required under applicable law, we do not intend to issue updates concerning any future revisions of management's views to reflect events or circumstances occurring after the date of this report. You are advised, however, to consult any further disclosures we make on related subjects in our quarterly reports on Form 10-Q and current reports on Form 8-K filed with the Securities and Exchange Commission, or SEC.

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Part I: Financial Information

ITEM 1. Consolidated Financial Statements

CLEARWATER PAPER CORPORATION

Consolidated Balance Sheets (Unaudited)

(In millions, except per-share data)	June 30, 2026	December 31, 2025
Assets		
Current assets:		
Cash and cash equivalents	$ 95.4	$ 30.7
Receivables, net of allowance for current expected credit losses	162.9	195.3
Inventories, net	260.8	281.7
Other current assets	13.0	18.3
Total current assets	532.0	526.0
Property, plant and equipment	2,397.7	2,377.9
Accumulated depreciation and amortization	(1,419.0)	(1,376.1)
Property, plant and equipment, net	978.7	1,001.8
Other assets, net	60.6	60.4
Total assets	$ 1,571.4	$ 1,588.3
Liabilities and stockholders' equity		
Current liabilities:		
Current portion of long-term debt	$ 0.6	$ 0.6
Accounts payable and accrued liabilities	231.6	215.6
Total current liabilities	232.3	216.2
Long-term debt	360.5	345.5
Liability for pension and other postretirement employee benefits	48.4	49.5
Deferred tax liabilities	56.9	68.2
Other long-term obligations	79.2	83.7
Total liabilities	777.3	763.0
Stockholders' equity:		
Preferred stock, par value $0.0001 per share, 5,000,000 authorized shares, no shares issued	—	—
Common stock, par value $0.0001 per share, 100,000,000 authorized shares, 16,567,722 shares issued	—	—
Additional paid-in capital	7.3	8.3
Treasury stock, at cost, 440,598 and 529,385 shares	(11.8)	(14.8)
Retained earnings	828.0	862.3
Accumulated other comprehensive loss, net of tax	(29.3)	(30.5)
Total stockholders' equity	794.1	825.3
Total liabilities and stockholders' equity	$ 1,571.4	$ 1,588.3

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

CLEARWATER PAPER CORPORATION
Consolidated Statements of Operations
(Unaudited)

(In millions, except per-share data)	Quarter Ended June 30, 2026	Quarter Ended June 30, 2025	Six Months Ended June 30, 2026	Six Months Ended June 30, 2025
Net sales	$ 374.8	$ 391.8	$ 735.1	$ 770.0
Costs and expenses:				
Cost of sales	385.2	348.8	746.4	690.3
Selling, general and administrative expenses	21.1	26.1	41.7	55.0
Other operating charges, net	(7.5)	7.1	(18.7)	18.9
Total operating costs and expenses	398.7	382.1	769.4	764.2
Income (loss) from continuing operations	(23.9)	9.8	(34.3)	5.8
Interest expense, net	(5.1)	(3.9)	(10.0)	(7.3)
Other non-operating expense	(1.1)	(0.3)	(2.3)	(0.6)
Total non-operating expense	(6.2)	(4.2)	(12.3)	(7.9)
Income (loss) from continuing operations before income taxes	(30.1)	5.5	(46.6)	(2.1)
Income tax provision (benefit)	(8.6)	1.9	(12.3)	0.1
Income (loss) from continuing operations	(21.5)	3.6	(34.3)	(2.3)
Loss from discontinued operations, net of tax	—	(0.9)	—	(1.3)
Net Income (loss)	$ (21.5)	$ 2.7	$ (34.3)	$ (3.6)
Net income (loss) per common share (basic and diluted):				
Income (loss) per share from continuing operations - basic	$ (1.33)	$ 0.22	$ (2.13)	$ (0.14)
Loss per share from discontinued operations - basic	—	(0.06)	—	(0.08)
Net income (loss) per share - basic and diluted	$ (1.33)	$ 0.17	$ (2.13)	$ (0.22)
Average shares of common stock used to compute net income (loss) per share (in thousands):				
Basic	16,126	16,220	16,090	16,297
Diluted	16,126	16,241	16,090	16,297

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

CLEARWATER PAPER CORPORATION
Consolidated Statements of Comprehensive Income (Loss)
(Unaudited)

(In millions)	Quarter Ended June 30, 2026	Quarter Ended June 30, 2025	Six Months Ended June 30, 2026	Six Months Ended June 30, 2025
Net income (loss)	$ (21.5)	$ 2.7	$ (34.3)	$ (3.6)
Other comprehensive income:				
Defined benefit pension and other postretirement employee benefits:				
Amortization of actuarial loss included in net periodic cost, net of tax of $0.2, $—, $0.4 and $—	0.6	—	1.2	0.1
Other comprehensive income, net of tax	0.6	—	1.2	0.1
Comprehensive income (loss)	$ (20.9)	$ 2.7	$ (33.1)	$ (3.5)

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

CLEARWATER PAPER CORPORATION
Consolidated Statements of Cash Flows
(Unaudited)

(In millions)	Six Months Ended June 30, 2026	2025
Operating activities		
Net loss	$ (34.3)	$ (3.6)
Adjustments to reconcile net loss to net cash flows provided by (used in) operating activities:		
Depreciation and amortization	46.6	45.0
Equity-based compensation expense	2.4	3.5
Deferred taxes	(11.6)	(0.6)
Defined benefit pension and other postretirement employee benefits	0.8	(0.2)
Amortization of deferred debt costs	1.1	1.1
Loss on sale or impairment associated with assets	—	3.1
Changes in operating assets and liabilities:		
Decrease in accounts receivable	24.8	22.6
(Increase) decrease in inventories	19.4	(25.3)
Decrease in other current assets	4.9	4.2
Increase (decrease) in accounts payable and accrued liabilities	17.6	(76.4)
Other, net	(2.1)	(0.1)
Net cash flows provided by (used in) operating activities	69.5	(26.7)
Investing activities		
Additions to property, plant and equipment, net [1]	(18.7)	(55.6)
Net cash flows used in investing activities	(18.7)	(55.6)
Financing activities		
Borrowings on long-term debt	15.0	65.0
Repayments of long-term debt	(0.2)	(18.3)
Repurchases of common stock	(0.1)	(15.1)
Other, net	(0.8)	17.8
Net cash flows provided by financing activities	13.9	49.3
Increase (decrease) in cash and cash equivalents	64.6	(33.0)
Cash and cash equivalents at beginning of period	30.7	79.6
Cash and cash equivalents at end of period	$ 95.4	$ 46.7
Supplemental disclosures of cash flow information:		
Cash paid for interest, net of amounts capitalized	$ 9.3	$ 7.3
Cash (received) paid for income taxes	$ (30.3)	$ 57.4

[1] Capital expenditures of $13.3 million and $15.5 million that have not been paid as of June 30, 2026 and 2025 were excluded from the Statements of Cash Flows.

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

CLEARWATER PAPER CORPORATION
Consolidated Statements of Stockholders' Equity
(Unaudited)

(In millions, except share amounts which are in thousands)	Common Stock Shares	Common Stock Amount	Additional Paid-In Capital	Treasury Stock Shares	Treasury Stock Amount	Retained Earnings	Accumulated Other Comprehensive Loss	Total Stockholders' Equity
Balance at December 31, 2024	16,568	$ —	$ 11.5	(123)	$ (3.3)	$ 880.8	$ (34.5)	$ 854.6
Net loss	—	—	—	—	—	(6.3)	—	(6.3)
Stock-based compensation expense	—	—	1.4	—	—	—	—	1.4
Issuance of shares under stock plans, net	—	—	(7.9)	191	5.7	—	—	(2.3)
Repurchases of common stock	—	—	—	(380)	(10.9)	—	—	(10.9)
Balance at March 31, 2025	16,568	$ —	$ 5.0	(312)	$ (8.5)	$ 874.5	$ (34.5)	$ 836.6
Net income	—	—	—	—	—	2.7	—	2.7
Stock-based compensation expense	—	—	1.6	—	—	—	—	1.6
Issuance of shares under stock plans, net	—	—	(0.1)	2	—	—	—	—
Pension and other postretirement employee benefits, net of immaterial tax	—	—	—	—	—	—	0.1	0.1
Repurchases of common stock	—	—	—	(148)	(4.2)	—	—	(4.2)
Balance at June 30, 2025	16,568	$ —	$ 6.5	(459)	$ (12.7)	$ 877.3	$ (34.4)	$ 836.7

(In millions, except share amounts which are in thousands)	Common Stock Shares	Common Stock Amount	Additional Paid-In Capital	Treasury Stock Shares	Treasury Stock Amount	Retained Earnings	Accumulated Other Comprehensive Loss	Total Stockholders' Equity
Balance at December 31, 2025	16,568	$ —	$ 8.3	(529)	$ (14.8)	$ 862.3	$ (30.5)	$ 825.3
Net loss	—	—	—	—	—	(12.8)	—	(12.8)
Stock-based compensation expense	—	—	1.3	—	—	—	—	1.3
Issuance of shares under stock plans, net	—	—	(3.6)	87	3.0	—	—	(0.5)
Pension and other postretirement employee benefits, net of immaterial tax	—	—	—	—	—	—	0.6	0.6
Balance at March 31, 2026	16,568	$ —	$ 6.0	(442)	$ (11.8)	$ 849.4	$ (29.9)	$ 813.8
Net loss	—	—	—	—	—	(21.5)	—	(21.5)
Stock-based compensation expense	—	—	1.3	—	—	—	—	1.3
Issuance of shares under stock plans, net	—	—	(0.1)	2	—	—	—	—
Pension and other postretirement employee benefits, net of immaterial tax	—	—	—	—	—	—	0.6	0.6
Repurchases of common stock	—	—	—	—	(0.1)	—	—	(0.1)
Balance at June 30, 2026	16,568	$ —	$ 7.3	(441)	$ (11.8)	$ 828.0	$ (29.3)	$ 794.1

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

NOTE 1: DESCRIPTION OF BUSINESS AND BASIS OF PRESENTATION

Description of Business

We are a premier manufacturer and supplier of bleached paperboard focused on servicing independent converters in North America. We also offer services that include custom sheeting, slitting, and cutting.

Basis of Presentation

The accompanying unaudited Consolidated Financial Statements have been prepared in accordance with generally accepted accounting principles in the United States (U.S. GAAP) for interim financial information. Accordingly, they do not include all the information and footnotes required by U.S. GAAP for complete consolidated financial statements. In the opinion of management, all adjustments considered necessary for a fair presentation have been included and are of a normal and recurring nature. These consolidated financial statements and related Notes should be read in conjunction with our annual report on Form 10-K for the fiscal year ended December 31, 2025. Results of operations for interim periods are not necessarily indicative of results to be expected for an entire year. All dollar amounts are shown in millions, except per share amounts.

NOTE 2: RECENTLY ISSUED ACCOUNTING STANDARDS

In May 2026, the FASB issued ASU 2026-02, *Environmental Credits and Environmental Credit Obligations (Topic 818)*, which introduces an accounting model for the recognition, measurement, presentation, and disclosure of environmental credits and related compliance obligations settled by using environmental credits. This ASU is effective for fiscal years beginning after December 15, 2027, and interim periods within those annual reporting periods. Early adoption is permitted. We are currently evaluating the impact this ASU will have on our consolidated financial position, results of operations and cash flows.

In November 2024, the FASB issued ASU 2024-03, *Disaggregation of Income Statement Expenses (Subtopic 220-40)*, which requires disaggregated disclosure of certain types of expenses, such as inventory purchases, employee compensation, depreciation, and amortization in commonly presented expense captions such as cost of revenue and selling, general and administrative expenses. This ASU is effective for fiscal years beginning after December 15, 2026, and interim periods within fiscal years beginning after December 15, 2027. Early adoption is permitted. Adoption of this ASU will result in additional disclosure, but it will not impact our consolidated financial position, results of operations or cash flows.

NOTE 3: DISCONTINUED OPERATIONS

In November 2024, we sold our tissue operations. The results of our tissue operations were classified as discontinued operations in our Consolidated Statements of Operations for all periods presented. For the quarter ended June 30, 2025, we recognized $0.9 million of loss from discontinued operations, net of tax. For the six months ended June 30, 2025, we recognized $1.3 million of loss from discontinued operations, net of tax and net cash used in operating activities of discontinued operations was $2.0 million.

NOTE 4: FAIR VALUE MEASUREMENTS

Carrying amounts reported on the consolidated balance sheets for cash and cash equivalents, accounts receivable and accounts payable approximate fair value due to the short-term maturity of these instruments. The fair value of our debt is included in the following table:

	June 30, 2026	December 31, 2025
2020 Notes, maturing 2028, fixed interest rate	$ 224.6	$ 258.2
ABL Credit Agreement (revolving loan), maturing 2027, variable interest rate	79.0	64.0
	$ 303.6	$ 322.2

NOTE 5: RECEIVABLES

Receivables consist of:

	June 30, 2026	December 31, 2025
Trade accounts receivable	$ 152.4	$ 156.8
Allowance for current expected credit losses	(1.8)	(1.8)
Unbilled receivables	3.7	6.5
Taxes receivable	2.9	27.4
Other	5.6	6.5
	$ 162.9	$ 195.3

NOTE 6: INVENTORIES

Inventories are stated at the lower of net realizable value or current cost using the average cost method and consist of:

	June 30, 2026	December 31, 2025
Logs, chips and sawdust	$ 28.4	$ 28.8
Pulp	10.1	10.1
Paperboard products	108.7	128.6
Materials and supplies	113.7	114.2
	$ 260.8	$ 281.7

NOTE 7: PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consist of:

	June 30, 2026	December 31, 2025
Land and land improvements	$ 67.0	$ 67.0
Buildings and improvements	237.1	232.8
Machinery and equipment	2,055.4	2,046.1
Construction in progress	38.3	32.0
Property, plant and equipment	2,397.7	2,377.9
Less accumulated depreciation and amortization	(1,419.0)	(1,376.1)
Property, plant and equipment, net	$ 978.7	$ 1,001.8

NOTE 8: ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities consist of:

	June 30, 2026	December 31, 2025
Trade payables	$ 154.0	$ 130.9
Accrued compensation	26.6	33.6
Operating lease liabilities	12.0	12.3
Taxes payable	6.3	—
Accrued discounts	5.8	14.8
Other	26.9	23.9
	$ 231.6	$ 215.6

Included in "Accounts payable and accrued liabilities" are $13.3 million and $7.4 million related to capital expenditures that had not yet been paid as of June 30, 2026 and December 31, 2025.

We maintain a program with a financial institution to provide our vendors with an option to receive payment earlier than our standard payment terms. As of June 30, 2026 and December 31, 2025, $3.3 million of outstanding obligations under this program were included in "Other" in the table above.

NOTE 9: INCOME TAXES

For interim periods, accounting standards require that income tax expense be determined by applying the estimated annual effective income tax rate to year-to-date results, unless this method does not result in a reliable estimate of year-to-date income tax expense. Each period, the income tax accrual is adjusted to the latest estimate and the difference from the previously accrued year-to-date balance is adjusted to the current quarter.

For the six months ended June 30, 2026 and 2025, we recognized an income tax benefit of $12.3 million and a provision of $0.1 million on loss from continuing operations. Our effective tax rate for the six months ended June 30, 2026 varied from the U.S. federal statutory tax rate of 21% primarily due to the effects of changes in state taxes, interest received on tax refunds and nondeductible compensation. Our effective tax rate for the six months ended June 30, 2025 varied from the U.S. federal statutory tax rate of 21% primarily due to the effects of state taxes, nondeductible compensation, and a change in the state valuation allowance.

NOTE 10: DEBT

Long-term debt at the balance sheet dates consisted of:

		June 30, 2026			December 31, 2025		
	Interest Rate at June 30, 2026	Principal	Unamortized Debt Costs	Total	Principal	Unamortized Debt Costs	Total
2020 Notes, maturing 2028, fixed interest rate	4.75%	$ 275.0	$ (1.1)	$ 273.9	$ 275.0	$ (1.3)	$ 273.7
ABL Credit Agreement (revolving loan), maturing 2027, variable interest rate	5.0%	79.0	—	79.0	64.0	—	64.0
Finance leases		8.2	—	8.2	8.4	—	8.4
Total debt		362.2	(1.1)	361.1	347.4	(1.3)	346.1
Less: current portion		(0.6)	—	(0.6)	(0.6)	—	(0.6)
Net long-term portion		$ 361.6	$ (1.1)	$ 360.5	$ 346.8	$ (1.3)	$ 345.5

PCA CREDIT AGREEMENT

Our PCA Credit Agreement matures on May 1, 2029, subject to a springing maturity 91 days prior to the maturity of the Company's 2020 Notes if the outstanding principal of the 2020 Notes plus $50 million at any time during such 91 day period is greater than the sum of our available borrowing liquidity and unrestricted cash. The term revolver commitment under the PCA Credit Agreement is currently $259.3 million and is subject to an annual reduction of 2% of the commitments then in effect. As of June 30, 2026, no balance was outstanding on the term revolver commitment. We may increase term revolver commitments under the PCA Credit Agreement in an aggregate amount of up to $60.0 million, subject to obtaining commitments from any participating lenders and certain other conditions.

We may prepay and reborrow any borrowings under the PCA Credit Agreement, in whole or in part, at any time and from time to time without premium or penalty (except in certain circumstances). In addition, we must make mandatory prepayments of principal under the PCA Credit Agreement upon the occurrence of certain asset sales. We may also increase the term revolver commitments under the PCA Credit Agreement in an aggregate amount of up to $60.0 million, subject to obtaining commitments from any participating lenders and certain other conditions

ABL CREDIT AGREEMENT

Our ABL Credit Agreement matures on November 7, 2027. The revolving loan commitment under the ABL Credit Agreement is $375.0 million, subject to borrowing base limitations based on a percentage of applicable eligible receivables and eligible inventory. As of June 30, 2026, our eligible receivables and inventory supported up to $197.7 million availability under the line, of which we utilized $82.8 million, consisting of $79.0 million borrowings outstanding and $3.8 million to issue letters of credit. Borrowings under the ABL Credit Agreement are also subject to mandatory prepayment in certain circumstances, including in the event that borrowings exceed applicable borrowing base limits.

The ABL Credit Agreement also contains a financial covenant, which requires us to maintain a consolidated fixed charge coverage ratio of not less than 1.10x to 1.00x, provided that the financial covenant under the ABL Credit Agreement is only applicable during an event of default or if availability, as calculated under the ABL Credit Agreement, is at any time less than or equal to the greater of (i) 10.0% of the lesser of the borrowing base and the maximum $375 million of current revolving loan commitments and (ii) $25 million.

We may, at our option, prepay any borrowings under the ABL Credit Agreement, in whole or in part, at any time and from time to time without premium or penalty (except in certain circumstances). We may also increase the revolving commitments under the ABL Credit Agreement in an aggregate amount of up to $100 million, subject to obtaining commitments from any participating lenders and certain other conditions.

NOTE 11: OTHER OPERATING CHARGES, NET

The major components of “Other operating charges, net” in the Consolidated Statements of Operations for the quarter and six months ended June 30, 2026 and 2025 are reflected in the table below and described in the paragraphs following the table. These items are considered outside of our core operations.

	Quarter Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
Integration costs	—	0.9	—	4.7
Cost reduction plan	1.3	0.8	2.0	6.1
Union settlement	1.6	—	1.6	—
Loss on sale or impairment associated with assets	—	3.1	—	3.1
Representation and warranty insurance proceeds	(11.4)	—	(23.3)	—
Directors' equity-based compensation expense	0.4	0.9	(0.3)	0.5
Other	0.7	1.5	1.4	4.5
	$ (7.5)	$ 7.1	$ (18.7)	$ 18.9

2026

During the second quarter of 2026, we recorded $7.5 million of income in "Other Operating Charges, Net." The main components include:

- expense of $1.3 million associated with our cost reduction plan;
- expense of $1.6 million associated with union settlement retroactive wage payments incurred for the year ended December 31, 2025;
- proceeds of $11.4 million related to claims made on our representations and warranties insurance policy; and
- expense of $0.4 million relating to directors' equity-based compensation which is remeasured each period based upon changes in our stock price.

During the first quarter of 2026, we recorded $11.1 million of income in "Other Operating Charges, Net." The main components include:

- expense of $0.7 million associated with our cost reduction plan;
- proceeds of $11.9 million related to claims made on our representations and warranties insurance policy; and
- reversal of expense of $0.7 million relating to directors' equity-based compensation which is remeasured each period based upon changes in our stock price.

2025

During the second quarter of 2025, we recorded $7.1 million of expense in "Other Operating Charges, Net." The main components include:

- expense of $0.9 million associated with integration activities related to the Augusta operations;
- expense of $0.8 million associated with our cost reduction plan (primarily severance cost);
- expense of $3.1 million associated with impairment of assets; and
- expense of $0.9 million relating to directors' equity-based compensation which is remeasured each period based upon changes in our stock price.

During the first quarter of 2025, we recorded $11.8 million of expense in "Other Operating Charges, Net." The main components include:

- expense of $3.8 million associated with integration activities related to the Augusta operations;
- expense of $5.3 million associated with our cost reduction plan (primarily severance cost);
- expense of $0.1 million associated with impairment of assets; and
- reversal of expense of $0.4 million relating to directors' equity-based compensation which is remeasured each period based upon changes in our stock price.

NOTE 12: NON-OPERATING EXPENSE

The components of “Non-operating expense” in the Consolidated Statements of Operations for the quarter and six months ended June 30, 2026 and 2025 are reflected in the table below:

	Quarter Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
Interest expense	$ (5.0)	$ (3.9)	$ (9.7)	$ (7.3)
Amortization of debt issuance costs	(0.5)	(0.6)	(1.0)	(1.1)
Interest income	0.5	0.5	0.8	1.1
Interest expense, net	(5.1)	(3.9)	(10.0)	(7.3)
Non-operating pension and other postretirement employee benefits	(1.1)	(0.3)	(2.3)	(0.6)
Total non-operating expense	$ (6.2)	$ (4.2)	$ (12.3)	$ (7.9)

Additionally, we recognized $0.8 million in interest income on tax refunds received during the quarter ended June 30, 2026 which was recorded within "Income tax provision (benefit)" on our Consolidated Statement of Operations.

NOTE 13: RETIREMENT PLANS AND POSTRETIREMENT BENEFITS

The following table details the components of net periodic cost of our company-sponsored pension and other postretirement employee benefit plans for the periods presented:

Pension Benefit Plans	Quarter Ended June 30, 2026	Quarter Ended June 30, 2025	Six Months Ended June 30, 2026	Six Months Ended June 30, 2025
Service cost	$ 0.6	$ 0.8	$ 1.3	$ 1.5
Interest cost	2.8	3.0	5.6	5.9
Expected return on plan assets	(3.0)	(3.3)	(6.0)	(6.7)
Amortization of actuarial loss	0.9	0.2	1.8	0.4
Net periodic cost	$ 1.3	$ 0.6	$ 2.7	$ 1.2

Other Postretirement Employee Benefit Plans	Quarter Ended June 30, 2026	Quarter Ended June 30, 2025	Six Months Ended June 30, 2026	Six Months Ended June 30, 2025
Service cost	$ —	$ —	$ 0.1	$ 0.1
Interest cost	0.6	0.6	1.1	1.2
Amortization of actuarial gain	(0.1)	(0.1)	(0.3)	(0.3)
Net periodic cost	$ 0.5	$ 0.5	$ 0.9	$ 1.0

We record the service component of net periodic cost as part of "Cost of sales" and "Selling, general, and administrative expenses," while the non-service component of net periodic cost is recorded in "Other non-operating expense" on our Consolidated Statements of Operations. For the quarter and six months ended June 30, 2026, we recorded $0.6 million and $1.2 million to "Cost of sales" and $0.1 million and $0.2 million to "Selling, general, and administrative expenses." For the quarter and six months ended June 30, 2025, we recorded $0.7 million and $1.3 million to "Cost of sales" and $0.1 million and $0.3 million to "Selling, general, and administrative expenses."

During the quarter ended June 30, 2026, we contributed $0.5 million to our qualified pension plans, which is included in the "defined benefit pension and other postretirement employee benefits" line on the statement of cash flows. We expect to contribute an additional $2.9 million to fund our pension benefit plans in 2026.

NOTE 14: ACCUMULATED OTHER COMPREHENSIVE LOSS

Accumulated other comprehensive loss, net of tax, is comprised of the following:

	Pension Plan Adjustments	Other Post Retirement Employee Benefit Plan Adjustments	Total
Balance at December 31, 2024	$ (47.8)	$ 13.4	$ (34.5)
Amounts reclassified from accumulated other comprehensive loss	0.3	(0.2)	0.1
Balance at June 30, 2025	$ (47.5)	$ 13.2	$ (34.4)
Balance at December 31, 2025	$ (44.2)	$ 13.7	$ (30.5)
Amounts reclassified from accumulated other comprehensive loss	1.4	(0.2)	1.2
Balance at June 30, 2026	$ (42.9)	$ 13.5	$ (29.3)

NOTE 15: STOCKHOLDERS' EQUITY

Common Stock Plans

We have stock-based compensation plans under which restricted stock awards and stock options are outstanding or granted subject to time or performance vesting requirements. At June 30, 2026, approximately 2.0 million shares were available for future issuance under our current plan.

	Quarter Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
Total stock-based compensation expense	$ 1.7	$ 2.5	$ 2.4	$ 3.5
Income tax provision related to stock-based compensation	$ 0.3	$ 0.5	$ 0.3	$ 0.2
Impact on cash flow due to taxes paid related to net share settlement of equity awards	$ —	$ —	$ 0.6	$ 2.3

As of June 30, 2026, there was $9.9 million of total unrecognized compensation costs related to outstanding restricted stock unit awards.

During the six months ended June 30, 2026, we granted 328,558 restricted stock units (time vesting) at an average grant date fair value of $14.74 per share and 169,753 restricted stock units (performance vesting) at an average grant date fair value of $14.69 per share.

NOTE 16: EARNINGS (LOSS) PER SHARE

Basic income (loss) per share is based on the weighted-average number of shares of common stock outstanding. Diluted income (loss) per share is based upon the weighted-average number of shares of common stock outstanding plus all potentially dilutive securities that were assumed to be converted into common shares at the beginning of the period under the treasury stock method. This method requires the effect of potentially dilutive common stock equivalents be excluded from the calculation of diluted earnings per share for the periods in which net losses from continuing operations are reported because the effect is anti-dilutive.

	Quarter Ended June 30,		Six Months Ended June 30,	
(In thousands)	2026	2025	2026	2025
Basic weighted-average common shares outstanding	16,126	16,220	16,090	16,297
Incremental shares due to:				
Stock-based awards	—	20	—	—
Diluted weighted-average common shares outstanding	16,126	16,241	16,090	16,297

Shares excluded from the computation of diluted earnings (loss) per share were 0.3 million for the quarter and six months ended June 30, 2026 and 0.3 million and 0.4 million for the quarter and six months ended June 30, 2025 as they were either antidilutive (not in-the-money) or the required performance conditions were not met.

NOTE 17: COST REDUCTION PLAN

During 2025, we announced a plan to reduce our cost structure across operations and selling, general and administrative expenses as we right-size our operations. During 2026, we announced further restructuring actions to reduce personnel at certain manufacturing facilities, incurring additional severance expense of $1.7 million which was recorded in "Other operating charges, net" in the Consolidated Statement of Operations.

Changes in our severance liability (included in accounts payable and accrued liabilities on the consolidated balance sheets) for the six months ended June 30, 2026 and 2025 are as follows:

	Six Months Ended June 30,	
	2026	2025
Beginning balance	$ 1.7	$ —
Employee severance charges	1.7	5.1
Cost paid or otherwise settled	(2.8)	(4.5)
Ending balance	$ 0.5	$ 0.5

NOTE 18: SEGMENT DISCLOSURE

Our Chief Operating Decision Maker (CODM) evaluates performance and makes operating decisions about allocating resources based on financial data presented on a consolidated basis. Since our CODM evaluates financial performance on a consolidated basis, we have determined that we have a single operating segment composed of the consolidated financial results of Clearwater Paper.

Our CODM also reviews total assets, as reported on our consolidated balance sheets, and purchases of property and equipment, as reported on our consolidated statements of cash flows.

Our CODM utilizes other key operating metrics, including disaggregated measures of net sales by product line, disaggregation of significant segment expenses and Adjusted EBITDA in order to assess our financial performance.

Net sales classified by major product lines and a reconciliation of significant expenses to consolidated income (loss) from continuing operations is as follows:

	Quarter Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
Net sales by product line:				
Food service	$ 173.0	$ 166.1	$ 326.7	$ 317.5
Folding carton	132.5	147.6	257.3	296.0
Sheeting and distribution	37.1	39.9	76.1	78.7
Pulp and other	32.2	38.2	74.9	77.8
Total net sales	$ 374.8	$ 391.8	$ 735.1	$ 770.0
Input cost (raw materials and energy)	164.9	174.5	332.6	342.9
Labor and overhead	144.0	128.0	265.7	245.1
Supply chain costs (principally freight)	44.1	39.0	83.7	75.3
Selling, general and administrative expenses	19.9	24.4	39.5	52.8
Depreciation and amortization	23.2	23.5	46.6	45.0
Interest expense, net	5.1	3.9	10.0	7.3
Non-significant expenses	3.8	(7.0)	3.6	3.8
Income tax provision (benefit)	(8.6)	1.9	(12.3)	0.1
Income (loss) from continuing operations	$ (21.5)	$ 3.6	$ (34.3)	$ (2.3)

Non-significant expenses are primarily made up of other operating charges, net and changes in inventory.

NOTE 19: INSURANCE RECOVERY

In connection with the acquisition of a paperboard manufacturing facility and associated business, we obtained representation and warranty insurance, subject to exclusions, a policy limit of $105 million, and certain other terms and conditions, to cover losses resulting from a breach of representations and warranties in the Asset Purchase Agreement made by Graphic Packaging International, LLC, a wholly owned subsidiary of Graphic Packaging Holding Company. We have notified the insurance carriers of alleged breaches of certain representations and warranties contained in the Asset Purchase Agreement. In July and November 2025, we submitted claims to the insurance carriers for losses arising of the alleged breaches. During the quarter and six months ended June 30, 2026, we received total settlement proceeds of $15.0 million and $32.5 million related to these claims, of which $3.6 million and $9.2 million were related to reimbursable costs and recorded within "Cost of sales" and $11.4 million and $23.3 million related to other breaches and recorded within "Other operating charges, net" in our Consolidated Statements of Operations. This recovery is in addition to the recovery of $23.0 million received in the fourth quarter of 2025.

ITEM 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations

The following discussion should be read in conjunction with the Consolidated Financial Statements and Notes thereto included herein and our audited Consolidated Financial Statements and Notes thereto for the year ended December 31, 2025, as well as the information under the heading “Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations” that are part of our Annual Report on Form 10-K for the year ended December 31, 2025.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The preparation of financial statements in accordance with generally accepted accounting principles (GAAP) requires our management to select and apply accounting policies that best provide the framework to report our results of operations and financial position. The selection and application of those policies requires management to make difficult, subjective and complex judgments concerning reported amounts of revenue and expenses during the reporting period and the reported amounts of assets and liabilities at the date of the financial statements. As a result, it is possible that materially different amounts would be reported under different conditions or using different assumptions.

For a discussion of our critical accounting policies and estimates, see our Annual Report on Form 10-K for the fiscal year ended December 31, 2025. There have been no material changes to the critical accounting policies and estimates disclosed in our Annual Report.

NON-GAAP MEASURES

In evaluating our business, we utilize several non-GAAP financial measures. A non-GAAP financial measure is generally defined by the SEC as one that purports to measure historical or future financial performance, financial position or cash flows, but excludes or includes amounts that would not be so excluded or included under applicable GAAP guidance. In this report on Form 10-Q, we disclose overall and segment earnings from operations before interest expense, net, non-operating pension and other post employment benefit costs, income tax expense (benefit), depreciation and amortization, other operating charges, net, and debt retirement costs as Adjusted EBITDA from continuing operations which is a non-GAAP financial measure. Adjusted EBITDA from continuing operations is not a substitute for the GAAP measure of net income or for any other GAAP measures of operating performance.

We have included Adjusted EBITDA from continuing operations on a consolidated basis in this report because we use it as an important supplemental measure of our performance and believe that it is frequently used by securities analysts, investors and other interested persons in the evaluation of companies in our industry, some of which present Adjusted EBITDA when reporting their results. We use Adjusted EBITDA from continuing operations to evaluate our performance as compared to other companies in our industry that have different financing and capital structures and/or tax rates. It should be noted that companies calculate Adjusted EBITDA differently and, therefore, our Adjusted EBITDA from continuing operations measure may not be comparable to Adjusted EBITDA reported by other companies. Our Adjusted EBITDA from continuing operations measure has material limitations as a performance measure because it excludes interest expense, net, income tax (benefit) expense and depreciation and amortization which are necessary to operate our business or which we otherwise incur or experience in connection with the operation of our business. In addition, we exclude other income and expense items which are outside of our core operations.

The following table reconciles our Net income (loss) to Adjusted EBITDA from continuing operations for the periods presented.

(In millions)	Quarter Ended June 30, 2026	Quarter Ended June 30, 2025	Six Months Ended June 30, 2026	Six Months Ended June 30, 2025
Net income (loss)	$ (21.5)	$ 2.7	$ (34.3)	$ (3.6)
Less: loss from discontinued operations, net of tax	—	(0.9)	—	(1.3)
Income (loss) from continuing operations	(21.5)	3.6	(34.3)	(2.3)
Income tax provision (benefit)	(8.6)	1.9	(12.3)	0.1
Interest expense, net	5.1	3.9	10.0	7.3
Depreciation and amortization	23.2	23.0	46.6	45.0
Other operating charges, net	(7.5)	7.1	(18.7)	18.9
Other non-operating expense	1.1	0.3	2.3	0.6
Adjusted EBITDA from continuing operations	$ (8.2)	$ 39.9	$ (6.4)	$ 69.6

OPERATING RESULTS FROM CONTINUING OPERATIONS

	Quarter Ended June 30, 2026	Quarter Ended June 30, 2025	% change	Six Months Ended June 30, 2026	Six Months Ended June 30, 2025	% change
Net sales	$ 374.8	$ 391.8	(4)%	$ 735.1	$ 770.0	(5)%
Cost of sales	385.2	348.8	10 %	746.4	690.3	8 %
Selling, general and administrative expenses	21.1	26.1	(19)%	41.7	55.0	(24)%
Other operating charges, net	(7.5)	7.1	nm	(18.7)	18.9	nm
Income (loss) from continuing operations	(23.9)	9.8	nm	$ (34.3)	$ 5.8	nm
Adjusted EBITDA from continuing operations	$ (8.2)	$ 39.9	nm	$ (6.4)	$ 69.6	nm
Adjusted EBITDA margin	(2)%	10 %		(1)%	9 %	

NET SALES

Net sales decreased 4% and 5% for the quarter and six months ended June 30, 2026 compared to the quarter and six months ended June 30, 2025. These decrease primarily resulted from market driven price decreases and changes in our product mix offset by increases in sales volume to existing customers. Additionally, pulp sales declined for the quarter and six months ended June 30, 2026 compared to same periods in 2025 due to the planned major maintenance outage at our Lewiston facility which limited our pulp production capability.

	Quarter Ended June 30, 2026	Quarter Ended June 30, 2025	% change	Six Months Ended June 30, 2026	Six Months Ended June 30, 2025	% change
Paperboard shipments (short tons)	328,722	304,713	8 %	631,640	594,200	6 %
Paperboard sales price (per short ton)	$ 1,077	$ 1,182	(9)%	$ 1,089	$ 1,185	(8)%
Pulp shipments (short tons)	29,313	38,936	(25)%	70,379	84,167	(16)%
Pulp sales price (per short ton)	$ 557	$ 710	(22)%	556	678	(18)%

COST OF SALES

Costs included in our cost of sales include input costs (principally raw materials and energy), labor and overhead and supply chain costs (principally freight and outside warehousing). The table below provides the details of our cost of sales for the quarters and six months ended June 30, 2026 and 2025.

	Quarter Ended June 30,			Six Months Ended June 30,		
	2026	2025	% change	2026	2025	% change
Input cost	$ 164.9	$ 174.5	(6)%	332.6	342.9	(3)%
Labor and overhead	144.0	128.0	13 %	265.7	245.1	8 %
Supply chain costs	44.1	39.0	13 %	83.7	75.3	11 %
Other	10.2	(14.5)	nm	20.0	(15.8)	nm
Depreciation and amortization	22.0	21.8	1 %	44.4	42.8	4 %
Cost of sales	$ 385.2	$ 348.8	10 %	$ 746.4	$ 690.3	8 %

In 2025, planned major maintenance outage occurred at our Cypress Bend, Arkansas facility in the second quarter, our Lewiston, Idaho facility in the third quarter and our Augusta, Georgia facility in the fourth quarter. We completed the planned major maintenance outage at our Lewiston, Idaho facility in the second quarter of 2026. We anticipate completing the planned major maintenance outage at our Cypress Bend, Arkansas facility in the fourth quarter of 2026. We anticipate completing a reduced scope planned major maintenance outage at our Augusta, Georgia location in the fourth quarter of 2026, followed by an additional reduced scope outage in the first quarter of 2027.

Cost of sales increased 10% for the quarter ended June 30, 2026 compared to the quarter ended June 30, 2025 due to the planned major maintenance outage. Input costs decreased due to lower production offset by per unit increases in chemicals. Our labor and overhead increased due to higher maintenance costs associated with the planned major maintenance outage. Supply chain costs increased due to higher volumes and higher freight costs per ton due to inflation. Other costs increased due to inventory reductions in the second quarter of 2026 which was driven by lower production due to the planned major maintenance outage.

Cost of sales increased 8% for the six months ended June 30, 2026 compared to the six months ended June 30, 2025. Input costs decreased due to lower production related to the planned major maintenance outage in the second quarter of 2026 and the weather event in the first quarter of 2026 offset by per unit increases in chemicals. Our labor and overhead increased due to higher maintenance costs associated with the planned major maintenance outage and the weather event. Supply chain costs increased due to higher sales volumes and higher freight costs per ton due to inflation. Other costs increased due to inventory reductions driven by lower production caused by the planned major maintenance and weather events.

SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

Selling, general and administrative expenses decreased 19% and 24% for the quarter and six months ended June 30, 2026 primarily as a result of our planned cost reduction efforts.

OTHER OPERATING CHARGES

See Note 11, "Other operating charges," of the Notes to the Consolidated Financial Statements included in Item 1 of this report for additional information.

OVERALL INCOME FROM CONTINUING OPERATIONS AND ADJUSTED EBITDA

Operating income from continuing operations decreased for the quarter ended June 30, 2026 as compared to the quarter ended June 30, 2025 due to the planned major maintenance outage at our Lewiston, Idaho facility and lower sales prices, offset by higher sales volumes and insurance recovery. For the quarter ended June 30, 2026, Adjusted EBITDA from continuing operations decreased as compared to the quarter ended June 30, 2025 due to the planned major maintenance outage at our Lewiston, Idaho facility and lower sales prices, offset by higher sales volumes.

Operating income from continuing operations decreased for the six months ended June 30, 2026 as compared to the six months ended June 30, 2025 due to the planned major maintenance outage at our Lewiston, Idaho facility in the second quarter of 2026 and the weather event in the first quarter of 2026 and lower sales prices, offset by higher sales volumes and insurance recoveries. For the six months ended June 30, 2026, Adjusted EBITDA from continuing operations decreased as compared to the six months ended June 30, 2025 due to the to the planned major maintenance outage at our Lewiston, Idaho facility, the weather event and lower sales prices, offset by higher sales volumes.

POTENTIAL IMPAIRMENTS

We review from time to time possible dispositions or reorganization of various assets in light of current and anticipated economic and industry conditions, our strategic plan and other relevant factors. Because a determination to dispose or reorganize particular assets may require management to make assumptions regarding the transaction structure of the disposition or reorganization and to estimate the net sales proceeds, which may be less than previous estimates of undiscounted future net cash flows, we may be required to record impairment charges in connection with decisions to dispose of assets.

OUTLOOK

Looking forward to the third quarter of fiscal 2026, we expect operating costs to be lower due to the absence of a planned major maintenance outage offset by expected increases in petroleum based input costs, including chemicals and transportation related costs.

AUGUSTA ACQUISITION - REPRESENTATION AND WARRANTY INSURANCE CLAIM

In connection with our acquisition of our Augusta, Georgia mill from Graphic Packaging International, LLC, a wholly owned subsidiary of Graphic Packaging Holding Company, we obtained representation and warranty insurance, subject to exclusions, a policy limit of $105 million, and certain other terms and conditions, to cover losses resulting from a breach of these representations and warranties. During 2025, we notified the insurance carriers of alleged breaches of certain representations and warranties contained in the Purchase Agreement. During the six months ended June 30, 2026 we received proceeds of $32.5 million, of which $9.2 million was related to reimbursable costs and recorded within "Cost of sales" and $23.3 million related to other breaches and reported within "Other operating charges, net" in our Consolidated Statements of Operations. As of June 30, 2026, we have $25.0 million remaining under our policy limit. Although we believe that our claims are meritorious, no assurance can be given as to whether we will recover additional proceeds related to these claims.

LIQUIDITY AND CAPITAL RESOURCES

Our principal sources of liquidity are existing cash, cash generated by our operations and our ability to borrow under such credit facilities as we may have in effect from time to time. At times, we may also issue equity, debt or hybrid securities or engage in other capital market transactions. Due to the competitive and cyclical nature of the markets in which we operate, there is uncertainty regarding the amount of cash flows we will generate during the next twelve months. However, we believe that our cash flows from operations, our cash on hand and our borrowing capacity under our credit agreements will be adequate to fund debt service requirements and provide cash to support our ongoing operations, capital expenditures and working capital needs for the next twelve months.

Our principal uses of liquidity are paying the costs and expenses associated with our operations, servicing outstanding indebtedness and making capital expenditures. We may also from time to time prepay or repurchase outstanding indebtedness or shares or acquire assets or businesses that are complementary to our operations. Any such repurchases may be commenced, suspended, discontinued or resumed, and the method or methods of affecting any such repurchases may be changed at any time or from time to time without prior notice.

Operating Activities

Net cash flows provided by operating activities for the six months ended June 30, 2026 were $69.5 million compared to cash used by operating activities of $26.7 million for the six months ended June 30, 2025. This increase was driven by insurance recoveries of $32.5 million, income tax refunds of $30 million and targeted inventory reductions offset by lower operating performance. Accounts receivable and accounts payable agings as of June 30, 2026 have remained relatively consistent with balances as of December 31, 2025.

Investing Activities

Net cash flows used in investing activities for the six months ended June 30, 2026 were $18.7 million compared to $55.6 million in the same period of the prior year related to capital expenditures. Included in "Accounts payable and accrued liabilities" on our Consolidated Balance Sheets were $13.3 million and $15.5 million related to unpaid capital expenditures at June 30, 2026 and 2025.

During 2026, we expect cash paid for capital expenditures to be approximately $65 million to $75 million.

Financing Activities

During the six months ended June 30, 2026, net cash provided by financing activities was $13.9 million. We borrowed $15.0 million under our credit agreements. We used $0.6 million in connection with income tax withholding requirements associated with our employee stock-based compensation plans.

During the six months ended June 30, 2025, net cash provided by financing activities was $49.3 million. We borrowed $65.0 million and repaid $18.3 million on our ABL. We used $15.1 million to repurchase stock and $2.3 million in connection with income tax withholding requirements associated with our employee stock-based plans. Additionally, as of June 30, 2025, we had collected $20.1 million in cash related to the transition services agreement which was remitted during the third quarter of 2025.

ABL Credit Agreement

We are party to a Credit Agreement, dated July 26, 2019, with JPMorgan Chase Bank, N.A., as administrative agent and several lenders (which may be amended from time to time, the “ABL Credit Agreement”) that consists of a $375 million revolving loan commitment, subject to borrowing base limitations. The ABL Credit Agreement matures on November 7, 2027. As of June 30, 2026, our eligible receivables and inventory supported up to $197.7 million availability under the ABL Credit Agreement of which we utilized $82.8 million, consisting of $79.0 million borrowings outstanding and $3.8 million under letters of credit. Borrowings under the ABL Credit Agreement are subject to mandatory prepayment in certain circumstances. We may also increase commitments under the ABL Credit Agreement in an aggregate principal amount of up to $100 million, subject to obtaining commitments from any participating lenders and certain other conditions. We may, at our option, prepay and reborrow any borrowings under the ABL Credit Agreement, in whole or in part, at any time and from time to time without premium or penalty (except in certain circumstances).

Under the ABL Credit Agreement, loans may bear interest based on SOFR (secured overnight financing rate) or annual base rate, as applicable, plus, in each case, an applicable margin that is based on availability, as calculated under the ABL Credit Agreement that may vary from 1.25% per annum to 1.75% per annum in the case of SOFR loans and 0.25% per annum to 0.75% per annum in the case of annual base rate loans. In addition, a commitment fee based on unused availability is also payable which may vary from 0.25% per annum to 0.375% per annum.

The ABL Credit Agreement also contains a financial covenant, which requires us to maintain a consolidated fixed charge coverage ratio of not less than 1.10x to 1.00x, provided that the financial covenant under the ABL Credit

Agreement is only applicable during an event of default or if availability, as calculated under the ABL Credit Agreement, is at any time less than or equal to the greater of (i) 10.0% of the lesser of the borrowing base and the maximum $375 million of current revolving loan commitments and (ii) $25 million.

PCA Credit Agreement

We are party to an amended and restated credit agreement dated as of May 1, 2024 with AgWest Farm Credit, PCA, as administrative agent and several lenders (which may be amended from time to time, the "PCA Credit Agreement") that consists of a term revolver commitment in the amount of $259.3 million and which is subject to an annual reduction of 2% of the commitments then in effect. As of June 30, 2026, we had no borrowings on the term revolver. We may increase term revolver commitments under the PCA Credit Agreement in an aggregate amount of up to $60.0 million, subject to obtaining commitments from any participating lenders and certain other conditions. The PCA Credit Agreement matures on May 1, 2029, subject to a springing maturity beginning on the day that is 91 days prior to the maturity of the Company's 2020 Notes if the outstanding principal amount of the 2020 Notes plus $50.0 million is at any time during such 91 day period greater than the sum of our available borrowing liquidity and unrestricted cash.

We may prepay and reborrow any borrowings under the PCA Credit Agreement, in whole or in part, at any time and from time to time without premium or penalty (except in certain circumstances). In addition, we must make mandatory prepayments of principal under the PCA Credit Agreement upon the occurrence of certain asset sales.

Under the PCA Credit Agreement, loans generally may bear interest based on SOFR or the administrative agent's fixed rate, as applicable, plus, in each case, an applicable margin of 3.64% per annum. We may receive patronage dividends under the PCA Credit Agreement. Patronage dividends are distributions of profits from banks in the farm credit system. Patronage dividends, which are generally made in cash, are accrued as earned and recorded as a reduction to interest expense.

At June 30, 2026, we were in compliance with the covenants associated with our ABL Credit Agreement and PCA Credit Agreement, and based on our current financial projections, we expect to remain in compliance. However, if our financial position, results of operations or market conditions deteriorate, we may not be able to remain in compliance. There can be no assurance that we will be able to remain in compliance with our credit agreements.

ITEM 3. Quantitative and Qualitative Disclosures About Market Risk

There have been no significant developments with regard to our exposure to market risk for the quarter ended June 30, 2026. For a discussion of certain market risks to which we may be exposed, see Part II, “Item 7A, Quantitative and Qualitative Disclosures about Market Risk,” of our Annual Report on Form 10-K for the year ended December 31, 2025.

ITEM 4. Controls and Procedures

As of June 30, 2026, our Chief Executive Officer (CEO) and Chief Financial Officer (CFO) have carried out, with the participation of our Disclosure Committee and management, an evaluation of the effectiveness of our disclosure controls and procedures, as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934 (the Act). Based upon this evaluation, the CEO and CFO have concluded that our disclosure controls and procedures are effective to provide reasonable assurance that material information required to be disclosed by us in reports we file under the Act is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission rules and forms and that information required to be disclosed by us in the reports we file or submit under the Act is accumulated and communicated to our management, including our CEO and CFO, as appropriate to allow timely decisions regarding required disclosure.

Changes in Internal Control Over Financial Reporting

There was no change in our internal control over financial reporting that occurred during the quarter ended June 30, 2026 that has materially affected, or is likely to materially affect, our internal control over financial reporting.

Part II

ITEM 1. Legal Proceedings

We may from time to time be involved in claims, proceedings and litigation arising from our business and property ownership. We believe, based on currently available information, that the results of such proceedings, in the aggregate, will not have a material adverse effect on our financial condition, results of operations and cash flows.

The matter below is included per Item 103(c)(3) of Regulation S-K of the Securities Exchange Act of 1934, as amended.

Environmental Lawsuit Related to the Company's Facility in Augusta, Georgia

The Company was named as a defendant in a complaint filed on February 5, 2025 in the Superior Court of Chatham County in the State of Georgia, styled *The Mayor and Aldermen of the City of Savannah, Georgia v. 3M Company, et al.* (the "Environmental Lawsuit").

The plaintiff seeks monetary damages and equitable and injunctive relief in connection with the alleged presence of per- and poly-fluoroalkyl substances ("PFAS") in the plaintiffs' source water supply used to produce drinking water.

The Environmental Lawsuit names over fifty defendants and categorizes them separately as: (1) the "PFAS Manufacturer" defendants who allegedly created and sold PFAS or PFAS-containing products to various industries in Georgia and South Carolina, and (2) the "PFAS User" defendants who allegedly "purchased and used PFAS and products containing or degrading into PFAS in their industrial processes" and discharged PFAS. The plaintiff alleges the Company, which operates a facility in Augusta, Georgia that it recently acquired in May of 2024, is a PFAS User defendant. In 2025 the case was transferred to the multidistrict litigation established for Aqueous Film-Forming Foams (AFFF) Products Liability Litigation, in federal district court for the District of South Carolina, where it is presently pending. The Company believes it has meritorious defenses to the claims and intends to vigorously defend this matter.

ITEM 1A. Risk Factors

There have been no material changes from the risk factors previously disclosed in our Annual Report on Form 10-K for the year ended December 31, 2025. See Part I, Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2025, entitled "Risk Factors."

ITEM 2. Unregistered Sales of Equity Securities and Use of Proceeds.

Our Board of Directors approved a new stock repurchase program on October 31, 2024 authorizing the repurchase of up to $100 million of our common stock. As of June 30, 2026, we had up to $79.5 million of authorized repurchases available.

The repurchase program authorizes purchases of our common stock from time to time through open market purchases, negotiated transactions or other means, including accelerated stock repurchases and 10b5-1 trading plans in accordance with applicable securities laws and other restrictions. We have no obligation to repurchase stock under this program and may suspend or terminate the program at any time. The authorization has no expiration date.

No shares were repurchased during the quarter ended June 30, 2026.

ITEM 5. Other Information.

Rule 10b5-1 Trading Arrangements

During the quarter ended June 30, 2026, none of our officers or directors adopted or terminated a Rule 10b5-1 arrangement or non-Rule 10b5-1 trading arrangement, as each is defined in Item 408(a) of Regulation S-K.

ITEM 6. Exhibits

The following exhibits are filed as part of, or are incorporated by reference in, this report:

			Incorporated by Reference		
EXHIBIT	EXHIBIT DESCRIPTION	Filed herewith?	Form	Exhibit No.	Date Filed
3.1	Restated Certificate of Incorporation of Clearwater Paper Corporation		8-K	10.5	May 12, 2026
3.2	Amended and Restated Bylaws of Clearwater Paper Corporation		8-K	10.6	May 12, 2026
10.1*	Clearwater Paper Corporation 2026 Stock Incentive Plan		8-K	10.1	May 12, 2026
10.2*	Clearwater Paper Corporation-Form of Performance Share Agreement, to be used with the Clearwater Paper Corporation 2026 Stock Incentive Plan Agreement		8-K	10.2	May 12, 2026
10.3*	Clearwater Paper Corporation-Form of Restricted Stock Unit Agreement (Ratable Vesting), to be used with the Clearwater Paper Corporation 2026 Stock Incentive Plan		8-K	10.3	May 12, 2026
10.4*	Clearwater Paper Corporation-Form of Restricted Stock Unit Agreement (Cliff Vesting), to be used with the Clearwater Paper Corporation 2026 Stock Incentive Plan		8-K	10.4	May 12, 2026
31*	Certification of the Chief Executive Officer and Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.	X			
32*	Certification of the Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C Section 1350.	X			
101.INS	XBRL Instance Document.				
101.SCH	XBRL Taxonomy Extension Schema.				
101.CAL	XBRL Taxonomy Extension Calculation Linkbase.				
101.DEF	XBRL Taxonomy Extension Definition Linkbase.				
101.LAB	XBRL Taxonomy Extension Label Linkbase.				
101.PRE	XBRL Taxonomy Extension Presentation Linkbase.				
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).				

* Management contract or compensatory plan or arrangement

** In accordance with Item 601(b)(32)(ii) of Regulation S-K and SEC Release No. 34-47986, the certifications furnished in Exhibit 32 hereto are deemed to accompany this Form 10-Q and will not be deemed “filed” for purposes of Section 18 of the Exchange Act. Such certifications will not be deemed to be incorporated by reference into any filing under the Securities Act or the Exchange Act.

SIGNATURES

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

CLEARWATER PAPER CORPORATION
(Registrant)

July 28, 2026	By: /s/ ARSEN S. KITCH Arsen S. Kitch President, Chief Executive Officer and Director (Principal Executive Officer)
July 28, 2026	By: /s/ SHERRI J. BAKER Sherri J. Baker Senior Vice President, Chief Financial Officer (Principal Financial Officer)

Exhibit (31)

CERTIFICATION

I, Arsen S. Kitch, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Clearwater Paper Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant’s other certifying officer(s) 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 the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

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

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

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

Date: July 28, 2026

/s/ ARSEN S. KITCH

Arsen S. Kitch
President and Chief Executive Officer

CERTIFICATION

I, Sherri J. Baker, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Clearwater Paper Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) 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 the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

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

Date: July 28, 2026

/s/ SHERRI J. BAKER

Sherri J. Baker

Senior Vice President, Chief Financial Officer

Exhibit (32)

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

I, Arsen S. Kitch, President and Chief Executive Officer of Clearwater Paper Corporation (the “Company”), certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

(1) the Quarterly Report of the Company on Form 10-Q for the period ended June 30, 2026, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and
(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ ARSEN S. KITCH

Arsen S. Kitch
President and Chief Executive Officer
July 28, 2026

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

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

I, Sherri J. Baker, Senior Vice President, Chief Financial Officer of Clearwater Paper Corporation (the "Company"), certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

(1) the Quarterly Report of the Company on Form 10-Q for the period ended June 30, 2026, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and
(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ SHERRI J. BAKER

Sherri J. Baker
Senior Vice President, Chief Financial Officer
July 28, 2026

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