



FOR IMMEDIATE RELEASE

TSX: WEF

## Western Announces Second Quarter 2025 Results

**August 7, 2025 – Vancouver, British Columbia** – Western Forest Products Inc. (TSX: WEF) (“Western” or the “Company”) reported Adjusted EBITDA of \$0.5 million in the second quarter of 2025, which included an inventory provision expense of \$3.6 million related to price declines in certain lumber products. In comparison, the Company reported Adjusted EBITDA of \$9.4 million in the second quarter of 2024, which included a \$5.3 million inventory provision recovery, and Adjusted EBITDA of \$3.5 million in the first quarter of 2025, which included an inventory provision expense of \$1.8 million.

Net loss was \$17.4 million in the second quarter of 2025, as compared to a net loss of \$5.7 million in the second quarter of 2024, and net income of \$13.8 million in the first quarter of 2025.

(millions of Canadian dollars except per share amounts and where otherwise noted) <sup>(1)</sup>

	Q2 2025	Q2 2024	Q1 2025	YTD 2025	YTD 2024
Revenue	\$ 289.1	\$ 309.5	\$ 262.5	\$ 551.6	\$ 549.0
Adjusted EBITDA <sup>(2)</sup>	0.5	9.4	3.5	4.0	5.2
Adjusted EBITDA margin <sup>(2)</sup>	0%	3%	1%	1%	1%
Operating loss prior to restructuring and other items	\$ (12.3)	\$ (4.3)	\$ (9.2)	\$ (21.5)	\$ (21.6)
Net income (loss)	(17.4)	(5.7)	13.8	(3.6)	(13.7)
Earnings (loss) per share, diluted	(1.62)	(0.40)	1.33	(0.29)	(1.13)
Net debt <sup>(2)</sup> , end of period	27.3	84.0	21.2		
Liquidity <sup>(2)</sup> , end of period	189.7	141.5	195.4		
Net debt to capitalization <sup>(2)</sup>	5%	13%	4%		

(1) Certain figures may not add due to rounding

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

### Second Quarter 2025 Financial and Operational Summary

- Lumber production of 144 million board feet (versus 151 million board feet in Q2 2024).
- Lumber shipments of 149 million board feet (versus 173 million board feet in Q2 2024).
- Cedar lumber shipments of 32 million board feet (versus 39 million board feet in Q2 2024).
- Specialty lumber mix of 53% (versus 51% in Q2 2024).
- Average lumber selling price of \$1,464 per mfbm (versus \$1,363 per mfbm in Q2 2024).
- Average BC log sales price of \$139 per m<sup>3</sup> (versus \$155 per m<sup>3</sup> in Q2 2024).

### Accelerating the Transition to Higher Value Products

- Continue to advance two continuous dry kilns, with site preparation completed and site construction commencing.
- Deferring spending on one continuous dry kiln from 2025 to 2026 to support maintaining a strong balance sheet in the near-term.
- Anticipate the first continuous dry kiln will be completed and commissioned in early 2026, while the completion and commissioning of the second continuous dry kiln has been deferred to mid-2026.

## Balance Sheet and Cash Flow

- Extended the maturity of our \$250 million credit facility to July 21, 2028.
- Ended the quarter with liquidity of \$189.7 million and a net debt to capitalization ratio of 5%, compared to \$141.5 million of liquidity and a net debt to capitalization ratio of 13% as at June 30, 2024.
- Reducing planned 2025 capital expenditure spending to between \$35 to \$40 million, down from our prior estimate of \$60 to \$65 million in May 2025, to support maintaining a strong balance sheet and financial flexibility.
- Received a \$3.4 million income tax refund in July 2025.

## Other Items

- Our Columbia Vista Sawmill sustained extensive damage in a fire in late June which rendered the mill inoperable. We are currently evaluating our plans related to the sawmill and are working with our insurers to determine available proceeds related to the damage and business interruption.
- Employees represented by the United Steelworkers Local 1-1937 commenced a strike at our La-kwa sa muqw Forestry Limited Partnership ("LFLP"). LFLP is actively working to resume bargaining and bring an end to the work stoppage.
- Plan to take various operating curtailments at our BC sawmills in the third quarter of 2025, including curtailing our Chemainus sawmill for the entire third quarter. We estimate these curtailments will reduce production by approximately 25 million board feet.
- Completed a share consolidation of one post-consolidation common share for every 30 pre-consolidation common shares on July 28, 2025. As a result of the share consolidation, earnings (loss) per share have been retrospectively adjusted for all periods presented.

## Softwood Lumber Dispute

On July 24, 2025, the US Department of Commerce ("DoC") published the final antidumping ("AD") rates applicable to Western related to the sixth Administrative Review ("AR") of 20.56%. Final countervailing duty ("CV") rates related to the sixth AR are expected in the third quarter of 2025, with preliminary CV rates of 14.38% announced in April 2025.

If final CV rates are unchanged from preliminary rates, Western will record a non-cash export tax expense of USD\$43.8 million, plus accrued interest of approximately USD\$7.0 million, in the third quarter of 2025 related to the increase in AD and CV rates. This amount will be partially offset against the current long-term duty receivable of USD\$58.9 million on the Company's balance sheet as at June 30, 2025. Cash deposits accrue at the most recent final AD and CV duty rates.

## Market Outlook

Markets in North America are expected to be volatile through the third quarter of 2025 as softwood lumber duties have increased significantly. Persistently high interest rates, low consumer confidence and general economic uncertainty are leading to a slower pace in repairs and renovations, and housing activity. Expectations are for this trend to continue throughout the third quarter of 2025, and as a result, lumber markets will be challenged for both commodity and specialty products with demand and pricing expected to remain weak across most species and product categories.

Demand remains strong for specialty products into all export markets, with anticipated price increases for western red cedar, hemlock and fir species throughout the third quarter of 2025. In Japan and China, housing activity continues to trend downwards, however, market lumber inventories remain low. Because of the lower lumber inventory levels, pricing remains stable with price gains expected on key products in Japan, Taiwan, and Hong Kong.

## **Management Discussion & Analysis ("MD&A")**

Readers are encouraged to read our Q2 2025 MD&A and interim consolidated financial statements and accompanying notes which are available on our website at [www.westernforest.com](http://www.westernforest.com) and "SEDAR+" at [www.sedarplus.ca](http://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 Q2 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)

	Q2 2025	Q2 2024	Q1 2025	YTD 2025	YTD 2024
<b>Adjusted EBITDA</b>					
Net income (loss)	\$ (17.4)	\$ (5.7)	\$ 13.8	\$ (3.6)	\$ (13.7)
Add:					
Amortization	12.8	13.6	12.7	25.5	26.8
Changes in fair value of biological assets	-	(0.1)	(0.1)	(0.1)	(0.1)
Operating restructuring items	0.5	1.7	0.3	0.8	1.5
Other (income) expense	9.0	(0.6)	(24.3)	(15.3)	(2.4)
Finance costs	0.7	1.6	1.1	1.8	3.7
Income tax recovery	(5.1)	(1.3)	(0.1)	(5.2)	(10.7)
Adjusted EBITDA	\$ 0.5	\$ 9.4	\$ 3.5	\$ 4.0	\$ 5.2
<b>Adjusted EBITDA margin</b>					
Total revenue	\$ 289.1	\$ 309.5	\$ 262.5	\$ 551.6	\$ 549.0
Adjusted EBITDA	0.5	9.4	3.5	4.0	5.2
Adjusted EBITDA margin	0%	3%	1%	1%	1%
<b>Net debt to capitalization</b>	Jun. 30 2025	Jun. 30 2024	Mar. 31 2025		
Net debt					
Total debt	\$ 30.7	\$ 87.8	\$ 25.6		
Bank indebtedness	0.8	0.5	0.4		
Cash and cash equivalents	(4.2)	(4.3)	(4.8)		
	\$ 27.3	\$ 84.0	\$ 21.2		
Capitalization					
Net debt	\$ 27.3	\$ 84.0	\$ 21.2		
Total equity attributable to equity shareholders of the Company	550.7	574.5	571.9		
	\$ 578.0	\$ 658.5	\$ 593.1		
Net debt to capitalization	5%	13%	4%		
<b>Total liquidity</b>					
Cash and cash equivalents	\$ 4.2	\$ 4.3	\$ 4.8		
Available credit facility <sup>(1)</sup>	250.0	250.0	250.0		
Bank indebtedness	(0.8)	(0.5)	(0.4)		
Credit facility drawings	(31.8)	(87.9)	(26.0)		
Outstanding letters of credit	(31.9)	(24.4)	(33.0)		
	\$ 189.7	\$ 141.5	\$ 195.4		

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 and expected timing for duties to be finalized; the applicability and scope of tariffs and the expected timing thereof; the completion of the Company's capital projects and the expected timing thereof; future operations of the Columbia Vista Sawmill and any insurance proceeds available in relation to the fire that occurred at such sawmill; the timing it may take to resolve the LFLP labour dispute 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**

**Friday, August 8, 2025 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: 4522908#). This call will be taped, available one hour after the teleconference, and on replay until September 5, 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: 4763325#).

## **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 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:

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