



## Interfor Corporation

Burnaby, B.C.

May 11, 2022

### ***Interfor Reports Q1'22 Results Adjusted EBITDA of \$570 million and Net Earnings of \$397 million With Record Production***

**INTERFOR CORPORATION** ("Interfor" or the "Company") (TSX: IFP) recorded Net earnings in Q1'22 of \$397.0 million, or \$6.69 per share, compared to \$69.7 million, or \$1.15 per share in Q4'21 and \$264.5 million, or \$4.01 per share in Q1'21. Adjusted net earnings in Q1'22 were \$392.5 million compared to \$78.2 million in Q4'21 and \$270.6 million in Q1'21.

Adjusted EBITDA was \$570.1 million on sales of \$1.3 billion in Q1'22 versus \$149.5 million on sales of \$675.9 million in Q4'21.

Notable items in the quarter:

- Acquisition of EACOM Timber Corporation
  - On February 22, 2022, the Company completed the transaction to acquire 100% of the equity interests of EACOM Timber Corporation ("EACOM") from an affiliate of Kelso & Company. The acquisition includes seven sawmills with a combined lumber production capacity of 985 million board feet, an I-Joist plant with annual production capacity of 70 million linear feet, and a value-added remanufacturing plant with annual production capacity of 60 million board feet (the "Acquired Eastern Canada Operations"). The Company paid total consideration of \$731.2 million which was funded from cash on hand and drawings on the Revolving Term Line.
  - The Acquired Eastern Canada Operations contributed \$5.1 million of Adjusted EBITDA to Interfor's first quarter results, which is net of \$68.0 million recorded in production costs related to fair value adjustments recognized at the acquisition date.
- Record Lumber Production
  - Total lumber production in Q1'22 was 921 million board feet, representing an increase of 163 million board feet quarter-over-quarter and setting an Interfor production record. The U.S. South and U.S. Northwest regions accounted for 452 million board feet and 173 million board feet, respectively, compared to 409 million board feet and 166 million board feet in Q4'21. Production in the B.C. region increased to 196 million board feet from 183 million board feet in Q4'21. The Acquired Eastern Canada Operations accounted for 100 million board feet in Q1'22.
  - Total lumber shipments were 860 million board feet, or 141 million higher than Q4'21.
  - The 61 million board feet shortfall of lumber shipments compared to production was the result of ongoing logistics constraints across the U.S. and Canada.
- Strengthening Lumber Prices
  - Interfor's average selling price was \$1,410 per mfbm, up \$588 per mfbm versus Q4'21. The SYP Composite, Western SPF Composite and KD H-F Stud 2x4 9' price benchmarks increased quarter-over-quarter by US\$475, US\$506 and US\$560 per mfbm to US\$1,119, US\$1,159 and US\$1,293 per mfbm, respectively, with the majority of these increases occurring early in the quarter.

- Strong Free Cash Flow Generation
  - Interfor generated \$378.8 million of cash flow from operations before changes in working capital, or \$6.38 per share. This was partially offset by a \$97.6 million investment in working capital, primarily related to higher trade receivables driven by lumber prices and seasonally higher log inventories in B.C.
  - Net debt ended the quarter at \$340.2 million, or 15.8% of invested capital, resulting in available liquidity of \$483.3 million.
- Strategic Capital Investments
  - Capital spending was \$50.9 million, including \$34.8 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 and a new planer at the Castlegar, BC sawmill.
- Restart of the DeQuincy, LA Sawmill
  - Lumber production at the sawmill in DeQuincy, LA restarted on January 9, 2022, well ahead of schedule. During Q1'22, the sawmill was operating on one shift and increased to two shifts by April 2022. Ramp-up to its 200 million board foot annual capacity is expected by the end of 2022.
- Normal Course Issuer Bid ("NCIB")
  - During Q1'22, Interfor purchased 5,026,305 common shares under the Company's NCIB for total consideration of \$194.3 million. In April 2022, Interfor purchased 1,015,396 common shares for total consideration of \$32.9 million. This completed the purchase of all 6,041,701 common shares allowable under the NCIB for total consideration of \$227.2 million, representing an average price of \$37.60 per share or 1.15 times book value per share at March 31, 2022.
- Minority Interest in GreenFirst Forest Products Inc. ("GreenFirst")
  - On May 2, 2022, a wholly-owned subsidiary of Interfor acquired a total of 28,684,433 common shares in the capital of GreenFirst from Rayonier A.M. Canada G.P., which represents approximately 16.2% of GreenFirst's issued and outstanding common shares. The Company paid total cash consideration of \$55.6 million.
- Sale of Acorn Speciality Sawmill in BC
  - On April 12, 2022, the Company announced it had reached an agreement to sell its Acorn specialty sawmill located near Vancouver, British Columbia to an affiliate of San Industries Ltd. The completion of the transaction is subject to customary conditions and is expected to close in the second quarter of 2022.
- Softwood Lumber Duties
  - Interfor expensed \$35.8 million of duties in the quarter, representing the full amount of countervailing ("CV") and anti-dumping ("AD") duties incurred on shipments of softwood lumber from its Canadian operations to the U.S. at a combined rate of 17.91%.
  - Interfor has cumulative duties of US\$362.1 million held in trust by U.S. Customs and Border Protection as at March 31, 2022, including US\$161.2 million of duty deposits related to the Acquired Eastern Canada Operations. Except for US\$104.7 million in respect of overpayments arising from duty rate adjustments and the fair value of assumed rights to duties acquired related to the Acquired Eastern Canada Operations, Interfor has recorded the duty deposits as an expense.

## **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 North American economy adjusts to inflationary pressures, rising interest rates, logistics constraints and labour shortages.

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 elevated interest rates exists, which may 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. Interfor is well positioned with its strong balance sheet and significant available liquidity to continue pursuing its strategic plans despite ongoing economic and geo-political uncertainty globally.

## **Financial and Operating Highlights**<sup>1</sup>

|   | Unit            | For the three months ended |                  |                  |
|---|-----------------|----------------------------|------------------|------------------|
|   |                 | Mar. 31,<br>2022           | Mar. 31,<br>2021 | Dec. 31,<br>2021 |
| <b>Financial Highlights</b> <sup>2</sup>                                    |                 |                            |                  |                  |
| Total sales   | \$MM            | 1,349.0                    | 849.3            | 675.9            |
| Lumber  | \$MM            | 1,212.5                    | 762.4            | 591.5            |
| Logs, residual products and other   | \$MM            | 136.5                      | 86.9             | 84.4             |
| Operating earnings  | \$MM            | 512.7                      | 355.6            | 99.2             |
| Net earnings  | \$MM            | 397.0                      | 264.5            | 69.7             |
| Net earnings per share, basic   | \$/share        | 6.69                       | 4.01             | 1.15             |
| Adjusted net earnings <sup>3</sup>  | \$MM            | 392.5                      | 270.6            | 78.2             |
| Adjusted net earnings per share, basic <sup>3</sup>                         | \$/share        | 6.61                       | 4.11             | 1.29             |
| Operating cash flow per share (before working capital changes) <sup>3</sup> | \$/share        | 6.38                       | 5.73             | 2.19             |
| Adjusted EBITDA <sup>3</sup>  | \$MM            | 570.1                      | 392.1            | 149.5            |
| Adjusted EBITDA margin <sup>3</sup>   | %               | 42.3%                      | 46.2%            | 22.1%            |
| <br>  |                 |                            |                  |                  |
| Total assets  | \$MM            | 3,081.4                    | 2,159.7          | 2,603.5          |
| Total debt  | \$MM            | 403.1                      | 377.3            | 375.7            |
| Net debt <sup>3</sup>   | \$MM            | 340.2                      | (236.0)          | (162.9)          |
| Net debt to invested capital <sup>3</sup>                                   | %               | 15.8%                      | (21.7%)          | (11.1%)          |
| Annualized return on capital employed <sup>3</sup>                          | %               | 86.8%                      | 79.2%            | 18.2%            |
| <b>Operating Highlights</b>   |                 |                            |                  |                  |
| Lumber production   | million fbm     | 921                        | 687              | 758              |
| Lumber sales  | million fbm     | 860                        | 666              | 719              |
| Lumber - average selling price <sup>4</sup>                                 | \$/thousand fbm | 1,410                      | 1,143            | 822              |
| <br>  |                 |                            |                  |                  |
| Average USD/CAD exchange rate <sup>5</sup>                                  | 1 USD in CAD    | 1.2662                     | 1.2660           | 1.2603           |
| Closing USD/CAD exchange rate <sup>5</sup>                                  | 1 USD in CAD    | 1.2496                     | 1.2575           | 1.2678           |

### 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 unaudited condensed consolidated interim financial statements.
- 4 Gross sales before duties.
- 5 Based on Bank of Canada foreign exchange rates.

## **Liquidity**

### Balance Sheet

Interfor's Net debt at March 31, 2022 was \$340.2 million, or 15.8% of invested capital, representing an increase of \$503.1 million from the level of Net debt at December 31, 2021.

As at March 31, 2022 the Company had net working capital of \$462.4 million and available liquidity of \$483.3 million, 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 a net debt to total capitalization ratio 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 |                  |                  |
|--|----------------------------|------------------|------------------|
|  | Mar. 31,<br>2022           | Dec. 31,<br>2021 | Mar. 31,<br>2021 |
| <b>Net debt</b>  |                            |                  |                  |
| Net debt, period opening   | \$(162,886)                | \$(133,829)      | \$(75,432)       |
| Revolving Term Line net drawings   | 31,150                     | 2,198            | -                |
| Impact on U.S. Dollar denominated debt from strengthening CAD                                  | (3,713)                    | (1,851)          | (4,710)          |
| Decrease (increase) in cash and cash equivalents   | 478,203                    | (31,623)         | (162,167)        |
| Impact on U.S. Dollar denominated cash and cash equivalents from (weakening) strengthening CAD | (2,574)                    | 2,219            | 6,343            |
| Net debt, period ending  | \$340,180                  | \$(162,886)      | \$(235,966)      |

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

### **Capital Resources**

The following table summarizes Interfor's credit facilities and availability as of March 31, 2022:

| Thousands of Canadian Dollars                              | Revolving<br>Term<br>Line | Senior<br>Secured<br>Notes | Total     |
|--|---------------------------|----------------------------|-----------|
| Available line of credit and maximum borrowing available   | \$500,000                 | \$368,112                  | \$868,112 |
| Less:  |                           |                            |           |
| Drawings   | 35,000                    | 368,112                    | 403,112   |
| Outstanding letters of credit included in line utilization | 44,606                    | -                          | 44,606    |
| Unused portion of facility                                 | \$420,394                 | \$-                        | 420,394   |
| Add:   |                           |                            |           |
| Cash and cash equivalents                                  |                           |                            | 62,932    |
| Available liquidity at March 31, 2022                      |                           |                            | \$483,326 |

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

As of March 31, 2022, the Company had commitments for capital expenditures totaling \$128.9 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:

**For the three months ended**

**Mar. 31, 2022      Mar. 31, 2021      Dec. 31, 2021**

Thousands of Canadian Dollars except number of shares and per share amounts

**Adjusted Net Earnings**

|  |           |           |          |
|--|-----------|-----------|----------|
| Net earnings   | \$397,031 | \$264,487 | \$69,653 |
| Add:   |           |           |          |
| Asset write-downs and restructuring costs              | 3,198     | 142       | 6,841    |
| Other foreign exchange (gain) loss                     | (12,823)  | 2,346     | 4,468    |
| Long term incentive compensation expense               | 3,671     | 7,670     | 8,058    |
| Other income excluding business interruption insurance | (395)     | (1,996)   | (7,816)  |
| Post closure wind-down costs                           | -         | 224       | -        |
| Income tax effect of above adjustments                 | 1,794     | (2,229)   | (3,036)  |
| Adjusted net earnings                                  | \$392,476 | \$270,644 | \$78,168 |
| Weighted average number of shares - basic ('000)       | 59,357    | 65,927    | 60,787   |
| Adjusted net earnings per share                        | \$6.61    | \$4.11    | \$1.29   |

**Adjusted EBITDA**

|  |             |           |           |
|--|-------------|-----------|-----------|
| Net earnings   | \$397,031   | \$264,487 | \$69,653  |
| Add:   |             |           |           |
| Depreciation of plant and equipment                    | 33,113      | 21,474    | 27,053    |
| Depletion and amortization of timber, roads and other  | 9,124       | 6,968     | 8,397     |
| Finance costs  | 5,169       | 4,524     | 4,425     |
| Income tax expense                                     | 132,026     | 86,256    | 28,462    |
| EBITDA   | 576,463     | 383,709   | 137,990   |
| Add:   |             |           |           |
| Long term incentive compensation expense               | 3,671       | 7,670     | 8,058     |
| Other foreign exchange (gain) loss                     | (12,823)    | 2,346     | 4,468     |
| Other income excluding business interruption insurance | (395)       | (1,996)   | (7,816)   |
| Asset write-downs and restructuring costs              | 3,198       | 142       | 6,841     |
| Post closure wind-down costs                           | -           | 224       | -         |
| Adjusted EBITDA  | \$570,114   | \$392,095 | \$149,541 |
| Sales  | \$1,349,038 | \$849,307 | \$675,895 |
| Adjusted EBITDA margin                                 | 42.3%       | 46.2%     | 22.1%     |

**Net debt to invested capital**

|   |             |             |             |
|---|-------------|-------------|-------------|
| Net debt                                  |             |             |             |
| Total debt                                | \$403,112   | \$377,250   | \$375,675   |
| Cash and cash equivalents                 | (62,932)    | (613,216)   | (538,561)   |
| Total net debt                            | \$340,180   | \$(235,966) | \$(162,886) |
| Invested capital                          |             |             |             |
| Net debt                                  | \$340,180   | \$(235,966) | \$(162,886) |
| Shareholders' equity                      | 1,817,371   | 1,322,222   | 1,635,973   |
| Total invested capital                    | \$2,157,551 | \$1,086,256 | \$1,473,087 |
| Net debt to invested capital <sup>1</sup> | 15.8%       | (21.7%)     | (11.1%)     |

**Operating cash flow per share (before working capital changes)**

|  |           |           |           |
|--|-----------|-----------|-----------|
| Cash provided by operating activities                          | \$281,214 | \$285,080 | \$86,203  |
| Cash used in operating working capital                         | 97,567    | 92,604    | 46,852    |
| Operating cash flow (before working capital changes)           | \$378,781 | \$377,684 | \$133,055 |
| Weighted average number of shares - basic ('000)               | 59,357    | 65,927    | 60,787    |
| Operating cash flow per share (before working capital changes) | \$6.38    | \$5.73    | \$2.19    |

**Annualized return on capital employed**

|  |             |             |             |
|--|-------------|-------------|-------------|
| Net earnings   | \$397,031   | \$264,487   | \$69,653    |
| Add:   |             |             |             |
| Finance costs  | 5,169       | 4,524       | 4,425       |
| Income tax expense   | 132,026     | 86,256      | 28,462      |
| Earnings before income taxes and finance costs                                     | \$534,226   | \$355,267   | \$102,540   |
| Capital employed   |             |             |             |
| Total assets   | \$3,081,351 | \$2,159,692 | \$2,603,510 |
| Current liabilities  | (472,686)   | (263,526)   | (321,642)   |
| Add:   |             |             |             |
| Bank indebtedness  | -           | -           | 2,202       |
| Current portion of long term debt  | 6,769       | 6,811       | 6,868       |
| Current portion of lease liabilities   | 15,014      | 12,169      | 12,239      |
| Capital employed, end of period  | \$2,630,448 | \$1,915,146 | \$2,303,177 |
| Capital employed, beginning of period  | 2,303,177   | 1,672,103   | 2,200,165   |
| Average capital employed   | \$2,466,812 | \$1,793,624 | \$2,251,671 |
| Earnings before income taxes and finance costs divided by average capital employed | 21.7%       | 19.8%       | 4.6%        |
| Annualization factor   | 4.0         | 4.0         | 4.0         |
| Annualized return on capital employed  | 86.8%       | 79.2%       | 18.2%       |

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



**CONDENSED CONSOLIDATED STATEMENTS OF EARNINGS**  
**For the three months ended March 31, 2022 and 2021 (unaudited)**

(thousands of Canadian Dollars except earnings per share)

|  | Three Months<br>Mar. 31, 2022 | Three Months<br>Mar. 31, 2021 |
|--|-------------------------------|-------------------------------|
| <b>Sales</b>   | <b>\$1,349,038</b>            | <b>\$849,307</b>              |
| <b>Costs and expenses:</b>   |                               |                               |
| Production   | 733,830                       | 432,167                       |
| Selling and administration   | 17,628                        | 12,879                        |
| Long term incentive compensation expense                                   | 3,671                         | 7,670                         |
| U.S. countervailing and anti-dumping duty deposits                         | 35,817                        | 12,390                        |
| Depreciation of plant and equipment  | 33,113                        | 21,474                        |
| Depletion and amortization of timber, roads and other                      | 9,124                         | 6,968                         |
|  | <b>833,183</b>                | <b>493,548</b>                |
| <b>Operating earnings before asset write-downs and restructuring costs</b> | <b>515,855</b>                | <b>355,759</b>                |
| Asset write-downs and restructuring costs                                  | 3,198                         | 142                           |
| <b>Operating earnings</b>  | <b>512,657</b>                | <b>355,617</b>                |
| Finance costs  | (5,169)                       | (4,524)                       |
| Other foreign exchange gain (loss)   | 12,823                        | (2,346)                       |
| Other income   | 8,746                         | 1,996                         |
|  | <b>16,400</b>                 | <b>(4,874)</b>                |
| <b>Earnings before income taxes</b>  | <b>529,057</b>                | <b>350,743</b>                |
| Income tax expense   |                               |                               |
| Current  | 122,580                       | 83,173                        |
| Deferred   | 9,446                         | 3,083                         |
|  | <b>132,026</b>                | <b>86,256</b>                 |
| <b>Net earnings</b>  | <b>\$397,031</b>              | <b>\$264,487</b>              |
| <b>Net earnings per share</b>  |                               |                               |
| Basic  | \$6.69                        | \$4.01                        |
| Diluted  | \$6.66                        | \$4.00                        |

**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**For the three months ended March 31, 2022 and 2021 (unaudited)**

(thousands of Canadian Dollars)

|   | Three Months<br>Mar. 31, 2022 | Three Months<br>Mar. 31, 2021 |
|---|-------------------------------|-------------------------------|
| <b>Net earnings</b>   | <b>\$397,031</b>              | <b>\$264,487</b>              |
| <b>Other comprehensive loss:</b>  |                               |                               |
| <b>Items that will not be recycled to Net earnings:</b>                     |                               |                               |
| Defined benefit plan actuarial gain, net of tax                             | 2,786                         | 4,472                         |
| <b>Items that are or may be recycled to Net earnings:</b>                   |                               |                               |
| Foreign currency translation differences for foreign operations, net of tax | (24,729)                      | (8,887)                       |
| <b>Total other comprehensive loss, net of tax</b>                           | <b>(21,943)</b>               | <b>(4,415)</b>                |
| <b>Comprehensive income</b>   | <b>\$375,088</b>              | <b>\$260,072</b>              |



**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**For the three months ended March 31, 2022 and 2021 (unaudited)**

(thousands of Canadian Dollars)

|   | Three Months<br>Mar. 31, 2022 | Three Months<br>Mar. 31, 2021 |
|---|-------------------------------|-------------------------------|
| <b>Cash provided by (used in):</b>  |                               |                               |
| <b>Operating activities:</b>  |                               |                               |
| <b>Net earnings</b>   | \$397,031                     | \$264,487                     |
| <b>Items not involving cash:</b>  |                               |                               |
| Depreciation of plant and equipment   | 33,113                        | 21,474                        |
| Depletion and amortization of timber, roads and other                                       | 9,124                         | 6,968                         |
| Deferred income tax expense   | 9,446                         | 3,083                         |
| Current income tax expense  | 122,580                       | 83,173                        |
| Finance costs   | 5,169                         | 4,524                         |
| Other assets  | (40)                          | (431)                         |
| Reforestation liability   | 1,736                         | 496                           |
| Provisions and other liabilities  | (12,910)                      | 495                           |
| Stock options   | 241                           | 196                           |
| Write-down of plant and equipment   | 1,223                         | -                             |
| Unrealized foreign exchange loss  | 1,808                         | 3,011                         |
| Other income  | (8,746)                       | (1,996)                       |
| <b>Income taxes paid</b>  | (180,994)                     | (7,796)                       |
|   | 378,781                       | 377,684                       |
| <b>Cash generated from (used in) operating working capital:</b>                             |                               |                               |
| Trade accounts receivable and other   | (64,651)                      | (67,859)                      |
| Inventories   | (24,434)                      | (24,352)                      |
| Prepayments   | (162)                         | (3,348)                       |
| Trade accounts payable and provisions   | (8,320)                       | 2,955                         |
|   | 281,214                       | 285,080                       |
| <b>Investing activities:</b>  |                               |                               |
| Additions to property, plant and equipment  | (51,023)                      | (26,331)                      |
| Additions to roads and bridges  | 155                           | (2,885)                       |
| Acquisitions  | (537,679)                     | (73,630)                      |
| Proceeds on disposal of property, plant and equipment                                       | 1,190                         | 5,693                         |
| Net proceeds from investments and other assets  | 392                           | 157                           |
|   | (586,965)                     | (96,996)                      |
| <b>Financing activities:</b>  |                               |                               |
| Issuance of share capital, net of expenses  | 377                           | 1,945                         |
| Share repurchases   | (194,308)                     | (20,303)                      |
| Interest payments   | (5,012)                       | (4,258)                       |
| Lease liability payments  | (4,470)                       | (3,301)                       |
| Debt refinancing costs  | (189)                         | -                             |
| Term line net repayments  | (2,209)                       | -                             |
| Additions to long term debt   | 328,720                       | -                             |
| Repayment of long-term debt   | (295,361)                     | -                             |
|   | (172,452)                     | (25,917)                      |
| <b>Foreign exchange gain (loss) on cash and cash equivalents held in a foreign currency</b> | 2,574                         | (6,343)                       |
| <b>(Decrease) increase in cash</b>  | (475,629)                     | 155,824                       |
| <b>Cash and cash equivalents, beginning of period</b>                                       | 538,561                       | 457,392                       |
| <b>Cash and cash equivalents, end of period</b>   | \$62,932                      | \$613,216                     |



**CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**March 31, 2022 and December 31, 2021 (unaudited)**

| (thousands of Canadian Dollars)             | Mar. 31, 2022      | Dec. 31, 2021      |
|---|--------------------|--------------------|
| <b>Assets</b>                               |                    |                    |
| <b>Current assets:</b>                      |                    |                    |
| Cash and cash equivalents                   | \$62,932           | \$538,561          |
| Trade accounts receivable and other         | 338,946            | 147,764            |
| Income taxes receivable                     | -                  | 12,776             |
| Inventories                                 | 511,993            | 250,481            |
| Prepayments                                 | 21,215             | 16,125             |
|   | <b>935,086</b>     | <b>965,707</b>     |
| <b>Employee future benefits</b>             | <b>22,945</b>      | <b>8,338</b>       |
| <b>Deposits and other assets</b>            | <b>141,026</b>     | <b>52,221</b>      |
| <b>Right of use assets</b>                  | <b>43,510</b>      | <b>33,547</b>      |
| <b>Property, plant and equipment</b>        | <b>1,398,693</b>   | <b>1,067,754</b>   |
| <b>Roads and bridges</b>                    | <b>34,140</b>      | <b>27,101</b>      |
| <b>Timber licences</b>                      | <b>105,114</b>     | <b>106,136</b>     |
| <b>Goodwill and other intangible assets</b> | <b>399,601</b>     | <b>342,291</b>     |
| <b>Deferred income taxes</b>                | <b>1,236</b>       | <b>415</b>         |
|   | <b>\$3,081,351</b> | <b>\$2,603,510</b> |
| <b>Liabilities and Shareholders' Equity</b> |                    |                    |
| <b>Current liabilities:</b>                 |                    |                    |
| Bank indebtedness                           | \$ -               | \$2,202            |
| Trade accounts payable and provisions       | 308,934            | 218,825            |
| Current portion of long term debt           | 6,769              | 6,868              |
| Reforestation liability                     | 16,749             | 16,670             |
| Lease liabilities                           | 15,014             | 12,239             |
| Income taxes payable                        | 125,220            | 64,838             |
|   | <b>472,686</b>     | <b>321,642</b>     |
| <b>Reforestation liability</b>              | <b>31,091</b>      | <b>29,250</b>      |
| <b>Lease liabilities</b>                    | <b>33,090</b>      | <b>26,850</b>      |
| <b>Long term debt</b>                       | <b>396,343</b>     | <b>366,605</b>     |
| <b>Employee future benefits</b>             | <b>10,595</b>      | <b>9,069</b>       |
| <b>Provisions and other liabilities</b>     | <b>35,094</b>      | <b>43,686</b>      |
| <b>Deferred income taxes</b>                | <b>285,081</b>     | <b>170,435</b>     |
| <b>Equity:</b>                              |                    |                    |
| Share capital                               | 444,573            | 484,721            |
| Contributed surplus                         | 4,773              | 4,694              |
| Translation reserve                         | 33,691             | 58,420             |
| Retained earnings                           | 1,334,334          | 1,088,138          |
|   | <b>1,817,371</b>   | <b>1,635,973</b>   |
|   | <b>\$3,081,351</b> | <b>\$2,603,510</b> |

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 first quarter and annual Management's Discussion and Analysis under the heading "Risks and Uncertainties", which are available on [www.interfor.com](http://www.interfor.com) and under Interfor's profile on [www.sedar.com](http://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. 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 lumber production capacity of approximately 4.9 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](http://www.interfor.com).

The Company's unaudited condensed consolidated interim financial statements and Management's Discussion and Analysis for Q1'22 are available at [www.sedar.com](http://www.sedar.com) and [www.interfor.com](http://www.interfor.com).

There will be a conference call on Thursday, May 12, 2022 at 8:00 a.m. (Pacific Time) hosted by **INTERFOR CORPORATION** for the purpose of reviewing the Company's release of its first quarter 2022 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 June 12, 2022. The number to call is **1-855-859-2056, Passcode 2455297**.

For further information:

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(604) 422-3400