



Interfor Corporation

Burnaby, B.C.

August 05, 2021

Interfor Reports Record Q2'21 Results EBITDA¹ of \$611 million on Sales of \$1.1 billion Net Cash Position and Available Liquidity of \$1.2 billion

INTERFOR CORPORATION ("Interfor" or the "Company") (TSX: IFP) recorded Net earnings in Q2'21 of \$419.2 million, or \$6.45 per share, compared to \$264.5 million, or \$4.01 per share in Q1'21 and \$3.2 million, or \$0.05 per share in Q2'20. Adjusted net earnings in Q2'21 were \$433.5 million compared to \$270.6 million in Q1'21 and \$10.6 million in Q2'20.

Robust lumber prices in North America and strong operating performance during the second quarter of 2021 led to Interfor realizing record financial results, including records for Net earnings, Adjusted EBITDA and cash flow from operations.

Adjusted EBITDA was \$611.3 million on sales of \$1.1 billion in Q2'21 versus \$392.1 million on sales of \$849.3 million in Q1'21. \$484.5 million of cash flow was generated from operations before changes in working capital, or \$7.46 per share.

These record financial results bolstered Interfor's balance sheet and enabled the deployment of a significant amount of capital in the quarter. Interfor's balanced approach to capital allocation included growth through a four-sawmill acquisition and strategic capital expenditures, and rewarding shareholders with returns of capital through share repurchases and a special cash dividend.

Even with a significant amount of capital deployed in the quarter, Interfor's balance sheet remains very well positioned to support further strategic investment. Net debt ended the quarter at \$(490.7) million, or (46.1)% of invested capital, resulting in available liquidity of \$1.2 billion.

Notable items in the quarter:

- Record Production Balanced with Shipments
 - Total lumber production in Q2'21 was 716 million board feet, representing an increase of 29 million board feet quarter-over-quarter and setting an Interfor production record. The U.S. South and U.S. Northwest regions accounted for 387 million board feet and 137 million board feet, respectively, compared to 338 million board feet and 141 million board feet in Q1'21. The Summerville sawmill, acquired March 12, 2021, contributed to the increased output in the U.S. South region with a full quarter of its production. Production in the B.C. region decreased to 192 million board feet from 208 million board feet in the preceding quarter.
 - Total lumber shipments were 714 million board feet, or 48 million board feet higher than Q1'21.
 - Interfor's average selling price was \$1,419 per mfbm, up \$276 per mfbm versus Q1'21. The key benchmark prices increased quarter-over-quarter with the SYP Composite, Western SPF Composite and KD H-F Stud 2x4 9' benchmarks increasing by US\$113, US\$384 and US\$447 per mfbm to US\$1,028, US\$1,319 and US\$1,609 per mfbm, respectively.
- Strategic Capital Investments
 - Capital spending was \$40.6 million, including \$24.2 million on high-return discretionary projects. The majority of this discretionary spending was focused on the ongoing multi-year rebuild of the Eatonton, GA sawmill, which will be substantially complete in Q4'21. Inclusive of

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

this project, US\$120.8 million has been spent on the Company's Phase II strategic capital plan through June 30, 2021.

- Acquisition of Four US Sawmills and Restart of the DeQuincy, LA Operation
 - On July 9, 2021, Interfor concluded the acquisition of four sawmill operations located in Bay Springs, MS, Fayette, AL, DeQuincy, LA and Philomath, OR from Georgia-Pacific Wood Products LLC and GP Wood Products LLC. The Company paid total consideration of US\$372.0 million.
 - This acquisition added high quality assets with 720 million board feet of annual lumber production capacity, increasing Interfor's total capacity by approximately 23% to 3.9 billion board feet.
 - Interfor is restarting operations at the sawmill in DeQuincy, LA, which has annual lumber production capacity of 200 million board feet. Lumber production is expected to begin in the first half of 2022. The sawmill was idled in May 2020 by its previous owner at the outset of the COVID-19 pandemic.
- Special Cash Dividend
 - On May 12, 2021, Interfor's Board of Directors declared a one-time special cash dividend of \$2.00 per share, which was paid on June 28, 2021 to shareholders of record on May 28, 2021. The special dividend resulted in an aggregate distribution of \$130.6 million. The dividend was funded from cash on hand.
- Normal Course Issuer Bid ("NCIB")
 - During Q2'21, Interfor purchased 1,688,770 common shares under the Company's NCIB for total consideration of \$49.4 million.
 - Interfor has purchased 3,790,610 common shares for total consideration of \$94.2 million since the outset of its NCIB, representing an average price of \$24.84 per share, or 1.02 times book value per share at June 30, 2021. The NCIB will continue to be used to opportunistically purchase Interfor common shares at attractive prices.
- Sale of Former Sawmill Property
 - On July 21, 2021, the Company completed the sale of property, plant and equipment at its former Hammond sawmill located in Maple Ridge, B.C. for net cash proceeds of \$40.0 million, representing \$0.63 per common share outstanding at June 30, 2021. This sale contributes to the successful reconfiguration of Interfor's B.C. Coastal operations announced on September 3, 2019, which resulted in the monetization of approximately \$40.0 million of working capital following the closure of the Hammond sawmill and led to increased profitability from its remaining forestry operations.
- Softwood Lumber Duties
 - On May 21, 2021, the U.S. Department of Commerce issued its preliminary revised countervailing ("CV") and anti-dumping ("AD") duty rates based on completion of its second administrative review for the year ended December 31, 2019. The preliminary combined rate for 2019 is 18.32%, compared to a cash deposit rate of 20.23%.
 - Interfor expensed \$19.2 million of duties in the quarter, representing the full amount of CV and AD duties incurred on its Canadian shipments of softwood lumber into the U.S. at a combined rate of 8.99%.
 - Cumulative duties of US\$158.2 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.

Expanded Organic Growth in the U.S. South

Interfor is expanding its multi-year strategic capital plan with an additional US\$230 million of strategic investments in its U.S. South platform through 2024. These investments include re-initiation of the major rebuild of the Thomaston, GA sawmill, a follow-on investment at the recently acquired sawmill in Summerville, SC, a second phase to the modernization of the Georgetown, SC sawmill, and several other targeted upgrades. In total, these investments are expected to grow annual lumber production by about 250 million board feet and further optimize conversion costs, improve lumber recovery, and enhance grade and product mix. Each project is expected to generate very attractive risk-adjusted returns at conservative lumber prices.

Interfor's total capital expenditures are expected to be approximately \$175 million in 2021, up \$25 million from prior guidance as certain projects have been accelerated, and likely in the range of \$200 - \$250 million in 2022, as the Company executes on its expanded strategic capital plans.

Wildfire Season

Significant wildfires are currently in progress in the U.S. Northwest and B.C. Interior regions in which Interfor has operations. The start of the annual wildfire season has been accelerated by abnormally dry conditions and wildfires are now impacting log harvesting activities and rail availability to varying extents across these regions; the B.C. government currently has a restriction on all log harvesting activities in the B.C. Interior. As a result, Interfor announced on July 29, 2021 supply related downtime at its B.C. Interior sawmills which will reduce lumber production by at least 50 million board feet in the third quarter of this year. Interfor is monitoring the situation closely and will take ongoing actions to protect the safety of its employees and contractors, the communities in which it operates and its assets.

Outlook

North American lumber markets over the near term are expected to remain above historical trends driven by continued strong demand from new housing starts, albeit with volatility driven by the level of demand from repair and remodel activity as the North American economy adjusts to the COVID-19 pandemic recovery.

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 3 months ended			For the 6 months ended	
		Jun. 30 2021	Jun. 30 2020	Mar. 31 2021	Jun. 30 2021	Jun. 30 2020
Financial Highlights²						
Total sales	\$MM	1,099.7	396.8	849.3	1,949.0	876.4
Lumber	\$MM	1,012.9	322.1	762.4	1,775.3	701.4
Logs, residual products and other	\$MM	86.8	74.7	86.9	173.7	175.0
Operating earnings	\$MM	568.3	13.3	355.6	923.9	27.9
Net earnings	\$MM	419.2	3.2	264.5	683.7	9.5
Net earnings per share, basic	\$/share	6.45	0.05	4.01	10.45	0.14
Adjusted net earnings ³	\$MM	433.5	10.6	270.6	704.2	11.4
Adjusted net earnings per share, basic ³	\$/share	6.67	0.16	4.11	10.76	0.17
Operating cash flow per share (before working capital changes) ³	\$/share	7.46	0.56	5.73	13.17	1.13
Adjusted EBITDA ³	\$MM	611.3	42.8	392.1	1,003.4	79.4
Adjusted EBITDA margin ³	%	55.6%	10.8%	46.2%	51.5%	9.1%
Total assets	\$MM	2,409.4	1,538.8	2,159.7	2,409.4	1,538.8
Total debt	\$MM	365.1	408.8	377.3	365.1	408.8
Net debt ³	\$MM	(490.7)	239.1	(236.0)	(490.7)	239.1
Net debt to invested capital ³	%	(46.1%)	21.6%	(21.7%)	(46.1%)	21.6%
Annualized return on capital employed ³	%	110.8%	2.4%	79.2%	96.1%	3.4%
Operating Highlights						
Lumber production	million fbm	716	421	687	1,402	1,047
Total lumber sales	million fbm	714	499	666	1,380	1,140
Lumber sales - Interfor produced	million fbm	713	488	662	1,375	1,120
Lumber sales - wholesale and commission	million fbm	1	11	4	5	20
Lumber - average selling price ⁴	\$/thousand fbm	1,419	646	1,143	1,286	616
Average USD/CAD exchange rate ⁵	1 USD in CAD	1.2282	1.3862	1.2660	1.2470	1.3651
Closing USD/CAD exchange rate ⁵	1 USD in CAD	1.2394	1.3628	1.2575	1.2394	1.3628

Notes:

- Figures in this table may not equal or sum to figures presented elsewhere due to rounding.
- 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 unaudited condensed consolidated interim financial statements.
- Gross sales before duties.
- Based on Bank of Canada foreign exchange rates.

Liquidity

Balance Sheet

Interfor's Net debt at June 30, 2021 was \$(490.7) million, or (46.1)% of invested capital, representing a decrease of \$415.3 million from the level of Net debt at December 31, 2020.

As at June 30, 2021 the Company had net working capital of \$991.5 million and available liquidity of \$1.2 billion, 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 3 months ended		For the 6 months ended	
	2021	Jun. 30, 2020	2021	Jun. 30, 2020
Net debt				
Net debt, period opening	\$(235,966)	\$322,036	\$(75,432)	\$224,860
(Repayment) issuance of Senior Secured Notes	(6,671)	-	(6,671)	140,770
Revolving Term Line net repayments	-	-	-	(59)
Impact on U.S. Dollar denominated debt from (strengthening) weakening CAD	(5,473)	(16,770)	(10,183)	8,370
Increase in cash and cash equivalents	(251,402)	(71,640)	(413,569)	(140,624)
Impact on U.S. Dollar denominated cash and cash equivalents from strengthening CAD	8,830	5,488	15,173	5,798
Net debt, period ending	\$(490,682)	\$239,114	\$(490,682)	\$239,114

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 June 30, 2021:

Thousands of Canadian Dollars	Revolving Term Line	Senior Secured Notes	Total
Available line of credit and maximum borrowing available	\$350,000	\$365,106	\$715,106
Less:			
Drawings	-	365,106	365,106
Outstanding letters of credit included in line utilization	22,236	-	22,236
Unused portion of facility	\$327,764	\$-	327,764
Add:			
Cash and cash equivalents			855,788
Available liquidity at June 30, 2021			\$1,183,552

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

As of June 30, 2021, the Company had commitments for capital expenditures totaling \$78.5 million for both maintenance and discretionary capital projects.

Non-GAAP Measures

This release makes reference to the following non-GAAP measures: Adjusted net earnings, Adjusted net earnings 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 capital employed 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 3 months ended			For the 6 months ended	
	Jun. 30 2021	Jun. 30 2020	Mar. 31 2021	Jun. 30 2021	Jun. 30 2020
Adjusted Net Earnings					
Net earnings	\$419,241	\$3,235	\$264,487	\$683,728	\$9,544
Add:					
Asset write-downs and restructuring costs	2,213	115	142	2,355	486
Other foreign exchange loss	4,645	4,963	2,346	6,991	5,812
Long term incentive compensation expense (recovery)	11,145	5,629	7,670	18,815	(3,317)
Other expense (income)	1,045	(586)	(1,996)	(951)	(471)
Post closure wind-down costs	251	-	224	475	-
Income tax effect of above adjustments	(4,991)	(2,712)	(2,229)	(7,220)	(669)
Adjusted net earnings	\$433,549	\$10,644	\$270,644	\$704,193	\$11,385
Weighted average number of shares - basic ('000)	64,984	67,260	65,927	65,453	67,260
Adjusted net earnings per share	\$6.67	\$0.16	\$4.11	\$10.76	\$0.17
Adjusted EBITDA					
Net earnings	\$419,241	\$3,235	\$264,487	\$683,728	\$9,544
Add:					
Depreciation of plant and equipment	22,717	15,601	21,474	44,191	35,662
Depletion and amortization of timber, roads and other	6,669	8,108	6,968	13,637	18,638
Finance costs	4,437	5,185	4,524	8,961	9,281
Income tax expense	138,922	563	86,256	225,178	3,768
EBITDA	591,986	32,692	383,709	975,695	76,893
Add:					
Long term incentive compensation expense (recovery)	11,145	5,629	7,670	18,815	(3,317)
Other foreign exchange loss	4,645	4,963	2,346	6,991	5,812
Other expense (income)	1,045	(586)	(1,996)	(951)	(471)
Asset write-downs and restructuring costs	2,213	115	142	2,355	486
Post closure wind-down costs	251	-	224	475	-
Adjusted EBITDA	\$611,285	\$42,813	\$392,095	\$1,003,380	\$79,403
Sales	\$1,099,670	\$396,778	\$849,307	\$1,948,977	\$876,424
Adjusted EBITDA margin	55.6%	10.8%	46.2%	51.5%	9.1%
Net debt to invested capital					
Net debt					
Total debt	\$365,106	\$408,840	\$377,250	\$365,106	\$408,840
Cash and cash equivalents	(855,788)	(169,726)	(613,216)	(855,788)	(169,726)
Total net debt	\$(490,682)	\$239,114	\$(235,966)	\$(490,682)	\$239,114
Invested capital					
Net debt	\$(490,682)	\$239,114	\$(235,966)	\$(490,682)	\$239,114
Shareholders' equity	1,554,205	869,443	1,322,222	1,554,205	869,443
Total invested capital	\$1,063,523	\$1,108,557	\$1,086,256	\$1,063,523	\$1,108,557
Net debt to invested capital ¹	(46.1%)	21.6%	(21.7%)	(46.1%)	21.6%
Operating cash flow per share (before working capital changes)					
Cash provided by operating activities	\$484,723	\$103,003	\$285,080	\$769,803	\$122,322
Cash (generated from) used in operating working capital	(249)	(65,433)	92,604	92,355	(46,324)
Operating cash flow (before working capital changes)	\$484,474	\$37,570	\$377,684	\$862,158	\$75,998
Weighted average number of shares - basic ('000)	64,984	67,260	65,927	65,453	67,260
Operating cash flow per share (before working capital changes)	\$7.46	\$0.56	\$5.73	\$13.17	\$1.13
Annualized return on capital employed					
Net earnings	\$419,241	\$3,235	\$264,487	\$683,728	\$9,544
Add:					
Finance costs	4,437	5,185	4,524	8,961	9,281
Income tax expense	138,922	563	86,256	225,178	3,768
Earnings before income taxes and finance costs	\$562,600	\$8,983	\$355,267	\$917,867	\$22,593
Capital Employed					
Total assets	\$2,409,388	\$1,538,824	\$2,159,692	\$2,409,388	\$1,538,824
Current liabilities	(285,081)	(155,036)	(263,526)	(285,081)	(155,036)
Less:					
Current portion of long term debt	6,713	7,381	6,811	6,713	7,381
Current portion of lease liabilities	11,758	11,210	12,169	11,758	11,210
Capital employed, end of period	\$2,142,778	\$1,402,379	\$1,915,146	\$2,142,778	\$1,402,379
Capital employed, beginning of period	1,915,146	1,431,579	1,672,103	1,672,103	1,214,375
Average capital employed	\$2,028,962	\$1,416,979	\$1,793,624	\$1,907,441	\$1,308,377
Earnings before income taxes and finance costs divided by average capital employed	27.7%	0.6%	19.8%	48.1%	1.7%
Annualization factor	4.0	4.0	4.0	2.0	2.0
Annualized return on capital employed	110.8%	2.4%	79.2%	96.2%	3.4%

Note: 1 Net debt to invested capital as of the period end



CONDENSED CONSOLIDATED STATEMENTS OF EARNINGS
For the three and six months ended June 30, 2021 and 2020 (unaudited)

(thousands of Canadian Dollars except earnings per share)	Three Months Jun. 30, 2021	Three Months Jun. 30, 2020	Six Months Jun. 30, 2021	Six Months Jun. 30, 2020
Sales	\$1,099,670	\$396,778	\$1,948,977	\$876,424
Costs and expenses:				
Production	457,329	337,134	889,496	760,362
Selling and administration	12,136	9,444	25,015	18,672
Long term incentive compensation expense (recovery)	11,145	5,629	18,815	(3,317)
U.S. countervailing and anti-dumping duty deposits	19,171	7,387	31,561	17,987
Depreciation of plant and equipment	22,717	15,601	44,191	35,662
Depletion and amortization of timber, roads and other	6,669	8,108	13,637	18,638
	529,167	383,303	1,022,715	848,004
Operating earnings before write-downs and restructuring costs	570,503	13,475	926,262	28,420
Asset write-downs and restructuring costs	2,213	115	2,355	486
Operating earnings	568,290	13,360	923,907	27,934
Finance costs	(4,437)	(5,185)	(8,961)	(9,281)
Other foreign exchange loss	(4,645)	(4,963)	(6,991)	(5,812)
Other (expense) income	(1,045)	586	951	471
	(10,127)	(9,562)	(15,001)	(14,622)
Earnings before income taxes	558,163	3,798	908,906	13,312
Income tax expense (recovery):				
Current	135,140	(193)	218,313	136
Deferred	3,782	756	6,865	3,632
	138,922	563	225,178	3,768
Net earnings	\$419,241	\$3,235	\$683,728	\$9,544
Net earnings per share				
Basic	\$6.45	\$0.05	\$10.45	\$0.14
Diluted	\$6.43	\$0.05	\$10.42	\$0.14

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
For the three and six months ended June 30, 2021 and 2020 (unaudited)

(thousands of Canadian Dollars)	Three Months Jun. 30, 2021	Three Months Jun. 30, 2020	Six Months Jun. 30, 2021	Six Months Jun. 30, 2020
Net earnings	\$419,241	\$3,235	\$683,728	\$9,544
Other comprehensive income (loss):				
Items that will not be recycled to Net earnings:				
Defined benefit plan actuarial gain (loss), net of tax	1,110	(543)	5,582	(1,256)
Items that are or may be recycled to Net earnings:				
Foreign currency translation differences for foreign operations, net of tax	(8,876)	(16,400)	(17,763)	29,683
Total other comprehensive (loss) income, net of tax	(7,766)	(16,943)	(12,181)	28,427
Comprehensive income (loss)	\$411,475	\$(13,708)	\$671,547	\$37,971



CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
For the three and six months ended June 30, 2021 and 2020 (unaudited)

(thousands of Canadian Dollars)

	Three Months Jun. 30, 2021	Three Months Jun. 30, 2020	Six Months Jun. 30, 2021	Six Months Jun. 30, 2020
Cash provided by (used in):				
Operating activities:				
Net earnings	\$419,241	\$3,235	\$683,728	\$9,544
Items not involving cash:				
Depreciation of plant and equipment	22,717	15,601	44,191	35,662
Depletion and amortization of timber, roads and other	6,669	8,108	13,637	18,638
Deferred income tax expense	3,782	756	6,865	3,632
Current income tax expense (recovery)	135,140	(193)	218,313	136
Finance costs	4,437	5,185	8,961	9,281
Other assets	655	(450)	224	486
Reforestation liability	(1,187)	(4,616)	(691)	(1,850)
Provisions and other liabilities	6,392	4,993	6,887	(5,300)
Stock options	167	234	363	490
Write-down (recovery) of plant and equipment	2,035	(53)	2,035	(53)
Unrealized foreign exchange loss	5,406	5,350	8,417	5,791
Other expense (income)	1,045	(586)	(951)	(471)
Income tax (paid) refund	(122,025)	6	(129,821)	12
	484,474	37,570	862,158	75,998
Cash generated from (used in) operating working capital:				
Trade accounts receivable and other	(4,741)	(6,164)	(72,600)	(29,577)
Inventories	(8,873)	65,968	(33,225)	67,323
Prepayments	(1,428)	4,020	(4,776)	1,907
Trade accounts payable and provisions	15,291	1,609	18,246	6,671
	484,723	103,003	769,803	122,322
Investing activities:				
Additions to property, plant and equipment	(36,263)	(21,116)	(62,594)	(45,988)
Additions to roads and bridges	(4,312)	(2,439)	(7,197)	(5,143)
Acquisitions	-	-	(73,630)	(56,606)
Proceeds on disposal of property, plant and equipment and other	283	705	5,976	867
Net proceeds from (additions to) deposits and other assets	725	(681)	882	(879)
	(39,567)	(23,531)	(136,563)	(107,749)
Financing activities:				
Issuance of share capital, net of expenses	401	-	2,346	-
Share repurchases	(49,435)	-	(69,738)	-
Dividend paid	(130,625)	-	(130,625)	-
Interest payments	(4,161)	(4,751)	(8,419)	(8,509)
Lease liability payments	(3,263)	(3,074)	(6,564)	(6,008)
Debt refinancing costs	-	(7)	-	(143)
Term line net repayments	-	-	-	(59)
Additions to long term debt	-	-	-	140,770
Repayments of long-term debt	(6,671)	-	(6,671)	-
	(193,754)	(7,832)	(219,671)	126,051
Foreign exchange loss on cash and cash equivalents held in a foreign currency	(8,830)	(5,488)	(15,173)	(5,798)
Increase in cash	242,572	66,152	398,396	134,826
Cash and cash equivalents, beginning of period	613,216	103,574	457,392	34,900
Cash and cash equivalents, end of period	\$855,788	\$169,726	\$855,788	\$169,726



CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
June 30, 2021 and December 31, 2020 (unaudited)

(thousands of Canadian Dollars)

	Jun. 30, 2021	Dec. 31, 2020
Assets		
Current assets:		
Cash and cash equivalents	\$855,788	\$457,392
Trade accounts receivable and other	184,971	117,371
Income taxes receivable	76	169
Inventories	197,006	160,188
Prepayments	21,869	17,970
Assets held for sale	16,849	-
	1,276,559	753,090
Employee future benefits	6,136	106
Deposits and other assets	46,855	48,957
Right of use assets	35,016	35,471
Property, plant and equipment	763,243	729,163
Roads and bridges	24,705	22,379
Timber licences	113,075	114,953
Goodwill and other intangible assets	142,895	138,838
Deferred income taxes	904	230
	\$2,409,388	\$1,843,187
Liabilities and Shareholders' Equity		
Current liabilities:		
Trade accounts payable and provisions	\$162,293	\$150,509
Current portion of long-term debt	6,713	6,897
Reforestation liability	15,076	16,181
Lease liabilities	11,758	11,745
Income taxes payable	89,241	4,394
	285,081	189,726
Reforestation liability	29,214	29,735
Lease liabilities	27,795	28,541
Long term debt	358,393	375,063
Employee future benefits	9,595	11,137
Provisions and other liabilities	34,068	26,637
Deferred income taxes	111,037	102,036
Equity:		
Share capital	507,092	523,605
Contributed surplus	4,483	5,157
Translation reserve	32,083	49,846
Retained earnings	1,010,547	501,704
	1,554,205	1,080,312
	\$2,409,388	\$1,843,187

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 second quarter and annual Management's Discussion and Analysis under the heading "Risks and Uncertainties", which are 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 release 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, 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 3.9 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 unaudited condensed consolidated interim financial statements and Management's Discussion and Analysis for Q2'21 are available at www.sedar.com and www.interfor.com.

There will be a conference call on Friday, August 6, 2021 at 8:00 a.m. (Pacific Time) hosted by **INTERFOR CORPORATION** for the purpose of reviewing the Company's release of its second quarter 2021 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 September 6, 2021. The number to call is **1-855-859-2056, Passcode 8194915**.

For further information:

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(604) 422-3400