



Interfor Corporation

Burnaby, B.C.

May 8, 2025

Interfor Reports Q1'25 Results Adjusted EBITDA of \$49 million and Net Loss of \$35 million

INTERFOR CORPORATION ("Interfor" or the "Company") (TSX: IFP) recorded a Net loss in Q1'25 of \$35.1 million, or \$0.68 per share, compared to a Net loss of \$49.9 million, or \$0.97 per share in Q4'24 and a Net loss of \$72.9 million, or \$1.42 per share in Q1'24.

Adjusted EBITDA was \$48.6 million on sales of \$735.5 million in Q1'25 versus Adjusted EBITDA of \$80.4 million on sales of \$746.5 million in Q4'24 and an Adjusted EBITDA loss of \$22.3 million on sales of \$813.2 million in Q1'24.

Notable items:

- Improved Lumber Prices
 - Lumber prices increased during Q1'25 as reflected in Interfor's average selling price of \$712 per mfbm, up \$53 per mfbm versus Q4'24. This improvement primarily reflects the industry-wide market-driven production curtailments in 2024, seasonal demand and tariff-related uncertainty.
- Reduced Lumber Shipments
 - In Q1'25, lumber shipments totalled 863 million board feet, representing a 77 million board foot decrease over the prior quarter. The decrease primarily relates to the sale of the Quebec operations, weather-related curtailments and shipment delays resulting from tariff uncertainty.
- Stable Financial Position
 - Net debt at quarter-end was \$886.3 million, or 37.3% of invested capital, while available liquidity was ample at \$306.0 million.
 - The Company generated \$40.4 million of positive operating cash flow before working capital changes in Q1'25, primarily due to higher average lumber prices. \$53.6 million was invested in working capital, driven by seasonally higher log inventories and lumber shipment delays resulting from tariff uncertainty.
- Monetization of Coastal B.C. Operations
 - The Company sold Coastal B.C. forest tenures totalling approximately 84,000 cubic metres of allowable annual cut ("AAC") and related assets and liabilities for gross proceeds of \$7.4 million and a gain of \$6.5 million.
 - Interfor held approximately 817,000 cubic metres of AAC for disposition at March 31, 2025, subject to approvals from the Ministry of Forests.
- Sale of Quebec Operations
 - On January 10, 2025, the Company completed the sale of its sawmills in Val-d'Or and Matagami, QC, as well as its Sullivan remanufacturing plant in Val-d'Or, for net cash consideration of \$16.3 million and recorded a loss on disposal of \$29.1 million, primarily related to goodwill.

- Capital Investments
 - Capital spending was \$17.2 million, including \$7.5 million of discretionary investment primarily focused on the multi-year rebuild of the Thomaston, GA sawmill.
- Softwood Lumber Duties
 - On March 3, 2025 and April 4, 2025, respectively, the U.S. Department of Commerce issued its preliminary anti-dumping ("AD") and countervailing ("CV") duty rates for a combined all others rate of 34.45% for its sixth administrative review covering shipments for the year ended December 31, 2023. The preliminary rate is subject to change until the final rate determinations, which are expected in the second half of 2025. At such time, the final combined rate will be applied to new lumber shipments and an accounting adjustment will be recorded to reflect the delta between the cash deposit rate on 2023 lumber shipments and the final combined all others duty rate. Based on the preliminary combined all others rate, an expected non-cash incremental duty expense, before interest, of US\$84.2 million would be recorded.
 - Interfor recorded \$22.3 million of duties expense in the quarter. This represents the full amount of CV and AD duties incurred on shipments of softwood lumber from its Canadian operations to the U.S. at a combined rate of 14.40%, inclusive of a \$1.6 million foreign exchange loss from revaluation of U.S. Dollar denominated duty deposits.
 - Interfor has paid cumulative duties of US\$607.0 million, or approximately \$12.32 per share on an after-tax basis, as at March 31, 2025. Except for a US\$165.0 million net receivable recorded in respect of overpayments arising from duty rate adjustments and the fair value of rights to duties acquired, Interfor has recorded the duty deposits as an expense.
- Tariffs
 - On February 1, 2025, the U.S. administration issued an executive order to impose tariffs on all imports from Canada to take effect on February 4, 2025. These tariffs were subsequently paused for a 30-day period. Between March 4, 2025 and March 6, 2025, a 25% tariff was imposed resulting in the Company paying \$1.9 million in tariffs. On March 6, 2025, an executive order was issued temporarily pausing tariffs on Canadian goods compliant with the United States-Mexico-Canada Agreement ("USMCA"), including lumber. On April 2, 2025, another executive order imposed reciprocal tariffs on all countries, however those goods compliant with the USMCA were exempted. At present, there are no tariffs on the Company's Canadian lumber exports to the U.S.
 - On March 1, 2025, the U.S. administration issued an executive order for a Section 232 investigation to assess the national security implications of importing timber, lumber and their derivative products. This investigation is expected to conclude within 270 days and aims to ensure that trade policies align with the strategic interests of the U.S., potentially resulting in adjustments to tariff regulations based on its findings. The investigation will include recommendations on actions to address any identified threats, such as potential tariffs, export controls including quotas, or incentives to increase domestic production. Currently, the results and impacts of the Section 232 investigation are unknown.

Outlook

North American lumber markets over the near term are expected to remain volatile as the economy continues to adjust to changing monetary policies, tariffs, labour shortages and geo-political uncertainty, and as industry-wide lumber production continues to adjust to match demand.

Near-term volatility could be further impacted by potential tariffs on Canadian lumber exports to the U.S. Overall, the Company is well positioned with a diversified product mix in Canada and the U.S., with approximately 60% of its total lumber produced and sold within the U.S. Ultimately, only about 24% of the Company's total lumber production is exported from Canada to the U.S. and exposed to a potential tariff. Over the mid-term, Canadian lumber is expected to remain a key source of supply to meet U.S. needs, as growth in U.S. lumber manufacturing capacity will likely be limited by labour constraints, lengthy equipment lead-times, residual offtake constraints and extended project ramp-up schedules.

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

Interfor's strategy of maintaining a diversified portfolio of operations in multiple regions allows the Company to both reduce risk and maximize returns on capital over the business cycle. In the event of a sustained lumber market downturn, Interfor maintains flexibility to significantly reduce capital expenditures and working capital levels, and to proactively adjust its lumber production to match demand.

Financial and Operating Highlights¹

		For the three months ended		
		Mar. 31	Mar. 31	Dec. 31
Unit		2025	2024	2024
Financial Highlights ²				
Total sales	\$MM	735.5	813.2	746.5
Lumber	\$MM	615.0	670.7	619.1
Logs, residual products and other	\$MM	120.5	142.5	127.4
Operating earnings (loss)	\$MM	0.1	(80.9)	25.2
Net loss	\$MM	(35.1)	(72.9)	(49.9)
Net loss per share, basic	\$/share	(0.68)	(1.42)	(0.97)
Adjusted EBITDA ³	\$MM	48.6	(22.3)	80.4
Adjusted EBITDA margin ³	%	6.6%	(2.7%)	10.8%
Total assets	\$MM	3,042.9	3,420.6	3,078.7
Total debt	\$MM	901.9	980.7	904.7
Net debt ³	\$MM	886.3	897.4	861.3
Net debt to invested capital ³	%	37.3%	34.7%	36.0%
Annualized return on capital employed ³	%	(3.1%)	(9.2%)	(2.2%)
Operating Highlights				
Lumber production	million fbm	901	1,069	948
U.S. South	million fbm	402	480	425
U.S. Northwest	million fbm	124	141	112
Eastern Canada	million fbm	194	288	235
B.C.	million fbm	181	160	176
Lumber sales	million fbm	863	1,100	940
Lumber - average selling price ⁴	\$/thousand fbm	712	610	659
Key Statistics				
Benchmark lumber prices ⁵				
SYP Composite	US\$ per mfbm	407	383	373
KD H-F Stud 2x4 9’	US\$ per mfbm	471	455	421
Eastern SPF Composite	US\$ per mfbm	536	489	515
Western SPF Composite	US\$ per mfbm	484	416	457
USD/CAD exchange rate ⁶				
Average	1 USD in CAD	1.4352	1.3486	1.3982
Closing	1 USD in CAD	1.4307	1.3550	1.4389

Notes:

- Figures in this table may not equal or sum to figures presented elsewhere due to rounding.
- Financial information presented for interim periods in this release is prepared in accordance with IFRS Accounting Standards ("IFRS") and is unaudited.
- Refer to the Non-GAAP Measures section of this release for definitions and reconciliations of these measures to figures reported in the Company's unaudited condensed consolidated interim financial statements.
- Gross sales including duties and freight.
- Based on Random Lengths Benchmark Lumber Pricing.
- Based on Bank of Canada foreign exchange rates.

Liquidity

Balance Sheet

Interfor's Net debt at March 31, 2025 was \$886.3 million, or 37.3% of invested capital, representing an increase of \$25.0 million from the level of Net debt at December 31, 2024.

As at March 31, 2025, the Company had net working capital of \$195.0 million and available liquidity of \$306.0 million, based on the available borrowing capacity under its \$600.0 million Revolving Term Line ("Term Line").

The Term Line and Senior Secured Notes are subject to financial covenants, including a maximum net debt to total capitalization ratio of 50.0% and 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 March 31, 2025, Interfor was fully in compliance with all covenants relating to the Term Line and Senior Secured Notes.

Management believes, based on circumstances known today, that Interfor has sufficient working capital and liquidity to fund operating and capital requirements for the foreseeable future.

Millions of Dollars	For the three months ended		
	Mar. 31 2025	Dec. 31 2024	Mar. 31 2024
Net debt			
Net debt, period opening	\$861.3	\$849.9	\$842.7
Additions to Senior Secured Notes	-	-	45.3
Repayments of Senior Secured Notes	(47.7)	-	(45.3)
Term Line net drawings (repayments)	50.1	(35.1)	60.9
Decrease (increase) in cash and cash equivalents	27.5	(8.7)	(27.6)
Foreign currency translation impact on U.S. Dollar denominated cash and cash equivalents and debt	(4.9)	55.2	21.4
Net debt, period ending	\$886.3	\$861.3	\$897.4

On March 26, 2025, the Company paid US\$33.3 million of principal that was due on the Company's existing Series C Senior Secured Notes.

On March 26, 2024, the Company issued US\$33.3 million of Series I Senior Secured Notes, bearing interest at 6.37% with principal repayment due at final maturity on March 26, 2030. The proceeds were used to settle US\$33.3 million of principal under the Company's existing Series C Senior Secured Notes due on March 26, 2024.

Capital Resources

The following table summarizes Interfor's credit facilities and availability as of March 31, 2025:

Millions of Dollars	Revolving Term Line	Senior Secured Notes	Total
Available line of credit and maximum borrowing available	\$600.0	\$644.4	\$1,244.4
Less:			
Drawings	257.5	644.4	901.9
Outstanding letters of credit included in line utilization	52.1	-	52.1
Unused portion of facility	\$290.4	\$ -	290.4
Add:			
Cash and cash equivalents			15.6
Available liquidity at March 31, 2025			\$306.0

Interfor's Term Line matures in December 2026 and its Senior Secured Notes have maturities in the years 2026-2033.

As of March 31, 2025, the Company had commitments for capital expenditures totaling \$63.1 million for both maintenance and discretionary capital projects.

Non-GAAP Measures

This release makes reference to the following non-GAAP measures: EBITDA, Adjusted EBITDA, Adjusted EBITDA margin, Net debt to invested capital and Annualized return on capital employed which are used by the Company and certain investors to evaluate operating performance and financial position. These non-GAAP measures do not have any standardized meaning prescribed by IFRS and are therefore unlikely to be comparable to similar measures presented by other issuers.

The following table provides a reconciliation of these non-GAAP measures to figures as reported in the Company's audited consolidated financial statements (unaudited for interim periods) prepared in accordance with IFRS:

	For the three months ended		
	Mar. 31 2025	Mar. 31 2024	Dec. 31 2024
Millions of Dollars except number of shares and per share amounts ¹			
Adjusted EBITDA			
Net loss	\$(35.1)	\$(72.9)	\$(49.9)
Add:			
Depreciation of plant and equipment	40.0	46.7	41.7
Depletion and amortization of timber, roads and other	8.3	10.9	9.2
Finance costs	11.0	11.9	11.4
Income tax expense (recovery)	1.9	(10.8)	22.9
EBITDA	26.1	(14.2)	35.3
Add:			
Long-term incentive compensation expense (recovery)	0.1	(1.7)	(0.4)
Other foreign exchange loss (gain)	(4.1)	16.6	42.3
Other expense (income)	26.4	(25.7)	(1.5)
Asset write-downs and restructuring costs	0.1	2.7	4.7
Adjusted EBITDA	\$48.6	\$(22.3)	\$80.4
Sales	\$735.5	\$813.2	\$746.5
Adjusted EBITDA margin	6.6%	(2.7%)	10.8%
Net debt to invested capital			
Net debt			
Total debt	\$901.9	\$980.7	\$904.7
Cash and cash equivalents	(15.6)	(83.3)	(43.4)
Total net debt	\$886.3	\$897.4	\$861.3
Invested capital			
Net debt	\$886.3	\$897.4	\$861.3
Shareholders' equity	1,490.1	1,689.7	1,532.5
Total invested capital	\$2,376.4	\$2,587.1	\$2,393.8
Net debt to invested capital ²	37.3%	34.7%	36.0%
Annualized return on capital employed			
Net loss	\$(35.1)	\$(72.9)	\$(49.9)
Add:			
Finance costs	11.0	11.9	11.4
Income tax expense (recovery)	1.9	(10.8)	22.9
Loss before income taxes and finance costs	\$(22.2)	\$(71.8)	\$(15.6)
Capital employed			
Total assets	\$3,042.9	\$3,420.6	\$3,078.7
Current liabilities	(314.7)	(332.3)	(302.2)
Less:			
Current portion of long-term debt	47.7	45.2	48.0
Current portion of lease liabilities	19.4	20.5	20.3
Capital employed, end of period	\$2,795.3	\$3,154.0	\$2,844.8
Capital employed, beginning of period	2,844.8	3,120.8	2,807.0
Average capital employed	\$2,820.1	\$3,137.4	\$2,825.9
Loss before income taxes and finance costs divided by average capital employed	(0.8%)	(2.3%)	(0.6%)
Annualization factor	4.0	4.0	4.0
Annualized return on capital employed	(3.1%)	(9.2%)	(2.2%)

Notes:

- Figures in this table may not equal or sum to figures presented elsewhere due to rounding.
- Net debt to invested capital as of the period end.



CONDENSED CONSOLIDATED STATEMENTS OF EARNINGS
For the three months ended March 31, 2025 and 2024 (unaudited)

(millions of Canadian Dollars except per share amounts)

	Three Months Mar. 31, 2025	Three Months Mar. 31, 2024
Sales	\$735.5	\$813.2
Costs and expenses:		
Production	648.1	808.2
Selling and administration	16.5	19.8
Long-term incentive compensation expense (recovery)	0.1	(1.7)
U.S. countervailing and anti-dumping duty deposits	22.3	7.5
Depreciation of plant and equipment	40.0	46.7
Depletion and amortization of timber, roads and other	8.3	10.9
	735.3	891.4
Operating earnings (loss) before asset write-downs and restructuring costs	0.2	(78.2)
Asset write-downs and restructuring costs	0.1	2.7
Operating earnings (loss)	0.1	(80.9)
Finance costs	(11.0)	(11.9)
Other foreign exchange gain (loss)	4.1	(16.6)
Other income (expense)	(26.4)	25.7
	(33.3)	(2.8)
Loss before income taxes	(33.2)	(83.7)
Income tax expense (recovery):		
Current	6.6	2.6
Deferred	(4.7)	(13.4)
	1.9	(10.8)
Net loss	\$(35.1)	\$(72.9)
Net loss per share		
Basic	\$(0.68)	\$(1.42)
Diluted	\$(0.68)	\$(1.42)

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
For the three months ended March 31, 2025 and 2024 (unaudited)

(millions of Canadian Dollars)

	Three Months Mar. 31, 2025	Three Months Mar. 31, 2024
Net loss	\$(35.1)	\$(72.9)
Other comprehensive income (loss):		
Items that will not be recycled to Net loss:		
Defined benefit plan actuarial gain (loss), net of tax	(0.1)	2.6
Items that may be recycled to Net loss:		
Foreign currency translation differences for foreign operations, net of tax	(7.2)	29.5
Total other comprehensive income (loss), net of tax	(7.3)	32.1
Comprehensive loss	\$(42.4)	\$(40.8)



CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
For the three months ended March 31, 2025 and 2024 (unaudited)

(millions of Canadian Dollars)

	Three Months Mar. 31, 2025	Three Months Mar. 31, 2024
Cash provided by (used in):		
Operating activities:		
Net loss	\$(35.1)	\$(72.9)
Items not involving cash:		
Depreciation of plant and equipment	40.0	46.7
Depletion and amortization of timber, roads and other	8.3	10.9
Deferred income tax recovery	(4.7)	(13.4)
Current income tax expense	6.6	2.6
Finance costs	11.0	11.9
Other assets	(0.1)	(0.4)
Reforestation liability	3.5	3.1
Provisions and other liabilities	(1.2)	(1.2)
Stock option vesting	-	0.1
Net write-down of plant, equipment and roads	0.1	1.1
Unrealized foreign exchange loss (gain)	(2.5)	10.7
Other expense (income)	26.4	(25.7)
Income taxes received (paid), net	(11.9)	1.6
	40.4	(24.9)
Cash generated from (used in) operating working capital:		
Trade accounts receivable and other	(40.0)	1.8
Inventories	(43.6)	11.8
Prepayments	6.7	3.5
Trade accounts payable and provisions	23.3	(8.8)
	(13.2)	(16.6)
Investing activities:		
Additions to property, plant and equipment	(15.8)	(26.5)
Recoveries from (additions to) roads and bridges	(1.4)	0.5
Proceeds on disposal of property, plant, equipment and other	15.7	1.1
Net proceeds related to B.C. Coast monetization	3.3	29.0
Net proceeds from (additions to) deposits and other assets	1.0	(1.0)
	2.8	3.1
Financing activities:		
Interest payments	(13.7)	(13.9)
Lease liability payments	(5.8)	(5.9)
Revolving Term Line net drawings	50.1	60.9
Additions to Senior Secured Notes	-	45.3
Repayments of Senior Secured Notes	(47.7)	(45.3)
	(17.1)	41.1
Foreign exchange gain (loss) on cash and cash equivalents held in a foreign currency	(0.3)	0.7
Increase (decrease) in cash	(27.8)	28.3
Cash and cash equivalents, beginning of period	43.4	55.0
Cash and cash equivalents, end of period	\$15.6	\$83.3



CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
March 31, 2025 and December 31, 2024 (unaudited)

(millions of Canadian Dollars)	Mar. 31, 2025	Dec. 31, 2024
Assets		
Current assets:		
Cash and cash equivalents	\$15.6	\$43.4
Trade accounts receivable and other	149.1	109.5
Inventories	329.6	283.5
Prepayments	15.4	21.9
Assets held for sale	-	18.4
	509.7	476.7
Employee future benefits	15.8	16.8
Deposits and other assets	302.1	304.4
Right of use assets	43.1	44.8
Property, plant and equipment	1,435.0	1,465.7
Roads and bridges	21.9	21.3
Timber licences	157.3	158.9
Goodwill and other intangible assets	556.3	589.2
Deferred income taxes	1.7	0.9
	\$3,042.9	\$3,078.7
Liabilities and Shareholders' Equity		
Current liabilities:		
Trade accounts payable and provisions	\$224.4	\$203.1
Current portion of long-term debt	47.7	48.0
Reforestation liability	15.6	16.5
Lease liabilities	19.4	20.3
Income taxes payable	7.6	12.9
Liabilities held for sale	-	1.4
	314.7	302.2
Reforestation liability	32.4	27.8
Lease liabilities	24.7	25.8
Long-term debt	854.2	856.7
Employee future benefits	11.5	11.8
Provisions and other liabilities	14.6	16.8
Deferred income taxes	300.7	305.1
Equity:		
Share capital	409.0	409.0
Contributed surplus	6.6	6.6
Translation reserve	239.7	246.9
Retained earnings	834.8	870.0
	1,490.1	1,532.5
	\$3,042.9	\$3,078.7

Approved on behalf of the Board of Directors:

"L. Sauder"
Director

"C. Griffin"
Director

FORWARD-LOOKING STATEMENTS

This release contains forward-looking information about the Company's business outlook, objectives, plans, strategic priorities and other information that is not historical fact. A statement contains forward-looking information when the Company uses what it knows and expects today, to make a statement about the future. Statements containing forward-looking information may include words such as: will, could, should, believe, expect, anticipate, intend, forecast, projection, target, outlook, opportunity, risk, plan or strategy. Readers are cautioned that actual results may vary from the forward-looking information in this release, and undue reliance should not be placed on such forward-looking information. Risk factors that could cause actual results to differ materially from the forward-looking information in this release are described in Interfor's first quarter and annual Management's Discussion and Analysis under the heading "Risks and Uncertainties", which are available on www.interfor.com and under Interfor's profile on www.sedarplus.ca. Material factors and assumptions used to develop the forward-looking information in this release include the timing and value of proceeds received from the disposition of Coastal B.C. forest tenures; impact of tariffs on Canadian lumber imports to the U.S.; availability and cost of logs; competition; currency exchange sensitivity; environment; government regulation; health and safety; Indigenous reconciliation; information technology and cyber security; labour availability; logistics availability and cost; natural and man-made disasters and climate change; price volatility; residual fibre revenue; softwood lumber trade; and tax exposures. Unless otherwise indicated, the forward-looking statements in this release are based on the Company's expectations at the date of this release. Interfor undertakes no obligation to update such forward-looking information or statements, except as required by law.

ABOUT INTERFOR

Interfor is a growth-oriented forest products company with operations in Canada and the United States. The Company has annual lumber production capacity of approximately 4.7 billion board feet and offers a diverse line of lumber products to customers around the world. For more information about Interfor, visit our website at www.interfor.com.

The Company's unaudited condensed consolidated interim financial statements and Management's Discussion and Analysis for Q1'25 are available at www.sedarplus.ca and www.interfor.com.

There will be a conference call on Friday, May 9, 2025 at 8:00 a.m. (Pacific Time) hosted by **INTERFOR CORPORATION** for the purpose of reviewing the Company's release of its first quarter 2025 financial results.

The dial-in number is **1-888-510-2154** or webcast URL: <https://app.webinar.net/8B42pJOZaKq>. The conference call will also be recorded for those unable to join in for the live discussion and will be available until June 9, 2025. The number to call is **1-888-660-6345, Passcode 07762#**.

For further information:

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