



Interfor Corporation

Burnaby, B.C.

February 4, 2021

Interfor Reports Q4'20 Results EBITDA¹ of \$249 million on Sales of \$662 million Net Cash Position and Available Liquidity of \$788 million

INTERFOR CORPORATION ("Interfor" or the "Company") (TSX: IFP) recorded Net earnings in Q4'20 of \$149.1 million, or \$2.24 per share, compared to \$121.6 million, or \$1.81 per share in Q3'20 and Net loss of \$41.7 million, or \$0.62 per share in Q4'19. Adjusted net earnings in Q4'20 was \$164.7 million compared to \$140.0 million in Q3'20 and Adjusted net loss of \$17.4 million in Q4'19.

Adjusted EBITDA was a record \$248.6 million on sales of \$662.3 million in Q4'20 versus \$221.7 million on sales of \$644.9 million in Q3'20.

Interfor recorded Net earnings of \$280.3 million, or \$4.18 per share, in 2020, compared to Net loss of \$103.8 million, or \$1.54 per share in 2019. Adjusted EBITDA was \$549.7 million on sales of \$2.2 billion.

Notable items in the quarter:

- Strong Free Cash Flow Generation
 - Interfor generated \$205.0 million of cash flow from operations before changes in working capital, or \$3.07 per share, and an additional \$24.9 million of cash from reduced working capital.
 - Capital spending was \$36.0 million, including \$21.7 million on high-return discretionary projects primarily in the U.S. South. US\$96.1 million has been spent on the Company's Phase II strategic capital plan through December 31, 2020.
 - Net debt ended the quarter at \$(75.4) million, or (7.5)% of invested capital, resulting in available liquidity of \$787.5 million.
- Seasonally Robust Lumber Market
 - Interfor's average selling price was \$842 per mfbm, down \$68 per mfbm versus record levels in Q3'20. Movements in key benchmark prices were mixed compared to Q3'20 as the SYP Composite and Western SPF Composite benchmarks decreased by US\$145 and US\$59 to US\$603 and US\$652 per mfbm, respectively, while the KD H-F Stud 2x4 9' benchmark increased by US\$43 to US\$807 per mfbm.
- Production Increased to Meet Demand
 - Total lumber production in Q4'20 was 687 million board feet, representing an increase of 45 million board feet quarter-over-quarter. The U.S. South and U.S. Northwest regions accounted for 361 million board feet and 136 million board feet, respectively, compared to 331 million board feet and 118 million board feet in Q3'20. Production in the B.C. region decreased to 190 million board feet from 193 million board feet in the preceding quarter.
 - Total lumber shipments were 683 million board feet, including agency and wholesale volumes, or 65 million board feet higher than Q3'20.

¹ Refer to Adjusted EBITDA in the Non-GAAP Measures section

- Softwood Lumber Duties Rate Adjustment
 - In Q4'20, the U.S. Department of Commerce published the final rates for countervailing (“CV”) and anti-dumping (“AD”) duties based on the results of its first administrative review of shipments for the years ended December 31, 2017 and 2018. The final combined rates for 2017 and 2018 were 8.83% and 8.99% respectively, compared to the cash deposit rate of 20.23%. To reflect lower amended final rates, Interfor recorded a \$38.4 million reduction to duties expense in Q4'20.

Effective December 2020, the final rate of 8.99% was applied to new lumber shipments.
 - Cumulative duties of US\$134.0 million have been paid by Interfor since the inception of the current trade dispute and are held in trust by the U.S. Except for US\$32.9 million in respect of overpayments arising from duty rate adjustments, Interfor has recorded the duty deposits as an expense.

Normal Course Issuer Bid (“NCIB”)

On November 5, 2020, the Company announced a NCIB commencing on November 11, 2020 and ending on November 10, 2021, for the purchase of up to 5,981,751 common shares. During Q4 2020, Interfor purchased 1,327,420 common shares under the Company’s NCIB for total consideration of \$24.4 million.

The Company believes that, from time to time, the market price of its common shares may be attractive and their purchase would represent a prudent allocation of capital.

Outlook

North American lumber markets over the near term are expected to remain robust and above historical trends, albeit volatile, as relatively low levels of lumber inventories industry-wide combined with demand ahead of the 2021 home building and renovation season put pressure on available lumber supply from manufacturers.

Interfor expects lumber demand to continue to grow over the mid-term, as repair and renovation activities and U.S. housing starts benefit from favourable underlying economic fundamentals and trends.

Interfor’s strategy of maintaining a diversified portfolio of operations allows the Company to both reduce risk and maximize returns on invested capital over the business cycle.

While uncertainty remains as to the duration and extent of the economic impact from the COVID-19 pandemic, Interfor is well positioned with its strong balance sheet and significant available liquidity.

Financial and Operating Highlights¹

| | Unit | For the three months ended | | | For the year ended Dec. 31 | | |
|---|-----------------|----------------------------|-----------------|------------------|----------------------------|---------|-------------------|
| | | Dec. 31 2020 | Dec. 31 2019 | Sept. 30 2020 | 2020 | 2019 | 2018 ² |
| Financial Highlights³ | | | | | | | |
| Total sales | \$MM | 662.3 | 456.8 | 644.9 | 2,183.6 | 1,875.8 | 2,186.6 |
| Lumber | \$MM | 575.0 | 385.2 | 562.4 | 1,838.8 | 1,576.1 | 1,841.0 |
| Logs, residual products and other | \$MM | 87.3 | 71.6 | 82.5 | 344.8 | 299.7 | 345.6 |
| Operating earnings (loss) | \$MM | 203.2 | (49.0) | 171.4 | 402.5 | (128.8) | 157.9 |
| Net earnings (loss) | \$MM | 149.1 | (41.7) | 121.6 | 280.3 | (103.8) | 111.1 |
| Net earnings (loss) per share, basic | \$/share | 2.24 | (0.62) | 1.81 | 4.18 | (1.54) | 1.59 |
| Adjusted net earnings (loss) ⁴ | \$MM | 164.7 | (17.4) | 140.0 | 316.1 | (58.1) | 113.5 |
| Adjusted net earnings (loss) per share, basic ⁴ | \$/share | 2.47 | (0.26) | 2.08 | 4.71 | (0.86) | 1.63 |
| Operating cash flow per share (before working capital changes) ⁴ | \$/share | 3.07 | 0.24 | 3.19 | 7.39 | 0.68 | 4.12 |
| Adjusted EBITDA ⁴ | \$MM | 248.6 | 17.6 | 221.7 | 549.7 | 63.4 | 291.6 |
| Adjusted EBITDA margin ⁴ | % | 37.5% | 3.9% | 34.4% | 25.2% | 3.4% | 13.3% |
| | | | | | | | |
| Total assets | \$MM | 1,843.2 | 1,341.9 | 1,731.9 | 1,843.2 | 1,341.9 | 1,565.3 |
| Total debt | \$MM | 382.0 | 259.8 | 400.2 | 382.0 | 259.8 | 272.8 |
| Net debt ⁴ | \$MM | (75.4) | 224.9 | 88.7 | (75.4) | 224.9 | 63.8 |
| Net debt to invested capital ⁴ | % | (7.5)% | 21.3% | 8.3% | (7.5)% | 21.3% | 6.2% |
| Annualized return on invested capital ⁴ | % | 95.8% | 6.6% | 81.3% | 53.4% | 6.1% | 29.1% |
| Operating Highlights | | | | | | | |
| Lumber production | million fbm | 687 | 668 | 642 | 2,377 | 2,646 | 2,635 |
| Total lumber sales | million fbm | 683 | 681 | 618 | 2,441 | 2,668 | 2,680 |
| Lumber sales - Interfor produced | million fbm | 675 | 671 | 609 | 2,404 | 2,626 | 2,638 |
| Lumber sales - wholesale and commission | million fbm | 8 | 10 | 9 | 37 | 42 | 42 |
| Lumber - average selling price ⁵ | \$/thousand fbm | 842 | 566 | 910 | 753 | 591 | 687 |
| | | | | | | | |
| Average USD/CAD exchange rate ⁶ | 1 USD in CAD | 1.3030 | 1.3200 | 1.3321 | 1.3415 | 1.3269 | 1.2957 |
| Closing USD/CAD exchange rate ⁶ | 1 USD in CAD | 1.2732 | 1.2988 | 1.3339 | 1.2732 | 1.2988 | 1.3642 |

Notes:

- Figures in this table may not equal or sum to figures presented elsewhere due to rounding.
- Financial information has been restated for implementation of IFRS 16, *Leases*.
- Financial information presented for interim periods in this release is prepared in accordance with IFRS and is unaudited.
- Refer to the Non-GAAP Measures section of this release for definitions and reconciliations of these measures to figures reported in the Company's consolidated financial statements.
- Gross sales before duties.
- Based on Bank of Canada foreign exchange rates.

Liquidity

Balance Sheet

Interfor's Net debt at December 31, 2020 was \$(75.4) million, or (7.5)% of invested capital, representing a decrease of \$300.3 million from the level of Net debt at December 31, 2019.

As at December 31, 2020 the Company had net working capital of \$563.4 million and available liquidity of \$787.5 million, based on the full borrowing capacity under its \$350 million Revolving Term Line.

The Revolving Term Line and Senior Secured Notes are subject to financial covenants, including net debt to total capitalization ratios, and an EBITDA interest coverage ratio.

Management believes, based on circumstances known today, that Interfor has sufficient working capital and liquidity to fund operating and capital requirements for the foreseeable future.

| Thousands of Dollars | For the three months ended | | | For the year ended | |
|--|----------------------------|------------------|-------------------|--------------------|------------------|
| | Dec. 31, 2020 | Dec. 31, 2019 | Sept. 30, 2020 | Dec. 31, 2020 | Dec. 31, 2019 |
| Net debt | | | | | |
| Net debt, period opening | \$88,705 | \$212,674 | \$239,114 | \$224,860 | \$63,825 |
| Issuance of Senior Secure Notes | - | - | - | 140,770 | - |
| Term Line net drawings (repayments) | - | (1) | (23) | (82) | 754 |
| Impact on U.S. Dollar denominated debt from strengthening CAD | (18,210) | (5,099) | (8,647) | (18,488) | (13,834) |
| Decrease (increase) in cash and cash equivalents | (165,294) | 16,994 | (144,849) | (450,767) | 127,659 |
| Decrease in marketable securities | - | - | - | - | 41,766 |
| Impact on U.S. Dollar denominated cash and cash equivalents and marketable securities from strengthening CAD | 19,367 | 292 | 3,110 | 28,275 | 4,690 |
| Net debt, period ending | \$(75,432) | \$224,860 | \$88,705 | \$(75,432) | \$224,860 |

On March 26, 2020, the Company issued US\$50,000,000 of Series F Senior Secured Notes, bearing interest at 3.34%, and US\$50,000,000 of Series G Senior Secured Notes, bearing interest at 3.25%. Each series of these Senior Secured Notes have equal payments of US\$16,667,000 due on each of March 26, 2028, 2029 and on maturity in 2030.

Capital Resources

The following table summarizes Interfor's credit facilities and availability as of December 31, 2020:

| Thousands of Canadian Dollars | Revolving Term Line | Senior Secured Notes | Total |
|--|---------------------------|----------------------------|-----------|
| Available line of credit and maximum borrowing available | \$350,000 | \$381,960 | \$731,960 |
| Less: | | | |
| Drawings | - | 381,960 | 381,960 |
| Outstanding letters of credit included in line utilization | 19,887 | - | 19,887 |
| Unused portion of facility | \$330,113 | \$- | 330,113 |
| Add: | | | |
| Cash and cash equivalents | | | 457,392 |
| Available liquidity at December 31, 2020 | | | \$787,505 |

Interfor's Revolving Term Line matures in March 2024 and its Senior Secured Notes have maturities principally in the years 2024-2030.

As of December 31, 2020, the Company had commitments for capital expenditures totaling \$70.1 million for both maintenance and discretionary capital projects.

Non-GAAP Measures

This release makes reference to the following non-GAAP measures: Adjusted net earnings (loss), Adjusted net earnings (loss) per share, EBITDA, Adjusted EBITDA, Adjusted EBITDA margin, Net debt to invested capital, Operating cash flow per share (before working capital changes), and Annualized return on invested capital which are used by the Company and certain investors to evaluate operating performance and financial position. These non-GAAP measures do not have any standardized meaning prescribed by IFRS and are therefore unlikely to be comparable to similar measures presented by other issuers.

The following table provides a reconciliation of these non-GAAP measures to figures as reported in the Company's audited consolidated financial statements (unaudited for interim periods) prepared in accordance with IFRS:

| Thousands of Canadian Dollars except number of shares and per share amounts | For the three months ended | | | For the year ended Dec.31 | | |
|--|----------------------------|-----------------|------------------|---------------------------|-------------|-------------------|
| | Dec. 31 2020 | Dec. 31 2019 | Sept. 30 2020 | 2020 | 2019 | 2018 ¹ |
| Adjusted Net Earnings (Loss) | | | | | | |
| Net earnings (loss) | \$149,148 | \$(41,676) | \$121,604 | \$280,296 | \$(103,785) | \$111,058 |
| Add: | | | | | | |
| Asset and goodwill write-downs and restructuring costs | 1,793 | 30,416 | 12,985 | 15,264 | 63,982 | 15,304 |
| Other foreign exchange loss (gain) | 8,162 | 510 | 2,907 | 16,881 | 275 | (3,474) |
| Long term incentive compensation expense (recovery) | 10,254 | 1,265 | 5,576 | 12,513 | 3,446 | (7,829) |
| Other (income) expense | 92 | 298 | 43 | (336) | (5,925) | (1,188) |
| Post closure wind-down costs | 949 | - | 3,085 | 4,034 | - | 4 |
| Income tax effect of above adjustments | (5,652) | (8,241) | (6,206) | (12,527) | (16,117) | (396) |
| Adjusted net earnings (loss) | \$164,746 | \$(17,428) | \$139,994 | \$316,125 | \$(58,124) | \$113,479 |
| Weighted average number of shares - basic ('000) | 66,687 | 67,257 | 67,270 | 67,119 | 67,277 | 69,713 |
| Adjusted net earnings (loss) per share | \$2.47 | \$(0.26) | \$2.08 | \$4.71 | \$(0.86) | \$1.63 |
| Adjusted EBITDA | | | | | | |
| Net earnings (loss) | \$149,148 | \$(41,676) | \$121,604 | \$280,296 | \$(103,785) | \$111,058 |
| Add: | | | | | | |
| Depreciation of plant and equipment | 21,947 | 20,711 | 20,850 | 78,459 | 80,438 | 80,065 |
| Depletion and amortization of timber, roads and other | 10,511 | 14,214 | 7,922 | 37,071 | 44,294 | 46,148 |
| Asset and goodwill write-downs and restructuring costs | 1,793 | 30,416 | 12,985 | 15,264 | 63,982 | 15,304 |
| Finance costs | 1,891 | 3,740 | 4,907 | 16,079 | 15,024 | 12,452 |
| Other foreign exchange loss (gain) | 8,162 | 510 | 2,907 | 16,881 | 275 | (3,474) |
| Income tax expense (recovery) | 43,889 | (11,851) | 41,916 | 89,573 | (34,359) | 39,092 |
| EBITDA | 237,341 | 16,064 | 213,091 | 533,623 | 65,869 | 300,645 |
| Add: | | | | | | |
| Long term incentive compensation expense (recovery) | 10,254 | 1,265 | 5,576 | 12,513 | 3,446 | (7,829) |
| Other (income) expense | 92 | 298 | 43 | (336) | (5,925) | (1,188) |
| Post closure wind-down costs | 947 | - | 2,967 | 3,914 | - | 4 |
| Adjusted EBITDA | \$248,634 | \$17,627 | \$221,677 | \$549,714 | \$63,390 | \$291,632 |
| Sales | \$662,301 | \$456,819 | \$644,884 | \$2,183,609 | \$1,875,821 | \$2,186,567 |
| Adjusted EBITDA margin | 37.5% | 3.9% | 34.4% | 25.2% | 3.4% | 13.3% |
| Net debt to invested capital | | | | | | |
| Net debt | | | | | | |
| Total debt | \$381,960 | \$259,760 | \$400,170 | \$381,960 | \$259,760 | \$272,840 |
| Cash and cash equivalents | (457,392) | (34,900) | (311,465) | (457,392) | (34,900) | (166,152) |
| Marketable securities | - | - | - | - | - | (42,863) |
| Total net debt | \$(75,432) | \$224,860 | \$88,705 | \$(75,432) | \$224,860 | \$63,825 |
| Invested capital | | | | | | |
| Net debt | \$(75,432) | \$224,860 | \$88,705 | \$(75,432) | \$224,860 | \$63,825 |
| Shareholders' equity | 1,080,312 | 830,982 | 983,225 | 1,080,312 | 830,982 | 968,766 |
| Total invested capital | \$1,004,880 | \$1,055,842 | \$1,071,930 | \$1,004,880 | \$1,055,842 | \$1,032,591 |
| Net debt to invested capital ² | (7.5)% | 21.3% | 8.3% | (7.5)% | 21.3% | 6.2% |
| Operating cash flow per share (before working capital changes) | | | | | | |
| Cash provided by operating activities | \$229,947 | \$24,642 | \$175,492 | \$526,784 | \$28,252 | \$265,612 |
| Cash used in (generated from) operating working capital | (24,929) | (8,334) | 39,346 | (30,942) | 17,322 | 21,457 |
| Operating cash flow (before working capital changes) | \$205,018 | \$16,308 | \$214,838 | \$495,842 | \$45,574 | \$287,069 |
| Weighted average number of shares - basic ('000) | 66,687 | 67,257 | 67,270 | 67,119 | 67,277 | 69,713 |
| Operating cash flow per share (before working capital changes) | \$3.07 | \$0.24 | \$3.19 | \$7.39 | \$0.68 | \$4.12 |
| Annualized return on invested capital | | | | | | |
| Adjusted EBITDA | \$248,634 | \$17,627 | \$221,677 | \$549,714 | \$63,390 | \$291,632 |
| Invested capital, beginning of period | \$1,071,930 | \$1,093,528 | \$1,108,557 | \$1,055,842 | \$1,032,591 | \$968,852 |
| Invested capital, end of period | 1,004,880 | 1,055,842 | 1,071,930 | 1,004,880 | 1,055,842 | 1,032,591 |
| Average invested capital | \$1,038,405 | \$1,074,685 | \$1,090,244 | \$1,030,361 | \$1,044,217 | \$1,000,722 |
| Adjusted EBITDA divided by average invested capital | 23.9% | 1.6% | 20.3% | 53.4% | 6.1% | 29.1% |
| Annualization factor | 4.0 | 4.0 | 4.0 | 1.0 | 1.0 | 1.0 |
| Annualized return on invested capital | 95.8% | 6.6% | 81.3% | 53.4% | 6.1% | 29.1% |

Notes:

- 1 Financial information has been restated for implementation of IFRS 16, *Leases*.
- 2 Net debt to invested capital as of the period end.



CONDENSED CONSOLIDATED STATEMENTS OF EARNINGS (LOSS)
For the three months and year ended December 31, 2020 and 2019 (unaudited)

| (thousands of Canadian Dollars except earnings per share) | Three Months Dec. 31, 2020 | Three Months Dec. 31, 2019 | Year Dec. 31, 2020 | Year Dec. 31, 2019 |
|---|-------------------------------|-------------------------------|-----------------------|-----------------------|
| Sales | \$662,301 | \$456,819 | \$2,183,609 | \$1,875,821 |
| Costs and expenses: | | | | |
| Production | 428,208 | 418,954 | 1,583,033 | 1,728,394 |
| Selling and administration | 10,297 | 8,992 | 40,961 | 38,748 |
| Long term incentive compensation expense | 10,254 | 1,265 | 12,513 | 3,446 |
| U.S. countervailing and anti-dumping duty deposits (receivable) | (23,891) | 11,246 | 13,815 | 45,289 |
| Depreciation of plant and equipment | 21,947 | 20,711 | 78,459 | 80,438 |
| Depletion and amortization of timber, roads and other | 10,511 | 14,214 | 37,071 | 44,294 |
| | 457,326 | 475,382 | 1,765,852 | 1,940,609 |
| Operating earnings (loss) before write-downs and restructuring costs | 204,975 | (18,563) | 417,757 | (64,788) |
| Asset and goodwill write-downs and restructuring costs | (1,793) | (30,416) | (15,264) | (63,982) |
| Operating earnings (loss) | 203,182 | (48,979) | 402,493 | (128,770) |
| Finance costs | (1,891) | (3,740) | (16,079) | (15,024) |
| Other foreign exchange loss | (8,162) | (510) | (16,881) | (275) |
| Other income (expense) | (92) | (298) | 336 | 5,925 |
| | (10,145) | (4,548) | (32,624) | (9,374) |
| Earnings (loss) before income taxes | 193,037 | (53,527) | 369,869 | (138,144) |
| Income tax expense (recovery): | | | | |
| Current | 5,392 | (783) | 7,043 | 26 |
| Deferred | 38,497 | (11,068) | 82,530 | (34,385) |
| | 43,889 | (11,851) | 89,573 | (34,359) |
| Net earnings (loss) | \$149,148 | \$(41,676) | \$280,296 | \$(103,785) |
| Net earnings (loss) per share, basic and diluted | \$2.24 | \$(0.62) | \$4.18 | \$(1.54) |

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
For the three months and year ended December 31, 2020 and 2019 (unaudited)

| (thousands of Canadian Dollars) | Three Months Dec. 31, 2020 | Three Months Dec. 31, 2019 | Year Dec. 31, 2020 | Year Dec. 31, 2019 |
|---|-------------------------------|-------------------------------|-----------------------|-----------------------|
| Net earnings (loss) | \$149,148 | \$(41,676) | \$280,296 | \$(103,785) |
| Other comprehensive income (loss): | | | | |
| Items that will not be recycled to Net earnings (loss): | | | | |
| Defined benefit plan actuarial gain (loss), net of tax | 458 | 1,621 | (907) | 603 |
| Items that are or may be recycled to Net earnings (loss): | | | | |
| Foreign currency translation differences for foreign operations, net of tax | (28,569) | (10,053) | (6,913) | (27,634) |
| Total other comprehensive loss, net of tax | (28,111) | (8,432) | (7,820) | (27,031) |
| Comprehensive income (loss) | \$121,037 | \$(50,108) | \$272,476 | \$(130,816) |



CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
For the three months and year ended December 31, 2020 and 2019 (unaudited)

(thousands of Canadian Dollars)

| | Three Months Dec. 31, 2020 | Three Months Dec. 31, 2019 | Year Dec. 31, 2020 | Year Dec. 31, 2019 |
|--|-------------------------------|-------------------------------|-----------------------|-----------------------|
| Cash provided by (used in): | | | | |
| Operating activities: | | | | |
| Net earnings (loss) | \$149,148 | \$(41,676) | \$280,296 | \$(103,785) |
| Items not involving cash: | | | | |
| Depreciation of plant and equipment | 21,947 | 20,711 | 78,459 | 80,438 |
| Depletion and amortization of timber, roads and other | 10,511 | 14,214 | 37,071 | 44,294 |
| Income tax expense (recovery) | 43,889 | (11,851) | 89,573 | (34,359) |
| Finance costs | 1,891 | 3,740 | 16,079 | 15,024 |
| Other assets | (37,881) | 1,371 | (37,040) | 1,894 |
| Reforestation liability | (61) | 1,291 | (2,050) | (1,286) |
| Provisions and other liabilities | 6,198 | (1,586) | 5,536 | 3,620 |
| Stock options | 253 | 151 | 866 | 692 |
| Write-down of plant, equipment, goodwill and other | - | 29,100 | 9,754 | 45,494 |
| Unrealized foreign exchange loss | 9,031 | 544 | 17,634 | 554 |
| Gain on lease modifications | (75) | (1,140) | (308) | (1,140) |
| Other expense (income) | 167 | 1,439 | (28) | (5,866) |
| | 205,018 | 16,308 | 495,842 | 45,574 |
| Cash generated from (used in) operating working capital: | | | | |
| Trade accounts receivable and other | 70,342 | 26,706 | (30,206) | 1,517 |
| Inventories | (35,380) | (5,450) | 22,024 | 22,632 |
| Prepayments | (2,734) | 2,639 | (1,036) | (4,443) |
| Trade accounts payable and provisions | (5,714) | (15,851) | 40,992 | (36,446) |
| Income taxes paid | (1,585) | 290 | (832) | (582) |
| | 229,947 | 24,642 | 526,784 | 28,252 |
| Investing activities: | | | | |
| Additions to property, plant and equipment | (29,990) | (31,864) | (95,714) | (158,645) |
| Additions to roads and bridges | (5,840) | (5,175) | (14,669) | (22,447) |
| Additions to timber licences and other intangible assets | (160) | - | (160) | (77) |
| Acquisition of timber license, roads and other assets net of assumed liabilities | - | - | (56,606) | - |
| Proceeds on disposal of property, plant and equipment and other | 3,896 | 431 | 4,992 | 8,880 |
| Net proceeds from (additions to) marketable securities, deposits and other assets | (585) | 1,208 | (462) | 48,338 |
| | (32,679) | (35,400) | (162,619) | (123,951) |
| Financing activities: | | | | |
| Issuance of share capital, net of expenses | 227 | 85 | 418 | 165 |
| Share repurchases | (24,430) | - | (24,430) | (7,825) |
| Interest payments | (4,534) | (3,345) | (17,626) | (12,193) |
| Lease payments | (3,255) | (2,946) | (12,315) | (11,638) |
| Debt refinancing costs | 18 | (29) | (133) | (1,223) |
| Operating line net drawings (repayments) | - | (1) | (82) | 4 |
| Additions to long term debt | - | - | 140,770 | 197,925 |
| Repayments of long term debt | - | - | - | (197,175) |
| | (31,974) | (6,236) | 86,602 | (31,960) |
| Foreign exchange loss on cash and cash equivalents held in a foreign currency | (19,367) | (292) | (28,275) | (3,593) |
| Increase (decrease) in cash | 145,927 | (17,286) | 422,492 | (131,252) |
| Cash and cash equivalents, beginning of period | 311,465 | 52,186 | 34,900 | 166,152 |
| Cash and cash equivalents, end of period | \$457,392 | \$34,900 | \$457,392 | \$34,900 |



CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

December 31, 2020 and 2019 (unaudited)

(thousands of Canadian Dollars)

| | Dec. 31, 2020 | Dec. 31, 2019 |
|---|--------------------|--------------------|
| Assets | | |
| Current assets: | | |
| Cash and cash equivalents | \$457,392 | \$34,900 |
| Trade accounts receivable and other | 117,371 | 86,608 |
| Income taxes receivable | 169 | 1,995 |
| Inventories | 160,188 | 181,577 |
| Prepayments | 17,970 | 20,449 |
| | 753,090 | 325,529 |
| Employee future benefits | 106 | 673 |
| Deposits and other assets | 48,957 | 9,296 |
| Right of use assets | 35,471 | 32,780 |
| Property, plant and equipment | 729,163 | 739,515 |
| Roads and bridges | 22,379 | 24,353 |
| Timber licences | 114,953 | 60,596 |
| Goodwill and other intangible assets | 138,838 | 142,214 |
| Deferred income taxes | 230 | 6,961 |
| | \$1,843,187 | \$1,341,917 |
| Liabilities and Shareholders' Equity | | |
| Current liabilities: | | |
| Trade accounts payable and provisions | \$150,509 | \$114,358 |
| Current portion of long term debt | 6,897 | - |
| Reforestation liability | 16,181 | 13,021 |
| Lease liabilities | 11,745 | 10,105 |
| Income taxes payable | 4,394 | 163 |
| | 189,726 | 137,647 |
| Reforestation liability | 29,735 | 27,401 |
| Lease liabilities | 28,541 | 27,718 |
| Long term debt | 375,063 | 259,760 |
| Employee future benefits | 11,137 | 11,843 |
| Provisions and other liabilities | 26,637 | 18,957 |
| Deferred income taxes | 102,036 | 27,609 |
| Equity: | | |
| Share capital | 523,605 | 533,685 |
| Contributed surplus | 5,157 | 4,471 |
| Translation reserve | 49,846 | 56,759 |
| Retained earnings | 501,704 | 236,067 |
| | 1,080,312 | 830,982 |
| | \$1,843,187 | \$1,341,917 |

Approved on behalf of the Board:

"L. Sauder"
Director

"T.V. Milroy"
Director

FORWARD-LOOKING STATEMENTS

This release contains forward-looking information about the Company's business outlook, objectives, plans, strategic priorities and other information that is not historical fact. A statement contains forward-looking information when the Company uses what it knows and expects today, to make a statement about the future. Statements containing forward-looking information may include words such as: will, could, should, believe, expect, anticipate, intend, forecast, projection, target, outlook, opportunity, risk or strategy. Readers are cautioned that actual results may vary from the forward-looking information in this release, and undue reliance should not be placed on such forward-looking information. Risk factors that could cause actual results to differ materially from the forward-looking information in this release are described in Interfor's annual Management's Discussion & Analysis under the heading "Risks and Uncertainties", which is available on www.interfor.com and under Interfor's profile on www.sedar.com. Material factors and assumptions used to develop the forward-looking information in this report include volatility in the selling prices for lumber, logs and wood chips; the Company's ability to compete on a global basis; the availability and cost of log supply; natural or man-made disasters; currency exchange rates; changes in government regulations; the availability of the Company's allowable annual cut ("AAC"); claims by and treaty settlements with Indigenous peoples; the Company's ability to export its products; the softwood lumber trade dispute between Canada and the U.S.; stumpage fees payable to the Province of British Columbia ("B.C."); environmental impacts of the Company's operations; labour disruptions; information systems security; and the existence of a public health crisis (such as the current COVID-19 pandemic). Unless otherwise indicated, the forward-looking statements in this release are based on the Company's expectations at the date of this release. Interfor undertakes no obligation to update such forward-looking information or statements, except as required by law.

ABOUT INTERFOR

Interfor is a growth-oriented forest products company with operations in Canada and the United States. The Company has annual production capacity of approximately 3.0 billion board feet and offers a diverse line of lumber products to customers around the world. For more information about Interfor, visit our website at www.interfor.com.

The Company's 2020 audited consolidated financial statements and Management's Discussion and Analysis are available at www.sedar.com and www.interfor.com.

There will be a conference call on Friday, February 5, 2021 at 8:00 a.m. (Pacific Time) hosted by **INTERFOR CORPORATION** for the purpose of reviewing the Company's release of its fourth quarter and fiscal 2020 financial results.

The dial-in number is **1-833-297-9919**. The conference call will also be recorded for those unable to join in for the live discussion, and will be available until March 5, 2021. The number to call is **1-855-859-2056, Passcode 5389783**.

For further information:

Richard Pozzebbon, Senior Vice President and Chief Financial Officer
(604) 689-6800