



Interfor Corporation

Third Quarter Report

For the three and nine months ended September 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 nine months ended September 30, 2025 ("Q3'25" 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 nine months ended September 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 November 6, 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 Third 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 Third Quarter, 2025

Interfor recorded a net loss in Q3'25 of \$215.8 million, or \$4.19 per share, compared to net earnings of \$11.1 million, or \$0.22 per share in Q2'25 and a net loss of \$105.7 million, or \$2.05 per share in Q3'24.

Adjusted EBITDA was a loss of \$183.8 million on sales of \$689.3 million in Q3'25 versus Adjusted EBITDA of \$17.2 million on sales of \$780.5 million in Q2'25 and an Adjusted EBITDA loss of \$22.0 million on sales of \$692.7 million in Q3'24.

Notable items:

- Earnings Impacted By Non-Cash Duty Items
 - Reported Adjusted EBITDA loss of \$183.8 million includes a \$147.4 million net duties expense driven by the finalization of the sixth administrative review ("AR") and revaluation of duty deposits receivable related to AR1-AR5, both as described below.
 - Excluding the above, the Adjusted EBITDA loss would have been \$36.4 million.
- Production Curtailments to Reflect Ongoing Weak Lumber Market
 - Lumber production of 912 million board feet was down 23 million board feet versus the preceding quarter. This decline largely reflects the Company's announcement on September 4, 2025, to temporarily curtail production.
 - On October 17, 2025, Interfor announced amended plans to temporarily reduce its lumber production in Q4'25 by approximately 250 million board feet, or 26%, as compared to Q2'25, which reflected a more normal operating stance. These curtailments are due to persistently weak market conditions and ongoing economic uncertainty. The Company will continue to monitor market conditions across all its operations and adjust its plans accordingly.
 - Weak lumber market conditions were reflected in Interfor's average selling price of \$618 per mfbm, down \$66 per mfbm versus Q2'25. This was primarily due to a 19.4% decrease in the SYP Composite benchmark lumber price quarter-over-quarter.
 - The Company recorded a \$23.1 million inventory provision expense in Q3'25 compared to a \$7.3 million expense in Q2'25. The increase is primarily attributable to a decrease in product pricing at quarter end.
 - Lumber shipments of 924 million board feet were slightly higher than lumber production, resulting in a 10 million board foot reduction in inventory volume during the quarter.
- Stable Financial Position
 - Net debt at quarter-end was \$893.3 million, or 41.6% of invested capital compared to net debt at Q2'25 of \$798.0 million, or 35.6% of invested capital.
 - On a pro-forma basis, including net proceeds from the Company's bought deal equity offering completed October 1, 2025, net debt at quarter-end would have been \$755.4 million, or 35.2% of invested capital. Additionally, available liquidity would have been \$385.7 million. This bought deal offering of 14,303,470 common shares at a price of \$10.05 per common share, including the concurrent exercise of an over-allotment option, generated gross proceeds of \$143.8 million. The net proceeds were used to pay down existing indebtedness.
 - On July 25, 2025, the Company completed an early renewal and extension of its Revolving Term Line ("Term Line") with several provisions that enhance the Company's 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.
- Monetization of Coastal B.C. Operations
 - The Company sold Coastal B.C. forest tenures totalling approximately 32,000 cubic metres of allowable annual cut ("AAC") and related assets and liabilities for gross proceeds of \$3.4 million and a gain of \$3.6 million.

- Interfor held approximately 701,000 cubic metres of AAC for disposition at September 30, 2025, subject to approvals from the Ministry of Forests.
- Capital Investments
 - Capital spending was \$32.0 million, including \$17.8 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 \$90.0 million to \$95.0 million, while total capital expenditures for 2026 are estimated to be approximately \$75.0 million.
- Softwood Lumber Duties
 - On July 29, 2025 and August 12, 2025, respectively, the U.S. Department of Commerce ("DoC") published the "All Others" final anti-dumping ("AD") and countervailing ("CV") duty rates based on the results of AR6 covering shipments for the year ended December 31, 2023. The final combined rate for 2023 was 35.19%, which was subsequently amended on September 8, 2025 to correct a ministerial error to 35.16%. This compared to the cash deposit rates of 8.59% from January 1 to July 31, 2023, 7.99% from August 1 to September 12, 2023 and 8.05% from September 13 to December 31, 2023. To reflect the amended final rates for 2023, Interfor recorded a \$156.7 million increase to duties expense, a \$26.1 million increase to interest expense and a corresponding payable on its balance sheet. The combined rate of 35.16% was retroactively applied to new shipments effective August 12, 2025.
 - During Q3'25, the Company revised its estimate of the fair value measurement of net duty deposits receivable resulting in a \$9.3 million decrease to duties expense, a \$4.4 million decrease to interest expense and a corresponding increase to duty deposits receivable on the balance sheet.
 - Interfor has paid cumulative duties of US\$639.8 million, or approximately \$12.65 per share on an after-tax basis, as at September 30, 2025. Except for a US\$54.8 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.
- U.S. Tariffs
 - On April 2, 2025, the U.S. administration imposed reciprocal tariffs on all countries and later increased the reciprocal tariff rate on Canadian goods to 35%, however goods compliant with the United States-Mexico-Canada Agreement including lumber, are exempt from reciprocal tariffs.
 - On September 29, 2025, the U.S. President issued a proclamation imposing a Section 232 tariff of 10% on all imports of softwood lumber into the U.S., including from Canada, which took effect on October 14, 2025. This tariff is in addition to the existing softwood lumber duties payable on Canadian lumber imported into the U.S.

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., the Section 232 tariff and by any additional 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, the Section 232 tariff and other potential trade measures.

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 nine months ended	
		Sept. 30	Sept. 30	Jun. 30	Sept. 30	Sept. 30
Unit		2025	2024	2025	2025	2024
Financial Highlights ¹						
Total sales	\$MM	689.3	692.7	780.5	2,205.3	2,277.1
Lumber	\$MM	570.7	542.2	669.0	1,854.7	1,847.7
Logs, residual products and other	\$MM	118.6	150.5	111.5	350.6	429.4
Operating loss	\$MM	(229.7)	(172.2)	(28.4)	(258.0)	(316.4)
Net earnings (loss)	\$MM	(215.8)	(105.7)	11.1	(239.8)	(254.4)
Net earnings (loss) per share, basic	\$/share	(4.19)	(2.05)	0.22	(4.66)	(4.94)
Adjusted EBITDA ²	\$MM	(183.8)	(22.0)	17.2	(118.0)	(61.0)
Adjusted EBITDA margin ²	%	(26.7%)	(3.2%)	2.2%	(5.4%)	(2.7%)
Total assets	\$MM	2,914.8	3,042.0	2,892.9	2,914.8	3,042.0
Total debt	\$MM	913.7	882.0	814.3	913.7	882.0
Net debt ²	\$MM	893.3	849.9	798.0	893.3	849.9
Net debt to invested capital ²	%	41.6%	36.1%	35.6%	41.6%	36.1%
Annualized return on capital employed ²	%	(36.9%)	(18.8%)	1.5%	(12.4%)	(13.3%)
Operating Highlights						
Lumber production	million fbm	912	904	935	2,748	3,008
U.S. South	million fbm	433	443	424	1,259	1,399
U.S. Northwest	million fbm	115	80	129	368	345
Eastern Canada	million fbm	198	216	215	607	780
B.C.	million fbm	166	165	167	514	484
Lumber sales	million fbm	924	951	978	2,765	3,106
Lumber - average selling price ³	\$/thousand fbm	618	570	684	671	595
Key Statistics						
Benchmark lumber prices ⁴						
SYP Composite	US\$ per mfbm	338	338	420	388	359
KD H-F Stud 2x4 9’	US\$ per mfbm	455	359	475	467	413
Eastern SPF Composite	US\$ per mfbm	527	454	527	530	471
Western SPF Composite	US\$ per mfbm	429	380	441	451	394
USD/CAD exchange rate ⁵						
Average	1 USD in CAD	1.3768	1.3641	1.3852	1.3988	1.3604
Closing	1 USD in CAD	1.3941	1.3499	1.3676	1.3941	1.3499

Notes:

- Financial information presented for interim periods in this MD&A is prepared in accordance with IFRS and is unaudited.
- 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.
- Gross sales including duties and freight.
- Based on Random Lengths Benchmark Lumber Pricing.
- Based on Bank of Canada foreign exchange rates.

Summary of Third Quarter 2025 Financial Performance

Sales

Interfor recorded \$689.3 million of total sales, down 0.5% from \$692.7 million in the third quarter of 2024, driven by the sale of 924 million board feet of lumber at an average price of \$618 per mfbm. Average selling price increased \$48 per mfbm, or 8.4%, and lumber sales volume decreased 27 million board feet, or 2.8%, 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 in the KD H-F Stud 2x4 9', Eastern SPF Composite and Western SPF Composite benchmarks in Q3'25 as compared to Q3'24, while the SYP Composite benchmark was comparable over the same periods.

Sales generated from logs, residual products and other decreased by \$31.9 million or 21.2% in Q3'25 compared to Q3'24 due mainly to a decrease in volume of chips produced and sold, a decrease in harvest fees and volume of logs sold attributable to the wind-down of the B.C. Coastal operations, and a drop in the average selling price of logs.

Operations

Production costs decreased by \$5.0 million, or 0.7%, compared to Q3'24, explained primarily by a 2.8% decrease in lumber sales volume, lower stumpage rates in Eastern Canada and decreased logging in the B.C. Coastal and Eastern Canada operations. The decrease is partially offset by a \$31.1 million increase in the net realizable value provision for log and lumber inventories recorded in Q3'25 versus Q3'24, a weaker Canadian Dollar on average and higher stumpage rates in the U.S. Northwest.

Lumber production of 912 million board feet in Q3'25 was 8 million board feet higher than Q3'24. The increase was primarily driven by fewer temporary market-related curtailments in Q3'25 compared to Q3'24, partially offset 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 \$175.1 million for Q3'25, up \$164.9 million from Q3'24 due primarily to a \$156.7 million expense related to the finalization of the CV and AD rates by the U.S. DoC for AR6 compared to a \$3.4 million recovery in Q3'24 related to the finalization of the fifth administrative review ("AR5"). The increase was also due 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.

Depreciation of plant and equipment was \$37.3 million in Q3'25, down \$5.1 million from Q3'24, 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 \$8.6 million, down \$1.7 million compared to Q3'24, 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 \$12.4 million, down \$1.5 million from Q3'24, primarily related to a reversal of an accrual for short-term incentive compensation, partially offset by expanded general corporate activities in Q3'25.

Long-term incentive compensation recovery was \$0.2 million in Q3'25, compared to an expense of \$2.7 million in Q3'24, reflecting a 17.0% decrease in the price of Interfor common shares used to value share-based awards during Q3'25 compared to a 20.9% increase during Q3'24.

Asset write-downs and restructuring costs in Q3'25 were negligible. The asset write-downs and restructuring costs in Q3'24 were \$94.8 million, primarily related to an impairment of assets at the Quebec operations, which were sold in Q1'25 and an impairment of assets at an operation in the U.S. South as a result of its indefinite curtailment.

Finance costs increased to \$36.5 million in Q3'25 from \$9.5 million in Q3'24, primarily due to higher net interest expense accrued on the long-term duties payable related to the finalization of the CV and AD rates by the U.S. DoC for AR6.

Other foreign exchange loss of \$13.4 million in Q3'25 and gain of \$8.8 million in Q3'24 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 loss of \$13.7 million recorded in the quarter on intercompany funding remains unrealized, and there was an offsetting gain recorded in Other comprehensive income (loss) for a net nil impact on Equity.

Other expense of \$2.1 million in Q3'25 primarily related to the change in the fair value of the minority interest in equity investments and a net loss on disposal of property, plant and equipment, partially offset by a gain on the sale of Coastal B.C. forest tenures. Other income of \$25.5 million in Q3'24 primarily related to a gain on the sale of Coastal B.C. forest tenures and the change in the fair value of the minority interest in equity investments, partially offset by the reversal of an accrued business interruption insurance claim.

Income Taxes

The Company recorded an income tax recovery of \$65.9 million in Q3'25 at an effective tax rate of 23%, comprised of a \$4.9 million current income tax recovery and a \$61.0 million deferred tax recovery. The Company recorded an income tax recovery of \$41.7 million in Q3'24 at an effective tax rate of 28%, related entirely to deferred taxes.

Net Earnings

The Company recorded a net loss of \$215.8 million, or \$4.19 per share, compared to a net loss of \$105.7 million, or \$2.05 per share in Q3'24. Operating margin and net loss were impacted by the finalization of the CV and AD rates by the U.S. DoC for AR6, higher cash duty deposit rates and an unrealized foreign exchange loss, partially offset by lower asset write-downs and restructuring costs.

Summary of Year-to-Date 2025 Financial Performance

Sales

Interfor recorded \$2.2 billion of total sales, down 3.2% from \$2.3 billion in the first nine months of 2024, driven by the sale of 2.8 billion board feet of lumber at an average price of \$671 per mfbm. Lumber sales volume decreased 341 million board feet, or 11.0%, while average selling price increased \$76 per mfbm, or 12.8%, as compared to the first nine 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 2.8% 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 \$78.8 million or 18.4% as compared to the same period of 2024 due mainly to a decrease in harvest fees and 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 \$218.2 million, or 9.6% in the first nine months of 2025, explained primarily by a 11.0% decrease in lumber sales volume, lower stumpage rates in Eastern Canada and decreased logging in the B.C. Coastal and Eastern Canada operations. The decrease is partially offset by a \$52.7 million increase in the net realizable value provision for log and lumber inventories recorded in YTD'25 versus YTD'24, higher conversion costs, a weaker Canadian Dollar on average and higher stumpage rates in the U.S. Northwest.

Lumber production of 2.7 billion board feet in YTD'25 was 260 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 \$233.6 million for YTD'25, up \$205.1 million from YTD'24 due primarily to a \$156.7 million expense related to the finalization of the CV and AD rates by the U.S. DoC for AR6 compared to a \$3.4 million recovery in YTD'24 related to the finalization of AR5. The increase was also due 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 \$115.6 million, down 14.9% from the first nine 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 \$25.2 million, down \$7.4 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 were \$45.6 million, down \$1.7 million from the first nine months of 2024, primarily related to reduced general corporate activities.

Long-term incentive compensation recovery was \$1.2 million YTD'25, compared to \$1.4 million in YTD'24, reflecting a 36.1% decrease in the price of Interfor common shares used to value share-based awards during YTD'25 compared to a 19.0% decrease during YTD'24. These amounts are also impacted by the vesting and maturing of incentive awards.

Asset write-downs and restructuring costs in YTD'25 were negligible. The asset write-downs and restructuring costs in YTD'24 were \$88.4 million, primarily related to an impairment of assets at the Quebec operations, which were sold in Q1'25, an impairment of assets at an operation in the U.S. South as a result of its indefinite curtailment and severance costs. The impairment of assets was partially offset by the reversal of an impairment charge recorded in the fourth quarter of 2023 in respect of the Philomath, OR sawmill.

Finance costs increased to \$57.8 million from \$33.2 million in the first nine months of 2024, primarily due to higher net interest expense accrued on the long-term duties payable related to the finalization of the CV and AD rates by the U.S. DoC for AR6, partially offset by reduced interest expense on lower borrowings.

Other foreign exchange gain of \$22.0 million in YTD'25 and loss of \$14.0 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 \$23.0 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 \$21.0 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 \$34.4 million in YTD'24 primarily related to a gain on the sale of Coastal B.C. forest tenures, partially offset by the loss on disposal of property, plant, equipment, goodwill and other assets of the former sawmill located in Philomath, OR, the change in the fair value of the minority interest in equity investments and the reversal of an accrued business interruption insurance claim.

Income Taxes

The Company recorded an income tax recovery of \$75.0 million in YTD'25 at an effective tax rate of 24%, comprised of a \$6.5 million current income tax expense and an \$81.5 million deferred tax recovery.

The Company recorded an income tax recovery of \$74.8 million in YTD'24 at an effective tax rate of 23%, comprised of a \$1.0 million current income tax recovery and a \$73.8 million deferred tax recovery.

Net Earnings

The Company recorded a net loss of \$239.8 million, or \$4.66 per share, compared to a net loss of \$254.4 million, or \$4.94 per share, in the same period of 2024. Operating margin and net loss were impacted by the finalization of the CV and AD rates by the U.S. DoC for AR6, lower sales volumes, higher cash duty deposit rates and the loss on disposal of the Quebec operations. These were partially offset by higher average lumber prices, an unrealized foreign exchange gain and lower asset write-downs and restructuring costs.

Summary of Quarterly Results

		2025				2024			2023
	Unit	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Financial Performance ¹									
Total sales	\$MM	689.3	780.5	735.5	746.5	692.7	771.2	813.2	785.9
Lumber	\$MM	570.7	669.0	615.0	619.1	542.2	634.8	670.7	628.5
Logs, residual products and other	\$MM	118.6	111.5	120.5	127.4	150.5	136.4	142.5	157.4
Operating earnings (loss)	\$MM	(229.7)	(28.4)	0.1	25.2	(172.2)	(63.3)	(80.9)	(174.2)
Net earnings (loss)	\$MM	(215.8)	11.1	(35.1)	(49.9)	(105.7)	(75.8)	(72.9)	(169.0)
Net earnings (loss) per share, basic	\$/share	(4.19)	0.22	(0.68)	(0.97)	(2.05)	(1.47)	(1.42)	(3.29)
Adjusted EBITDA ²	\$MM	(183.8)	17.2	48.6	80.4	(22.0)	(16.7)	(22.3)	(51.4)
Adjusted EBITDA margin ²	%	(26.7%)	2.2%	6.6%	10.8%	(3.2%)	(2.2%)	(2.7%)	(6.5%)
Annualized return on capital employed ²	%	(36.9%)	1.5%	(3.1%)	(2.2%)	(18.8%)	(11.1%)	(9.2%)	(28.1%)
Shares outstanding - end of period	million	51.5	51.5	51.5	51.5	51.4	51.4	51.4	51.4
Shares outstanding - weighted average	million	51.5	51.5	51.5	51.5	51.4	51.4	51.4	51.4
Operating Performance									
Lumber production	million fbm	912	935	901	948	904	1,034	1,069	1,102
U.S. South	million fbm	433	424	402	425	443	476	480	485
U.S. Northwest	million fbm	115	129	124	112	80	124	141	157
Eastern Canada	million fbm	198	215	194	235	216	276	288	275
B.C.	million fbm	166	167	181	176	165	158	160	185
Lumber sales	million fbm	924	978	863	940	951	1,055	1,100	1,046
Lumber - average selling price ³	\$/thousand fbm	618	684	712	659	570	602	610	601
Key Statistics									
Benchmark lumber prices ⁴									
SYP Composite	US\$ per mfbm	338	420	407	373	338	356	383	373
KD H-F Stud 2x4 9'	US\$ per mfbm	455	475	471	421	359	424	455	423
Eastern SPF Composite	US\$ per mfbm	527	527	536	515	454	469	489	461
Western SPF Composite	US\$ per mfbm	429	441	484	457	380	385	416	374
USD/CAD exchange rate ⁵									
Average	1 USD in CAD	1.3768	1.3852	1.4352	1.3982	1.3641	1.3683	1.3486	1.3624
Closing	1 USD in CAD	1.3941	1.3676	1.4307	1.4389	1.3499	1.3687	1.3550	1.3226

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, duty deposit rate changes, 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, August 2024 and September 2025. 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 finalization of the CV and AD rates by the U.S. DoC for AR6 impacted earnings in Q3'25.

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 September 30, 2025 was \$893.3 million, or 41.6% of invested capital, representing an increase of \$32.0 million from December 31, 2024.

As at September 30, 2025, the Company had net working capital of \$131.3 million and available liquidity of \$247.9 million, based on the available borrowing capacity under its \$562.5 million Term Line.

On October 1, 2025, the Company completed a bought deal offering of 12,437,800 common shares of the Company and the concurrent exercise of an over-allotment option to purchase an additional 1,865,670 common shares at a price of \$10.05 per common share for gross proceeds of \$143.8 million.

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 September 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.

Millions of Dollars	For the three months ended Sept. 30		For the nine months ended Sept. 30	
	2025	2024	2025	2024
Net debt				
Net debt, period opening	\$798.0	\$876.9	\$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)	82.8	(75.2)	84.2	(34.8)
Decrease (increase) in cash and cash equivalents	(4.0)	60.5	21.7	23.8
Foreign currency translation impact on U.S. Dollar denominated cash and cash equivalents and debt	16.5	(12.3)	(26.2)	18.2
Net debt, period ending	\$893.3	\$849.9	\$893.3	\$849.9

On March 26, 2025, the Company paid US\$33.3 million of principal that was due on the Company's 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 Series C Senior Secured Notes due on March 26, 2024.

Cash Flow from Operating Activities

The Company generated \$20.1 million of cash flow from operations before changes in working capital in YTD'25, compared to a cash outflow of \$17.5 million in YTD'24.

There was a net cash inflow from operations after changes in working capital of \$45.4 million in YTD'25, with \$25.3 million of cash released from operating working capital.

A focused effort to reduce log and lumber inventories contributed to the \$24.9 million inflow from inventories, while timing of payments contributed to the increase in trade accounts payable and provisions. Higher sales volume near the end of Q3'25 versus Q4'24 contributed to the increase in trade receivables.

In YTD'24, \$69.5 million of cash was generated from operations, with \$87.0 million of cash released from operating working capital.

Cash Flow from Investing Activities

Investing activities used \$44.2 million of cash flow in YTD'25, with \$66.9 million for additions to property, plant and equipment and \$5.9 million for development of roads and bridges, partially offset by \$16.4 million in proceeds on disposal of property, plant, equipment and other, \$9.6 million in net proceeds on the sale of Coastal B.C. forest tenures and \$2.6 million for deposits and other assets.

Discretionary mill improvements of \$37.6 million in YTD'25 were mainly focused on the multi-year rebuild of the Thomaston, GA sawmill. Mill maintenance investments totalled \$29.3 million in YTD'25.

In YTD'24, investing activities generated \$1.3 million of cash flow, with \$36.0 million in net proceeds on the sale of Coastal B.C. forest tenures and \$23.7 million in proceeds on disposal of property, plant, equipment and other, partially offset by \$55.7 million for additions to property, plant and equipment and \$3.9 million for development of roads and bridges.

Discretionary and maintenance mill improvements totalled \$29.0 million and \$26.7 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 \$22.9 million in YTD'25 resulted from a US\$33.3 million repayment of Senior Secured Notes, interest payments of \$39.4 million, lease liability payments of \$16.8 million and debt refinancing costs of \$3.2 million, partially offset by \$84.2 million in Term Line net drawings.

The net cash outflow of \$94.6 million in YTD'24 resulted from the US\$33.3 million in repayment of Senior Secured Notes, interest payments of \$42.7 million, \$34.8 million in Term Line net repayments and lease liability payments of \$17.1 million, partially offset by the issuance of US\$33.3 million of Senior Secured Notes.

Capital Resources

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

Millions of Dollars	Revolving Term Line	Senior Secured Notes	Total
Available line of credit and maximum borrowing available	\$562.5	\$627.9	\$1,190.4
Less:			
Drawings	285.8	627.9	913.7
Outstanding letters of credit included in line utilization	49.2	-	49.2
Unused portion of facility	\$227.5	\$ -	227.5
Add:			
Cash and cash equivalents			20.4
Available liquidity at September 30, 2025			\$247.9

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

On July 25, 2025, the Company completed an early renewal 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 September 30, 2025, the Company had commitments for capital expenditures totalling \$37.7 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 nine months ended September 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 September 30, 2025, such instruments aggregated \$122.4 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 Q3'25 or Q3'24.

Outstanding Shares

As of November 6, 2025, Interfor had 65,757,206 common shares issued and outstanding. These common shares are listed on the Toronto Stock Exchange under the symbol IFP.

As of November 6, 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 nine months ended September 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 September 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 nine months ended	
	Sept. 30 2025	Sept. 30 2024	Jun. 30 2025	Sept. 30 2025	Sept. 30 2024
Millions of Dollars except number of shares and per share amounts					
Adjusted EBITDA					
Net earnings (loss)	\$(215.8)	\$(105.7)	\$11.1	\$(239.8)	\$(254.4)
Add:					
Depreciation of plant and equipment	37.3	42.4	38.3	115.6	135.8
Depletion and amortization of timber, roads and other	8.6	10.3	8.3	25.2	32.6
Finance costs	36.5	9.5	10.3	57.8	33.2
Income tax recovery	(65.9)	(41.7)	(11.0)	(75.0)	(74.8)
EBITDA	(199.3)	(85.2)	57.0	(116.2)	(127.6)
Add:					
Long-term incentive compensation expense (recovery)	(0.2)	2.7	(1.1)	(1.2)	(1.4)
Other foreign exchange loss (gain)	13.4	(8.8)	(31.3)	(22.0)	14.0
Other expense (income)	2.1	(25.5)	(7.5)	21.0	(34.4)
Asset write-downs and restructuring costs	0.2	94.8	0.1	0.4	88.4
Adjusted EBITDA	\$(183.8)	\$(22.0)	\$17.2	\$(118.0)	\$(61.0)
Sales	\$689.3	\$692.7	\$780.5	\$2,205.3	\$2,277.1
Adjusted EBITDA margin	(26.7%)	(3.2%)	2.2%	(5.4%)	(2.7%)
Net debt to invested capital					
Net debt					
Total debt	\$913.7	\$882.0	\$814.3	\$913.7	\$882.0
Cash and cash equivalents	(20.4)	(32.1)	(16.3)	(20.4)	(32.1)
Total net debt	\$893.3	\$849.9	\$798.0	\$893.3	\$849.9
Invested capital					
Net debt	\$893.3	\$849.9	\$798.0	\$893.3	\$849.9
Shareholders' equity	1,254.1	1,505.6	1,445.3	1,254.1	1,505.6
Total invested capital	\$2,147.4	\$2,355.5	\$2,243.3	\$2,147.4	\$2,355.5
Net debt to invested capital ¹	41.6%	36.1%	35.6%	41.6%	36.1%
Annualized return on capital employed					
Net earnings (loss)	\$(215.8)	\$(105.7)	\$11.1	\$(239.8)	\$(254.4)
Add:					
Finance costs	36.5	9.5	10.3	57.8	33.2
Income tax recovery	(65.9)	(41.7)	(11.0)	(75.0)	(74.8)
Earnings (loss) before income taxes and finance costs	\$(245.2)	\$(137.9)	\$10.4	\$(257.0)	\$(296.0)
Capital employed					
Total assets	\$2,914.8	\$3,042.0	\$2,892.9	\$2,914.8	\$3,042.0
Current liabilities	(300.2)	(300.5)	(320.2)	(300.2)	(300.5)
Less:					
Current portion of long-term debt	46.5	45.0	45.6	46.5	45.0
Current portion of lease liabilities	18.6	20.5	18.2	18.6	20.5
Capital employed, end of period	\$2,679.7	\$2,807.0	\$2,636.5	\$2,679.7	\$2,807.0
Capital employed, beginning of period	2,636.5	3,059.9	2,795.3	2,844.8	3,120.8
Average capital employed	\$2,658.1	\$2,933.5	\$2,715.9	\$2,762.3	\$2,963.9
Earnings (loss) before income taxes and finance costs divided by average capital employed	(9.2%)	(4.7%)	0.4%	(9.3%)	(10.0%)
Annualization factor	4.0	4.0	4.0	1.3	1.3
Annualized return on capital employed	(36.9%)	(18.8%)	1.5%	(12.4%)	(13.3%)

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.



CONDENSED CONSOLIDATED STATEMENTS OF EARNINGS

For the three and nine months ended September 30, 2025 and 2024 (unaudited)

(millions of Canadian Dollars except per share amounts)

	Three Months Sept. 30, 2025	Three Months Sept. 30, 2024	Nine Months Sept. 30, 2025	Nine Months Sept. 30, 2024
Sales (note 13)	\$ 689.3	\$ 692.7	\$ 2,205.3	\$ 2,277.1
Costs and expenses:				
Production	685.6	690.6	2,044.1	2,262.3
Selling and administration	12.4	13.9	45.6	47.3
Long-term incentive compensation expense (recovery)	(0.2)	2.7	(1.2)	(1.4)
U.S. countervailing and anti-dumping duty expense (note 15(b))	175.1	10.2	233.6	28.5
Depreciation of plant and equipment (note 8)	37.3	42.4	115.6	135.8
Depletion and amortization of timber, roads and other (note 8)	8.6	10.3	25.2	32.6
	918.8	770.1	2,462.9	2,505.1
Operating loss before asset write-downs and restructuring costs	(229.5)	(77.4)	(257.6)	(228.0)
Asset write-downs and restructuring costs (note 9)	0.2	94.8	0.4	88.4
Operating loss	(229.7)	(172.2)	(258.0)	(316.4)
Finance costs (notes 10 and 15(b))	(36.5)	(9.5)	(57.8)	(33.2)
Other foreign exchange gain (loss)	(13.4)	8.8	22.0	(14.0)
Other income (expense) (note 11)	(2.1)	25.5	(21.0)	34.4
	(52.0)	24.8	(56.8)	(12.8)
Loss before income taxes	(281.7)	(147.4)	(314.8)	(329.2)
Income tax expense (recovery):				
Current	(4.9)	-	6.5	(1.0)
Deferred	(61.0)	(41.7)	(81.5)	(73.8)
	(65.9)	(41.7)	(75.0)	(74.8)
Net loss	\$ (215.8)	\$ (105.7)	\$ (239.8)	\$ (254.4)
Net loss per share				
Basic (note 12)	\$ (4.19)	\$ (2.05)	\$ (4.66)	\$ (4.94)
Diluted (note 12)	\$ (4.19)	\$ (2.05)	\$ (4.66)	\$ (4.94)

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the three and nine months ended September 30, 2025 and 2024 (unaudited)

(millions of Canadian Dollars)

	Three Months Sept. 30, 2025	Three Months Sept. 30, 2024	Nine Months Sept. 30, 2025	Nine Months Sept. 30, 2024
Net loss	\$ (215.8)	\$ (105.7)	\$ (239.8)	\$ (254.4)
Other comprehensive income (loss):				
Items that will not be recycled to Net loss:				
Defined benefit plan actuarial gain, net of tax	2.0	0.7	1.9	3.7
Items that may be recycled to Net loss:				
Foreign currency translation differences for foreign operations, net of tax	22.5	(15.5)	(40.6)	25.6
Total other comprehensive income (loss), net of tax	24.5	(14.8)	(38.7)	29.3
Comprehensive loss	\$ (191.3)	\$ (120.5)	\$ (278.5)	\$ (225.1)

See accompanying notes to consolidated financial statements.



CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

For the three and nine months ended September 30, 2025 and 2024 (unaudited)

(millions of Canadian Dollars)

	Three Months Sept. 30, 2025	Three Months Sept. 30, 2024	Nine Months Sept. 30, 2025	Nine Months Sept. 30, 2024
Cash provided by (used in):				
Operating activities:				
Net loss	\$ (215.8)	\$ (105.7)	\$ (239.8)	\$ (254.4)
Items not involving cash:				
Depreciation of plant and equipment (note 8)	37.3	42.4	115.6	135.8
Depletion and amortization of timber, roads and other (note 8)	8.6	10.3	25.2	32.6
Deferred income tax recovery	(61.0)	(41.7)	(81.5)	(73.8)
Current income tax expense (recovery)	(4.9)	-	6.5	(1.0)
Finance costs (note 10)	36.5	9.5	57.8	33.2
Other assets	(9.5)	(4.1)	(9.4)	(4.5)
Reforestation liability	(1.0)	2.5	(1.5)	3.0
Provisions and other liabilities	152.7	3.7	149.9	(0.7)
Stock option vesting (note 7)	0.1	-	0.1	0.3
Net write-down of plant, equipment, roads and timber licences (note 9)	-	91.1	0.1	82.2
Unrealized foreign exchange loss (gain)	14.9	(6.3)	(6.6)	8.2
Gain on lease modification (note 9)	-	-	(0.2)	(0.7)
Other expense (income) (note 11)	2.1	(25.5)	21.0	(34.4)
Income taxes received (paid), net	(4.7)	55.2	(17.1)	56.7
	(44.7)	31.4	20.1	(17.5)
Cash generated from (used in) operating working capital:				
Trade accounts receivable and other	4.4	(4.1)	(18.0)	32.9
Inventories	23.2	7.8	24.9	76.0
Prepayments	1.9	4.8	(4.5)	0.1
Trade accounts payable and provisions	(11.1)	(1.8)	22.9	(22.0)
	(26.3)	38.1	45.4	69.5
Investing activities:				
Additions to property, plant and equipment	(28.9)	(13.2)	(66.9)	(55.7)
Additions to roads and bridges	(3.1)	(2.5)	(5.9)	(3.9)
Proceeds on disposal of property, plant, equipment and other	0.2	1.6	16.4	23.7
Net proceeds related to B.C. Coast monetization (note 11)	0.2	9.1	9.6	36.0
Net proceeds from deposits and other assets	0.4	0.6	2.6	1.2
	(31.2)	(4.4)	(44.2)	1.3
Financing activities:				
Interest payments	(12.8)	(13.6)	(39.4)	(42.7)
Lease liability payments	(5.3)	(5.4)	(16.8)	(17.1)
Debt refinancing costs	(3.2)	-	(3.2)	-
Revolving Term Line net drawings (repayments) (note 6)	82.8	(75.2)	84.2	(34.8)
Additions to Senior Secured Notes (note 6)	-	-	-	45.3
Repayments of Senior Secured Notes (note 6)	-	-	(47.7)	(45.3)
	61.5	(94.2)	(22.9)	(94.6)
Foreign exchange gain (loss) on cash and cash equivalents held in a foreign currency	0.1	(0.5)	(1.3)	0.9
Increase (decrease) in cash	4.1	(61.0)	(23.0)	(22.9)
Cash and cash equivalents, beginning of period	16.3	93.1	43.4	55.0
Cash and cash equivalents, end of period	\$ 20.4	\$ 32.1	\$ 20.4	\$ 32.1

See accompanying notes to consolidated financial statements.



CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
September 30, 2025 and December 31, 2024 (unaudited)

(millions of Canadian Dollars)

	Sept. 30, 2025	Dec. 31, 2024
Assets		
Current assets:		
Cash and cash equivalents	\$ 20.4	\$ 43.4
Trade accounts receivable and other	124.9	109.5
Income tax receivable	2.7	-
Inventories (note 5)	257.2	283.5
Prepayments	26.3	21.9
Assets held for sale	-	18.4
	431.5	476.7
Employee future benefits	17.2	16.8
Deposits and other assets (notes 14 and 15(b))	311.9	304.4
Right of use assets	43.1	44.8
Property, plant and equipment	1,382.1	1,465.7
Roads and bridges	24.5	21.3
Timber licences	154.6	158.9
Goodwill and other intangible assets	545.8	589.2
Deferred income taxes	4.1	0.9
	\$ 2,914.8	\$ 3,078.7
Liabilities and Shareholders' Equity		
Current liabilities:		
Trade accounts payable and provisions (note 11)	\$ 216.0	\$ 203.1
Current portion of long-term debt (note 6)	46.5	48.0
Reforestation liability	14.2	16.5
Lease liabilities	18.6	20.3
Income taxes payable	4.9	12.9
Liabilities held for sale	-	1.4
	300.2	302.2
Reforestation liability	28.7	27.8
Lease liabilities	25.8	25.8
Long-term debt (note 6)	867.2	856.7
Employee future benefits	12.3	11.8
Provisions and other liabilities (notes 14 and 15(b))	202.2	16.8
Deferred income taxes	224.3	305.1
Equity:		
Share capital (note 7)	409.0	409.0
Contributed surplus	6.7	6.6
Translation reserve	206.3	246.9
Retained earnings	632.1	870.0
	1,254.1	1,532.5
	\$ 2,914.8	\$ 3,078.7

Commitments and contingencies (note 15).
Subsequent event (note 7).

See accompanying notes to consolidated financial statements.

Approved on behalf of the Board of Directors:

"L. Sauder"
Director

"C. Griffin"
Director



CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
For the nine months ended September 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:	-	-	-	(239.8)	(239.8)
Other comprehensive income (loss):					
Foreign currency translation differences for foreign operations, net of tax	-	-	(40.6)	-	(40.6)
Defined benefit plan actuarial gain, net of tax	-	-	-	1.9	1.9
Contributions:					
Stock option vesting (note 7)	-	0.1	-	-	0.1
Balance at September 30, 2025	\$ 409.0	\$ 6.7	\$ 206.3	\$ 632.1	\$ 1,254.1
Balance at December 31, 2023	\$ 408.9	\$ 6.2	\$ 145.5	\$ 1,169.8	\$ 1,730.4
Net loss:	-	-	-	(254.4)	(254.4)
Other comprehensive income:					
Foreign currency translation differences for foreign operations, net of tax	-	-	25.6	-	25.6
Defined benefit plan actuarial gain, net of tax	-	-	-	3.7	3.7
Contributions:					
Stock option vesting (note 7)	-	0.3	-	-	0.3
Balance at September 30, 2024	\$ 408.9	\$ 6.5	\$ 171.1	\$ 919.1	\$ 1,505.6

See accompanying notes to consolidated financial statements.

INTERFOR CORPORATION

Notes to Unaudited Condensed Consolidated Interim Financial Statements

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

Three and nine months ended September 30, 2025 and 2024 (unaudited)

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 nine months ended September 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 November 6, 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 September 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 September 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.

INTERFOR CORPORATION

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5. Inventories:

	Sept. 30, 2025	Dec. 31, 2024
Lumber and other wood products	\$ 149.4	\$ 160.9
Logs	56.8	70.0
Other	51.0	52.6
	\$ 257.2	\$ 283.5

Inventory cost includes production costs, depreciation of plant and equipment, and depletion and amortization of timber, roads and other. At September 30, 2025, an inventory provision of \$48.8 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 \$23.1 million inventory provision expense in the third quarter of 2025 (Quarter 3, 2024 - \$8.0 million net reversal of a previously recognized provision) and a \$31.4 million inventory provision expense in the first nine months of 2025 (first nine months of 2024 - \$21.3 million net reversal of a previously recognized provision) in Production costs in the Statements of Earnings.

6. Borrowings:

	Revolving Term Line	Senior Secured Notes	Total
September 30, 2025			
Available line of credit	\$ 562.5	\$ 627.9	\$ 1,190.4
Drawings	285.8	627.9	913.7
Outstanding letters of credit	49.2	-	49.2
Unused portion of Revolving Term Line	\$ 227.5	\$ -	\$ 227.5

	Revolving Term Line	Senior Secured Notes	Total
December 31, 2024			
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	
September 30, 2026	\$ 46.5
September 30, 2027	38.9
September 30, 2028	85.4
September 30, 2029	371.2
September 30, 2030	92.9
Thereafter	278.8
	\$ 913.7

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

	Three Months Sept. 30, 2025	Three Months Sept. 30, 2024	Nine Months Sept. 30, 2025	Nine Months Sept. 30, 2024
Drawings at opening	\$ 814.3	\$ 970.0	\$ 904.7	\$ 897.7
Revolving Term Line net drawings (repayments)	82.8	(75.2)	84.2	(34.8)
Additions to Senior Secured Notes	-	-	-	45.3
Repayments of Senior Secured Notes	-	-	(47.7)	(45.3)
Effects of changes in foreign exchange rate	16.6	(12.8)	(27.5)	19.1
Drawings at September 30	\$ 913.7	\$ 882.0	\$ 913.7	\$ 882.0

(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 certain of the Company's assets and is subject to certain financial covenants including a maximum ratio of net debt to total capitalization. As at September 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 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.

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6. Borrowings (continued):**(a) Revolving Term Line (continued):**

As at September 30, 2025, including letters of credit, the Term Line was drawn by US\$233.3 million (December 31, 2024 - US\$173.4 million), revalued at the quarter-end exchange rate to \$325.2 million (December 31, 2024 - \$249.5 million) and \$9.8 million (December 31, 2024 - \$10.9 million), for total borrowings of \$335.0 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 losses of \$4.7 million in the third quarter of 2025 (Quarter 3, 2024 - gains of \$3.7 million) and gains of \$7.0 million in the first nine months of 2025 (first nine months of 2024 - losses of \$5.9 million) arising on their revaluation were recognized in Foreign currency translation differences in Other comprehensive income (loss).

(b) Senior Secured Notes:

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

	Sept. 30, 2025	Dec. 31, 2024
Series C (US\$33,333,333) bearing interest at 4.17%	\$ 46.5	\$ 95.9
Series D (US\$45,550,000) bearing interest at 4.95%	63.5	65.5
Series E (US\$38,200,000) bearing interest at 4.82%	53.2	55.0
Series F (US\$50,000,000) bearing interest at 3.34%	69.7	71.9
Series G (US\$50,000,000) bearing interest at 3.25%	69.7	71.9
Series H (US\$200,000,000) bearing interest at 7.06%	278.8	287.9
Series I (US\$33,333,333) bearing interest at 6.37%	46.5	48.0
	\$ 627.9	\$ 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 certain of the Company's assets, and subject to certain financial covenants including a maximum ratio of net debt to total capitalization. As at September 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 losses of \$11.9 million in the third quarter of 2025 (Quarter 3, 2024 - gains of \$9.1 million) and gains of \$20.5 million in the first nine months of 2025 (first nine months of 2024 - losses of \$13.2 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	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	51,453,736	\$ 409.0	6.6
Stock option vesting	-	-	0.1
September 30, 2025	51,453,736	\$ 409.0	\$ 6.7

On October 1, 2025, the Company completed a bought deal offering of 12,437,800 common shares of the Company and the concurrent exercise of an over-allotment option to purchase an additional 1,865,670 common shares at a price of \$10.05 per common share for gross proceeds of \$143.8 million. The net proceeds of \$137.9 million were used to pay down existing indebtedness.

8. Depreciation, depletion and amortization:

Depreciation, depletion and amortization by function is as follows:

	Three Months Sept. 30, 2025	Three Months Sept. 30, 2024	Nine Months Sept. 30, 2025	Nine Months Sept. 30, 2024
Production	\$ 45.5	\$ 52.2	\$ 139.8	\$ 167.0
Selling and administration	0.4	0.5	1.0	1.4
	\$ 45.9	\$ 52.7	\$ 140.8	\$ 168.4

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9. Asset write-downs and restructuring costs:

	Three Months Sept. 30, 2025	Three Months Sept. 30, 2024	Nine Months Sept. 30, 2025	Nine Months Sept. 30, 2024
Net write-down of plant, equipment, roads and timber licences	\$ -	\$ 91.1	\$ 0.1	\$ 82.2
Severance and other closure costs	0.2	3.7	0.5	6.9
Lease modification	-	-	(0.2)	(0.7)
	\$ 0.2	\$ 94.8	\$ 0.4	\$ 88.4

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.

During the quarter ended September 30, 2024, the Company identified two impairment indicators, the indefinite curtailment of two of its operations in the U.S. South and the impending sale of the Quebec operations, resulting in impairment charges of \$17.3 million and \$73.8 million, respectively, against plant, equipment, intangibles, roads, timber licences and other.

10. Finance costs:

	Three Months Sept. 30, 2025	Three Months Sept. 30, 2024	Nine Months Sept. 30, 2025	Nine Months Sept. 30, 2024
Interest expense on:				
Borrowings	\$ 13.7	\$ 14.3	\$ 39.7	\$ 44.3
Duty deposits	31.7	4.2	36.3	8.1
Pension obligations	0.9	0.8	2.3	2.2
Lease liabilities	0.6	0.5	1.8	1.5
Interest revenue from:				
Duty deposits and other	(10.2)	(9.8)	(21.7)	(22.2)
Pension assets	(0.7)	(0.6)	(1.9)	(1.8)
Unwind of discount on provisions	0.3	-	0.8	0.6
Amortization of deferred finance costs	0.2	0.1	0.5	0.5
	\$ 36.5	\$ 9.5	\$ 57.8	\$ 33.2

11. Other income (expense):

	Three Months Sept. 30, 2025	Three Months Sept. 30, 2024	Nine Months Sept. 30, 2025	Nine Months Sept. 30, 2024
Net gain related to B.C. Coast monetization	\$ 3.6	\$ 16.5	\$ 18.5	\$ 55.9
Net loss on disposal of property, plant, equipment, goodwill and other	(2.1)	-	(31.4)	(14.9)
Change in fair value of minority interest in equity investments	(3.5)	11.0	(7.8)	(4.6)
Business interruption insurance	-	(2.0)	-	(2.0)
Net loss on lease modifications	(0.1)	-	(0.3)	-
	\$ (2.1)	\$ 25.5	\$ (21.0)	\$ 34.4

The Company sold Coastal B.C. forest tenures totalling approximately 32,000 cubic metres of allowable annual cut ("AAC") and related assets and liabilities for proceeds of \$3.4 million (Quarter 3, 2024 - \$15.7 million) and a gain of \$3.6 million (Quarter 3, 2024 - \$16.5 million) in the third quarter of 2025 and 197,000 cubic metres of AAC and related assets and liabilities for proceeds of \$17.5 million (first nine months of 2024 - \$55.5 million) and a gain of \$18.5 million (first nine months of 2024 - \$55.9 million) in the first nine months of 2025. Interfor held approximately 701,000 cubic metres of AAC for disposition at September 30, 2025, subject to approvals from the Ministry of Forests. At September 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 \$22.1 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.

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.

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12. Net loss per share:

Net loss per share is calculated utilizing the treasury stock method for determining the dilutive effect of options issued. The reconciliation of the numerator and denominator is determined as follows:

	Three Months Sept. 30, 2025			Three Months Sept. 30, 2024		
	Net loss	Weighted average number of shares	Per share	Net loss	Weighted average number of shares	Per share
Issued shares at June 30		51,453,736			51,446,803	
Effect of shares issued		-			-	
Basic loss per share	\$ (215.8)	51,453,736	\$ (4.19)	\$ (105.7)	51,446,803	\$ (2.05)
Effect of dilutive securities:						
Stock options		3,775			40,618	
Diluted loss per share	\$ (215.8)	51,453,736*	\$ (4.19)	\$ (105.7)	51,446,803*	\$ (2.05)
	Nine Months Sept. 30, 2025			Nine Months Sept. 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		-			788	
Basic loss per share	\$ (239.8)	51,453,736	\$ (4.66)	\$ (254.4)	51,446,591	\$ (4.94)
Effect of dilutive securities:						
Stock options		5,712			59,111	
Diluted loss per share	\$ (239.8)	51,453,736*	\$ (4.66)	\$ (254.4)	51,446,591*	\$ (4.94)

* 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 Sept. 30, 2025	Three Months Sept. 30, 2024	Nine Months Sept. 30, 2025	Nine Months Sept. 30, 2024
United States	\$ 539.3	\$ 520.3	\$ 1,771.2	\$ 1,790.0
Canada	129.1	157.1	368.1	438.5
Other export	11.0	7.5	37.7	21.6
Japan	6.4	3.8	17.5	14.3
China/Taiwan	3.5	4.0	10.8	12.7
	\$ 689.3	\$ 692.7	\$ 2,205.3	\$ 2,277.1

Sales by product line are as follows:

	Three Months Sept. 30, 2025	Three Months Sept. 30, 2024	Nine Months Sept. 30, 2025	Nine Months Sept. 30, 2024
Lumber and other wood products	\$ 598.6	\$ 571.0	\$ 1,945.9	\$ 1,937.7
Wood chips and other by-products	59.2	67.2	182.7	217.6
Logs	25.2	32.3	60.7	86.2
Other	6.3	22.2	16.0	35.6
	\$ 689.3	\$ 692.7	\$ 2,205.3	\$ 2,277.1

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.

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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	Sept. 30, 2025	Dec. 31, 2024
Financial assets measured at fair value			
Equity investments	Level 1	\$ 7.2	\$ 15.0
U.S. countervailing and anti-dumping duty and interest receivable	Level 3	291.9	278.7
		\$ 299.1	\$ 293.7
Financial liabilities measured at fair value			
U.S. countervailing and anti-dumping duty and interest payable	Level 3	\$ 192.2	\$ 0.6

At September 30, 2025, the fair value of the Company's Long-term debt exceeded its carrying value by \$10.0 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 September 30, 2025, the Company had no outstanding obligations under derivative financial instruments.

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

As at September 30, 2025, the Company had commitments for capital expenditures totalling \$37.7 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 final revised rates by administrative review ("AR"):

Year ended December 31		Cash deposit rates in effect	Final rates	
AR1 – 2017 – Combined AD & CV rates		20.23%	8.83%	
AR1 – 2018 – Combined AD & CV rates		20.23%	8.99%	
AR2 – 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	
AR3 – 2020 – Combined AD & CV rates	20.23%	8.99%	8.59%	
AR4 – 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
AR5 – 2022 – Combined AD & CV rates	17.90%	17.91%	8.59%	14.40%
AR6 – 2023	Cash deposit rates in effect Jan 1 to Jul 31	Cash deposit rates in effect Aug 1 to Sep 12	Cash deposit rates in effect Sep 13 to Dec 31	Final rates
AD	4.76%	6.20%	6.26%	20.53%
CV	3.83%	1.79%	1.79%	14.63%
Total	8.59%	7.99%	8.05%	35.16%
AR7 – 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	

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

AR8 – 2025	Cash deposit rates in effect Jan 1 to Jul 28	Cash deposit rates in effect Jul 29 to Aug 11	Cash deposit rates in effect Aug 12 onwards	Final rates
AD	7.66%	20.53%	20.53%	Pending review
CV	6.74%	6.74%	14.63%	Pending review
Total	14.40%	27.27%	35.16%	Pending review

On July 29, 2025 and August 12, 2025, respectively, the DoC published its final AD and CV duty rates based on completion of the review of AR6 on shipments for the year ended December 31, 2023. The AD duty rate was subsequently amended on September 8, 2025 to correct a ministerial error. The table above summarizes the cash deposit rates that were in effect for the year ended December 31, 2023 and the published final rates. The finalization of the AR6 rates indicated a net underpayment of duty deposits in 2023 of \$156.7 million plus accrued interest of \$26.1 million, which have been recorded as a long-term payable.

During Q3 2025, the Company revised its estimate of the fair value measurement of net duty deposits receivable. This change in accounting estimate was applied prospectively, with \$13.7 million recorded as an increase to net duty deposits receivable, of which \$4.4 million related to interest.

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

	Three Months Sept. 30, 2025	Three Months Sept. 30, 2024	Nine Months Sept. 30, 2025	Nine Months Sept. 30, 2024
Cash deposits paid	\$ 25.1	\$ 13.4	\$ 64.7	\$ 40.7
Duty expense related to AR6 rate finalization	156.7	-	156.7	-
Duty recovery related to AR5 rate finalization	-	(3.4)	-	(3.4)
Foreign currency translation impact on net duty deposit receivable	1.8	2.6	15.5	(5.8)
Accruals and other adjustments	(8.5)	(2.4)	(3.3)	(3.0)
	\$ 175.1	\$ 10.2	\$ 233.6	\$ 28.5

Duties paid by period are as follows:

Amounts in US Dollars	
2017	\$ 37.9
2018	94.1
2019	76.1
2020	95.9
2021	89.8
2022	118.7
2023	37.1
2024	44.0
2025	46.2
	\$ 639.8

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

	Sept. 30, 2025		Dec. 31, 2024	
	USD	CAD	USD	CAD
Net overpayment (underpayment) of duties per completed DoC ARs:				
AR1	\$ 35.8	\$ 46.3	\$ 33.0	\$ 42.7
AR2	3.8	5.0	3.2	4.3
AR3	21.3	28.3	19.6	26.1
AR4	5.4	6.8	5.0	6.3
AR5	3.7	4.0	3.2	3.4
AR6	(116.2)	(156.7)	-	-
Purchase price for acquired duty deposits	101.0	131.2	101.0	131.2
Revaluation to the quarter-end exchange rate	-	11.5	-	23.5
Duties recognized as duty deposits	54.8	76.4	165.0	237.5
Interest recognized on duty deposits	16.7	23.3	28.3	40.6
Net duty deposit receivable	\$ 71.5	\$ 99.7	\$ 193.3	\$ 278.1

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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:

	Sept. 30, 2025		Dec. 31, 2024	
	USD	CAD	USD	CAD
Deposits and other assets	\$ 209.3	\$ 291.9	\$ 193.7	\$ 278.7
Provisions and other liabilities	(137.8)	(192.2)	(0.4)	(0.6)
Net duty deposit receivable	\$ 71.5	\$ 99.7	\$ 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 AR1. US\$25.7 million of this amount, along with US\$7.1 million of related accrued interest, is recorded as a long-term receivable at September 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 September 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 supports the legal challenges by the Canadian federal and provincial governments and other Canadian industry members before U.S. courts, binational panels established under the United States-Mexico-Canada Agreement, and the World Trade Organization. All duty rates that are finally determined by the DoC, have been appealed and we will record an adjustment, if required, for each rate once its appeal is finalized.

To date, the only appeals that have been finalized relate to the AD duty rates for AR1 and AR2 for the years 2017 to 2019 and no adjustment was required. The AD duties on deposit for AR1 and AR2 will remain suspended from liquidation, until their corresponding CV duty rate appeals have been finalized. The final amount and effective date of the remaining AD and CV duties assessed on the Company's softwood lumber exports to the U.S., cannot be determined at this time and depend on decisions yet to be made by the reviewing courts and binational panels.



Interfor Corporation
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