



## Interfor Corporation

Burnaby, B.C.

November 3, 2022

### ***Interfor Reports Q3'22 Results and Announces Renewal of Share Buyback Program Adjusted EBITDA of \$129.5 million and Net Earnings of \$3.5 million***

**INTERFOR CORPORATION** ("Interfor" or the "Company") (TSX: IFP) recorded Net earnings in Q3'22 of \$3.5 million, or \$0.06 per share, compared to \$269.9 million, or \$4.92 per share in Q2'22 and \$65.6 million, or \$1.05 per share in Q3'21. Adjusted net earnings in Q3'22 were \$31.5 million compared to \$280.2 million in Q2'22 and \$46.7 million in Q3'21.

Adjusted EBITDA was \$129.5 million on sales of \$1.0 billion in Q3'22 versus \$428.6 million on sales of \$1.4 billion in Q2'22.

Notable items in the quarter:

- Lumber Production Balanced with Demand
  - Lumber production totaled 986 million board feet, representing a decrease of 30 million board feet quarter-over-quarter. The U.S. South and U.S. Northwest regions accounted for 470 million board feet and 159 million board feet, respectively, compared to 467 million board feet and 163 million board feet in Q2'22. The Eastern Canada Operations produced 198 million board feet versus 211 million board feet in Q2'22. Production in the B.C. region decreased to 159 million board feet from 174 million board feet in Q2'22, in part due to the sale of the Acorn sawmill during Q2'22.
  - Lumber shipments were 1.1 billion board feet, or 18 million board feet lower than Q2'22, leading to a reduction of lumber inventories by 36 million board feet during the quarter. Lumber inventories ended the quarter within our target range.
- Moderating Lumber Demand
  - Lumber demand moderated during the quarter due in part to rising interest rates across North America, contributing to significantly lower lumber prices quarter-over-quarter. Interfor's average selling price was \$800 per mfbm, down \$304 per mfbm versus Q2'22. The SYP Composite, Western SPF Composite, KD H-F Stud 2x4 9' and ESPF Composite price benchmarks decreased quarter-over-quarter by US\$127, US\$287, US\$264 and US\$281 per mfbm to US\$555, US\$550, US\$627 and US\$657 per mfbm, respectively.
- Financial Flexibility Maintained
  - Net debt ended the quarter at \$249.7 million, or 10.5% of invested capital, resulting in ample available liquidity of \$601.4 million.
- DeQuincy, LA Sawmill at Full Production
  - The DeQuincy, LA sawmill, with an annual two-shift capacity of 200 million board feet, reached its full production run-rate in Q3 2022.

- Strategic Capital Investments
  - Capital spending was \$86.1 million, including \$50.8 million on discretionary projects. The majority of this discretionary spending was focused on the multi-year rebuilds of the Eatonton, GA and Thomaston, GA sawmills, a new planer at the Castlegar, B.C. sawmill and upgrades to the Perry, GA sawmill.
  - The comprehensive rebuild of the Eatonton, GA sawmill was successfully completed during the quarter and it is currently ramping up as expected towards the designed production capacity of 230 million board feet per year.
- Substantial Issuer Bid (“SIB”)
  - On July 26, 2022, Interfor announced a SIB pursuant to which the Company offered to purchase up to \$100.0 million in value of its outstanding common shares for cancellation from holders of common shares for cash. The SIB proceeded by way of a “modified Dutch auction” procedure with a tender price range from \$29.00 to \$34.00 per common share.
  - On September 12, 2022, the Company purchased for cancellation 3,355,704 common shares for total consideration of \$100.0 million at a price of \$29.80 per share or 0.72 times book value per share at September 30, 2022.
- Softwood Lumber Duties Rate Adjustment
  - In Q3'22, the U.S. Department of Commerce (“DoC”) published the final rates for countervailing (“CV”) and anti-dumping (“AD”) duties based on the results of its third administrative review (“AR3”) covering shipments for the year ended December 31, 2020. The final combined rate for 2020 was 8.59%, compared to the cash deposit rate of 20.23% from January to November 2020 and 8.99% for December 2020. To reflect the lower amended final rates for 2020, Interfor recorded a \$26.1 million reduction to duties expense in Q3'22 and a corresponding receivable on its balance sheet.
  - Interfor has cumulative duties of US\$418.9 million held in trust by U.S. Customs and Border Protection as at September 30, 2022. Except for US\$124.2 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.

### **Acquisition of Chaleur Forest Products**

On October 3, 2022, the Company announced it had reached an agreement with an affiliate of the Kilmer Group to acquire 100% of the equity interests in the entities comprising Chaleur Forest Products (“Chaleur”) for a purchase price of \$325.0 million, which includes \$31.0 million of net working capital. In addition, Interfor will assume Chaleur’s CV and AD duty deposits at closing, for consideration equal to 55% of the total deposits on an after-tax basis. The acquisition includes two sawmill operations located in Belledune and Bathurst, New Brunswick with a combined annual lumber production capacity of 350 million board feet, and a woodlands management division based in Miramichi, New Brunswick that manages approximately 30% of the total Crown forest in New Brunswick.

The transaction remains subject to customary conditions and regulatory approvals for a transaction of this kind and is currently expected to close in the fourth quarter of 2022.

## **Renewal of NCIB**

The Toronto Stock Exchange ("TSX") has approved the renewal by the Company of its NCIB.

The NCIB will allow for the purchase during the twelve-month period commencing on November 11, 2022 and ending on November 10, 2023 of up to 5,105,002 common shares, which represents 10% of the Company's public float as at October 28, 2022. Under the prior NCIB that expires on November 10, 2022, the Company was authorized to purchase and purchased 6,041,701 common shares at a volume weighted average price of \$37.60 per common share.

Under TSX rules, Interfor will be allowed to purchase daily a maximum of 73,486 common shares, representing 25% of the average daily trading volume of the Company's common shares over the six-month period ending October 31, 2022, subject to certain exemptions for block purchases. As of October 28, 2022, the Company had 51,434,895 common shares issued and outstanding. All purchases will be made through open market transactions through the facilities of the TSX or other Canadian alternative trading systems and will conform to their rules and regulations. The price to be paid by Interfor for any common shares will be the market price at the time of acquisition. All common shares purchased pursuant to the NCIB will be cancelled.

Interfor has also entered into an automatic securities purchase plan agreement with a securities broker under which the broker will act as the Company's agent to acquire Interfor common shares under the NCIB during the Company's scheduled blackout periods in the course of the NCIB. Purchases by the broker under the NCIB during these periods will be made at the broker's discretion, subject to certain parameters established by Interfor prior to each period with respect to price and number of common shares.

The Company continues to believe that, from time to time, the market price of its common shares may be attractive and their purchase would represent a prudent use of its capital to increase shareholder value.

## **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, labour shortages and geo-political uncertainty.

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 9 months ended		
	Sept. 30 2022	Sept. 30 2021	Jun. 30 2022	Sept. 30 2022	Sept. 30 2021	
<b>Financial Highlights<sup>2</sup></b>						
Total sales	\$MM	1,035.6	664.3	1,389.1	3,773.7	2,613.3
Lumber	\$MM	837.8	559.6	1,190.8	3,241.1	2,334.9
Logs, residual products and other	\$MM	197.8	104.7	198.3	532.6	278.4
Operating earnings	\$MM	75.9	54.8	385.9	974.4	978.7
Net earnings	\$MM	3.5	65.6	269.9	670.4	749.4
Net earnings per share, basic	\$/share	0.06	1.05	4.92	11.95	11.61
Adjusted net earnings <sup>3</sup>	\$MM	31.5	46.7	280.2	704.1	750.9
Adjusted net earnings per share, basic <sup>3</sup>	\$/share	0.58	0.74	5.11	12.55	11.63
Operating cash flow per share (before working capital changes) <sup>3,5</sup>	\$/share	(0.02)	1.09	4.43	10.86	14.42
Adjusted EBITDA <sup>3</sup>	\$MM	129.5	93.9	428.6	1,128.2	1,097.3
Adjusted EBITDA margin <sup>3</sup>	%	12.5%	14.1%	30.9%	29.9%	42.0%
Total assets	\$MM	3,294.6	2,488.7	3,269.5	3,294.6	2,488.7
Total debt	\$MM	396.4	375.3	372.6	396.4	375.3
Net debt <sup>3</sup>	\$MM	249.7	(133.8)	102.0	249.7	(133.8)
Net debt to invested capital <sup>3</sup>	%	10.5%	(9.3%)	4.6%	10.5%	(9.3%)
Annualized return on capital employed <sup>3</sup>	%	5.6%	16.0%	52.9%	47.8%	69.2%
<b>Operating Highlights</b>						
Lumber production	million fbm	986	731	1,016	2,918	2,133
Lumber sales	million fbm	1,064	753	1,082	2,989	2,133
Lumber - average selling price <sup>4</sup>	\$/thousand fbm	800	744	1,104	1,084	1,095
Average USD/CAD exchange rate <sup>6</sup>	1 USD in CAD	1.3056	1.2600	1.2768	1.2828	1.2513
Closing USD/CAD exchange rate <sup>6</sup>	1 USD in CAD	1.3707	1.2741	1.2886	1.3707	1.2741

### 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.
- Financial information has been adjusted for a reclassification in the presentation of unrealized foreign exchange loss (gain) within cashflow from operations resulting in a \$/share change of \$(0.06) – Q3 2021; \$0.45 - Q2 2022; and \$(0.06) – YTD Q3 2021.
- Based on Bank of Canada foreign exchange rates.

## Liquidity

### Balance Sheet

Interfor's Net debt at September 30, 2022 was \$249.7 million, or 10.5% of invested capital, representing an increase of \$412.6 million from the level of Net debt at December 31, 2021.

As at September 30, 2022 the Company had net working capital of \$513.1 million and available liquidity of \$601.4 million, based on the available 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		For the 9 months ended	
	2022	Sept. 30, 2021	2022	Sept. 30, 2021
<b>Net debt</b>				
Net debt (cash), period opening	\$101,991	\$(490,682)	\$(162,886)	\$(75,432)
Repayments of Senior Secured Notes	-	-	(7,005)	(6,671)
Revolving Term Line net drawings (repayments)	-	1	(3,850)	1
Impact on U.S. Dollar denominated debt from weakening CAD	23,741	10,221	31,541	38
Decrease (increase) in cash and cash equivalents	130,156	365,553	406,460	(48,016)
Impact on U.S. Dollar denominated cash and cash equivalents from weakening CAD	(6,170)	(18,922)	(14,542)	(3,749)
Net debt (cash), period ending	\$249,718	\$(133,829)	\$249,718	\$(133,829)

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 September 30, 2022:

Thousands of Canadian Dollars	Revolving Term Line	Senior Secured Notes	Total
Available line of credit and maximum borrowing available	\$500,000	\$396,361	\$896,361
Less:			
Drawings	-	396,361	396,361
Outstanding letters of credit included in line utilization	45,293	-	45,293
Unused portion of facility	\$454,707	\$-	454,707
Add:			
Cash and cash equivalents			146,643
Available liquidity at September 30, 2022			\$601,350

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

As of September 30, 2022, the Company had commitments for capital expenditures totaling \$199.6 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 9 months ended	
	Sept. 30 2022	Sept. 30 2021	Jun. 30 2022	Sept. 30 2022	Sept. 30 2021
<b>Adjusted Net Earnings</b>					
Net earnings	\$ 3,501	\$65,630	\$269,881	\$670,414	\$749,358
Add:					
Asset write-downs and restructuring costs	763	997	1,088	5,049	3,352
Other foreign exchange loss (gain)	46,918	(9,104)	20,299	54,394	(2,113)
Long-term incentive compensation expense (recovery)	2,503	4,809	(10,403)	(4,229)	23,624
Other expense (income) excluding business interruption insurance	(11,857)	(22,571)	3,085	(9,167)	(23,522)
Post closure wind-down costs (recoveries)	-	(24)	-	-	451
Income tax effect of above adjustments	(10,320)	6,956	(3,787)	(12,313)	(264)
Adjusted net earnings	\$31,508	\$46,693	\$280,163	\$704,148	\$750,886
Weighted average number of shares - basic ('000)	54,096	62,741	54,874	56,089	64,539
Adjusted net earnings per share	\$0.58	\$0.74	\$5.11	\$12.55	\$11.63
<b>Adjusted EBITDA</b>					
Net earnings	\$ 3,501	\$65,630	\$269,881	\$670,414	\$749,358
Add:					
Depreciation of plant and equipment	40,551	25,899	41,647	115,311	70,090
Depletion and amortization of timber, roads and other	9,780	7,396	9,154	28,059	21,033
Finance costs	1,478	4,444	4,357	11,002	13,405
Income tax expense	35,831	16,439	89,474	257,331	241,617
EBITDA	91,141	119,808	414,513	1,082,117	1,095,503
Add:					
Long-term incentive compensation expense (recovery)	2,503	4,809	(10,403)	(4,229)	23,624
Other foreign exchange loss (gain)	46,918	(9,104)	20,299	54,394	(2,113)
Other expense (income) excluding business interruption insurance	(11,857)	(22,571)	3,085	(9,167)	(23,522)
Asset write-downs and restructuring costs	763	997	1,088	5,049	3,352
Post closure wind-down costs (recoveries)	-	(24)	-	-	451
Adjusted EBITDA	\$129,468	\$93,915	\$428,582	\$1,128,164	\$1,097,295
Sales	\$1,035,597	\$664,274	\$1,389,050	3,773,684	\$2,613,251
Adjusted EBITDA margin	12.5%	14.1%	30.9%	29.9%	42.0%
<b>Net debt to invested capital</b>					
Net debt					
Total debt	\$396,361	\$375,328	\$372,620	\$396,361	\$375,328
Cash and cash equivalents	(146,643)	(509,157)	(270,629)	(146,643)	(509,157)
Total net debt	\$249,718	\$(133,829)	\$101,991	\$249,718	\$(133,829)
Invested capital					
Net debt	\$249,718	\$(133,829)	\$101,991	\$249,718	\$(133,829)
Shareholders' equity	2,123,307	1,567,063	2,106,097	2,123,307	1,567,063
Total invested capital	\$2,373,025	\$1,433,234	\$2,208,088	\$2,373,025	\$1,433,234
Net debt to invested capital <sup>(1)</sup>	10.5%	(9.3%)	4.6%	10.5%	(9.3%)
<b>Operating cash flow per share (before working capital changes) <sup>(2)</sup></b>					
Cash provided by operating activities	\$47,031	\$196,375	\$393,806	\$722,051	\$966,178
Cash generated from operating working capital	(47,908)	(127,858)	(150,755)	(113,185)	(35,757)
Operating cash flow (before working capital changes)	\$(877)	\$68,517	\$243,051	\$608,866	\$930,421
Weighted average number of shares - basic ('000)	54,096	62,741	54,874	56,089	64,539
Operating cash flow per share (before working capital changes)	\$(0.02)	\$1.09	\$4.43	\$10.86	\$14.42
<b>Annualized return on capital employed</b>					
Net earnings	\$3,501	\$65,630	\$269,881	\$670,414	\$749,358
Add:					
Finance costs	1,478	4,444	4,357	11,002	13,405
Income tax expense	35,831	16,439	89,474	257,331	241,617
Earnings before income taxes and finance costs	\$40,810	\$86,513	\$363,712	\$938,747	\$1,004,380
Capital Employed					
Total assets	\$3,294,576	\$2,488,693	\$3,269,508	\$3,294,576	\$2,488,693
Current liabilities	(378,779)	(307,349)	(421,383)	(378,779)	(307,349)
Less:					
Current portion of long-term debt	7,425	6,901	6,980	7,425	6,901
Current portion of lease liabilities	15,578	11,921	14,776	15,578	11,921
Capital employed, end of period	\$2,938,800	\$2,200,166	\$2,869,881	\$2,938,800	\$2,200,166
Capital employed, beginning of period	2,869,881	2,142,778	2,630,448	2,303,177	1,672,103
Average capital employed	\$2,904,340	\$2,171,472	\$2,750,164	\$2,620,989	\$1,936,135
Earnings before income taxes and finance costs divided by average capital employed	1.4%	4.0%	13.2%	35.8%	51.9%
Annualization factor	4.0	4.0	4.0	1.3	1.3
Annualized return on capital employed	5.6%	16.0%	52.9%	47.8%	69.2%

Notes:

- (1) Net debt to invested capital as of the period end.
- (2) Financial information has been adjusted for a reclassification in the presentation of unrealized foreign exchange loss (gain) within cashflow from operations resulting in a \$/share change of \$(0.06) – Q3 2021; \$0.45 - Q2 2022; and \$(0.06) – YTD Q3 2021.



**CONDENSED CONSOLIDATED STATEMENTS OF EARNINGS**  
**For the three and nine months ended September 30, 2022 and 2021 (unaudited)**

(thousands of Canadian Dollars except earnings per share)

	Three Months Sept. 30, 2022	Three Months Sept. 30, 2021	Nine Months Sept. 30, 2022	Nine Months Sept. 30, 2021
<b>Sales</b>	\$1,035,597	\$664,274	\$3,773,684	\$2,613,251
<b>Costs and expenses:</b>				
Production	902,844	550,494	2,535,962	1,439,990
Selling and administration	15,648	13,727	49,378	38,742
Long-term incentive compensation expense (recovery)	2,503	4,809	(4,229)	23,624
U.S. countervailing and anti-dumping duty deposits	(12,363)	6,114	69,765	37,675
Depreciation of plant and equipment	40,551	25,899	115,311	70,090
Depletion and amortization of timber, roads and other	9,780	7,396	28,059	21,033
	958,963	608,439	2,794,246	1,631,154
<b>Operating earnings before write-downs and restructuring costs</b>	<b>76,634</b>	<b>55,835</b>	<b>979,438</b>	<b>982,097</b>
Asset write-downs and restructuring costs	763	997	5,049	3,352
<b>Operating earnings</b>	<b>75,871</b>	<b>54,838</b>	<b>974,389</b>	<b>978,745</b>
Finance costs	(1,478)	(4,444)	(11,002)	(13,405)
Other foreign exchange gain (loss)	(46,918)	9,104	(54,394)	2,113
Other income	11,857	22,571	18,752	23,522
	(36,539)	27,231	(46,644)	12,230
<b>Earnings before income taxes</b>	<b>39,332</b>	<b>82,069</b>	<b>927,745</b>	<b>990,975</b>
Income tax expense (recovery):				
Current	27,498	(14,737)	242,906	203,576
Deferred	8,333	31,176	14,425	38,041
	35,831	16,439	257,331	241,617
<b>Net earnings</b>	<b>\$3,501</b>	<b>\$65,630</b>	<b>\$670,414</b>	<b>\$749,358</b>
<b>Net earnings per share</b>				
Basic	\$0.06	\$1.05	\$11.95	\$11.61
Diluted	\$0.06	\$1.04	\$11.91	\$11.58

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

(thousands of Canadian Dollars)

	Three Months Sept. 30, 2022	Three Months Sept. 30, 2021	Nine Months Sept. 30, 2022	Nine Months Sept. 30, 2021
<b>Net earnings</b>	<b>\$3,501</b>	<b>\$65,630</b>	<b>\$670,414</b>	<b>\$749,358</b>
<b>Other comprehensive income:</b>				
<b>Items that will not be recycled to Net earnings:</b>				
Defined benefit plan actuarial gain (loss), net of tax	(1,202)	963	520	6,545
<b>Items that are or may be recycled to Net earnings:</b>				
Foreign currency translation differences for foreign operations, net of tax	114,991	28,841	142,886	11,078
<b>Total other comprehensive income, net of tax</b>	<b>113,789</b>	<b>29,804</b>	<b>143,406</b>	<b>17,623</b>
<b>Comprehensive income</b>	<b>\$117,290</b>	<b>\$95,434</b>	<b>\$813,820</b>	<b>\$766,981</b>



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

(thousands of Canadian Dollars)

	Three Months Sept. 30, 2022	Three Months Sept. 30, 2021	Nine Months Sept. 30, 2022	Nine Months Sept. 30, 2021
<b>Cash provided by (used in):</b>				
<b>Operating activities:</b>				
<b>Net earnings</b>	\$3,501	\$65,630	\$670,414	\$749,358
<b>Items not involving cash:</b>				
Depreciation of plant and equipment	40,551	25,899	115,311	70,090
Depletion and amortization of timber, roads and other	9,780	7,396	28,059	21,033
Deferred income tax expense	8,333	31,176	14,425	38,041
Current income tax expense (recovery)	27,498	(14,737)	242,906	203,576
Finance costs	1,478	4,444	11,002	13,405
Other assets	(27,533)	(155)	(30,020)	69
Reforestation liability	(2,920)	(1,033)	(2,849)	(1,724)
Provisions and other liabilities	(1,814)	3,386	(27,522)	10,273
Stock options	237	247	691	610
Write-down of plant and equipment	836	1,005	3,176	3,040
Unrealized foreign exchange loss (gain)	42,712	(10,266)	50,924	(2,103)
Other income	(11,857)	(22,571)	(18,752)	(23,522)
<b>Income taxes paid</b>	(91,679)	(21,904)	(448,899)	(151,725)
	(877)	68,517	608,866	930,421
<b>Cash generated from (used in) operating working capital:</b>				
Trade accounts receivable and other	19,376	55,979	35,073	(16,558)
Inventories	42,562	37,221	75,448	4,060
Prepayments	755	1,777	(5,853)	(2,936)
Trade accounts payable and provisions	(14,785)	32,881	8,517	51,191
	47,031	196,375	722,051	966,178
<b>Investing activities:</b>				
Additions to property, plant and equipment	(82,480)	(38,019)	(194,442)	(100,613)
Additions to roads and bridges	(3,587)	(5,932)	(7,646)	(13,129)
Acquisitions	-	(466,311)	(536,087)	(539,941)
Proceeds on disposal of property, plant and equipment	20,640	39,773	32,011	45,749
Investment in GreenFirst Forest Products Inc.	-	-	(55,648)	-
Net additions to deposits and other assets	(3,406)	(993)	(3,238)	(111)
	(68,833)	(471,482)	(765,050)	(608,045)
<b>Financing activities:</b>				
Issuance of share capital, net of expenses	52	308	429	2,654
Share repurchases, net of expenses	(100,369)	(83,131)	(327,606)	(152,869)
Dividend paid	-	-	-	(130,625)
Interest payments	(3,791)	(4,221)	(13,117)	(12,640)
Lease liability payments	(4,246)	(3,403)	(12,049)	(9,967)
Debt refinancing costs	-	-	(263)	-
Term line net drawings (repayments)	-	1	(3,850)	1
Repayments of Senior Secured Notes	-	-	(7,005)	(6,671)
	(108,354)	(90,446)	(363,461)	(310,117)
<b>Foreign exchange gain on cash and cash equivalents held in a foreign currency</b>	6,170	18,922	14,542	3,749
<b>Increase (decrease) in cash</b>	(123,986)	(346,631)	(391,918)	51,765
<b>Cash and cash equivalents, beginning of period</b>	270,629	855,788	538,561	457,392
<b>Cash and cash equivalents, end of period</b>	\$146,643	\$509,157	\$146,643	\$509,157





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

(thousands of Canadian Dollars)	Sept. 30, 2022	Dec. 31, 2021
<b>Assets</b>		
<b>Current assets:</b>		
Cash and cash equivalents	\$146,643	\$538,561
Trade accounts receivable and other	253,673	147,764
Income tax receivable	34,575	12,776
Inventories	426,680	250,481
Prepayments	30,329	16,125
	<b>891,900</b>	<b>965,707</b>
<b>Employee future benefits</b>	<b>18,087</b>	<b>8,338</b>
<b>Deposits and other assets</b>	<b>234,534</b>	<b>52,221</b>
<b>Right of use assets</b>	<b>33,837</b>	<b>33,547</b>
<b>Property, plant and equipment</b>	<b>1,566,145</b>	<b>1,067,754</b>
<b>Roads and bridges</b>	<b>34,542</b>	<b>27,101</b>
<b>Timber licences</b>	<b>143,105</b>	<b>106,136</b>
<b>Goodwill and other intangible assets</b>	<b>371,936</b>	<b>342,291</b>
<b>Deferred income taxes</b>	<b>490</b>	<b>415</b>
	<b>\$ 3,294,576</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	324,461	218,825
Current portion of long-term debt	7,425	6,868
Reforestation liability	19,110	16,670
Lease liabilities	15,578	12,239
Income taxes payable	12,205	64,838
	<b>378,779</b>	<b>321,642</b>
<b>Reforestation liability</b>	<b>26,932</b>	<b>29,250</b>
<b>Lease liabilities</b>	<b>19,952</b>	<b>26,850</b>
<b>Long-term debt</b>	<b>388,936</b>	<b>366,605</b>
<b>Employee future benefits</b>	<b>9,813</b>	<b>9,069</b>
<b>Provisions and other liabilities</b>	<b>26,935</b>	<b>43,686</b>
<b>Deferred income taxes</b>	<b>319,922</b>	<b>170,435</b>
<b>Equity:</b>		
Share capital	408,886	484,721
Contributed surplus	5,201	4,694
Translation reserve	201,306	58,420
Retained earnings	1,507,914	1,088,138
	<b>2,123,307</b>	<b>1,635,973</b>
	<b>\$3,294,576</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 third 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 4.8 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 Q3'22 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, November 4, 2022 at 8:00 a.m. (Pacific Time) hosted by **INTERFOR CORPORATION** for the purpose of reviewing the Company's release of its third 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 December 4, 2022. The number to call is **1-877-674-7070, Passcode 771071#**.

For further information:

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