

WESTERN

Forest Products

FOR IMMEDIATE RELEASE

TSX: WEF

Western Announces First Quarter 2026 Results

May 6, 2026 – Vancouver, British Columbia – Western Forest Products Inc. (TSX: WEF) (“Western” or the “Company”) reported Adjusted EBITDA of negative \$13.6 million in the first quarter of 2026. In comparison, the Company reported Adjusted EBITDA of \$3.5 million in the first quarter of 2025 and Adjusted EBITDA of negative \$6.2 million in the fourth quarter of 2025. Adjusted EBITDA in the first quarter of 2026, included a one-time \$2.8 million expense due to changes in inventory accounting estimates related to the Company’s inventory costing model and a \$1.9 million expense related to share-based compensation due to a 34% increase in the Company’s share price in the first quarter of 2026. Adjusted EBITDA included a \$0.9 million expense in share-based compensation expense in the first quarter of 2025 and a \$0.1 million expense in the fourth quarter of 2025.

Net loss was \$19.9 million in the first quarter of 2026, compared to net income of \$13.8 million in the first quarter of 2025 and net loss of \$17.5 million in the fourth quarter of 2025.

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

	Q1 2026	Q1 2025	Q4 2025
Revenue	\$ 201.5	\$ 262.5	\$ 201.9
Adjusted EBITDA ⁽¹⁾	(13.6)	3.5	(6.2)
Adjusted EBITDA margin ⁽¹⁾	(7%)	1%	(3%)
Operating loss prior to restructuring and other items	\$ (25.5)	\$ (9.2)	\$ (18.9)
Net (loss) income	(19.9)	13.8	(17.5)
Earnings (loss) per share, diluted	(1.83)	1.33	(1.55)
Net debt ⁽¹⁾ , end of period	46.6	21.2	33.7
Liquidity ⁽¹⁾ , end of period	229.4	195.4	212.2
Net debt to capitalization	9%	4%	7%

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

Change in Lumber Volume Reporting Measurement

Effective January 1, 2026, the Company changed its reporting measurement for lumber volumes from a previous mix of net and nominal measurements to predominantly nominal measurements, in order to improve comparability of periods for lumber volumes and respective per thousand board foot measurements. As a result of the change, lumber volumes and per thousand board foot measurements in prior periods have been recalculated.

First Quarter 2026 Financial and Operational Summary

- Lumber production of 118 million board feet (versus 154 million board feet in Q1 2025).
- Lumber shipments of 113 million board feet (versus 156 million board feet in Q1 2025).
- Cedar lumber shipments of 25 million board feet (versus 31 million board feet in Q1 2025).
- Specialty lumber mix of 57% (versus 51% in Q1 2025).
- Average lumber selling price of \$1,422 per mfbm (versus \$1,348 per mfbm in Q1 2025).
- Average BC log sales price of \$193 per m³ (versus \$134 per m³ in Q1 2025).

Accelerating the Transition to Higher Value Products

- Commissioned the first of our two continuous dry kilns at our Value-Added Division, achieving start up uptime above our target. Site construction continues on the second kiln, with completion and commissioning expected in mid-2026.
- Site preparation and fabrication is also advancing for a new thermal kiln at our Value-Added Division, with anticipated commissioning in the third quarter of 2026.

Sale of Stillwater Forest Operations

- In February 2026, the Company reached an agreement for the sale of 100% of its Stillwater Forest Operation for \$80.0 million to an entity beneficially owned and controlled by Tla'amin Nation.
- The transaction includes Block 1 of Tree Farm Licence 39 which covers approximately 154,000 hectares of forest land and has an allowable annual cut of approximately 469,200 cubic metres.
- The purchaser will enter into a long-term fibre supply agreement with Western to sell timber harvested from the tenure to Western to support Western's BC coastal manufacturing operations.
- The transaction is subject to various closing conditions and is anticipated to close in the second half of 2026.

Columbia Vista Property Sale and Insurance

- In April 2026, we finalized the property insurance claim related to the Columbia Vista Division ("CVD") sawmill fire for USD\$28.8 million (\$40.1 million). After considering the insurance deductible and USD\$5.0 million (\$6.9 million) that was received in 2025, the Company anticipates to receive proceeds of USD\$22.8 million (\$31.7 million) in the second quarter of 2026.
- The Company is working with its insurance adjuster to finalize its claim for business interruption related to the fire, which has a maximum coverage of USD\$7.9 million (\$11.0 million).
- The Company continues to work to finalize the sale of the CVD sawmill site, which was listed for sale in December 2025 at an asking price of USD\$10.6 million (\$14.7 million).

Balance Sheet and Cash Flow

- Entered into a new \$30 million bilateral term loan (the "Term Loan") with Royal Bank of Canada. The Term Loan is incremental to our existing Credit Facility and is subject to the same financial covenants as the Credit Facility. Proceeds from the Term Loan were used to repay outstanding drawings of the Credit Facility.
- Ended the quarter with liquidity of \$229.4 million and a net debt to capitalization ratio of 9%, compared to \$212.2 million of liquidity and a net debt to capitalization ratio of 7% as at December 31, 2025.
- 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.

Other

- On February 24, 2026, La-kwa sa muqw Forestry Limited Partnership ("LFLP") United Steelworkers Local 1-1937 ("USW") members voted to ratify a new six-year collective bargaining agreement, which expires June 14, 2030, with an immediate return to work for LFLP employees following a strike that began in the second quarter of 2025.

Softwood Lumber Dispute

During September 2025, the Canada-United States-Mexico Agreement ("CUSMA") Chapter 10 Panel (the "Panel") dismissed its reviews relating to Canada's challenges of the US Department of Commerce ("DoC")'s final results of the first and second administrative reviews ("AR1" and "AR2", respectively) of the anti-dumping ("AD") duty order on Canadian softwood lumber products at the joint request of the Canadian and US parties. As a result of the dismissals, USD\$3.6 million (\$5.0 million) of export duty receivables are expected to be received by the Company during 2026.

On April 9, 2026, the DoC announced its preliminary determination for AD and countervailing duty ("CV") rates resulting from its seventh AR for shipments in 2024, indicating an AD rate of 10.66% and a CV rate of 14.17%, compared to the current rates of 20.53% and 14.63%, respectively, applicable to the Company. Shipments in 2024 were subject to weighted average rates of 3.62% and 6.78% for CV and AD, respectively. The DoC may revise these rates between the preliminary and the final determination, which is expected to be released in the fourth quarter of 2026.

If the final seventh AR rates are unchanged from the preliminary seventh AR rates, Western will record a non-cash export tax expense of USD\$26.0 million (\$36.2 million), plus accrued interest of approximately USD\$5.4 million (\$7.5 million), when the final seventh AR rates are published. Cash deposits continue at the combined duty rate of 35.16% until the final determinations are published, after which the final AR7 rate will apply.

Market Outlook

Demand and pricing in the North American lumber markets improved towards the end of the first quarter of 2026. As the spring season approaches and building activity picks up pace, pricing is expected to increase before stabilizing by the end of the second quarter. Persistently high interest rates, along with recent increases in oil prices, may curb demand in the short term. Some Western Red Cedar inventories remain high in certain markets, and customers remain disciplined in managing their inventory levels to avoid slower moving products.

Lumber demand in Japan is showing signs of recovery in the second quarter of 2026, supported by an anticipated increase in housing starts during April and May. This improvement is expected to be partially offset by higher fuel surcharges and a weak Yen to USD foreign exchange rate. Lumber markets in parts of China began to show signs of renewed demand following the Lunar New Year slowdown. The Chinese market remains competitive for price with offers readily available from all global suppliers, and modest price increases are anticipated in the second quarter.

Management Discussion & Analysis ("MD&A")

Readers are encouraged to read our Q1 2026 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 2025 Annual MD&A, as updated in the disclosures in our Q1 2026 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 consolidated interim financial statements:

(millions of Canadian dollars except where otherwise noted)

	Q1 2026	Q1 2025	Q4 2025
Adjusted EBITDA			
Net (loss) income	\$ (19.9)	\$ 13.8	\$ (17.5)
Add:			
Amortization	11.8	12.7	12.7
Changes in fair value of biological assets	-	(0.1)	0.1
Operating restructuring items	1.0	0.3	1.1
Other (income) expense	(1.2)	(24.3)	(0.6)
Finance costs	2.1	1.1	1.7
Income tax recovery	(7.5)	(0.1)	(4.8)
Adjusted EBITDA	\$ (13.6)	\$ 3.5	\$ (6.2)
Adjusted EBITDA margin			
Total revenue	\$ 201.5	\$ 262.5	\$ 201.9
Adjusted EBITDA	(13.6)	3.5	(6.2)
Adjusted EBITDA margin	(7%)	1%	(3%)
Net debt to capitalization			
Net debt			
Total debt	\$ 48.6	\$ 25.6	\$ 37.6
Bank indebtedness	0.4	0.4	0.4
Cash and cash equivalents	(2.4)	(4.8)	(4.3)
	\$ 46.6	\$ 21.2	\$ 33.7
Capitalization			
Net debt	\$ 46.6	\$ 21.2	\$ 33.7
Total equity attributable to equity shareholders of the Company	458.3	578.3	476.6
	\$ 504.9	\$ 593.1	\$ 510.3
Net debt to capitalization	9%	4%	7%
Total liquidity			
Cash and cash equivalents	\$ 2.4	\$ 4.8	\$ 4.3
Available credit facility ⁽¹⁾	250.0	250.0	250.0
Bank indebtedness	(0.4)	(0.4)	(0.4)
Credit facility drawings	(19.3)	(26.0)	(38.5)
Outstanding letters of credit included in line utilization	(3.3)	(33.0)	(3.2)
	\$ 229.4	\$ 195.4	\$ 212.2

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 softwood lumber dispute; the applicability and scope of tariffs and the expected timing thereof; the completion of the sale of the Stillwater Forest Operation; the receipt of business interruption insurance proceeds for the CVD sawmill fire; 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 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

Thursday, May 7, 2026 at 12:00 p.m. PDT (3:00 p.m. EDT)

To participate in the teleconference please dial 1-647-846-2809 or 1-877-883-0383 (passcode: 6651876#). This call will be taped, available one hour after the teleconference, and on replay until June 7, 2026 at 8:59 p.m. PDT (11:59 p.m. EDT). To hear a complete replay, please call 1-412-317-0088 / 1-855-669-9658 (passcode: 9342479#).

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 785 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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