

WESTERN

Forest Products

FOR IMMEDIATE RELEASE

TSX: WEF

Western Announces Fourth Quarter and Fiscal 2025 Results

February 10, 2026 – Vancouver, British Columbia – Western Forest Products Inc. (TSX: WEF) (“Western” or the “Company”) reported Adjusted EBITDA of negative \$6.2 million in the fourth quarter of 2025. In comparison, the Company reported Adjusted EBITDA of \$14.4 million in the fourth quarter of 2024 and Adjusted EBITDA of negative \$65.9 million in the third quarter of 2025, which included a non-cash export tax expense of \$59.5 million related to the determination of final duty rates from the sixth Administrative Review (“AR”).

Net loss was \$17.5 million in the fourth quarter of 2025, as compared to a net loss of \$1.2 million in the fourth quarter of 2024, and net loss of \$61.3 million in the third quarter of 2025.

<i>(millions of Canadian dollars except per share amounts and where otherwise noted)</i>	Q4 2025	Q4 2024	Q3 2025	Annual 2025	Annual 2024
Revenue	\$ 201.9	\$ 273.2	\$ 233.0	\$ 986.5	\$ 1,063.9
Adjusted EBITDA ⁽¹⁾	(6.2)	14.4	(65.9)	(68.2)	8.9
Adjusted EBITDA margin ⁽¹⁾	(3%)	5%	(28%)	(7%)	1%
Operating loss prior to restructuring and other items	\$ (18.9)	\$ (0.4)	\$ (78.0)	\$ (118.4)	\$ (46.4)
Net loss	(17.5)	(1.2)	(61.3)	(82.4)	(34.5)
Loss per share, diluted	(1.55)	(0.05)	(5.71)	(7.56)	(2.88)
Net debt ⁽¹⁾ , end of period	33.7	77.6	11.6		
Liquidity ⁽¹⁾ , end of period	212.2	144.6	234.2		
Net debt to capitalization ⁽¹⁾	7%	12%	2%		

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

Fourth Quarter 2025 Financial and Operational Summary

- Lumber production of 94 million board feet (versus 135 million board feet in Q4 2024).
- Lumber shipments of 108 million board feet (versus 146 million board feet in Q4 2024).
- Total lumber shipments were down 26% year-over-year. U.S. lumber shipments were down 64%, while non-U.S. lumber shipments were down 8% over the same period.
- Cedar lumber shipments of 19 million board feet (versus 36 million board feet in Q4 2024).
- Specialty lumber mix of 52% (also 52% in Q4 2024).
- Average lumber selling price of \$1,437 per mfbm (versus \$1,467 per mfbm in Q4 2024).
- Average BC log sales price of \$144 per m³ (versus \$121 per m³ in Q4 2024).

Annual 2025 Financial and Operational Summary

- Lumber production of 479 million board feet (versus 558 million board feet in 2024).
- Lumber shipments of 522 million board feet (versus 588 million board feet in 2024).
- Total lumber shipments were down 11% year-over-year. U.S. lumber shipments were down 26%, while non-U.S. lumber shipments were down 5% over the same period.
- Cedar lumber shipments of 106 million board feet (versus 138 million board feet in 2024).
- Specialty lumber mix of 52% (versus 54% in 2024).

- Average lumber selling price of \$1,463 per mfbm (versus \$1,390 per mfbm in 2024).
- Average BC log sales price of \$143 per m3 (versus \$129 per m3 in 2024)

Accelerating the Transition to Higher Value Products

- Construction on two previously announced continuous dry kilns at our Value-Added Division is advancing on schedule and on budget, with the first kiln commissioning anticipated in February 2026 and the second kiln commissioning anticipated in mid-2026.
- Site preparation and fabrication is also advancing for a new thermal kiln at our Value-Added Division, with anticipated commissioning in mid-2026.

Balance Sheet and Cash Flow

- Ended 2025 with liquidity of \$212.2 million, compared to \$144.6 million at the end of 2024.
- Ended 2025 with net debt to capitalization of 7%, compared to 12% at the end of 2024.
- 2026 capital expenditure spending is anticipated to be between \$45 and \$50 million, which includes approximately \$16 million of planned spending on the two previously announced continuous dry kilns and one thermal kiln.
- Near-term priority remains maintaining a strong balance sheet and financial flexibility.

Other Items

- Have decided to not rebuild on our Columbia Vista Division (“CVD”) sawmill site and have commenced a process to sell the land and associated assets of the CVD sawmill site. Separately, demolition of the fire impacted areas of the site has been completed and we are working with the insurance adjuster to finalize available property insurance proceeds.
- In January 2026, La-kwa sa muqw Forestry Limited Partnership (“LFLP”) United Steelworkers Local 1-1937 (“USW”) members voted to reject a new collective bargaining agreement. LFLP employees have been on strike since the second quarter of 2025. LFLP continues to work to bring a resolution to the strike and both parties agreed to a mediation process which is occurring in February 2026.
- In the first quarter of 2026, we anticipate operating curtailments at our Saltair sawmill for two weeks and at our Ladysmith sawmill for a minimum of two weeks. In addition, our Chemainus sawmill, which has been curtailed since July 2025, is expected to remain curtailed for the balance of 2026. Curtailments are in response to persistently weak market conditions and factors relating to the B.C. operating environment, including a lack of available economic log supply, ongoing harvesting permitting delays and the strike at LFLP. If there is no near-term resolution to the strike at LFLP, additional operating curtailments may be required at our Saltair and Duke Point sawmills near the end of the first quarter of 2026 due to log supply.

Advancing Our Strategic Priorities

“Despite more challenging markets and higher softwood lumber duties and tariffs in 2025, we enter 2026 with a significantly improved balance sheet to navigate the expected near-term market uncertainty,” said Steven Hofer, President and CEO of Western Forest Products. “Over the last year, we also continued to demonstrate success in executing on our strategic priorities to advance our transition to higher value products.”

Some notable highlights since the beginning of 2025 include:

- Continued focus on health and safety resulted in achieving a 2025 Company Medical Incident Rate of 2.70, better than our target of 2.87 and compared to 3.84 in 2024, with several operations achieving zero recordable incidences in 2025.
- Focused on stratifying our log sorts to support incremental margin in our timberlands operations, while also having a relentless emphasis on managing log inventory and turnover. Since 2023, our log inventory turnover has improved 11%.

- Improved operational uptime in our manufacturing operations, achieving a 2025 uptime of 86%, compared to 85% in 2024 and ahead of our target rate of 85%. We also continued to focus on log and lumber recovery, while reducing our lumber inventory year-over-year. The investment in our Saltair continuous dry kiln, which was completed in 2024, supported increased production of higher value and margin kiln dried lumber products in 2025.
- Continued with our customer focus strategy, developing value-added products and programs targeted with the end-user in mind within our sales and marketing group. We achieved improved on-time shipping performance of 88% in 2025, compared to 84% in 2024.
- Enhanced personnel within our engineered wood products business, which will support future value-added fabrication opportunities that we are executing on in 2026.
- Delivered, in partnership with 'Namgis First Nation, the first draft forest landscape plan and forest operating plan in British Columbia to the Chief Forester covering the portion of 'Namgis territory located in Tree Farm Licence 37.
- Negotiated a new, six-year collective agreement that covers the Company's hourly employees represented by USW, which is one of the longest-term agreements in the history of the BC coastal forest sector.
- Repositioned and strengthened our balance sheet through the sale of non-core assets, including our private timberlands on northern Vancouver Island for \$69.2 million and our Alberni Pacific Division assets for \$7.3 million.
- Extended the maturity of our \$250 million credit facility to July 2028 and increased liquidity through a new US\$30 million letter of credit facility, which is incremental to our existing \$250 million credit facility.
- Completed a share consolidation to support increasing investor interest and improving trading liquidity.
- Reduced costs and overhead through margin improvement programs, reducing controllable spending as well as continuing to seek opportunities to optimize our workforce.

Outlook

Lumber markets remain challenged heading into 2026. Economic uncertainty and a slowing US housing market led to reduced lumber demand through 2025 in North America. Customer expectations are there will not be significant market improvements in the first half of 2026. Operating curtailments from lumber producers over the last half of 2025 are expected to decrease available supply at the end of the first quarter of 2026 and could lead to upward price pressure as demand improves. Demand in Western Red Cedar product lines remain slow following the trajectory of other building products.

In Japan, the Yen has further weakened against the US dollar and housing starts continue to be below 800,000 new starts on an annualized basis, reflecting ongoing shifts in demographics. Western continues to be focused on the competitiveness of Hemlock and Douglas fir to maintain current market share. Market demand for the first quarter of 2026 is lower than anticipated, with demand for Douglas fir squares and Hemlock squares down compared to the fourth quarter of 2025. The overall construction and housing market decline in China has continued to weigh on lumber demand in the Chinese market. Customers are managing inventory levels ahead of the Lunar New Year in mid-February when most manufacturing operations will close for the month. Lumber supply is rising from increased North American volumes and US logs are re-entering the market after China lifted its suspension on US log imports in early November.

Management Discussion & Analysis ("MD&A")

Readers are encouraged to read our 2025 Annual MD&A and audited annual 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 2025 Annual 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)

Adjusted EBITDA	Q4 2025	Q4 2024	Q3 2025	Annual 2025	Annual 2024
Net loss	\$ (17.5)	\$ (1.2)	\$ (61.3)	\$ (82.4)	\$ (34.5)
Add:					
Amortization	12.7	14.2	12.1	50.3	54.6
Changes in fair value of biological assets	0.1	0.6	-	-	0.6
Operating restructuring items	1.1	2.1	-	1.9	5.5
Other (income) expense	0.6	(4.8)	(6.9)	(21.6)	(6.5)
Finance costs	1.7	1.8	12.0	15.5	6.7
Income tax (recovery) expense	(4.8)	1.7	(21.8)	(31.8)	(17.6)
Adjusted EBITDA	\$ (6.2)	\$ 14.4	\$ (65.9)	\$ (68.2)	\$ 8.9
Adjusted EBITDA margin					
Total revenue	\$ 201.9	\$ 273.2	\$ 233.0	\$ 986.5	\$ 1,063.9
Adjusted EBITDA	(6.2)	14.4	(65.9)	(68.2)	8.9
Adjusted EBITDA margin	(3%)	5%	(28%)	(7%)	1%
Net debt to capitalization	Dec. 31 2025	Dec. 31 2024	Sep. 30 2025		
Net debt					
Total debt	\$ 37.6	\$ 85.5	\$ 16.9		
Bank indebtedness	0.4	-	0.4		
Cash and cash equivalents	(4.3)	(7.9)	(5.7)		
	\$ 33.7	\$ 77.6	\$ 11.6		
Capitalization					
Net debt	\$ 33.7	\$ 77.6	\$ 11.6		
Total equity attributable to equity shareholders of the Company	476.6	558.2	492.1		
	\$ 510.3	\$ 635.8	\$ 503.7		
Net debt to capitalization	7%	12%	2%		
Total liquidity					
Cash and cash equivalents	\$ 4.3	\$ 7.9	\$ 5.7		
Available credit facility ⁽¹⁾	250.0	250.0	250.0		
Bank indebtedness	(0.4)	-	(0.4)		
Credit facility drawings	(38.5)	(86.0)	(17.9)		
Outstanding letters of credit included in line utilization	(3.2)	(27.3)	(3.2)		
	\$ 212.2	\$ 144.6	\$ 234.2		

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. Borrowings are also subject to certain financial covenants, including a maximum debt to total capitalization ratio and a minimum consolidated net worth test.

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 completion of the Company's capital projects and the expected timing thereof; the completion of the sale of our CVD facility and any insurance proceeds available in relation to the fire that occurred at such sawmill; the LFLP labour dispute, the impact of the dispute and timing to resolve the dispute; the extent of the reduction in lumber production at our manufacturing facilities; the Company's ability to adjust operations to match market conditions and available log supply; 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 2025 Annual Report dated February 10, 2026. 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, February 11, 2026 at 9:00 a.m. PST (12:00 p.m. EST)

To participate in the teleconference please dial 1-647-846-2809 internationally or 1-877-883-0383 toll-free from Canada and the U.S. (passcode: 2143621#). This call will be taped, available one hour after the teleconference, and on replay until March 11, 2026 at 8:59 p.m. PDT (11:59 p.m. EDT). To hear a complete replay, please call 1-412-317-0088 internationally or 1-855-669-9658 toll-free from Canada and the U.S. (passcode: 6904051#).

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 700 million board feet from five sawmills, as well as operates four remanufacturing facilities and two glulam manufacturing facilities. The Company sources timber from its long-term licences, 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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