



## CONIFEX TIMBER INC.

NEWS RELEASE: via MARKETWIRE

FOR IMMEDIATE RELEASE

### Conifex Announces 2024 Year-End and Fourth Quarter 2024 Results

March 12, 2025, Vancouver, B.C. - Conifex Timber Inc. (“**Conifex**”, “**we**” or “**us**”) (TSX: CFF) today reported results for the fourth quarter and year ended December 31, 2024. EBITDA\* from continuing operations was negative \$2.1 million for the quarter and negative \$13.6 million for the year, compared to EBITDA of negative \$3.5 million in the fourth quarter of 2023 and negative \$25.8 million for the year. Net loss was \$29.8 million or negative \$0.73 per share for the year versus net loss in the preceding year of \$0.77 per share.

#### Selected Financial Highlights

The following table summarizes our selected financial information for the comparative periods. Unless otherwise noted, financial information reflects results of continuing operations from our Mackenzie sawmill and power plant.

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\* Conifex’s EBITDA calculation represents earnings before finance costs, taxes, depreciation and amortization. We disclose EBITDA as it is a measure used by analysts and by our management to evaluate our performance. As EBITDA is a non-GAAP measure that does not have any standardized meaning prescribed by International Financial Reporting Standards, it may not be comparable to EBITDA calculated by others and is not a substitute for net earnings or cash flows, and therefore readers should consider those measures in evaluating our performance.

**Selected Financial Information<sup>(1)</sup>**

(unaudited, in millions of dollars, except share and exchange rate information)	<b>Q4 2024</b>	<b>Q3 2024</b>	<b>2024</b>	<b>Q4 2023</b>	<b>2023</b>
<b>Revenue</b>					
Lumber – Conifex produced	21.2	19.1	93.5	23.9	95.3
Lumber – wholesale	0.0	0.0	0	0.9	3.6
By-products and other	2.3	2.9	10.6	2.7	18.1
Bioenergy	7.6	3.2	23.7	7.7	24.1
	31.0	25.2	127.7	35.2	141.1
Operating income (loss)	(3.0)	(6.1)	(25.9)	(6.6)	(38.7)
EBITDA <sup>(1)</sup>	(2.1)	(3.9)	(13.6)	(3.5)	(25.8)
<b>Net income (loss)</b>	<b>(11.8)</b>	<b>(3.8)</b>	<b>(29.8)</b>	<b>(5.3)</b>	<b>(30.6)</b>
<b>Basic earnings (loss) per share</b>	<b>(0.29)</b>	<b>(0.09)</b>	<b>(0.73)</b>	<b>(0.14)</b>	<b>(0.77)</b>
<b>Diluted earnings (loss) per share</b>	<b>(0.27)</b>	<b>(0.09)</b>	<b>(0.67)</b>	<b>-</b>	<b>-</b>
Shares outstanding – weighted average (millions)	40.6	40.6	40.6	40.4	40.0
Diluted shares outstanding (millions)	44.2	44.2	44.2	-	-
<b>Reconciliation of EBITDA to net income (loss)</b>					
Net income (loss) from continuing operations	(11.8)	(3.8)	(29.8)	(5.3)	(30.6)
Add: Finance costs	1.9	1.8	8.0	1.3	5.0
Amortization	3.1	2.4	11.2	3.0	11.7
Deferred income tax expense (recovery)	4.5	(4.3)	(3.0)	(2.5)	(11.9)
EBITDA <sup>(1)</sup>	(2.1)	(3.9)	(13.6)	(3.5)	(25.8)

**Selected Operating Information**

	<b>Q4 2024</b>	<b>Q3 2024</b>	<b>2024</b>	<b>Q4 2023</b>	<b>2023</b>
Production – WSPF lumber (MMfbm) <sup>(4)</sup>	24.8	31.5	134.8	33.2	155.8
Shipments – WSPF lumber (MMfbm) <sup>(4)</sup>	24.8	29.3	137.2	39.1	152.6
Shipments – wholesale lumber (MMfbm) <sup>(4)</sup>	0.0	0.0	0	1.1	4.1
Electricity production (GWh)	54.2	25.9	174.1	43.5	177.6
Average exchange rate – \$/US\$ <sup>(5)</sup>	0.715	0.733	0.730	0.734	0.741
Average WSPF 2x4 #2 & Btr lumber price (US\$) <sup>(6)</sup>	\$435	\$366	\$408	\$402	\$391
Average WSPF 2x4 #2 & Btr lumber price (\$) <sup>(6)</sup>	\$609	\$449	\$559	\$547	\$528

(1) Reflects results of continuing operations.

(2) Conifex's EBITDA calculation represents earnings before finance costs, taxes, depreciation and amortization.

(3) MMfbm represents million board feet.

(4) Bank of Canada, www.bankofcanada.ca.

(5) Random Lengths Publications Inc.

(6) Average SPF 2x4 #2 & Btr lumber prices (US\$) divided by average exchange rate.

## Summary of 2024 Results

### Consolidated Net Earnings

We incurred a net loss of \$29.8 million or \$0.73 per share in 2024. Net loss was \$30.6 million or \$0.77 per share in 2023.

### Lumber Operations

Our lumber production was 134.8 million board feet in 2024 reflecting an annualized operating rate of 56%. Lumber production was impacted by a reduction in our operating schedule to a one-shift basis for an eighteen-week period beginning in late August to address unsustainable lumber inventory levels combined with logistical problems related to moving our dressed inventory out for sale. In addition, a month long curtailment of the Mackenzie Mill between mid-June to mid-July, was necessitated by ongoing weak lumber prices on softer lumber market demand and changing government regulations and shifting political climates. Lumber production in 2023 was 155.8 million board feet, reflecting an annualized operating rate of 65%. Similarly to 2024, the 2023 fiscal year's production was materially impacted by curtailments driven by reduced demand for lumber products and managing working capital requirements.

Shipments of Conifex produced lumber totaled 137.2 million board feet in 2024. Shipments of Conifex produced lumber decreased by 10% from 2023 as a result of lower production volume, primarily resulting from single shift operations in the latter half of the year. Our wholesale lumber program did not ship any volume in 2024, compared to 4.1 million board feet in 2023, as the wholesale program was suspended at the end of 2023.

Revenues from lumber products were \$93.5 million in 2024 and represented a decrease of 4% from 2023. Lower revenues were exclusively driven by lower shipments from lower lumber output, partially offset by higher mill net realizations resulting from modestly higher overall benchmark lumber prices in 2024.

The over-supply of lumber in 2023 persisted into 2024, with inflationary pressures causing a reduction in the level of new home construction. US housing starts on a seasonally adjusted annual basis declined, averaging 1.36 million starts in 2024,<sup>1</sup> down 4% from 1.41 million starts in 2023. The decreased overall lumber production capacity of Western Spruce/Pine/Fir ("**WSPF**") resulted in a 6% increase in the average Canadian dollar-denominated WSPF lumber price, from \$528 in 2023 to \$559 in 2024.

Cost of goods sold in 2024 was 14% lower than 2023 largely as a result of reduced production and shipment volumes. Overall production costs in 2024 were modestly lower than 2023 as lower stumpage rates resulted in a decreased log cost. Unit manufacturing costs were elevated by low operating rates and disruptions from production curtailments which negatively impacted productivity and resulted in higher fixed cost per unit. We reduced the inventory valuation adjustment to nil at the end of 2024 as higher benchmark lumber prices in the fourth quarter exceeded the cost of inventory. In 2023, an inventory valuation adjustment of \$1.3 million was recorded as lower benchmark lumber prices were offset by lower cost of inventory.

We expensed countervailing ("**CV**") and anti-dumping ("**AD**") duty deposits of \$4.4 million in 2024, an increase of 47% from 2023. The duty deposits were based on a combined rate of 8.99% until December 1, 2021, 17.91% until August 8, 2022, 8.59% until July 31, 2023, 8.05% until August 18<sup>th</sup>, 2024, 14.54% until September 23<sup>rd</sup>, 2024 and 14.4% thereafter.

The following table reconciles cash deposits paid during the year to the amount recognized in our statement of net income and comprehensive income.

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<sup>1</sup> Source: Forest Economic Advisors, LLC.

(in millions of dollars)	<b>Q4 2024</b>	<b>Q3 2024</b>	<b>2024</b>	<b>Q4 2023</b>	<b>2023</b>
<b>Softwood lumber duty impact</b>					
Cash deposits paid	1.7	1.3	5.6	1.1	4.7
Adjustment to final published rates	-	(1.1)	(1.2)	-	(1.7)
Softwood lumber duties, net	1.7	0.2	4.4	1.1	3.0

Cash deposits paid during 2024 increased compared to the previous year due to the effect of materially higher cash deposit rates in effect during the final four and a half months of 2024, partially offset by lower shipment volumes.

Since the commencement of the imposition of CV and AD duty deposits, we have recognized an aggregate net recovery of \$11.0 million, including the prescribed interest rates to the overpayments, pertaining to the difference between the cash deposit rates in effect at the time of applicable shipments made to the US market and the final published rates for such shipments. This net duty recoverable has been included as a long-term asset on our balance sheet.

Cumulative duties of US\$39.0 million paid by Conifex net of sales since inception of the current trade dispute remain held in trust by the US pending the conclusion of all appeals of US decisions. In 2019, we sold our right to refunds of cumulative duties to June 30, 2019 of US\$32.7 million for proceeds of US\$13.9 million. We have recorded the duty deposits as an expense, except for US\$8.3 million, which are recorded as a long-term receivable.

### ***Bioenergy Operations***

Our Power Plant sold 174.1 GWh of electricity under our EPA with BC Hydro in 2024, representing approximately 78% of targeted operating rates. In 2023, our Power Plant sold 177.6 GWh of electricity, representing approximately 80% of targeted operating rates. The modest decrease in 2024 production was driven by slightly less operating days.

Electricity production contributed revenues of \$23.7 million in 2024, a decrease of \$0.4 million, or 2% over 2023. Total revenue for 2023 was \$24.1 million.

### ***Selling, General and Administrative Costs***

Selling, general and administrative ("**SG&A**") costs of \$7.2 million in 2024 reflected a decrease of 21% from \$9.1 million in 2023. The year-over-year decrease is primarily attributable to lower, variable compensation costs, including non-cash equity-based compensation, and the vesting of long-term incentive awards that were below the accrued amount.

### ***Finance Costs and Accretion***

Finance costs and accretion relate primarily to our term loan supporting our sawmill operations (the "**Pender Term Loan**") and the term loan supporting our bioenergy operations (the "**Power Term Loan**"). Finance costs and accretion of \$8.0 million in 2024 were 60% higher than finance costs of \$5.0 million in 2023, primarily a result of additional costs related to the Pender Term Loan taken on in 2025 combined with the retirement of the WF Facility on the lumber segment.

### ***Gain or Loss on Derivative Financial Instruments***

From time to time, we may enter into lumber future contracts to manage our commodity lumber price exposures. We do not use derivatives for trading or speculative purposes. Gains or losses on lumber derivative instruments are recognized as they are settled or as they are marked to market for each reporting period.

During 2024, we did not enter into any lumber futures contracts.

We had no outstanding futures contracts in place as at December 31, 2024.

### ***Other Income***

We recognized other income of \$3.1 million in 2024 for insurance proceeds from the loss of our Osilinka logging camp. We recognized other income of \$2.1 million in 2023 from our business interruption insurance claims related to the Power Plant.

### ***Foreign Exchange Translation Gain or Loss***

Foreign exchange translation gain or loss on our statement of net income results from the revaluation of US dollar-denominated cash and working capital balances to reflect the change in the value of the Canadian dollar relative to the value of the US dollar. US dollar-denominated monetary assets and liabilities are translated using the period end rate.

The US dollar averaged US\$0.730 for each Canadian dollar during 2024, a level which represented a weakening of the Canadian dollar over the previous year.<sup>2</sup>

The foreign exchange translation impacts arising from the variability in exchange rates at each measurement period on cash, duties on deposit, and working capital balances resulted in a foreign exchange translation gain of \$1.2 million in 2024, compared to a foreign exchange loss of \$0.5 million in 2023.

### ***Income Tax***

We recorded income tax recovery in 2024 of \$3.0 million, compared to income tax recovery of \$11.9 million in 2023. Our effective tax rate was 27% in the current year and 27% in 2023. See note 20 of our consolidated financial statements for the years ended December 31, 2024 and 2023 for a reconciliation of income taxes calculated at the statutory rate to the income tax expense.

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities on our balance sheet and the amounts used for income tax purposes. As at December 31, 2024, we have recognized a deferred income tax liability of nil and a deferred tax asset of \$6.0 million.

## **Summary of Fourth Quarter 2024 Results**

### ***Consolidated Net Earnings***

During the fourth quarter of 2024, we incurred a net loss from continuing operations of \$11.8 million or \$0.29 per share compared to a net loss of \$3.8 million or \$0.09 per share in the previous quarter and net loss of \$5.3 million or \$0.14 per share in the fourth quarter of 2023. The net loss in the fourth quarter of 2024 was primarily the result of the lower lumber shipments and higher manufacturing unit costs from single shift operations, combined with a \$3.8 million non-cash revaluation to reflect the reduced AAC of our joint venture's forest licence and an adjustment to prior quarters tax entries.

### ***Lumber Operations***

We produced 24.8 million board feet of lumber in the fourth quarter of 2024, representing approximately 41% of capacity on an annualized basis. Lumber production was negatively affected by running a single shift configuration for the entirety of the quarter, as well as a one week curtailment over the holiday season. In the previous quarter, lumber production totaled 31.5 million board feet. The previous quarter included a

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<sup>2</sup> Source: Bank of Canada, [www.bankofcanada.ca](http://www.bankofcanada.ca).

2 week curtailment combined with five weeks of single shift operations. Lumber production of 33.2 million board feet or approximately 55% of operating capacity in the fourth quarter of 2023 was impacted by two-week curtailment of the Mackenzie Mill and lower operating rates.

Shipments of Conifex produced lumber totaled 24.8 million board feet in the fourth quarter of 2024, representing a decrease of 15% from the 29.3 million board feet of lumber shipped in the previous quarter. Shipments in the fourth quarter of 2023 totalled 39.1 million board feet. Lumber shipments were constrained by lower lumber production from the single shift operations of our Mackenzie Mill during the quarter. Our wholesale lumber program was suspended at the end of 2023.

Revenues from lumber products were \$21.2 million in the fourth quarter of 2024 representing an increase of 11% from the previous quarter and a 15% decrease from the fourth quarter of 2023. Compared to the previous quarter, increased revenues in the current quarter were driven by higher mill net realizations from improved print prices, specifically in wider dimension products. The revenue decrease in the current quarter over the same period in the prior year was driven by lower shipped volume, partially offset by higher sales realizations.

Cost of goods sold in the fourth quarter of 2024 remained flat relative to the previous quarter. Unit log costs decreased enough to offset the increase in manufacturing costs from single shift configuration, partially aided by an unwinding of inventory writedowns from the third quarter of approximately \$0.7 million. Cost of goods sold materially decreased in comparison to the fourth quarter of 2023, where production and shipment volumes were both considerably higher. In addition, the fourth quarter of 2023 had an increase in provision for inventory writedowns of \$0.3 million.

Our investment in capital expenditures related to our lumber operations in the fourth quarter of 2024 was \$0.2 million compared to \$0.5 million in the third quarter of 2024 and \$0.4 million in the fourth quarter of 2023.

We expensed CV and AD duty deposits of \$1.7 million in the fourth quarter of 2024, \$0.2 million in the previous quarter and \$1.1 million in the fourth quarter of 2023. In August, the duty rate increased from a combined rate of 8.05% to a combined rate of 14.4%. Export taxes during the fourth quarter of 2024 were much higher than the previous quarter due to the compounding impact of higher duty rates and higher lumber prices. The previous quarter also had a reversal of a portion of the duty expense related to the final rates associated with the fifth administrative review and the interest accrued on the overpayments as was done in the same quarter of the previous year. In total we have deposited US\$39.0 million net of duty sales.

The following table reconciles cash deposits paid during the period to the amount recognized in our statement of net income and comprehensive income.

(in millions of dollars)	<b>Q4 2024</b>	<b>Q3 2024</b>	<b>Q4 2023</b>
<b>Softwood lumber duty impact</b>			
Cash deposits paid	1.7	1.3	1.1
Adjustment to final published rates	-	(1.1)	-
Softwood lumber duties, net	1.7	0.2	1.1

### **Bioenergy Operations**

Our Power Plant sold 54.2 GWh of electricity in the fourth quarter of 2024 compared to 25.9 GWh in the previous quarter. The increase quarter over quarter reflects increased operating days in the fourth quarter due to an operational curtailment in the third quarter. Electricity production in the fourth quarter of 2023 was comparable at 52.2 GWh.

Electricity production contributed revenues of \$7.6 million in the fourth quarter of 2024, an increase of 138% from the previous quarter and flat from the fourth quarter of 2023. The increase from the previous quarter

is due to a combination of significantly more operating days and increased contractual pricing due to the time of delivery factor in the colder quarters.

### ***Selling, General and Administrative Costs***

SG&A costs were relatively flat between the fourth quarter and third quarter of 2024 and increased between the fourth quarter of 2024 and the fourth quarter of 2023. SG&A costs were \$1.4 million in the fourth quarter of 2024, \$1.3 million in the previous quarter and \$0.6 million in the fourth quarter of 2023. The increase in SG&A costs relative to the fourth quarter of 2023 was largely due to the re-valuation of long-term incentives.

### ***Finance Costs and Accretion***

Finance costs and accretion totaled \$1.9 million in the fourth quarter of 2024, \$1.8 million in the previous quarter and \$1.3 million in the fourth quarter of 2023. Finance costs in the current quarter were higher than the fourth quarter of 2023 due to the introduction of the Pender Term Loan.

### ***Other Income***

We recognized minimal other income in the third and fourth quarters of 2024 and \$2.2 million in the fourth quarter of 2023. Other income in the fourth quarter of 2023 primarily consisted of our business interruption insurance claims related to the Power Plant.

### ***Foreign Exchange Translation Gain or Loss***

The foreign exchange translation gain or loss recorded for each period on our statement of net income results from the revaluation of US dollar-denominated cash and working capital balances to reflect the change in the value of the Canadian dollar relative to the value of the US dollar. US dollar-denominated monetary assets and liabilities are translated using the period end rate.

The US dollar averaged US\$0.715 for each Canadian dollar during the fourth quarter of 2024, a level which represented a weakening of the Canadian dollar over the previous quarter and the fourth quarter of 2023 (US\$0.733 and US\$0.734 respectively).<sup>3</sup>

The foreign exchange translation impacts arising from the variability in exchange rates at each measurement period on cash and working capital balances resulted in a foreign exchange translation gain of \$1.0 million in the fourth quarter of 2024, compared to a \$0.2 million loss on foreign exchange translation in the previous quarter and a loss of \$0.3 million in the fourth quarter of 2023.

### ***Income Tax***

We recorded income tax expense of \$4.6 million in the fourth quarter of 2024, income tax recovery of \$4.3 million in the previous quarter and income tax recovery of \$2.5 million in the fourth quarter of 2023. The increased tax expense in the fourth quarter to the previous quarter was due to lower net income before tax offset by prior period adjustments. The increase in expense in the fourth quarter of 2024 relative to the fourth quarter of 2023, was lower net income before tax offset by an adjustment from the prior quarters.

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities on our balance sheet and the amounts used for income tax purposes. As at December 31, 2024, we have recognized deferred income tax assets of \$6.0 million, compared to \$10.5 million in the previous quarter and \$3.0 million in the fourth quarter of 2023. Our deferred income tax asset decreased

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<sup>3</sup> Source: Bank of Canada, [www.bankofcanada.ca](http://www.bankofcanada.ca).

relative to the previous quarter due to prior quarter adjustments and increased in comparison to the fourth quarter of 2023 due to the net losses before tax accumulated in 2024.

### **Financial Position and Liquidity**

Our principal uses of funds in the current year consisted of operating expenditures, capital expenditures, interest payments and repayment of principal on our Power Term Loan.

At December 31, 2024, we had available liquidity of \$3.6 million. This is an increase from our available liquidity of \$2.4 million as at September 30, 2024 and a decrease from our available liquidity of \$17.7 million as at December 31, 2023. The change in liquidity in the fourth quarter of 2024 compared to the third quarter of 2024 is due to decreased inventories. The change in liquidity in the fourth quarter of 2024 compared to the fourth quarter of 2023 is due to the addition of the Pender Term Loan offset by the retirement of the WF Facility.

Like other Canadian lumber producers, we were required to begin depositing cash on account of softwood lumber duties imposed by the US government in April 2017. Cumulative duties of US\$39.0 million paid by us, net of certain prior sales of such refunds, since the inception of the current softwood lumber trade dispute remain held in trust by the US pending administrative reviews and the conclusion of all appeals of US decisions. We expect future cash flows could be adversely impacted by the CV and AD duty deposits to the extent additional costs on US destined shipments are not mitigated by higher lumber prices.

While there are signs that the macro-environment for the lumber industry is starting to improve, Conifex continues to review its options to improve liquidity. In the event of a sustained market downturn, Conifex maintains flexibility to significantly reduce expenditures and working capital levels and to proactively adjust its lumber production to match demand. At present, we are working collaboratively with our existing lenders to fund our heightened operational working capital investments. We are also evaluating additional financing opportunities to help ensure that we retain sufficient liquidity to fund log and lumber inventories and receivables from the sale of lumber and residual chips, including obtaining additional debt facilities or the sale of assets, including duty deposits.

The Company endeavors to ensure that it has sufficient cash on demand to meet its obligations as they become due by preparing annual capital and administrative expenditure budgets, which are regularly monitored and updated as considered necessary. The Company monitors its risk of shortage of funds by monitoring the maturity dates of existing trade and other accounts payable as well as its credit facilities. The Company's trade and other accounts payable are subject to normal trade terms.

We monitor our expected liquidity levels and compliance with debt covenants under our Power Term Loan and Pender Term Loan by regularly preparing rolling cash flow forecasts to help ensure sufficient resources are available to meet operational requirements, debt service commitments, and to sustain future business development. Our Power Term Loan also contains certain restrictions on the ability of our power subsidiaries to transfer funds outside of the power entities. We did not have any material commitments for capital expenditures at December 31, 2024. As at December 31, 2024, we had cash of \$3.6 million and had drawn \$25 million from the Pender Term Loan. After adjustments for working capital items, cash flow utilized from operations totalled \$6.6 million for the quarter ended December 31, 2024. Working capital as at December 31, 2024, was \$14.9 million as compared to \$15.6 million as at September 30, 2024, and \$24.3 million at December 31, 2023. The Company expects to be able to meet its obligations as they become due in the normal course of business for at least twelve months from December 31, 2024, however, there is a heightened uncertainty due to, among other things, uncertain market conditions including tariffs and rising softwood lumber duty rates.

In June 2024, we announced we had completed the Pender Term Loan, a \$25 million secured term loan with PenderFund Capital Management Ltd. ("**Pender**"), an independent investment firm located in Vancouver, British Columbia. A portion of the Pender Term Loan was utilized to repay and retire our prior secured revolving credit facility with Wells Fargo Capital Finance Corporation Canada (the "**WF Facility**")



in the amount of approximately \$11 million. The balance of the Pender Term Loan was used for working capital and general corporate purposes.

The Pender Term Loan has a term of 5 years, bears interest of 14% per annum and is substantially secured by Conifex's lumber segment assets. Conifex also agreed to issue 3.6 million common share purchase warrants (the "**Original Warrants**") to Pender having a 5 year term. Each Original Warrant was exercisable into one common share for \$0.75.

In January 2025, we amended the Pender Term Loan to increase the aggregate principal amount thereunder to up to \$41 million, of which \$5 million was available immediately, and the remaining \$11 million is subject to completion of financial diligence. The loan continues to have a term of 5 years from original issuance and is substantially on the same terms, including the same annual interest rate. The loan includes mandatory prepayment obligations in favour of Pender, including in the event of a major disposition by Conifex of certain of its assets. The loan was advanced in lieu of Conifex's consideration of a working capital facility to fund ongoing working capital requirements.

As partial consideration for the amendment, subject to stock exchange approval, Pender will receive up to 5,904,000 common share purchase warrants, with each warrant being exercisable into one common share for a period of five years on payment of \$0.50 per warrant. Concurrently, Pender agreed to cancel all of its existing 3,600,000 Original Warrants. As at the date hereof, a total of 4,320,000 warrants have been issued to Pender.

Pender has the right to appoint one director to the board of directors of Conifex on customary terms while the loan remains outstanding.

There can be no guarantee that the remaining \$11 million from the amended Pender Term Loan or any portion of it will be available to Conifex on the terms contemplated or at all.

## **Outlook**

Since January 6, 2025, we have been operating our sawmill complex on a two-shift basis and capturing the dual benefits of higher shipments and lower unit costs that a two-shift operation provides over a single-shift configuration. Benchmark Western Spruce-Pine-Fir prices have averaged US\$471 per thousand board feet so far in 2025, versus US\$435 in the fourth quarter of 2024. Benchmark lumber prices have increased \$52 or US\$36 per thousand board feet. This combination of higher lumber prices and increased shipments, coupled with lower per unit manufacturing costs, supports solid EBITDA generation in the first quarter of 2025, even after expensing duty deposits at a 14.4% rate.

Looking ahead to the second quarter of 2025, lumber futures prices for March, May and July 2025 suggest the benchmark SPF price will average approximately US\$550 per thousand board feet in the second quarter of 2025. This represents a price increase of US\$79 per thousand board feet over first quarter prices. If these higher second quarter prices hold and our "all-others" duty rates remain at 14.4%, we expect to record a sequential improvement in EBITDA in the second quarter. On the other hand, if the US administration imposes a 25% tariff on April 2, as it has threatened to do, we will be subject to a combined duty and tariff burden of 39.4%, in which case, we expect our second quarter EBITDA to be similar to our first quarter EBITDA, as the US\$79 of quarter over quarter price relief suggested by the increase in futures prices will be offset by a 25% increase in tariffs.

## **Conference Call**

We have scheduled a conference call on Thursday, March 13 at 8:00 AM Pacific time / 11:00 AM Eastern time to discuss the fourth quarter and 2024 financial and operating results. To participate in the call, please dial 416-340-9645 or toll free 1-800-806-5484 and entering participant passcode 1625539#. The call will also be available on instant replay upon request.

Our management's discussion and analysis and financial statements for the year ended December 31, 2024, are available under Conifex's profile on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca).

For further information, please contact:

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## **About Conifex Timber Inc.**

Conifex and its subsidiaries' primary business currently includes timber harvesting, reforestation, forest management, sawmilling logs into lumber and wood chips, and value added lumber finishing and distribution. Conifex's lumber products are sold in the United States, Canadian and Japanese markets. Conifex also produces bioenergy at its power generation facility at Mackenzie, BC.

### **Forward-Looking Statements**

Certain statements in this news release may constitute "forward-looking statements". Forward-looking statements are statements that address or discuss activities, events or developments that Conifex expects or anticipates may occur in the future. When used in this news release, words such as "estimates", "expects", "plans", "anticipates", "projects", "will", "believes", "intends" "should", "could", "may" and other similar terminology are intended to identify such forward-looking statements. Forward-looking statements reflect the current expectations and beliefs of Conifex's management. Because forward-looking statements involve known and unknown risks, uncertainties and other factors, actual results, performance or achievements of Conifex or the industry may be materially different from those implied by such forward-looking statements. Examples of such forward-looking information that may be contained in this news release include statements regarding: the realization of expected benefits of completed, current and any contemplated capital projects and the expected timing and budgets for such projects, including the build-out of any high-performance computing or data center operations; the growth and future prospects of our business; our expectations regarding our results of operations and performance; our planned operating format and expected operating rates; our perception of the industries or markets in which we operate and anticipated trends in such markets and in the countries in which we do business; our ability to supply our manufacturing operations with wood fibre and our expected cost for wood fibre; our expectation for market volatility associated with, among other things, the softwood lumber dispute with the United States of America; that we could be negatively impacted by tariffs, duties or other protective measures on our products, such as antidumping duties or countervailing duties on softwood lumber, or tariffs, duties or other protective measures on the Canadian economy in general; the expected rates of such antidumping duties, countervailing duties, tariffs, and other duties imposed by the US government; continued positive relations with Indigenous groups; the development of a longer-term capital plan and the expected benefits therefrom; demand and prices for our products; our ability to develop new revenue streams; the availability and use of credit facilities or proceeds therefrom; future capital expenditures; expectations regarding our liquidity levels; our expectation that we will be able to reach a new collective agreement with our unionized employees for our power generation plant; changes in stumpage fees and the uncertainty regarding future timber availability and costs resulting therefrom; and our expectations for U.S. dollar benchmark prices.

Material factors or assumptions that were applied in drawing a conclusion or making an estimate set out in the forward-looking statements may include, but are not limited to, our future debt levels; that we will complete our projects in the expected timeframes and as budgeted; that we will effectively market our products; that capital expenditure levels will be consistent with those estimated by our management; our ability to maintain required governmental and community approvals; the impact of changing government regulations and shifting political climates; that new home construction in the US will continue to see favourable demographics; that transportation services by third party providers will continue uninterrupted; our ability to ship our products in a timely manner; that there will be no additional unforeseen disruptions affecting the operation of our power generation plant and that we will be able to continue to deliver power therefrom; our ability to obtain financing on acceptable terms, or at all; that interest and foreign exchange rates will not vary materially from current levels; the general health of the capital markets and the lumber industry; and the general stability of the economic environments within the countries in which we operate or do business.

Forward-looking statements involve significant uncertainties, should not be read as a guarantee of future performance or results, and will not necessarily be an accurate indication of whether or not such results will be achieved. A number of factors could cause actual results to differ materially from the results discussed in the forward-looking statements, including, without limitation: those relating to potential disruptions to production and delivery, including as a result of equipment failures, labour issues, the complex integration of processes and equipment and other similar factors; labour relations; failure to meet regulatory requirements; changes in the market; potential downturns in economic conditions; fluctuations in the price and supply of required materials, including log costs; fluctuations in the market price for products sold; foreign exchange fluctuations; trade restrictions or import duties imposed by foreign governments; availability of financing (as necessary); and other risk factors detailed in our filings with the Canadian Securities Regulatory Authorities available on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca). These risks, as well as others, could cause actual results and events to vary significantly. Accordingly, readers should exercise caution in relying upon forward-looking statements and Conifex undertakes no obligation to publicly revise them to reflect subsequent events or circumstances, except as required by law.