CONIFEX

CONIFEX TIMBER INC.

NEWS RELEASE: via MARKETWIRE FOR IMMEDIATE RELEASE

Conifex Announces Second Quarter 2026 Results

August 14, 2026, Vancouver, B.C. - Conifex Timber Inc. ("Conifex", "we" or "us") (TSX: CFF) today reported results for the second quarter ended June 30, 2026. EBITDA* was negative $6.3 million for the quarter compared to EBITDA of negative $7.7 million in the first quarter of 2026 and negative EBITDA of $3.2 million in the second quarter of 2025. Net loss was $9.5 million or ($0.23) per share for the quarter versus a net loss of $9.4 million or ($0.23) per share in the previous quarter and a net loss of $8.3 million or ($0.20) per share in the second 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 Mill (as defined herein) and 36-megawatt biomass power generation plant in Mackenzie, British Columbia (the "Power Plant").

Selected Financial Information

(unaudited, in millions of dollars, except share and exchange rate information)	Q2 2026	Q1 2026	Q2 2025
Sales			
Lumber – Conifex produced	19.0	14.9	27.4
By-products and other	1.2	1.7	2.9
Bioenergy	2.8	5.2	3.6
	23.0	21.8	33.9
Operating income (loss)	(7.8)	(9.8)	(4.5)
EBITDA[1]	(6.3)	(7.7)	(3.2)
Net income (loss)	**(9.5)**	**(9.4)**	**(8.3)**
Basic earnings (loss) per share	**(0.23)**	**(0.23)**	**(0.20)**
Diluted earnings (loss) per share	**(0.23)**	**(0.23)**	**(0.20)**
Shares outstanding – weighted average (millions)	40.8	40.8	40.8
Diluted Shares (millions)	40.8	40.8	40.8
Reconciliation of EBITDA to net income (loss)			
Net income (loss)	(9.5)	(9.4)	(8.3)
Add: Finance costs	3.1	2.8	2.4
Amortization	1.5	2.0	1.9
Deferred income tax expense (recovery)	(1.4)	(3.2)	0.8
EBITDA[1]	(6.3)	(7.7)	(3.2)

* 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

	Q2 2026	Q1 2026	Q2 2025
Production – WSPF lumber (MMfbm)(2)	14.1	21.7	35.3
Shipments – WSPF lumber (MMfbm)(2)	23.6	21.5	38.9
Electricity production (GWh)	19.8	36.7	29.6
Average exchange rate – $/US$(3)	0.723	0.729	0.723
Average WSPF 2x4 #2 & Btr lumber price (US$)(4)	$488	$463	$471
Average WSPF 2x4 #2 & Btr lumber price (CDN$)(5)	$675	$635	$651

(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

Temporary Curtailment of Sawmill Operations

On May 1, 2026, Conifex announced a temporary curtailment of sawmill operations at the Mackenzie Mill (the "Mackenzie Mill") for an approximately seven-week period commencing May 19, 2026, driven by a shortage of available sawlogs during the seasonal spring breakup period. Subsequent to the quarter-end, the temporary curtailment has continued beyond the approximately seven-week period originally announced. Conifex continues to advance restart planning and expects to resume sawmill and Power Plant operations once the conditions necessary for a successful startup have been satisfied, including, among other things, Conifex's receipt of financing (the receipt and availability of which cannot be assured).

Power Plant Maintenance Shutdown

In May 2026, our Power Plant entered its scheduled annual maintenance shutdown. Maintenance activities remain ongoing in accordance with Conifex's maintenance plan. We anticipate resuming power generation concurrently with the restart of sawmill operations.

Countervailing and Anti-dumping duties

On April 9, 2026, the U.S. Department of Commerce ("USDOC") released its preliminary determination in the seventh administrative review ("AR7") of the Softwood Lumber Anti-Dumping and Countervailing Duty Orders, covering shipments made during 2024. The preliminary rates applicable to Conifex were 10.66% for antidumping ("AD") and 14.17% for countervailing duties ("CV"). On June 30, 2026, the USDOC released its post-preliminary analysis, which maintained the AD rate at 10.66% and increased the CV rate to 14.52%, for a combined rate of 25.18%, compared to the prevailing combined cash deposit rate of 35.16%. Because the AR7 rates exceed the rates at which deposits were made on 2024 shipments, should the final rates mirror the post-preliminary determination, we estimate that we would recognize a non-cash export duty expense of approximately US$6.7 million (C$9.4 million), together with accrued interest of approximately US$0.9 million (C$1.3 million), upon publication of the final results. The rates remain subject to adjustment ahead of the final USDOC determination, which is expected in the fourth quarter of 2026.

Bridge Financing

On July 9, 2026, Conifex received an advance in the amount of $0.4 million pursuant to its existing credit agreement with Pender Corporate Bond Fund ("Pender"). On July 17, 2026, Conifex and Pender executed a further advance pursuant to which Conifex received an additional $6.0 million (collectively, the "Bridge

Advances") under the existing credit agreement (the "Pender Term Loan") with Pender to fund budgeted expenses and accrued principal and interest payments owing under the Pender Term Loan. The Bridge Advances were provided to afford Conifex additional short-term liquidity while it continues to pursue certain government financing initiatives, the receipt and availability of which cannot be assured. The Bridge Advances are due and payable upon the earlier of (i) August 15, 2026 and (ii) the date of the first advance on account of certain government financing.

United States Tariffs

A 10% tariff imposed under Section 232 of the Trade Expansion Act of 1962 has applied to Canadian lumber exported to the US since October 2025, while USMCA-compliant products otherwise remain exempt from the general tariffs imposed on Canadian goods. On July 20, 2026, the US administration announced new tariffs of 50% on certain Canadian products imported into the US under Section 338 of the Tariff Act of 1930, effective August 19, 2026. Softwood lumber is not included among the products subject to these tariffs, and accordingly our shipments to the US are not directly affected. We continue to monitor developments relating to the scope and implementation of these tariffs, including any indirect effects on demand, supply chains or the broader trade environment, and any potential impacts on our business.

Summary of Second Quarter 2026 Results

Consolidated Net Earnings

During the second quarter of 2026, we incurred a net loss of $9.5 million or $0.23 per share compared to a net loss of $9.4 million or $0.23 per share in the previous quarter, and a net loss of $8.3 million or $0.20 per share in the second quarter of 2025.

Our lumber production in the second quarter of 2026 totalled approximately 14.1 million board feet, representing operating rates of approximately 23% of annualized capacity. Second quarter production was impacted by the temporary curtailment of our sawmill operations commencing in May 2026.

Our second quarter production represented a decrease of 35% from the 21.7 million board feet produced in the previous quarter, and a decrease of 60% from the 35.3 million board feet produced in the second quarter of 2025. The decrease relative to both comparative periods reflects the temporary curtailment of our sawmill operations commencing in May 2026.

Shipments of Conifex-produced lumber totalled 23.6 million board feet in the second quarter of 2026, representing an increase of 10% from the 21.5 million board feet shipped in the previous quarter, and a decrease of 39% from the 38.9 million board feet shipped in the second quarter of 2025. Shipments exceeded production in the quarter as we drew down finished lumber inventories, notwithstanding the curtailment of our sawmill operations. We continued to operate our planer mill for several weeks following the sawmill curtailment, processing accumulated rough inventory and extending our shipment capability into the curtailment period.

Revenues from lumber products were $19.0 million in the second quarter of 2026, representing an increase of 27% from the previous quarter and a decrease of 31% from the second quarter of 2025. The increase from the previous quarter was driven by higher shipment volumes and higher sales realizations on stronger benchmark prices. The decrease from the same quarter of the prior year reflects materially lower shipment volumes.

Cost of goods sold in the second quarter of 2026 decreased by approximately 10% from the previous quarter and by 26% from the second quarter of 2025, primarily due to materially lower production volumes during the curtailment. Cost of goods sold in the current quarter reflects the drawdown of lumber inventories, which released previously inventoried costs, partially offset by inventory valuation recoveries of approximately $3.0 million recognized as previously written-down inventory was sold. Unit log costs and cash conversion costs increased relative to the previous quarter, reflecting reduced operating days from the curtailment.

We expensed CV and AD duty deposits of $3.7 million in the second quarter of 2026, compared to $3.0 million in the previous quarter and $2.0 million in the second quarter of 2025. The increase relative to the previous quarter reflects higher shipment volumes into the US. Duty deposits in the current quarter were made at a combined deposit rate of 35.16%, with the 10% Section 232 tariff on lumber applying in addition. 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$49.4 million.

Bioenergy Operations

Our Power Plant sold 19.8 GWh of electricity under our electricity purchase agreement with the British Columbia Hydro and Power Authority in the second quarter of 2026, representing approximately 36% of targeted operating rates. Our Power Plant sold 36.7 GWh in the first quarter of 2026 and 29.6 GWh of electricity in the second quarter of 2025. The decrease from the first quarter of 2026 reflects our annual maintenance shutdown, as a result of which we idled the Power Plant for the final two months of the quarter, while the decrease from the second quarter of 2025 reflects an earlier shutdown start date in the current year, driven primarily by contractor availability.

Electricity production contributed revenues of $2.8 million in the second quarter of 2026, $5.2 million in the previous quarter, and $3.6 million in the second quarter of 2025. The reduced operating days in the current quarter were the primary driver of the lower revenues compared to both comparative periods.

Selling, General and Administrative Costs

Selling, general and administrative costs were $1.4 million in the second quarter of 2026, compared to $1.5 million in the previous quarter and $1.5 million in the second quarter of 2025, remaining relatively consistent across all comparative periods.

Finance Costs and Accretion

Finance costs and accretion totalled $3.1 million in the second quarter of 2026, $2.8 million in the previous quarter and $2.4 million in the second quarter of 2025. The increase in finance costs in the current quarter relative to both comparative periods primarily reflects a full quarter of interest on the $19 million secured term loan with the Business Development Bank of Canada (the “BDC Loan”) under the Softwood Lumber Guarantee Program drawn in March 2026, combined with higher overall debt levels.

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 June 30, 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$0.723 for each Canadian dollar during the second quarter of 2026, a level which represented a modest weakening of the Canadian dollar relative to the previous quarter[1].

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

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 loss of $0.1 million in the second quarter of 2026, compared to a foreign exchange translation gain of approximately nil in the previous quarter and a loss of $0.8 million in the second quarter of 2025.

Income Tax

We recorded an income tax recovery of $1.4 million in the second quarter of 2026, compared to an income tax recovery of $3.2 million in the previous quarter, and income tax expense of $0.8 million in the second quarter of 2025. The recovery in the current quarter reflects continued operating losses.

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 June 30, 2026, we have recognized deferred income tax assets of $25.9 million, compared to $24.5 million in the previous quarter and $5.9 million in the second quarter of 2025. Our deferred income tax asset increased relative to both comparative periods due to continued net losses in a challenging operating environment with elevated duties and tariffs.

Financial Position and Liquidity

Overall debt was approximately $101.8 million at June 30, 2026, compared to approximately $102.6 million at March 31, 2026, and approximately $81.6 million at June 30, 2025. The decrease in debt from the previous quarter was primarily driven by scheduled principal repayments on the term loan supporting our bioenergy operations (“Power Term Loan”) and the Pender Term Loan, combined with payments against leases. At June 30, 2026, we had $46.1 million outstanding on the Power Term Loan, $34.4 million outstanding on the Pender Term Loan, $19.0 million outstanding under the BDC Loan and $2.4 million in leases.

At June 30, 2026, we had available liquidity of $1.3 million, comprised of unrestricted cash. This is a decrease from our available liquidity of $3.6 million as at March 31, 2026 and a decrease from our available liquidity of $3.0 million as at June 30, 2025. The change in liquidity relative to the previous quarter primarily reflects debt service costs and reduced cash generation from the Power Plant during its outage, partially offset by cash generated from the drawdown of working capital.

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$49.4 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.

Conifex recognizes there is material uncertainty that may cast significant doubt on Conifex’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 inflow from operations was $3.6 million for the three months ended June 30, 2026. Conifex expensed duty deposits of $3.7 million over the three-month period. Net working capital at June 30, 2026 was negative $6.1 million as compared to $4.8 million as at March 31, 2026.

Conifex is working collaboratively with its lenders to provide additional accommodations under its existing facilities, including amending payment terms and amortization periods. Conifex is working with the Government of Canada financing programs and is in the advanced stages of the application process and anticipates finalizing the arrangement in the near term, although no assurance can be given that a financing will be completed on acceptable terms or at all.

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 US housing demand, and ongoing trade dynamics.

Lumber pricing has shown modest improvement through the first half of 2026, 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, with the final results of AR7 expected from the USDOC in the fourth quarter of 2026. Conifex continues to monitor the review process closely and will assess and record any financial impacts as they become determinable.

Despite near-term headwinds, Conifex believes the long-term fundamentals for lumber remain constructive. Conifex remains focused on operational efficiency, disciplined capital allocation, and cost management to navigate current market conditions while positioning for potential improved pricing and demand as broader economic conditions normalize.

Conference Call

We have scheduled a conference call on Friday, August 14, 2026, at 9:00 AM Pacific time / 12:00 PM Eastern time to discuss the second 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: 1677278.

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

Our management's discussion and analysis and financial statements for the quarter ended June 30, 2026, are available under our profile on SEDAR+.

For further information, please contact:

Trevor Pruden
Chief Financial Officer
(604) 216-2949

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, including whether financing will be obtained on acceptable terms or at all; short-term and longer-term cash sufficiency; 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; 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 potential for further escalating trade measures between Canada, the U.S. and other jurisdictions (including the applicability, timing and scope of any such measures); 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; our expectations regarding interest rates and U.S. dollar benchmark prices; and weather conditions, natural and manmade disasters and climate change. 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.