

Financial Performance Overview – Quarter 4, 2024



Canfor Corporation & Canfor Pulp Products Inc.

Presented by: Pat Elliott – CFO & Corporate Secretary

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 Accounting Standards and are defined as non-IFRS financial measures. Refer to the “Q4 overview, including adjusting and one-time items” and “Non-IFRS financial measures” sections of the Management Discussion & Analysis for Canfor Corporation, and the “Overview” and “Non-IFRS financial measures” sections for Canfor Pulp Products Inc., for the year ended December 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, 2024.

Canfor Corporation.

Q4 2024 Review: Items impacting earning comparability

Millions of dollars (except for per share amounts)	Q4 2024		Q3 2024	
	\$	\$/Share	\$	\$/Share
Shareholder net loss, as reported	\$ (63.3)	\$ (0.53)	\$ (350.1)	\$ (2.96)
Non-operating items (after-tax, net of non-controlling interests)				
Foreign exchange gain on long term debt	\$ (2.7)	\$ (0.02)	\$ (3.5)	\$ (0.03)
Foreign exchange loss on duty deposits loan	\$ 21.3	\$ 0.18	\$ -	\$ -
Loss on derivative financial instruments	\$ 4.8	\$ 0.04	\$ 0.2	\$ -
Asset write-downs and impairments	\$ -	\$ -	\$ 158.7	\$ 1.34
Net impact of above items	\$ 23.4	\$ 0.20	\$ 155.4	\$ 1.31
Shareholder net loss, as adjusted	\$ (39.9)	\$ (0.33)	\$ (194.7)	\$ (1.65)

Canfor Corporation.

Sales, operating & cash earnings summary: Q4 2024 vs. Q3 2024

Millions of dollars (unless otherwise noted)	Q4 2024	Q3 2024	Variance
Gross sales	\$ 1,285.7	\$ 1,202.9	\$ 82.8
Reported operating income (loss) by segment			
Lumber	\$ (36.6)	\$ (336.2)	\$ 299.6
Pulp and Paper	\$ 4.1	\$ (209.3)	\$ 213.4
Unallocated and Other	\$ (13.4)	\$ (14.2)	\$ 0.8
Total operating loss, as reported	\$ (45.9)	\$ (559.7)	\$ 513.8
Adjusting and one-time items¹			
Lumber	\$ (31.2)	\$ 207.7	\$ (238.9)
Pulp and Paper	\$ -	\$ 211.0	\$ (211.0)
Unallocated and Other	\$ 0.6	\$ 2.1	\$ (1.5)
Total operating loss, before adjusting and one-time items	\$ (76.5)	\$ (138.9)	\$ 62.4
Amortization	\$ 98.6	\$ 104.0	\$ (5.4)
Total operating income (loss), before amortization, adjusting and one-time items	\$ 22.1	\$ (34.9)	\$ 57.0

¹ Refer to the Appendix for a detailed list of adjusting and one-time items.

Canfor Corporation.

Countervailing & anti-dumping duty summary

Millions of dollars	Q4 2024	Q3 2024	Variance
Effective duties by quarter			
Cash deposits paid ¹	\$ 25.1	\$ 15.8	\$ (9.3)
Incremental duty expense attributable to current quarter ²	\$ 15.8	\$ 17.9	\$ 2.1
Duty expense, before prior period adjustments³	\$ 40.9	\$ 33.7	\$ (7.2)
Duty recovery related to prior quarter in POR7 ⁴	\$ (15.0)	\$ -	\$ 15.0
Duty expense related to finalization of POR5 rates ⁵	\$ -	\$ 67.2	\$ 67.2
Duty expense related to refined fair value measurement ⁶	\$ -	\$ 53.4	\$ 53.4
Duty expense, as reported	\$ 25.9	\$ 154.3	\$ 128.4

¹ Combined CVD and ADD deposit rate of 16.58%.

² Duty expense reflects the estimated ADD accrual rate of 22.00% in Q4 2024 and 25.00% in Q3 2024.

³ Combined CVD and ADD accrual rates 23.36% until July 2024 and 28.14% thereafter.

⁴ Duty recovery amount for the three months ended December 31, 2024 reflects a 3.00% decrease in the estimated ADD accrual rate applicable to the nine months ended September 30, 2024.

⁵ Q3 2024 duty expense of \$67.2 million reflected the finalized rates for the fifth period of administrative review (January to December 2022).

⁶ Q3 2024 duty expense related to the Company's refined estimate of the fair value measurement of net duty deposits recoverable.

Preliminary ADD results of the sixth period of review ("POR6") (2023) announced by US Department of Commerce ("DOC") in March 2025:

- Total cumulative cash deposits paid to December 31, 2024 of \$996.9 million.
- ADD: deposit rate of 4.92% from January to July 2023 & 5.25% from August to December 2023; accrued at estimated rate of 35.00%; preliminary rate of 34.61% for POR6.
- Total estimated ADD recovery, net, of approximately \$2.8 million (US\$1.9 million) to be recognized upon finalization of rates (currently anticipated in the third quarter of 2025).
- Preliminary CVD rates for POR6 anticipated on or before May 2025.
- No cash duties to be refunded until litigation regarding the imposition of CVD and ADD has been settled.

Canfor Corporation - Lumber.

Q4 2024 vs. Q3 2024

Millions of dollars (unless otherwise noted)	Q4 2024	Q3 2024	Variance
Sales	\$ 1,122.6	\$ 1,009.7	\$ 112.9
Lumber operating loss, as reported	\$ (36.6)	\$ (336.2)	\$ 299.6
Adjusting and one-time items - lumber segment ¹	\$ (31.2)	\$ 207.7	\$ (238.9)
Lumber operating loss, before adjusting and one-time items	\$ (67.8)	\$ (128.5)	\$ 60.7
Amortization	\$ 89.8	\$ 86.1	\$ 3.7
Lumber operating income (loss), before amortization, adjusting and one-time items	\$ 22.0	\$ (42.4)	\$ 64.4
Average Western SPF 2x4 #2&Btr lumber price in CDN\$	\$ 608	\$ 499	\$ 109
Average SYP East 2x4 #2 lumber price in US\$	\$ 424	\$ 380	\$ 44
Average SYP East 2x6 #2 lumber price in US\$	\$ 367	\$ 270	\$ 97
Production - Western SPF lumber (MMfbm)	449	412	37
Production - SYP lumber (MMfbm)	392	395	(3)
Production - EUR lumber (MMfbm)	361	316	45
Shipments - Western SPF lumber (MMfbm) ²	464	442	22
Shipments - SYP lumber (MMfbm) ²	387	417	(30)
Shipments - EUR lumber (MMfbm) ²	419	369	50

¹ Refer to the Appendix for a detailed list of adjusting and one-time items.

² Includes Canfor produced lumber, as well as lumber purchased for resale, remanufactured and engineered wood, excluding trim blocks, wholesale shipments and lumber sold on behalf of third parties.

Lumber segment operating loss of \$68 million¹, \$61 million favourable to Q3

- Supply-driven uptick in North American lumber markets and pricing through the fourth quarter led to improved results from the Company's Western Canadian and US South operations; another quarter of solid earnings from Europe.
- Production and shipments up 7% and 3%, respectively, mainly due to the benefit of increased operating days at the Company's European operations following the seasonal production downtime in Q3.
- **Western Canada:** Western Spruce/Pine/Fir ("SPF") lumber unit sales realizations primarily reflected a 19% uplift in the average SPF 2x4 #2&Btr, as well as more pronounced increases in pricing for most wider width products and a 3% weaker Canadian dollar (versus USD), offset in part by a timing lag in shipments vs orders.
- **US South:** Southern Yellow Pine ("SYP") lumber unit sales realizations experienced a substantial improvement q/q, principally tied to a 12% and 36% increase in SYP East 2x4 #2 and SYP East 2x6 #2, respectively.
- **Europe:** European lumber unit sales realizations broadly comparable quarter-over-quarter.

Canfor Corporation - Lumber.

Cash earnings summary: Q4 2024 vs. Q3 2024

Millions of dollars (unless otherwise noted)	Q4 2024	Q3 2024	Variance
Lumber operating loss, as reported	\$ (36.6)	\$ (336.2)	\$ 299.6
Adjusting and one-time items - lumber segment ¹	\$ (31.2)	\$ 207.7	\$ (238.9)
Lumber operating loss, before adjusting and one-time items	\$ (67.8)	\$ (128.5)	\$ 60.7
ADD duty expense vs deposit rate	\$ 0.8	\$ 17.9	\$ (17.1)
Lumber operating loss, before one-time items and incremental duty expense	\$ (67.0)	\$ (110.6)	\$ 43.6
Amortization	\$ 89.8	\$ 86.1	\$ 3.7
Lumber operating income (loss), before amortization, adjusting, one-time items and incremental duty expense	\$ 22.8	\$ (24.5)	\$ 47.3

¹ Refer to the Appendix for a detailed list of adjusting and one-time items.

Canfor Pulp Products Inc.

Pulp: Q4 2024 vs. Q3 2024

Millions of dollars (unless otherwise noted)	Q4 2024	Q3 2024	Variance
Gross Sales	\$ 163.1	\$ 193.2	\$ (30.1)
Reported operating income (loss) by segment			
Pulp	\$ 1.2	\$ (205.1)	\$ 206.3
Paper	\$ 5.1	\$ (0.8)	\$ 5.9
Unallocated	\$ (2.2)	\$ (3.4)	\$ 1.2
Pulp operating income (loss), as reported	\$ 4.1	\$ (209.3)	\$ 213.4
Asset write-down and impairment – pulp segment ¹	\$ -	\$ 211.0	\$ (211.0)
Pulp adjusted operating income	\$ 4.1	\$ 1.7	\$ 2.4
Reported operating income (loss) before amortization, asset write-down and impairment			
Pulp	\$ 8.0	\$ 21.6	\$ (13.6)
Paper	\$ 6.5	\$ 0.5	\$ 6.0
Unallocated	\$ (2.2)	\$ (3.3)	\$ 1.1
Pulp adjusted operating income before amortization, asset write-down and impairment	\$ 12.3	\$ 18.8	\$ (6.5)
Average NBSK pulp list price delivered to China - US\$	\$ 767	\$ 771	\$ (4)
Average NBSK pulp list price delivered to China - CDN\$	\$ 1,073	\$ 1,052	\$ 21
Production - Pulp (000 mt)	98	125	(27)
Shipments - Pulp (000 mt)	97	125	(28)

¹ Refer to the Appendix for a consolidated list of adjusting and one-time items, including the asset write-down and impairment for the pulp segment.

Canfor Pulp operating income of \$4 million¹, \$2 million favourable to Q3

- Global softwood pulp market fundamentals remained relatively flat through Q4; slight uptick in global demand and purchasing activity late in the quarter as producers worked to reduce their higher-than-average inventory levels.
- Average NBSK pulp unit sales realizations were broadly comparable to Q3, as slightly weaker US-dollar NBSK pulp list prices to China were offset by a weaker Canadian dollar.
- Pulp production down 22% from Q3 reflecting the indefinite closure of one production line at Northwood in August.

Appendix.



Summary of adjusting and one-time items.

Consolidated – Q4 2024 vs. Q3 2024

Operating income (loss)	Q4 2024 Actual	Q3 2024 Actual
Operating loss, as reported	\$ (45.9)	\$ (559.7)
Asset write-down and impairment – lumber segment	\$ -	\$ 100.3
Asset write-down and impairment – pulp segment	\$ -	\$ 211.0
Inventory write-down (recovery), net ¹	\$ (36.1)	\$ (14.8)
Consolidated adjusted operating loss	\$ (82.0)	\$ (263.2)
One-time items – lumber segment		
Restructuring and closure costs ²	\$ 4.9	\$ 36.5
Gain on sale of assets, net ³	\$ -	\$ (34.9)
Duty expense related to finalized rates ⁴	\$ -	\$ 67.2
Duty expense related to fair value measurement ⁵	\$ -	\$ 53.4
One-time items – corporate restructuring costs ²	\$ 0.6	\$ 2.1
Consolidated adjusted operating loss, before one-time items	\$ (76.5)	\$ (138.9)
Amortization	\$ 98.6	\$ 104.0
Consolidated adjusted operating income (loss), before amortization and one-time items	\$ 22.1	\$ (34.9)

1. For the lumber segment, a \$36.1 million net reversal of a previously recognized inventory write-down was recorded in Q4 2024 (Q3 2024 – \$ 14.8 million net reversal of a previously recognized inventory write-down). For the pulp and paper segment, no inventory valuation adjustment was recognized in Q4 2024 and Q3 2024.

2. Restructuring and closure costs of \$5.5 million (\$4.9 million in the lumber segment and \$0.6 million in the unallocated segment), were recognized in Q4 2024 largely related to the permanent closure of the Jackson and Mobile sawmills in the US South (Q3 2024 – restructuring and closure costs of \$38.6 million, \$36.5 million in the lumber segment related to the permanent closures of Plateau and Fort St. John and \$2.1 million in the unallocated segment).

3. On September 9, 2024, the Company completed the sale of its remaining Mackenzie sawmill assets and associated forest tenure to the McLeod Lake Indian Band and Tsay Keh Dene Nation for total proceeds of \$66.5 million. As a result of this transaction, as well as other asset sales in the period, a net gain on sale of \$34.9 million was recognized in Q3 2024.

4. A duty expense of \$67.2M (US\$48.6 million) was recognized in Q3 2024 following the finalization of CVD and ADD rates applicable to POR5.

5. In Q3 2024, the Company refined its estimate of the fair value measurement of net duty deposits recoverable. In accordance with IFRS Accounting Standards, this change in accounting estimate was applied on a prospective basis.

Summary of adjusting and one-time items.

Lumber– Q4 2024 vs. Q3 2024

Operating income (loss)	Q4 2024 Actual	Q3 2024 Actual
Operating loss, as reported	\$ (36.6)	\$ (336.2)
Asset write-down and impairment – lumber segment	\$ -	\$ 100.3
Inventory write-down (recovery), net ¹	\$ (36.1)	\$ (14.8)
Lumber adjusted operating loss	\$ (72.7)	\$ (250.7)
One-time items – lumber segment		
Restructuring and closure costs ²	\$ 4.9	\$ 36.5
Gain on sale of assets, net ³	\$ -	\$ (34.9)
Duty expense related to finalized rates ⁴	\$ -	\$ 67.2
Duty expense related to fair value measurement ⁵	\$ -	\$ 53.4
Lumber adjusted operating loss, before one-time items	\$ (67.8)	\$ (128.5)
Amortization	\$ 89.8	\$ 86.1
Lumber adjusted operating income (loss), before amortization and one-time items	\$ 22.0	\$ (42.4)

Pulp– Q4 2024 vs. Q3 2024

Operating income (loss)	Q4 2024 Actual	Q3 2024 Actual
Operating income (loss), as reported	\$ 4.1	\$ (209.3)
Asset write-down and impairment – pulp segment	\$ -	\$ 211.0
Pulp adjusted operating income	\$ 4.1	\$ 1.7
Amortization	\$ 8.2	\$ 17.1
Pulp adjusted operating income before amortization	\$ 12.3	\$ 18.8

1. For the lumber segment, a \$36.1 million net reversal of a previously recognized inventory write-down was recorded in Q4 2024 (Q3 2024 – \$14.8 million net reversal of a previously recognized inventory write-down).

2. Restructuring and closure costs of \$4.9 million, were recognized in Q4 2024 largely related to the permanent closure of the Jackson and Mobile sawmills in the US South (Q3 2024 – restructuring and closure costs of \$36.5 million related to the permanent closures of Plateau and Fort St. John).

3. On September 9, 2024, the Company completed the sale of its remaining Mackenzie sawmill assets and associated forest tenure to the McLeod Lake Indian Band and Tsay Keh Dene Nation for total proceeds of \$66.5 million. As a result of this transaction, as well as other asset sales in the period, a net gain on sale of \$34.9 million was recognized in Q3 2024.

4. A duty expense of \$67.2 million (US\$48.6 million) was recognized in Q3 2024 following the finalization CVD and ADD rates applicable to POR5.

5. In Q3 2024, the Company refined its estimate of the fair value measurement of net duty deposits recoverable. In accordance with IFRS Accounting Standards, this change in accounting estimate was applied on a prospective basis.