

**Canfor Corporation and Canfor Pulp Products Inc.
Quarter 1, 2024
Financial Performance Overview**



Presented by:

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Forward-Looking Statements



- The presentation and answers to questions today contain forward-looking statements which involve known and unknown risks, uncertainties and other factors that may cause actual results to be materially different from any future results, performance or achievements expressed or implied by such statements. Words such as “expects”, “anticipates”, “projects”, “intends”, “plans”, “will”, “believes”, “seeks”, “estimates”, “should”, “may”, “could”, and variations of such words and similar expressions are intended to identify such forward-looking statements. These statements are based on management’s current expectations and beliefs and actual events or results may differ materially. There are many factors that could cause such actual events or results expressed or implied by such forward-looking statements to differ materially from any future results expressed or implied by such statements. Forward-looking statements are based on current expectations and Canfor assumes no obligation to update such information to reflect later events or developments, except as required by law.
- Adjusted results referenced throughout the presentation are not generally accepted under IFRS and are defined as non-IFRS financial measures. Refer to the “Non-IFRS Financial Measures” section of Canfor Corporation’s and Canfor Pulp Products Inc.’s Management Discussion & Analysis for the quarter ended March 31, 2024, for further details.
- For further details on these factors and our assumptions and applicable risks and uncertainties, please refer to Canfor Corporation’s and Canfor Pulp Products Inc.’s Management Discussion & Analysis for the year ended December 31, 2023.

Canfor Corporation
Q1 2024 Review: Items Impacting Earnings Comparability



(millions of dollars, except for per share amounts)	Q1 2024		Q4 2023	
	\$	\$/Share	\$	\$/Share
Shareholder net loss, as reported	\$ (64.5)	\$ (0.54)	\$ (117.1)	\$ (0.98)
Non-operating items (after-tax, net of non-controlling interests)				
Foreign exchange (gain) loss on term debt	\$ 6.6	\$ 0.05	\$ (5.3)	\$ (0.04)
(Gain) loss on derivative financial instruments	\$ 5.8	\$ 0.05	\$ (4.8)	\$ (0.04)
Net impact of above items	\$ 12.4	\$ 0.10	\$ (10.1)	\$ (0.08)
Shareholder net loss, as adjusted	\$ (52.1)	\$ (0.44)	\$ (127.2)	\$ (1.06)

Canfor Corporation Sales and Operating Earnings Summary



(millions of dollars, unless otherwise noted)	Q1 2024	Q4 2023	Variance
Gross sales	\$ 1,382.7	\$ 1,282.9	\$ 99.8
Reported operating loss by segment:			
Lumber	\$ (57.1)	\$ (162.2)	\$ 105.1
Pulp and Paper	\$ (15.7)	\$ (15.1)	\$ (0.6)
Unallocated and Other	\$ (13.0)	\$ (14.0)	\$ 1.0
Total operating loss, as reported	\$ (85.8)	\$ (191.3)	\$ 105.5
Inventory write-down recovery	\$ (30.2)	\$ (41.1)	\$ 10.9
Total operating loss, as adjusted	\$ (116.0)	\$ (232.4)	\$ 116.4
Average exchange rate (US\$ per C\$1.00)	\$ 0.741	\$ 0.734	\$ 0.007
Average exchange rate (SEK per C\$1.00)	7.706	7.819	(0.113)
Reported operating income (loss) before amortization			
Lumber	\$ 31.0	\$ (76.9)	\$ 107.9
Pulp and Paper	\$ 1.2	\$ 1.1	\$ 0.1
Unallocated and Other	\$ (12.4)	\$ (13.3)	\$ 0.9
Total operating income (loss) before amortization, as reported	\$ 19.8	\$ (89.1)	\$ 108.9
Inventory write-down recovery	\$ (30.2)	\$ (41.1)	\$ 10.9
Total operating income (loss) before amortization, as adjusted	\$ (10.4)	\$ (130.2)	\$ 119.8

Canfor Corporation Countervailing and Anti-Dumping Duty Summary



(millions of dollars) Effective Duties by Quarter:	Q1 2024	Q4 2023	Variance
Cash deposits paid ¹	\$ 13.0	\$ 10.8	\$ (2.2)
Incremental duty expense attributable to current quarter ²	\$ 15.4	\$ 32.7	\$ 17.3
Duty expense, as reported³	\$ 28.4	\$ 43.5	\$ 15.1
Duty expense, net, attributable to prior periods ⁴	\$ -	\$ 48.8	\$ 48.8
Duty expense, net, as reported	\$ 28.4	\$ 92.3	\$ 63.9

¹ Combined CVD and ADD deposit rate of 6.61%

² Duty expense reflects the estimated ADD accrual rate of 15.00% for Q1 2024 and 35.00% for Q4 2023

³ Combined CVD and ADD accrual rate of 16.36% for Q1 2024 and 36.36% for Q4 2023

⁴ Q4 2023 duty expense reflects a 15.00% increase in the estimated ADD accrual rate applicable to Q1-Q3 2023 during the sixth period of administrative review (January to December 2023)

Preliminary results of the fifth period of review (“POR5”) (2022) announced by US Department of Commerce (“DOC”) in February 2024:

- Total cumulative cash deposits paid to March 31, 2024 of \$944.0 million
- CVD: deposit rate of 2.42% from January to July 2022 & 0.95% from August to December 2022; preliminary rate of 6.14%
- ADD: deposit rate of 17.12% from January to July 2022 & 4.92% from August to December 2022; accrued at estimated rate of 9.00%; preliminary rate of 9.65%
- Total estimated combined CVD and ADD expense of approximately \$58.8 million (US\$42.2 million) to be recognized upon finalization of rates (anticipated in Q3 2024)
- No cash duties to be refunded until litigation regarding the imposition of CVD and ADD has been settled

Canfor Corporation Lumber: Q1 2024 vs. Q4 2023



(millions of dollars, unless otherwise noted)	Q1 2024	Q4 2023	Variance
Sales	\$ 1,160.4	\$ 1,089.0	\$ 71.4
Operating income (loss) before amortization	\$ 31.0	\$ (76.9)	\$ 107.9
Operating loss, as reported	\$ (57.1)	\$ (162.2)	\$ 105.1
Inventory write-down recovery	\$ (30.2)	\$ (30.2)	\$ -
Operating loss, as adjusted	\$ (87.3)	\$ (192.4)	\$ 105.1
Average Western SPF 2x4 #2&Btr lumber price in CDN\$	\$ 602	\$ 545	\$ 57
Average SYP East 2x4 #2 lumber price in US\$	\$ 419	\$ 448	\$ (29)
Average SYP East 2x6 #2 lumber price in US\$	\$ 354	\$ 333	\$ 21
Production - Western SPF lumber (MMfbm)	506	503	3
Production - SYP lumber (MMfbm)	441	438	3
Production - EUR lumber (MMfbm)	350	324	26
Shipments - Canfor-produced Western SPF lumber (MMfbm)	544	510	34
Shipments - Canfor-produced SYP lumber (MMfbm)	431	434	(3)
Shipments - Canfor-produced EUR lumber (MMfbm)	396	389	7

Adjusted lumber segment operating loss of \$87 million, \$105 million favourable to Q4

- Sustained pressure on global lumber markets and pricing, especially for SYP
- Solid earnings from Europe; US South results directly impacted by weak SYP lumber pricing; Western Canadian results remained challenging despite uplift in Western SPF lumber pricing
- Continued execution of the Company's US South growth strategy with the announced agreement to acquire the El Dorado lumber manufacturing facility in Arkansas, as well as plans to optimize the Company's Alabama operational footprint
- **Western Canada:** Western SPF unit sales realizations primarily reflected a 12% uptick in the SPF 2x4 #2&Btr
- **US South:** SYP unit sales realizations largely in line with Q4 as the 6% increase in the SYP East 2x6 #2 was offset by a 6% decline in the SYP East 2x4 #2
- **Europe:** Moderately higher unit sales realizations reflecting improved UK and overall European pricing driven by reduced lumber supply in the region and increased activity in the do-it-yourself sector

Canfor Pulp Products Inc. Pulp: Q1 2024 vs. Q4 2023



(millions of dollars unless otherwise noted)	Q1 2024	Q4 2023	Variance
Gross Sales	\$ 222.3	\$ 193.9	\$ 28.4
Reported operating income (loss) by segment:			
Pulp	\$ (13.6)	\$ (16.0)	\$ 2.4
Paper	\$ 1.1	\$ 3.5	\$ (2.4)
Unallocated	\$ (3.2)	\$ (2.6)	\$ (0.6)
Total operating loss, as reported	\$ (15.7)	\$ (15.1)	\$ (0.6)
Inventory write-down recovery	\$ -	\$ (10.9)	\$ 10.9
Total operating loss, as adjusted	\$ (15.7)	\$ (26.0)	\$ 10.3
Reported operating income (loss) before amortization:			
Pulp	\$ 2.5	\$ (0.6)	\$ 3.1
Paper	\$ 1.9	\$ 4.3	\$ (2.4)
Unallocated	\$ (3.2)	\$ (2.6)	\$ (0.6)
Total operating income before amortization, as reported	\$ 1.2	\$ 1.1	\$ 0.1
Inventory write-down recovery	\$ -	\$ (10.9)	\$ 10.9
Total operating income before amortization, as adjusted	\$ 1.2	\$ (9.8)	\$ 11.0
Average NBSK pulp list price delivered to China - US\$	\$ 745	\$ 748	\$ (3)
Average NBSK pulp list price delivered to China - CDN\$	\$ 1,005	\$ 1,019	\$ (14)
Production - Pulp (000 mt)	158	148	10
Shipments - Pulp (000 mt)	159	136	23

Canfor Pulp adjusted operating loss of \$16 million, \$10 million favourable to Q4

- Global softwood pulp markets remained flat through most of Q1, principally tied to generally subdued demand; producer inventory levels remained within a balanced range
- Modestly higher NBSK unit sales realizations quarter-over-quarter principally tied to an uptick in US-dollar NBSK list prices to North America, combined with a favourable timing lag in shipments (versus orders)
- Pulp production increased 7% over Q4 reflecting solid productivity and reduced downtime in Q1, despite operational challenges from extreme winter weather conditions experienced in January