



Interfor Corporation

Burnaby, B.C.

October 16, 2024

Interfor to Exit Québec Operations

INTERFOR CORPORATION (“Interfor” or the “Company”) (TSX: IFP) announced today plans to exit its operations in Québec, Canada, including the sale of its three manufacturing facilities and the closure of its Montréal corporate office. This strategic initiative will support a focus on the areas of highest future potential across the remainder of the Company.

As part of the exit plan, Interfor announced that it has entered into a definitive agreement to sell its sawmills in Val-d’Or and Matagami as well as its Sullivan remanufacturing plant in Val-d’Or, along with all associated forestry and business operations, to Chantiers Chibougamau Ltée (“CCL”), a long-standing, privately-held, Québec-based forestry company.

The purchase price is estimated to be approximately \$30 million in cash, based on the value of specific working capital items at June 30, 2024, which will be subject to normal course adjustments at closing, plus the assumption of certain liabilities by CCL. Additionally, Interfor and CCL will enter into a multi-year contract for the supply of Machine Stress Rated (“MSR”) lumber to Interfor’s I-Joist engineered wood products (“EWP”) facility in Sault Ste. Marie, Ontario.

The sale does not include any countervailing (“CV”) or anti-dumping (“AD”) duty deposits related to the ongoing US/Canada softwood lumber trade dispute. All historical CV & AD deposits up to the date of closing will be retained by Interfor. Total CV & AD deposits related to the facilities up to June 30, 2024 totalled approximately US\$56 million, excluding any interest.

As part of the exit plan, Interfor also announced that it intends to permanently close its corporate office in Montréal in the coming months, allowing for the full realization of synergies associated with the Company’s EACOM Timber Corporation acquisition announced in November 2021.

Interfor will continue to own and operate its five sawmills and one I-Joist EWP facility in Ontario and its two sawmills and woodlands management business in New Brunswick.

“After careful review of the potential future options for our Québec operations, we believe the sale to CCL is the best long-term outcome for Interfor,” said Ian Fillinger, President & Chief Executive Officer. “The decision to exit our Québec operations was influenced by recent developments that have restricted the availability of economic fibre, including record forest fires in 2023. This divestiture enables us to focus resources on our remaining Eastern Canadian sawmills situated in Ontario and New Brunswick, which are well-positioned with competitive log costs and an increasingly valuable spruce-pine-fir lumber product mix.”

The Val-d’Or and Matagami sawmills have a combined two-shift rated lumber production capacity of 255 million board feet per year, representing approximately 5% of Interfor’s total company-wide capacity. However, the mills only produced 206 million board feet of lumber in the trailing twelve months ended June 30, 2024, representing a utilization rate of approximately 80%. Since early August 2024, the mills have been operating at a utilization rate of approximately 50%.

The completion of the transaction is subject to customary conditions, including regulatory approvals, and is expected to close in the fourth quarter of 2024.

Interfor anticipates taking an impairment charge in the third quarter of 2024 associated with the announcement.

RBC Capital Markets acted as exclusive financial advisor to Interfor.

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 in this release, include but are not limited to, statements regarding production capacity, future plans, regulatory approvals and the expected closing date, and other relevant factors. Readers are cautioned that actual results may vary from the forward-looking information in this release, and undue reliance should not be placed on such forward-looking information. Risk factors that could cause actual results to differ materially from the forward-looking information in this release are described in Interfor's annual Management's Discussion & Analysis under the heading "Risks and Uncertainties," which is available on www.interfor.com and under Interfor's profile on www.sedar.com. Material factors and assumptions used to develop the forward-looking information in this report include the fulfilment of the conditions to completing the transaction described in this release. 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 5.0 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.

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