# Interfor Corporation
# Second Quarter Report
# For the three and six months ended June 30, 2025

## Management's Discussion and Analysis

**This Management's Discussion and Analysis ("MD&A") provides a review of financial condition and results of operations as at and for the three and six months ended June 30, 2025 ("Q2'25" and "YTD'25", respectively). It should be read in conjunction with the unaudited condensed consolidated interim financial statements of Interfor Corporation and its subsidiaries ("Interfor" or the "Company") for the three and six months ended June 30, 2025, and the notes thereto which have been prepared in accordance with *IAS 34 Interim Financial Reporting* using accounting policies consistent with IFRS Accounting Standards ("IFRS"). This MD&A contains certain non-generally accepted accounting principles ("GAAP") measures which, within the Non-GAAP Measures section, are discussed, defined and reconciled to figures reported in the Company's unaudited condensed consolidated interim financial statements. This MD&A has been prepared as of August 7, 2025.**

**All figures are stated in Canadian Dollars, unless otherwise noted, and references to US$/USD are to the United States Dollar. Figures in the tables may not equal or sum to figures presented elsewhere due to rounding.**

### Forward-Looking Information

This MD&A 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. Forward-looking information is included under the headings "Overview of Second Quarter, 2025", "Outlook", "Liquidity", "Capital Resources", "Off-Balance Sheet Arrangements", "Accounting Policy Changes" and "Risks and Uncertainties". 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 report, 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 report are described under the heading "Risks and Uncertainties". Material factors and assumptions used to develop the forward-looking information in this report 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; tax exposures and the assumptions described under the heading "Critical Accounting Estimates" herein.

Unless otherwise indicated, the forward-looking statements in this report are based on the Company's expectations at the date of this report. Interfor undertakes no obligation to update such forward-looking information or statements, except as required by law.

## Overview of Second Quarter, 2025

Interfor recorded net earnings in Q2'25 of $11.1 million, or $0.22 per share, compared to a net loss of $35.1 million, or $0.68 per share in Q1'25 and a net loss of $75.8 million, or $1.47 per share in Q2'24.

Adjusted EBITDA was $17.2 million on sales of $780.5 million in Q2'25 versus Adjusted EBITDA of $48.6 million on sales of $735.5 million in Q1'25 and an Adjusted EBITDA loss of $16.7 million on sales of $771.2 million in Q2'24.

Notable items:

- Robust Lumber Shipments and Reduced Inventory
  - Lumber shipments of 978 million board feet exceeded production by approximately 5%, resulting in a 37 million board foot reduction in inventory volume during the quarter.
- Lumber Pricing Volatility
  - Lumber prices were volatile on a species-by-species basis throughout the quarter. Interfor's average selling price of $684 per mfbm was down $28 per mfbm versus Q1'25, primarily due to the 3.5% strengthening of the Canadian Dollar against the U.S. Dollar quarter-over-quarter.
- Improved Financial Position
  - Net debt at quarter-end was $798.0 million, or 35.6% of invested capital compared to net debt at Q1'25 of $886.3 million, or 37.3% of invested capital.
  - The Company's financial position benefited from $84.9 million of positive operating cash flow, including a $60.5 million reduction in working capital. This reduction was due in part to seasonal factors and a focused effort to reduce log and lumber inventories.
  - On July 25, 2025, the Company completed an early renewal and extension of its Revolving Term Line ("Term Line") with several provisions that enhance its financial flexibility. The commitment under the Term Line totals $562.5 million and the maturity was extended from December 17, 2026 to July 25, 2029. At June 30, 2025, Interfor had just over $330.0 million of available liquidity on a pro forma basis.
- Monetization of Coastal B.C. Operations
  - The Company sold Coastal B.C. forest tenures totalling approximately 81,000 cubic metres of allowable annual cut ("AAC") and related assets and liabilities for gross proceeds of $8.2 million and a gain of $8.4 million.
  - Interfor held approximately 736,000 cubic metres of AAC for disposition at June 30, 2025, subject to approvals from the Ministry of Forests.
- Capital Investments
  - Capital spending was $23.6 million, including $12.3 million of discretionary investment primarily focused on the multi-year rebuild of the Thomaston, GA sawmill.
  - Total capital expenditures for 2025 are expected to be in the range of $85.0 million to $95.0 million.
- Softwood Lumber Duties
  - On July 29, 2025, the U.S. Department of Commerce ("DoC") published the "All Others" final anti-dumping ("AD") duty rate of 20.56%, based on the results of its sixth administrative review ("AR6") covering shipments for the year ended December 31, 2023. The final "All Others" countervailing ("CV") duty rate for AR6 is expected to be published by mid-August 2025, unless the DoC extends this deadline. Based on the final AD duty rate and preliminary CV duty rate for AR6, an incremental expense of approximately US$100.0 million is expected to be recorded in the third quarter of 2025.

- Interfor recorded $36.2 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 $12.2 million foreign exchange loss from revaluation of U.S. Dollar denominated duty deposits.
- Interfor has paid cumulative duties of US$621.5 million, or approximately $12.06 per share on an after-tax basis, as at June 30, 2025. Except for a US$165.0 million net receivable recorded in respect of net 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 April 2, 2025, the U.S. administration issued an executive order to impose reciprocal tariffs on all countries, however goods compliant with the United States-Mexico-Canada Agreement ("USMCA") including lumber were exempted. Effective August 1, 2025, the reciprocal tariff on Canadian goods of 25% was increased to 35%, however goods compliant with the USMCA remain 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. President issued an executive order requiring the U.S. Secretary of Commerce to conduct a Section 232 investigation to determine the effects on national security of imports of timber, lumber and their derivative products from all countries, including Canada. This investigation is expected to conclude within 270 days and aims to determine whether additional measures are necessary to protect national security, including potential tariffs, export controls such as quotas, or incentives to increase domestic production. Currently, the results and potential 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 is likely to be amplified by the significantly higher duty rates on Canadian lumber exports to the U.S., and by any tariffs or other trade restrictions if imposed. Overall, the Company is well positioned to navigate this volatility 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 25% of the Company's total lumber production is exported from Canada to the U.S. and exposed to duties and any 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. Over the same period, the North American lumber market will continue to benefit from favourable underlying demand fundamentals, including the advanced age of the U.S. housing stock, a shortage of available housing and various demographic factors.

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 Highlights

| | | For the three months ended | | | For the six months ended | |
|---|---|---|---|---|---|---|
| | | June 30 | June 30 | March 31 | June 30 | June 30 |
| | Unit | 2025 | 2024 | 2025 | 2025 | 2024 |
| **Financial Highlights**[1] | | | | | | |
| Total sales | $MM | 780.5 | 771.2 | 735.5 | 1,516.0 | 1,584.4 |
| Lumber | $MM | 669.0 | 634.8 | 615.0 | 1,284.0 | 1,305.5 |
| Logs, residual products and other | $MM | 111.5 | 136.4 | 120.5 | 232.0 | 278.9 |
| Operating earnings (loss) | $MM | (28.4) | (63.3) | 0.1 | (28.3) | (144.2) |
| Net earnings (loss) | $MM | 11.1 | (75.8) | (35.1) | (24.0) | (148.7) |
| Net earnings (loss) per share, basic | $/share | 0.22 | (1.47) | (0.68) | (0.47) | (2.89) |
| Adjusted EBITDA[2] | $MM | 17.2 | (16.7) | 48.6 | 65.8 | (39.0) |
| Adjusted EBITDA margin[2] | % | 2.2% | (2.2%) | 6.6% | 4.3% | (2.5%) |
| Total assets | $MM | 2,892.9 | 3,300.0 | 3,042.9 | 2,892.9 | 3,300.0 |
| Total debt | $MM | 814.3 | 970.0 | 901.9 | 814.3 | 970.0 |
| Net debt[2] | $MM | 798.0 | 876.9 | 886.3 | 798.0 | 876.9 |
| Net debt to invested capital[2] | % | 35.6% | 35.0% | 37.3% | 35.6% | 35.0% |
| Annualized return on capital employed[2] | % | 1.5% | (11.1%) | (3.1%) | (0.9%) | (10.2%) |
| **Operating Highlights** | | | | | | |
| Lumber production | million fbm | 935 | 1,034 | 901 | 1,836 | 2,104 |
| U.S. South | million fbm | 424 | 476 | 402 | 826 | 956 |
| U.S. Northwest | million fbm | 129 | 124 | 124 | 253 | 265 |
| Eastern Canada | million fbm | 215 | 276 | 194 | 409 | 565 |
| B.C. | million fbm | 167 | 158 | 181 | 348 | 318 |
| Lumber sales | million fbm | 978 | 1,055 | 863 | 1,841 | 2,155 |
| Lumber - average selling price[3] | $/thousand fbm | 684 | 602 | 712 | 697 | 606 |
| **Key Statistics** | | | | | | |
| Benchmark lumber prices[4] | | | | | | |
| SYP Composite | US$ per mfbm | 420 | 356 | 407 | 413 | 370 |
| KD H-F Stud 2x4 9’ | US$ per mfbm | 475 | 424 | 471 | 473 | 440 |
| Eastern SPF Composite | US$ per mfbm | 527 | 469 | 536 | 532 | 479 |
| Western SPF Composite | US$ per mfbm | 441 | 385 | 484 | 462 | 401 |
| USD/CAD exchange rate[5] | | | | | | |
| Average | 1 USD in CAD | 1.3852 | 1.3683 | 1.4352 | 1.4098 | 1.3586 |
| Closing | 1 USD in CAD | 1.3676 | 1.3687 | 1.4307 | 1.3676 | 1.3687 |

Notes:

1 Financial information presented for interim periods in this MD&A is prepared in accordance with IFRS and is unaudited.
2 Refer to the Non-GAAP Measures section of this MD&A for definitions and reconciliations of these measures to figures reported in the Company’s unaudited condensed consolidated interim financial statements.
3 Gross sales including duties and freight.
4 Based on Random Lengths Benchmark Lumber Pricing.
5 Based on Bank of Canada foreign exchange rates.

## Summary of Second Quarter 2025 Financial Performance

### Sales

Interfor recorded $780.5 million of total sales, up 1.2% from $771.2 million in the second quarter of 2024, driven by the sale of 978 million board feet of lumber at an average price of $684 per mfbm. Average selling price increased $82 per mfbm, or 13.6%, and lumber sales volume decreased 77 million board feet, or 7.3%, as compared to the same quarter of 2024.

The decrease in lumber sales volume was primarily driven by the sale of the Quebec operations in Q1’25 and the indefinite curtailment of two U.S. South sawmills in Q3’24.

The higher average selling price of lumber reflects higher prices across all key benchmarks in Q2’25 as compared to Q2’24.

Sales generated from logs, residual products and other decreased by $24.9 million or 18.3% in Q2’25 compared to Q2’24 due mainly to a decrease in volume of chips produced and sold, a decrease in volume of logs sold attributable to the wind-down of the B.C. Coastal operations, a drop in the average selling price of logs and a decrease in I-joist sales from the Eastern Canada operations.

Operations

Production costs decreased by $53.1 million, or 7.0%, compared to Q2’24, explained primarily by a 7.3% decrease in lumber sales volume and decreased logging in the B.C. Coastal operations. The decrease is partially offset by higher conversion costs, a weaker Canadian Dollar on average and a $6.9 million increase in the net realizable value provision for log and lumber inventories recorded in Q2’25 versus Q2’24.

Lumber production of 935 million board feet in Q2’25 was 99 million board feet lower than Q2’24. The decrease was primarily driven by the sale of the Quebec operations in Q1’25 and the indefinite curtailment of two U.S. South sawmills in Q3’24.

Interfor expensed the full amount of CV and AD duty deposits levied on its Canadian shipments of softwood lumber into the U.S. The duty expense was $36.2 million for Q2’25, up $25.4 million from Q2’24 due primarily to higher cash deposit rates and foreign exchange differences on revaluation of the long-term duty deposits receivable and payable from the weaker Canadian Dollar. The increase is partially offset by lower shipments to the U.S. from Canadian sawmills in Q2’25 as compared to Q2’24.

Depreciation of plant and equipment was $38.3 million in Q2’25, down $8.4 million from Q2’24, due primarily to the sale of the Quebec operations in Q1’25 and the indefinite curtailment of two U.S. South sawmills in Q3’24. Depletion and amortization of timber, roads and other was $8.3 million, down $3.1 million compared to Q2’24, primarily due to decreased logging on the B.C. Coast as a result of the wind-down of the B.C. Coastal operations.

Corporate and Other

Selling and administration expenses were $16.7 million, up $3.1 million from Q2’24, primarily related to an accrual for short term incentive compensation and expanded general corporate activities in Q2’25.

Long-term incentive compensation recovery was $1.1 million in Q2’25, compared to $2.4 million in Q2’24, reflecting a 17.7% decrease in the price of Interfor common shares used to value share-based awards during Q2’25 compared to a 24.7% decrease during Q2’24.

Asset write-downs (recoveries) and restructuring costs in Q2’25 were negligible. The asset write-downs (recoveries) and restructuring costs in Q2’24 were a recovery of $9.1 million, primarily related to the reversal of an impairment charge recorded in the fourth quarter of 2023 in respect of the Philomath, OR sawmill.

Finance costs decreased to $10.3 million in Q2’25 from $11.8 million in Q2’24 primarily due to interest expense on lower borrowings.

Other foreign exchange gain of $31.3 million in Q2’25 and loss of $6.2 million in Q2’24 resulted primarily from the quarter-end revaluation of U.S. Dollar denominated intercompany funding and U.S. Dollar cash held by Canadian operations. The foreign exchange gain of $32.4 million recorded in the quarter on intercompany funding remains unrealized, and there was an offsetting loss recorded in Other comprehensive income (loss) for a net nil impact on Equity.

Other income of $7.5 million in Q2’25 primarily related to a gain on the sale of Coastal B.C. forest tenures, partially offset by the change in the fair value of the minority interest in equity investments. Other expense of $16.8 million in Q2’24 primarily related to the loss on disposal of property and assets of the former sawmill located in Philomath, OR and the change in the fair value of the minority interest in equity investments, partially offset by a gain on the sale of Coastal B.C. forest tenures.

Income Taxes

The Company recorded an income tax recovery of $11.0 million in Q2’25, comprised of a $4.8 million current income tax expense and a $15.8 million deferred tax recovery.  The Company recorded a tax recovery in Q2’25 on earnings before income taxes, due to the tax effect of the weakening U.S. Dollar on U.S. Dollar denominated intercompany funding.  The Company recorded an income tax recovery of $22.3 million in Q2’24 at an effective tax rate of 23%, comprised of a $3.6 million current income tax recovery and a $18.7 million deferred tax recovery.

Net Earnings

The Company recorded net earnings of $11.1 million, or $0.22 per share, compared to a net loss of $75.8 million, or $1.47 per share in Q2’24.  Operating margin and net earnings were impacted by higher average lumber prices and an unrealized foreign exchange gain, partially offset by lower sales volumes and higher cash duty deposit rates.

## Summary of Year-to-Date 2025 Financial Performance

Sales

Interfor recorded $1.5 billion of total sales in the first half of 2025, down 4.3% from $1.6 billion in the first half of 2024, driven by the sale of 1.8 billion board feet of lumber at an average price of $697 per mfbm.  Lumber sales volume decreased 314 million board feet, or 14.6%, and average selling price increased $91 per mfbm, or 15.0%, as compared to the first six months of 2024.

The decrease in lumber sales volume was primarily driven by the sale of the Quebec operations in Q1’25, the indefinite curtailment of two U.S. South sawmills in Q3’24 and the indefinite curtailment of a U.S. Northwest sawmill in Q1’24.

The increase in the average selling price of lumber reflects higher prices across all key benchmarks in YTD’25 as compared to YTD’24.  Realized lumber prices also benefited from the 3.8% weakening of the Canadian Dollar against the U.S. Dollar in YTD’25 versus YTD’24.

Sales generated from logs, residual products and other decreased by $46.9 million or 16.8% as compared to the same period of 2024 due mainly to a decrease in volume of logs sold attributable to the wind-down of the B.C. Coastal operations and reduced logging in the Eastern Canada operations.  The decrease also reflects a drop in the average selling price of logs and lower volume of chips produced and sold.

Operations

Production costs decreased by $213.2 million, or 13.6% in the first half of 2025, explained primarily by a 14.6% decrease in lumber sales volume and decreased logging in the B.C. Coastal and Eastern Canada operations.  The decrease is partially offset by higher conversion costs, a weaker Canadian Dollar on average and a $21.6 million increase in the net realizable value provision for log and lumber inventories recorded in YTD’25 versus YTD’24.

Lumber production of 1.8 billion board feet in YTD’25 was 268 million board feet lower than YTD’24.  The decrease was primarily driven by the sale of the Quebec operations in Q1’25, the indefinite curtailment of two U.S. South sawmills in Q3’24 and the indefinite curtailment of a U.S. Northwest sawmill in Q1’24.

Interfor expensed the full amount of CV and AD duty deposits levied on its Canadian shipments of softwood lumber into the U.S.  The duty expense was $58.5 million for YTD’25, up $40.2 million from YTD’24 due primarily to higher cash deposit rates and foreign exchange differences on revaluation of the long-term duty deposits receivable and payable from the weaker Canadian Dollar.  The increase is partially offset by lower shipments to the U.S. from Canadian sawmills in YTD’25 compared to YTD’24.

Depreciation of plant and equipment was $78.3 million, down 16.2% from the first six months of 2024, due primarily to the sale of the Quebec operations in Q1’25 and the indefinite curtailment of two U.S. South sawmills in Q3’24. Depletion and amortization of timber, roads and other was $16.6 million, down $5.7 million from YTD’24, primarily due to decreased logging on the B.C. Coast as a result of the wind-down of the B.C. Coastal operations.

Corporate and Other

Selling and administration expenses of $33.2 million were comparable to YTD’24.

Long-term incentive compensation recovery was $1.0 million YTD’25, compared to $4.1 million in YTD’24, reflecting a 23.1% decrease in the price of Interfor common shares used to value share-based awards during YTD’25 compared to a 33.0% decrease during YTD’24.

Asset write-downs (recoveries) and restructuring costs in YTD’25 were negligible. The asset write-downs (recoveries) and restructuring costs in YTD’24 were a recovery of $6.4 million, primarily related to the reversal of an impairment charge recorded in the fourth quarter of 2023 in respect of the Philomath, OR sawmill, partially offset by severance costs.

Finance costs decreased to $21.3 million from $23.7 million in the first six months of 2024, primarily due to interest expense on lower borrowings.

Other foreign exchange gain of $35.4 million in YTD’25 and loss of $22.8 million in YTD’24 resulted primarily from the period-end revaluation of U.S. Dollar denominated intercompany funding and U.S. Dollar cash held by Canadian operations. The foreign exchange gain of $36.7 million recorded in YTD’25 on intercompany funding remains unrealized and there was an offsetting loss recorded in Other comprehensive income (loss) for a net nil impact on Equity.

Other expense of $18.9 million in YTD’25 primarily related to the loss on disposal of the Quebec operations and the change in the fair value of the minority interest in equity investments, partially offset by a gain on the sale of Coastal B.C. forest tenures. Other income of $8.9 million in YTD’24 primarily related to a gain on the sale of Coastal B.C. forest tenures, partially offset by the change in the fair value of the minority interest in equity investments and the loss on disposal of property and assets of the former sawmill located in Philomath, OR.

Income Taxes

The Company recorded an income tax recovery of $9.1 million in YTD’25 at an effective tax rate of 27%, comprised of a $11.4 million current income tax expense and a $20.5 million deferred tax recovery. The Company recorded an income tax recovery of $33.1 million in YTD’24 at an effective tax rate of 18.2%, comprised of a $1.0 million current income tax recovery and a $32.1 million deferred tax recovery.

Net Earnings

The Company recorded a net loss of $24.0 million, or $0.47 per share, compared to a net loss of $148.7 million, or $2.89 per share, in the same period of 2024. Operating margins and net loss were impacted by higher average lumber prices and an unrealized foreign exchange gain, partially offset by lower sales volumes, the loss on disposal of the Quebec operations and higher cash duty deposit rates.

## Summary of Quarterly Results

| | Unit | 2025 Q2 | 2025 Q1 | 2024 Q4 | 2024 Q3 | 2024 Q2 | 2024 Q1 | 2023 Q4 | 2023 Q3 |
|---|---|---|---|---|---|---|---|---|---|
| **Financial Performance**[1] | | | | | | | | | |
| Total sales | $MM | 780.5 | 735.5 | 746.5 | 692.7 | 771.2 | 813.2 | 785.9 | 828.1 |
| Lumber | $MM | 669.0 | 615.0 | 619.1 | 542.2 | 634.8 | 670.7 | 628.5 | 667.1 |
| Logs, residual products and other | $MM | 111.5 | 120.5 | 127.4 | 150.5 | 136.4 | 142.5 | 157.4 | 161.0 |
| Operating earnings (loss) | $MM | (28.4) | 0.1 | 25.2 | (172.2) | (63.3) | (80.9) | (174.2) | (21.1) |
| Net earnings (loss) | $MM | 11.1 | (35.1) | (49.9) | (105.7) | (75.8) | (72.9) | (169.0) | (42.4) |
| Net earnings (loss) per share, basic | $/share | 0.22 | (0.68) | (0.97) | (2.05) | (1.47) | (1.42) | (3.29) | (0.82) |
| Adjusted EBITDA[2] | $MM | 17.2 | 48.6 | 80.4 | (22.0) | (16.7) | (22.3) | (51.4) | 31.9 |
| Adjusted EBITDA margin[2] | % | 2.2% | 6.6% | 10.8% | (3.2%) | (2.2%) | (2.7%) | (6.5%) | 3.9% |
| Annualized return on capital employed[2] | % | 1.5% | (3.1%) | (2.2%) | (18.8%) | (11.1%) | (9.2%) | (28.1%) | (4.5%) |
| Shares outstanding - end of period | million | 51.5 | 51.5 | 51.5 | 51.4 | 51.4 | 51.4 | 51.4 | 51.4 |
| Shares outstanding - weighted average | million | 51.5 | 51.5 | 51.5 | 51.4 | 51.4 | 51.4 | 51.4 | 51.4 |
| **Operating Performance** | | | | | | | | | |
| Lumber production | million fbm | 935 | 901 | 948 | 904 | 1,034 | 1,069 | 1,102 | 997 |
| U.S. South | million fbm | 424 | 402 | 425 | 443 | 476 | 480 | 485 | 470 |
| U.S. Northwest | million fbm | 129 | 124 | 112 | 80 | 124 | 141 | 157 | 162 |
| Eastern Canada | million fbm | 215 | 194 | 235 | 216 | 276 | 288 | 275 | 247 |
| B.C. | million fbm | 167 | 181 | 176 | 165 | 158 | 160 | 185 | 118 |
| Lumber sales | million fbm | 978 | 863 | 940 | 951 | 1,055 | 1,100 | 1,046 | 1,008 |
| Lumber - average selling price[3] | $/thousand fbm | 684 | 712 | 659 | 570 | 602 | 610 | 601 | 661 |
| **Key Statistics** | | | | | | | | | |
| Benchmark lumber prices[4] | | | | | | | | | |
| SYP Composite | US$ per mfbm | 420 | 407 | 373 | 338 | 356 | 383 | 373 | 429 |
| KD H-F Stud 2x4 9’ | US$ per mfbm | 475 | 471 | 421 | 359 | 424 | 455 | 423 | 474 |
| Eastern SPF Composite | US$ per mfbm | 527 | 536 | 515 | 454 | 469 | 489 | 461 | 510 |
| Western SPF Composite | US$ per mfbm | 441 | 484 | 457 | 380 | 385 | 416 | 374 | 412 |
| USD/CAD exchange rate[5] | | | | | | | | | |
| Average | 1 USD in CAD | 1.3852 | 1.4352 | 1.3982 | 1.3641 | 1.3683 | 1.3486 | 1.3624 | 1.3414 |
| Closing | 1 USD in CAD | 1.3676 | 1.4307 | 1.4389 | 1.3499 | 1.3687 | 1.3550 | 1.3226 | 1.3520 |

Notes:

1. Financial information presented for interim periods in this MD&A is prepared in accordance with IFRS and is unaudited.
2. Refer to the Non-GAAP Measures section of this MD&A for definitions and reconciliations of these measures to figures reported in the Company’s unaudited condensed consolidated interim financial statements.
3. Gross sales including duties and freight.
4. Based on Random Lengths Benchmark Lumber Pricing.
5. Based on Bank of Canada foreign exchange rates.

The Company’s quarterly financial trends are most impacted by volatility in market prices for lumber, seasonality in lumber demand, disruptions in the availability of freight, variability in log costs, fluctuations in the USD/CAD foreign currency exchange rate, temporary production curtailments and sawmill acquisitions, disposals and/or closures.

Lumber production and sales decreased due to temporary market-related curtailments announced in February 2024, April 2024 and August 2024 and the temporary curtailment of a B.C. sawmill due to wildfires in Q3’23. Also, lumber production and sales decreased due to the indefinite curtailment of a U.S. Northwest sawmill in Q1’24 and subsequent sale in Q2’24, the indefinite curtailment of two U.S. South sawmills in Q3’24 and the wind-down of the Quebec operations in Q4’24 and subsequent sale in Q1’25. Asset impairments related to the U.S. Northwest operations affected earnings in Q4’23 and Q2’24 and asset impairments related to the U.S. South and Quebec operations affected earnings in Q3’24. The Coastal B.C. settlement provision affected earnings in Q4’23 and the loss on disposal of the Quebec operations impacted earnings in Q1’25.

The volatility of the Canadian Dollar against the U.S. Dollar also impacted results. A weaker Canadian Dollar increases the lumber sales realizations of Canadian operations, all else equal, and increases net earnings of U.S. operations when translated to Canadian Dollars. A stronger Canadian Dollar has the opposite impacts.

## Liquidity

### Balance Sheet

Interfor's net debt at June 30, 2025 was $798.0 million, or 35.6% of invested capital, representing a decrease of $63.3 million from December 31, 2024.

As at June 30, 2025, the Company had net working capital of $130.4 million and available liquidity of $369.7 million, based on the available borrowing capacity under its $600.0 million 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 certain thresholds. As at June 30, 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.

| | For the three months ended June 30, | | For the six months ended June 30, | |
|---|---|---|---|---|
| Millions of Dollars | **2025** | **2024** | **2025** | **2024** |
| **Net debt** | | | | |
| Net debt, period opening | $886.3 | $897.4 | $861.3 | $842.7 |
| Additions to Senior Secured Notes | - | - | - | 45.3 |
| Repayments of Senior Secured Notes | - | - | (47.7) | (45.3) |
| Term Line net drawings (repayments) | (48.7) | (20.5) | 1.4 | 40.4 |
| Decrease (increase) in cash and cash equivalents | (1.8) | (9.1) | 25.7 | (36.7) |
| Foreign currency translation impact on U.S. Dollar denominated cash and cash equivalents and debt | (37.8) | 9.1 | (42.7) | 30.5 |
| Net debt, period ending | $798.0 | $876.9 | $798.0 | $876.9 |

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.

### Cash Flow from Operating Activities

The Company generated $64.8 million of cash flow from operations before changes in working capital in YTD'25, compared to a cash outflow of $48.9 million in YTD'24. There was a net cash inflow from operations after changes in working capital of $71.7 million in YTD'25, with $6.9 million of cash released from operating working capital.

Timing of payments contributed to the increase in trade accounts payable and provisions, while higher lumber prices contributed to the increase in trade receivables.

In YTD'24, $31.4 million of cash was generated from operations, with $80.3 million of cash released from operating working capital.

Cash Flow from Investing Activities

Investing activities used $13.0 million of cash flow in YTD’25, with $38.0 million for additions to property, plant and equipment and $2.8 million for development of roads and bridges, partially offset by $16.2 million in proceeds on disposal of property, plant, equipment and other, $9.4 million in net proceeds on the sale of Coastal B.C. forest tenures and $2.2 million for deposits and other assets.

Discretionary mill improvements of $19.8 million in YTD’25 were mainly focused on the multi-year rebuild of the Thomaston, GA sawmill.

Mill maintenance investments totalled $18.2 million in YTD’25.

In YTD’24, investing activities generated $5.7 million of cash flow, with $26.9 million in net proceeds on the sale of Coastal B.C. forest tenures and $22.1 million in proceeds on disposal of property, plant, equipment and other, partially offset by $42.5 million for additions to property, plant and equipment and $1.4 million for development of roads and bridges.

Discretionary and maintenance mill improvements totalled $22.4 million and $20.1 million, respectively, in YTD’24. The discretionary mill improvements were mainly invested in the multi-year rebuild of the Thomaston, GA sawmill.

Cash Flow from Financing Activities

The net cash outflow of $84.4 million in YTD’25 resulted from a US$33.3 million repayment of Senior Secured Notes, interest payments of $26.6 million and lease liability payments of $11.5 million, partially offset by $1.4 million in Term Line net drawings.

The net cash outflow of $0.4 million in YTD’24 resulted from a US$33.3 million repayment of Senior Secured Notes, interest payments of $29.1 million and lease liability payments of $11.7 million, partially offset by the issuance of US$33.3 million of Senior Secured Notes and $40.4 million in Term Line net drawings.

## Capital Resources

The following table summarizes Interfor’s credit facilities and availability as of June 30, 2025:

| Millions of Dollars | Revolving Term Line | Senior Secured Notes | Total |
|---|---|---|---|
| Available line of credit and maximum borrowing available | $600.0 | $616.0 | $1,216.0 |
| Less: | | | |
| Drawings | 198.3 | 616.0 | 814.3 |
| Outstanding letters of credit included in line utilization | 48.3 | - | 48.3 |
| Unused portion of facility | $353.4 | $ - | 353.4 |
| Add: | | | |
| Cash and cash equivalents | | | 16.3 |
| Available liquidity at June 30, 2025 | | | $ 369.7 |

Interfor’s Senior Secured Notes have maturities in the years 2026-2033.

On July 25, 2025, the Company completed an early renewal and extension of its Term Line at a committed facility size of $562.5 million and extended the maturity from December 17, 2026 to July 25, 2029.

As of June 30, 2025, the Company had commitments for capital expenditures totalling $55.8 million for both maintenance and discretionary capital projects.

## Transactions between Related Parties

Other than transactions in the normal course of business with key management personnel and directors, the Company had no transactions between related parties in the three and six months ended June 30, 2025.

## Off-Balance Sheet Arrangements

The Company has off-balance sheet arrangements which include letters of credit and surety performance and payment bonds, primarily for timber purchases and AD and CV duty deposits. At June 30, 2025, such instruments aggregated $122.7 million (December 31, 2024 - $120.8 million).

Off-balance sheet arrangements have not had, and are not reasonably likely to have, any material impact on the Company's current or future financial condition, results of operations or cash flows.

## Financial Instruments and Other Instruments

The Company did not enter into any foreign exchange contracts, interest rate derivatives contracts or lumber futures contracts in Q2'25 or Q2'24.

## Outstanding Shares

As of August 7, 2025, Interfor had 51,453,736 common shares issued and outstanding. These common shares are listed on the Toronto Stock Exchange under the symbol IFP.

As of August 7, 2025, there were 480,378 stock options outstanding with exercise prices ranging from $9.78 to $37.68 per common share.

## Controls and Procedures

There have been no changes in the Company's internal controls over financial reporting during the three and six months ended June 30, 2025, that have materially affected, or are reasonably likely to materially affect, such controls.

## Critical Accounting Estimates

There were no significant changes to the Company's critical accounting estimates during the quarter ended June 30, 2025. Interfor's critical accounting estimates are described in its MD&A for the year ended December 31, 2024, filed under the Company's profile on www.sedarplus.ca.

## Accounting Policy Changes

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 within 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.

## Non-GAAP Measures

This MD&A makes reference to the following non-GAAP measures: 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 | | | For the six months ended | |
|---|---|---|---|---|---|
| Millions of Dollars except number of shares and per share amounts | June 30 2025 | June 30 2024 | March 31 2025 | June 30 2025 | June 30 2024 |
| **Adjusted EBITDA** | | | | | |
| Net earnings (loss) | $11.1 | $(75.8) | $(35.1) | $(24.0) | $(148.7) |
| Add: | | | | | |
| Depreciation of plant and equipment | 38.3 | 46.7 | 40.0 | 78.3 | 93.4 |
| Depletion and amortization of timber, roads and other | 8.3 | 11.4 | 8.3 | 16.6 | 22.3 |
| Finance costs | 10.3 | 11.8 | 11.0 | 21.3 | 23.7 |
| Income tax expense (recovery) | (11.0) | (22.3) | 1.9 | (9.1) | (33.1) |
| EBITDA | 57.0 | (28.2) | 26.1 | 83.1 | (42.4) |
| Add: | | | | | |
| Long-term incentive compensation expense (recovery) | (1.1) | (2.4) | 0.1 | (1.0) | (4.1) |
| Other foreign exchange loss (gain) | (31.3) | 6.2 | (4.1) | (35.4) | 22.8 |
| Other expense (income) | (7.5) | 16.8 | 26.4 | 18.9 | (8.9) |
| Asset write-downs (recoveries) and restructuring costs | 0.1 | (9.1) | 0.1 | 0.2 | (6.4) |
| Adjusted EBITDA | $17.2 | $(16.7) | $48.6 | $65.8 | $(39.0) |
| Sales | $780.5 | $771.2 | $735.5 | $1,516.0 | $1,584.4 |
| Adjusted EBITDA margin | 2.2% | (2.2%) | 6.6% | 4.3% | (2.5%) |
| **Net debt to invested capital** | | | | | |
| Net debt | | | | | |
| Total debt | $814.3 | $970.0 | $901.9 | $814.3 | $970.0 |
| Cash and cash equivalents | (16.3) | (93.1) | (15.6) | (16.3) | (93.1) |
| Total net debt | $798.0 | $876.9 | $886.3 | $798.0 | $876.9 |
| Invested capital | | | | | |
| Net debt | $798.0 | $876.9 | $886.3 | $798.0 | $876.9 |
| Shareholders' equity | 1,445.3 | 1,626.1 | 1,490.1 | 1,445.3 | 1,626.1 |
| Total invested capital | $2,243.3 | $2,503.0 | $2,376.4 | $2,243.3 | $2,503.0 |
| Net debt to invested capital[1] | 35.6% | 35.0% | 37.3% | 35.6% | 35.0% |
| **Annualized return on capital employed** | | | | | |
| Net earnings (loss) | $11.1 | $(75.8) | $(35.1) | $(24.0) | $(148.7) |
| Add: | | | | | |
| Finance costs | 10.3 | 11.8 | 11.0 | 21.3 | 23.7 |
| Income tax expense (recovery) | (11.0) | (22.3) | 1.9 | (9.1) | (33.1) |
| Earnings (loss) before income taxes and finance costs | $10.4 | $(86.3) | $(22.2) | $(11.8) | $(158.1) |
| Capital employed | | | | | |
| Total assets | $2,892.9 | $3,300.0 | $3,042.9 | $2,892.9 | $3,300.0 |
| Current liabilities | (320.2) | (307.4) | (314.7) | (320.2) | (307.4) |
| Less: | | | | | |
| Current portion of long-term debt | 45.6 | 45.6 | 47.7 | 45.6 | 45.6 |
| Current portion of lease liabilities | 18.2 | 21.7 | 19.4 | 18.2 | 21.7 |
| Capital employed, end of period | $2,636.5 | $3,059.9 | $2,795.3 | $2,636.5 | $3,059.9 |
| Capital employed, beginning of period | 2,795.3 | 3,154.0 | 2,844.8 | 2,844.8 | 3,120.8 |
| Average capital employed | $2,715.9 | $3,107.0 | $2,820.1 | $2,740.7 | $3,090.4 |
| Earnings (loss) before income taxes and finance costs divided by average capital employed | 0.4% | (2.8%) | (0.8%) | (0.4%) | (5.1%) |
| Annualization factor | 4.0 | 4.0 | 4.0 | 2.0 | 2.0 |
| Annualized return on capital employed | 1.5% | (11.1%) | (3.1%) | (0.9%) | (10.2%) |

Note 1: Net debt to invested capital as of the period end.

## Risks and Uncertainties

The Company is exposed to many risks and uncertainties in conducting its business including, but not limited to: 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. These risks and uncertainties are described in the Company's MD&A for the year ended December 31, 2024, filed under the Company's profile on www.sedarplus.ca.

## Additional Information

Additional information relating to the Company and its operations, including the Company's Annual Information Form, can be found on its website at www.interfor.com and on SEDAR+ at www.sedarplus.ca.

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## CONDENSED CONSOLIDATED STATEMENTS OF EARNINGS

**For the three and six months ended June 30, 2025 and 2024 (unaudited)**

| (millions of Canadian Dollars except per share amounts) | Three Months June 30, 2025 | Three Months June 30, 2024 | Six Months June 30, 2025 | Six Months June 30, 2024 |
|---|---|---|---|---|
| **Sales (note 13)** | $ 780.5 | $ 771.2 | $ 1,516.0 | $ 1,584.4 |
| **Costs and expenses:** | | | | |
| Production | 710.4 | 763.5 | 1,358.5 | 1,571.7 |
| Selling and administration | 16.7 | 13.6 | 33.2 | 33.4 |
| Long-term incentive compensation recovery | (1.1) | (2.4) | (1.0) | (4.1) |
| U.S. countervailing and anti-dumping duty deposits (note 15(b)) | 36.2 | 10.8 | 58.5 | 18.3 |
| Depreciation of plant and equipment (note 8) | 38.3 | 46.7 | 78.3 | 93.4 |
| Depletion and amortization of timber, roads and other (note 8) | 8.3 | 11.4 | 16.6 | 22.3 |
| | 808.8 | 843.6 | 1,544.1 | 1,735.0 |
| **Operating loss before asset write-downs (recoveries) and restructuring costs** | (28.3) | (72.4) | (28.1) | (150.6) |
| Asset write-downs (recoveries) and restructuring costs (note 9) | 0.1 | (9.1) | 0.2 | (6.4) |
| **Operating loss** | (28.4) | (63.3) | (28.3) | (144.2) |
| Finance costs (note 10) | (10.3) | (11.8) | (21.3) | (23.7) |
| Other foreign exchange gain (loss) | 31.3 | (6.2) | 35.4 | (22.8) |
| Other income (expense) (note 11) | 7.5 | (16.8) | (18.9) | 8.9 |
| | 28.5 | (34.8) | (4.8) | (37.6) |
| **Earnings (loss) before income taxes** | 0.1 | (98.1) | (33.1) | (181.8) |
| Income tax expense (recovery): | | | | |
| Current | 4.8 | (3.6) | 11.4 | (1.0) |
| Deferred | (15.8) | (18.7) | (20.5) | (32.1) |
| | (11.0) | (22.3) | (9.1) | (33.1) |
| **Net earnings (loss)** | $ 11.1 | $ (75.8) | $ (24.0) | $ (148.7) |
| **Net earnings (loss) per share** | | | | |
| Basic (note 12) | $ 0.22 | $ (1.47) | $ (0.47) | $ (2.89) |
| Diluted (note 12) | $ 0.22 | $ (1.47) | $ (0.47) | $ (2.89) |

## CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

**For the three and six months ended June 30, 2025 and 2024 (unaudited)**

| (millions of Canadian Dollars) | Three Months June 30, 2025 | Three Months June 30, 2024 | Six Months June 30, 2025 | Six Months June 30, 2024 |
|---|---|---|---|---|
| **Net earnings (loss)** | $ 11.1 | $ (75.8) | $ (24.0) | $ (148.7) |
| **Other comprehensive income (loss):** | | | | |
| **Items that will not be recycled to Net earnings (loss):** | | | | |
| Defined benefit plan actuarial gain (loss), net of tax | - | 0.4 | (0.1) | 3.0 |
| **Items that may be recycled to Net earnings (loss):** | | | | |
| Foreign currency translation differences for foreign operations, net of tax | (55.9) | 11.6 | (63.1) | 41.1 |
| **Total other comprehensive income (loss), net of tax** | (55.9) | 12.0 | (63.2) | 44.1 |
| **Comprehensive loss** | $ (44.8) | $ (63.8) | $ (87.2) | $ (104.6) |

**See accompanying notes to consolidated financial statements.**

## CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

**For the three and six months ended June 30, 2025 and 2024 (unaudited)**

| (millions of Canadian Dollars) | Three Months June 30, 2025 | Three Months June 30, 2024 | Six Months June 30, 2025 | Six Months June 30, 2024 |
|---|---|---|---|---|
| **Cash provided by (used in):** | | | | |
| **Operating activities:** | | | | |
| **Net earnings (loss)** | $ 11.1 | $ (75.8) | $ (24.0) | $ (148.7) |
| **Items not involving cash:** | | | | |
| Depreciation of plant and equipment (note 8) | 38.3 | 46.7 | 78.3 | 93.4 |
| Depletion and amortization of timber, roads and other (note 8) | 8.3 | 11.4 | 16.6 | 22.3 |
| Deferred income tax recovery | (15.8) | (18.7) | (20.5) | (32.1) |
| Current income tax expense (recovery) | 4.8 | (3.6) | 11.4 | (1.0) |
| Finance costs (note 10) | 10.3 | 11.8 | 21.3 | 23.7 |
| Other assets | 0.2 | - | 0.1 | (0.4) |
| Reforestation liability | (4.0) | (2.6) | (0.5) | 0.5 |
| Provisions and other liabilities | (1.6) | (3.2) | (2.8) | (4.4) |
| Stock option vesting (note 7) | - | 0.2 | - | 0.3 |
| Net write-down (recovery) of plant, equipment, roads and other (note 9) | - | (10.0) | 0.1 | (8.9) |
| Unrealized foreign exchange loss (gain) | (19.0) | 3.8 | (21.5) | 14.5 |
| Gain on lease modification (note 9) | (0.2) | (0.7) | (0.2) | (0.7) |
| Other expense (income) (note 11) | (7.5) | 16.8 | 18.9 | (8.9) |
| **Income taxes received (paid), net** | (0.5) | (0.1) | (12.4) | 1.5 |
| | 24.4 | (24.0) | 64.8 | (48.9) |
| **Cash generated from (used in) operating working capital:** | | | | |
| Trade accounts receivable and other | 17.6 | 35.2 | (22.4) | 37.0 |
| Inventories | 45.3 | 56.4 | 1.7 | 68.2 |
| Prepayments | (13.1) | (8.2) | (6.4) | (4.7) |
| Trade accounts payable and provisions | 10.7 | (11.4) | 34.0 | (20.2) |
| | 84.9 | 48.0 | 71.7 | 31.4 |
| **Investing activities:** | | | | |
| Additions to property, plant and equipment | (22.2) | (16.0) | (38.0) | (42.5) |
| Additions to roads and bridges | (1.4) | (1.9) | (2.8) | (1.4) |
| Proceeds on disposal of property, plant, equipment and other | 0.5 | 21.0 | 16.2 | 22.1 |
| Net proceeds (payments) related to B.C. Coast monetization (note 11) | 6.1 | (2.1) | 9.4 | 26.9 |
| Net proceeds from deposits and other assets | 1.2 | 1.6 | 2.2 | 0.6 |
| | (15.8) | 2.6 | (13.0) | 5.7 |
| **Financing activities:** | | | | |
| Interest payments | (12.9) | (15.2) | (26.6) | (29.1) |
| Lease liability payments | (5.7) | (5.8) | (11.5) | (11.7) |
| Revolving Term Line net drawings (repayments) (note 6) | (48.7) | (20.5) | 1.4 | 40.4 |
| Additions to Senior Secured Notes (note 6) | - | - | - | 45.3 |
| Repayments of Senior Secured Notes (note 6) | - | - | (47.7) | (45.3) |
| | (67.3) | (41.5) | (84.4) | (0.4) |
| **Foreign exchange gain (loss) on cash and cash equivalents held in a foreign currency** | (1.1) | 0.7 | (1.4) | 1.4 |
| **Increase (decrease) in cash** | 0.7 | 9.8 | (27.1) | 38.1 |
| **Cash and cash equivalents, beginning of period** | 15.6 | 83.3 | 43.4 | 55.0 |
| **Cash and cash equivalents, end of period** | $ 16.3 | $ 93.1 | $ 16.3 | $ 93.1 |

**See accompanying notes to consolidated financial statements.**

## CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

**June 30, 2025 and December 31, 2024 (unaudited)**

| (millions of Canadian Dollars) | June 30, 2025 | Dec. 31, 2024 |
|---|---|---|
| **Assets** | | |
| **Current assets:** | | |
| Cash and cash equivalents | $ 16.3 | $ 43.4 |
| Trade accounts receivable and other | 128.1 | 109.5 |
| Inventories (note 5) | 278.2 | 283.5 |
| Prepayments | 28.0 | 21.9 |
| Assets held for sale | - | 18.4 |
| | 450.6 | 476.7 |
| **Employee future benefits** | 14.8 | 16.8 |
| **Deposits and other assets (notes 14 and 15(b))** | 291.5 | 304.4 |
| **Right of use assets** | 40.5 | 44.8 |
| **Property, plant and equipment** | 1,376.1 | 1,465.7 |
| **Roads and bridges** | 22.2 | 21.3 |
| **Timber licences** | 155.9 | 158.9 |
| **Goodwill and other intangible assets** | 539.5 | 589.2 |
| **Deferred income taxes** | 1.8 | 0.9 |
| | $ 2,892.9 | $ 3,078.7 |
| **Liabilities and Shareholders' Equity** | | |
| **Current liabilities:** | | |
| Trade accounts payable and provisions (note 11) | $ 230.0 | $ 203.1 |
| Current portion of long-term debt (note 6) | 45.6 | 48.0 |
| Reforestation liability | 14.7 | 16.5 |
| Lease liabilities | 18.2 | 20.3 |
| Income taxes payable | 11.7 | 12.9 |
| Liabilities held for sale | - | 1.4 |
| | 320.2 | 302.2 |
| **Reforestation liability** | 29.1 | 27.8 |
| **Lease liabilities** | 23.2 | 25.8 |
| **Long-term debt (note 6)** | 768.7 | 856.7 |
| **Employee future benefits** | 11.8 | 11.8 |
| **Provisions and other liabilities (notes 14 and 15(b))** | 13.8 | 16.8 |
| **Deferred income taxes** | 280.8 | 305.1 |
| **Equity:** | | |
| Share capital (note 7) | 409.0 | 409.0 |
| Contributed surplus | 6.6 | 6.6 |
| Translation reserve | 183.8 | 246.9 |
| Retained earnings | 845.9 | 870.0 |
| | 1,445.3 | 1,532.5 |
| | $ 2,892.9 | $ 3,078.7 |

**Commitments and contingencies (note 15).**
**Subsequent events (notes 6 and 15(b)).**

**See accompanying notes to consolidated financial statements.**

Approved on behalf of the Board of Directors:

*"L. Sauder"*
Director

*"T.V. Milroy"*
Director

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## CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

**For the six months ended June 30, 2025 and 2024 (unaudited)**

| (millions of Canadian Dollars) | Share Capital | Contributed Surplus | Translation Reserve | Retained Earnings | Total |
|---|---|---|---|---|---|
| **Balance at December 31, 2024** | $ 409.0 | $ 6.6 | $ 246.9 | $ 870.0 | $ 1,532.5 |
| **Net loss:** | - | - | - | (24.0) | (24.0) |
| **Other comprehensive loss:** | | | | | |
| Foreign currency translation differences for foreign operations, net of tax | - | - | (63.1) | - | (63.1) |
| Defined benefit plan actuarial loss, net of tax | - | - | - | (0.1) | (0.1) |
| **Balance at June 30, 2025** | $ 409.0 | $ 6.6 | $ 183.8 | $ 845.9 | $ 1,445.3 |
| **Balance at December 31, 2023** | $ 408.9 | $ 6.2 | $ 145.5 | $ 1,169.8 | $ 1,730.4 |
| **Net loss:** | - | - | - | (148.7) | (148.7) |
| **Other comprehensive income:** | | | | | |
| Foreign currency translation differences for foreign operations, net of tax | - | - | 41.1 | - | 41.1 |
| Defined benefit plan actuarial gain, net of tax | - | - | - | 3.0 | 3.0 |
| **Contributions and distributions:** | | | | | |
| Stock option vesting (note 7) | - | 0.3 | - | - | 0.3 |
| **Balance at June 30, 2024** | $ 408.9 | $ 6.5 | $ 186.6 | $ 1,024.1 | $ 1,626.1 |

**See accompanying notes to consolidated financial statements.**

## 1. Nature of operations:

Interfor Corporation and its subsidiaries ("Interfor" or the "Company") 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 unaudited condensed consolidated interim financial statements ("financial statements") as at and for the three and six months ended June 30, 2025 and 2024 comprise the accounts of Interfor Corporation and its subsidiaries.

## 2. Basis of Preparation:

### (a) Statement of compliance:

These financial statements, including comparatives, have been prepared in accordance with *IAS 34 Interim Financial Reporting* using accounting policies consistent with IFRS Accounting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB"). These financial statements do not include all the information required for annual financial statements and should be read in conjunction with the Company's annual consolidated financial statements for the year ended December 31, 2024.

These financial statements were approved by Interfor's Board of Directors on August 7, 2025.

### (b) Basis of measurement:

These financial statements are 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 interests in equity investments are measured at fair value at each reporting date.

The functional and presentation currency of the parent company is the Canadian Dollar.

### (c) Critical accounting estimates:

There were no significant changes to the Company's critical accounting estimates during the quarter ended June 30, 2025. Interfor's critical accounting estimates are described in its annual consolidated financial statements for the year ended December 31, 2024, filed under the Company's profile on www.sedarplus.ca.

## 3. Material accounting policies:

These financial statements have been prepared using the material accounting policies consistent with those applied in the Company's annual consolidated financial statements for the year ended December 31, 2024, which are available on www.sedarplus.ca.

**New standards and interpretations not yet adopted**

A number of new standards, and amendments to standards and interpretations, are not yet effective for the quarter ended June 30, 2025, and have not been applied in preparing these financial statements. The following pronouncement is considered by the Company to be the most significant that may affect the Company's financial statements in the future.

In April 2024, the IASB 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 within 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. Seasonality of operating results:

Quarterly operating results of the Company reflect the seasonality of its operations and markets. Sawmill operations are dependent on the availability of logs from our logging operations and our suppliers, which may be impacted by seasonal weather conditions and extreme weather events, including hurricanes and wildfires. In addition, the market demand for lumber and related products is generally lowest in the winter season due to reduced construction and renovation activities.

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

## 5. Inventories:

| | June 30, 2025 | Dec. 31, 2024 |
|---|---|---|
| Lumber and other wood products | $ 164.5 | $ 160.9 |
| Logs | 61.7 | 70.0 |
| Other | 52.0 | 52.6 |
| | $ 278.2 | $ 283.5 |

Inventory cost includes production costs, depreciation of plant and equipment, and depletion and amortization of timber, roads and other. At June 30, 2025, an inventory provision of $25.7 million (December 31, 2024 - $17.4 million) has been recognized to record inventory at the lower of cost and net realizable value. The Company recorded a $7.3 million inventory provision expense in the second quarter of 2025 (Quarter 2, 2024 - $0.4 million) and an $8.3 million inventory provision expense in the first six months of 2025 (first six months of 2024 - $13.3 million net reversal of a previously recognized provision) in Production costs in the Statements of Earnings.

## 6. Borrowings:

| June 30, 2025 | Revolving Term Line | Senior Secured Notes | Total |
|---|---|---|---|
| Available line of credit | $ 600.0 | $ 616.0 | $ 1,216.0 |
| Drawings | 198.3 | 616.0 | 814.3 |
| Outstanding letters of credit | 48.3 | - | 48.3 |
| Unused portion of Revolving Term Line | $ 353.4 | $ - | $ 353.4 |

| December 31, 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 |

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

| | |
|---|---|
| Twelve months ending | |
| June 30, 2026 | $ 45.6 |
| June 30, 2027 | 198.3 |
| June 30, 2028 | 83.8 |
| June 30, 2029 | 83.8 |
| June 30, 2030 | 129.3 |
| Thereafter | 273.5 |
| | $ 814.3 |

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

| | Three Months June 30, 2025 | Three Months June 30, 2024 | Six Months June 30, 2025 | Six Months June 30, 2024 |
|---|---|---|---|---|
| Drawings at opening | $ 901.9 | $ 980.7 | $ 904.7 | $ 897.7 |
| Revolving Term Line net drawings (repayments) | (48.7) | (20.5) | 1.4 | 40.4 |
| Additions to Senior Secured Notes | - | - | - | 45.3 |
| Repayments of Senior Secured Notes | - | - | (47.7) | (45.3) |
| Effects of changes in foreign exchange rate | (38.9) | 9.8 | (44.1) | 31.9 |
| Drawings at June 30 | $ 814.3 | $ 970.0 | $ 814.3 | $ 970.0 |

### (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 is secured by a general security agreement and mortgage security on all 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 June 30, 2025, Interfor was fully in compliance with all covenants relating to the Term Line.

On July 25, 2025, the Company completed an early renewal and extension of its Term Line at a committed facility size of $562.5 million and extended the maturity from December 17, 2026 to July 25, 2029.

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

## 6. Borrowings (continued):

### (a) Revolving Term Line (continued):

As at June 30, 2025, including letters of credit, the Term Line was drawn by US$173.3 million (December 31, 2024 - US$173.4 million), revalued at the quarter-end exchange rate to $237.1 million (December 31, 2024 - $249.5 million) and $9.5 million (December 31, 2024 - $10.9 million), for total borrowings of $246.6 million (December 31, 2024 - $260.4 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 gains of $10.5 million in the second quarter of 2025 (Quarter 2, 2024 – losses of $3.2 million) and $11.7 million in the first six months of 2025 (first six months of 2024 – losses of $9.6 million) arising on their revaluation were recognized in Foreign currency translation differences in Other comprehensive income (loss).

### (b) Senior Secured Notes:

As at June 30, 2025, the Company's Senior Secured Notes consisted of the following:

| | June 30, 2025 | Dec. 31, 2024 |
|---|---|---|
| Series C (US$33,333,333) bearing interest at 4.17% | $ 45.6 | $ 95.9 |
| Series D (US$45,550,000) bearing interest at 4.95% | 62.3 | 65.5 |
| Series E (US$38,200,000) bearing interest at 4.82% | 52.2 | 55.0 |
| Series F (US$50,000,000) bearing interest at 3.34% | 68.4 | 71.9 |
| Series G (US$50,000,000) bearing interest at 3.25% | 68.4 | 71.9 |
| Series H (US$200,000,000) bearing interest at 7.06% | 273.5 | 287.9 |
| Series I (US$33,333,333) bearing interest at 6.37% | 45.6 | 48.0 |
| | $ 616.0 | $ 696.1 |

The Senior Secured Notes have a weighted average fixed interest rate of 5.56% and maturities from March 26, 2026 to December 26, 2033.

The Senior Secured Notes are secured by a general security agreement and mortgage security on all of the Company's Canadian assets, and subject to certain financial covenants including a maximum ratio of net debt to total capitalization. As at June 30, 2025, Interfor was fully in compliance with all covenants relating to the 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 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 gains of $28.4 million in the second quarter of 2025 (Quarter 2, 2024 - losses of $6.6 million) and $32.4 million in the first six months of 2025 (first six months of 2024 – losses of $22.3 million) arising on their revaluation were recognized in Foreign currency translation differences in Other comprehensive income (loss).

## 7. Share capital:

The transactions in share capital are described below:

| | Share Capital Number | Share Capital Amount | Contributed Surplus |
|---|---|---|---|
| Balance, December 31, 2023 | 51,445,803 | $ 408.9 | $ 6.2 |
| Exercise of stock options | 7,933 | 0.1 | - |
| Stock option vesting | - | - | 0.4 |
| Balance, December 31, 2024 and June 30, 2025 | 51,453,736 | $ 409.0 | $ 6.6 |

## 8. Depreciation, depletion and amortization:

Depreciation, depletion and amortization by function is as follows:

| | Three Months June 30, 2025 | Three Months June 30, 2024 | Six Months June 30, 2025 | Six Months June 30, 2024 |
|---|---|---|---|---|
| Production | $ 46.3 | $ 57.6 | $ 94.3 | $ 114.8 |
| Selling and administration | 0.3 | 0.5 | 0.6 | 0.9 |
| | $ 46.6 | $ 58.1 | $ 94.9 | $ 115.7 |

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

**9. Asset write-downs (recoveries) and restructuring costs:**

| | Three Months June 30, 2025 | Three Months June 30, 2024 | Six Months June 30, 2025 | Six Months June 30, 2024 |
|---|---|---|---|---|
| Net write-down (recovery) of plant, equipment, roads and other | $ - | $ (10.0) | $ 0.1 | $ (8.9) |
| Severance and other closure costs | 0.3 | 1.6 | 0.3 | 3.2 |
| Lease modification | (0.2) | (0.7) | (0.2) | (0.7) |
| | $ 0.1 | $ (9.1) | $ 0.2 | $ (6.4) |

On June 27, 2024, the Company sold property and assets of the former sawmill located in Philomath, Oregon for cash consideration of US$15.0 million. Corresponding to the sale, the Company recorded a $10.0 million reversal of an impairment charge recorded in the fourth quarter of 2023 related to the remeasurement of property, plant, equipment and other to the lower of their carrying amount and the fair value less costs to sell.

**10. Finance costs:**

| | Three Months June 30, 2025 | Three Months June 30, 2024 | Six Months June 30, 2025 | Six Months June 30, 2024 |
|---|---|---|---|---|
| Interest expense on: | | | | |
| Borrowings | $ 12.7 | $ 15.5 | $ 26.0 | $ 30.0 |
| Duty deposits | 2.4 | 2.0 | 4.6 | 3.9 |
| Pension obligations | 0.8 | 0.7 | 1.4 | 1.4 |
| Lease liabilities | 0.6 | 0.5 | 1.2 | 1.0 |
| Interest revenue from: | | | | |
| Duty deposits and other | (6.1) | (6.8) | (11.5) | (12.4) |
| Pension assets | (0.5) | (0.6) | (1.2) | (1.2) |
| Unwind of discount on provisions | 0.2 | 0.3 | 0.5 | 0.6 |
| Amortization of deferred finance costs | 0.2 | 0.2 | 0.3 | 0.4 |
| | $ 10.3 | $ 11.8 | $ 21.3 | $ 23.7 |

**11. Other income (expense):**

| | Three Months June 30, 2025 | Three Months June 30, 2024 | Six Months June 30, 2025 | Six Months June 30, 2024 |
|---|---|---|---|---|
| Net gain related to B.C. Coast monetization | $ 8.4 | $ 8.2 | $ 14.9 | $ 39.4 |
| Net gain (loss) on disposal of property, plant, equipment, goodwill and other | 0.1 | (14.8) | (29.3) | (14.9) |
| Change in fair value of minority interest in equity investments | (0.9) | (10.2) | (4.3) | (15.6) |
| Net loss on lease modifications | (0.1) | - | (0.2) | - |
| | $ 7.5 | $ (16.8) | $ (18.9) | $ 8.9 |

The Company sold Coastal B.C. forest tenures totalling approximately 81,000 cubic metres of allowable annual cut (“AAC”) and related assets and liabilities for proceeds of $8.2 million (Quarter 2, 2024 - $8.3 million) and a gain of $8.4 million (Quarter 2, 2024 - $8.2 million) in the second quarter of 2025 and 165,000 cubic metres of AAC and related assets and liabilities for proceeds of $14.1 million (first six months of 2024 - $39.8 million) and a gain of $14.9 million (first six months of 2024 - $39.4 million) in the first six months of 2025. Interfor held approximately 736,000 cubic metres of AAC for disposition at June 30, 2025, subject to approvals from the Ministry of Forests. At June 30, 2025, the remaining balance of the provision related to the settlement of certain contractual obligations in order to facilitate the monetization of the Coastal B.C. operations was $25.3 million (December 31, 2024 - $30.0 million). The provision 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 throughout the remainder of 2025.

On January 10, 2025, the Company completed the sale of its sawmills in Val-d’Or and Matagami, its Sullivan remanufacturing plant in Val-d’Or and the associated forestry and business operations in Quebec to Les Chantiers Chibougamau Ltée. for net cash consideration of $16.3 million, inclusive of certain working capital items and assumed liabilities, and recorded a loss on disposal of $29.1 million, primarily related to goodwill.

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 except number of shares and per share amounts)

**12. Net earnings (loss) per share:**

Net earnings (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:

| | Three Months June 30, 2025 | | | Three Months June 30, 2024 | | |
|---|---|---|---|---|---|---|
| | Net earnings | Weighted average number of shares | Per share | Net loss | Weighted average number of shares | Per share |
| Issued shares at March 31 | | 51,453,736 | | | 51,446,803 | |
| Effect of shares issued | | - | | | - | |
| Basic earnings (loss) per share | $ 11.1 | 51,453,736 | $ 0.22 | $ (75.8) | 51,446,803 | $ (1.47) |
| Effect of dilutive securities: | | | | | | |
| Stock options | | 5,078 | | | 48,503 | |
| Diluted earnings (loss) per share | $ 11.1 | 51,458,814 | $ 0.22 | $ (75.8) | 51,446,803* | $ (1.47) |

| | Six Months June 30, 2025 | | | Six Months June 30, 2024 | | |
|---|---|---|---|---|---|---|
| | Net loss | Weighted average number of shares | Per share | Net loss | Weighted average number of shares | Per share |
| Issued shares at December 31 | | 51,453,736 | | | 51,445,803 | |
| Effect of shares issued | | - | | | 681 | |
| Basic loss per share | $ (24.0) | 51,453,736 | $ (0.47) | $ (148.7) | 51,446,484 | $ (2.89) |
| Effect of dilutive securities: | | | | | | |
| Stock options | | 9,942 | | | 67,485 | |
| Diluted loss per share | $ (24.0) | 51,453,736* | $ (0.47) | $ (148.7) | 51,446,484* | $ (2.89) |

***** 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.

**13. 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, Ontario and New Brunswick in Canada and the Northwest and South regions of the U.S.

Sales by market are as follows:

| | Three Months June 30, 2025 | Three Months June 30, 2024 | Six Months June 30, 2025 | Six Months June 30, 2024 |
|---|---|---|---|---|
| United States | $ 634.1 | $ 614.6 | $ 1,231.9 | $ 1,269.7 |
| Canada | 122.3 | 142.2 | 239.0 | 281.4 |
| Other export | 13.2 | 7.6 | 26.7 | 14.1 |
| Japan | 6.5 | 3.6 | 11.1 | 10.5 |
| China/Taiwan | 4.4 | 3.2 | 7.3 | 8.7 |
| | $ 780.5 | $ 771.2 | $ 1,516.0 | $ 1,584.4 |

Sales by product line are as follows:

| | Three Months June 30, 2025 | Three Months June 30, 2024 | Six Months June 30, 2025 | Six Months June 30, 2024 |
|---|---|---|---|---|
| Lumber and other wood products | $ 698.2 | $ 668.1 | $ 1,347.3 | $ 1,366.8 |
| Wood chips and other by-products | 60.8 | 74.5 | 123.5 | 150.4 |
| Logs | 13.7 | 19.8 | 35.5 | 53.9 |
| Other | 7.8 | 8.8 | 9.7 | 13.3 |
| | $ 780.5 | $ 771.2 | $ 1,516.0 | $ 1,584.4 |

**14. Financial instruments:**

*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 except number of shares and per share amounts)

## 14. Financial instruments (continued):

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

| | Fair Value Hierarchy Level | June 30, 2025 | Dec. 31, 2024 |
|---|---|---|---|
| Financial assets measured at fair value | | | |
| Equity investments | Level 1 | $ 10.7 | $ 15.0 |
| U.S. countervailing and anti-dumping duty deposits | Level 3 | 270.9 | 278.7 |
| | | $ 281.6 | $ 293.7 |
| Financial liabilities measured at fair value | | | |
| U.S. countervailing and anti-dumping duty deposits | Level 3 | $ 0.5 | $ 0.6 |

At June 30, 2025, the fair value of the Company's Long-term debt exceeded its carrying value by $2.5 million (December 31, 2024 – less than by $9.4 million) measured based on Level 2 of the fair value hierarchy.

The fair values of other financial instruments approximate their carrying values due to their short-term nature.

As at June 30, 2025, the Company had no outstanding obligations under derivative financial instruments.

## 15. Commitments and contingencies:

### (a) Commitments:

As at June 30, 2025, the Company had commitments for capital expenditures totalling $55.8 million.

### (b) 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 preliminary and 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% |
| | 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 |
| Fifth administrative review – 2022 – Combined AD & CV rates | 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 AD/ Preliminary CV rates |
| AD | 4.76% | 6.20% | 6.26% | 20.56% |
| CV | 3.83% | 1.79% | 1.79% | 14.38% |
| Total | 8.59% | 7.99% | 8.05% | 34.94% |
| Seventh administrative review – 2024 | | Cash deposit rates in effect Jan 1 to Aug 19 | Cash deposit rates in effect Aug 20 to Dec 31 | 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 except number of shares and per share amounts)

**15. Commitments and contingencies (continued):**

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

| Eighth administrative review – 2025 | Cash deposit rates in effect Jan 1 to Jul 28 | Cash deposit rates in effect Jul 29 onwards | Final rates |
|---|---|---|---|
| AD | 7.66% | 20.56% | Pending review |
| CV | 6.74% | 6.74% | Pending review |
| Total | 14.40% | 27.30% | Pending review |

On March 3, 2025 and April 4, 2025, respectively, the DoC issued its preliminary AD and CV duty rates based on completion of its sixth administrative review ("AR6") of shipments for the year ended December 31, 2023. On July 29, 2025, the DoC published its final AD duty rates for AR6, with the finalization of the CV duty rates expected by mid-August 2025, unless the DoC extends this deadline. The table above summarizes the cash deposit rates that were in effect for the year ended December 31, 2023, the final AD duty rate and the preliminary CV duty rate. Based on the final AD duty rate and preliminary CV duty rate, an incremental expense of approximately US$100.0 million is expected to be recorded in the third quarter of 2025.

The U.S. countervailing and anti-dumping duty deposits on the Statements of Earnings is comprised of the following:

| | Three Months June 30, 2025 | Three Months June 30, 2024 | Six Months June 30, 2025 | Six Months June 30, 2024 |
|---|---|---|---|---|
| Cash deposits paid | $ 20.2 | $ 14.2 | $ 39.5 | $ 27.2 |
| Foreign currency translation impact on net duty deposit receivable | 12.2 | (2.5) | 13.9 | (8.3) |
| Accruals and other adjustments | 3.8 | (0.9) | 5.1 | (0.6) |
| | $ 36.2 | $ 10.8 | $ 58.5 | $ 18.3 |

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 |
| 2025 | 27.9 |
| Acquired rights to duty deposits | 244.8 |
| | $ 621.5 |

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

| | June 30, 2025 | | Dec. 31, 2024 | |
|---|---|---|---|---|
| | 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 | 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 | - | 11.7 | - | 23.5 |
| Duties recognized as duty deposits | 165.0 | 225.7 | 165.0 | 237.5 |
| Interest recognized on duty deposits | 32.7 | 44.7 | 28.3 | 40.6 |
| Net duty deposit receivable | $ 197.7 | $ 270.4 | $ 193.3 | $ 278.1 |

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

**15. Commitments and contingencies (continued):**

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

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

| | June 30, 2025 | | Dec. 31, 2024 | |
|---|---|---|---|---|
| | USD | CAD | USD | CAD |
| Deposits and other assets | $ 198.1 | $ 270.9 | $ 193.7 | $ 278.7 |
| Provisions and other liabilities | (0.4) | (0.5) | (0.4) | (0.6) |
| Net duty deposit receivable | $ 197.7 | $ 270.4 | $ 193.3 | $ 278.1 |

The Company believes that U.S. Customs and Border Protection has inappropriately designated as 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$6.2 million of related accrued interest, is recorded as a long-term receivable at June 30, 2025. 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 June 30, 2025, remain collectable in full.

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.

INTERFOR

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