FOR IMMEDIATE RELEASE **TSX: WEF**

Western Announces Fourth Quarter 2022 Results

February 16, 2023 – Vancouver, British Columbia – Western Forest Products Inc. (TSX: WEF) ("Western" or the "Company") reported a net loss of $21.4 million and adjusted EBITDA of negative $11.9 million in the fourth quarter of 2022. Results reflect compressed margins on lower log and lumber production and shipments and $11.8 million of inventory provisions.

Net loss in the fourth quarter of 2022 was $21.4 million ($0.07 per diluted share) as compared to net income of $6.6 million ($0.02 per diluted share) for the third quarter of 2022, and net income of $28.5 million ($0.08 per diluted share) in the fourth quarter of 2021.

Highlights:

- Successfully integrated the recently acquired Calvert assets into WFP Engineered Products LLC
- Released the Company's latest Sustainability Report, expanded to include full scope emissions data
- Released the Company's first Carbon Accounting Report detailing Western's 100-year forecast lifecycle carbon assessment methodology, assumptions and results with third party limited assurance on our carbon accounting modelling
- Returned $6.9 million to shareholders through dividends and share buybacks
- Maintained liquidity of $249.8 million to support growth strategy and balanced capital allocation

Western's fourth quarter adjusted EBITDA was negative $11.9 million, as compared to adjusted EBITDA of $17.3 million in the third quarter of 2022, and adjusted EBITDA of $52.5 million in the fourth quarter of 2021. Operating loss prior to restructuring and other items was $23.6 million, compared to income of $4.7 million in the third quarter of 2022, and $39.4 million of income reported in the fourth quarter of 2021.

(millions of Canadian dollars except per share amounts and where otherwise noted)	**Q4 2022**	**Q4 2021**	**Q3 2022**	**Annual 2022**	**Annual 2021**
Revenue	$ 291.0	$ 327.9	$ 356.0	$ 1,444.0	$ 1,417.7
Export tax expense	4.7	4.6	8.0	38.9	29.8
Export tax recovery	-	(3.3)	(18.0)	(18.0)	(3.3)
Stumpage expense	27.9	25.8	36.4	118.0	63.9
Adjusted EBITDA(1)	(11.9)	52.5	17.3	136.9	302.1
Adjusted EBITDA margin(1)	(4%)	16%	5%	9%	21%
Operating income (loss) prior to restructuring and other items	$ (23.6)	$ 39.4	$ 4.7	$ 86.7	$ 247.4
Net income (loss)	(21.4)	28.5	6.6	61.8	202.8
Earnings (loss) per share, diluted	(0.07)	0.08	0.02	0.19	0.56
Net cash (debt) (2), end of period	15.8	130.0	35.4		
Liquidity (1), end of period	249.8	371.4	269.1		

"Our 2022 fourth quarter results reflect depressed pricing and lower production from market-driven downtime across our operating platform," said Western President and CEO Steven Hofer. "We are cautiously optimistic that improved seasonal demand for our specialty building products in North America and Japan will support improved pricing during the first half of 2023. Continued investment in equipment and technology to produce higher-value products and improve operating efficiency remains a focus, with the completion of capital upgrades to the Company's Duke Point planer facility demonstrating progress on the quarter."

(1) Refer to Adjusted EBITDA, Liquidity, Adjusted EBITDA margin in the Non-GAAP Financial Measures section.
(2) Net cash (debt), a supplemental measure, is defined as cash and cash equivalents less long-term debt and bank indebtedness.

Board Succession

On February 16, 2023 the Board appointed Noordin Nanji and Peter Wijnbergen as part of its ongoing renewal and succession process.

Mr. Nanji was previously a Partner of Stikeman Elliott LLP, where his practice primarily focused on cross-border mergers and acquisitions, strategic transactions, technology and corporate governance. He previously held various senior executive positions at Ballard Power Systems, including, most recently, Vice President, Strategy and Corporate Development. Mr. Nanji has been recognized as a leading lawyer in corporate, M&A, private equity, forestry, corporate finance and technology. He holds a Juris Doctor from Osgoode Hall Law School and has been designated King's Counsel.

Mr. Wijnbergen was previously the President and CEO of Norbord Inc. Prior to his appointment as President and CEO, he held various senior executive positions at Norbord Inc., including Senior Vice President & Chief Operating Officer and SVP Sales, Marketing and Logistics. Mr. Wijnbergen has 35 years' experience in the forest products industry with roles spanning from business development, operations and sales, marketing and logistics. He holds a Bachelor of Economics from, and has completed the Executive Management Program at the University of Toronto.

On February 16, 2023, as part of the Company's ongoing succession planning process, Michael Waites, the former Chair of the Board, resigned and Daniel Nocente was appointed Chair of the Board. Mr. Nocente has been a director of the Company since 2014 and was previously the Chair of the Audit Committee and Management Resource and Compensation Committee of the Board.

Following the transitions outlined above, the four standing committees of the Board are comprised as follows:

Director	Audit Committee	Environmental, Health and Safety Committee	Management Resources and Compensation Committee	Nominating and Corporate Governance Committee
Laura A. Cillis	Chair	-	-	✓
Steven Hofer	-	-	-	-
Randy Krotowski	✓	Chair	-	-
Fiona Macfarlane	-	✓	Chair	✓
Noordin Nanji	-	✓	-	✓
Daniel Nocente	-	-	-	-
Peter Wijnbergen	✓	-	✓	-
John Williamson	-	✓	✓	Chair

Each standing committee is comprised entirely of independent directors.

The Board regularly evaluates its composition and tenure of Board members. As part of the process in considering new Board members, the Board carefully considers a diverse and broad range of skills, experience and perspectives to best meet the needs of the Company and support the Company's strategy.

Summary of Fourth Quarter 2022 Results

We reported adjusted EBITDA of negative $11.9 million in the fourth quarter of 2022 as compared to adjusted EBITDA of $52.5 million in the same period last year. Results in the fourth quarter of 2022 reflect compressed margins on lower lumber shipment volumes and $11.8 million of inventory provisions. Net loss for the fourth quarter of 2022 was $21.4 million as compared to net income of $28.5 million in the comparative period of 2021. Financial results for the fourth quarter of 2021 included $3.3 million in export tax recovery, resulting from the finalization of certain US imposed export tax rates.

Adjusted EBITDA in the fourth quarter of 2022 was impacted by market-related production curtailments and incremental operating costs including higher log purchase prices, increased secondary processing costs and higher stumpage rates. Product price declines resulted in $10.7 million of incremental inventory provisions as compared to the same period of 2021. Fourth quarter operating loss prior to restructuring and other items was $23.6 million in 2022, as compared to operating income prior to restructuring and other items of $39.4 million in the same period last year.

Sales

Lumber revenue decreased 18% compared to the fourth quarter of last year. A 5% decline in lumber shipment volumes, lower value sales mix, and weaker Japan prices led to a lower average realized price. Cedar and Japan Specialty shipments declined by 34% and 58%, respectively, with a shift to lower priced Industrial and Commodity shipments which grew by 24% and 28%, respectively. Our Japan shipment volumes for the fourth quarter of 2022 were at multi-year lows, due to increased inventories of European, Russian and domestic supply in Japan.

Our average realized lumber price was $1,420 per thousand board feet, a decrease of 13% from the fourth quarter of last year. Price realization was impacted by a reduction in the percentage of specialty shipments to 40% from 56% in the fourth quarter of last year, partly offset by the benefit of a weaker average Canadian to US Dollar exchange rate. The average CAD to USD exchange rate fell by 7% as compared to the same period last year.

Log revenue was $54.9 million, an increase of 12% from the fourth quarter last year driven by a 21% increase in the average realized BC log price and a slightly stronger sales mix. Market-related operating curtailments limited the harvest of logs and inventory available for sale in the fourth quarter of 2022, but shipments declined by only 3% year-over-year as the harvest in the comparable period was impacted by weather. Continued declines in lumber markets through the fourth quarter of 2022 resulted in significant log market weakness in the latter part of the quarter.

By-products and other revenue were $16.4 million, an increase of $5.4 million as compared to the same period last year, primarily resulting from harvesting services provided to third parties. Chip price realizations improved as a result of mix and increased prices.

Operations

Lumber production declined by 22% in the fourth quarter of 2022 as compared to the same period last year, due to market-related curtailments at our BC sawmills in December. We reduced production to more closely match supply to demand, and manage inventory levels, by curtailing operations and reducing approximately 20 million board feet of planned production. While curtailed, we continued secondary lumber processing activities to drive a reduction in work in progress and overall lumber inventory. We also used this operating downtime to progress certain capital upgrades. Primary manufacturing resumed at most operations in January 2023.

We harvested 658,000 cubic metres of logs from our coastal operations in BC in the fourth quarter of 2022, as compared to 700,000 cubic metres in the same period last year, which had been significantly impacted by weather related curtailments. Log harvest was reduced in the fourth quarter of 2022 to more closely match mill requirements.

Timberlands operating costs increased over the comparative period on lower production volumes, higher helicopter logging harvest volume and higher stumpage expense, somewhat offset by deferred road construction. Stumpage expense increased by 8% as compared to the same period last year, on higher stumpage rates.

BC coastal saw log purchases were 173,000 cubic metres, a decrease of 18% from the same period last year as we reduced purchases in line with curtailments at our BC manufacturing facilities.

Lumber market weakness and related declines in market pricing of inventory held at the end of the year led to net incremental provisions of $10.7 million as compared to the same period last year.

Fourth quarter freight expense decreased 9% compared to the same period last year as a result of reduced lumber shipments and more normalized rates. Global supply chain issues in the comparative period drove elevated costs and the use of higher cost transportation modes, including breakbulk vessels, due to lack of container availability.

Adjusted EBITDA and operating loss included $4.7 million of countervailing duty ("CV") and anti-dumping duty ("AD") expense in the fourth quarter of 2022, as compared to $1.3 million in the same period of 2021. The fourth quarter of 2021 included recognition of a recovery of $3.3 million on the finalization of duty rates for shipments made in 2019. Slightly reduced duty rates offset the impact of increased US-destined lumber shipments quarter-over-quarter.

Selling and Administration Expense

Fourth quarter selling and administration expense was $10.5 million in 2022 as compared to $13.2 million in the fourth quarter last year. This decline was attributable to lower incentive compensation expense resulting from declines in the share price and earnings quarter-over-quarter.

Restructuring

The Company recognized an environmental provision of $2.0 million, and retirement and other benefits of $1.9 million in the fourth quarter of 2022. Restructuring costs of $0.8 million in the comparative period of 2021 were closure costs related to the Somass Division.

Finance Income (Costs)

Finance income was $0.1 million as compared to finance costs of $0.2 million in the fourth quarter last year, primarily as a result of an incremental $0.5 million of interest revenue recognized on our export duty receivable.

Other Income (Expense)

We recognized other expense of $2.0 million in the fourth quarter of 2022 as compared to income of $0.3 million in the same period of 2021. A $0.7 million loss on asset dispositions was recognized in the fourth quarter 2022 as compared to a gain of $0.7 million in the same period last year. In addition, a weakening of the USD to CAD exchange rate resulted in an incremental $1.0 million in foreign exchange losses arising primarily from revaluation of our export tax receivable.

Income Taxes

Current income tax recovery of $14.4 million and deferred income tax expense of $6.4 million were recognized in net loss in the fourth quarter of 2022, a decrease of $18.2 million over the same period of 2021. Lower tax expense was the result of reduced operating income.

Net Income (Loss)

Net loss for the fourth quarter was $21.4 million, as compared to income of $28.5 million for the fourth quarter of 2021 resulting from weaker log and lumber markets, higher costs and increased inventory provisions.

Summary of 2022 Annual Results

Adjusted EBITDA for 2022 was $136.9 million, as compared to $302.1 million for the same period last year. Lower shipments, higher costs and price declines in the latter half of 2022 negatively impacted results. Net income was $61.8 million for 2022, as compared to $202.8 million in the same period last year.

Cost pressures have included an incremental $54.1 million in stumpage expenses, $8.6 million from freight increases, and $9.1 million for higher export taxes. Weaker product pricing at the end of the current year led to increased inventory provisions of $43.2 million as compared to the same period last year. We partly mitigated the declining market conditions and higher operating costs by curtailing log harvest at certain BC operations in the second half of 2022, and lumber production at all BC sawmills in December 2022. This allowed us to manage production to more closely match demand. We also benefitted from $18.0 million export tax recovery in 2022. Operating income prior to restructuring and other items was $86.7 million as compared to $247.4 million in the same period last year.

Sales

Lumber revenue for 2022 was $1,152.5 million, 4% lower than 2021. A 5% increase in realized pricing year-over-year was more than offset by an 8% reduction in shipment volumes.

Our average realized lumber price was $1,609 per thousand board feet, an increase of 5% from the comparable period of 2021, on stronger specialty product price realizations and sales mix in the first half of 2022. Specialty product shipments declined significantly, and pricing weakened in the second half of 2022. Commodity shipments remained constant year-over-year. Having peaked in the second quarter of 2022, commodity lumber prices declined sharply before leveling off in the fourth quarter of 2022, with average pricing for 2022 comparable to 2021. Lumber revenue benefitted from a 4% weaker average Canadian to US Dollar year-over-year.

Log revenue was $230.9 million in 2022, an increase of 36% from 2021, resulting from a 35% increase in average realized BC log prices. Strong lumber markets in the first half of 2022, and limited BC log production drove coastal log prices higher, resulting in a 35% increase in average realized BC log prices in 2022, over the prior year. The lagged impact of lumber price declines in the second half of 2022 drove log market weakness and price reductions late in 2022. Log shipments in 2022 were comparable to the prior year but with an improved sales mix.

By-product and other revenue increased 19% in 2022 versus 2021, due largely to by-product species mix and improved price realizations.

Operations

Lumber production in 2022 was 655 million board feet, 14% lower than the same period last year. Production declined due to log-supply related operating curtailments in the first half of 2022, and market-related curtailments, maintenance and capital projects in the second half of 2022. We reduced production to more closely match supply to demand, and manage inventory levels, by curtailing our BC sawmills in December 2022.

Log production for 2022 was 3.1 million cubic metres, an increase of 1% from 2021. Harvesting was partly impacted by late snow early in 2022 and permitting approval delays, but favourable weather supported uninterrupted logging through the summer. We reduced log harvest in the second half of 2022 to more closely match log supply to mill requirements. The comparative period included an incremental 134,00 cubic metres of log harvest from private timberlands associated with the sale of the Orca Quarry assets.

Timberlands operating costs were higher in 2022 versus the same period last year due to cost impacts of an extended snowpack in 2022, more road building activity, higher contractor and fuel costs, and increased heli-logging. Road building costs increased as we replenished developed timber inventories depleted from weather-related deferrals in the prior year and implemented alternative harvest plans to mitigate permitting delays.

Increased tenure harvest and a 68% increase in average stumpage rate, as compared to 2021, resulted in an incremental $54.1 million in stumpage expense.

We increased our BC coastal saw log purchases by 27% to 1.1 million cubic metres, as compared to last year to ensure fibre availability for sawmill operations.

Lumber market weakness and related declines in market pricing of inventory held at the end of the year led to net incremental provisions of $43.2 million as compared to the same period last year.

Freight expense for 2022 was $102.4 million, an increase of 9% as compared to last year, despite an 8% decline in lumber shipments and the absence of log exports. Higher container rates, increased use of higher priced breakbulk cargo shipments and fuel increases contributed to the rise in freight expense. Freight rates declined through the second half of 2022 as global logistics constraints and fuel surcharges eased but remain above rates in the comparative period. With easing of global logistics constraints and more availability of containers, we eliminated the use of breakbulk shipments in the fourth quarter of 2022.

Adjusted EBITDA and operating income in 2022 included $38.9 million of CV and AD expense, partially offset by $18.0 million duty recovery on finalization of duty rates for shipments made in 2020, as compared to duty expense of $29.8 million in the same period of 2021, partially offset by a recovery of $3.3 million.

Excluding the export tax recovery, higher average lumber prices and cash deposit rates, and a weaker average CAD to USD exchange rate offset the impact of a 25% reduction in US-destined lumber shipments in 2022 as compared to 2021. Cash deposit rates in 2022 were levied at 17.91% until reduced to 8.59% on August 9, 2022, as compared to cash deposit rates of 8.99% in 2021, which increased to 17.91% on December 1, 2021.

Restructuring

The Company recognized a $2.0 million environmental provision, $1.9 million of retirement and other benefits and $0.6 million of shutdown costs related to the Somass Division closure in 2022. The $2.7 million in restructuring costs in 2021 related primarily to Somass Division closure costs.

Selling and Administration Expense

Selling and administration expense for 2022 was $44.5 million as compared to $57.8 million in the same period last year, attributable to lower incentive compensation resulting from declines in the share price and earnings year-over-year.

Finance Income (Costs)

Finance income was $0.1 million in 2022 as compared to finance costs of $1.9 million in the same period of 2021, as a result of an incremental $1.5 million of interest recognized on our outstanding export duty receivable.

Other Income

We recognized other income of $2.1 million in 2022, as compared to $22.4 million in 2021. In 2022, we recognized an incremental $2.9 million of foreign exchange gains arising primarily on revaluation of our export tax receivable resulting from a 7% appreciation of the closing US to Canadian Dollar exchange rate in 2022. In 2021, we also recognized gains on the sale of our Orca Quarry, Somass Division and other non-core assets.

Income Taxes

Current income tax expense of $12.5 million and a deferred income tax expense of $10.1 million were recognized in net income in 2022. The decrease of $39.8 million in tax expense resulted from the decrease in net income before tax over last year. 2021 also benefitted from the utilization of capital losses carried forward to offset other income earned on the sale of assets.

Net Income

Net income for 2022 was $61.8 million, as compared to net income of $202.8 million for the same period last year due to compressed margins on lower shipment volumes. Also contributing to increases in our costs were higher stumpage, export tax and freight rates, higher inventory provisions, partially offset by the recognition of $18.0 million in export tax recovery.

Market Outlook

Long-term we believe that housing market fundamentals and growth in mass timber construction will drive demand for lumber and specialty building products, and support pricing above trend levels in North America. We remain excited about the long-term growth opportunity for mass timber building in North America and the role and contribution wood products have to play in a low carbon world.

Near-term we expect lumber markets to remain volatile. Rising interest rates has resulted in slowing demand and economic growth. In response to slowing demand, lumber manufacturers have implemented temporary and permanent production curtailments to bring supply and demand back into balance.

Within our specialty building product offerings, demand and prices for Cedar timber and premium appearance products are expected to remain firm. Demand and prices for Cedar decking, trim and fencing products will remain weaker until supply and demand rebalances. Specialty lumber product pricing in Japan is expected to stabilize and demand should benefit as channel inventories decline. Demand for our industrial products will be product line specific but are expected to remain stable. Demand and prices for North American commodity products are expected to remain volatile in the near-term, but we have seen some moderate commodity market improvements through the beginning of this year.

We expect sawlog markets to follow conditions in the lumber markets, while residual chip pricing is expected to decline due to weaker northern bleached softwood kraft ("NSBK") prices to China. Logistics constraints experienced in early 2022 have generally abated.

Alberni Pacific Division ("APD")

As previously disclosed on January 26, 2023, the Company announced it would not restart its APD facility in its current configuration and established a multi-party working group. The working group, which includes representatives from Western, the United Steelworkers union, Indigenous partners and contractually-aligned business, will explore potential viable industrial manufacturing solutions for the site over a 90 day period.

Strategic Priorities

Western's long-term business objective is to create and grow shareholder value by building a sustainable, margin-focused specialty products business of scale to compete successfully in global markets. We believe this will be achieved by maximizing the sustainable utilization of our forest tenures, operating safe, efficient, manufacturing facilities, and developing strategic customer relationships for our products. We seek to manage our business with a focus on operating cash flow, margin and return and evaluate our performance using the measure of ROCE.

Under the leadership of a new President and CEO, we have updated our strategic priorities which we believe will drive and create long-term shareholder value and position Western for long-term success. These strategic priorities include:

Business Excellence

Business excellence forms the foundation of our strategic priorities. We believe a focus on operating execution and excellence, with a mindset of continual improvement throughout the entire organization, supports higher margins and returns over the long-term. This includes an unwavering commitment to health, safety and environmental compliance, coupled with a strong focus on improving recovery, efficiency and margin in our operations. We believe developing strategic and positive relationships with customers, First Nations, communities, shareholders and other stakeholders through regular engagement will support the long-term success of our business.

First Nations Partnerships

We operate on the traditional territories of over 50 First Nations and understand the importance of mutually beneficial relationships with First Nations. We have demonstrated success in developing mutually beneficial relationships and partnerships with First Nations, including the Tsawak-qin Forest Limited Partnership in Tree Farm Licence (“TFL”) 44 with Huu-ay-aht First Nations. We believe this structure for tenure ownership is a win-win solution for First Nations, communities, Western and other stakeholders and supports our commitment to participating in economic reconciliation. We plan to evaluate and advance other First Nations partnerships and investment opportunities in BC, supporting greater long-term clarity for the stewardship and management of the land base.

Business and Asset Optimization

We believe companies need to consistently evaluate opportunities to optimize their asset and operating portfolio. We have demonstrated past success in monetizing non-core and underperforming assets, while also investing targeted strategic capital throughout our business. We plan to continue to evaluate optimization opportunities in our business, all with a focus on improving financial performance, asset utilizations, return metrics and reducing costs. This includes evaluating how we can strategically implement best-in-class technology in our operations to position our business for success through all market cycles. We take a disciplined approach and target a minimum ROCE on strategic capital investments of 20%.

Growth in Specialty Wood Products

We will continue to evaluate opportunities to grow our business, both organically and inorganically, where we believe we can create long-term shareholder value and be market leaders. This includes evaluating opportunities to move our products further up the value chain, closer to the end customer. Our near-term focus will primarily be in specialty wood products, engineered wood products and mass timber opportunities in our current markets. We will take a disciplined and prudent approach on acquisitions to ensure they are value accretive to shareholders and in business lines where we can excel and add value.

Stewardship and New Revenue Opportunities

We remain committed to best practices, policies and reporting standards related to Environmental, Social and Governance (“ESG”), and the sustainability and stewardship of the assets under our management. We plan to evaluate potential new revenue opportunities for our business related to carbon and carbon credits as the market evolves and develops. We also plan to evaluate opportunities and alternatives for our wood residuals and waste, with the objective of increasing fibre utilization.

Dividend and Capital Allocation

We remain committed to a balanced approach to capital allocation. To return capital to shareholders, we reinstated a regular quarterly dividend in 2021 and continue to repurchase Common Shares under our NCIB.

We will continue to evaluate opportunities to invest strategic and discretionary capital in jurisdictions that create the opportunity to grow long-term shareholder value. We expect to focus near-term internal strategic capital investments on projects that reduce manufacturing costs or address kiln drying and planer capacity constraints on the BC Coast. These potential investments will help support growth of our specific product line initiatives, as well as add value to our products. The Company will evaluate all capital allocation decisions after considering our operating results, financial condition, cash requirements, financing agreement restrictions and other factors or financial metrics that may be deemed relevant.

Quarterly Dividend

Dividends of $3.9 million and $15.3 million were paid in the three and twelve months ended December 31, 2022, respectively.

The quarterly dividend program is intended to return a portion of the Company’s cash to shareholders, after taking into consideration liquidity and ongoing capital needs.

In February 2021, the Company's Board of Directors reinstated a quarterly dividend of $0.01 per Common Share, which had been suspended in response to the global economic uncertainty arising from COVID-19 and added financial requirements of resetting the business after the lengthy strike that occurred in 2019 and ended in 2020.

In the second quarter of 2022 the Company increased its dividend to $0.0125 per Common Share. The Company's Board of Directors will continue to review our dividend on a quarterly basis.

Normal Course Issuer Bid

On August 3, 2022, the Company renewed its NCIB permitting the purchase and cancellation of up to 27,420,905 Common Shares beginning August 11, 2022, representing 10% of the public float outstanding as of August 3, 2022. The Company also entered into an automatic share purchase plan with its designated broker to facilitate purchases of its Common Shares under the NCIB at times when the Company would ordinarily not be permitted to purchase its Common Shares due to regulatory restrictions or self-imposed blackout periods.

In 2022, we repurchased and cancelled 12,146,409 Common Shares for $20.3 million at an average price of $1.67 per Common Share. In 2021, 47,702,569 Common Shares were repurchased for $96.9 million at an average price of $2.03 per Common Share.

Non-GAAP Financial Measures

Reference is made in this press release to the following non-GAAP measures: Adjusted EBITDA, Adjusted EBITDA margin, Net debt to capitalization, total Liquidity and ROCE which are used as benchmark measurements of our operating results and as benchmarks relative to our competitors. These non-GAAP measures are commonly used by securities analysts, investors and other interested parties to evaluate our financial performance. These non-GAAP measures do not have any standardized meaning prescribed by IFRS and may not be comparable to similar measures presented by other issuers. The following table provides a reconciliation of these non-GAAP measures to figures as reported in our audited annual consolidated financial statements:

(millions of Canadian dollars except where otherwise noted)

Adjusted EBITDA	**Q4 2022**	**Q4 2021**	**Q3 2022**	**Annual 2022**	**Annual 2021**	**Annual 2020**
Net income (loss)	$ (21.4)	$ 28.5	$ 6.6	$ 61.8	$ 202.8	$ 33.4
Add:						
Amortization	12.0	12.7	12.7	50.2	50.9	53.5
Changes in fair value of biological assets	(0.2)	0.2	(0.2)	0.1	3.7	2.4
Operating restructuring items	3.9	0.8	(0.2)	4.5	2.7	2.1
Other (income) expense	2.0	(0.3)	(4.0)	(2.1)	(22.4)	5.0
Finance (income) costs	(0.1)	0.2	(0.7)	(0.1)	1.9	5.9
Current income tax (recovery)	(14.4)	10.5	(3.4)	12.5	64.1	(0.1)
Deferred income tax (recovery)	6.4	(0.3)	6.4	10.1	(1.7)	14.7
Adjusted EBITDA	$ (11.9)	$ 52.5	$ 17.3	$ 136.9	$ 302.1	$ 116.8
Adjusted EBITDA margin						
Total revenue	$ 291.0	$ 327.9	$ 356.0	$1,444.0	$1,417.7	$ 964.9
Adjusted EBITDA	(11.9)	52.5	17.3	136.9	302.1	116.8
Adjusted EBITDA margin	(4%)	16%	5%	9%	21%	12%

Net debt to capitalization	**Dec. 31 2022**	**Dec. 31 2021**	**Sept. 30 2022**
Net debt			
Total debt	$ -	$ -	$ -
Cash and cash equivalents	(15.8)	(130.0)	(35.4)
Net debt (cash)	$ (15.8)	$ (130.0)	$ (35.4)
Capitalization			
Net debt (cash)	$ (15.8)	$ (130.0)	$ (35.4)
Add: Total equity attributable to equity shareholders of the Company	647.2	612.1	676.0
Capitalization	$ 631.4	$ 482.1	$ 640.6
Net debt to capitalization	-	-	-

Total liquidity	**Dec. 31 2022**	**Dec. 31 2021**	**Sept. 30 2022**
Cash and cash equivalents	$ 15.8	$ 130.0	$ 35.4
Available credit facility	250.0	250.0	250.0
Less:			
Outstanding letters of credit	(16.0)	(8.6)	(16.3)
Total liquidity	$ 249.8	$ 371.4	$ 269.1

Figures in the table above may not equal or sum to figures presented in the table and elsewhere due to rounding.

(millions of Canadian dollars except where otherwise noted)

Return on Capital Employed	**2022**	**2021**	**2020**
Trade and other receivables	$ 60.0	$ 57.4	$ 66.8
Inventory	224.8	207.2	177.9
Prepaid expenses and other assets	21.8	16.4	16.1
Property, plant and equipment	364.7	343.2	383.3
Timber licences	96.3	100.3	105.0
Biological assets	49.1	49.1	53.6
Other assets	75.7	55.2	46.3
Goodwill	7.0	-	-
	899.4	828.8	849.0
Less:			
Duty receivable and related interest	63.7	40.4	36.7
Accounts payable and accrued liabilities	108.5	112.8	108.7
Current portion of lease liabilities	6.8	5.5	6.2
Current portion of reforestation obligation	8.3	9.9	8.1
Current portion of deferred revenue	2.0	2.0	2.0
	189.3	170.6	161.7
Net capital employed at December 31	710.1	658.2	687.3
Net capital employed at January 1	658.2	687.3	709.4
Average capital employed	$ 684.2	$ 672.8	$ 698.4
Adjusted EBITDA divided by average capital employed	20%	45%	17%

Figures in the table above may not equal or sum to figures presented in the table and elsewhere due to rounding.

Forward Looking Statements and Information

This press release contains statements that may constitute forward-looking statements under the applicable securities laws. Readers are cautioned against placing undue reliance on forward-looking statements. All statements herein, other than statements of historical fact, may be forward-looking statements and can be identified by the use of words such as “will”, “commit”, “project”, “estimate”, “expect”, “anticipate”, “plan”, “forecast”, “intend”, “believe”, “seek”, “could”, “should”, “may”, “likely”, “continue”, “pursue” and similar references to future periods. Forward-looking statements in this press release include, but are not limited to, statements relating to our current intent, belief or expectations with respect to: domestic and international market conditions, demands and growth; economic conditions; our growth, marketing, product, wholesale, operational and capital allocation plans and strategies, including but not limited to payment of a dividend; fibre availability and regulatory developments; the impact of COVID-19; the potential for viable industrial manufacturing solutions for the APD facility; and the selling of additional incremental ownership interests in Tsawak-qin Forestry Limited Partnership and in other potential business structures in the future. Although such statements reflect management’s current reasonable beliefs, expectations and assumptions as to, amongst other things, the future supply and demand of forest products, global and regional economic activity and the consistency of the regulatory framework within which the Company currently operates, there can be no assurance that forward-looking statements are accurate, and actual results and performance may materially vary.

Many factors could cause our actual results or performance to be materially different including: economic and financial conditions including inflation, international demand for forest products, the Company’s ability to export its products, cost and availability of shipping carrier capacity, competition and selling prices, international trade disputes and sanctions, changes in foreign currency exchange rates, labour disputes and disruptions, natural disasters, the impact of climate change, relations with First Nations groups, First Nations’ claims and settlements, the availability of fibre and allowable annual cut, the ability to obtain operational permits, development and changes in laws and regulations affecting the forest industry including as related to old growth timber management and the Manufactured Forest Products Regulation, changes in the price of key materials for our products, changes in opportunities, information systems security, future developments in COVID-19 and other factors referenced under the “Risks and Uncertainties” section of our MD&A in our 2022 Annual Report dated February 16, 2023. The foregoing list is not exhaustive, as other factors could adversely affect our actual results and performance. Forward-looking statements are based only on information currently available to us and refer only as of the date hereof. Except as required by law, we undertake no obligation to update forward-looking statements.

Reference is made in this press release to adjusted EBITDA which is defined as operating income prior to operating restructuring items and other income (expense) plus amortization of plant, equipment and intangible assets, impairment adjustments, and changes in fair value of biological assets. Adjusted EBITDA margin is adjusted EBITDA as a proportion of revenue. Western uses adjusted EBITDA and adjusted EBITDA margin as benchmark measurements of our own operating results and as benchmarks relative to our competitors. We consider adjusted EBITDA to be a meaningful supplement to operating income as a performance measure primarily because amortization expense, impairment adjustments and changes in the fair value of biological assets are non-cash costs, and vary widely from company to company in a manner that we consider largely independent of the underlying cost efficiency of their operating facilities. Further, the inclusion of operating restructuring items which are unpredictable in nature and timing may make comparisons of our operating results between periods more difficult. We also believe adjusted EBITDA and adjusted EBITDA margin are commonly used by securities analysts, investors and other interested parties to evaluate our financial performance.

Adjusted EBITDA does not represent cash generated from operations as defined by IFRS and it is not necessarily indicative of cash available to fund cash needs. Furthermore, adjusted EBITDA does not reflect the impact of certain items that affect our net income. Adjusted EBITDA and adjusted EBITDA margin are not measures of financial performance under IFRS, and should not be considered as alternatives to measures of performance under IFRS. Moreover, because all companies do not calculate adjusted EBITDA and adjusted EBITDA margin in the same manner, these measures as calculated by Western may differ from similar measures calculated by other companies. A reconciliation between the Company’s net income as reported in accordance with IFRS and adjusted EBITDA is included in this press release.

Also in this press release management may use key performance indicators such as net debt, net debt to capitalization, and current assets to current liabilities. Net debt is defined as long-term debt less cash and cash equivalents. Net debt to capitalization is a ratio defined as net debt divided by capitalization, with capitalization being the sum of net debt and equity. Current assets to current liabilities is defined as total current assets divided by total current liabilities. These key performance indicators are non-GAAP financial measures that do not have a standardized meaning and may not be comparable to similar measures used by other issuers. They are not recognized by IFRS, however, they are meaningful in that they indicate the Company’s ability to meet their obligations on an ongoing basis, and indicate whether the Company is more or less leveraged than the prior year.

Western is an integrated forest products company building a margin-focused log and lumber business to compete successfully in global softwood markets. With operations and employees located primarily on the coast of British Columbia and Washington State, Western is a premier supplier of high-value, specialty forest products to worldwide markets. Western has a lumber capacity in excess of 1.0 billion board feet from seven sawmills, as well as operates four remanufacturing facilities and two glulam manufacturing facilities. The Company sources timber from its private lands, long-term licenses, First Nations arrangements, and market purchases. Western supplements its production through a wholesale program providing customers with a comprehensive range of specialty products.

TELECONFERENCE CALL NOTIFICATION:

Friday, February 17, 2023 at 9:00 a.m. PST (12:00 p.m. EST)

To participate in the teleconference please dial 416-340-2217 or 1-800-952-5114 (passcode: 4543765#). This call will be taped, available one hour after the teleconference, and on replay until March 20, 2023 at 8:59 p.m. PDT (11:59 p.m. EDT). To hear a complete replay, please call 905-694-9451 / 1-800-408-3053 (passcode: 7740589#).

For further information, please contact:
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