



Western Forest Products®

FOR IMMEDIATE RELEASE

TSX: WEF

Western Announces First Quarter 2025 Results

May 6, 2025 – Vancouver, British Columbia – Western Forest Products Inc. (TSX: WEF) (“Western” or the “Company”) reported improved financial results in the first quarter of 2025, as compared to the same period last year. Net income was \$13.8 million in the first quarter of 2025, as compared to a net loss of \$8.0 million in the first quarter of 2024, and a net loss of \$1.2 million in the fourth quarter of 2024. Adjusted EBITDA was \$3.5 million in the first quarter of 2025, as compared to negative \$4.2 million in the first quarter of 2024, and Adjusted EBITDA of \$14.4 million in the fourth quarter of 2024.

Net debt significantly declined from the fourth quarter of 2024 due to proceeds from non-core asset sales of \$76.5 million completed in the first quarter of 2025. Net debt to capitalization was 4% at the end of the first quarter of 2025, as compared to 12% at the end of the fourth quarter of 2024, and 13% at the end of the first quarter of 2024.

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

	Q1 2025	Q1 2024	Q4 2024
Revenue	\$ 262.5	\$ 239.5	\$ 273.2
Adjusted EBITDA ⁽¹⁾	3.5	(4.2)	14.4
Adjusted EBITDA margin ⁽¹⁾	1%	(2%)	5%
Operating loss prior to restructuring and other items	\$ (9.2)	\$ (17.3)	\$ (0.4)
Net income (loss)	13.8	(8.0)	(1.2)
Earnings (loss) per share, diluted	0.04	(0.02)	(0.00)
Net debt ⁽¹⁾ , end of period	21.2	83.6	77.6
Liquidity ⁽¹⁾ , end of period	195.4	142.1	144.6
Net debt to capitalization	4%	13%	12%

(1) Refer to Adjusted EBITDA, Adjusted EBITDA margin, Liquidity and Net debt to capitalization in the Non-GAAP Financial Measures section.

First Quarter 2025 Financial and Operational Summary

- Lumber production of 134 million board feet (versus 145 million board feet in Q1 2024).
- Lumber shipments of 137 million board feet (versus 131 million board feet in Q1 2024).
- Cedar lumber shipments of 31 million board feet (versus 30 million board feet in Q1 2024).
- Specialty lumber mix of 51% (versus 61% in Q1 2024).
- Average lumber selling price of \$1,533 per mfbm (versus \$1,351 per mfbm in Q1 2024), primarily due to improvements in lumber markets and a stronger US Dollar (“USD”) to Canadian Dollar average exchange rate.
- Average BC log sales price of \$134 per m³ (versus \$129 per m³ in Q1 2024), on a stronger sales mix.

Accelerating the Transition to Higher Value Products

- Continue to advance two continuous dry kilns, with site preparation underway. The kilns are expected to be completed and commissioned in early 2026.
- Entered into an agreement with the Province of British Columbia through the BC Manufacturing Jobs Fund, to reimburse eligible expenses related to kiln and other capital projects up to a maximum of \$7.5 million, subject to certain milestones. Received the first milestone payment of \$1.4 million in April 2025.

Balance Sheet and Cash Flow

- Extended the maturity of our \$250 million credit facility to July 21, 2028.
- Ended the quarter with liquidity of \$195.4 million and a net debt to capitalization ratio of 4%, compared to \$144.6 million of liquidity and a net debt to capitalization ratio of 12% as at December 31, 2024.
- 2025 capital expenditure spending is anticipated to be between \$60 and \$65 million, which includes approximately \$30 million of planned spending on the two continuous dry kilns and one thermal kiln. We may reduce our 2025 planned capital expenditure spending depending on market and financial conditions, with a near-term priority on maintaining a strong balance sheet and financial flexibility.

Other Items

- Completed the sale of private timberlands on northern Vancouver Island to a Canadian affiliate of the Eastwood Climate Smart Forestry Fund I LP for gross proceeds of \$69.2 million in February 2025, resulting in a gain of \$23.7 million.
- Completed the sale of our Alberni Pacific Division for gross proceeds of \$7.3 million in February 2025, resulting in a gain of \$0.2 million.

Softwood Lumber Dispute

During the first quarter of 2025, the US Department of Commerce (“DoC”) announced its preliminary determination for countervailing and anti-dumping rates resulting from its sixth administrative review (“AR”) for shipments in 2023, indicating a combined rate of 34.45%, compared to the current combined rate of 14.40%. The DoC may revise these rates between the preliminary and the final determination, which is expected to be released in the second half of 2025.

If the final sixth AR rates are unchanged from the preliminary sixth AR rates, Western will record a non-cash export tax expense of USD\$43.0 million, plus accrued interest of approximately USD\$7.0 million, when the final sixth AR rates are published in the second half of 2025. This amount will be partially offset against the current long-term duty receivable of USD\$58.2 million on the Company’s balance sheet as at March 31, 2025. Cash deposits continue at the combined duty rate of 14.40% until the final determinations are published, after which the final 2023 rate will apply.

Market Outlook

North American markets are expected to be volatile due to concerns around the economic impact caused by potential further US tariffs and retaliatory tariffs. The spring building season which typically leads to gains in softwood lumber demand could be more muted than previous expectations given the uncertain economic environment.

In Japan, the spring housing demand is stronger than expected and channel inventories have declined. However, an overall cautious approach continues as housing starts are expected to decline later in the year. Pricing has improved and we are cautiously optimistic that pricing will strengthen further as the Japanese Yen strengthens relative to the USD.

Demand for our Industrial lumber products in North America are expected to strengthen as supply remains tight across all species. In China, significant US tariffs on Chinese exports has caused some concerns within the economy. However, this may be partially offset by a Chinese ban on imported US logs that will reduce overall supply of softwood lumber into the market, which may lead to an increase in demand for Canadian lumber.

Management Discussion & Analysis (“MD&A”)

Readers are encouraged to read our Q1 2025 MD&A and interim consolidated financial statements and accompanying notes which are available on our website at www.westernforest.com and “SEDAR+” at www.sedarplus.ca.

Risks and Uncertainties

Risk and uncertainty disclosures are included in our 2024 Annual MD&A, as updated in the disclosures in our Q1 2025 MD&A, as well as in our public filings with securities regulatory authorities. See also the discussion of “Forward-Looking Statements” below.

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, and total Liquidity 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)

	Q1 2025	Q1 2024	Q4 2024
Adjusted EBITDA			
Net income (loss)	\$ 13.8	\$ (8.0)	\$ (1.2)
Add:			
Amortization	12.7	13.2	14.3
Changes in fair value of biological assets	(0.1)	-	0.6
Operating restructuring items	0.3	(0.2)	2.1
Other income	(24.3)	(1.8)	(4.8)
Finance costs	1.1	2.1	1.8
Income tax (recovery) expense	(0.1)	(9.4)	1.7
Adjusted EBITDA	\$ 3.5	\$ (4.2)	\$ 14.4
Adjusted EBITDA margin			
Total revenue	\$ 262.5	\$ 239.5	\$ 273.2
Adjusted EBITDA	3.5	(4.2)	14.4
Adjusted EBITDA margin	1%	(2%)	5%
Net debt to capitalization			
Net debt			
Total debt	\$ 25.6	\$ 85.6	\$ 85.5
Bank indebtedness	0.4	0.5	-
Cash and cash equivalents	(4.8)	(2.5)	(7.9)
	\$ 21.2	\$ 83.6	\$ 77.6
Capitalization			
Net debt	\$ 21.2	\$ 83.6	\$ 77.6
Total equity attributable to equity shareholders of the Company	571.9	578.3	558.2
	\$ 593.1	\$ 661.9	\$ 635.8
Net debt to capitalization	4%	13%	12%
Total liquidity			
Cash and cash equivalents	\$ 4.8	\$ 2.5	\$ 7.9
Available credit facility ⁽¹⁾	250.0	250.0	250.0
Bank indebtedness	(0.4)	(0.5)	-
Credit facility drawings	(26.0)	(85.7)	(86.0)
Outstanding letters of credit	(33.0)	(24.2)	(27.3)
	\$ 195.4	\$ 142.1	\$ 144.6

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

⁽¹⁾ Maximum borrowing amount, with advances in excess of \$215 million subject to a leverage metric.

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”, “maintain”, “pursue”. “potential” 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; the softwood lumber dispute; the applicability and scope of tariffs and the expected timing thereof; the completion of the Company’s capital projects and the expected timing thereof and the Company’s balance sheet and financial flexibility. 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, ability to recruit workers, 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, changes in the price of key materials for our products, changes in opportunities, information systems security and other factors referenced under the “Risks and Uncertainties” section of our MD&A in our 2024 Annual Report dated February 13, 2025. 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.

Conference Call

Wednesday, May 7, 2025 at 12:00 p.m. PST (3:00 p.m. EST)

To participate in the teleconference please dial 416-340-2217 or 1-800-952-5114 (passcode: 7987300#). This call will be taped, available one hour after the teleconference, and on replay until June 4, 2025 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: 5066894#).

About Western Forest Products Inc.

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 of 780 million board feet from six 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.

For further information, please contact:

Glen Nontell
Chief Financial Officer
(604) 648-4500