



## Interfor Corporation

Burnaby, B.C.

August 4, 2022

### ***Interfor Reports Q2'22 Results Adjusted EBITDA of \$429 million and Net Earnings of \$270 million With Record Production, Shipments and Sales***

**INTERFOR CORPORATION** ("Interfor" or the "Company") (TSX: IFP) recorded Net earnings in Q2'22 of \$269.9 million, or \$4.92 per share, compared to \$397.0 million, or \$6.69 per share in Q1'22 and \$419.2 million, or \$6.45 per share in Q2'21. Adjusted net earnings in Q2'22 were \$280.2 million compared to \$392.5 million in Q1'22 and \$433.5 million in Q2'21.

Adjusted EBITDA was \$428.6 million on record sales of \$1.4 billion in Q2'22 versus \$570.1 million on sales of \$1.3 billion in Q1'22.

Notable items in the quarter:

- Record Lumber Production and Shipments
  - Lumber production totaled a record 1.0 billion board feet, representing an increase of 99 million board feet quarter-over-quarter and the fifth consecutive quarter of record production. This growth was mostly driven by the first full quarter of contribution from the Eastern Canada Operations; these operations produced 211 million board feet versus 96 million board feet in the preceding quarter. The U.S. South and U.S. Northwest regions accounted for 467 million board feet and 163 million board feet, respectively, compared to 452 million board feet and 173 million board feet in Q1'22. Production in the B.C. region decreased to 174 million board feet from 196 million board feet in Q1'22, in part due to the sale of the Acorn sawmill during the quarter.
  - Lumber shipments were a record 1.1 billion board feet, or 239 million higher than Q1'22.
  - Ongoing improvement in the availability of logistics contributed to a reduction of lumber inventories by 46 million board feet during the quarter. Further reductions following quarter-end have now positioned total lumber inventory volume within the Company's targeted range.
- Moderating Lumber Prices
  - Interfor's average selling price was \$1,104 per mfbm, down \$306 per mfbm versus Q1'22. The SYP Composite, Western SPF Composite, KD H-F Stud 2x4 9' and ESPF Composite price benchmarks decreased quarter-over-quarter by US\$437, US\$322, US\$402 and US\$313 per mfbm to US\$682, US\$837, US\$891, and US\$938 per mfbm, respectively, with the majority of these decreases occurring in the second half of the quarter.
- Strong Free Cash Flow Generation
  - Interfor generated \$218.2 million of cash flow from operations before changes in working capital, or \$3.98 per share. A reduction in working capital investment added \$175.6 million of cash flow, primarily related to the collection of trade receivables recorded at higher lumber prices and a reduction in log and lumber inventories.
  - Net debt ended the quarter at \$102.0 million, or 4.6% of invested capital, resulting in ample available liquidity of \$726.5 million.

- Strong results from Eastern Canada Operations
  - The Eastern Canada Operations contributed \$115.7 million of Adjusted EBITDA to Interfor's second quarter results, which is net of \$17.3 million recorded in production costs related to fair value adjustments recognized at the acquisition date.
  - Since being acquired on February 22, 2022, the Eastern Canada Operations have generated \$120.8 million of Adjusted EBITDA, which is net of \$85.3 million recorded in production costs related to fair value adjustments recognized at the acquisition date.
- Ramp-up of DeQuincy, LA Sawmill
  - The DeQuincy, LA sawmill, with an annual two-shift capacity of 200 million board feet, has continued to ramp up ahead of schedule following its July 2021 acquisition in an idled state. Its operating schedule increased from one shift to two shifts during the quarter and the mill is expected to reach its full production run-rate in Q3 2022.
- Strategic Capital Investments
  - Capital spending was \$65.1 million, including \$40.6 million on discretionary projects. The majority of this discretionary spending was focused on the multi-year rebuild of the Eatonton, GA sawmill, a new planer at the Castlegar, B.C. sawmill and upgrades to the Perry, GA sawmill.
- 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.
- Ongoing Monetization of Coastal B.C. Operations
  - On May 13, 2022, the Company completed the sale of its Acorn specialty sawmill located near Vancouver, British Columbia and related working capital to an affiliate of San Industries Ltd. for cash consideration of \$25.2 million, and recorded a gain of \$6.2 million. With this sawmill sale completed, Interfor no longer has any lumber manufacturing assets within the Coastal B.C. region.
  - Interfor is currently undertaking a strategic review of its remaining Coastal B.C. operations, which consist solely of timber harvesting and sales related to its 1.67 million cubic meters of annual harvesting rights. Any alternatives, including disposition of harvesting rights, would be subject to consultation with First Nations and consent from the Government of B.C.
- Share Repurchases
  - During Q2'22, Interfor purchased 1,015,396 common shares under the Company's Normal Course Issuer Bid ("NCIB") 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 0.98 times book value per share at June 30, 2022.
  - On July 26, 2022, the Company announced its intention to commence a substantial issuer bid ("SIB") pursuant to which the Company will offer to purchase up to \$100,000,000 in value of its outstanding common shares for cancellation from holders of common shares for cash. The SIB will proceed by way of a "modified Dutch auction" procedure with a tender price range from \$29.00 to \$34.00 per common share.
- Softwood Lumber Duties
  - Interfor expensed \$46.3 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\$401.0 million held in trust by U.S. Customs and Border Protection as at June 30, 2022. Except for US\$105.0 million recorded as a receivable in respect of overpayments arising from duty rate adjustments and the fair value of rights to duties acquired, Interfor has recorded the duty deposits as an expense.

### **Interfor Appoints New Director**

At its meeting today, the Interfor Board appointed Tom Temple of Kingston, Washington as a director of the Company. Mr. Temple, who is 65, is the former VP, Wood Products and Southern Resources of PotlatchDeltic, a diversified forest products company. Mr. Temple's appointment increased the number of directors from ten to eleven, while deepening the Board's operations and sales expertise in the U.S. in line with the Company's Board succession plan.

### **Sustainability Performance**

On April 22, 2022, Interfor released its fifth annual Sustainability Report, which provides detailed information on the Company's commitments and actions, including a number of new targets and enhanced metrics. Sustainability is at the core of Interfor's culture and integrated within its strategy, and the targets set represent an ongoing commitment to take strong action to enhance performance. Interfor's Sustainability Report can be found at [www.interfor.com](http://www.interfor.com).

### **Outlook**

North American lumber markets over the near term are expected to be volatile as the economy continues to adjust to inflationary pressures, higher interest rates, supply chain constraints and labour shortages.

Interfor expects that over the mid-term, lumber markets will continue to benefit from favourable underlying supply and demand fundamentals. Positive demand factors include the advanced age of the U.S. housing stock, a shortage of available housing and various demographic factors, while growth in lumber supply is expected to be limited by extended capital project completion and ramp-up timelines and constrained overall fibre availability.

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 3 months ended			For the 6 months ended		
	Jun. 30 2022	Jun. 30 2021	Mar. 31 2022	Jun. 30 2022	Jun. 30 2021	
<b>Financial Highlights<sup>2</sup></b>						
Total sales	\$MM	1,389.1	1,099.7	1,349.0	2,738.1	1,949.0
Lumber	\$MM	1,190.8	1,012.9	1,212.5	2,403.3	1,775.3
Logs, residual products and other	\$MM	198.3	86.8	136.5	334.8	173.7
Operating earnings	\$MM	385.9	568.3	512.7	898.5	923.9
Net earnings	\$MM	269.9	419.2	397.0	666.9	683.7
Net earnings per share, basic	\$/share	4.92	6.45	6.69	11.68	10.45
Adjusted net earnings <sup>3</sup>	\$MM	280.2	433.5	392.5	672.6	704.2
Adjusted net earnings per share, basic <sup>3</sup>	\$/share	5.11	6.67	6.61	11.78	10.76
Operating cash flow per share (before working capital changes) <sup>3</sup>	\$/share	3.98	7.46	6.38	10.45	13.17
Adjusted EBITDA <sup>3</sup>	\$MM	428.6	611.3	570.1	998.7	1,003.4
Adjusted EBITDA margin <sup>3</sup>	%	30.9%	55.6%	42.3%	36.5%	51.5%
Total assets	\$MM	3,269.5	2,409.4	3,081.4	3,269.5	2,409.4
Total debt	\$MM	372.6	365.1	403.1	372.6	365.1
Net debt <sup>3</sup>	\$MM	102.0	(490.7)	340.2	102.0	(490.7)
Net debt to invested capital <sup>3</sup>	%	4.6%	(46.1%)	15.8%	4.6%	(46.1%)
Annualized return on capital employed <sup>3</sup>	%	52.9%	110.8%	86.6%	69.4%	96.2%
<b>Operating Highlights</b>						
Lumber production	million fbm	1,016	716	917	1,933	1,402
Lumber sales	million fbm	1,082	714	843	1,925	1,380
Lumber - average selling price <sup>4</sup>	\$/thousand fbm	1,104	1,419	1,410	1,240	1,286
Average USD/CAD exchange rate <sup>5</sup>	1 USD in CAD	1.2768	1.2282	1.2662	1.2715	1.2470
Closing USD/CAD exchange rate <sup>5</sup>	1 USD in CAD	1.2886	1.2394	1.2496	1.2886	1.2394

### 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 including duties.
- Based on Bank of Canada foreign exchange rates.

## Liquidity

### Balance Sheet

Interfor's Net debt at June 30, 2022 was \$102.0 million, or 4.6% of invested capital, representing an increase of \$264.9 million from the level of Net debt at December 31, 2021.

As at June 30, 2022 the Company had net working capital of \$607.1 million and available liquidity of \$726.5 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 3 months ended Jun. 30,		For the 6 months ended Jun. 30,	
	2022	2021	2022	2021
<b>Net debt</b>				
Net debt, period opening	\$340,180	\$(235,966)	\$(162,886)	\$(75,432)
Repayment of Senior Secured Notes	(7,005)	(6,671)	(7,005)	(6,671)
Revolving Term Line net drawings	(35,000)	-	(3,850)	-
Impact on U.S. Dollar denominated debt from weakening (strengthening) CAD	11,513	(5,473)	7,800	(10,183)
(Increase) decrease in cash and cash equivalents	(201,899)	(251,402)	276,304	(413,569)
Impact on U.S. Dollar denominated cash and cash equivalents from strengthening (weakening) CAD	(5,798)	8,830	(8,372)	15,173
Net debt, period ending	\$101,991	\$(490,682)	\$101,991	\$(490,682)

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 June 30, 2022:

Thousands of Canadian Dollars	Revolving Term Line	Senior Secured Notes	Total
Available line of credit and maximum borrowing available	\$500,000	\$372,620	\$872,620
Less:			
Drawings	-	372,620	372,620
Outstanding letters of credit included in line utilization	44,083	-	44,083
Unused portion of facility	\$455,917	\$-	455,917
Add:			
Cash and cash equivalents			270,629
Available liquidity at June 30, 2022			\$726,546

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

As of June 30, 2022, the Company had commitments for capital expenditures totaling \$196.2 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 2022	Jun. 30 2021	Mar. 31 2022	Jun. 30 2022	Jun. 30 2021
<b>Adjusted Net Earnings</b>					
Net earnings	\$269,881	\$419,241	\$397,031	\$666,913	\$683,728
Add:					
Asset write-downs and restructuring costs	1,088	2,213	3,198	4,286	2,355
Other foreign exchange loss (gain)	20,299	4,645	(12,823)	7,476	6,991
Long-term incentive compensation expense (recovery)	(10,403)	11,145	3,671	(6,732)	18,815
Other expense (income) excluding business interruption insurance	3,085	1,045	(395)	2,690	(951)
Post closure wind-down costs	-	251	-	-	475
Income tax effect of above adjustments	(3,787)	(4,991)	1,794	(1,993)	(7,220)
Adjusted net earnings	\$280,163	\$433,549	\$392,476	\$672,640	\$704,193
Weighted average number of shares - basic ('000)	54,874	64,984	59,357	57,103	65,453
Adjusted net earnings per share	\$5.11	\$6.67	\$6.61	\$11.78	\$10.76
<b>Adjusted EBITDA</b>					
Net earnings	\$269,881	\$419,241	\$397,031	\$666,913	\$683,728
Add:					
Depreciation of plant and equipment	41,647	22,717	33,113	74,760	44,191
Depletion and amortization of timber, roads and other	9,154	6,669	9,124	18,279	13,637
Finance costs	4,357	4,437	5,169	9,524	8,961
Income tax expense	89,474	138,922	132,026	221,500	225,178
EBITDA	414,513	591,986	576,463	990,976	975,695
Add:					
Long-term incentive compensation expense (recovery)	(10,403)	11,145	3,671	(6,732)	18,815
Other foreign exchange loss (gain)	20,299	4,645	(12,823)	7,476	6,991
Other expense (income) excluding business interruption insurance	3,085	1,045	(395)	2,690	(951)
Asset write-downs and restructuring costs	1,088	2,213	3,198	4,286	2,355
Post closure wind-down costs	-	251	-	-	475
Adjusted EBITDA	\$428,582	\$611,285	\$570,114	\$998,696	\$1,003,380
Sales	\$1,389,050	\$1,099,670	\$1,349,038	\$2,738,087	\$1,948,977
Adjusted EBITDA margin	30.9%	55.6%	42.3%	36.5%	51.5%
<b>Net debt to invested capital</b>					
Net debt					
Total debt	\$372,620	\$365,106	\$403,112	\$372,620	\$365,106
Cash and cash equivalents	(270,629)	(855,788)	(62,932)	(270,629)	(855,788)
Total net debt	\$101,991	\$(490,682)	\$340,180	\$101,991	\$(490,682)
Invested capital					
Net debt	\$101,991	\$(490,682)	\$340,180	\$101,991	\$(490,682)
Shareholders' equity	2,106,097	1,554,205	1,817,371	2,106,097	1,554,205
Total invested capital	\$2,208,088	\$1,063,523	\$2,157,551	\$2,208,088	\$1,063,523
Net debt to invested capital <sup>1</sup>	4.6%	(46.1%)	15.8%	4.6%	(46.1%)
<b>Operating cash flow per share (before working capital changes)</b>					
Cash provided by operating activities	\$393,806	\$484,723	\$281,214	\$675,020	\$769,803
Cash (generated from) used in operating working capital	(175,586)	(249)	97,567	(78,019)	92,355
Operating cash flow (before working capital changes)	\$218,220	\$484,474	\$378,781	\$597,001	\$862,158
Weighted average number of shares - basic ('000)	54,874	64,984	59,357	57,103	65,453
Operating cash flow per share (before working capital changes)	\$3.98	\$7.46	\$6.38	\$10.45	\$13.17
<b>Annualized return on capital employed</b>					
Net earnings	\$269,881	\$419,241	\$397,031	\$666,913	\$683,728
Add:					
Finance costs	4,357	4,437	5,169	9,524	8,961
Income tax expense	89,474	138,922	132,026	221,500	225,178
Earnings before income taxes and finance costs	\$363,712	\$562,600	\$534,226	\$897,937	\$917,867
Capital Employed					
Total assets	\$3,269,508	\$2,409,388	\$3,081,351	\$3,269,508	\$2,409,388
Current liabilities	(421,383)	(285,081)	(472,686)	(421,383)	(285,081)
Less:					
Current portion of long-term debt	6,980	6,713	6,769	6,980	6,713
Current portion of lease liabilities	14,776	11,758	15,014	14,776	11,758
Capital employed, end of period	\$2,869,881	\$2,142,778	\$2,630,448	\$2,869,881	\$2,142,778
Capital employed, beginning of period	2,630,448	1,915,146	2,303,177	2,303,177	1,672,103
Average capital employed	\$2,750,164	\$2,028,962	\$2,466,812	\$2,586,529	\$1,907,441
Earnings before income taxes and finance costs divided by average capital employed	13.2%	27.7%	21.7%	34.7%	48.1%
Annualization factor	4.0	4.0	4.0	2.0	2.0
Annualized return on capital employed	52.9%	110.8%	86.6%	69.4%	96.2%

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, 2022 and 2021 (unaudited)**

(thousands of Canadian Dollars except earnings per share)

	Three Months Jun. 30, 2022	Three Months Jun. 30, 2021	Six Months Jun. 30, 2022	Six Months Jun. 30, 2021
<b>Sales</b>	<b>\$1,389,050</b>	<b>\$1,099,670</b>	<b>\$2,738,087</b>	<b>\$1,948,977</b>
<b>Costs and expenses:</b>				
Production	899,289	457,329	1,633,118	889,496
Selling and administration	16,102	12,136	33,730	25,015
Long-term incentive compensation expense (recovery)	(10,403)	11,145	(6,732)	18,815
U.S. countervailing and anti-dumping duty deposits	46,311	19,171	82,128	31,561
Depreciation of plant and equipment	41,647	22,717	74,760	44,191
Depletion and amortization of timber, roads and other	9,154	6,669	18,279	13,637
	<b>1,002,100</b>	<b>529,167</b>	<b>1,835,283</b>	<b>1,022,715</b>
<b>Operating earnings before write-downs and restructuring costs</b>	<b>386,950</b>	<b>570,503</b>	<b>902,804</b>	<b>926,262</b>
Asset write-downs and restructuring costs	1,088	2,213	4,286	2,355
<b>Operating earnings</b>	<b>385,862</b>	<b>568,290</b>	<b>898,518</b>	<b>923,907</b>
Finance costs	(4,357)	(4,437)	(9,524)	(8,961)
Other foreign exchange loss	(20,299)	(4,645)	(7,476)	(6,991)
Other income (expense)	(1,851)	(1,045)	6,895	951
	<b>(26,507)</b>	<b>(10,127)</b>	<b>(10,105)</b>	<b>(15,001)</b>
<b>Earnings before income taxes</b>	<b>359,355</b>	<b>558,163</b>	<b>888,413</b>	<b>908,906</b>
Income tax expense (recovery):				
Current	92,828	135,140	215,408	218,313
Deferred	(3,354)	3,782	6,092	6,865
	<b>89,474</b>	<b>138,922</b>	<b>221,500</b>	<b>225,178</b>
<b>Net earnings</b>	<b>\$269,881</b>	<b>\$419,241</b>	<b>\$666,913</b>	<b>\$683,728</b>
<b>Net earnings per share</b>				
Basic	\$4.92	\$6.45	\$11.68	\$10.45
Diluted	\$4.90	\$6.43	\$11.64	\$10.42

**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**For the three and six months ended June 30, 2022 and 2021 (unaudited)**

(thousands of Canadian Dollars)

	Three Months Jun. 30, 2022	Three Months Jun. 30, 2021	Six Months Jun. 30, 2022	Six Months Jun. 30, 2021
<b>Net earnings</b>	<b>\$269,881</b>	<b>\$419,241</b>	<b>\$666,913</b>	<b>\$683,728</b>
<b>Other comprehensive income (loss):</b>				
<b>Items that will not be recycled to Net earnings:</b>				
Defined benefit plan actuarial gain (loss), net of tax	(1,064)	1,110	1,722	5,582
<b>Items that are or may be recycled to Net earnings:</b>				
Foreign currency translation differences for foreign operations, net of tax	52,624	(8,876)	27,895	(17,763)
<b>Total other comprehensive income (loss), net of tax</b>	<b>51,560</b>	<b>(7,766)</b>	<b>29,617</b>	<b>(12,181)</b>
<b>Comprehensive income</b>	<b>\$321,441</b>	<b>\$411,475</b>	<b>\$696,530</b>	<b>\$671,547</b>



**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**For the three and six months ended June 30, 2022 and 2021 (unaudited)**

(thousands of Canadian Dollars)

	Three Months Jun. 30, 2022	Three Months Jun. 30, 2021	Six Months Jun. 30, 2022	Six Months Jun. 30, 2021
<b>Cash provided by (used in):</b>				
<b>Operating activities:</b>				
<b>Net earnings</b>	\$269,881	\$419,241	\$666,913	\$683,728
<b>Items not involving cash:</b>				
Depreciation of plant and equipment	41,647	22,717	74,760	44,191
Depletion and amortization of timber, roads and other	9,154	6,669	18,279	13,637
Deferred income tax expense (recovery)	(3,354)	3,782	6,092	6,865
Current income tax expense	92,828	135,140	215,408	218,313
Finance costs	4,357	4,437	9,524	8,961
Other assets	(2,447)	655	(2,487)	224
Reforestation liability	(1,665)	(1,187)	71	(691)
Provisions and other liabilities	(12,798)	6,392	(25,708)	6,887
Stock options	213	167	454	363
Write-down of plant and equipment	1,117	2,035	2,340	2,035
Unrealized foreign exchange gain (loss)	(6,338)	5,406	(4,530)	8,417
Other income (expense)	1,851	1,045	(6,895)	(951)
<b>Income taxes paid</b>	(176,226)	(122,025)	(357,220)	(129,821)
	218,220	484,474	597,001	862,158
<b>Cash generated from (used in) operating working capital:</b>				
Trade accounts receivable and other	83,534	(4,741)	18,883	(72,600)
Inventories	60,506	(8,873)	36,072	(33,225)
Prepayments	(3,260)	(1,428)	(3,422)	(4,776)
Trade accounts payable and provisions	34,806	15,291	26,486	18,246
	393,806	484,723	675,020	769,803
<b>Investing activities:</b>				
Additions to property, plant and equipment	(60,939)	(36,263)	(111,962)	(62,594)
Additions to roads and bridges	(4,214)	(4,312)	(4,059)	(7,197)
Acquisitions	1,592	-	(536,087)	(73,630)
Proceeds on disposal of property, plant and equipment	10,181	283	11,371	5,976
Investment in GreenFirst Forest Products Inc.	(55,648)	-	(55,648)	-
Net proceeds from (additions to) deposits and other assets	(224)	725	168	882
	(109,252)	(39,567)	(696,217)	(136,563)
<b>Financing activities:</b>				
Issuance of share capital, net of expenses	-	401	377	2,346
Share repurchases	(32,929)	(49,435)	(227,237)	(69,738)
Dividend paid	-	(130,625)	-	(130,625)
Interest payments	(4,314)	(4,161)	(9,326)	(8,419)
Lease liability payments	(3,333)	(3,263)	(7,803)	(6,564)
Debt refinancing costs	(74)	-	(263)	-
Term line net repayments	-	-	(2,209)	-
Additions to long-term debt	-	-	328,720	-
Repayments of long-term debt	(42,005)	(6,671)	(337,366)	(6,671)
	(82,655)	(193,754)	(255,107)	(219,671)
<b>Foreign exchange gain (loss) on cash and cash equivalents held in a foreign currency</b>	5,798	(8,830)	8,372	(15,173)
<b>Increase (decrease) in cash</b>	207,697	242,572	(267,932)	398,396
<b>Cash and cash equivalents, beginning of period</b>	62,932	613,216	538,561	457,392
<b>Cash and cash equivalents, end of period</b>	\$270,629	\$855,788	\$270,629	\$855,788



**CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**June 30, 2022 and December 31, 2021 (unaudited)**

(thousands of Canadian Dollars)	Jun. 30, 2022	Dec. 31, 2021
<b>Assets</b>		
<b>Current assets:</b>		
Cash and cash equivalents	\$270,629	\$538,561
Trade accounts receivable and other	265,220	147,764
Income tax receivable	19	12,776
Inventories	461,864	250,481
Prepayments	30,728	16,125
	<b>1,028,460</b>	<b>965,707</b>
<b>Employee future benefits</b>	<b>20,392</b>	<b>8,338</b>
<b>Deposits and other assets</b>	<b>192,952</b>	<b>52,221</b>
<b>Right of use assets</b>	<b>33,195</b>	<b>33,547</b>
<b>Property, plant and equipment</b>	<b>1,472,014</b>	<b>1,067,754</b>
<b>Roads and bridges</b>	<b>34,250</b>	<b>27,101</b>
<b>Timber licences</b>	<b>104,189</b>	<b>106,136</b>
<b>Goodwill and other intangible assets</b>	<b>383,367</b>	<b>342,291</b>
<b>Deferred income taxes</b>	<b>689</b>	<b>415</b>
	<b>\$3,269,508</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	340,049	218,825
Current portion of long-term debt	6,980	6,868
Reforestation liability	15,920	16,670
Lease liabilities	14,776	12,239
Income taxes payable	43,658	64,838
	<b>421,383</b>	<b>321,642</b>
<b>Reforestation liability</b>	<b>29,612</b>	<b>29,250</b>
<b>Lease liabilities</b>	<b>20,388</b>	<b>26,850</b>
<b>Long-term debt</b>	<b>365,640</b>	<b>366,605</b>
<b>Employee future benefits</b>	<b>9,579</b>	<b>9,069</b>
<b>Provisions and other liabilities</b>	<b>23,474</b>	<b>43,686</b>
<b>Deferred income taxes</b>	<b>293,335</b>	<b>170,435</b>
<b>Equity:</b>		
Share capital	436,352	484,721
Contributed surplus	4,986	4,694
Translation reserve	86,315	58,420
Retained earnings	1,578,444	1,088,138
	<b>2,106,097</b>	<b>1,635,973</b>
	<b>\$3,269,508</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 second 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; Indigenous reconciliation; the Company's ability to export its products; the softwood lumber trade dispute between Canada and the U.S.; 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 4.7 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 Q2'22 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 Friday, August 5, 2022 at 8:00 a.m. (Pacific Time) hosted by **INTERFOR CORPORATION** for the purpose of reviewing the Company's release of its second quarter 2022 financial results.

The dial-in number is **1-888-396-8049**. The conference call will also be recorded for those unable to join in for the live discussion and will be available until September 5, 2022. The number to call is **1-877-674-7070, Passcode 637113#**.

For further information:

Richard Pozzebon, Senior Vice President and Chief Financial Officer  
(604) 422-3400