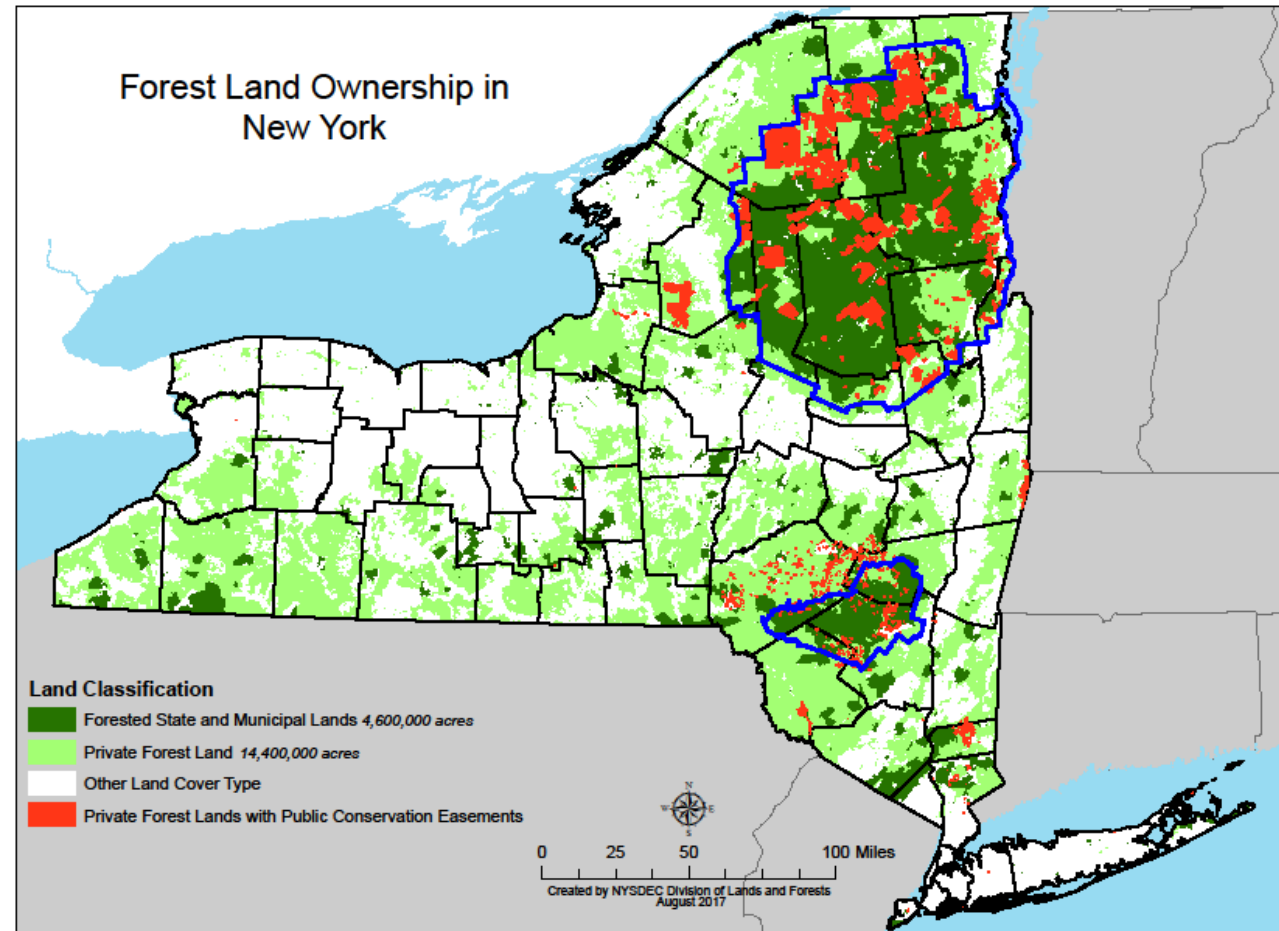


State of The Forest & Wood Product Industry in New York



State of New York's Forest: Abundant & Private



Some Macro Economic Observations

- ▶ Tariffs
- ▶ Economic uncertainty
- ▶ Housing starts remain down
- ▶ COVID impacts linger
- ▶ Lack of workers

Tariffs

- ▶ Canada is the U.S. and New York's largest trading partner.
- ▶ Sawmill tech is Canadian and EU driven.
- ▶ Shifting costs and unintended consequences.
- ▶ We are steel dependent.
- ▶ China's ban on unprocessed logs.

Pulpwood, New York State, Uncoated Freesheet Paper



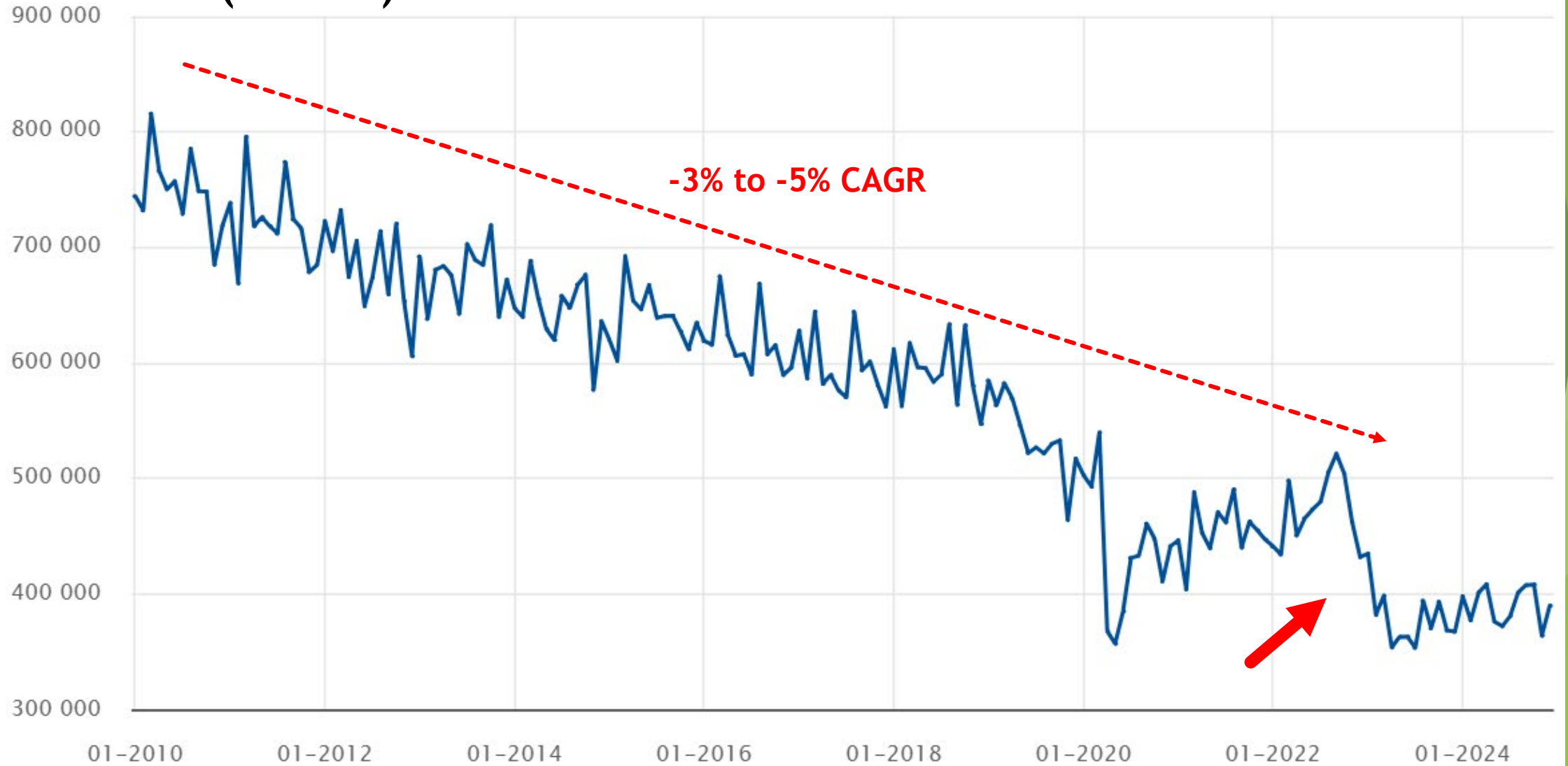
UFS Pulp and Paper Mills



UFS Pulpwood Purchasing Yards and Chipping Locations



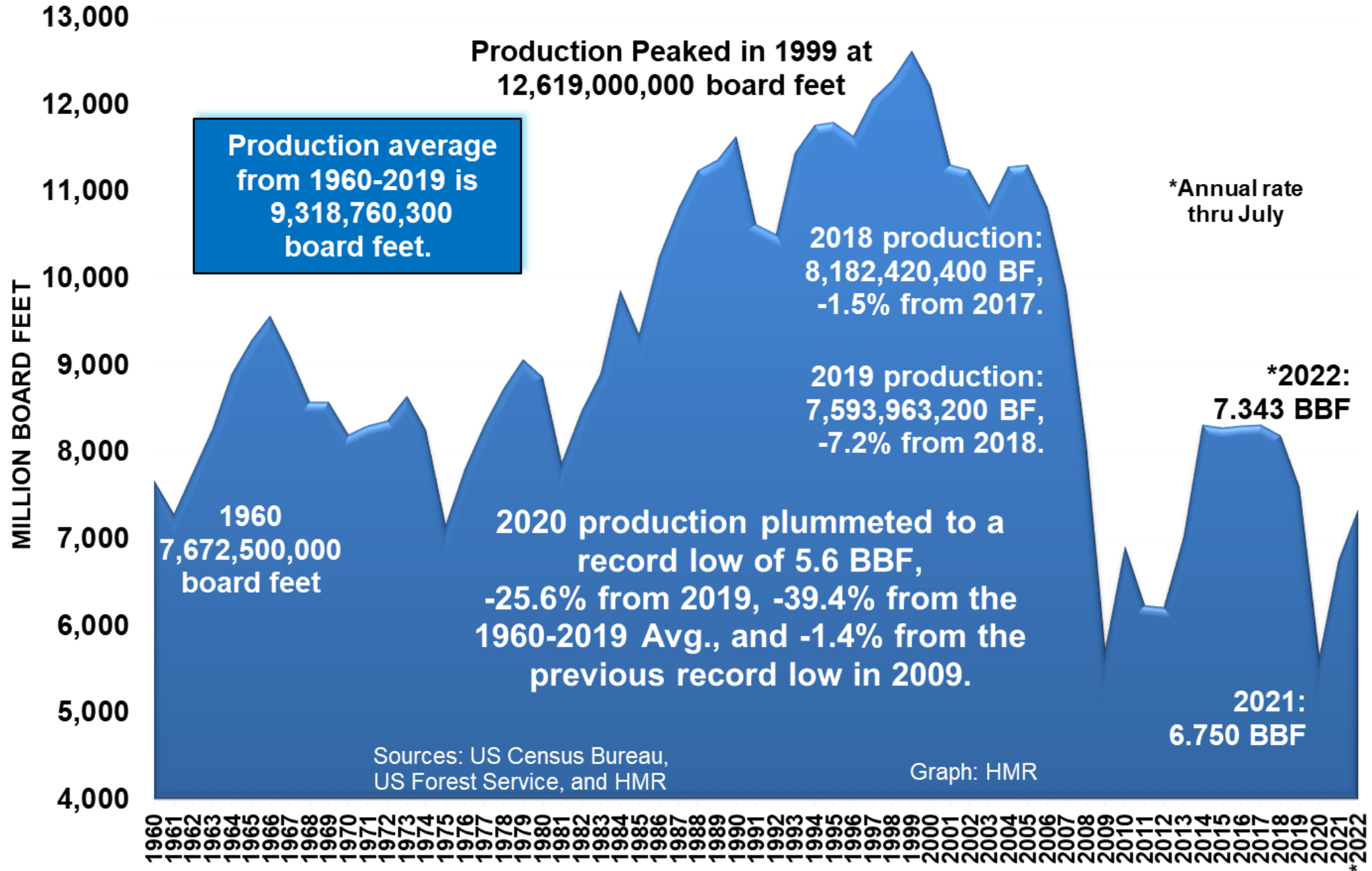
Uncoated Freesheet Paper North American Demand (Tonnes)



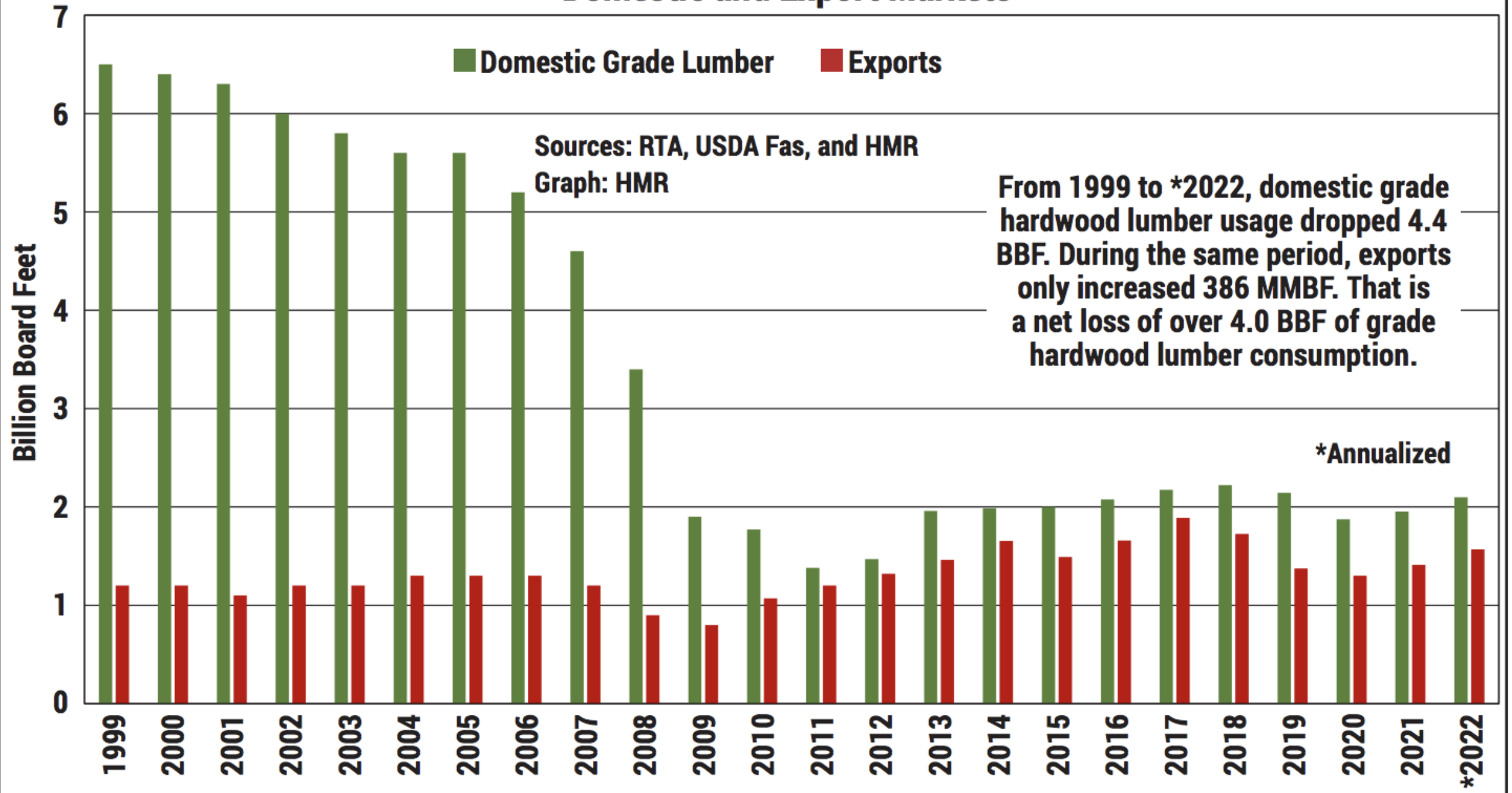
Summary of Pulpwood Markets in New York

- ▶ Current market demand will remain “status quo”, stable, yet tepid through 2025
- ▶ The robustness of market demand for pulpwood for the remainder 2025 will be driven by precipitation levels and mill operating rates
- ▶ A closure of an Uncoated Freesheet Mill in North America in 2025 is expected considering current lower operating rates. It is unlikely it will be one of the mills associated with New York’s pulpwood market
- ▶ Post closure, remaining mill operating rates will climb benefiting the mills in New York’s pulpwood market helping to maintain demand
- ▶ Uncertainty returns in 2026 where long-term paper demand declines return operating rates to suboptimal levels and another potential mill shut is required to balance the market

Eastern US Hardwood Sawmill Production



Eastern US Grade Hardwood Lumber Consumption by Domestic and Export Markets



Summary of Hardwood Markets in New York

- ▶ Hardwood lumber prices saw a significant surge from late 2020 through mid-2022, but have softened since late 2022.
- ▶ We have had several mill closures which reflect production consolidation. But production levels remain relatively stable.
- ▶ The market is experiencing a downturn characterized by high interest rates, which affect demand for wood products like flooring and furniture.
- ▶ Labor shortages pose a challenge to the supply chain.
- ▶ Significant investments in automation are occurring.
- ▶ New climate related regulations are costing manufacturers significantly.
- ▶ Hardwood sector has experienced recent fluctuations in line with broader economic and export conditions.

Where to from here:

If we want to increase domestic production, a few things are needed:

- ▶ Consumer choice for more wood
- ▶ Additional harvesting
- ▶ Increased processing capacity
- ▶ New markets, particularly low grade

We are at an Inflection Point in Forest Products Manufacturing in the New York

- ▶ Pulp and Paper, Lumber will remain core products, but the range of products we make from wood in New York needs to expand
- ▶ A new focus on **bio-based products**, driven by:
 - ▶ Addressing climate change (often replacing oil) - current politics won't stop this global trend, but trade might leave us behind
 - ▶ Keeping manufacturing in the U.S.
 - ▶ A desire for prosperous rural economies
- ▶ We will see **many products**, lots of innovation, some failures, some successes
- ▶ Generally **smaller scale** users than big users we're used to
- ▶ It is time for **New York to engage** with developing businesses, other states are.

Traditional Pulp & Paper and Hardwood Lumber/Logs

- ▶ Historically high pulpwood and select hardwood prices of a couple years ago, now has receded as demand has softened.
- ▶ Beyond pricing, some serious logging capacity concerns. Price doesn't matter if it's not available
- ▶ Workforce, of course.
- ▶ We are seeing investments at our mills. We are globally competitive in quality and quantity of product.
- ▶ Serious concerns about impact of tariffs.
- ▶ Serious concerns about regulations and bioenergy production.

Forest Product Markets Development

Core Opportunities in New York:

- ▶ Short-term - Products exist in market today
 - ▶ Keep what we have!
 - ▶ Embodied Carbon in Buildings
 - ▶ Mass Timber
- ▶ Medium Term - Market challenges near commercially competitive
 - ▶ Biochar
 - ▶ Renewable Diesel/SAF
- ▶ Long Term - market and technology challenges, feasibility
 - ▶ Bioplastics/BioChemicals/Nanomaterials

What Concerns Me...

- ▶ **Age of Logging Workforce**
- ▶ Economic Health of Logging Sector
- ▶ **Markets for Biomass / Residues / Pulpwood**
- ▶ State Attention to Private Forests and Wood Products
- ▶ **Federal Rules for RFS Qualification**
- ▶ Forest Products Trucking
- ▶ **Speed (or lack thereof) of Innovation/Technology Adoption in the Industry**
- ▶ Manufacturing Workforce

Can we be Positive?

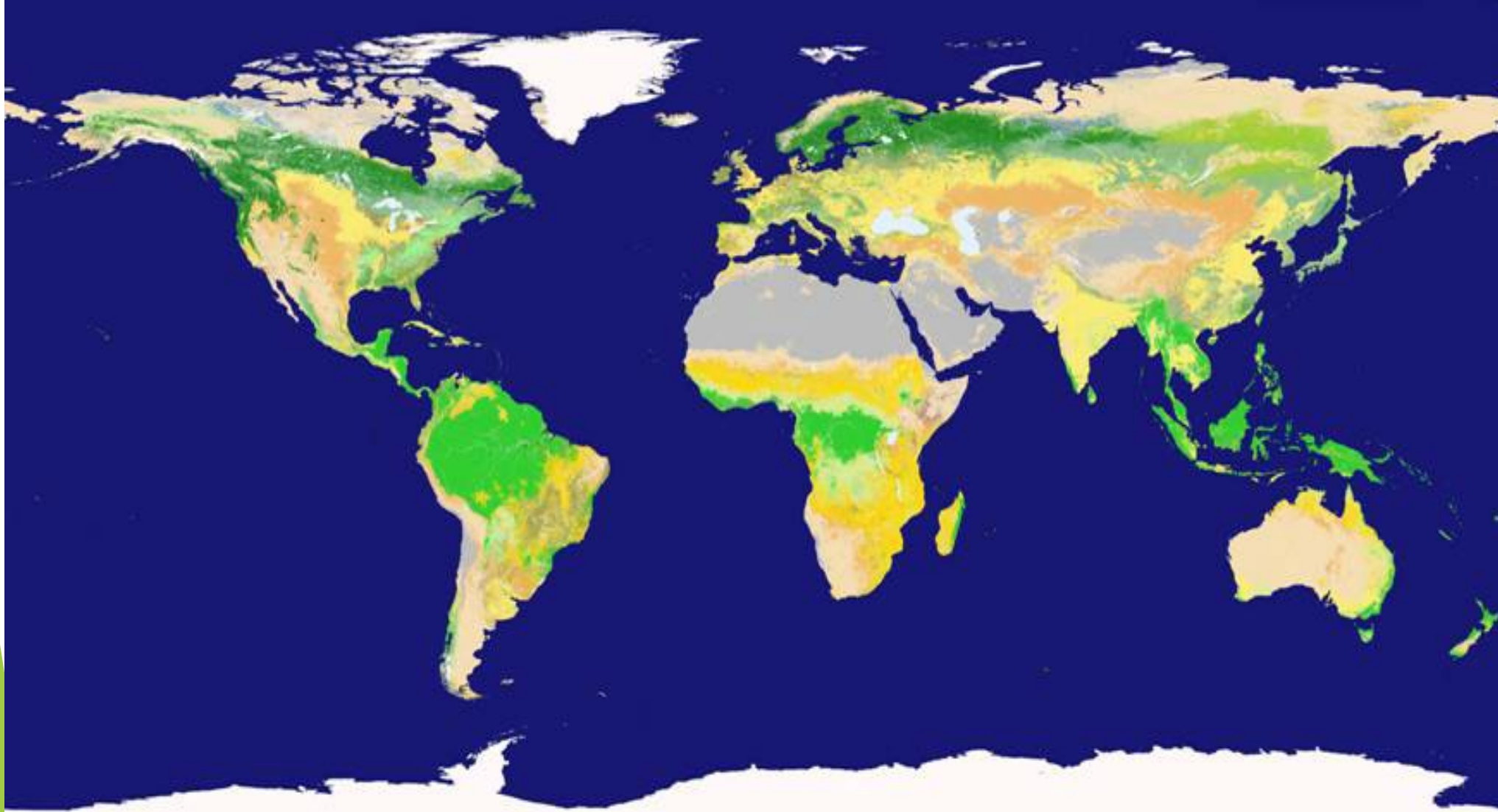
- ▶ For better or worse, the forest industry is accustomed to boom-and-bust cycles, and has experience handling them.
- ▶ We have markets, and are incredibly well positioned compared to other parts of the country.
- ▶ We have the forest resource and supply infrastructure (landowners, loggers, entire forest industry ecosystem) that would make other regions jealous.
- ▶ We live in close proximity to (and are part of) the greatest collection of consumers in the history of the world.
- ▶ And as the IPCC says -

IPCC Recognizes Long Term Forest Climate Benefits

“In the long term, a sustainable forest management strategy aimed at maintaining or increasing forest carbon stocks, **while producing an annual sustained yield of *timber, fibre, or energy* from the forest**, will generate the largest sustained mitigation benefit.”

Source: Energy Policy and Climate Change IPCC (4th and 6th Assessment Reports)

The Worlds Forests



The Markets

