



Interfor Corporation

Burnaby, B.C.

February 3, 2022

Interfor Reports Q4'21 Results Adjusted EBITDA of \$150 million and Net Earnings of \$70 million with Record Production

INTERFOR CORPORATION ("Interfor" or the "Company") (TSX: IFP) recorded Net earnings in Q4'21 of \$69.7 million, or \$1.15 per share, compared to \$65.6 million, or \$1.05 per share in Q3'21 and \$149.1 million, or \$2.24 per share in Q4'20. Adjusted net earnings in Q4'21 were \$78.2 million compared to \$46.7 million in Q3'21 and \$164.7 million in Q4'20.

Adjusted EBITDA was \$149.5 million on sales of \$675.9 million in Q4'21 versus \$93.9 million on sales of \$664.3 million in Q3'21.

Interfor recorded Net earnings of \$819.0 million, or \$12.88 per share in 2021, compared to \$280.3 million, or \$4.18 per share in 2020. Adjusted EBITDA was \$1.2 billion on sales of \$3.3 billion.

Notable items in the quarter:

- Record Lumber Production
 - Total lumber production in Q4'21 was 758 million board feet, representing an increase of 27 million board feet quarter-over-quarter and setting an Interfor production record. The U.S. South and U.S. Northwest regions accounted for 409 million board feet and 166 million board feet, respectively, compared to 411 million board feet and 156 million board feet in Q3'21. Production in the B.C. region increased to 183 million board feet from 164 million board feet in Q3'21, which was impacted by wildfire-related log supply constraints.
 - Total lumber shipments were 719 million board feet, or 33 million lower than Q3'21 in part due to weather-related logistics constraints in B.C. and the U.S. Northwest.
- Strengthening Lumber Prices
 - Interfor's average selling price was \$822 per mfbm, up \$78 per mfbm versus Q3'21. The SYP Composite, Western SPF Composite and KD H-F Stud 2x4 9' lumber price benchmarks increased quarter-over-quarter by US\$176, US\$174 and US\$175 per mfbm to US\$644, US\$653 and US\$733 per mfbm, respectively, with the majority of these increases occurring in the latter half of the quarter.
 - Benchmark lumber prices have continued to strengthen into 2022, rising to all-time record levels for the month of January.
- Enhanced Financial Flexibility
 - Interfor's financial flexibility was enhanced substantially in the quarter through significant cash flow generation and an expansion of its revolving credit facility. Available liquidity increased to \$1.0 billion, and cash exceeded debt by \$162.9 million at quarter-end.
 - Interfor generated \$133.1 million of cash flow from operations before changes in working capital, or \$2.19 per share. This was partially offset by a \$46.9 million investment in working capital driven by weather-related shipment constraints and a seasonal build up of log inventories in B.C.

- On December 17, 2021, the Company completed an early renewal and expansion of its Revolving Term Line. The commitment under the facility has been increased by \$150 million to a total of \$500 million, and the term has been extended from March 2024 to December 2026.
- Strategic Capital Investments
 - Capital spending was \$63.0 million, including \$38.6 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 begin ramp-up in Q1'22 towards its proforma 230 million board foot annual capacity.
- Restart of the DeQuincy, LA Sawmill
 - Lumber production at the sawmill in DeQuincy, LA restarted on January 9, 2022, well ahead of schedule. The sawmill is currently operating on one shift with plans underway to ramp-up to two shifts and its 200 million board foot annual capacity by the end of 2022.
- Normal Course Issuer Bid ("NCIB") Renewal
 - On November 4, 2021, the Company announced a renewal of its NCIB commencing on November 11, 2021 and ending on November 10, 2022, for the purchase of up to 6,041,701 common shares, which represents 10% of the Company's public float.
 - Interfor did not purchase any of its common shares during the quarter.
- Softwood Lumber Duties Rate Adjustment
 - In Q4'21, the U.S. Department of Commerce ("the DoC") published the final rates for countervailing ("CV") and anti-dumping ("AD") duties based on the results of its second administrative review covering shipments for the year ended December 31, 2019. The final combined rate for 2019 was 17.91%, compared to the cash deposit rate of 20.23%. To reflect the lower amended final rates for 2019, Interfor recorded a \$4.3 million reduction to duties expense in Q4'21 and a corresponding receivable on its balance sheet.
 - On January 31, 2022, the DoC issued its preliminary combined all other rate of 11.64% for 2020. The rate is the result of the DoC's third administrative review and is subject to change until its final rate determinations which are expected in August 2022. At such time, the final rates will be applied to new lumber shipments. No adjustments have been recorded in the financial statements as of December 31, 2021 to reflect the preliminary all other duty rate announced.
 - Cumulative duties of US\$170.4 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\$36.2 million in respect of overpayments arising from duty rate adjustments, Interfor has recorded the duty deposits as an expense.

Acquisition of EACOM Timber Corporation

On November 23, 2021, the Company announced that it had reached an agreement with an affiliate of Kelso & Company to acquire 100% of the equity interests of EACOM Timber Corporation ("EACOM"). The acquisition includes seven sawmills with a combined lumber production capacity of 985 million board feet, an I-Joist plant with annual production of 70 million linear feet, and a value-added remanufacturing plant with annual production capacity of 60 million board feet.

The transaction remains subject to customary conditions and regulatory approvals for a transaction of this kind and is currently expected to close in the first quarter of 2022. The acquisition is expected to be funded from existing available liquidity.

Deferral of Old-Growth Logging in B.C.

On November 2, 2021, the B.C. government announced its intention to work in partnership with First Nations to temporarily defer harvest of up to 2.6 million hectares of old growth forests. The process remains ongoing as the majority of more than 200 First Nations in the province have indicated to the B.C. government that they require more time to review the proposed deferral plans before making decisions. Interfor does not currently anticipate any significant impact on its lumber production

volumes in B.C. as a result of the proposed old growth deferrals, though other impacts may arise depending on the nature and alignment of decisions by First Nations. Interfor's operations within the coastal and interior regions of B.C. account for 4% and 19% of its total lumber production capacity, respectively.

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 and repair and remodel activity, albeit with volatility as the 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 new housing starts in the U.S. benefit from favourable underlying demand fundamentals. However, the potential for rising interest rates in the U.S. exists, which could reduce housing affordability and slow the growth in demand for lumber.

Interfor's strategy of maintaining a diversified portfolio of operations in multiple regions allows the Company to both reduce risk and maximize returns on 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 2021	Dec. 31 2020	Sept. 30 2021	2021	2020	2019
Financial Highlights²							
Total sales	\$MM	675.9	662.3	664.3	3,289.1	2,183.6	1,875.8
Lumber	\$MM	591.5	575.0	559.6	2,926.3	1,838.8	1,576.1
Logs, residual products and other	\$MM	84.4	87.3	104.7	362.8	344.8	299.7
Operating earnings (loss)	\$MM	99.2	203.2	54.8	1,077.9	402.5	(128.8)
Net earnings (loss)	\$MM	69.7	149.1	65.6	819.0	280.3	(103.8)
Net earnings (loss) per share, basic	\$/share	1.15	2.24	1.05	12.88	4.18	(1.54)
Adjusted net earnings (loss) ³	\$MM	78.2	164.7	46.7	829.1	316.1	(58.1)
Adjusted net earnings (loss) per share, basic ³	\$/share	1.29	2.47	0.74	13.04	4.71	(0.86)
Operating cash flow per share (before working capital changes) ³	\$/share	2.19	3.05	1.15	16.79	7.38	0.67
Adjusted EBITDA ³	\$MM	149.5	248.6	93.9	1,246.8	549.7	63.4
Adjusted EBITDA margin ³	%	22.1%	37.5%	14.1%	37.9%	25.2%	3.4%
Total assets	\$MM	2,603.5	1,843.2	2,488.7	2,603.5	1,843.2	1,341.9
Total debt	\$MM	375.7	382.0	375.3	375.7	382.0	259.8
Net debt ³	\$MM	(162.9)	(75.4)	(133.8)	(162.9)	(75.4)	224.9
Net debt to invested capital ³	%	(11.1%)	(7.5%)	(9.3%)	(11.1%)	(7.5%)	21.3%
Annualized return on capital employed ³	%	18.2%	48.4%	16.0%	55.7%	26.7%	(9.4%)
Operating Highlights							
Lumber production	million fbm	758	687	731	2,891	2,377	2,646
Lumber sales	million fbm	719	683	753	2,852	2,441	2,668
Lumber - average selling price ⁴	\$/thousand fbm	822	842	744	1,026	753	591
Average USD/CAD exchange rate ⁵	1 USD in CAD	1.2603	1.3030	1.2600	1.2535	1.3415	1.3269
Closing USD/CAD exchange rate ⁵	1 USD in CAD	1.2678	1.2732	1.2741	1.2678	1.2732	1.2988

Notes:

- 1 Figures in this table may not equal or sum to figures presented elsewhere due to rounding.
- 2 Financial information presented for interim periods in this release is prepared in accordance with IFRS and is unaudited.
- 3 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.
- 4 Gross sales before duties.
- 5 Based on Bank of Canada foreign exchange rates.

Liquidity

Balance Sheet

Interfor's Net debt at December 31, 2021 was \$(162.9) million, or (11.1%) of invested capital, representing a decrease of \$87.5 million from the level of Net debt at December 31, 2020.

As at December 31, 2021 the Company had net working capital of \$644.1 million and available liquidity of \$1.0 billion, based on the full borrowing capacity under its \$500 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, 2021	Dec. 31, 2020	Sept. 30, 2021	Dec. 31, 2021	Dec. 31, 2020
Net debt					
Net debt, period opening	\$(133,829)	\$88,705	\$(490,682)	\$(75,432)	\$224,860
(Repayment) issuance of Senior Secure Notes	-	-	-	(6,671)	140,770
Revolving Term Line net drawings (repayments)	2,198	-	1	2,199	(82)
Impact on U.S. Dollar denominated debt from (strengthening) weakening CAD	(1,851)	(18,210)	10,221	(1,813)	(18,488)
(Increase) decrease in cash and cash equivalents	(31,623)	(165,294)	365,553	(79,639)	(450,767)
Impact on U.S. Dollar denominated cash and cash equivalents from strengthening (weakening) CAD	2,219	19,367	(18,922)	(1,530)	28,275
Net debt, period ending	\$(162,886)	\$(75,432)	\$(133,829)	\$(162,886)	\$(75,432)

On December 17, 2021, the Company completed an early renewal and expansion of its Revolving Term Line. The commitment under the facility has been increased by \$150 million to a total of \$500 million, and the term has been extended from March 2024 to December 2026.

Capital Resources

The following table summarizes Interfor's credit facilities and availability as of December 31, 2021:

Thousands of Canadian Dollars	Revolving Term Line	Senior Secured Notes	Total
Available line of credit and maximum borrowing available	\$500,000	\$373,473	\$873,473
Less:			
Drawings	2,202	373,473	375,675
Outstanding letters of credit included in line utilization	23,246	-	23,246
Unused portion of facility	\$474,552	\$-	474,552
Add:			
Cash and cash equivalents			538,561
Available liquidity at December 31, 2021			\$1,013,113

Interfor's Revolving Term Line matures in December 2026 and its Senior Secured Notes have maturities principally in the years 2024-2030.

As of December 31, 2021, the Company had commitments for capital expenditures totaling \$124.3 million for both maintenance and discretionary capital projects and \$490 million for the acquisition of EACOM. In addition, Interfor will assume EACOM's CV and AD duty deposits at closing, for consideration equal to 55% of the total deposits on an after-tax basis.

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 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 three months ended			For the year ended Dec.31		
	Dec. 31 2021	Dec. 31 2020	Sept. 30 2021	2021	2020	2019
Adjusted Net Earnings (Loss)						
Net earnings (loss)	\$69,653	\$149,148	\$65,630	\$819,011	\$280,296	\$(103,785)
Add:						
Asset and goodwill write-downs and restructuring costs	6,841	1,793	997	10,193	15,264	63,982
Other foreign exchange loss (gain)	4,468	8,162	(9,104)	2,355	16,881	275
Long term incentive compensation expense	8,058	10,254	4,809	31,682	12,513	3,446
Other (income) expense	(7,816)	92	(22,571)	(31,338)	(336)	(5,925)
Post closure wind-down costs (recoveries)	-	949	(24)	451	4,034	-
Income tax effect of above adjustments	(3,036)	(5,652)	6,956	(3,300)	(12,527)	(16,117)
Adjusted net earnings (loss)	\$78,168	\$164,746	\$46,693	\$829,054	\$316,125	\$(58,124)
Weighted average number of shares - basic ('000)	60,787	66,687	62,741	63,593	67,119	67,277
Adjusted net earnings (loss) per share	\$1.29	\$2.47	\$0.74	\$13.04	\$4.71	\$(0.86)
Adjusted EBITDA						
Net earnings (loss)	\$69,653	\$149,148	\$65,630	\$819,011	\$280,296	\$(103,785)
Add:						
Depreciation of plant and equipment	27,053	21,947	25,899	97,143	78,459	80,438
Depletion and amortization of timber, roads and other	8,397	10,511	7,396	29,430	37,071	44,294
Finance costs	4,425	1,891	4,444	17,830	16,079	15,024
Income tax expense (recovery)	28,462	43,889	16,439	270,079	89,573	(34,359)
EBITDA	137,990	227,386	119,808	1,233,493	501,478	1,612
Add:						
Long term incentive compensation expense	8,058	10,254	4,809	31,682	12,513	3,446
Other foreign exchange loss (gain)	4,468	8,162	(9,104)	2,355	16,881	275
Other (income) expense	(7,816)	92	(22,571)	(31,338)	(336)	(5,925)
Asset and goodwill write-downs and restructuring costs	6,841	1,793	997	10,193	15,264	63,982
Post closure wind-down costs (recoveries)	-	947	(24)	451	3,914	-
Adjusted EBITDA	\$149,541	\$248,634	\$93,915	\$1,246,836	\$549,714	\$63,390
Sales	\$675,895	\$662,301	\$664,274	\$3,289,146	\$2,183,609	\$1,875,821
Adjusted EBITDA margin	22.1%	37.5%	14.1%	37.9%	25.2%	3.4%
Net debt to invested capital						
Net debt						
Total debt	\$375,675	\$381,960	\$375,328	\$375,675	\$381,960	\$259,760
Cash and cash equivalents	(538,561)	(457,392)	(509,157)	(538,561)	(457,392)	(34,900)
Total net debt	\$(162,886)	\$(75,432)	\$(133,829)	\$(162,886)	\$(75,432)	\$224,860
Invested capital						
Net debt	\$(162,886)	\$(75,432)	\$(133,829)	\$(162,886)	\$(75,432)	\$224,860
Shareholders' equity	1,635,973	1,080,312	1,567,063	1,635,973	1,080,312	830,982
Total invested capital	\$1,473,087	\$1,004,880	\$1,433,234	\$1,473,087	\$1,004,880	\$1,055,842
Net debt to invested capital ¹	(11.1%)	(7.5%)	(9.3%)	(11.1%)	(7.5%)	21.3%
Operating cash flow per share (before working capital changes)						
Cash provided by operating activities	\$86,203	\$229,947	\$196,375	\$1,052,381	\$526,784	\$28,252
Cash used in (generated from) operating working capital	46,852	(26,514)	(124,114)	15,093	(31,774)	16,740
Operating cash flow (before working capital changes)	\$133,055	\$203,433	\$72,261	\$1,067,474	\$495,010	\$44,992
Weighted average number of shares - basic ('000)	60,787	66,687	62,741	63,593	67,119	67,277
Operating cash flow per share (before working capital changes)	\$2.19	\$3.05	\$1.15	\$16.79	\$7.38	\$0.67

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

Thousands of Canadian Dollars	For the three months ended			For the year ended Dec.31		
	Dec. 31 2021	Dec. 31 2020	Sept. 30 2021	2021	2020	2019
Annualized return on capital employed						
Net earnings (loss)	\$69,653	\$149,148	\$65,630	\$819,011	\$280,296	\$(103,785)
Add:						
Finance costs	4,425	1,891	4,444	17,830	16,079	15,024
Income tax expense (recovery)	28,462	43,889	16,439	270,079	89,573	(34,359)
Earnings (loss) before income taxes and finance costs	\$102,540	\$194,928	\$86,513	\$1,106,920	\$385,948	\$(123,120)
Capital Employed						
Total assets	\$2,603,510	\$1,843,187	\$2,488,693	\$2,603,510	\$1,843,187	\$1,341,917
Current liabilities	(321,642)	(189,726)	(307,349)	(321,642)	(189,726)	(137,647)
Add:						
Bank indebtedness	2,202	-	-	2,202	-	-
Current portion of long term debt	6,868	6,897	6,901	6,868	6,897	-
Current portion of lease liabilities	12,239	11,745	11,921	12,239	11,745	10,105
Capital employed, end of period	\$2,303,177	\$1,672,103	\$2,200,166	\$2,303,177	\$1,672,103	\$1,214,375
Capital employed, beginning of period	2,200,165	1,555,212	2,142,778	1,672,103	1,214,375	1,396,144
Average capital employed	\$2,251,671	\$1,613,658	\$2,171,472	\$1,987,640	\$1,443,239	\$1,305,260
Earnings (loss) before income taxes and finance costs divided by average capital employed	4.6%	12.1%	4.0%	55.7%	26.7%	(9.4%)
Annualization factor	4.0	4.0	4.0	1.0	1.0	1.0
Annualized return on capital employed	18.2%	48.4%	16.0%	55.7%	26.7%	(9.4%)



CONDENSED CONSOLIDATED STATEMENTS OF EARNINGS
For the three months and year ended December 31, 2021 and 2020 (unaudited)

(thousands of Canadian Dollars except earnings per share)	Three Months Dec. 31, 2021	Three Months Dec. 31, 2020	Year Ended Dec. 31, 2021	Year Ended Dec. 31, 2020
Sales	\$675,895	\$662,301	\$3,289,146	\$2,183,609
Costs and expenses:				
Production	508,249	428,208	1,948,239	1,583,033
Selling and administration	13,679	10,297	52,421	40,961
Long term incentive compensation expense	8,058	10,254	31,682	12,513
U.S. countervailing and anti-dumping duty deposits (receivable)	4,426	(23,891)	42,101	13,815
Depreciation of plant and equipment	27,053	21,947	97,143	78,459
Depletion and amortization of timber, roads and other	8,397	10,511	29,430	37,071
	569,862	457,326	2,201,016	1,765,852
Operating earnings before asset write-downs and restructuring costs	106,033	204,975	1,088,130	417,757
Asset write-downs and restructuring costs	(6,841)	(1,793)	(10,193)	(15,264)
Operating earnings	99,192	203,182	1,077,937	402,493
Finance costs	(4,425)	(1,891)	(17,830)	(16,079)
Other foreign exchange loss	(4,468)	(8,162)	(2,355)	(16,881)
Other income (expense)	7,816	(92)	31,338	336
	(1,077)	(10,145)	11,153	(32,624)
Earnings before income taxes	98,115	193,037	1,089,090	369,869
Income tax expense:				
Current	1,889	5,392	205,465	7,043
Deferred	26,573	38,497	64,614	82,530
	28,462	43,889	270,079	89,573
Net earnings	\$69,653	\$149,148	\$819,011	\$280,296
Net earnings per share				
Basic	\$1.15	\$2.24	\$12.88	\$4.18
Diluted	\$1.14	\$2.24	\$12.84	\$4.18

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
For the three months and year ended December 31, 2021 and 2020 (unaudited)

(thousands of Canadian Dollars)	Three Months Dec. 31, 2021	Three Months Dec. 31, 2020	Year Ended Dec. 31, 2021	Year Ended Dec. 31, 2020
Net earnings	\$69,653	\$149,148	\$819,011	\$280,296
Other comprehensive income (loss):				
Items that will not be recycled to Net earnings:				
Defined benefit plan actuarial gain (loss), net of tax	1,184	458	7,729	(907)
Items that are or may be recycled to Net earnings:				
Foreign currency translation differences for foreign operations, net of tax	(2,504)	(28,569)	8,574	(6,913)
Total other comprehensive income (loss), net of tax	(1,320)	(28,111)	16,303	(7,820)
Comprehensive income	\$68,333	\$121,037	\$835,314	\$272,476



CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
For the three months and year ended December 31, 2021 and 2020 (unaudited)

(thousands of Canadian Dollars)

	Three Months Dec. 31, 2021	Three Months Dec. 31, 2020	Year Ended Dec. 31, 2021	Year Ended Dec. 31, 2020
Cash provided by (used in):				
Operating activities:				
Net earnings	\$69,653	\$149,148	\$819,011	\$280,296
Items not involving cash:				
Depreciation of plant and equipment	27,053	21,947	97,143	78,459
Depletion and amortization of timber, roads and other	8,397	10,511	29,430	37,071
Income tax expense	28,462	43,889	270,079	89,573
Finance costs	4,425	1,891	17,830	16,079
Other assets	(4,354)	(37,881)	(4,285)	(37,040)
Reforestation liability	861	(61)	(863)	(2,050)
Provisions and other liabilities	5,594	6,198	15,867	5,536
Stock options	254	253	864	866
Write-down of plant, equipment and other	2,597	-	5,637	9,754
Unrealized foreign exchange loss	1,055	9,031	2,950	17,634
Other expense (income)	(7,816)	92	(31,338)	(336)
Income taxes paid	(3,126)	(1,585)	(154,851)	(832)
	133,055	203,433	1,067,474	495,010
Cash generated from (used in) operating working capital:				
Trade accounts receivable and other	(11,606)	70,342	(29,163)	(30,206)
Inventories	(56,252)	(35,380)	(53,192)	22,024
Prepayments	5,769	(2,734)	1,834	(1,036)
Trade accounts payable and provisions	15,237	(5,714)	65,428	40,992
	86,203	229,947	1,052,381	526,784
Investing activities:				
Additions to property, plant and equipment	(59,618)	(29,990)	(160,231)	(95,714)
Additions to roads and bridges	(3,378)	(5,840)	(16,507)	(14,669)
Additions to timber licences and other intangible assets	(29)	(160)	(29)	(160)
Acquisitions	-	-	(539,941)	(56,606)
Proceeds on disposal of property, plant and equipment and other	13,752	3,896	59,501	4,992
Net proceeds from (additions to) deposits and other assets	825	(585)	714	(462)
	(48,448)	(32,679)	(656,493)	(162,619)
Financing activities:				
Issuance of share capital, net of expenses	323	227	2,977	418
Share repurchases	-	(24,430)	(152,869)	(24,430)
Dividend paid	-	-	(130,625)	-
Interest payments	(4,143)	(4,534)	(16,783)	(17,626)
Lease payments	(3,355)	(3,255)	(13,322)	(12,315)
Debt refinancing costs	(1,155)	18	(1,155)	(133)
Term line net drawings (repayments)	2,198	-	2,199	(82)
Additions to long term debt	-	-	-	140,770
Repayments of long term debt	-	-	(6,671)	-
	(6,132)	(31,974)	(316,249)	86,602
Foreign exchange gain (loss) on cash and cash equivalents held in a foreign currency				
	(2,219)	(19,367)	1,530	(28,275)
Increase in cash	29,404	145,927	81,169	422,492
Cash and cash equivalents, beginning of period	509,157	311,465	457,392	34,900
Cash and cash equivalents, end of period	\$538,561	\$457,392	\$538,561	\$457,392



CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

December 31, 2021 and 2020 (unaudited)

(thousands of Canadian Dollars)

	Dec. 31, 2021	Dec. 31, 2020
Assets		
Current assets:		
Cash and cash equivalents	\$538,561	\$457,392
Trade accounts receivable and other	147,764	117,371
Income taxes receivable	12,776	169
Inventories	250,481	160,188
Prepayments	16,125	17,970
	965,707	753,090
Employee future benefits	8,338	106
Deposits and other assets	52,221	48,957
Right of use assets	33,547	35,471
Property, plant and equipment	1,067,754	729,163
Roads and bridges	27,101	22,379
Timber licences	106,136	114,953
Goodwill and other intangible assets	342,291	138,838
Deferred income taxes	415	230
	\$2,603,510	\$1,843,187
Liabilities and Shareholders' Equity		
Current liabilities:		
Bank indebtedness	\$2,202	\$ -
Trade accounts payable and provisions	218,825	150,509
Current portion of long term debt	6,868	6,897
Reforestation liability	16,670	16,181
Lease liabilities	12,239	11,745
Income taxes payable	64,838	4,394
	321,642	189,726
Reforestation liability	29,250	29,735
Lease liabilities	26,850	28,541
Long term debt	366,605	375,063
Employee future benefits	9,069	11,137
Provisions and other liabilities	43,686	26,637
Deferred income taxes	170,435	102,036
Equity:		
Share capital	484,721	523,605
Contributed surplus	4,694	5,157
Translation reserve	58,420	49,846
Retained earnings	1,088,138	501,704
	1,635,973	1,080,312
	\$2,603,510	\$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 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 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 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 3.9 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 2021 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 4, 2022 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 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 March 4, 2022. The number to call is **1-855-859-2056, Passcode 5057194**.

For further information:

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(604) 422-3400