



**Western Forest Products Inc.**  
**DEFINING A HIGHER STANDARD™**

**FOR IMMEDIATE RELEASE**

**TSX: WEF**

**Western Announces Fourth Quarter 2023 Results**

**February 13, 2024 – Vancouver, British Columbia** – Western Forest Products Inc. (TSX: WEF) (“Western” or the “Company”) reported a net loss of \$14.3 million in the fourth quarter of 2023, as compared to a net loss of \$17.4 million in the third quarter of 2023, and net loss of \$21.4 million in the fourth quarter of 2022.

Results in the fourth quarter of 2023 reflect lower realized pricing and shipment volumes on a stronger lumber sales mix, offset by lower stumpage rates as compared to the same period last year.

Adjusted EBITDA was negative \$1.2 million in the fourth quarter of 2023, as compared to negative \$11.6 million in the third quarter of 2023, and negative \$11.9 million in the fourth quarter of 2022.

Operating loss prior to restructuring and other items was \$14.4 million in the fourth quarter of 2023, as compared to operating losses of \$25.8 million in the third quarter of 2023, and \$23.6 million in the fourth quarter of 2022.

Despite the more challenging operating environment, highlights in 2023 included:

- Celebrated the one-year anniversary of the acquisition of the glulam business from Calvert Company, Inc., that continues to perform to expectations and generated EBITDA margins in excess of 20%.
- Advanced strategic investments to support value-added manufacturing on the British Columbia (“BC”) Coast and grow our value-added wood products, all while continuing to improve Western’s long-term competitiveness. We completed the installation of a machine stress rated lumber grader at the Duke Point sawmill location to support increased production of higher value lumber. The continuous kiln at the Saltair sawmill is anticipated to commence commissioning in the first quarter of 2024.
- Announced a \$35.9 million agreement to sell a 34% interest in a new forestry limited partnership to four Vancouver Island First Nations, further demonstrating Western’s commitment to First Nation partnerships and meaningful reconciliation.
- Advanced joint and collaborative planning of forestry activities with First Nations in whose traditional territories we operate in BC, building upon Western’s well-established forestry practices and in support of greater long-term clarity for the stewardship and management of the land base.

*(millions of Canadian dollars except per share amounts and where otherwise noted)*

	<b>Q4 2023</b>	<b>Q4 2022</b>	<b>Q3 2023</b>	<b>Annual 2023</b>	<b>Annual 2022</b>
Revenue	\$ 246.6	\$ 291.0	\$ 231.1	\$ 1,017.5	\$ 1,444.0
Export tax expense	4.1	4.7	5.2	20.2	38.9
Export tax recovery	-	-	(4.3)	(4.3)	(18.0)
Stumpage expense	8.7	27.9	5.9	44.4	118.0
Adjusted EBITDA <sup>(1)</sup>	(1.2)	(11.9)	(11.6)	(29.9)	136.9
Adjusted EBITDA margin <sup>(1)</sup>	(0%)	(4%)	(5%)	(3%)	9%
Operating income (loss) prior to restructuring and other items	\$ (14.4)	\$ (23.6)	\$ (25.8)	\$ (83.4)	\$ 86.7
Net income (loss)	(14.3)	(21.4)	(17.4)	(70.1)	61.8
Earnings (loss) per share, diluted	(0.04)	(0.07)	(0.05)	(0.22)	0.19
Net debt (cash) <sup>(2)</sup> , end of period	82.4	(15.8)	59.5		
Liquidity <sup>(1)</sup> , end of period	147.8	249.8	170.2		

(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.

## Senior Leadership Change

The Company announced today that Stephen Williams will step down from his role as Executive Vice President and Chief Financial Officer of the Company by the end of 2024.

“Since joining Western in 2014, Steve has made significant contributions to our Company’s financial governance and overall success in an ever-changing and dynamic forest sector landscape”, said Steven Hofer, President and CEO of the Company, on behalf of himself and the Board of Directors of the Company. “In his time at Western, Steve has played a critical role in our strategic transition to become a leading specialty wood products supplier and I want to personally thank him for his leadership over a tremendous 10-year career at Western.”

Western has commenced an executive search for a new Chief Financial Officer. Mr. Williams will remain in his role as Chief Financial Officer until his replacement is found, and thereafter be available until the end of 2026 in a limited advisory capacity to support a seamless transition process.

## Summary of Fourth Quarter 2023 Results

We reported Adjusted EBITDA of negative \$1.2 million in the fourth quarter of 2023, as compared to negative \$11.9 million in the same period last year. Results in the fourth quarter of 2023 reflect lower realized pricing and shipment volumes on a stronger lumber sales mix, offset by lower stumpage rates as compared to the same period last year.

Net loss was \$14.3 million in the fourth quarter of 2023, as compared to \$21.4 million in the same period last year. Operating loss prior to restructuring and other items was \$14.4 million in the fourth quarter of 2023, as compared to \$23.6 million in the same period last year.

### *Sales*

Lumber revenue was \$178.3 million in the fourth quarter of 2023 as compared to \$219.7 million in the same period last year. The decrease of 19% was due to lower lumber shipment volumes and lower average lumber prices, partially offset by a stronger sales mix and stronger US Dollar (“USD”) to Canadian Dollar (“CAD”) average exchange rate. Our average realized lumber price decreased by 8% to \$1,313 per thousand board feet in the fourth quarter of 2023, as compared to \$1,420 per thousand board feet in the same period last year.

Specialty lumber shipments represented 60% of total lumber shipment volumes in the fourth quarter of 2023, as compared to 40% in the same period last year, yielding a stronger sales mix. Japan lumber shipment volumes more than doubled compared to the same period last year, due to a fire-related curtailment at one of Japan’s largest sawmills. Cedar and Industrial lumber shipment volumes were generally flat compared to the same period last year. Commodity lumber shipment volumes declined by 41% compared to the same period last year due to weaker market demand.

Log revenue was \$51.1 million in the fourth quarter of 2023, as compared to \$54.9 million in the same period last year. The decrease of 7% was due to lower log prices and weaker sales mix, partially offset by higher log sales volumes.

By-products and other revenue were \$17.2 million, as compared to \$16.4 million in the same period last year. The increase of 5% was due to higher revenue from harvesting services provided to third parties, and higher chip volumes partially offset by lower chip prices.

### *Operations*

Lumber production was 125 million board feet in the fourth quarter of 2023, as compared to 139 million board feet in the same period last year. Contributing to this reduction, quarter over quarter, was a shift in production from North American markets measured on a gross (“nominal”) volume basis to export markets measured on a net volume basis. In the fourth quarter of 2023 we curtailed certain sawmill operations to match production to market demand and manage inventory levels. A higher specialty mix of production led to increased value-added processing volumes and costs as compared to the fourth quarter of 2022.

We harvested 718,000 cubic metres of logs from our BC coastal operations in the fourth quarter of 2023, as compared to 658,000 cubic metres in the same period last year. Log harvest was reduced in the fourth quarter of 2022 to more closely match log volumes to our sawmill requirements.

Timberlands operating costs per cubic metre decreased 20% compared to the same period last year primarily due to lower stumpage rates.

BC Coastal sawlog purchases were 200,000 cubic metres in the fourth quarter of 2023, as compared to 173,000 cubic metres in the same period last year. We managed sawlog purchases to match mill fibre requirements.

Freight expense was \$16.3 million in the fourth quarter of 2023 as compared to \$19.7 million in the same period last year. The decrease of 17% was due to lower lumber shipments and reduced container and trucking rates, partially offset by higher-cost breakbulk vessels to Japan in the fourth quarter of 2023 and a stronger USD to CAD average exchange rate.

Adjusted EBITDA and operating loss included \$4.1 million of countervailing duty (“CV”) and anti-dumping duty (“AD”) expense in the fourth quarter of 2023, as compared to \$4.7 million in the same period of 2022. Export tax expense declined due to lower duty rates, lumber prices and US-destined lumber shipment volumes, partially offset by the stronger USD.

#### *Corporate and Other*

Selling and administration expense was \$10.8 million in the fourth quarter of 2023 as compared to \$10.5 million in the same period last year.

Restructuring costs were \$0.9 million in the fourth quarter of 2023 for retirement and other benefits related to rightsizing of various operational functions within our business. The \$3.9 million in restructuring costs in the comparative period of 2022 consisted of \$2.0 million in environmental provisions and \$1.9 million in retirement and other benefits.

Other expense was \$2.5 million in the fourth quarter of 2023 as compared to \$2.0 million in the same period last year, resulting primarily from higher unrealized foreign exchange losses on revaluation of our export tax receivable.

Finance costs were \$1.8 million in the fourth quarter of 2023 as compared to finance income of \$0.1 million in the same period last year. Interest expense on higher average borrowings and interest rates were partially offset by interest revenue from the export tax receivable.

#### *Income Taxes*

Income tax recovery was \$5.3 million on a net loss before tax of \$19.6 million in the fourth quarter of 2023, as compared to income tax expense of \$8.0 million on income before tax of \$29.4 million in the same period last year.

#### *Net Loss*

Net loss was \$14.3 million in the fourth quarter of 2023, as compared to \$21.4 million for the same period last year. Lower stumpage, freight and export tax rates partially offset the impact of lower lumber demand and product prices quarter over quarter.

### **Summary of Annual 2023 Results**

We reported Adjusted EBITDA of negative \$29.9 million for 2023, as compared to positive Adjusted EBITDA of \$136.9 million for the same period last year. Results in 2023 reflect more challenging macroeconomic conditions, as compared to the same period last year.

Net loss was \$70.1 million for 2023, as compared to net income of \$61.8 million for the same period last year. Operating loss prior to restructuring and other items was \$83.4 million in 2023, as compared to income of \$86.7 million in the same period last year.

## *Sales*

Lumber revenue was \$781.6 million in 2023 as compared to \$1,152.5 million in the same period last year. The decrease of 32% was due to lower lumber shipment volumes and lower average prices, partially offset by a stronger sales mix and stronger USD to CAD average exchange rate. Our average realized lumber price decreased by 17% to \$1,329 per thousand board feet in 2023, as compared to \$1,609 per thousand board feet in the same period last year.

Speciality lumber shipments represented 51% of total lumber shipment volumes in 2023, as compared to 44% in the same period last year, yielding a stronger sales mix. Cedar lumber shipments decreased 9% compared to the same period last year as buyers managed inventory levels to market conditions. Japan lumber shipment volumes decreased 10% compared to the same period last year due to increased supply from Japan, Europe and Russia. Domestic supply in Japan declined in the fourth quarter of 2023 due to a fire-related curtailment at one of Japan's largest sawmills. Industrial lumber shipment volumes increased 15% compared to the same period last year, benefitting from a full year from our Calvert engineered wood products division and growth in Douglas fir timbers. Commodity lumber shipments decreased 29% compared to the same period last year due to weaker market demand.

Log revenue was \$180.9 million in 2023, as compared to \$230.9 million in the same period last year. The decrease of 22% was due to lower average domestic log prices, partially offset by higher log sales volume.

By-product and other revenue were \$55.0 million in 2023 as compared to \$60.6 million in the same period last year. The decrease of 9% was due to lower chip prices and lower chip volumes as the result of reduced sawmill production, partially offset by higher revenue from harvesting services provided to third parties.

## *Operations*

Lumber production was 561 million board feet in 2023, as compared to 655 million board feet in the same period last year. Contributing to this reduction, year over year, was a shift in production from North American markets measured on a gross ("nominal") volume basis to export markets measured on a net volume basis. During 2023 we took operating curtailments at certain sawmills to match production to market demand and manage inventory. We also did not operate our Alberni Pacific Division ("APD") facility in 2023, which had lumber production of 27 million board feet in 2022.

We harvested 3.0 million cubic metres of logs from our BC coastal operations in 2023, comparable to 3.1 million cubic metres harvested in the same period last year. Harvest volumes were managed to market conditions to match log supply to mill requirements.

Timberlands operating costs per cubic metre decreased by 18% compared to the same period last year due to lower stumpage rates.

BC Coastal sawlog purchases were 0.7 million cubic metres in 2023, as compared to 1.1 million cubic metres in the same period last year. We managed sawlog purchases to match fibre requirements at our BC manufacturing facilities.

Freight expense was \$75.6 million in 2023 as compared to \$102.4 million in the same period last year. The decrease of 26% was due to lower lumber shipments, proportionately lower export-destined lumber shipments, and reduced container and trucking rates, partially offset by the stronger USD. Additionally, global logistics challenges in 2022 constrained container availability in that period and necessitated the use of higher cost breakbulk vessels to Japan.

Adjusted EBITDA and operating loss included \$15.9 million of CV and AD expense in 2023, as compared to \$20.9 million in the same period of 2022. In 2023, we recognized a recovery of \$4.3 million on the finalization of duty rates from 8.99% to 8.05% for shipments made in 2021. The comparative period of 2022 included a recovery of \$18.0 million on the finalization of duty rates from 20.23% to 8.59% for shipments made in 2020. Excluding recognition of recoveries on finalization of duty rates, export tax expense declined due to lower average duty rates, lumber prices and US-destined lumber shipment volumes, partially offset by the stronger USD.

### *Corporate and Other*

Selling and administration expense was \$42.8 million in 2023 as compared to \$44.5 million in the same period last year, primarily on reduced incentive compensation resulting from declines in earnings and share price year-over-year, partially offsetting increased infrastructure costs.

Restructuring costs were \$7.5 million in 2023 for retirement and other benefits related to our APD facility and rightsizing of various operational functions within our business. In 2022 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.

Other expense was \$1.2 million in 2023 as compared to income of \$2.1 million in the same period last year. Unrealized foreign exchange losses on revaluation of a higher export tax receivable resulted from a 2% depreciation of the closing US to Canadian Dollar exchange rate in 2023 as compared to gains on a 7% appreciation in closing exchange rates in the comparable period of 2022.

Finance costs were \$3.0 million in 2023 as compared to finance income of \$0.1 million in the same period last year. Interest expense on higher average borrowings and interest rates were partially offset by revenue from the export tax receivable.

### *Income Taxes*

Income tax recovery was \$25.0 million on a net loss before tax of \$95.1 million in 2023, as compared to an expense of \$22.6 million on income before tax of \$84.4 million in the same period last year.

### *Net Income (Loss)*

Net loss was \$70.1 million in 2023 as compared to net income of \$61.8 million for the same period of last year. More challenging macroeconomic conditions during 2023 resulted in lower lumber demand and product prices and impacted results year over year.

## **Accelerating the Transition to Higher Value Products**

In support of the Company's key strategic priorities, including optimizing our business platform and growing our value-added, specialty and engineered wood products business, the Company is moving forward with two new continuous kilns, one at its Duke Point sawmill and one at its Value-Added Division. Each of the new kilns will have an annual capacity of approximately 70 million board feet and will support increased kiln dried products for our Industrial lumber segment.

These investments are part of a broader comprehensive strategy that the Company is pursuing in relation to its BC Coastal manufacturing operations to identify opportunities to modernize our primary manufacturing facilities, increase our kiln drying and planing capacity, reduce our cost structure and expand our engineered wood products and remanufacturing capacity.

The Company will continue to evaluate any potential future investment opportunities with a long-term view of supporting our overall business. Any potential future investments will consider the operating environment, our business and labour partnerships, and our financial condition, cash requirements and other financial metrics that we may deem relevant.

### *BC Operations Strategic Investments Update*

Western continues to make progress on our previously announced strategic investments. All projects remain on budget and are expected to be completed by mid-2024.

- A \$12.3 million continuous kiln at the Saltair sawmill is in the construction phase with \$11.2 million in spending completed through December 31, 2023. Commissioning is anticipated in first quarter of 2024. Once the kiln is operational, the Company will qualify for a \$1.5 million energy rebate resulting from installation of more energy efficient equipment;

- Capital expenditures for optimization of a centralized planer and installation of a machine stress rate (“MSR”) grader at the Duke Point facility total \$9.2 million through December 31, 2023, including installation of the MSR grader, which is complete; and
- Other strategic investments with expenditures to date totalling \$7.5 million, with most projects complete.

## **Alberni Pacific Division**

Operations at the APD facility have been curtailed since fall 2022. The Company previously announced we would not restart our APD facility in its current configuration and had established a multi-party working group to explore viable industrial manufacturing solutions for the site over a 90-day period. On April 27, 2023, we announced we had commenced negotiations and due diligence processes related to the proposals we received, which are ongoing.

## **Market Outlook**

Near-term lumber markets are expected to remain variable, but we remain cautiously optimistic as we head into the typically more active spring building season in North America. Consumers are adjusting to higher interest rates and the potential for interest rate cuts in Canada and the United States could help support modest increases in buyer activity as we progress through the year.

Demand and prices for Cedar timber and premium appearance products are expected to remain stable. Demand and price for Cedar decking products should firm up as we head into the spring, while demand for Cedar trim and fencing products is expected to remain soft until market inventory rebalances.

In Japan, we anticipate quarterly lumber volumes to remain near those achieved in the fourth quarter of 2023, given domestic Japanese production has been impacted by a prolonged, fire-related operating curtailment at a large Japanese sawmill. We anticipate lumber prices in Japan to modestly improve during 2024.

Demand for our Industrial lumber products will be product line specific but are expected to remain stable over the near-term. North American demand and prices for our commodity products should marginally improve in the first quarter of 2024, but are expected to remain volatile through 2024. In China, lumber demand and prices are expected to marginally improve.

We expect sawlog markets to follow conditions in the lumber markets, while residual chip pricing is expected to remain stable and will follow the northern bleached softwood kraft price to China.

## 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)

	Q4 2023	Q4 2022	Q3 2023	Annual 2023	Annual 2022	Annual 2021
<b>Adjusted EBITDA</b>						
Net income (loss)	\$ (14.3)	\$ (21.4)	\$ (17.4)	\$ (70.1)	\$ 61.8	\$ 202.8
Add:						
Amortization	13.3	12.0	14.1	53.7	50.2	50.9
Changes in fair value of biological assets	-	(0.2)	-	(0.2)	0.1	3.7
Operating restructuring items	0.9	3.9	(0.2)	7.5	4.5	2.7
Other expense (income)	2.5	2.0	(2.2)	1.2	(2.1)	(22.4)
Finance costs (income)	1.8	(0.1)	0.5	3.0	(0.1)	1.9
Income tax expense (recovery)	(5.3)	(8.0)	(6.5)	(25.0)	22.6	62.4
Adjusted EBITDA	\$ (1.2)	\$ (11.9)	\$ (11.6)	\$ (29.9)	\$ 136.9	\$ 302.1
<b>Adjusted EBITDA margin</b>						
Total revenue	\$ 246.6	\$ 291.0	\$ 231.1	\$ 1,017.5	\$ 1,444.0	\$ 1,417.7
Adjusted EBITDA	(1.2)	(11.9)	(11.6)	(29.9)	136.9	302.1
Adjusted EBITDA margin	(0%)	(4%)	(5%)	(3%)	9%	21%
<b>Net debt to capitalization</b>				Dec. 31, 2023	Dec. 31, 2022	Dec. 31, 2021
Net debt						
Total debt				\$ 83.8	\$ -	\$ -
Bank indebtedness				0.9	-	-
Cash and cash equivalents				(2.3)	(15.8)	(130.0)
				\$ 82.4	\$ (15.8)	\$ (130.0)
Capitalization						
Net debt (cash)				\$ 82.4	\$ (15.8)	\$ (130.0)
Total equity attributable to equity shareholders of the Company				565.0	647.2	612.1
				\$ 647.4	\$ 631.4	\$ 482.1
Net debt to capitalization				13%	-	-
<b>Total liquidity</b>				Dec. 31, 2023	Dec. 31, 2022	Dec. 31, 2021
Cash and cash equivalents				\$ 2.3	\$ 15.8	\$ 130.0
Available credit facility				250.0	250.0	250.0
Bank indebtedness				(0.9)	-	-
Credit facility drawings				(84.0)	-	-
Outstanding letters of credit				(19.6)	(16.0)	(8.6)
				\$ 147.8	\$ 249.8	\$ 371.4

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)

<b>Return on capital employed</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>
Trade and other receivables	\$ 50.9	\$ 60.5	\$ 57.4
Inventory	213.5	224.8	207.2
Prepaid expenses and other assets	33.9	21.3	16.4
Property, plant and equipment	354.4	364.7	343.2
Timber licences	92.3	96.3	100.3
Biological assets	49.3	49.1	49.1
Other assets	77.4	75.7	55.2
Goodwill	6.9	7.0	-
	<u>878.6</u>	<u>899.4</u>	<u>828.8</u>
Less:			
Duty receivable and related interest	70.8	63.7	40.4
Accounts payable and accrued liabilities	102.8	108.5	112.8
Current portion of lease liabilities	6.9	6.8	5.5
Current portion of reforestation obligation	7.9	8.3	9.9
Current portion of deferred revenue	2.0	2.0	2.0
	<u>190.4</u>	<u>189.3</u>	<u>170.6</u>
Net capital employed as at December 31	688.2	710.1	658.2
Net capital employed as at January 1	710.1	658.2	687.3
Average capital employed	\$ 699.2	\$ 684.2	\$ 672.8
Adjusted EBITDA divided by average capital employed	(4%)	20%	45%

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 2023 Annual Report dated February 13, 2024. 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:**

**Wednesday, February 14, 2024 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: 1363398#). This call will be taped, available one hour after the teleconference, and on replay until March 16, 2024 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: 5036063#).

For further information, please contact:  
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