



Canfor reports results for the first quarter of 2026

VANCOUVER, British Columbia, May 06, 2026 -- Canfor Corporation (the "Company" or "Canfor") (TSX: CFP) today reported its first quarter of 2026 results:

Overview.

- For the first quarter of 2026, the Company reported an operating loss of \$73 million and shareholder net loss of \$72 million, equivalent to \$0.62 per share.
- After taking into consideration adjusting items¹ of \$20 million, the adjusted operating loss for Q1 2026 was \$93 million, compared to an adjusted operating loss of \$145 million in Q4 2025.
- Global lumber markets remained challenging throughout Q1 2026, largely reflecting relatively subdued demand and ongoing trade and geopolitical pressures; however, periods of supply tightness contributed to some improvement in North American benchmark lumber pricing.
- Global softwood pulp markets remained weak through Q1 2026, with persistently soft markets in China, while North American markets demonstrated some relative resilience, driven primarily by supply pressures.
- Canfor acquired the remaining issued and outstanding shares of Canfor Pulp Products Inc. ("Canfor Pulp"), resulting in 100% ownership of Canfor Pulp.

Financial results.

The following table summarizes selected financial information for the Company for the comparative periods:

(millions of Canadian dollars, except per share amounts)		Q1 2026	Q4 2025	Q1 2025
Sales	\$	1,359.1	\$ 1,282.3	\$ 1,417.5
Reported operating income (loss) before amortization, asset write-downs and impairments	\$	28.5	\$ (38.7)	\$ 72.6
Reported operating loss	\$	(72.5)	\$ (415.9)	\$ (28.5)
Net loss ²	\$	(72.1)	\$ (390.5)	\$ (31.0)
Net loss per share, basic and diluted ²	\$	(0.62)	\$ (3.35)	\$ (0.26)

1. Adjusted results referenced throughout this news release are defined as non-IFRS financial measures. For further details, refer to the "Non-IFRS financial measures" section of this document.

2. Attributable to equity shareholders of the Company.

The Company reported an operating loss of \$72.5 million for the current quarter, compared to an operating loss of \$415.9 million for the fourth quarter of 2025. After taking into consideration a \$20.0 million reversal of a previously recognized inventory write-down, the Company's adjusted operating loss was \$92.5 million for the first quarter of 2026, compared to an adjusted operating loss of \$145.0 million for the fourth quarter of 2025. These results largely reflected improved performance in both the lumber segment and, to a lesser extent, the pulp and paper segment.

Commenting on the Company's first quarter of 2026 results, Canfor's President and Chief Executive Officer, Susan Yurkovich, said, "The first quarter of 2026 continued to reflect challenging market conditions across our global operations. While we saw an improvement in results, largely due to a supply-driven uptick in North American lumber pricing and higher production levels, demand remained relatively subdued. Despite ongoing trade pressures, geopolitical uncertainty, and weather-related disruptions in certain regions, our focus on controllable factors helped support improved performance during the quarter. We continue to closely monitor market conditions while positioning the Company to respond as conditions evolve."

Yurkovich added "Global pulp markets continued to face significant headwinds during the first quarter, with pulp producer inventories remaining elevated. As we anticipate these challenges to persist in the near-term, we remain focused on operational resilience and disciplined cost control while continuing to assess operational competitiveness."

First quarter lumber segment highlights.

For the lumber segment, the operating loss was \$43.7 million for the first quarter of 2026, compared to the previous quarter's operating loss of \$318.8 million. After taking into consideration a \$20.0 million reversal of a previously recognized inventory write-down, the lumber segment's adjusted operating loss was \$63.7 million, compared to an adjusted operating loss of \$105.4 million in the prior quarter.

These results were primarily attributable to a supply-driven uplift in North American lumber benchmark pricing throughout most of the period, combined with higher production volumes of Southern Yellow Pine ("SYP") and Western Spruce/Pine/Fir ("Western SPF"). These positive drivers were partially tempered by lower shipments across all regions, most notably in Europe, where weather-related disruptions early in 2026 impacted operations, combined with a 2% stronger Canadian dollar

versus the US-dollar.

North American lumber markets exhibited cautious stability throughout most of the first quarter of 2026. Ongoing elevated US countervailing ("CVD") and anti-dumping duties ("ADD"), along with tariffs, continued to weigh heavily on the industry. Additionally, geopolitical uncertainty, particularly stemming from the conflict in Iran, further dampened already weak demand late in the current quarter. Buyers exhibited a mixed response to shifting global conditions, which affected international trade flows and contributed to cost inflation across the sector. While some buyers accelerated their orders to mitigate the risk of further cost increases, others adopted a more cautious approach, delaying purchases in response to the uncertainty. Despite these challenges, the market experienced a shift due to reduced supply. Seasonal downtime in Western Canada, combined with weather-related disruptions in the US South, significantly reduced production late in 2025 and into 2026. As a result, North American benchmark lumber prices saw a marked uplift compared to the lows seen in the previous quarter, principally reflecting the impact of these tighter supply conditions. Meanwhile, the repair and remodeling sector remained stable throughout the current period, providing a consistent source of demand amid broader market volatility.

Offshore lumber markets in Asia remained challenging throughout the first quarter of 2026. In China, persistent weakness in housing demand, coupled with a seasonal slowdown in manufacturing activity, exerted downward pressure on lumber prices. In Japan, both demand and pricing softened during the current period, driven by increased import volumes from Canada and Europe, as well as an ongoing shift toward greater utilization of domestic wood. These factors collectively contributed to a heightened competitive lumber market environment and resulted in pricing pressures across the region.

Overall, European lumber demand remained weak throughout the first quarter of 2026, resulting in slightly lower pricing compared to the previous quarter. Spruce pricing exhibited early signs of improvement towards the end of the current period, supported by industry-wide sawmill curtailments in the previous quarter. In contrast, elevated pine inventories across the region continued to weigh on pricing throughout the first quarter, particularly in the United Kingdom ("UK"). Market conditions in the region were further challenged by the impact of the conflict in Iran, as higher freight costs and heightened geopolitical uncertainty weighted on purchasing activity. Additionally, colder-than-normal weather conditions across Europe early in 2026 contributed to subdued demand, reinforcing a difficult lumber market environment.

Lumber segment outlook.

Looking ahead, global lumber markets are anticipated to remain affected by ongoing global trade flow disruptions, particularly given the conflict in Iran. These challenges are likely to continue to drive cost inflation and increase macroeconomic uncertainty. Ongoing supply chain constraints—particularly for petroleum-based products—are anticipated to adversely affect new housing construction. These factors are projected to further influence market dynamics and contribute to continued pricing volatility within the global lumber sector.

Despite positive momentum through April, North American lumber markets are forecast to soften later in the second quarter of 2026 as supply increases in response to recent lumber pricing improvements. Demand is likely to remain constrained amid macroeconomic uncertainty and heightened geopolitical risk.

Canfor continues to monitor the trade situation between Canada and Europe into the US. With a diversified global operating platform, the Company is positioned to mitigate some of these factors, however, the tariffs present challenges for the Company's operations which export to the US.

Offshore lumber market conditions in Asia are anticipated to remain subdued. In Japan, lumber demand and pricing are projected to stabilize at lower levels through the second quarter of 2026, as seasonal spring construction activity absorbs excess inventory. However, the increasing use of domestic wood may limit price recovery. In China, government stimulus measures are likely to support some lumber market stabilization. Elevated energy costs may partially offset deflationary pressures and limit further lumber price declines.

In Europe, a slight seasonal improvement combined with ongoing supply tightening may support an uptick in spruce pricing in the second quarter of 2026, while pricing for pine products is anticipated to remain under pressure through the period due to its supply availability.

First quarter pulp and paper segment highlights.

For the pulp and paper segment, the operating loss was \$16.2 million for the first quarter of 2026, compared to an operating loss of \$85.6 million for the fourth quarter of 2025. While there were no adjustments to operating results in the current period for the pulp and paper segment, the \$16.2 million operating loss in the first quarter of 2026, compares to an adjusted operating loss of \$28.1 million for the fourth quarter of 2025. These results were largely driven by a modest uplift in US-dollar global softwood pulp pricing, primarily in response to global pulp supply disruptions, combined with a 30% increase in pulp shipments compared to the fourth quarter of 2025.

The weak global softwood pulp market conditions that emerged in 2025 persisted through most of the first quarter of 2026. Pricing showed limited improvement during the period, with modest upticks driven primarily by disruptions to global pulp supply. Northern Bleached Softwood Kraft ("NBSK") pulp prices to China remained relatively subdued throughout most of the first quarter of 2026, trading within a narrow range before experiencing a slight decline toward the end of the current quarter. Despite this late decline, the average US-dollar NBSK list prices to China—the world's largest pulp consumer—was US\$685 per tonne, up US\$14 per tonne, or 2%, compared to the previous quarter.

As a result of these weak market conditions, global softwood pulp producer inventories remained at elevated levels through the first quarter of 2026, ending February at 47 days of supply. This level is unchanged from December 2025 and at the top end of

the balanced range. Typically, market conditions are considered balanced when inventories are in the 39-47 days of supply range.

Pulp and paper segment outlook.

Looking ahead, global softwood kraft pulp market conditions are anticipated to remain challenging during the second quarter of 2026, as ongoing economic and geopolitical uncertainty combined with disruptions to global trade flows continue to drive cost pressures. Consequently, global softwood pulp producer inventories are projected to remain elevated, while global softwood pulp pricing is anticipated to remain subdued.

Demand for bleached kraft paper, both globally and within North America, is forecast to remain relatively stable through the second quarter of 2026. This outlook reflects continued uncertainty surrounding Canada-US trade relations, as well as broader global economic challenges, including manufacturing overcapacity and stable paper demand.

A maintenance outage is scheduled at the Company's Intercontinental NBSK pulp mill ("Intercon") in the second quarter of 2026, which is anticipated to result in a reduction of approximately 20,000 tonnes of NBSK market pulp production. In addition, a maintenance outage is also planned at the Company's paper machine with an anticipated reduction of 5,000 tonnes in paper production.

Additional information and conference call.

A conference call to discuss the first quarter's financial and operating results will be held on Thursday, May 7, 2026, at 9:00 AM Pacific time.

Please note that we have transitioned to a new webcast service provider:

To view the webcast online, [click here](#). **Analysts only:** To register to join the call by phone, [click here](#). To view our Conference Call Participant Guide, [click here](#).

Instant replay access will be available until June 5, 2026, on canfor.com/investors, under *Webcasts*. This news release, the attached financial statements and a presentation used during the conference call can also be accessed at canfor.com/investors.

Non-IFRS financial measures.

Throughout this press release, reference is made to certain non-IFRS financial measures which are used to evaluate the Company's performance but are not generally accepted under IFRS and may not be directly comparable with similarly titled measures used by other companies. The following table provides a reconciliation of these non-IFRS financial measures to figures reported in the Company's condensed consolidated interim financial statements:

(millions of Canadian dollars)	Q1 2026	Q4 2025	Q1 2025
Reported operating loss	\$ (72.5)	\$ (415.9)	\$ (28.5)
Asset write-downs and impairments	–	\$ 267.9	–
Inventory write-down (recovery), net	(20.0)	3.0	(3.7)
Adjusted operating loss	\$ (92.5)	\$ (145.0)	\$ (32.2)
Amortization	\$ 101.0	109.3	101.1
Adjusted operating income (loss) before amortization, asset write-downs and impairments	\$ 8.5	\$ (35.7)	\$ 68.9

Forward-looking statements.

Certain statements in this press release constitute "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.

About Canfor.

Canfor is a global leader in the manufacturing of high-value low-carbon forest products including dimension and specialty lumber, engineered wood products, pulp and paper, wood pellets and green energy. Proudly headquartered in Vancouver, British Columbia, Canfor produces renewable products from sustainably managed forests, at more than 50 facilities across its diversified operating platform in Canada, the United States and Europe. Canfor has a 77% stake in Vida AB, Sweden's largest privately owned sawmill company. Canfor shares are traded on the Toronto Stock Exchange under the symbol CFP. For more information visit canfor.com.

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