INTERFOR CORPORATION

CONSOLIDATED FINANCIAL STATEMENTS

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

Management is responsible for the integrity and fair presentation of the accompanying consolidated financial statements. The consolidated financial statements were prepared in accordance with IFRS Accounting Standards and, where necessary, are based in part on management's best estimates and judgements.

Management maintains a system of internal controls over financial reporting, policies and procedures which it believes provides reasonable assurance that financial records are reliable and form a proper basis for preparation of financial statements. The internal control process includes communications to employees of Interfor's standards for ethical business conduct.

The Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal controls. The Board exercises this responsibility primarily through its Audit Committee, the members of which are neither officers nor employees of Interfor. The Audit Committee meets periodically with management and the independent Auditors to satisfy itself that each group is properly discharging its responsibilities and to review the consolidated financial statements and the independent Auditor's report thereon. The Company's independent Auditors have full and free access to the Audit Committee. The Audit Committee reports its findings to the Board of Directors for consideration in approving the consolidated financial statements for issuance to the shareholders. The Committee also makes recommendations to the Board with respect to the appointment and remuneration of the independent Auditors.

The consolidated financial statements have been examined by the independent Auditors, KPMG LLP, whose report follows.

"Ian M. Fillinger"
President and Chief Executive Officer

"Richard Pozzebon"
Executive Vice President and Chief Financial Officer

February 13, 2025

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Interfor Corporation

Opinion

We have audited the consolidated financial statements of Interfor Corporation (the Entity), which comprise:

- the consolidated statements of financial position as at December 31, 2024 and December 31, 2023
- the consolidated statements of earnings for the years then ended
- the consolidated statements of comprehensive income for the years then ended
- the consolidated statements of changes in equity for the years then ended
- the consolidated statements of cash flows for the years then ended
- and notes to the consolidated financial statements, including a summary of material accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at December 31, 2024 and December 31, 2023, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with IFRS Accounting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "***Auditor's Responsibilities for the Audit of the Financial Statements***" section of our auditor's report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2024. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matters described below to be the key audit matters to be communicated in our auditor's report.

Evaluation of the goodwill impairment analysis for the cash-generating units of the United States South group and the Eastern Canada group

Description of the matter

We draw attention to Notes 3(i) and 8 to the financial statements. The goodwill balance is $546.6 million, of which $333.1 million relates to the cash generating units of the United States South group and $175.9 million relates to the cash generating units of the Eastern Canada group. The Entity performs goodwill impairment testing on an annual basis and whenever events or circumstances indicate that the carrying amount may not be recoverable. The recoverable amount is calculated based on the higher of its fair value less costs of disposal and its value in use. Significant assumptions used in determining the value in use include future sales volume, commodity prices, production costs and discount rates.

Why the matter is a key audit matter

We identified the evaluation of the goodwill impairment analysis for the cash-generating units of the United States South group and the Eastern Canada group to be a key audit matter. The values in use were sensitive to changes in certain significant assumptions. Significant auditor judgment was required in evaluating the results of our audit procedures. Further, specialized skills and knowledge were needed to evaluate the discount rate assumptions.

How the matter was addressed in the audit

The following are the primary procedures we performed on the cash-generating units of the United States South group and the Eastern Canada group to address this key audit matter:

- We evaluated the Entity's commodity price assumptions by comparing those assumptions to expected commodity prices in the Entity's and its peer companies' analyst reports.
- We compared the Entity's forecast sales volume and production costs to actual results, to assess the Entity's ability to accurately predict sales volume and production cost assumptions.
- We involved a valuation professional with specialized skills and knowledge who assisted in evaluating the discount rate assumptions used in the estimated values in use, by comparing them against a discount rate range that was independently developed using publicly available market data for comparable entities.

Other Information

Management is responsible for the other information. Other information comprises the information included in Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

We obtained the information included in Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions as at the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditor's report.

We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

  The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- Provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.
- Determine, from the matters communicated with those charged with governance, those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our auditor's report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

KPMG LLP

The engagement partner on the audit resulting in this auditor's report is Tara Gill.

Vancouver, Canada

February 13, 2025

Interfor Corporation
Consolidated Statements of Financial Position
(Expressed in millions of Canadian Dollars)
As at December 31, 2024 and 2023

	Note		December 31 2024		December 31 2023
Assets					
Current assets:					
Cash and cash equivalents		$	43.4	$	55.0
Trade accounts receivable and other	*26(d)(i)*		109.5		184.4
Income tax receivable	*19*		-		68.4
Inventories	*4*		283.5		339.2
Prepayments			21.9		26.9
Assets held for sale	*7,8,16*		18.4		-
			476.7		673.9
Employee future benefits	*22(d)*		16.8		15.5
Deposits and other assets	*5, 21(c)*		304.4		274.6
Right of use assets	*6*		44.8		37.1
Property, plant and equipment	*7*		1,465.7		1,612.9
Roads and bridges	*8*		21.3		35.9
Timber licences	*8*		158.9		170.4
Goodwill and other intangible assets	*8*		589.2		574.7
Deferred income taxes	*19*		0.9		0.7
		$	3,078.7	$	3,395.7
Liabilities and Shareholders' Equity					
Current liabilities:					
Trade accounts payable and provisions	*12, 22(c)*	$	203.1	$	258.9
Current portion of long-term debt	*9*		48.0		44.1
Reforestation liability	*10*		16.5		15.8
Lease liabilities	*11*		20.3		17.2
Income taxes payable			12.9		0.2
Liabilities held for sale	*16*		1.4		-
			302.2		336.2
Reforestation liability	*10*		27.8		28.4
Lease liabilities	*11*		25.8		23.1
Long-term debt	*9*		856.7		853.6
Employee future benefits	*22(c), 22(d)*		11.8		11.3
Provisions and other liabilities	*12*		16.8		54.6
Deferred income taxes	*19*		305.1		358.1
Equity:					
Share capital	*13*		409.0		408.9
Contributed surplus	*13*		6.6		6.2
Translation reserve			246.9		145.5
Retained earnings			870.0		1,169.8
			1,532.5		1,730.4
		$	3,078.7	$	3,395.7

Commitments and contingencies *(Note 21)*.

Subsequent event *(Note 16)*.

See accompanying notes to consolidated financial statements.

Approved on behalf of the Board of Directors:

"L. Sauder", Director   "C. Griffin", Director

Interfor Corporation
Consolidated Statements of Earnings

(Expressed in millions of Canadian Dollars, except per share amounts)
Years ended December 31, 2024 and 2023

	Note		2024		2023
Sales	*24*	$	3,023.6	$	3,315.7
Cost and expenses:					
Production			2,911.4		3,158.9
Selling and administration			61.2		65.8
Long-term incentive compensation expense (recovery)	*12, 13(b)*		(1.8)		8.7
U.S. countervailing and anti-dumping duty deposits	*21(c)*		31.6		46.6
Depreciation of plant and equipment	*7, 14*		177.5		187.4
Depletion and amortization of timber, roads and other	*6, 8, 14*		41.8		41.1
			3,221.7		3,508.5
Operating loss before asset write-downs and restructuring costs			(198.1)		(192.8)
Asset write-downs and restructuring costs	*16*		(93.1)		(59.6)
Operating loss			(291.2)		(252.4)
Finance costs	*17*		(44.6)		(45.0)
Other foreign exchange gain (loss)	*26(d)(iii)*		(56.3)		14.7
Other income (expense)	*18*		35.9		(75.2)
			(65.0)		(105.5)
Loss before income taxes			(356.2)		(357.9)
Income tax expense (recovery)	*19*				
Current			12.0		(63.5)
Deferred			(63.9)		(27.6)
			(51.9)		(91.1)
Net loss		$	(304.3)	$	(266.8)
Net loss per share					
Basic	*20*	$	(5.91)	$	(5.19)
Diluted	*20*	$	(5.91)	$	(5.19)

See accompanying notes to consolidated financial statements.

Interfor Corporation
Consolidated Statements of Comprehensive Income
(Expressed in millions of Canadian Dollars)
Years ended December 31, 2024 and 2023

	Note		2024		2023
Net loss		$	(304.3)	$	(266.8)
Other comprehensive income (loss):					
Items that will not be recycled to Net loss:					
Defined benefit plan actuarial gain (loss), net of tax	*19, 22(d)*		4.5		(0.4)
Items that may be recycled to Net loss:					
Foreign currency translation differences for foreign operations, net of tax	*19*		101.4		(30.4)
Total other comprehensive income (loss), net of tax			105.9		(30.8)
Comprehensive loss		$	(198.4)	$	(297.6)

See accompanying notes to consolidated financial statements.

Interfor Corporation
Consolidated Statements of Changes in Equity
(Expressed in millions of Canadian Dollars)
Years ended December 31, 2024 and 2023

	Note	Share Capital	Contributed Surplus	Translation Reserve	Retained Earnings	Total Equity
Balance at December 31, 2022		$ 408.7	$ 5.5	$ 175.9	$ 1,437.0	$ 2,027.1
Net loss		-	-	-	(266.8)	(266.8)
Other comprehensive loss:						
Foreign currency translation differences for foreign operations, net of tax		-	-	(30.4)	-	(30.4)
Defined benefit plan actuarial loss, net of tax	*19, 22(d)*	-	-	-	(0.4)	(0.4)
Contributions and distributions:						
Share issuance, net of expenses	*13(a)*	0.2	(0.1)	-	-	0.1
Stock option vesting	*13(b)*	-	0.8	-	-	0.8
Balance at December 31, 2023		408.9	6.2	145.5	1,169.8	1,730.4
Net loss		-	-	-	(304.3)	(304.3)
Other comprehensive income:						
Foreign currency translation differences for foreign operations, net of tax		-	-	101.4	-	101.4
Defined benefit plan actuarial gain, net of tax	*19, 22(d)*	-	-	-	4.5	4.5
Contributions and distributions:						
Share issuance, net of expenses	*13(a)*	0.1	-	-	-	0.1
Stock option vesting	*13(b)*	-	0.4	-	-	0.4
Balance at December 31, 2024		$ 409.0	$ 6.6	$ 246.9	$ 870.0	$ 1,532.5

See accompanying notes to consolidated financial statements.

Interfor Corporation
Consolidated Statements of Cash Flows

(Expressed in millions of Canadian Dollars)
Years ended December 31, 2024 and 2023

	Note	2024	2023
Cash provided by (used in):			
Operating activities:			
Net loss		$ (304.3)	$ (266.8)
Items not involving cash:			
Depreciation of plant and equipment	*7*	177.5	187.4
Depletion and amortization of timber, roads and other	*6, 8*	41.8	41.1
Income tax recovery	*19*	(51.9)	(91.1)
Finance costs	*17*	44.6	45.0
Other assets		(4.6)	(6.0)
Reforestation liability	*10*	(0.3)	2.1
Provisions and other liabilities		(0.4)	7.9
Stock option vesting	*13(b)*	0.4	0.8
Net write-down of plant, equipment, roads and timber licences	*6, 7, 8, 16*	84.4	57.3
Unrealized foreign exchange loss (gain)		33.4	(9.3)
Gain on lease modification	*16*	(0.7)	-
Other expense (income)	*18*	(35.9)	75.2
Income taxes received, net		70.2	99.1
		54.2	142.7
Cash generated from (used in) operating working capital:			
Trade accounts receivable and other		80.8	(7.5)
Inventories		61.2	55.1
Prepayments		6.0	(0.6)
Trade accounts payable and provisions		(57.9)	(69.9)
		144.3	119.8
Investing activities:			
Additions to property, plant and equipment	*7*	(67.2)	(186.1)
Additions to roads and bridges	*8*	(6.9)	(13.3)
Acquisitions, net of cash acquired		-	0.5
Proceeds on disposal of property, plant, equipment and other	*18*	26.6	5.3
Net proceeds related to B.C. Coast monetization	*18*	35.1	0.5
Net proceeds from deposits and other assets		2.5	3.3
		(9.9)	(189.8)
Financing activities:			
Issuance of share capital, net of expenses	*13(a)*	0.1	0.1
Interest payments		(56.9)	(52.9)
Lease liability payments	*11*	(22.8)	(18.4)
Debt refinancing costs		-	(0.2)
Revolving Term Line net drawings (repayments)	*9*	(69.9)	128.2
Additions to Senior Secured Notes	*9*	45.3	-
Repayments of Senior Secured Notes	*9*	(45.3)	(7.1)
		(149.5)	49.7
Foreign exchange gain (loss) on cash and cash equivalents held in a foreign currency		3.5	(2.3)
Decrease in cash		(11.6)	(22.6)
Cash and cash equivalents, beginning of year		55.0	77.6
Cash and cash equivalents, end of year		$ 43.4	$ 55.0

See accompanying notes to the consolidated financial statements.

1. Nature of operations:

Interfor Corporation and its subsidiaries (the "Company" or "Interfor") produce wood products in Canada and the United States for sale to markets around the world.

Interfor Corporation exists under the *Business Corporations Act* (British Columbia) with shares listed on the Toronto Stock Exchange. Its head office, principal address and records office are located at 1600 - 4720 Kingsway, Burnaby, British Columbia, Canada, V5H 4N2.

These consolidated financial statements of the Company as at and for the years ended December 31, 2024 and 2023 comprise the accounts of Interfor Corporation and its subsidiaries.

2. Basis of Preparation:

(a) Statement of compliance:

These consolidated financial statements have been prepared in accordance with IFRS Accounting Standards ("IFRS") and were approved by the Board of Directors on February 13, 2025.

Details of Interfor's material accounting policies are included in Note 3.

(b) Basis of measurement:

These consolidated financial statements have been prepared on the historical cost basis except for the following items in the Statements of Financial Position:

(i) Liabilities for cash-settled share-based compensation arrangements are measured at fair value at each reporting date;

(ii) Equity-settled share-based compensation expense is measured at fair value at the grant date;

(iii) Employee benefit plan assets and liabilities are recognized as the net of the fair value of the plan assets and the present value of the benefit obligations on a plan by plan basis;

(iv) Reforestation obligations, lease liabilities and certain other provisions are measured at the discounted value of expected future cash flows; and

(v) The minority interest in equity investments are measured at fair value at each reporting date.

Certain prior period figures have been reclassified to conform with the current year's presentation.

(c) Functional and presentation currency:

These consolidated financial statements are presented in Canadian Dollars, which is the parent company's functional currency. Certain of the Company's subsidiaries have a functional currency of the U.S. Dollar and are translated to Canadian Dollars. All financial information presented in Canadian Dollars has been rounded to the nearest million except number of shares and per share amounts.

2. Basis of Preparation (continued):

(d) Use of estimates and judgements:

The preparation of these consolidated financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of certain assets, liabilities, revenues and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized, on a prospective basis, in the period in which the estimates are revised.

Information about the use of management estimates and judgements and estimation uncertainties that have the most significant effect on the amounts recognized in the consolidated financial statements is included in the following notes and in the related Note 3 Material accounting policies:

Note 3(b)	Business combinations
Note 4	Inventories
Note 5, 21(c)	Deposits and other assets
Note 7	Property, plant and equipment
Note 8	Roads and bridges, timber licences, other intangible assets and goodwill
Note 10	Reforestation liability
Note 11	Lease liabilities
Note 16	Asset write-downs and restructuring costs
Note 19	Income tax

3. Material accounting policies:

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements.

(a) Basis of consolidation:

These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries from their respective dates of acquisition or incorporation. All intercompany balances, including unrealized income and expenses arising from intercompany transactions have been eliminated upon consolidation.

(b) Business combinations:

Business combinations are accounted for using the acquisition method. The identifiable net assets acquired are measured at their fair value at the date of acquisition. Transaction costs, other than those associated with the issuance of debt or equity securities, are expensed as incurred.

3. Material accounting policies (continued):

(b) Business combinations (continued):

The determination of fair value is estimated based on information available at the date of acquisition and requires management to make assumptions and estimates about future events. Changes in any of these assumptions or estimates used in determining the fair value of acquired assets and liabilities could impact the amounts assigned to assets and liabilities in the acquisition equation.

The Company measures goodwill in business acquisitions at the acquisition date as the fair value of the consideration transferred including any non-controlling interest less the fair value of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date. When the excess is negative, a bargain purchase gain is recognized immediately in the Statements of Earnings.

(c) Foreign currency:

(i) Foreign currency transactions:

Transactions in foreign currencies are revalued to the functional currency of the respective entity at transaction date exchange rates. Monetary assets and liabilities denominated in foreign currencies are revalued using the exchange rate at the reporting date.

Foreign exchange differences arising on revaluations related to Cash and cash equivalents and U.S. Dollar denominated intercompany funding are recorded to Other foreign exchange gain (loss), Trade accounts receivable and other are recorded to Sales, Countervailing and anti-dumping duties receivable and related interest are recorded to U.S. countervailing and anti-dumping duty deposits and Trade accounts payable and provisions are recorded to Production cost in the Statements of Earnings.

(ii) Foreign operations:

Certain of the Company's subsidiaries have a functional currency of the U.S. Dollar. Revenues and expenses of such foreign operations are translated to Canadian Dollars at average rates for the period which approximate the transaction date. Assets and liabilities are translated into Canadian Dollars at exchange rates in effect at the reporting date. Related foreign currency translation differences are recognized in Other comprehensive income (loss) and recorded to the Translation reserve in Equity.

Foreign currency translation differences residing in the Translation reserve will be released to the Statements of Earnings upon the reduction of the net investment in foreign operations through the sale or substantial liquidation of an investment position. In the case of a partial disposal not resulting in a loss of control, foreign currency translation differences are reclassified from the Translation reserve to the Non-controlling interest in the foreign subsidiary.

Monetary receivables from a foreign operation, the settlement of which are neither planned nor likely in the foreseeable future are considered to form part of the net investment in the foreign operation. Related foreign exchange translation differences are recognized in Other comprehensive income (loss) and presented in the Translation reserve in Equity.

3. Material accounting policies (continued):

(c) Foreign currency (continued):

(iii) Hedge of net investment in a foreign operation:

Financial liabilities denominated in foreign currencies are from time to time designated as a hedge of the Company's net investments in foreign operations.

Foreign currency differences arising on the revaluation of a financial liability designated as a hedge of a net investment in a foreign operation are recognized in Foreign currency translation differences in Other comprehensive income (loss) to the extent that the hedge is effective, and presented in the Translation reserve in Equity. To the extent that the hedge is ineffective, such differences are recognized in Other foreign exchange gain (loss) in the Statements of Earnings.

When the Company terminates the designation of the hedging relationship and discontinues its use of hedge accounting, any accumulated unrealized foreign exchange differences remaining in the Translation reserve and subsequent unrealized foreign exchange differences are recorded in Other foreign exchange gain (loss) in the Statements of Earnings. When the hedged net investment is disposed of, the relevant amount in the Translation reserve is reclassified to the Statements of Earnings.

(d) Financial instruments:

Financial instruments comprise of cash and cash equivalents, trade accounts receivable and other, duty deposit receivable, equity investments, trade accounts payable and provisions, duty deposit payable and long-term debt.

(i) Classification and measurement of financial assets:

Financial assets are classified as either measured at amortized cost, fair value through other comprehensive income ("FVOCI"), or fair value through net income ("FVTPL") based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

Cash and cash equivalents and trade accounts receivable and other are initially measured at fair value and subsequently measured at amortized cost using the effective interest rate method, less any impairment losses. The Company applies an expected credit loss model to calculate the impairment of financial assets. Duty deposit receivable is measured at FVTPL on initial and subsequent measurement.

Equity investments are required to be classified as measured at fair value. The Company recognizes gains and losses on its equity investments in Other income (expense) in the Statements of Earnings.

(ii) Classification and measurement of financial liabilities:

Financial liabilities are classified as either measured at amortized cost or FVTPL.

Trade accounts payable and provisions and long-term debt are initially measured at fair value on the transaction date, less any related transaction costs, and subsequently measured at amortized cost using the effective interest rate method. Duty deposit payable is measured at FVTPL on initial and subsequent measurement.

3. Material accounting policies (continued):

(d) Financial instruments (continued):

(iii) Derivative financial instruments:

The Company at times uses derivative financial instruments for economic hedging purposes in the management of foreign exchange and price risks. The Company does not utilize derivative financial instruments for trading or speculative purposes.

Foreign currency exchange contracts and lumber futures contracts are designated as FVTPL. Consequently, these derivative financial instruments are carried on the Statements of Financial Position at fair value with changes in fair value being recorded in the Statements of Earnings in Other foreign exchange gain (loss) for foreign currency exchange contracts and in Sales for lumber futures contracts.

The risk management strategies and relationships are formally documented and assessed on a regular, on-going basis.

(e) Inventories:

Lumber inventories are valued at the lower of cost and net realizable value on a specific product basis. Cost is determined as the weighted average production cost on a three-month rolling average, lagged by one-month and adjusted for abnormal costs, as in the case of a curtailment. Net realizable value is the estimated selling price in the normal course of business, less estimated costs of completion and selling expenses.

Log inventories are valued at the lower of cost and net realizable value in aggregate on a species and sort basis where the logs are not boomed, or on a specific boom basis where logs are boomed.

Cost for produced log inventories is determined as the weighted average cost of logging on a twelve-month rolling average, lagged by one-month, for the B.C. Coast, Eastern Operations and Atlantic Operations and on a three-month rolling average, lagged by one-month, for the B.C. Interior, and adjusted for abnormal costs, as in the case of a curtailment. Log inventories purchased from external sources are valued at acquisition cost.

Net realizable value of logs is based on either estimated net realizable value less estimated costs of completion and selling expenses for logs designated for lumber processing, or market replacement cost.

Other inventories consist primarily of supplies which are recorded at the lower of cost and replacement cost, which approximates net realizable value.

(f) Property, plant and equipment:

Property, plant and equipment are recorded at cost less accumulated depreciation and impairment losses. Depreciation on machinery and equipment is provided based on hours operated relative to the asset's lifetime estimated operating hours. Depreciation on all other assets is provided on a straight-line basis (ranging from 2.5% to 33% per year) over the estimated useful lives of the assets.

Depreciation methods, useful lives and residual values are reviewed annually and adjusted, if appropriate.

Maintenance costs are recorded as expenses as incurred. Costs related to upgrading and extending the useful life of property, plant and equipment are capitalized.

3. Material accounting policies (continued):

(g) Logging roads and bridges:

Logging roads with an economic life of greater than one year and bridges are recorded at cost less accumulated amortization and impairment losses. Roads and bridges are amortized on the basis of timber cut relative to available timber or on a straight-line basis over the estimated useful life of the asset.

Amortization methods, useful lives and residual values are reviewed annually and adjusted, if appropriate.

Logging roads with an economic life of one year or less are expensed to Production costs.

(h) Intangible assets:

(i) Timber licences:

Timber licences are recorded at cost less accumulated depletion and impairment losses. Timber licence depletion is computed on the basis of timber cut relative to available timber. Tree farm licences, forest licences, sustainable forest licences and Quebec Garantie d'Approvisionnement are depleted on a straight-line basis over 40 years. Amortization rates are reviewed annually to ensure they are aligned with estimates of remaining economic useful lives of the associated intangible assets.

(ii) Goodwill:

Goodwill is measured at cost less accumulated impairment losses. See Note 3(b) for the policy on measurement of goodwill at initial recognition.

(iii) Other intangible assets:

Other intangible assets are recorded at cost less accumulated amortization and impairment losses. Amortization on other intangible assets is provided on a straight-line basis ranging from four to ten years, being the estimated useful lives of the assets. Amortization rates are reviewed annually to ensure they are aligned with estimates of remaining economic useful lives of the associated intangible assets.

(i) Impairment of non-financial assets:

The Company's non-financial assets are reviewed for impairment whenever events or circumstances indicate that the carrying amount may not be recoverable. Impairment tests are carried out annually for goodwill and when an indicator of impairment is identified.

An impairment loss is charged to the Statements of Earnings if an asset's carrying amount exceeds its recoverable amount. The recoverable amount is calculated based on the higher of its fair value less costs of disposal ("FVLCD") and its value in use ("VIU").

FVLCD is determined as the amount that would be obtained from the sale, net of direct selling costs, of the asset in an arm's length transaction between knowledgeable and willing parties. VIU is determined as the present value of the estimated future cash flows expected to arise from the continued use of the asset.

For purposes of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets or groups of assets (a cash generating unit or "CGU"). Goodwill is allocated to a CGU or group of CGUs expected to benefit from it.

3. Material accounting policies (continued):

(i) Impairment of non-financial assets (continued):

Impairment losses recognized for a CGU are first allocated to reduce the carrying amount of goodwill, if any, assigned to the CGU, and then to amounts of the other assets in the CGU on a pro-rata basis, to the extent that the carrying value of an asset exceeds its recoverable amount.

Non-financial assets, other than goodwill, for which an impairment was previously recognized, are reviewed for possible reversal of the impairment at each reporting date. When an impairment loss is reversed, the increased carrying amount of the asset cannot exceed the carrying amount that would have been determined, net of amortization, had the impairment never been recognized.

An impairment loss recorded against goodwill is not reversed.

(j) Reforestation and other decommissioning provisions:

Forestry legislation in British Columbia requires the Company to incur the cost of reforestation on its forest, timber and tree farm licences and to deactivate logging roads once harvesting is complete and access is no longer required. Accordingly, the Company accrues the fair value of the costs of reforestation and road deactivation in the period in which the associated timber is cut. The actual costs that will be incurred at the time of treatment may vary based on, among other things, the current cost at the time the activities are carried out.

Forestry legislation in Ontario requires the Company to incur the cost of reforestation on its Sustainable Forest Licences. Accordingly, the Company records the reforestation costs as a Production cost in the Statements of Earnings when reforestation occurs and claims a reimbursement from the Forest Renewal Trust Fund on a monthly basis, therefore no reforestation provision is recorded.

In New Brunswick, the Company, as a Crown Timber Licensee, has been assigned the responsibility of implementing reforestation activities at levels specified in each Licence Forest Management Plan. Reforestation costs are recorded as a Production cost in the Statements of Earnings at the time the costs are incurred and claimed for reimbursement from the Department of Natural Resources and Energy Development at specific annual reimbursement rates, thus no reforestation provision is required.

In Quebec, the government is responsible for the cost of reforestation, therefore the Company does not record a reforestation provision for its Quebec operations.

Provisions are measured at the expected value of future cash flows, discounted to their present value. The measurement under IAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, is based on best estimates and can be based on internal or external costs, depending upon which is most likely. Significant judgements and estimates are involved in forming expectations of future activities and the amount and timing of the associated cash flows. Those expectations are formed based on existing regulatory requirements and the expertise of Registered Professional Foresters and Engineers employed or contracted by the Company. Examples of considerations include the specifics of the areas logged and the treatments prescribed for those areas, as well as the timing and success rates of the planned activities in terms of reforestation, and road structure and terrain for road deactivation.

3. Material accounting policies (continued):

(j) Reforestation and other decommissioning provisions (continued):

Cash flows reflect the risks specific to the decommissioning provision. As such, the discount rate reflects the current risk-free rate given that risks are incorporated into the future cash flow estimates. Adjustments are made to decommissioning provisions each period for changes in the estimated timing or amount of cash flows, changes in the discount rate and the unwinding of the discount.

In periods subsequent to the initial measurement, changes in the liability resulting from the passage of time are recognized as Finance costs and revisions to fair value calculations are recognized as Production costs in the Statements of Earnings as they occur.

(k) Employee future benefits and other post-retirement plans:

Defined benefit pension and other post-retirement benefit obligation accruals are estimated using actuarial methods and assumptions, including management's best estimates of the discount rate, salary escalation and health care costs, and are calculated using the projected unit credit method.

Plan assets are valued at fair value.

Actuarial gains and losses arising from actual experience being different from the assumptions, or changes in actuarial assumptions used to determine the defined benefit asset or obligation, are recognized in Other comprehensive income (loss) in the year in which they occur.

Pension expenses for defined contribution plans are limited to the Company's contribution to the plans in respect of services rendered by employees, as the Company has no legal or constructive obligation to pay further amounts. Plans administered by the government and the industry-wide unionized employees' pension plan are treated as defined contribution plans.

(l) Cash-settled share-based compensation:

The Company has a Share Appreciation Rights ("SAR") Plan, a Deferred Share Unit ("DSU") Plan, a Restricted Share Unit ("RSU") Plan, and a Performance Share Unit ("PSU") Plan for directors, officers and certain other eligible employees. The Company uses the fair value method of accounting for obligations under the SAR, DSU, RSU and PSU Plans.

Compensation expense is recorded for SARs over the vesting period based on the estimated fair value of the SARs at the date of grant. Fair value is measured using a Black-Scholes option pricing model and is adjusted to reflect the number of SARs expected to vest.

Compensation expense is recorded for DSUs at the time of the grant for DSUs which vest immediately.

Compensation expense is recorded for RSUs over the vesting period based on the estimated grant date fair value and is adjusted to reflect the number of RSUs expected to vest.

Compensation expense is recorded for PSUs over a three-year performance period based on the estimated grant date fair value.

The fair values of the SARs, DSUs, RSUs and PSUs are subsequently re-measured at each reporting date and on settlement with any changes in fair value reflected as Long-term incentive compensation in the Statements of Earnings. Liabilities are recorded in Trade accounts payable and provisions and Provisions and other liabilities on the Statements of Financial Position.

3. Material accounting policies (continued):

(m) Sales revenue:

The Company recognizes sales of lumber and other wood products, logs, wood chips and by-products or other goods or services typically when the product is loaded onto the mode of transportation or delivered to the transfer point, based on the specified sales terms in the contract. Sales are measured based on the fair value of the consideration specified in a contract, net of applicable sales taxes, returns, rebates and discounts. Revenue includes amounts charged to customers for freight, duties, wharfage and handling costs.

Actual costs of freight, wharfage and handling and duties are recorded to Production cost and U.S. countervailing and anti-dumping duty deposits, respectively, in the Statements of Earnings.

(n) Finance income and costs:

Finance income comprises interest income on the long-term receivable for U.S. countervailing and anti-dumping duty deposits and other investments and interest on defined benefit plan assets.

Finance costs comprise interest expense on borrowings, the long-term payable for U.S. countervailing and anti-dumping duty deposits, the defined benefit plan liabilities, lease liabilities, the unwinding of the discount on decommissioning provisions and the amortization of deferred finance costs and other related transaction costs.

(o) Income tax:

Income tax comprises current and deferred income taxes. Current and deferred income taxes are recognized in the Statements of Earnings except to the extent that they relate to a business combination, or items recognized directly in Equity or in Other comprehensive income (loss).

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to income tax payable in respect of previous years.

Deferred income tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for accounting purposes and the amounts used for taxation purposes. Deferred income tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred income tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill.

Deferred income tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred income tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different taxable entities, but the intention is to settle current tax liabilities and assets on a net basis or tax assets and liabilities will be realized simultaneously.

(Tabular amounts expressed in millions of Canadian Dollars, except number of shares and per share amounts)

3. Material accounting policies (continued):

(o) Income tax (continued):

A deferred income tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred income tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

(p) Earnings per share:

Basic earnings per share is computed by dividing Net earnings by the weighted average number of common shares outstanding during the reporting period. Diluted earnings per share is determined by adjusting Net earnings and the weighted average number of common shares outstanding during the reporting period for the effects of all dilutive potential common shares, including outstanding stock options, if any.

(q) New standards and interpretations not yet adopted:

In April 2024, the International Accounting Standards Board issued *IFRS 18 Presentation and Disclosure in Financial Statements* ("IFRS 18"), which replaces *IAS 1 Presentation of Financial Statements*. IFRS 18 introduces a specified structure for the income statement by requiring income and expenses to be presented into three defined categories of operating, investing, and financing, and by specifying certain defined totals and subtotals. Where company-specific measures related to the income statement are provided, IFRS 18 requires companies to disclose explanations around these measures, which are referred to as management-defined performance measures. IFRS 18 also provides additional guidance on principles of aggregation and disaggregation which apply to the primary financial statements and the notes. IFRS 18 will not affect the recognition and measurement of items in the financial statements, nor will it affect which items are classified in other comprehensive income and how these items are classified. The standard is effective for reporting periods beginning on or after January 1, 2027, with retrospective application required. The Company is currently in the process of assessing the impact of this new standard.

4. Inventories:

	2024	2023
Lumber and other wood products	$ 160.9	$ 191.0
Logs	70.0	93.1
Other	52.6	55.1
	$ 283.5	$ 339.2

Inventory cost includes production costs, depreciation of plant and equipment, and depletion and amortization of timber, roads and other. At December 31, 2024, an inventory provision of $17.4 million (2023 - $55.5 million) has been recognized to record inventory at the lower of cost and net realizable value. For the year ended December 31, 2024, a $38.1 million net reversal (2023 - $39.2 million) of a previously recognized inventory write-down was recorded in Production cost in the Statements of Earnings.

(Tabular amounts expressed in millions of Canadian Dollars, except number of shares and per share amounts)

5. Deposits and other assets:

	Note		2024		2023
Countervailing and anti-dumping duties receivable and related interest	*21(c)*	$	278.7	$	238.4
Equity investments	*26(a)*		15.0		27.3
Capital deposits and other			9.5		7.2
Deferred financing fee, net of accumulated amortization			1.2		1.7
		$	304.4	$	274.6

(Tabular amounts expressed in millions of Canadian Dollars, except number of shares and per share amounts)

6. Right of use assets:

Cost	Note	Property	Facilities	Mobile and other equipment	Foreshore and other rights	Total
Balance at December 31, 2022		$ 4.6	$ 15.2	$ 49.3	$ 4.4	$ 73.5
New leases		0.1	0.1	24.1	0.2	24.5
Lease disposals and modifications		-	(0.1)	(13.3)	(0.2)	(13.6)
Transfers		-	(0.3)	(0.2)	0.5	-
Exchange rate movements		(0.1)	-	(0.8)	-	(0.9)
Balance at December 31, 2023		4.6	14.9	59.1	4.9	83.5
New leases		0.2	6.0	23.7	0.1	30.0
Lease disposals and modifications		-	(0.8)	(14.8)	(0.9)	(16.5)
Exchange rate movements		0.3	0.3	3.5	-	4.1
Balance at December 31, 2024		$ 5.1	$ 20.4	$ 71.5	$ 4.1	$ 101.1

Accumulated Amortization	Note	Property	Facilities	Mobile and other equipment	Foreshore and other rights	Total
Balance at December 31, 2022		$ 3.2	$ 9.4	$ 24.3	$ 2.6	$ 39.5
Amortization		0.6	1.9	15.4	0.3	18.2
Lease disposals and modifications		-	(0.1)	(12.6)	(0.2)	(12.9)
Impairment	*16*	-	-	2.0	-	2.0
Transfers		(0.7)	-	0.1	0.6	-
Exchange rate movements		-	(0.1)	(0.3)	-	(0.4)
Balance at December 31, 2023		3.1	11.1	28.9	3.3	46.4
Amortization		0.6	1.8	19.4	0.3	22.1
Lease disposals and modifications		-	(0.2)	(13.1)	(0.4)	(13.7)
Impairment	*16*	-	0.2	(1.0)	-	(0.8)
Exchange rate movements		0.3	0.3	1.7	-	2.3
Balance at December 31, 2024		$ 4.0	$ 13.2	$ 35.9	$ 3.2	$ 56.3
Net book value at						
December 31, 2023		$ 1.5	$ 3.8	$ 30.2	$ 1.6	$ 37.1
December 31, 2024		1.1	7.2	35.6	0.9	44.8

(Tabular amounts expressed in millions of Canadian Dollars, except number of shares and per share amounts)

7. Property, plant and equipment:

Cost	*Note*	Land	Buildings	Machinery and equipment	Mobile equipment	Computer equipment	Site improvements	Other	Projects in process	Total
Balance at December 31, 2022		$ 53.1	$ 248.8	$ 1,797.0	$ 45.7	$ 103.9	$ 123.8	$ 12.6	$ 179.1	$ 2,564.0
Acquisitions		-	1.5	(7.0)	(2.3)	4.7	2.0	-	-	(1.1)
Additions		-	-	-	-	-	-	-	186.1	186.1
Disposals		-	(1.7)	(8.8)	(4.0)	(1.9)	(1.3)	-	-	(17.7)
Transfers		-	12.7	120.5	4.0	11.0	18.4	-	(166.6)	-
Transfers to other intangibles	*8*	-	-	-	-	-	-	-	(1.4)	(1.4)
Impairment	*16*	-	-	-	-	-	-	-	(10.0)	(10.0)
Exchange rate movements		(0.9)	(2.7)	(29.2)	(0.3)	(2.2)	(2.1)	(0.1)	(3.2)	(40.7)
Balance at December 31, 2023		52.2	258.6	1,872.5	43.1	115.5	140.8	12.5	184.0	2,679.2
Additions		-	-	-	-	-	-	-	62.7	62.7
Disposals		(8.0)	(3.2)	(59.5)	(7.7)	(6.4)	(2.2)	(0.2)	-	(87.2)
Transfers		-	11.4	89.3	1.8	19.4	8.6	-	(130.5)	-
Transfers to other intangibles	*8*	-	-	-	-	-	-	-	(1.7)	(1.7)
Reclass to assets held for sale		(1.5)	(13.9)	(78.0)	(0.7)	(0.3)	(8.6)	(0.4)	-	(103.4)
Impairment	*16*	-	-	-	-	-	-	-	(7.1)	(7.1)
Exchange rate movements		3.0	9.7	107.9	1.0	8.7	7.7	0.4	11.2	149.6
Balance at December 31, 2024		$ 45.7	$ 262.6	$ 1,932.2	$ 37.5	$ 136.9	$ 146.3	$ 12.3	$ 118.6	$ 2,692.1

Accumulated Amortization	*Note*	Land	Buildings	Machinery and equipment	Mobile equipment	Computer equipment	Site improvements	Other	Projects in process	Total
Balance at December 31, 2022		$ -	$ 76.3	$ 641.6	$ 23.6	$ 59.8	$ 53.6	$ 7.9	$ -	$ 862.8
Depreciation		-	13.3	139.2	6.6	17.2	9.6	1.5	-	187.4
Disposals		-	(1.4)	(6.0)	(2.6)	(1.4)	(1.2)	-	-	(12.6)
Transfers	*8*	-	-	-	-	(0.1)	-	-	-	(0.1)
Impairment	*16*	-	2.8	38.4	0.3	2.6	0.8	0.1	-	45.0
Exchange rate movements		-	(1.1)	(12.4)	(0.2)	(1.5)	(1.0)	-	-	(16.2)
Balance at December 31, 2023		-	89.9	800.8	27.7	76.6	61.8	9.5	-	1,066.3
Depreciation		-	12.9	131.7	4.5	16.7	10.4	1.3	-	177.5
Disposals		-	(0.4)	(47.1)	(5.1)	(6.3)	(1.8)	(0.3)	-	(61.0)
Reclass to assets held for sale		-	(6.8)	(71.8)	(0.7)	(0.3)	(8.6)	(0.4)	-	(88.6)
Impairment	*16*	-	3.5	54.6	0.4	0.3	8.3	0.2	-	67.3
Exchange rate movements		-	4.4	49.7	1.0	5.9	3.6	0.3	-	64.9
Balance at December 31, 2024		$ -	$ 103.5	$ 917.9	$ 27.8	$ 92.9	$ 73.7	$ 10.6	$ -	$ 1,226.4
Net book value at										
December 31, 2023		$ 52.2	$ 168.7	$ 1,071.7	$ 15.4	$ 38.9	$ 79.0	$ 3.0	$ 184.0	$ 1,612.9
December 31, 2024		45.7	159.1	1,014.3	9.7	44.0	72.6	1.7	118.6	1,465.7

There were no borrowing costs capitalized in 2024 or 2023. Additions in 2024 include $0.3 million of accrued contract costs (2023 - $4.8 million).

(Tabular amounts expressed in millions of Canadian Dollars, except number of shares and per share amounts)

8. Roads and bridges, timber licences, other intangible assets and goodwill:

Cost	Note		Roads and bridges		Timber licences		Other intangibles		Goodwill
Balance at December 31, 2022		$	108.9	$	237.3	$	71.2	$	532.2
Acquisitions			-		-		(9.4)		6.8
Additions			12.8		-		-		-
Disposals			(1.3)		(8.7)		(0.4)		-
Transfers	*7*		-		-		1.4		-
Exchange rate movements			0.1		-		(0.1)		(8.5)
Balance at December 31, 2023			120.5		228.6		62.7		530.5
Additions			6.9		-		-		-
Disposals			(34.0)		(12.3)		(2.0)		(14.3)
Transfers	*7*		-		-		1.7		-
Reclass to assets held for sale			(4.7)		(4.0)		(0.5)		-
Impairment	*16*		(0.9)		-		-		-
Exchange rate movements			-		-		0.6		30.4
Balance at December 31, 2024		$	87.8	$	212.3	$	62.5	$	546.6

Accumulated Amortization			Roads and bridges		Timber licences		Other intangibles		Goodwill
Balance at December 31, 2022		$	70.8	$	58.9	$	15.3	$	-
Amortization			14.5		5.6		2.8		-
Disposals			(0.7)		(6.3)		-		-
Transfers	*7*		-		-		0.1		-
Impairment	*16*		-		-		0.3		-
Balance at December 31, 2023			84.6		58.2		18.5		-
Amortization			11.7		5.0		3.0		-
Disposals			(30.2)		(10.1)		(1.8)		-
Reclass to assets held for sale			(4.7)		(4.0)		(0.5)		-
Impairment	*16*		5.1		4.3		0.5		-
Exchange rate movements			-		-		0.2		-
Balance at December 31, 2024		$	66.5	$	53.4	$	19.9	$	-
Net book value at									
December 31, 2023		$	35.9	$	170.4	$	44.2	$	530.5
December 31, 2024			21.3		158.9		42.6		546.6

For the purpose of impairment testing at December 31, 2024, goodwill is attributable to the following groups of cash-generating units: $333.1 million (2023 - $306.3 million) to the U.S. South group ("S Group"), $37.6 million (2023 - $48.3 million) to the U.S. Northwest group ("NW Group") and $175.9 million (2023 - $175.9 million) to the Eastern Canada group ("East Group").

The recoverable amounts for the goodwill impairment assessments were based on the CGU group's VIU determined by discounting the future cash flows generated from the continuing use of the units for a period of 20 years. The cash flows were projected based on past experience, actual operating results and the business plan in the assessment for both 2024 and 2023. Due to the cyclical nature of the forest industry, cash flows for a further 15 years were extrapolated based on an average trend year.

(Tabular amounts expressed in millions of Canadian Dollars, except number of shares and per share amounts)

8. Roads and bridges, timber licences, other intangible assets and goodwill (continued):

The values assigned to key assumptions represent management's assessment of future trends in the forest industry and are based on both external sources and internal historical data. Significant assumptions include future sales volume, commodity prices, production costs and discount rates. Other assumptions include applicable foreign exchange rates, operating rates of the assets and the future capital required to maintain the assets in their current operating condition.

A post-tax discount rate of 11.6% (2023 – 10.3%) was applied in determining the recoverable amount of each group of CGUs assessed. The discount rate was estimated with the assistance of external experts, past experience and the industry targeted capital structure. Inflation rates of 2.5% and 2.2% were applied to the projected cash flows for the U.S. and Canadian sawmills, respectively, which represent the historical averages.

The recoverable amount for each group of CGUs as at December 31, 2024 was determined to be higher than the related carrying value for each group, with no impairment of goodwill required.

9. Borrowings:

2024		Revolving Term Line		Senior Secured Notes		Total
Available line of credit	$	600.0	$	696.1	$	1,296.1
Drawings		208.6		696.1		904.7
Outstanding letters of credit		51.8		-		51.8
Unused portion of Revolving Term Line	$	339.6	$	-	$	339.6

2023		Revolving Term Line		Senior Secured Notes		Total
Available line of credit	$	600.0	$	639.8	$	1,239.8
Drawings		257.9		639.8		897.7
Outstanding letters of credit		57.4		-		57.4
Unused portion of Revolving Term Line	$	284.7	$	-	$	284.7

Minimum principal amounts due on long-term debt are as follows:

2025	$	48.0
2026		256.6
2027		40.2
2028		88.1
2029		88.1
Thereafter		383.7
	$	904.7

(Tabular amounts expressed in millions of Canadian Dollars, except number of shares and per share amounts)

9. Borrowings (continued):

Reconciliation of movements in borrowings to cash flows arising from financing activities:

		2024		2023
Drawings at opening	$	897.7	$	797.9
Revolving Term Line net drawings (repayments)		(69.9)		128.2
Additions to Senior Secured Notes		45.3		-
Repayments of Senior Secured Notes		(45.3)		(7.1)
Effects of changes in foreign exchange rate		76.9		(21.3)
Drawings at December 31	$	904.7	$	897.7

(a) Revolving Term Line:

The Revolving Term Line (the "Term Line") may be drawn in either CAD$ or US$ advances, and bears interest at bank prime plus a margin or, at the Company's option, at rates for Canadian Overnight Repo Rate Average ("CORRA") or Secured Overnight Financing Rate ("SOFR") based loans plus a margin, and in all cases dependent upon a financial ratio of net debt to total capitalization. The Term Line matures on December 17, 2026.

The Term Line is secured by a general security agreement and mortgage security on certain of the Company's Canadian assets and is subject to certain financial covenants including a maximum ratio of net debt to total capitalization.

As at December 31, 2024, including letters of credit, the Term Line was drawn by US$173.4 million (2023 - US$223.8 million), revalued at the year-end exchange rate to $249.5 million (2023 - $296.0 million), and $10.9 million (2023 - $19.3 million), for total borrowings of $260.4 million (2023 - $315.3 million).

The US dollar drawings under the Term Line have been designated as a hedge against the Company's investment in its U.S. operations and unrealized foreign exchange losses of $20.6 million (2023 – gain of $5.7 million) arising on their revaluation were recognized in Foreign currency translation differences in Other comprehensive income (loss) for the year ended December 31, 2024.

(Tabular amounts expressed in millions of Canadian Dollars, except number of shares and per share amounts)

9. Borrowings (continued):

(b) Senior Secured Notes:

As at December 31, the Company's Senior Secured Notes consisted of the following:

		2024		2023
Series C (US$66,666,667) bearing interest at 4.17% with remaining payments of US$33,333,000 due on March 26, 2025, and balance due on March 26, 2026	$	95.9	$	132.3
Series D (US$45,550,000) bearing interest at 4.95% with payments of US$15,183,000 due on August 14, 2027 and 2028, and balance due on August 14, 2029		65.5		60.2
Series E (US$38,200,000) bearing interest at 4.82% with payments of US$12,733,000 due on August 14, 2027 and 2028, and balance due on August 14, 2029		55.0		50.5
Series F (US$50,000,000) bearing interest at 3.34% with payments of US$16,666,666 due on March 26, 2028 and 2029, and balance due on March 26, 2030		71.9		66.1
Series G (US$50,000,000) bearing interest at 3.25% with payments of US$16,666,666 due on March 26, 2028 and 2029, and balance due on March 26, 2030		71.9		66.1
Series H (US$200,000,000) bearing interest at 7.06% with payments of US$66,666,666 due on December 26, 2031 and 2032, and balance due on December 26, 2033		287.9		264.6
Series I (US$33,333,333) bearing interest at 6.37% with payment of US$33,333,333 due on March 26, 2030		48.0		-
	$	696.1	$	639.8

The Senior Secured Notes have a weighted average fixed interest rate of 5.46% and maturities from March 26, 2025 to December 26, 2033.

The Senior Secured Notes are secured by a general security agreement and mortgage security on certain of the Company's Canadian assets, and subject to certain financial covenants including a maximum ratio of net debt to total capitalization.

On March 26, 2024, the Company issued US$33.3 million of Series I Senior Secured Notes with interest rate and payment terms described in the table above. The proceeds were used to settle US$33.3 million of principal under the Company's Series C Senior Secured Notes due on March 26, 2024.

The Senior Secured Notes have been designated as a hedge against the Company's investment in its U.S. operations and unrealized foreign exchange losses of $56.3 million (2023 – gain of $15.6 million) arising on their revaluation were recognized in Foreign currency translation differences in Other comprehensive income (loss) for the year ended December 31, 2024.

(Tabular amounts expressed in millions of Canadian Dollars, except number of shares and per share amounts)

10. Reforestation liability:

The Company has an obligation to reforest areas harvested under various timber rights. The obligation is incurred as logging occurs and the fair value of the liability for reforestation is determined with reference to the present value of estimated future cash flows required to settle the obligation.

Changes in the reforestation liability for the years ended December 31 are as follows:

		2024		2023
Reforestation liability, beginning of year	$	44.2	$	46.6
Reforestation expense on current logging and market logging agreements		15.5		15.9
Reforestation expenditures		(15.7)		(19.0)
Unwind of discount		1.0		1.0
Changes in estimated future reforestation expenditures		(0.7)		(0.3)
	$	44.3	$	44.2
Consisting of:				
Current reforestation liability	$	16.5	$	15.8
Long-term reforestation liability		27.8		28.4
	$	44.3	$	44.2

The total undiscounted amount of the estimated future expenditures required to settle the reforestation obligation, adjusted for inflation, at December 31, 2024 is $47.9 million (2023 - $47.5 million). The reforestation expenditures are expected to occur over the next one to sixteen years and have been discounted at a long-term risk-free interest rate of 3.2% (2023 – 3.1%). Reforestation expense resulting from obligations arising from current logging and changes in estimated future expenditures are included in Production costs for the year and expense related to the unwinding of the discount is included in Finance costs.

11. Lease liabilities:

Changes in the lease liabilities for the years ended December 31 are as follows:

	Note		2024		2023
Lease liabilities, beginning of year		$	40.3	$	35.2
New leases			30.0		24.6
Payment of lease liabilities			(22.8)		(18.4)
Payment of interest			(2.0)		(1.4)
Interest expense	*17*		2.0		1.4
Lease modifications			(3.3)		(0.6)
Exchange rate movements			1.9		(0.5)
		$	46.1	$	40.3
Consisting of:					
Current lease liabilities		$	20.3	$	17.2
Long-term lease liabilities			25.8		23.1
		$	46.1	$	40.3

Maturity analysis – contractual undiscounted cash flows are as follows:

		2024		2023
Due within one year	$	29.7	$	21.5
One to five years		37.1		24.7
More than five years		3.3		1.1
Total undiscounted lease liabilities	$	70.1	$	47.3

(Tabular amounts expressed in millions of Canadian Dollars, except number of shares and per share amounts)

11. Lease liabilities (continued):

For the year ended December 31, 2024, the Company recorded expenses of $7.3 million (2023 – $8.9 million) related to short-term leases and $1.9 million (2023 – $2.3 million) related to low-value leases in Production costs. Cash payments for short-term and low-value leases for the year ended December 31, 2024 totaled $9.2 million (2023 - $11.2 million).

12. Provisions and other liabilities:

2024	Note	Current	Non-current	Total
Restructuring	*16*	$ 1.8	$ -	$ 1.8
Road deactivation		2.9	-	2.9
Environmental		-	3.8	3.8
Cash-settled share-based compensation				
PSU Plan	*12(b)*	2.4	-	2.4
DSU Plan	*12(c)*	0.7	8.6	9.3
RSU Plan	*12(d)*	2.4	1.5	3.9
Deferred charges and other	*18*	30.9	2.9	33.8
		$ 41.1	$ 16.8	$ 57.9

2023	Note	Current	Non-current	Total
Restructuring	*16*	$ 2.3	$ -	$ 2.3
Road deactivation		3.9	0.1	4.0
Environmental		0.1	4.9	5.0
Cash-settled share-based compensation				
SAR Plan	*12(a)*	0.1	-	0.1
PSU Plan	*12(b)*	6.6	3.7	10.3
DSU Plan	*12(c)*	-	11.9	11.9
RSU Plan	*12(d)*	1.4	1.0	2.4
Deferred charges and other	*18*	34.1	33.0	67.1
		$ 48.5	$ 54.6	$ 103.1

The current portion of Provisions and other liabilities is included in Trade accounts payable and provisions in the Statements of Financial Position.

(a) Share Appreciation Rights Plan:

Awards under the SAR Plan have been granted to directors, officers and certain employees of the Company. The vesting of SARs occurs at a rate of 40% two years after granting and 20% per annum thereafter. SARs expire ten years after the date of grant. The SAR Plan uses notional units that are valued based on the Company's common share price on the Toronto Stock Exchange. The units are exercisable for cash and recorded as liabilities. Under the SAR Plan, awards are expensed over the vesting periods based on the estimated fair value of the SARs at the date of grant. Fair value is measured using a Black-Scholes option pricing model and is adjusted to reflect the number of SARs expected to vest. Fair value of the SARs is subsequently re-measured at each reporting date with any change in fair value resulting in a change in the measure of the compensation for the award, which is amortized over the remaining vesting periods.

(Tabular amounts expressed in millions of Canadian Dollars, except number of shares and per share amounts)

12. Provisions and other liabilities (continued):

(a) Share Appreciation Rights Plan (continued):

Details of the Company's SAR Plan for the years ended December 31 are as follows:

	2024			2023		
	Units		Weighted average strike price	Units		Weighted average strike price
Outstanding, beginning of year	10,606	$	17.43	42,428	$	15.68
Exercised	(10,606)		17.43	(31,822)		15.10
Outstanding, end of year	-	$	-	10,606	$	17.43
Units exercisable, end of year	-	$	-	10,606	$	17.43

There were no grants under the SAR Plan in 2024 or 2023.

For the year ended December 31, 2024, the Company recorded a long-term incentive compensation recovery in respect of the SAR Plan of $0.1 million (2023 - $0.1 million expense).

(b) Performance Share Unit Plan:

Long-term incentive compensation expense is recorded for PSUs granted under the PSU Plan over a three-year performance period based on the estimated grant date fair value of the PSUs. The fair value of PSUs is subsequently re-measured at each reporting date and on settlement with any changes in fair value reflected in Long-term incentive compensation in the Statements of Earnings.

PSU's granted in 2023 and 2024 reflect the new long-term incentive plan and vest on the third anniversary of the grant date. The total number of PSU's that vest range between 0 and 200% of the target award with 50% based on the three-year average Return on Capital Employed and 50% on the total shareholder return of Interfor shares relative to a select peer group of companies. The payout is the number of vested PSU's multiplied by the 20-day volume weighted average price per Interfor Common share on the vesting date.

PSUs granted in 2022 vest on the third anniversary of the grant date. The total number of PSU's that vest is based on the three-year average Return on Invested Capital resulting in a range between 0% to 200% of the target award. An additional adjustment factor of 0% or plus or minus 20% is applied based on total shareholder return of Interfor shares relative to a select peer group of companies. The payout is the number of vested PSU's multiplied by the 20-day volume weighted average price per Interfor Common share on the vesting date.

The fair value at the grant date and the reporting date reflects management's best estimate of the expected number of units to vest.

(Tabular amounts expressed in millions of Canadian Dollars, except number of shares and per share amounts)

12. Provisions and other liabilities (continued):

(b) Performance Share Unit Plan (continued):

The number of PSUs outstanding at December 31 are as follows:

	2024	2023
Outstanding, beginning of year	508,879	694,170
Granted	208,674	187,806
Cancelled	-	(17,374)
Matured	(158,635)	(355,723)
Outstanding, end of year	558,918	508,879

During the year ended December 31, 2024, the Company granted 208,674 PSUs (2023 – 187,806) with a weighted average grant date fair value per unit of $21.30 (2023 - $23.28). For the year ended December 31, 2024, the Company recorded a long-term incentive compensation recovery under the PSU Plan of $1.2 million (2023 - $3.8 million expense).

(c) Deferred Share Unit Plan:

DSUs may be granted directly to directors or officers of the Company at the discretion of the Board of Directors, who are required to take DSU's as payment of at least 50% of their annual retainer. The DSU Plan allows for the issuance of DSUs with immediate or deferred vesting. There were no unvested DSU's outstanding as at December 31, 2024 and 2023.

The number of DSUs outstanding at December 31 are as follows:

	2024		2023	
	Units	Weighted average unit value	Units	Weighted average unit value
Outstanding, beginning of year	492,259	$ 24.27	599,313	$ 20.79
Granted[1]	87,397	18.28	66,169	22.45
Exercised	(25,000)	19.11	(173,223)	21.00
Outstanding, end of year	554,656	$ 16.69	492,259	$ 24.27

[1]Fair value at the date of the grants.

Changes to the market value of the Company's common shares subsequent to issuance of awards results in adjustments to the compensation accrual and Long-term incentive compensation in the Statements of Earnings. For the year ended December 31, 2024, the Company recorded a recovery of $2.2 million (2023 - $3.1 million expense) in respect of the DSU Plan.

This recovery is comprised of two components, a recovery of $3.8 million (2023 - $1.6 million expense) recorded in long-term compensation for the change in value of outstanding DSUs due to market value fluctuations, and an expense of $1.6 million (2023 - $1.5 million) recorded in Selling and administration for the value of DSUs issued in the year related to director compensation.

(Tabular amounts expressed in millions of Canadian Dollars, except number of shares and per share amounts)

12. Provisions and other liabilities (continued):

(d) Restricted Share Unit Plan:

In 2023, the Company established a RSU Plan for officers and certain employees of the Company. Under the terms of the RSU Plan, participants are granted RSUs that vest ratably over a three-year period. The RSU plan uses notional units that are initially valued based on the Company's common share price. The fair value of RSUs is subsequently re-measured at each reporting date with any changes in fair value reflected in Long-term incentive compensation in the Statements of Earnings.

The number of RSUs outstanding at December 31 are as follows:

	2024			2023		
	Units		Weighted average unit value	Units		Weighted average unit value
Outstanding, beginning of year	187,326	$	22.21	-	$	-
Granted[1]	264,907		21.51	191,421		22.97
Cancelled	(22,903)		22.47	(4,095)		22.95
Matured	(61,392)		22.95	-		-
Outstanding, end of year	367,938	$	18.08	187,326	$	22.21

[1]Fair value at the date of the grants.

For the year ended December 31, 2024, the Company recorded long-term incentive compensation expense under the RSU Plan of $2.9 million (2023 - $2.4 million).

13. Share capital and contributed surplus:

(a) Share transactions:

Authorized capital at December 31, 2024 consists of:

- 150,000,000 common shares without par value; and
- 5,000,000 preference shares without par value.

Common share transactions were as follows:

Issued and fully paid	*Note*	Number		Share Capital		Contributed Surplus
Balance December 31, 2022		51,434,895	$	408.7	$	5.5
Exercise of stock options	*13(b)*	10,908		0.2		(0.1)
Stock option vesting	*13(b)*	-		-		0.8
Balance December 31, 2023		51,445,803	$	408.9	$	6.2
Exercise of stock options	*13(b)*	7,933		0.1		-
Stock option vesting	*13(b)*	-		-		0.4
Balance December 31, 2024		51,453,736	$	409.0	$	6.6

On November 3, 2022, the Company announced a renewal of its normal course issuer bid ("NCIB") commencing on November 11, 2022 and ending on November 10, 2023, for the purchase of up to 5,105,002 common shares. No common shares under this NCIB were purchased in 2022 and 2023.

On November 8, 2023, the Company announced a renewal of its NCIB commencing on November 13, 2023 and ending on November 12, 2024, for the purchase of up to 5,100,812 common shares. No common shares under this NCIB were purchased in 2023 and 2024.

(Tabular amounts expressed in millions of Canadian Dollars, except number of shares and per share amounts)

13. Share capital and contributed surplus (continued):

(b) Equity-settled share-based compensation:

The Company has a stock option plan for its key employees and directors under which options may be granted to purchase up to 1,631,740 common shares, of which 833,354 remain reserved for issuance. The vesting of the options occurs at a rate of 40% two years after granting and 20% per annum thereafter. Options expire ten years after the date of the grant. The exercise price of a stock option is at a price not less than the closing price of a common share on the trading day immediately preceding the grant date.

Details of the Company's stock option plan for the years ended December 31 are as follows:

	2024			2023		
	Options		Weighted average exercise price	Options		Weighted average exercise price
Outstanding, beginning of year	536,306	$	20.25	555,811	$	20.18
Exercised	(7,933)		12.18	(10,908)		14.84
Expired or cancelled	(15,971)		30.20	(8,597)		22.22
Outstanding, end of year	512,402	$	20.07	536,306	$	20.25
Options exercisable, end of year	398,059	$	18.86	301,786	$	17.67

Details of stock options outstanding at December 31, 2024 are as follows:

		Units outstanding			Units exercisable		
Strike Price	Number outstanding, December 31, 2024	Weighted average remaining unit life (yrs.)		Weighted average exercise price	Number exercisable, December 31, 2024		Weighted average strike price
$9.78-$14.82	185,954	4.7	$	14.10	148,625	$	13.97
$14.83-$23.89	174,858	3.0		19.01	174,100		19.03
$23.90-$37.68	151,590	6.8		28.61	75,334		28.11
	512,402		$	20.07	398,059	$	18.86

The Company recognized an expense of $0.4 million for the year ended December 31, 2024 (2023 – $0.8 million) in Long-term incentive compensation.

14. Depreciation, depletion, and amortization:

Depreciation, depletion and amortization by function is as follows:

		2024		2023
Production	$	217.5	$	226.6
Selling and administration		1.8		1.9
	$	219.3	$	228.5

(Tabular amounts expressed in millions of Canadian Dollars, except number of shares and per share amounts)

15. Personnel expenses:

	Note		2024		2023
Wages, salaries and benefits		$	595.2	$	615.1
Contributions to defined contribution plans	*22*		29.6		27.4
Expenses related to defined benefit plan	*22*		1.3		0.6
Cash-settled share-based payments and other long-term compensation	*12, 13(b)*		(1.8)		8.7
		$	624.3	$	651.8

16. Asset write-downs and restructuring costs:

	Note		2024		2023
Net write down of plant, equipment, roads and timber licences	*6, 7, 8*	$	84.4	$	57.3
Severance and other closure costs			9.4		2.3
Lease modification			(0.7)		-
		$	93.1	$	59.6

During the quarter ended December 31, 2023, the Company identified an impairment indicator related to its sawmill located in Philomath, Oregon and recorded an impairment charge of $55.8 million, which related to plant, equipment, intangibles and other. On June 27, 2024, the Company sold property and assets of the former Philomath sawmill for cash consideration of US$15.0 million. Corresponding to the sale, the Company recorded a $10.0 million reversal of the impairment charge recorded in the fourth quarter of 2023.

During the quarter ended September 30, 2024, the Company identified an impairment indicator, specifically related to the indefinite curtailment of two of its operations in the U.S. South, which resulted from persistently weak lumber market conditions. The Company recorded an impairment charge of $17.3 million against plant, equipment, intangibles and other.

During the quarter ended September 30, 2024, the Company identified an impairment indicator related to its sawmills in Val-d'Or and Matagami, its Sullivan remanufacturing plant in Val-d'Or and the associated forestry and business operations, collectively the "Quebec Operations". The Company recorded an impairment charge of $73.8 million related to the remeasurement of plant, equipment, intangibles, roads and timber licences to the lower of their carrying amount and the FVLCD. On January 10, 2025, the Company completed the sale of its Quebec Operations to Les Chantiers Chibougamau Ltée. ("CCL") for net cash consideration of $16.3 million, inclusive of certain working capital items and assumed liabilities. Corresponding to the sale, the Company expects to record a loss on disposal of $28.9 million in the first quarter of 2025, primarily related to goodwill. As at December 31, 2024, the assets and liabilities of the Quebec Operations were classified as held for sale and primarily consisted of property, plant and equipment.

(Tabular amounts expressed in millions of Canadian Dollars, except number of shares and per share amounts)

17. Finance costs:

	Note	2024	2023
Interest expense on:			
Borrowings		$ 58.7	$ 54.8
Lease liabilities	*11*	2.0	1.4
Pension obligations	*22(c), 22(d)*	2.8	2.9
Duty deposits and other	*21(c)*	10.6	10.2
Interest revenue from:			
Duty deposits and other	*21(c)*	(28.6)	(23.4)
Pension assets	*22(d)*	(2.3)	(2.7)
Unwind of discount on provisions	*10*	0.8	1.1
Amortization of deferred finance costs		0.6	0.7
		$ 44.6	$ 45.0

18. Other income (expense):

	Note	2024	2023
Net gain (loss) related to B.C. Coast monetization		$ 64.9	$ (61.4)
Change in fair value of minority interest in equity investments	*5*	(12.3)	(16.6)
Net loss on disposal of property, plant equipment, goodwill and other	*7, 8*	(16.6)	(1.1)
Business interruption insurance		-	4.0
Net loss on lease modifications		(0.1)	(0.1)
		$ 35.9	$ (75.2)

On October 3, 2023, the Company entered into an agreement to settle certain contractual obligations in order to facilitate monetization of its Coastal B.C. operations. The settlement resulted in an $85.0 million provision being recognized in the fourth quarter, 2023. At December 31, 2024, the remaining balance of the provision was $30.0 million (2023 - $62.0 million), which is due by December 31, 2025 and is recorded in Trade accounts payable and provisions on the Statements of Financial Position. The payment of the remaining provision is expected to be fully funded through proceeds from the disposition of Coastal B.C. forest tenures in 2025.

The Company sold Coastal B.C. forest tenures totalling approximately 491,000 cubic metres of allowable annual cut ("AAC") and related assets and liabilities for proceeds of $67.1 million (2023 - $23.5 million) and a gain of $64.9 million during the year ended December 31, 2024 (2023 - $23.6 million). Interfor held approximately 901,000 cubic metres of AAC for disposition at December 31, 2024, subject to approvals from the Ministry of Forests.

On June 27, 2024, the Company disposed of property, plant, equipment, goodwill and other as part of the sale of the former sawmill located in Philomath, Oregon resulting in a loss on disposal of $14.3 million.

(Tabular amounts expressed in millions of Canadian Dollars, except number of shares and per share amounts)

19. Income taxes:

	2024	2023
Current tax expense (recovery):		
Current year	$ 10.5	$ (54.0)
Adjustment for prior periods	1.5	(9.5)
	12.0	(63.5)
Deferred income tax recovery		
Origination and reversal of temporary differences	(63.9)	(27.6)
	$ (51.9)	$ (91.1)

Income tax expense (recovery) recognized in Other comprehensive income (loss) is as follows:

	2024	2023
Defined benefit plan actuarial gain (loss)	$ 1.7	$ (0.1)
Foreign currency translation difference for foreign operations	8.9	(3.6)
	$ 10.6	$ (3.7)

The reconciliation of income taxes at the statutory rate to the income tax expense (recovery) is as follows:

	2024	2023
Income tax recovery at the statutory rate of 27.00% (2023 - 27.00%)	$ (96.2)	$ (96.6)
Entities with different tax rates and foreign rate adjustments	6.4	4.6
Non-taxable portion of capital gain/loss tax (recovery)	35.7	(0.4)
Adjustment to state tax temporary differences	(1.9)	0.6
Other	4.1	0.7
	$ (51.9)	$ (91.1)

There was no change in the Canadian statutory tax rate of 27% in 2024 (2023 – 27%). Interfor recorded a deferred income tax recovery in respect of its U.S. operations in 2024 at a combined federal and state income tax rate of 24.5% (2023 – 24.5%).

At December 31, 2024, the income tax receivable was nil (2023 - $68.4 million) primarily due to tax refunds received in 2024 from carrying back Canadian non-capital losses incurred in 2023 to prior tax years.

The Company has the following non-capital loss carryforwards that are available to reduce future taxable income:

(a) Canadian non-capital loss carry-forwards which total approximately $5.2 million (2023 - $11.9 million) and expire between 2031 and 2044.

(b) U.S. federal net operating loss carry-forwards which total approximately US$162.2 million (2023 - US$61.0 million) and can be carried forward indefinitely but are limited in application to 80% of taxable income in a tax year.

(Tabular amounts expressed in millions of Canadian Dollars, except number of shares and per share amounts)

19. Income taxes (continued):

As at December 31, 2024, the Company has unrecognized deferred Canadian income tax assets in relation to unrealized and accrued foreign exchange losses on U.S. Dollar denominated debt and losses on the change in fair value of the minority interest in equity investments totalling $101.7 million (2023 – $21.2 million).

Recognized deferred income taxes:

December 31, 2024	Opening balance	Recognized in income tax expense (recovery)	Recognized in other comprehensive income (loss)	Acquisitions	Ending balance
Deferred income tax assets:					
Losses	$ 22.1	$ 39.8	$ -	$ -	$ 61.9
Reserves	24.9	0.5	-	-	25.4
Deferred income tax liabilities:					
Capital assets	(321.5)	42.6	-	-	(278.9)
Accrued duty refund	(60.4)	(10.7)	-	-	(71.1)
Defined benefit plan	(3.0)	-	(1.7)	-	(4.7)
Foreign currency Translation differences for foreign operations	(6.4)	-	(9.0)	-	(15.4)
Other	(13.1)	(8.3)	-	-	(21.4)
Total	$ (357.4)	$ 63.9	$ (10.7)	$ -	$ (304.2)

December 31, 2023	Opening balance	Recognized in income tax expense (recovery)	Recognized in other comprehensive income (loss)	Acquisitions	Ending balance
Deferred income tax assets:					
Losses	$ 3.0	$ 19.1	$ -	$ -	$ 22.1
Reserves	25.0	(0.1)	-	-	24.9
Deferred income tax liabilities:					
Capital assets	(345.3)	20.8	-	3.0	(321.5)
Accrued duty refund	(49.3)	(11.1)	-	-	(60.4)
Defined benefit plan	(3.1)	-	0.1	-	(3.0)
Foreign currency Translation differences for foreign operations	(9.9)	-	3.5	-	(6.4)
Other	(12.0)	(1.1)	-	-	(13.1)
Total	$ (391.6)	$ 27.6	$ 3.6	$ 3.0	$ (357.4)

Represented by the following:

	2024	2023
Deferred income tax assets	$ 0.9	$ 0.7
Deferred income tax liabilities	(305.1)	(358.1)
	$ (304.2)	$ (357.4)

(Tabular amounts expressed in millions of Canadian Dollars, except number of shares and per share amounts)

20. Net loss per share:

Net loss per share is calculated utilizing the treasury stock method for determining the dilutive effect of options issued.

The reconciliation of the numerator and denominator is determined as follows:

	2024			2023		
	Net loss	Weighted average number of shares	Per share	Net loss	Weighted average number of shares	Per share
Issued shares at December 31		51,445,803			51,434,895	
Effect of shares issued		2,304			7,570	
Basic loss per share	$ (304.3)	51,448,107	$ (5.91)	$ (266.8)	51,442,465	$ (5.19)
Effect of dilutive securities:						
Stock options	-	59,170		-	97,148	
Diluted loss per share	$ (304.3)	51,448,107*	$ (5.91)	$ (266.8)	51,442,465*	$ (5.19)

* As the addition of stock options to the total shares outstanding has an anti-dilutive impact on the diluted loss per share calculation, those stock options have not been included in the total shares outstanding for purposes of calculating diluted loss per share.

21. Commitments and contingencies:

(a) Contractual obligations:

The Company is obligated under various contracts requiring minimum payments in each of the next five years as follows:

2025	$ 136.8
2026	37.4
2027	2.0
2028	0.1
2029	-
	$ 176.3

The table above includes $13.3 million of contractual obligations that were assigned to CCL as part of the sale of the Quebec operations subsequent to December 31, 2024.

(b) Surety bonds:

The Company has posted $69.0 million in surety performance, bid and payment bonds, with various expiry dates extending through January 2027.

(Tabular amounts expressed in millions of Canadian Dollars, except number of shares and per share amounts)

21. Commitments and contingencies (continued):

(c) U.S. countervailing and anti-dumping duty deposits:

In late 2016, a petition was filed by the U.S. Lumber Coalition and other petitioners seeking countervailing ("CV") and anti-dumping ("AD") duties on Canadian softwood lumber imports to the U.S. On January 6, 2017, a preliminary determination was announced by the U.S. International Trade Commission ("ITC") that there was reasonable indication that the U.S. industry is materially injured by imports of softwood lumber products from Canada and the U.S. Department of Commerce ("DoC") imposed duties on Canadian shipments of softwood lumber into the U.S.

CV duties were imposed from April 28, 2017 until August 26, 2017 and from December 28, 2017 onwards. AD duties were imposed from June 30, 2017 through December 26, 2017 and from December 28, 2017 onwards.

The following table summarizes the cash deposit rates that were in effect and the final revised rates by period:

Year ended December 31	Cash deposit rates in effect	Final rates
First administrative review - 2017 – Combined AD & CV rates	20.23%	8.83%
First administrative review - 2018 – Combined AD & CV rates	20.23%	8.99%
Second administrative review - 2019 – Combined AD & CV rates	20.23%	17.91%

	Cash deposit rates in effect Jan to Nov	Cash deposit rates in effect Dec	Final rates
Third administrative review – 2020 - Combined AD & CV rates	20.23%	8.99%	8.59%
Fourth administrative review – 2021 - Combined AD & CV rates	8.99%	17.90%	8.05%

Fifth administrative review - 2022	Cash deposit rates in effect Jan 1 to Jan 9	Cash deposit rates in effect Jan 10 to Aug 8	Cash deposit rates in effect Aug 9 to Dec 31	Final rates
AD	11.59%	11.59%	4.76%	7.66%
CV	6.31%	6.32%	3.83%	6.74%
Total	17.90%	17.91%	8.59%	14.40%

Sixth administrative review - 2023	Cash deposit rates in effect Jan 1 to Jul 31	Cash deposit rates in effect Aug 1 to Sep 12	Cash deposit rates in effect Sep 13 to Dec 31	Final rates
AD	4.76%	6.20%	6.26%	Pending review
CV	3.83%	1.79%	1.79%	Pending review
Total	8.59%	7.99%	8.05%	Pending review

Seventh administrative review - 2024	Cash deposit rates in effect Jan 1 to Aug 19	Cash deposit rates in effect Aug 19 onwards	Final rates
AD	6.26%	7.66%	Pending review
CV	1.79%	6.74%	Pending review
Total	8.05%	14.40%	Pending review

(Tabular amounts expressed in millions of Canadian Dollars, except number of shares and per share amounts)

21. Commitments and contingencies (continued):

(c) U.S. countervailing and anti-dumping duty deposits (continued):

Duties paid by period are as follows:

Amounts in US dollars		
2017	$	18.4
2018		42.0
2019		33.8
2020		39.8
2021		36.5
2022		97.2
2023		37.1
2024		44.0
Acquired rights to duty deposits		244.8
	$	593.6

Interfor has recorded the duty deposits as an expense, with the exception of the following amounts recorded on the Statements of Financial Position:

	Dec. 31, 2024		Dec. 31, 2023	
	USD	CAD	USD	CAD
Net overpayment of duties per completed DoC administrative reviews:				
First administrative review	$ 33.0	$ 42.7	$ 33.0	$ 42.7
Second administrative review	3.2	4.3	3.2	4.3
Third administrative review	19.6	26.1	19.6	26.1
Fourth administrative review	5.0	6.3	5.0	6.3
Fifth administrative review	3.2	3.4	-	-
Purchase price for acquired duty deposits	101.0	131.2	101.0	131.2
Revaluation to the quarter-end exchange rate	-	23.5	-	3.5
Duties recognized as duty deposits	165.0	237.5	161.8	214.1
Interest recognized on duty deposits	28.3	40.6	18.5	24.3
	$ 193.3	$ 278.1	$ 180.3	$ 238.4

The following table summarizes the duty deposit balances recorded as a long-term receivable and long-term payable on the Statements of Financial Position:

	Dec. 31, 2024		Dec. 31, 2023	
	USD	CAD	USD	CAD
Deposits and other assets	$ 193.7	$ 278.7	$ 180.3	$ 238.4
Provisions and other liabilities	(0.4)	(0.6)	-	-
Net duty deposit receivable	$ 193.3	$ 278.1	$ 180.3	$ 238.4

The Company believes that U.S. Customs and Border Protection has inappropriately liquidated US$43.3 million of duties paid related to the first administrative review period. US$23.9 million of this amount, along with US$5.5 million of related accrued interest, is recorded as a long-term receivable at December 31, 2024. Interfor is seeking to rectify this matter, and based on the information known at this time, believes the amounts recorded as a long-term receivable at December 31, 2024, remain collectable in full.

21. Commitments and contingencies (continued):

(c) U.S. countervailing and anti-dumping duty deposits (continued):

Interfor is of the view that the DoC's positions are without merit and politically driven. As such, Interfor intends to defend its position through various appeals processes, in conjunction with the Canadian provincial and federal governments.

The final amount and effective date of countervailing and anti-dumping duties that may be assessed on Canadian softwood lumber exports to the U.S. cannot be determined at this time and will depend on decisions yet to be made by any reviewing courts, United States-Mexico-Canada Agreement or World Trade Organization panels to which the DoC and ITC determinations may be appealed.

(d) Other contingencies:

The Company is subject to a number of claims arising in the normal course of business, for which either an adequate provision has been made or no material liability is expected.

22. Employee future benefits and other post-retirement plans:

The Company maintains several savings and retirement plans that are available to employees who meet certain eligibility requirements.

(a) Defined contribution plans:

In Canada, salaried employees of the Company are provided with the opportunity to make voluntary contributions to a Registered Retirement Savings Plan ("RRSP") based on a percentage of an employee's earnings. In the event an employee makes RRSP contributions, the Company will make corresponding contributions to a Deferred Profit Sharing Plan ("DPSP") with the employee's future retirement benefits based on these contributions along with investment earnings on the contributions.

For the DPSP, the Company's funding obligations are satisfied upon making cash contributions to an employee's account. For 2024, the pension expense for this plan is equal to the Company's contribution of $5.8 million (2023 - $5.8 million).

For the hourly employees of the Eastern Operations and the Canadian Merchant Services Guild ("CMSG"), the Company makes required contributions based on a percentage of earnings into defined contribution plans. For 2024, the pension expense is equal to the Company's contribution of $4.1 million (2023 - $3.0 million).

Employees of the Company's U.S. operating subsidiaries can contribute a percentage of their earnings to a 401(k) plan and in the event contributions are made, the Company makes corresponding contributions, all contributions vest immediately. The Company's funding obligations are satisfied upon making cash contributions to an employee's account. For 2024, the pension expense for this plan is equal to the Company's contribution of $15.9 million (2023 - $14.1 million).

(Tabular amounts expressed in millions of Canadian Dollars, except number of shares and per share amounts)

22. Employee future benefits and other post-retirement plans (continued):

(b) Unionized employees' pension plan:

The Company contributes to industry-wide benefit plans for unionized employees based on a predetermined amount per hour worked by an employee or based on a percentage of earnings. For 2024, the pension expense for this plan is equal to the Company's contribution of $1.5 million (2023 - $1.5 million). As there is insufficient information available to enable the Company to account for this plan as a defined benefit plan, the plan has been accounted for as a defined contribution plan. The Company's liability is limited to its contributions.

(c) Supplementary pension plans:

The Company provides supplementary pension benefits to certain members of its senior management in the form of a notional extension to the DPSP in Canada and the 401(k) plan in the U.S. These commitments are not funded but are fully accrued by the Company, with a portion of the commitments being secured by irrevocable letters of credit.

During 2024, the Company recorded an expense of $2.3 million (2023 - $3.0 million) in respect of these plans, of which $1.0 million (2023 - $1.0 million) related to interest expense has been recorded in Finance costs.

The accrued obligation for this plan is included in the Company's Statements of Financial Position as follows:

	2024	2023
Trade accounts payable and provisions	$ 1.6	$ 1.6
Employee future benefits obligation	9.8	9.0
	$ 11.4	$ 10.6

(d) Defined benefit plans:

The Company and certain non-union hourly employees make contributions to a defined benefit pension plan that provides pension benefits upon retirement. The plan entitles a retired employee to receive monthly payments based on a schedule of defined benefit accruals for different periods of service.

In 2022, the Company acquired the Eastern Canada Operations and the Pension Plan for Employees of EACOM Timber Corporation ("EACOM plan"). The defined benefit component of the pension plan establishes a set amount of pension benefits that the employee will receive upon retirement and is closed to new employees. In addition, the Company provides post-retirement medical, dental and life insurance benefits to its eligible retirees. On March 29, 2023, the Company completed a partial settlement of the EACOM plan with the purchase of an annuity. The settlement resulted in a loss of $0.1 million due to the net effect of discharging $11.9 million of defined benefit obligation and $12.0 million of plan assets.

The Company makes contributions to a defined benefit pension plan that provides pension benefits to certain eligible employees of the CMSG upon retirement. The plan provides a retired employee a monthly payment based on a percentage of their average earnings at retirement, and their years of service. In addition, the Company provides post-retirement medical and life insurance benefits to certain eligible CMSG retirees.

The Company measures its defined benefit obligations and the fair value of plan assets for accounting purposes as at December 31 of each year.

(Tabular amounts expressed in millions of Canadian Dollars, except number of shares and per share amounts)

22. Employee future benefits and other post-retirement plans (continued):

(d) Defined benefit plans (continued):

The most recent and the next scheduled actuarial valuations for funding purposes for the plans are:

	Most Recent Valuation	Next Scheduled Valuation
Adams Lake Pension Plan	December 31, 2023	December 31, 2026
EACOM Pension Plan	December 31, 2023	December 31, 2026
EACOM Post-Retirement Benefits	December 31, 2023	December 31, 2026
CMSG Pension Plan	December 31, 2022	December 31, 2025
CMSG Post-Retirement Benefits	December 31, 2023	December 31, 2026

The pension plans are subject to the statutory requirements (including minimum funding requirements) of their respective jurisdictions and the Income Tax Act. Each plan's pace of funding is determined by the Company, subject to the statutory minimums and maximums.

In 2024, the Company paid contributions of $0.3 million (2023 - $0.7 million), offset by transfers of $3.6 million (2023 - $2.6 million) due to a surplus in the EACOM plan being utilized to fund the defined contribution component of the plan. In 2025, the Company expects to pay contributions of $0.3 million to its defined benefit plans and to continue to fund the defined contribution component of the EACOM plan with $1.4 million of transfers.

The Company has determined that, in accordance with statutory requirements of the plans (such as minimum funding requirements), the present value of refunds or reductions in future contributions for all plans is not lower than the balance of the total fair value of the plan assets less the total present value of obligations.

	Pension benefits		Other post-retirement benefits	
	2024	2023	2024	2023
Defined benefit obligation:				
Beginning of year	$ 35.4	$ 42.6	$ 2.3	$ 2.2
Service cost	0.8	0.6	0.1	0.1
Employee contributions	0.4	0.4	-	-
Interest cost	1.7	1.8	0.1	0.1
Benefit payments	(1.0)	(1.4)	(0.1)	(0.2)
Settlements	-	(11.9)	-	-
Actuarial (gain) loss due to:				
Financial assumptions	0.1	2.6	(0.1)	-
Experience adjustment	(0.3)	0.7	(0.3)	0.1
End of year	$ 37.1	$ 35.4	$ 2.0	$ 2.3
Plan assets:				
Beginning of year	$ 50.9	$ 61.0	$ -	$ -
Interest on plan assets	2.3	2.7	-	-
Employer contributions	(3.4)	(2.1)	0.1	0.2
Employee contributions	0.4	0.4	-	-
Benefit payments	(1.0)	(1.4)	(0.1)	(0.2)
Administration costs	(0.9)	(0.7)	-	-
Settlements	-	(12.0)	-	-
Actuarial gain	5.6	3.0	-	-
End of year	$ 53.9	$ 50.9	$ -	$ -
Net employee future benefit asset (liability)	$ 16.8	$ 15.5	$ (2.0)	$ (2.3)

(Tabular amounts expressed in millions of Canadian Dollars, except number of shares and per share amounts)

22. Employee future benefits and other post-retirement plans (continued):

(d) Defined benefit plans (continued):

The following summarizes the balances recognized in the Statements of Financial Position:

	Pension benefits 2024	Pension benefits 2023	Other post-retirement benefits 2024	Other post-retirement benefits 2023
Employee future benefits assets	$ 16.8	$ 15.5	$ -	$ -
Employee future benefits obligation	-	-	(2.0)	(2.3)
Net employee future benefits asset (liability)	$ 16.8	$ 15.5	$ (2.0)	$ (2.3)

The following table shows the Company's net expense recognized in the Statements of Earnings and the actuarial gains recognized in Other comprehensive income (loss):

	Pension benefits 2024	Pension benefits 2023	Other post-retirement benefits 2024	Other post-retirement benefits 2023
Statements of earnings				
Production expense	$ 1.7	$ 1.3	$ 0.1	$ 0.1
Finance costs	(0.6)	(0.9)	0.1	0.1
	$ 1.1	$ 0.4	$ 0.2	$ 0.2
Other comprehensive income (loss)				
Actuarial gain (loss)	$ 5.8	$ (0.3)	$ 0.4	$ (0.1)

Plan assets consist of:

Asset category	2024	2023
Investment funds		
Global equity	$ 24.3	$ 14.9
Fixed income	20.4	19.4
Canadian equity	8.4	13.3
Money market	0.8	1.2
Real estate	-	2.1
Total	$ 53.9	$ 50.9

The plan assets held in investment funds are managed by third party investment managers and the fair values of these investments have been determined based on the unit price of the underlying funds. As such, all investment funds are categorized as Level 2 in the fair value hierarchy.

(Tabular amounts expressed in millions of Canadian Dollars, except number of shares and per share amounts)

22. Employee future benefits and other post-retirement plans (continued):

(d) Defined benefit plans (continued):

Actuarial assumptions used in accounting for the Company maintained benefit plans (expressed as weighted averages) are:

	Pension benefits		Other post-retirement benefits	
	2024	2023	2024	2023
Defined benefit obligation as of December 31				
Discount rate	4.75%	4.75%	4.75%	4.75%
Compensation increases[1]	3.16%	3.16%	-	-
Pension expense				
Discount rate	4.75%	5.25%	4.75%	5.25%
Compensation increases[1]	3.16%	3.16%	-	-

[1]Compensation increases only relate to the CMSG plan and EACOM plan.

For measurement purposes at December 31, 2024, the Company has assumed a weighted average 5.39% health care cost trend in 2024 and onwards (2023 – 5.00% health care cost trend in 2024 and onwards).

	Pension benefits	Other post-retirement benefits
Effect of 1% decrease in discount rate on defined benefit obligation	$ 6.0	$ 0.2

The sensitivity to the discount rate has been determined assuming all other assumptions remain unchanged. An increase in the discount rate would have an opposite effect of similar magnitude.

The weighted average durations of the defined benefit pension plans and other post-retirement benefit plans is 14 years.

Through its defined benefit pension plans and other post-retirement benefits, the Company is exposed to several risks, the most significant of which are detailed below:

Asset liability mismatch – The defined benefit plan obligations are calculated using a discount rate set with reference to corporate bond yields. While the Adams Lake, CMSG and EACOM plans hold some fixed income investments, all the plans hold a significant proportion of equities, which are expected to outperform corporate bonds in the long-term. However, in the short term, there will be volatility in the funded status of the plans.

Life expectancy – The majority of obligations are to provide benefits for the life of the member, so increases in life expectancy would result in increased obligations.

23. Related party transactions:

Key management personnel are comprised of the Company’s directors and executive officers. The remuneration of key management personnel was as follows:

	2024	2023
Salary and short-term employee benefits	$ 5.2	$ 6.7
Post-employment benefits	1.4	1.7
Share-based compensation expense (recovery)	(1.3)	7.5
	$ 5.3	$ 15.9

(Tabular amounts expressed in millions of Canadian Dollars, except number of shares and per share amounts)

23. Related party transactions (continued):

Obligations in relation to key management personnel, including directors, are as follows:

		2024		2023
Trade accounts payable and provisions	$	2.9	$	7.5
Employee future benefits obligation		6.0		4.7
Provisions and other liabilities		9.3		15.1
	$	18.2	$	27.3

24. Segmented information:

The Company manages its business as a single operating segment, being solid wood products. The Company harvests and purchases logs which are sorted by species, size and quality and then either manufactured into lumber and other wood products at the Company's operations or sold. All operations are located in British Columbia, Quebec, Ontario and New Brunswick in Canada and the Northwest and South regions of the U.S.

The Company sells to both foreign and domestic markets as follows:

		2024		2023
United States	$	2,370.2	$	2,594.6
Canada		585.2		656.3
Other export		34.1		25.4
Japan		18.0		17.9
China/Taiwan		16.1		21.5
	$	3,023.6	$	3,315.7

Sales by product line are as follows:

		2024		2023
Lumber and other wood products	$	2,590.9	$	2,785.6
Wood chips and other by-products		283.7		305.6
Logs		110.3		182.5
Other		38.7		42.0
	$	3,023.6	$	3,315.7

Non-current assets by geographic location are as follows:

		2024		2023
United States	$	1,412.9	$	1,389.4
Canada		1,189.1		1,332.4
	$	2,602.0	$	2,721.8

25. Capital management:

The Company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business.

The Company seeks to maintain a balance between the higher returns that might be possible with the leverage afforded by higher borrowing levels and the security afforded by a sound capital position. The Company's target is to create value for its shareholders over the long-term through increases in share value.

(Tabular amounts expressed in millions of Canadian Dollars, except number of shares and per share amounts)

25. Capital management (continued):

Under its debt financing agreements, the Company cannot exceed a net debt to total capitalization ratio of 50%, with net debt under banking arrangements defined as the total of indebtedness, including letters of credit and long-term debt, net of cash and cash equivalents and government securities maturing within 365 days, up to a limit; and total capitalization defined as total debt plus shareholders' equity and subordinated debt, excluding non-controlling interests, deferred income taxes, and non-cash asset revaluations, up to a limit. The debt financing agreements also require a minimum EBITDA interest coverage ratio of two times, which becomes effective if the net debt to total capitalization ratio exceeds 42.5%.

As at December 31, 2024, the Company was fully in compliance with all debt covenants.

The Company monitors capital using a ratio of "net debt" to "invested capital" and manages to a target range. Net debt is calculated as the total of long-term debt and bank indebtedness, less cash and cash equivalents. Invested capital is the total of net debt and equity. Interfor's net debt to invested capital ratios as at December 31, 2024 and 2023 were as follows:

	2024	2023
Long-term debt	$ 904.7	$ 897.7
Less: Cash and cash equivalents	(43.4)	(55.0)
Net debt	861.3	842.7
Add: Equity	1,532.5	1,730.4
Invested capital	$ 2,393.8	$ 2,573.1
	36.0%	32.8%

From time to time, the Company purchases its own shares in the open market under a defined NCIB. All repurchased common shares are cancelled.

26. Financial instruments:

(a) Fair value of financial instruments:

The Company's cash and cash equivalents, trade accounts receivable and other, trade accounts payable and provisions and long-term debt are classified as measured at amortized cost in accordance with *IFRS 9 Financial Instruments*. The carrying amounts of these instruments, excluding long-term debt, approximate fair value at December 31, 2024 and December 31, 2023.

Investments in equity securities and duty deposits are classified as measured at FVTPL.

IFRS 13 Fair Value Measurement requires classification of financial instruments within a hierarchy that prioritizes the inputs to fair value measurement.

The three levels of the fair value hierarchy are:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 – Inputs other than quoted prices that are observable for the asset or liability, directly or indirectly; and

Level 3 – Inputs that are not based on observable market data.

(Tabular amounts expressed in millions of Canadian Dollars, except number of shares and per share amounts)

26. Financial instruments (continued):

(a) Fair value of financial instruments (continued):

The following table summarizes Interfor's financial instruments measured at fair value as at December 31, 2024 and 2023, and shows the level within the fair value hierarchy in which the financial instruments have been classified:

	Fair Value Hierarchy Level		2024		2023
Financial assets measured at fair value					
Equity investments	Level 1	$	15.0	$	27.3
U.S. countervailing and anti-dumping duty deposits	Level 3		278.7		238.4
		$	293.7	$	265.7
Financial liabilities measured at fair value					
U.S. countervailing and anti-dumping duty deposits	Level 3	$	0.6	$	-

At December 31, 2024, the fair value of the Company's Long-term debt was less than its carrying value by $9.4 million (2023 – $2.4 million) measured based on the Level 2 of the fair value hierarchy.

(b) Derivative financial instruments:

The Company may use a variety of derivative financial instruments to reduce its exposure to risks associated with fluctuations in foreign exchange rates and lumber prices. The Company did not trade any foreign exchange contracts or lumber futures in 2024 and 2023.

(c) Hedge of investment in foreign operations:

Certain U.S. Dollar drawings under the Term Line and all drawings under the Senior Secured Notes were designated as hedges against the Company's investment in its U.S. operations and repayments were de-designated as a hedge. Interfor recorded unrealized foreign exchange losses of $76.9 million (2023 – gain of $21.3 million) arising on revaluation of hedged U.S. Dollar debt in Other comprehensive income (loss) for the year ended December 31, 2024.

(d) Financial risk management:

The use of financial instruments exposes the Company to credit, liquidity and market risk.

Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. Through its standards and procedures, management has developed a control environment in which employees are clear on roles and obligations and management regularly monitors compliance with its risk management policies and procedures.

(Tabular amounts expressed in millions of Canadian Dollars, except number of shares and per share amounts)

26. Financial instruments (continued):

(d) Financial risk management (continued):

(i) Credit risk:

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises primarily from the Company's receivables from customers, and investments in marketable securities.

Accounts receivable

The Company's exposure to credit risk is dependent upon individual characteristics of each customer. Each new customer is assessed for creditworthiness before payment and delivery terms and conditions are offered, with such review encompassing any external ratings, and bank and other references. Purchase limits are established for each customer and are regularly reviewed. In some cases, where customers fail to meet the Company's benchmark creditworthiness, the Company may choose to transact with the customer based on terms which are secured by a guarantee or cash deposit or alternatively by insuring the accounts receivable.

The Company regularly reviews the collectability of its accounts receivable and establishes an allowance for doubtful accounts based on its best estimate of any potentially uncollectible accounts. A $0.3 million reserve in respect of doubtful accounts was recorded as at December 31, 2024 (2023 - $0.2 million).

The carrying amount of financial assets represents the maximum credit exposure for receivables in North America. As log and lumber sales outside of the North American markets are typically insured by the Export Development Corporation to 90% or secured by irrevocable letters of credit, or both, credit exposure for these sales is limited.

Accounts receivable carrying values at the reporting date by geographic region were as follows:

	2024	2023
Canada	$ 57.8	$ 90.0
United States	48.0	86.8
Japan	0.7	0.6
China/Taiwan	0.4	5.1
Other	2.6	1.9
	$ 109.5	$ 184.4

(ii) Liquidity risk:

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company ensures, as far as possible, that it will always have sufficient liquidity to meet obligations when due and monitors cash flow requirements daily and projections weekly.

The Company maintains a $600.0 million Term Line credit facility with a syndicate of highly rated Canadian and U.S. banks which can be drawn in either Canadian or US funds and matures in December 2026.

(Tabular amounts expressed in millions of Canadian Dollars, except number of shares and per share amounts)

26. Financial instruments (continued):

(d) Financial risk management (continued):

(ii) Liquidity risk (continued):

The following table summarizes Interfor's available liquidity as of December 31, 2024:

Unused portion of Revolving Term Line, *see Note 9*	$	339.6
Add: Cash and cash equivalents		43.4
Available liquidity at December 31, 2024	$	383.0

The estimated cash payments due in respect of contractual and legal obligations including debt and interest payments and capital commitments are summarized as follows:

		Payments due by period			
	Total	Up to 1 year	2-3 years	4-5 years	After 5 years
Trade accounts payable and provisions	$ 160.3	$ 160.3	$ -	$ -	$ -
Income taxes payable	12.9	12.9	-	-	-
Reforestation liability	47.9	16.5	13.4	6.1	11.9
Lease liabilities	70.1	29.7	28.5	8.6	3.3
Long-term debt	1,157.1	98.5	379.3	233.5	445.8
Provisions and other liabilities	71.0	42.0	2.4	2.3	24.3
Operating and capital commitments	176.3	136.8	39.4	0.1	-
Total obligations	$ 1,695.6	$ 496.7	$ 463.0	$ 250.6	$ 485.3

(iii) Market risk:

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices, will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return relative to risk.

Currency risk

The Company is exposed to currency risk on cash and cash equivalents, accounts receivable, duty deposits, accounts payable and provisions, long-term debt, lease liabilities and intercompany loans that are denominated in a currency other than the respective functional currencies of the Company's domestic and foreign operations.

The Company routinely assesses its foreign exchange exposure and may use foreign currency exchange forward, collar and option contracts to manage its currency risk from time to time.

Other foreign exchange gain (loss) on the Statements of Earnings is related to the period-end revaluation of U.S. Dollar denominated short-term intercompany funding and U.S. Dollar cash held by Canadian operations.

26. Financial instruments (continued):

(d) Financial risk management (continued):

(iii) Market risk (continued):

At December 31, 2024, the Company has U.S. Dollar drawings under its Term Line and Senior Secured Notes of US$628.8 million (2023 - US$678.7 million). These U.S. Dollar drawings have been designated as a hedge against the Company's net investment in its U.S. operations.

As at December 31, 2024, the domestic operations of the Company held cash and cash equivalents of US$13.0 million (2023 - US$18.2 million). Cash and cash equivalents held by foreign subsidiaries totaled US$9.0 million (2023 - US$4.2 million).

As at December 31, the Company's accounts receivable were denominated in the following currencies (in millions):

2024	CAD	USD	Japanese ¥
Accounts receivable	57.4	0.8	0.1
Accounts receivable held by foreign subsidiaries with USD functional currency	-	35.3	-
	57.4	36.1	0.1
2023	**CAD**	**USD**	**Japanese ¥**
Accounts receivable	89.6	14.7	5.7
Accounts receivable held by foreign subsidiaries with USD functional currency	-	56.9	-
	89.6	71.6	5.7

Based on the Company's net exposure to foreign currencies as at December 31, 2024, the sensitivity of the Company's annual Net loss and Other comprehensive income (loss) are as follows:

U.S. Dollar	$0.01 increase vs CAD	$3.1 million increase in Net loss
U.S. Dollar	$0.01 increase vs CAD	$6.2 million increase in OCI

Interest rate risk

Based on the Company's average borrowings under the Term Line, the sensitivity of a 100 basis point increase in interest rates would result in an approximate increase of $2.0 million in Net loss.

Other market risk:

The Company does not enter into commodity contracts other than to meet the Company's expected usage and sale requirements.