



CONIFEX TIMBER INC.

NEWS RELEASE: via MARKETWIRE

FOR IMMEDIATE RELEASE

Conifex Announces First Quarter 2026 Results

May 15, 2026, Vancouver, B.C. - Conifex Timber Inc. (“Conifex”, “we” or “us”) (TSX: CFF) today reported results for the first quarter ended March 31, 2026. EBITDA* was negative \$7.7 million for the quarter compared to EBITDA of negative \$12.6 million in the fourth quarter of 2025 and positive EBITDA of \$4.9 million in the first quarter of 2025. Net loss was \$9.4 million or (\$0.23) per share for the quarter versus a net loss of \$11.4 million or (\$0.28) per share in the previous quarter and net income of \$0.6 million or \$0.02 per share in the first quarter of 2025.

Selected Financial Highlights

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

Selected Financial Information

(unaudited, in millions of dollars, except share and exchange rate information)

	Q1 2026	Q4 2025	Q1 2025
Sales			
Lumber – Conifex produced	15.0	15.8	31.3
By-products and other	1.7	1.7	6.3
Bioenergy	5.2	8.6	7.0
	21.8	26.1	44.6
Operating income (loss)	(9.8)	(15.9)	2.3
EBITDA ⁽¹⁾	(7.7)	(12.6)	4.9
Net income (loss)	(9.4)	(11.4)	0.6
Basic earnings (loss) per share	(0.23)	(0.28)	0.02
Diluted earnings (loss) per share	(0.23)	(0.28)	0.01
Shares outstanding – weighted average (millions)	40.8	40.8	40.7
Diluted Shares (millions)	40.8	40.8	45.0

Reconciliation of EBITDA to net income (loss)

Net income (loss)	(9.4)	(11.4)	0.6
Add: Finance costs	2.8	3.6	2.3
Amortization	2.1	3.0	2.8
Deferred income tax expense (recovery)	(3.2)	(7.8)	(0.7)
EBITDA⁽¹⁾	(7.7)	(12.6)	4.9

* In this release, reference is made to "EBITDA". EBITDA 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 not a generally accepted earnings measure under IFRS and does not have a standardized meaning prescribed by IFRS, it may not be comparable to EBITDA calculated by other companies. In addition, EBITDA is not a substitute for net earnings or cash flow, as determined in accordance with IFRS, and therefore readers should consider those measures in evaluating our performance.

Selected Operating Information

	Q1 2026	Q4 2025	Q1 2025
Production – WSPF lumber (MMfbm) ⁽²⁾	21.7	27.8	46.3
Shipments – WSPF lumber (MMfbm) ⁽²⁾	21.5	24.2	38.0
Electricity production (GWh)	36.7	55.3	47.6
Average exchange rate – \$/US\$ ⁽³⁾	0.729	0.717	0.697
Average WSPF 2x4 #2 & Btr lumber price (US\$) ⁽⁴⁾	\$463	\$422	\$492
Average WSPF 2x4 #2 & Btr lumber price (CDN\$) ⁽⁵⁾	\$635	\$589	\$706

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

(2) MMfbm represents million board feet.

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

(4) Random Lengths Publications Inc.

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

Recent Developments

Softwood Lumber Guarantee Program Term Loan

In March 2026, Conifex's wholly-owned subsidiary, Conifex Mackenzie Forest Products Inc., entered into a \$19 million secured term loan with the Business Development Bank of Canada ("BDC") under the Softwood Lumber Guarantee Program (the "BDC Loan"). The BDC Loan matures on July 15, 2033 and is interest-only until August 2028, with interest accruing at BDC's floating base rate less 0.60%. Proceeds from the BDC Loan will be used to support working capital and operations.

Sawmill and Power Plant Operating Configuration

In early February 2026, Conifex resumed sawmill operations at the Mackenzie Mill (the "Mackenzie Mill") under a two-shift configuration following an extended period of single-shift operation. Subsequent to the quarter-end, Conifex announced that it would temporarily curtail sawmill operations at the Mackenzie Mill for an approximately seven-week period commencing May 19, 2026, with a target restart in July 2026. The curtailment is in response to challenging market conditions and is intended to manage inventory levels and preserve liquidity. The Power Plant continued to operate on its normal schedule.

Countervailing and Anti-dumping duties

On April 9, 2026, the U.S. Department of Commerce released preliminary results for the seventh administrative review of the Softwood Lumber Anti-Dumping and Countervailing Duty Orders. The preliminary rates applicable to the Company are 10.66% for antidumping (AD) and 14.17% for countervailing duties (CV), a movement from the prevailing rates of 20.53% (AD) and 14.63% (CV). The preliminary rates remain subject to adjustment ahead of the final determination, which is expected in the fourth quarter of 2026. Should the final rates mirror the preliminary determination, we will recognize a non-cash export expense of US\$5.7 million (C\$7.82 million), together with accrued interest of approximately US\$0.77 million (C\$1.05 million), upon publication.

Summary of First Quarter 2026 Results

Consolidated Net Earnings

During the first quarter of 2026, we incurred a net loss of \$9.4 million or \$0.23 per share compared to a net loss of \$11.4 million or \$0.28 per share in the previous quarter, and net income of \$0.6 million or \$0.02 per share in the first quarter of 2025.

Our lumber production in the first quarter of 2026 totalled approximately 21.7 million board feet, representing operating rates of approximately 36% of annualized capacity. First quarter production was impacted by the end of the production curtailment in mid-February 2026 resulting in fewer operating days despite operating on a two-shift configuration following the resumption of two-shift operations.

Our first quarter production represented a decrease of 22% from the 27.8 million board feet produced in the previous quarter, and a decrease of 53% from the 46.3 million board feet produced in the first quarter of 2025. The decrease relative to both comparative periods was driven by a reduction in operating days in the current quarter resulting from the period of single-shift operations prior to the mid-February 2026 transition.

Shipments of Conifex-produced lumber totaled 21.5 million board feet in the first quarter of 2026, compared to 24.2 million board feet shipped in the previous quarter, and 38.0 million board feet shipped in the first quarter of 2025. The decrease in the current quarter relative to the two comparative quarters is a result of lower operating days.

Revenues from lumber products were \$15.0 million in the first quarter of 2026, representing a decrease of 5% from the previous quarter and a decrease of 52% from the first quarter of 2025. The decrease from the previous quarter was related to lower operating days resulting in fewer shipments, partially offset by higher sales realizations from a modest increase in commodity pricing. The decrease from the same quarter of the previous year was related to lower operating days resulting in fewer shipments, combined with lower sales realizations from a combination of lower commodity pricing and higher duty and tariff rates.

Cost of goods sold in the first quarter of 2026 declined relative to both the fourth quarter of 2025 and the first quarter of 2025, primarily due to lower production volumes from lower operating days. The first quarter of 2026 saw a decline in unit costs, both in log costs and cash conversion costs, relative to the fourth quarter of 2025 primarily due to the resumption of a two-shift configuration, but saw an increase in both cost metrics relative to the first quarter of 2025 due to the material reduction in operating days.

We expensed countervailing ("CV") and anti-dumping ("AD") duty deposits of \$3.0 million in the first quarter of 2026, compared to \$6.0 million in the previous quarter and \$2.8 million in the first quarter of 2025. The decline in duty rates relative to the previous quarter was related to a \$3.2 million non-cash adjustment in the previous quarter for the AR6 finalization. Cumulative duty deposits paid by us, net of certain prior sales of such deposits, since the inception of the current softwood lumber trade dispute total US\$46.0 million.

Bioenergy Operations

Our Power Plant sold 36.7 GWh of electricity under our EPA with BC Hydro in the first quarter of 2026, representing approximately 66% of targeted operating rates. Our Power Plant sold 55.3 GWh in the fourth quarter of 2025 and 47.6 GWh of electricity in the first quarter of 2025. The lower production in the first quarter of 2026 relative to both comparative periods was primarily attributable to an operational upset in early January which resulted in an unplanned outage of approximately 30 days, resulting in lower operating days and corresponding power generation.

Electricity production contributed revenues of \$5.2 million in the first quarter of 2026, \$8.6 million in the previous quarter, and \$7.0 million in the first quarter of 2025. The reduced production in the current quarter was the primary driver of lower revenues compared to both comparative periods.

Selling, General and Administrative Costs

Selling, general and administrative ("**SG&A**") costs were lower in the first quarter of 2026 compared to both comparative quarters. SG&A costs were \$1.1 million in the first quarter of 2026, \$1.4 million in the previous quarter and \$1.4 million in the first quarter of 2025. The decrease in the current quarter relative to both comparative periods was primarily related to lower compensation costs and lower professional fees.

Finance Costs and Accretion

Finance costs and accretion totaled \$2.8 million in the first quarter of 2026, \$3.6 million in the previous quarter and \$2.3 million in the first quarter of 2025. The increase in finance costs in the current quarter relative to the first quarter of 2025 primarily reflects higher overall debt levels driven by additional draws on the Pender Term Loan during 2025 and the BDC Loan drawn in the current quarter.

Gain or Loss on Derivative Financial Instruments

From time to time, we may enter into lumber future contracts to manage our commodity lumber price or foreign exchange exposures. Gains or losses on derivative instruments are recognized as they are settled or as they are marked to market for each reporting period.

There were no outstanding futures contracts in place as at March 31, 2026.

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\$0.729 for each Canadian dollar during the first quarter of 2026, a level which represented a strengthening of the Canadian dollar over the previous quarter¹.

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 approximately nil in the first quarter of 2026, compared to a foreign exchange translation loss of \$0.2 million in the previous quarter and a loss of \$0.2 million in the first quarter of 2025.

Income Tax

We recorded an income tax recovery of \$3.2 million in the first quarter of 2026, an income tax recovery of \$7.8 million in the previous quarter, and an income tax recovery of \$0.7 million in the first quarter of 2025. The decrease in income tax recovery relative to the previous quarter relates to lower operating losses and year-end tax reconciliation. The change from the first quarter of 2025 reflects the swing from operating income to operating loss.

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 March 31, 2026, we have recognized deferred income tax assets of \$24.5 million, compared to \$21.3 million in the previous quarter and \$6.7 million in the first quarter of 2025.

Financial Position and Liquidity

Overall debt was approximately \$102.6 million at March 31, 2026, compared to approximately \$87.7 million at December 31, 2025, and approximately \$84.2 million at March 31, 2025. The increase in debt between the first quarter of 2026 and the fourth quarter of 2025 was primarily driven by the \$19.0 million BDC Loan drawn in the current quarter, partially offset by scheduled principal repayments on the Pender Term Loan and the Power Term Loan. At March 31, 2026, we had \$46.6 million outstanding on the Power Term Loan, \$34.6 million outstanding on the Pender Term Loan, and \$19.0 million outstanding under the BDC Loan.

¹ Source: Bank of Canada, www.bankofcanada.ca

At March 31, 2026, we had available liquidity of \$3.6 million, comprised of unrestricted cash. This is a decrease from our available liquidity of \$4.4 million as at December 31, 2025 and a decrease from our available liquidity of \$4.2 million as at March 31, 2025.

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\$46.0 million paid by us, net of certain prior sales of such deposits, 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.

The Company recognizes there is material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern but has concluded it is appropriate to prepare the consolidated financial statements on a going concern basis, which contemplates the realization of assets and settlement of liabilities in the ordinary course of business.

During the current year, Conifex's financial results have been adversely impacted by duty and tariff increases imposed by the United States of America on softwood lumber imports. The uncertainty and impact of duties and tariffs related to generating positive cash flows from operations are unknown and indeterminable at this time. This has resulted in higher costs and reduced margins, creating uncertainty regarding future operating cash flows and profitability. After adjustments for working capital items, net cash outflow from operations was \$14.1 million for the three months ended March 31, 2026. Conifex funded duty deposits of \$3.0 million over the three-month period. Net working capital at March 31, 2026 was \$4.8 million as compared to negative \$1.0 million as at December 31, 2025.

Conifex continues to work collaboratively with its lenders to provide additional accommodations under its existing facilities, including amending payment terms and amortization periods. Conifex is also working with the Government of Canada to obtain financing under the Large Enterprise Tariff Loan (LETL) program, the creation of which was announced by the Government of Canada on March 21, 2025. Management has implemented cost saving measures and is deferring non-essential capital expenditures, and will continue to evaluate the implementation of such measures on an ongoing basis.

Conifex's ability to continue as a going concern is dependent on its ability to realize positive cash flows from operations, as well as its ability to obtain additional financing from lenders, amend its debt repayment terms and timing, and obtain covenant waivers. The outcome of the foregoing, as well as ongoing trade negotiations and tariff policies, remains uncertain, and our ability to generate positive cash flows from operations is dependent on market prices for lumber, demand for Conifex's products and/or increases in productivity resulting in higher volumes produced and lower costs, none of which can be assured.

Outlook

Market conditions for Canadian softwood lumber producers are expected to remain challenging through the remainder of 2026, shaped by a combination of macroeconomic uncertainty, evolving U.S. housing demand, and ongoing trade dynamics. While interest rates in both Canada and the United States have begun to stabilize, affordability pressures continue to weigh on new residential construction activity. It is anticipated that a gradual improvement in U.S. housing starts over the medium term will occur, supported by structural undersupply and aging housing stock, but near-term demand is expected to remain uneven.

Lumber pricing has shown modest improvement from the lows experienced in late 2025, although volatility is likely to persist as supply adjusts to market conditions. Several producers have announced curtailments or reduced operating schedules, and further supply rationalization may be required to balance markets if demand recovery is slower than anticipated.

Trade uncertainty remains a significant factor for Canadian producers. In April 2026, the U.S. Department of Commerce ("USDOC") released preliminary results for the seventh administrative review of the Softwood Lumber Anti-Dumping and Countervailing Duty Orders. These preliminary rates, which remain subject to

change until final determinations are issued later in the year, may influence cash flows and working capital requirements depending on the final outcomes. The Company continues to monitor the review process closely and will record any financial impacts when they become final.

Despite near-term headwinds, the Company believes the long-term fundamentals for lumber remain constructive. Population growth, household formation, and the increasing use of wood in mid-rise and mass-timber construction support a favourable demand outlook. The Company remains focused on operational efficiency, disciplined capital allocation, and cost management to navigate current market conditions while positioning for potential improved pricing and demand.

Conference Call

We have scheduled a conference call on Friday, May 15, 2026, at 9:00 AM Pacific time / 12:00 PM Eastern time to discuss the first quarter 2026 financial and operating results. To participate in the call, please dial toll free 1-877-883-0383 and enter the participant Access ID: 7015878.

A transcript will be available upon request at investorrelations@conifex.com.

Our management's discussion and analysis and financial statements for the quarter ended March 31, 2026, are available under our profile on SEDAR+.

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, B.C.

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 availability and use of credit facilities or proceeds therefrom; our level of liquidity and our ability to service our debt; 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, including anticipated trends in the U.S. housing market; our ability to supply our manufacturing operations with wood fibre and our expected cost of wood fibre; our expectation for market volatility associated with, among other things, the softwood lumber dispute with the U.S.; potential negative impacts of 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 U.S. government, and any accounting entries required in respect thereof; the outcome and/or effects of the U.S. government's investigation into the national security implications of importing timber, lumber, and related products; 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 outcome of any actual or potential litigation; future capital expenditures; changes in stumpage fees and the uncertainty regarding future timber

availability and costs resulting therefrom; and our expectations regarding interest rates and 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 obtain and maintain required governmental and community approvals; the impact of changing government regulations and shifting political climates; that current demand for lumber will continue to be in balance with supply; 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 unforeseen disruptions affecting the operation of our Mackenzie power 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, tariffs or other protective measures imposed by foreign governments; availability of financing (as necessary); and other risk factors detailed in our 2025 annual information form dated March 31, 2026 and our 2025 annual MD&A dated March 21, 2026 available under Conifex's profile on SEDAR+ at www.sedarplus.ca and other filings with the Canadian securities regulatory authorities. 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 does not undertake any obligation to publicly revise them to reflect subsequent events or circumstances, except as required by applicable securities laws.