Interfor Corporation
Third Quarter Report
For the three and nine months ended September 30, 2026

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, 2026 ("Q3'26" and "YTD'26", 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, 2026, 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 5, 2026.

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. A statement contains forward-looking information when the Company uses what it knows and expects today, to make a statement about the future. All statements other than statements of historical fact contained in this report constitute forward-looking information including, without limitation: statements regarding the future plans, prospects, objectives and expectations of or involving the Company, as well as information under the headings "Export Duties", "Tariffs", "Liquidity and Financial Position", "Outlook", "Off-Balance Sheet Arrangements", "Accounting Policy Changes" and "Risks and Uncertainties". Generally, but not always, forward-looking information is identifiable by the use of words such as "believe", "expects", "plans", "forecasts", "targets", "outlook", "will", "may", "could", "should", "intends", "projects", "anticipates", "estimates", "continues", and similar words or variations or the negative thereof.

Forward-looking information is used to describe management expectations and plans, and although management believes that the expectations are reasonable, there can be no assurance that they will prove to be correct.

By its nature, forward-looking information requires the Company to make assumptions and, accordingly, forward-looking information is subject to inherent risks and uncertainties, and there is significant risk that the forward-looking information will not prove to be accurate. The Company cautions readers not to place undue reliance on its forward-looking information because a number of factors may cause actual future circumstances, results, conditions, actions or events to differ materially from the plans, expectations, estimates or intentions expressed in the forward-looking information and the assumptions underlying the forward-looking information.

Forward-looking information includes assumptions and analyses about the performance of the Company, the markets in which it competes and the prospects and values that are considered in setting its business plan, in evaluating and forecasting its availability of credit, capital investments and outlook for operations and financial position, results and cash flow and other plans and objectives and in making related forward-looking statements.

A number of assumptions and factors on which the forward-looking information is based, which could cause actual results to differ materially from the forward-looking information in this report, include but are not limited to, the following: impact of general economic conditions; demand for products and price volatility; softwood lumber trade between Canada and the U.S.; the tariffs and other trade measures recently enacted or proposed by the U.S. administration, and the potential for further escalating trade measures between the U.S., Canada and other jurisdictions, as well as the applicability, scope and timing of any such measures; availability and cost of logs; availability of credit; competition; currency exchange sensitivity, such as changes in the value of the Canadian Dollar relative to the U.S. Dollar; government regulation, including environmental legislation; health and safety; Indigenous reconciliation in Canada; information technology and cyber security; labour availability; logistics availability and cost; natural and manmade disasters and climate change; residual fibre revenue; and tax exposures. For a more detailed discussion of these factors and assumptions, see the sections titled "Risks and Uncertainties" and "Critical Accounting Estimates" in this report. The Company cautions readers that this list of factors is not exhaustive and that, when relying on forward-looking information to make decisions with respect to the Company, readers should carefully consider the factors discussed, as well as other uncertainties and potential events, and the inherent risks and uncertainties of forward-looking information. The forward-looking information in this report is based on the assumption that the Company will not be affected by such risks, but if the Company is affected by such risks, the forward-looking information may become inaccurate.

The forward-looking information contained in this report is expressly qualified in its entirety by this cautionary statement. The forward-looking information in this report is based on the Company's expectations at the date of this report and should not be relied upon as representing management's views as of any later date. The Company does not undertake to update any forward-looking information, whether as a result of new information, future events or otherwise, except as required by applicable law.

Financial and Operating Highlights

	Unit	For the three months ended Sept. 30 2026	Sept. 30 2025	Jun. 30 2026	For the nine months ended Sept. 30 2026	Sept. 30 2025
Financial Highlights[1]						
Total sales	$MM	832.1	689.3	804.4	2,279.7	2,205.3
Lumber	$MM	712.2	570.7	694.9	1,943.9	1,854.7
Logs, residual products and other	$MM	119.9	118.6	109.5	335.8	350.6
Operating earnings (loss)	$MM	(38.6)	(229.7)	43.7	(27.5)	(258.0)
Net earnings (loss)	$MM	(45.6)	(215.8)	1.0	(107.9)	(239.8)
Net earnings (loss) per share, basic	$/share	(0.69)	(4.19)	0.02	(1.64)	(4.66)
Adjusted EBITDA[2]	$MM	76.9	(183.8)	92.3	199.9	(118.0)
Adjusted EBITDA margin[2]	%	9.2%	(26.7%)	11.5%	8.8%	(5.4%)
Total assets	$MM	2,737.5	2,914.8	2,808.8	2,737.5	2,914.8
Total debt	$MM	809.4	913.7	849.5	809.4	913.7
Net debt[2]	$MM	788.2	893.3	816.7	788.2	893.3
Available liquidity[2]	$MM	462.4	247.9	441.8	462.4	247.9
Net debt to invested capital ratio[2]	%	35.5%	40.7%	36.7%	35.5%	40.7%
Annualized return on capital employed[2]	%	(6.3%)	(36.9%)	4.5%	(3.7%)	(12.4%)
Operating Highlights						
Lumber production	million fbm	952	912	927	2,735	2,748
U.S. South	million fbm	474	433	453	1,336	1,259
U.S. Northwest	million fbm	144	115	141	395	368
Eastern Canada	million fbm	147	198	161	485	607
B.C.	million fbm	187	166	172	519	514
Lumber sales	million fbm	948	924	941	2,695	2,765
Lumber - average selling price[3]	$ per mfbm	751	618	739	721	671
Key Statistics						
Benchmark lumber prices[4]						
SYP Composite	US$ per mfbm	452	338	463	445	388
KD H-F Stud 2x4 9’	US$ per mfbm	529	455	518	512	467
Eastern SPF Composite	US$ per mfbm	595	527	554	551	530
Western SPF Composite	US$ per mfbm	519	429	484	481	451
USD/CAD exchange rate[5]						
Average	1 USD in CAD	1.3995	1.3768	1.3852	1.3855	1.3988
Closing	1 USD in CAD	1.4246	1.3941	1.4201	1.4246	1.3941

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, tariffs and freight.
4 Based on Random Lengths Benchmark Lumber Pricing.
5 Based on Bank of Canada foreign exchange rates.

Summary of Third Quarter 2026 Financial Performance

Interfor recorded a net loss in Q3’26 of $45.6 million, or $0.69 per share, compared to net earnings of $1.0 million, or $0.02 per share in Q2’26 and a net loss of $215.8 million, or $4.19 per share in Q3’25.

Adjusted EBITDA was $76.9 million on sales of $832.1 million in Q3’26 versus Adjusted EBITDA of $92.3 million on sales of $804.4 million in Q2’26 and an Adjusted EBITDA loss of $183.8 million on sales of $689.3 million in Q3’25.

Sales

Interfor recorded $832.1 million of total sales, up 20.7% from $689.3 million in the third quarter of 2025, driven by the sale of 948 million board feet of lumber at an average price of $751 per mfbm. Average selling price increased $133 per mfbm, or 21.5%, and lumber sales volume increased 24 million board feet, or 2.6%, as compared to the same quarter of 2025.

The increase in the average selling price of lumber reflects higher prices across all key benchmarks in Q3'26 as compared to Q3'25.

The increase in lumber sales volume was primarily driven by higher sales volumes in the U.S. South and U.S. Northwest operations, partially offset by the indefinite curtailment of three Eastern Canada sawmills in Q1'26 and Q2'26.

Sales generated from logs, residual products and other increased by $1.3 million or 1.1% in Q3'26 compared to Q3'25 due mainly to an increase in I-joist sales volumes.

Operations

Production costs increased by $5.7 million or 0.8% as compared to Q3'25, explained primarily by a 2.6% increase in lumber sales volume and a weaker Canadian Dollar on average, partially offset by decreased logging activity in the Eastern Canada operations due to curtailments, lower conversion costs and a $19.9 million decrease in the net realizable value provision for log and lumber inventories recorded in Q3'26 versus Q3'25.

Lumber production of 952 million board feet in Q3'26 was 40 million board feet higher than Q3'25. The increase was primarily driven by higher operating rates at the B.C. Interior, U.S. Northwest and U.S. South operations and the completed ramp-up of the Thomaston, GA sawmill, partially offset by the indefinite curtailment of three Eastern Canada sawmills in Q1'26 and Q2'26.

Export duties and tariffs expense was $45.5 million in Q3'26, down $129.6 million from Q3'25, primarily reflecting a $156.7 million non-cash expense in Q3'25 related to the finalization of the countervailing ("CV") and anti-dumping ("AD") duty rates by the U.S. Department of Commerce ("DoC") for the sixth administrative review ("AR"), as well as lower shipments to the U.S. from Canadian sawmills in Q3'26 as compared to Q3'25. The decrease was partially offset by higher export duty cash deposit rates and the Section 232 tariff, which was imposed in October 2025.

Depreciation of plant and equipment was $36.4 million in Q3'26, down $0.9 million from Q3'25, due primarily to the indefinite curtailment of three Eastern Canada sawmills in Q1'26 and Q2'26, partially offset by the completion of the Thomaston, GA sawmill rebuild. Depletion and amortization of timber, roads and other was $9.1 million, up $0.5 million compared to Q3'25, primarily due to an increase in right of use assets.

Corporate and Other

Selling and administration expenses were $18.4 million, up $6.0 million from Q3'25, primarily related to an accrual for short-term incentive compensation in Q3'26 versus a reversal of an accrual for short-term incentive compensation in Q3'25.

Long-term incentive compensation expense was $6.8 million in Q3'26, compared to a recovery of $0.2 million in Q3'25, reflecting a 21.8% increase in the price of Interfor common shares used to value share-based awards during Q3'26 compared to a 17.0% decrease during Q3'25. These amounts are also impacted by the vesting and maturing of incentive awards.

Asset write-downs and restructuring costs in Q3'26 were $63.2 million, primarily related to asset impairments at an Eastern Canada operation that was curtailed in Q2'26. The asset write-downs and restructuring costs in Q3'25 were negligible.

Finance costs decreased to $15.8 million in Q3'26 from $36.5 million in Q3'25, primarily due to the net interest expense accrued on the long-term export duties payable in Q3'25 related to the finalization of the CV and AD duty rates by the DoC for AR6. The decrease was partially offset by higher interest costs on borrowings.

Other foreign exchange loss of $1.7 million in Q3'26 and $13.4 million in Q3'25 resulted primarily from the quarter-end revaluation of U.S. Dollar denominated intercompany funding. The foreign exchange loss of $2.1 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 income of $0.4 million in Q3'26 primarily related to a gain on the sale of private land on the B.C. Coast, partially offset by the change in the fair value of equity investments. Other expense of $2.1 million in Q3'25 primarily related to the change in the fair value of equity investments and a loss on disposal of property, plant and equipment, partially offset by a gain on the sale of Coastal B.C. forest tenures.

Income Taxes

The Company recorded an income tax recovery of $10.1 million in Q3'26, at an effective tax rate of 18%, comprised of a $2.0 million current income tax expense and a $12.1 million deferred tax recovery. The effective tax rate is lower than the statutory tax rate primarily due to net losses in the Canadian operations being offset by net earnings in the U.S. operations and the tax effect of the appreciation of the U.S. Dollar on U.S. Dollar denominated short-term intercompany funding. 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.

Net Loss

The net loss of $45.6 million or $0.69 per share decreased by $170.2 million or $3.50 per share compared to Q3'25 due to the reasons explained above.

Summary of Year-to-Date 2026 Financial Performance

Sales

Interfor recorded $2.3 billion of total sales in the first nine months of 2026, up 3.4% from $2.2 billion in the first nine months of 2025, driven by the sale of 2.7 billion board feet of lumber at an average price of $721 per mfbm. Average selling price increased $50 per mfbm, or 7.5%, while lumber sales volume decreased 70 million board feet, or 2.5%, as compared to the first nine months of 2025.

The increase in the average selling price of lumber reflects higher prices across all key benchmarks in YTD'26 as compared to YTD'25.

The decrease in lumber sales volume was primarily driven by the indefinite curtailment of three Eastern Canada sawmills in Q1'26 and Q2'26 and temporary market-related curtailments at the beginning of 2026, partially offset by higher sales volumes in the U.S. South operations.

Sales generated from logs, residual products and other decreased by $14.8 million or 4.2% as compared to the same period of 2025 due mainly to a decrease in volume of chips produced and a decrease in I-joist average selling prices.

Operations

Production costs decreased by $141.1 million, or 6.9% in the first nine months of 2026, explained primarily by a 2.5% decrease in lumber sales volume, decreased logging activity in the Eastern Canada operations due to curtailments, lower net log costs in the U.S. Northwest and B.C. operations, lower conversion costs, a $54.1 million decrease in the net realizable value provision for log and lumber inventories recorded in YTD'26 versus YTD'25 and a stronger Canadian Dollar on average.

Lumber production of 2.7 billion board feet in YTD'26 was 13 million board feet lower than YTD'25. The decrease was primarily driven by the indefinite curtailment of three Eastern Canada sawmills in Q1'26 and Q2'26 and temporary market-related curtailments at the beginning of 2026, partially offset by higher operating rates at the other operations in all regions.

Export duties and tariffs expense was $126.8 million YTD'26, down $108.8 million from YTD'25, primarily reflecting a $156.7 million non-cash expense in Q3'25 related to the finalization of the CV and AD duty rates by the DoC for AR6, lower shipments to the U.S. from Canadian sawmills in YTD'26 as compared to YTD'25 and foreign exchange differences on revaluation of the long-term export duties receivable and payable. The decrease was partially offset by higher export duty cash deposit rates and the Section 232 tariff, which was imposed in October 2025.

Depreciation of plant and equipment was $103.3 million, down 10.6% from the first nine months of 2025, due primarily to the indefinite curtailment of three Eastern Canada sawmills in Q1'26 and Q2'26 and temporary market-related curtailments at the beginning of 2026, partially offset by the completion of the Thomaston, GA sawmill rebuild. Depletion and amortization of timber, roads and other was $27.1 million, up $1.9 million from YTD'25, primarily due to an increase in right of use assets.

Corporate and Other

Selling and administration expenses were $52.0 million, up $6.4 million from YTD'25, primarily related to an accrual for short-term incentive compensation in YTD'26.

Long-term incentive compensation expense was $13.6 million YTD'26, compared to a recovery of $1.2 million in YTD'25, reflecting a 76.8% increase in the price of Interfor common shares used to value share-based awards during YTD'26 compared to a 36.1% decrease during YTD'25. These amounts are also impacted by the vesting and maturing of incentive awards.

Asset write-downs and restructuring costs in YTD'26 were $83.4 million, primarily related to asset impairments at an Eastern Canada operation that was curtailed in Q2'26 and two legacy operations in the U.S. South and severance costs related to the indefinite curtailment of another sawmill in Eastern Canada in Q1'26. The asset write-downs and restructuring costs in YTD'25 were negligible.

Finance costs decreased to $48.6 million from $57.8 million in the first nine months of 2025, primarily due to the net interest expense accrued on the long-term export duties payable in Q3'25 related to the finalization of the CV and AD duty rates by the DoC for AR6. The decrease was partially offset by higher interest costs on borrowings.

Other foreign exchange loss of $25.7 million in YTD'26 and gain of $22.0 million in YTD'25 resulted primarily from the period-end revaluation of U.S. Dollar denominated intercompany funding. The foreign exchange loss of $27.3 million recorded in YTD'26 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 $17.1 million in YTD'26 primarily related to a loss on disposal of goodwill associated with the sale of a legacy operation in the U.S. South, partially offset by a gain related to the B.C. Coast monetization. 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 equity investments, partially offset by a net gain on the sale of Coastal B.C. forest tenures.

Income Taxes

The Company recorded an income tax recovery of $11.0 million in YTD'26, comprised of a $4.6 million current income tax expense and a $15.6 million deferred tax recovery. The effective tax rate is lower than the statutory tax rate primarily due to net losses in the Canadian operations being offset by net earnings in the U.S. operations and the tax effect of the appreciation of the U.S. Dollar on U.S. Dollar denominated short-term intercompany funding. 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.

Net Loss

The net loss of $107.9 million or $1.64 per share decreased by $131.9 million or $3.02 per share compared to YTD'25 due to the reasons explained above.

Export Duties

The AD duty rates for AR1 and AR2 for the years 2017 to 2019 have been finalized and the AD duties on deposit for these periods will remain suspended from liquidation until their corresponding CV duty rate appeals have been finalized, except for the AD duties on deposit for a "gap period" in AR1 from August 26, 2017 to December 27, 2017, during which period CV duties were not applicable. The DoC has now liquidated AD duties for the gap period in AR1 and the Company received a refund of US$5.7 million in the first nine months of 2026.

On October 19, 2026, the DoC published its final AD and CV duty rates for AR7 covering shipments for the year ended December 31, 2024 of 10.64% and 14.11%, respectively. The combined all others rate of 24.75% will be applied to new lumber shipments effective October 19, 2026. The finalization of the AR7 rates indicated an incremental duty expense of approximately US$63.3 million and incremental interest expense of approximately US$11.4 million, which are expected to be recorded in the fourth quarter of 2026.

Tariffs

On July 20, 2026, the U.S. President issued three Proclamations pursuant to Section 338 of the *Tariff Act* of 1930 imposing additional tariffs of 50% on certain goods imported from Canada, effective August 19, 2026. On July 23, 2026, the U.S. President issued a presidential memorandum directing the U.S. Trade Representative to impose Section 301 tariffs of 10% or 12.5% on imports from 60 trading partners, including Canada, effective July 24, 2026. None of the Section 338 or Section 301 tariffs apply to the Company's products exported to the U.S.

Effective October 14, 2025, the U.S. imposed a tariff of 10% under Section 232 of the *Trade Expansion Act*, on all imports of softwood timber and lumber into the U.S., including from Canada. During Q3'26 and YTD'26, the Company expensed $10.1 million and $28.8 million, respectively, in Section 232 tariffs on the Company's lumber products.

Between March 4, 2025 and March 6, 2025, a 25% tariff on all products imported from Canada to the U.S., including softwood lumber, was imposed under the *International Emergency Economic Powers Act* ("IEEPA"), resulting in the Company paying $1.9 million in such tariffs.

In February 2026, the U.S. Supreme Court decided IEEPA does not authorize the imposition of tariffs and the Court of International Trade ordered the U.S. Customs and Border Protection to issue refunds including interest for these unlawful tariffs. The Company received $0.4 million of refunds in Q2'26 related to the IEEPA tariffs paid on I-joist products. The Company expects to receive refunds of the IEEPA tariffs paid on lumber when the AD and CV duties for the eighth administrative review period are finalized and no longer subject to appeal.

Summary of Quarterly Results

		2026			2025				2024
	Unit	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Financial Highlights[1]									
Total sales	$MM	832.1	804.4	643.2	600.6	689.3	780.5	735.5	746.5
Lumber	$MM	712.2	694.9	536.8	486.8	570.7	669.0	615.0	619.1
Logs, residual products and other	$MM	119.9	109.5	106.4	113.8	118.6	111.5	120.5	127.4
Operating earnings (loss)	$MM	(38.6)	43.7	(32.6)	(148.9)	(229.7)	(28.4)	0.1	25.2
Net earnings (loss)	$MM	(45.6)	1.0	(63.3)	(104.6)	(215.8)	11.1	(35.1)	(49.9)
Net earnings (loss) per share, basic	$/share	(0.69)	0.02	(0.96)	(1.59)	(4.19)	0.22	(0.68)	(0.97)
Adjusted EBITDA[2]	$MM	76.9	92.3	30.7	(29.2)	(183.8)	17.2	48.6	80.4
Adjusted EBITDA margin[2]	%	9.2%	11.5%	4.8%	(4.9%)	(26.7%)	2.2%	6.6%	10.8%
Total assets	$MM	2,737.5	2,808.8	2,780.8	2,721.5	2,914.8	2,892.9	3,042.9	3,078.7
Total debt	$MM	809.4	849.5	895.8	829.8	913.7	814.3	901.9	904.7
Net debt[2]	$MM	788.2	816.7	857.7	797.6	893.3	798.0	886.3	861.3
Available liquidity[2]	$MM	462.4	441.8	385.8	371.3	247.9	369.7	306.0	383.0
Net debt to invested capital ratio[2]	%	35.5%	36.7%	38.3%	36.5%	40.7%	34.8%	36.5%	35.7%
Annualized return on capital employed[2]	%	(6.3%)	4.5%	(9.3%)	(20.2%)	(36.9%)	1.5%	(3.1%)	(2.2%)
Operating Highlights									
Lumber production	million fbm	952	927	856	753	912	935	901	948
U.S. South	million fbm	474	453	408	396	433	424	402	425
U.S. Northwest	million fbm	144	141	111	50	115	129	124	112
Eastern Canada	million fbm	147	161	177	174	198	215	194	235
B.C.	million fbm	187	172	160	133	166	167	181	176
Lumber sales	million fbm	948	941	806	812	924	978	863	940
Lumber - average selling price[3]	$ per mfbm	751	739	666	599	618	684	712	659
Key Statistics									
Benchmark lumber prices[4]									
SYP Composite	US$ per mfbm	452	463	419	341	338	420	407	373
KD H-F Stud 2x4 9′	US$ per mfbm	529	518	488	422	455	475	471	421
Eastern SPF Composite	US$ per mfbm	595	554	503	480	527	527	536	515
Western SPF Composite	US$ per mfbm	519	484	441	401	429	441	484	457
USD/CAD exchange rate[5]									
Average	1 USD in CAD	1.3995	1.3852	1.3723	1.3947	1.3768	1.3852	1.4352	1.3982
Closing	1 USD in CAD	1.4246	1.4201	1.3918	1.3706	1.3941	1.3676	1.4307	1.4389

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, tariffs 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, variability in log costs, fluctuations in the USD/CAD foreign currency exchange rate, duty deposit rate changes, tariffs, temporary production curtailments and sawmill acquisitions, disposals and/or closures.

Lumber production and sales decreased due to temporary market-related curtailments announced in September 2025 and October 2025. Also, lumber production and sales decreased due to the wind-down of the Quebec operations in Q4'24 and subsequent sale in Q1'25 and the indefinite curtailment of three Eastern Canada sawmills in Q1'26 and Q2'26. Asset impairments related to the Eastern Canada operations affected earnings in Q4'25 and Q3'26 and asset impairments related to the U.S. South operations affected earnings in Q1'26 and Q3'26.

The loss on disposal of the Quebec operations impacted earnings in Q1'25, the loss on disposal of goodwill related to the sale of a legacy operation in the U.S. South impacted earnings in Q1'26 and the finalization of the CV and AD rates by the 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 and increases net earnings of U.S. operations when translated to Canadian Dollars, all else equal. A stronger Canadian Dollar has the opposite impacts.

Liquidity and Financial Position

Balance Sheet

Interfor's net debt at September 30, 2026 was $788.2 million, or 35.5% of invested capital, representing a decrease of $9.4 million from December 31, 2025.

As at September 30, 2026 the Company had net working capital of $181.0 million and available liquidity of $462.4 million, based on the available borrowing capacity under its Revolving Term Line.

In February 2026, the Company entered into a $30.0 million term loan (the "Term Loan"), bearing interest at bank prime plus a margin. The Term Loan is guaranteed by the Business Development Bank of Canada and arranged through the Government of Canada's Softwood Lumber Guarantee Program. On October 29, 2026, the Company increased the Term Loan to $50.0 million with monthly principal repayments of $0.8 million beginning May 29, 2029 until final maturity on March 29, 2034 with no change to the interest rate.

In February 2026, the Company issued US$75.0 million of Senior Secured Notes, bearing interest at 8.00% with principal repayments of US$18.8 million due on February 26, 2031, 2032, 2033 and on final maturity in 2034. The proceeds were used to settle US$33.3 million of principal under the Company's Senior Secured Notes due on March 26, 2026 and for general corporate purposes.

In February 2026, the Company amended its Revolving Term Line commitment to $540.0 million with no change to the maturity date of July 25, 2029. Concurrently, the Revolving Term Line and Senior Secured Notes were amended to provide increased flexibility related to certain financial covenants. The financial covenants include: a maximum net debt to invested capital ratio of 50.0%; a minimum EBITDA interest coverage ratio of two times, which becomes effective if the net debt to invested capital ratio exceeds certain thresholds; the ability to exclude up to $300.0 million of non-cash asset or goodwill impairment charges from January 1, 2025 onwards from the calculation of the Company's net debt to invested capital ratio; and the requirement to maintain a minimum liquidity level of $175.0 million.

As at September 30, 2026, Interfor was fully in compliance with all covenants relating to the Revolving 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 Sept. 30		For the nine months ended Sept. 30	
Millions of Dollars	**2026**	**2025**	**2026**	**2025**
Net debt				
Net debt, period opening	$816.7	$798.0	$797.6	$861.3
Revolving Term Line net drawings (repayments)	(42.1)	82.8	(138.3)	84.2
Additions to Senior Secured Notes	-	-	102.6	-
Repayments of Senior Secured Notes	-	-	(45.9)	(47.7)
Additions to Term Loan	-	-	30.0	-
Decrease (increase) in cash and cash equivalents	11.9	(4.0)	12.7	21.7
Foreign currency translation impact on U.S. Dollar denominated cash and cash equivalents and debt	1.7	16.5	29.5	(26.2)
Net debt, period ending	$788.2	$893.3	$788.2	$893.3

Cash Flow from Operating Activities

The Company generated $199.4 million of cash flow from operations before changes in working capital in YTD'26, compared to $20.1 million in YTD'25. There was a net cash inflow from operations after changes in working capital of $163.1 million in YTD'26, with $36.3 million invested in operating working capital.

The increase in inventories was mainly due to lower inventory levels at Q4'25 due to temporary market-related curtailments and capital project downtime related to the rebuild of the Thomaston, GA sawmill. Higher lumber prices contributed to the increase in trade receivables, while timing of payments contributed to the increase in trade accounts payable and provisions.

In YTD'25, $45.4 million of cash was generated from operations, with $25.3 million of cash released from operating working capital.

Cash Flow from Investing Activities

Investing activities used $56.9 million of cash flow in YTD'26, with $76.8 million for additions to property, plant and equipment and $4.8 million for development of roads and bridges, partially offset by $12.1 million in proceeds on disposal of property, plant, equipment and other, $11.7 million in net proceeds related to the B.C. Coast monetization and $0.9 million for deposits and other assets.

Discretionary mill improvements of $44.5 million in YTD'26 were mainly focused on the multi-year rebuild of the Thomaston, GA sawmill, which was completed in Q1'26. Mill maintenance investments totalled $32.3 million in YTD'26.

In YTD'25, investing activities used $44.2 million of cash flow, 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 related to the B.C. Coast monetization and $2.6 million for deposits and other assets.

Discretionary and maintenance mill improvements totalled $37.6 million and $29.3 million, respectively, in YTD'25. 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 $118.9 million in YTD'26 resulted from $138.3 million in Revolving Term Line net repayments, $45.9 million repayment of Senior Secured Notes, interest payments of $45.4 million, lease liability payments of $17.9 million and debt refinancing costs of $4.3 million, partially offset by the issuance of $102.6 million of Senior Secured Notes and a $30.0 million Term Loan.

The net cash outflow of $22.9 million in YTD'25 resulted from $47.7 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 Revolving Term Line net drawings.

Capital Resources

The following table summarizes Interfor's credit facilities and availability as of September 30, 2026:

Millions of Dollars	Term Loan	Revolving Term Line	Senior Secured Notes	Total
Available line of credit and maximum borrowing available	$30.0	$540.0	$701.0	$1,271.0
Less:				
Drawings	30.0	78.4	701.0	809.4
Outstanding letters of credit included in line utilization	-	20.4	-	20.4
Unused portion of facility	$ -	$441.2	$ -	441.2
Add:				
Cash and cash equivalents				21.2
Available liquidity at September 30, 2026				$462.4

As of September 30, 2026, the Company had commitments for capital expenditures totalling $23.8 million for both maintenance and discretionary capital projects.

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, oil price volatility and geo-political uncertainty, and as industry-wide lumber production continues to adjust to match demand.

Benchmark lumber prices have weakened into early Q4'26, driven by a typical seasonal slowdown in consumption and building activity. Compared to the Q3'26 average, the October 2026 monthly average Western SPF and SYP Composite benchmarks decreased by US$32 and US$49 per mfbm, or 6% and 11%, respectively. Despite the relative easing versus Q3'26, benchmark prices in October 2026 remain substantially higher than the same time last year in October 2025, with the Western SPF and SYP Composite benchmarks up US$70 and US$77 per mfbm, or 17% and 23%, respectively. Industry-wide market curtailments, shifting duty rates on Canadian lumber exports to the U.S. and seasonal demand factors are expected to drive ongoing price fluctuations for the remainder of 2026 and into early 2027.

Near-term volatility is likely to be amplified by the significant 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 65% of its total lumber produced and sold within the U.S. Ultimately, only about 20% of the Company's total lumber production is exported from Canada to the U.S. and exposed to duties, tariffs or other potential trade measures. Oil price fluctuations are also expected to drive ongoing volatility in end-use demand, logistics costs and raw material purchases, while at the same time potentially hindering offshore imports from Europe.

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 is expected to 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 operating margins over the business cycle.

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, 2026.

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, 2026, such instruments aggregated $129.1 million (December 31, 2025 - $105.8 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 Q3'26 or Q3'25.

Outstanding Shares

As of November 5, 2026, Interfor had 65,775,125 common shares issued and outstanding. These common shares are listed on the Toronto Stock Exchange under the symbol IFP.

As of November 5, 2026, there were 406,312 stock options outstanding with exercise prices ranging from $11.57 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, 2026, 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, 2026. Interfor's critical accounting estimates are described in its MD&A for the year ended December 31, 2025, 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 into three defined categories of operating, investing, and financing, and by specifying certain defined totals and subtotals. Where company-specific measures related to the income statement are provided, IFRS 18 requires companies to disclose explanations around these measures, which are referred to as management-defined performance measures. IFRS 18 also provides additional guidance on principles of aggregation and disaggregation, which apply to the primary financial statements and the notes. IFRS 18 will not affect the recognition and measurement of items in the financial statements, nor will it affect which items are classified in other comprehensive income and how these items are classified. The standard is effective for reporting periods beginning on or after January 1, 2027, with retrospective application required. The Company is currently in the process of assessing the impact of this new standard.

Non-GAAP Measures

This MD&A makes reference to the following non-GAAP measures: Adjusted EBITDA, Adjusted EBITDA margin, Net debt to invested capital ratio, Available liquidity and Annualized return on capital employed, which are used by the Company, certain investors and lenders 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	
Millions of Dollars except number of shares and per share amounts	Sept. 30 2026	Sept. 30 2025	Jun. 30 2026	Sept. 30 2026	Sept. 30 2025
Adjusted EBITDA					
Net earnings (loss)	$(45.6)	$(215.8)	$1.0	$(107.9)	$(239.8)
Add:					
Depreciation of plant and equipment	36.4	37.3	34.7	103.3	115.6
Depletion and amortization of timber, roads and other	9.1	8.6	8.8	27.1	25.2
Finance costs	15.8	36.5	17.3	48.6	57.8
Income tax expense (recovery)	(10.1)	(65.9)	10.8	(11.0)	(75.0)
Long-term incentive compensation expense (recovery)	6.8	(0.2)	4.6	13.6	(1.2)
Other foreign exchange loss (gain)	1.7	13.4	14.0	25.7	(22.0)
Other expense (income)	(0.4)	2.1	0.6	17.1	21.0
Asset write-downs and restructuring costs	63.2	0.2	0.5	83.4	0.4
Adjusted EBITDA	$76.9	$(183.8)	$92.3	$199.9	$(118.0)
Sales	$832.1	$689.3	$804.4	$2,279.7	$2,205.3
Adjusted EBITDA margin	9.2%	(26.7%)	11.5%	8.8%	(5.4%)
Net debt to invested capital ratio					
Net debt					
Total debt	$809.4	$913.7	$849.5	$809.4	$913.7
Cash and cash equivalents	(21.2)	(20.4)	(32.8)	(21.2)	(20.4)
Total net debt	$788.2	$893.3	$816.7	$788.2	$893.3
Invested capital					
Net debt	$788.2	$893.3	$816.7	$788.2	$893.3
Shareholders' equity	1,209.6	1,254.1	1,251.6	1,209.6	1,254.1
Cumulative net worth adjustments[1]	220.7	49.3	159.3	220.7	49.3
Total invested capital	$2,218.5	$2,196.7	$2,227.6	$2,218.5	$2,196.7
Net debt to invested capital ratio[2]	35.5%	40.7%	36.7%	35.5%	40.7%
Available liquidity					
Senior Secured Notes	$701.0	$627.9	$698.8	$701.0	$627.9
Revolving Term Line	540.0	562.5	540.0	540.0	562.5
Term Loan	30.0	-	30.0	30.0	-
Available line of credit	$1,271.0	$1,190.4	$1,268.8	$1,271.0	$1,190.4
Drawings	(809.4)	(913.7)	(849.5)	(809.4)	(913.7)
Outstanding letters of credit	(20.4)	(49.2)	(10.3)	(20.4)	(49.2)
Cash and cash equivalents	21.2	20.4	32.8	21.2	20.4
Available liquidity	$462.4	$247.9	$441.8	$462.4	$247.9
Annualized return on capital employed					
Net earnings (loss)	$(45.6)	$(215.8)	$1.0	$(107.9)	$(239.8)
Add:					
Finance costs	15.8	36.5	17.3	48.6	57.8
Income tax expense (recovery)	(10.1)	(65.9)	10.8	(11.0)	(75.0)
Earnings (loss) before income taxes and finance costs	$(39.9)	$(245.2)	$29.1	$(70.3)	$(257.0)
Capital employed					
Total assets	$2,737.5	$2,914.8	$2,808.8	$2,737.5	$2,914.8
Current liabilities	(295.0)	(300.2)	(244.9)	(295.0)	(300.2)
Less:					
Current portion of long-term debt	39.8	46.5	-	39.8	46.5
Current portion of lease liabilities	20.7	18.6	20.5	20.7	18.6
Capital employed, end of period	$2,503.0	$2,679.7	$2,584.4	$2,503.0	$2,679.7
Capital employed, beginning of period	2,584.4	2,636.5	2,579.0	2,559.4	2,844.8
Average capital employed	$2,543.7	$2,658.1	$2,581.7	$2,531.2	$2,762.3
Earnings (loss) before income taxes and finance costs divided by average capital employed	(1.6%)	(9.2%)	1.1%	(2.8%)	(9.3%)
Annualization factor	4.0	4.0	4.0	1.3	1.3
Annualized return on capital employed	(6.3%)	(36.9%)	4.5%	(3.7%)	(12.4%)

Notes:

1 Cumulative net worth adjustments are defined as non-cash fixed asset or goodwill write-downs and losses on disposal of fixed assets or goodwill, other than disposals in the ordinary course of business.

2 Net debt to invested capital ratio 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; availability of credit; competition; currency exchange sensitivity; environment; government regulation; health and safety; Indigenous reconciliation in Canada; 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, 2025, 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, 2026 and 2025 (unaudited)

(millions of Canadian Dollars except per share amounts)	Three Months Sept. 30, 2026	Three Months Sept. 30, 2025	Nine Months Sept. 30, 2026	Nine Months Sept. 30, 2025
Sales (note 13)	**$ 832.1**	**$ 689.3**	**$ 2,279.7**	**$ 2,205.3**
Costs and expenses:				
Production	**691.3**	**685.6**	**1,901.0**	**2,042.1**
Selling and administration	**18.4**	**12.4**	**52.0**	**45.6**
Long-term incentive compensation expense (recovery)	**6.8**	**(0.2)**	**13.6**	**(1.2)**
Export duties and tariffs (note 15)	**45.5**	**175.1**	**126.8**	**235.6**
Depreciation of plant and equipment (note 8)	**36.4**	**37.3**	**103.3**	**115.6**
Depletion and amortization of timber, roads and other (note 8)	**9.1**	**8.6**	**27.1**	**25.2**
	807.5	**918.8**	**2,223.8**	**2,462.9**
Operating earnings (loss) before asset write-downs and restructuring costs	**24.6**	**(229.5)**	**55.9**	**(257.6)**
Asset write-downs and restructuring costs (note 9)	**(63.2)**	**(0.2)**	**(83.4)**	**(0.4)**
Operating loss	**(38.6)**	**(229.7)**	**(27.5)**	**(258.0)**
Finance costs (note 10)	**(15.8)**	**(36.5)**	**(48.6)**	**(57.8)**
Other foreign exchange gain (loss)	**(1.7)**	**(13.4)**	**(25.7)**	**22.0**
Other income (expense) (note 11)	**0.4**	**(2.1)**	**(17.1)**	**(21.0)**
	(17.1)	**(52.0)**	**(91.4)**	**(56.8)**
Loss before income taxes	**(55.7)**	**(281.7)**	**(118.9)**	**(314.8)**
Income tax expense (recovery):				
Current	**2.0**	**(4.9)**	**4.6**	**6.5**
Deferred	**(12.1)**	**(61.0)**	**(15.6)**	**(81.5)**
	(10.1)	**(65.9)**	**(11.0)**	**(75.0)**
Net loss	**$ (45.6)**	**$ (215.8)**	**$ (107.9)**	**$ (239.8)**
Net loss per share				
Basic (note 12)	**$ (0.69)**	**$ (4.19)**	**$ (1.64)**	**$ (4.66)**
Diluted (note 12)	**$ (0.69)**	**$ (4.19)**	**$ (1.64)**	**$ (4.66)**

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the three and nine months ended September 30, 2026 and 2025 (unaudited)

(millions of Canadian Dollars)	Three Months Sept. 30, 2026	Three Months Sept. 30, 2025	Nine Months Sept. 30, 2026	Nine Months Sept. 30, 2025
Net loss	**$ (45.6)**	**$ (215.8)**	**$ (107.9)**	**$ (239.8)**
Other comprehensive income (loss):				
Items that will not be recycled to Net loss:				
Defined benefit plan actuarial gain (loss), net of tax	**(0.6)**	**2.0**	**2.0**	**1.9**
Items that may be recycled to Net loss:				
Foreign currency translation differences for foreign operations, net of tax	**4.0**	**22.5**	**47.2**	**(40.6)**
Total other comprehensive income (loss), net of tax	**3.4**	**24.5**	**49.2**	**(38.7)**
Comprehensive loss	**$ (42.2)**	**$ (191.3)**	**$ (58.7)**	**$ (278.5)**

See accompanying notes to consolidated financial statements.



CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
For the three and nine months ended September 30, 2026 and 2025 (unaudited)

(millions of Canadian Dollars)	Three Months Sept. 30, 2026	Three Months Sept. 30, 2025	Nine Months Sept. 30, 2026	Nine Months Sept. 30, 2025
Cash provided by (used in):				
Operating activities:				
Net loss	**$ (45.6)**	**$ (215.8)**	**$ (107.9)**	**$ (239.8)**
Items not involving cash:				
Depreciation of plant and equipment (note 8)	**36.4**	**37.3**	**103.3**	**115.6**
Depletion and amortization of timber, roads and other (note 8)	**9.1**	**8.6**	**27.1**	**25.2**
Current income tax expense (recovery)	**2.0**	**(4.9)**	**4.6**	**6.5**
Deferred income tax recovery	**(12.1)**	**(61.0)**	**(15.6)**	**(81.5)**
Finance costs (note 10)	**15.8**	**36.5**	**48.6**	**57.8**
Export duties receivable and other assets	**1.5**	**(9.5)**	**7.8**	**(9.4)**
Export duties payable and other liabilities	**7.0**	**152.7**	**15.9**	**149.9**
Reforestation liability	**1.0**	**(1.0)**	**(0.1)**	**(1.5)**
Stock option vesting (note 7)	**-**	**0.1**	**-**	**0.1**
Net write-down of plant, equipment, timber licences and roads (note 9)	**61.3**	**-**	**72.7**	**0.1**
Unrealized foreign exchange loss (gain)	**1.7**	**14.9**	**22.5**	**(6.6)**
Gain on lease modification	**-**	**-**	**-**	**(0.2)**
Other expense (income) (note 11)	**(0.4)**	**2.1**	**17.1**	**21.0**
Income taxes received (paid), net	**5.2**	**(4.7)**	**3.4**	**(17.1)**
	82.9	**(44.7)**	**199.4**	**20.1**
Cash generated from (used in) operating working capital:				
Trade accounts receivable and other	**(15.9)**	**4.4**	**(51.6)**	**(18.0)**
Inventories	**(7.1)**	**23.2**	**(40.5)**	**24.9**
Prepayments	**(1.5)**	**1.9**	**(4.3)**	**(4.5)**
Trade accounts payable and provisions	**3.0**	**(11.1)**	**60.1**	**22.9**
	61.4	**(26.3)**	**163.1**	**45.4**
Investing activities:				
Additions to property, plant and equipment	**(19.6)**	**(28.9)**	**(76.8)**	**(66.9)**
Additions to roads and bridges	**(4.1)**	**(3.1)**	**(4.8)**	**(5.9)**
Proceeds on disposal of property, plant, equipment and other	**11.3**	**0.2**	**12.1**	**16.4**
Net proceeds related to B.C. Coast monetization (note 11)	**2.0**	**0.2**	**11.7**	**9.6**
Net proceeds from deposits and other assets	**0.1**	**0.4**	**0.9**	**2.6**
	(10.3)	**(31.2)**	**(56.9)**	**(44.2)**
Financing activities:				
Issuance of share capital, net of expenses	**0.2**	**-**	**0.3**	**-**
Interest payments	**(14.9)**	**(12.8)**	**(45.4)**	**(39.4)**
Lease liability payments	**(5.9)**	**(5.3)**	**(17.9)**	**(16.8)**
Debt refinancing costs	**(0.3)**	**(3.2)**	**(4.3)**	**(3.2)**
Revolving Term Line net drawings (repayments) (note 6)	**(42.1)**	**82.8**	**(138.3)**	**84.2**
Additions to Term Loan (note 6)	**-**	**-**	**30.0**	**-**
Additions to Senior Secured Notes (note 6)	**-**	**-**	**102.6**	**-**
Repayments of Senior Secured Notes (note 6)	**-**	**-**	**(45.9)**	**(47.7)**
	(63.0)	**61.5**	**(118.9)**	**(22.9)**
Foreign exchange gain (loss) on cash and cash equivalents held in a foreign currency	**0.3**	**0.1**	**1.7**	**(1.3)**
Increase (decrease) in cash	**(11.6)**	**4.1**	**(11.0)**	**(23.0)**
Cash and cash equivalents, beginning of period	**32.8**	**16.3**	**32.2**	**43.4**
Cash and cash equivalents, end of period	**$ 21.2**	**$ 20.4**	**$ 21.2**	**$ 20.4**

See accompanying notes to consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
September 30, 2026 and December 31, 2025 (unaudited)

(millions of Canadian Dollars)	Sept. 30, 2026	Dec. 31, 2025
Assets		
Current assets:		
Cash and cash equivalents	$ 21.2	$ 32.2
Trade accounts receivable and other	135.8	81.4
Income taxes receivable	-	3.3
Inventories (note 5)	264.3	219.4
Prepayments	28.1	23.1
Assets held for sale (note 9)	26.6	43.8
	476.0	403.2
Export duties receivable (note 15(a))	303.4	290.2
Right of use assets	44.2	41.8
Property, plant and equipment	1,187.8	1,230.9
Roads and bridges	23.0	24.9
Timber licences	136.7	152.4
Goodwill and other intangible assets	523.5	539.6
Other assets	40.5	36.3
Deferred income taxes	2.4	2.2
	$ 2,737.5	$ 2,721.5
Liabilities and Shareholders' Equity		
Current liabilities:		
Trade accounts payable and provisions	$ 212.6	$ 141.9
Current portion of long-term debt (note 6)	39.8	45.7
Reforestation liability	16.0	19.0
Lease liabilities	20.7	18.1
Income taxes payable	5.9	1.2
	295.0	225.9
Reforestation liability	23.5	19.9
Lease liabilities	25.7	25.6
Long-term debt (note 6)	769.6	784.1
Export duties payable (note 15(a))	210.0	192.2
Other liabilities	32.5	21.9
Deferred income taxes	171.6	183.9
Equity:		
Share capital (note 7)	546.4	546.1
Contributed surplus (note 7)	6.7	6.7
Translation reserve	233.9	186.7
Retained earnings	422.6	528.5
	1,209.6	1,268.0
	$ 2,737.5	$ 2,721.5

Commitments and contingencies (notes 15 and 16).
Subsequent events (notes 6 and 15).

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, 2026 and 2025 (unaudited)

(millions of Canadian Dollars)	Share Capital	Contributed Surplus	Translation Reserve	Retained Earnings	Total
Balance at December 31, 2025	**$ 546.1**	**$ 6.7**	**$ 186.7**	**$ 528.5**	**$ 1,268.0**
Net loss:	**-**	**-**	**-**	**(107.9)**	**(107.9)**
Other comprehensive income:					
Foreign currency translation differences for foreign operations, net of tax	**-**	**-**	**47.2**	**-**	**47.2**
Defined benefit plan actuarial gain, net of tax	**-**	**-**	**-**	**2.0**	**2.0**
Contributions:					
Exercise of stock options (note 7)	**0.3**	**-**	**-**	**-**	**0.3**
Balance at September 30, 2026	**$ 546.4**	**$ 6.7**	**$ 233.9**	**$ 422.6**	**$ 1,209.6**
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:					
Exercise of stock options (note 7)	**-**	**0.1**	**-**	**-**	**0.1**
Balance at September 30, 2025	**$ 409.0**	**$ 6.7**	**$ 206.3**	**$ 632.1**	**$ 1,254.1**

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 in North America and 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") 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, 2025.

These financial statements were approved by Interfor's Board of Directors on November 5, 2026.

(b) Basis of measurement:

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

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

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

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

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

(v) The minority 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.

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

(c) Critical accounting estimates:

There were no significant changes to the Company's critical accounting estimates during the quarter ended September 30, 2026. Interfor's critical accounting estimates are described in its annual consolidated financial statements for the year ended December 31, 2025, 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, 2025, 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, 2026, 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 are impacted by the seasonality of its operations and markets. Sawmill operations are dependent on the availability of logs from the Company's logging operations and 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.

5. Inventories:

	Sept. 30, 2026	Dec. 31, 2025
Lumber and other wood products	$ 154.2	$ 123.8
Logs	54.5	46.3
Spare parts and other	55.6	49.3
	$ 264.3	$ 219.4

Inventory cost includes production costs, depreciation of plant and equipment, and depletion and amortization of timber, roads and other. At September 30, 2026, an inventory provision of $13.8 million (December 31, 2025 - $36.5 million) has been recognized to record inventory at the lower of cost and net realizable value. The Company recorded a $3.2 million inventory provision expense in the third quarter of 2026 and a $22.7 million net reversal of a previously recognized provision in the first nine months of 2026 in Production costs in the Statements of Earnings (Quarter 3, 2025 - $23.1 million expense; first nine months of 2025 - $31.4 million expense).

6. Borrowings:

September 30, 2026	Term Loan	Revolving Term Line	Senior Secured Notes	Total
Available line of credit	$ 30.0	$ 540.0	$ 701.0	$ 1,271.0
Drawings	30.0	78.4	701.0	809.4
Outstanding letters of credit	-	20.4	-	20.4
Unused portion of Revolving Term Line	$ -	$ 441.2	$ -	$ 441.2

December 31, 2025	Revolving Term Line	Senior Secured Notes	Total
Available line of credit	$ 562.5	$ 617.4	$ 1,179.9
Drawings	212.4	617.4	829.8
Outstanding letters of credit	11.0	-	11.0
Unused portion of Revolving Term Line	$ 339.1	$ -	$ 339.1

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

Twelve months ending	
September 30, 2027	$ 39.8
September 30, 2028	87.8
September 30, 2029	171.6
September 30, 2030	101.0
September 30, 2031	32.7
Thereafter	376.5
	$ 809.4

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

	Three Months Sept. 30, 2026	Three Months Sept. 30, 2025	Nine Months Sept. 30, 2026	Nine Months Sept. 30, 2025
Drawings at opening	$ 849.5	$ 814.3	$ 829.8	$ 904.7
Revolving Term Line net drawings (repayments)	(42.1)	82.8	(138.3)	84.2
Additions to Senior Secured Notes	-	-	102.6	-
Repayments of Senior Secured Notes	-	-	(45.9)	(47.7)
Additions to Term Loan	-	-	30.0	-
Effects of changes in foreign exchange rate	2.0	16.6	31.2	(27.5)
Drawings at September 30	$ 809.4	$ 913.7	$ 809.4	$ 913.7

(a) Term Loan:

On February 12, 2026, the Company entered into a $30.0 million term loan (the "Term Loan"), bearing interest at bank prime plus a margin with monthly principal repayments of $0.5 million beginning September 26, 2028 until final maturity on August 12, 2033. The Term Loan is guaranteed by the Business Development Bank of Canada ("BDC").

On October 29, 2026, the Company amended the Term Loan, increasing the principal amount from $30.0 million to $50.0 million. Monthly principal repayments of $0.8 million will begin on May 29, 2029 and continue until final maturity on March 29, 2034 with no change to the interest rate.

6. Borrowings (continued):

(b) Revolving Term Line:

On February 12, 2026, the commitment on the Company's Revolving Term Line was amended to $540.0 million with no change to the maturity date of July 25, 2029. The Revolving Term Line may be drawn in either CAD$ 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 invested capital.

The Revolving 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 invested capital and a minimum liquidity requirement. As at September 30, 2026, Interfor was fully in compliance with all covenants relating to the Revolving Term Line.

As at September 30, 2026, excluding letters of credit, the Revolving Term Line was drawn by US$55.0 million (December 31, 2025 - US$155.0 million), revalued at the quarter-end exchange rate to $78.4 million (December 31, 2025 - $212.4 million).

The US dollar drawings under the Revolving Term Line have been designated as a hedge against the Company's investment in its U.S. operations and unrealized foreign exchange gains of $0.2 million in the third quarter of 2026 (Quarter 3, 2025 - losses of $4.7 million) and losses of $4.3 million in the first nine months of 2026 (first nine months of 2025 - gains of $7.0 million) arising on their revaluation were recognized in Foreign currency translation differences in Other comprehensive income (loss).

(c) Senior Secured Notes:

As at September 30, 2026, the Company's Senior Secured Notes consisted of the following:

	Sept. 30, 2026	Dec. 31, 2025
US$33.3 million, interest 4.92%	$ -	$ 45.7
US$45.6 million, interest 5.70%, payments of US$15.2 million due Aug 2027, 2028, 2029	64.9	62.4
US$38.2 million, interest 5.57%, payments of US$12.7 million due Aug 2027, 2028, 2029	54.4	52.4
US$50.0 million, interest 4.09%, payments of US$16.7 million due Mar 2028, 2029, 2030	71.2	68.5
US$50.0 million, interest 4.00%, payments of US$16.7 million due Mar 2028, 2029, 2030	71.2	68.5
US$200.0 million, interest 7.81%, payments of US$66.7 million due Dec 2031, 2032, 2033	284.9	274.2
US$33.3 million, interest 7.12%, payment due Mar 2030	47.5	45.7
US$75.0 million, interest 8.00%, payments of US$18.8 million due Feb 2031, 2032, 2033, 2034	106.9	-
	$ 701.0	$ 617.4

The Senior Secured Notes have a weighted average fixed interest rate of 6.66% and maturities from August 14, 2027 to February 26, 2034.

The Senior Secured Notes are secured by a general security agreement and mortgage security on certain of the Company's assets, and are subject to certain financial covenants including a maximum ratio of net debt to invested capital and a minimum liquidity requirement. As at September 30, 2026, Interfor was fully in compliance with all covenants relating to the Senior Secured Notes.

On February 26, 2026, the Company issued US$75.0 million of Senior Secured Notes, with interest rate and payment terms described in the table above. The proceeds were used to settle US$33.3 million of principal under the Company's Senior Secured Notes due on March 26, 2026.

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 $2.2 million in the third quarter of 2026 (Quarter 3, 2025 - losses of $11.9 million) and $26.9 million in the first nine months of 2026 (first nine months of 2025 - gains of $20.5 million) arising on their revaluation were recognized in Foreign currency translation differences in Other comprehensive income (loss).

(d) Letter of Credit Facility:

The Company maintains a US$26.0 million letter of credit facility (the "LC Facility") guaranteed by Export Development Canada. Letters of credit issued under the LC Facility serve as collateral for US customs bonds. As at September 30, 2026, US$25.2 million (December 31, 2025 - US$25.2 million) had been issued under the LC Facility, revalued at the quarter-end exchange rate to $35.8 million (December 31, 2025 - $34.5 million).

7. Share capital:

The transactions in share capital are described below:

	Share Capital		Contributed
	Number	Amount	Surplus
Balance, December 31, 2024	51,453,736	$ 409.0	$ 6.6
Share issuance, net of expenses	14,303,470	137.1	-
Stock option vesting	-	-	0.1
Balance, December 31, 2025	65,757,206	$ 546.1	$ 6.7
Exercise of stock options	17,919	0.3	-
September 30, 2026	65,775,125	$ 546.4	$ 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 $137.1 million, after payment of fees and expenses, 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, 2026	Three Months Sept. 30, 2025	Nine Months Sept. 30, 2026	Nine Months Sept. 30, 2025
Production	$ 45.3	$ 45.5	$ 129.7	$ 139.8
Selling and administration	0.2	0.4	0.7	1.0
	$ 45.5	$ 45.9	$ 130.4	$ 140.8

9. Asset write-downs and restructuring costs:

	Three Months Sept. 30, 2026	Three Months Sept. 30, 2025	Nine Months Sept. 30, 2026	Nine Months Sept. 30, 2025
Net write-down of plant, equipment, timber licences and roads	$ 61.3	$ -	$ 72.7	$ 0.1
Severance and other closure costs	1.9	0.2	10.7	0.5
Lease modification	-	-	-	(0.2)
	$ 63.2	$ 0.2	$ 83.4	$ 0.4

During the third quarter of 2026, the Company identified an impairment indicator at a previously curtailed Eastern Canada operation and recognized a $53.2 million impairment charge on the remeasurement of property, plant, equipment, timber licences and roads. In the first nine months of 2026, the indefinite curtailment of another Eastern Canada operation in the first quarter of 2026 resulted in $6.0 million of severance and other closure costs.

The Company remeasured the property, plant and equipment of two legacy operations in the U.S. South to the lower of their carrying amount and fair value less costs of disposal, resulting in impairment charges of $11.4 million in the first quarter of 2026 and $7.6 million in the third quarter of 2026. In September 2026, the Company sold certain property, plant and equipment of one of these legacy operations for net cash consideration of $11.0 million. The Company plans to sell certain property, plant and equipment of the remaining legacy operation, which were classified as assets held for sale as at September 30, 2026 and December 31, 2025.

10. Finance costs:

	Three Months Sept. 30, 2026	Three Months Sept. 30, 2025	Nine Months Sept. 30, 2026	Nine Months Sept. 30, 2025
Interest expense on:				
Borrowings	$ 14.5	$ 13.7	$ 44.4	$ 39.7
Pension obligations	0.8	0.9	2.5	2.3
Lease liabilities	0.6	0.6	2.2	1.8
Interest income from:				
Pension assets	(0.7)	(0.7)	(2.1)	(1.9)
Other	(0.4)	(0.3)	(1.1)	(0.9)
Duty deposits interest expense	6.0	31.7	16.5	36.3
Duty deposits interest income	(5.8)	(9.9)	(16.0)	(20.8)
Unwind of discount on provisions	0.2	0.3	0.6	0.8
Amortization of deferred finance costs	0.6	0.2	1.6	0.5
	$ 15.8	$ 36.5	$ 48.6	$ 57.8

11. Other income (expense):

	Three Months Sept. 30, 2026	Three Months Sept. 30, 2025	Nine Months Sept. 30, 2026	Nine Months Sept. 30, 2025
Net gain related to B.C. Coast monetization	$ 2.0	$ 3.6	$ 11.4	$ 18.5
Change in fair value of minority interest in equity investments	(1.3)	(3.5)	(0.3)	(7.8)
Net loss on disposal of property, plant, equipment, goodwill and other	(0.3)	(2.2)	(28.2)	(31.7)
	$ 0.4	$ (2.1)	$ (17.1)	$ (21.0)

During the first nine months of 2026, the Company sold Coastal B.C. forest tenures totalling approximately 108,000 cubic metres of allowable annual cut ("AAC") and related assets and liabilities for proceeds of $9.7 million (first nine months of 2025 - $17.5 million) and a gain of $9.4 million (first nine months of 2025 - $18.5 million). The Company did not sell any Coastal B.C. forest tenures in the third quarter of 2026 but sold private land on the B.C. Coast for proceeds and a gain of $2.0 million (Quarter 3, 2025 - proceeds of $3.4 million and a gain of $3.6 million). At September 30, 2026, Interfor held approximately 466,000 cubic metres of AAC for disposition, subject to approvals from the Ministry of Forests.

11. Other income (expense) (continued):

During the first quarter of 2026, the impending sale of a legacy operation in the U.S. South resulted in the loss of production capacity and a loss on disposal of $27.2 million related to goodwill. As described in Note 9, the sale of this legacy operation closed in September 2026.

In 2025, the Company completed the sale of its Quebec operations 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.

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, 2026			Three Months Sept. 30, 2025		
	Net loss	Weighted average number of shares	Per share	Net loss	Weighted average number of shares	Per share
Issued shares at June 30		65,766,951			51,453,736	
Effect of shares issued		800			-	
Basic loss per share	$ (45.6)	65,767,751	$ (0.69)	$ (215.8)	51,453,736	$ (4.19)
Effect of dilutive securities:						
Stock options		988			3,775	
Diluted loss per share	$ (45.6)	65,767,751[1]	$ (0.69)	$ (215.8)	51,453,736[1]	$ (4.19)

	Nine Months Sept. 30, 2026			Nine Months Sept. 30, 2025		
	Net loss	Weighted average number of shares	Per share	Net loss	Weighted average number of shares	Per share
Issued shares at December 31		65,757,206			51,453,736	
Effect of shares issued		8,959			-	
Basic loss per share	$ (107.9)	65,766,165	$ (1.64)	$ (239.8)	51,453,736	$ (4.66)
Effect of dilutive securities:						
Stock options		-			5,712	
Diluted loss per share	$ (107.9)	65,766,165[1]	$ (1.64)	$ (239.8)	51,453,736[1]	$ (4.66)

[1] 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, 2026	Three Months Sept. 30, 2025	Nine Months Sept. 30, 2026	Nine Months Sept. 30, 2025
United States	$ 667.7	$ 539.3	$ 1,846.2	$ 1,771.2
Canada	148.9	129.1	382.5	368.1
Asia	12.5	18.6	42.2	53.8
Other	3.0	2.3	8.8	12.2
	$ 832.1	$ 689.3	$ 2,279.7	$ 2,205.3

Sales by product line are as follows:

	Three Months Sept. 30, 2026	Three Months Sept. 30, 2025	Nine Months Sept. 30, 2026	Nine Months Sept. 30, 2025
Lumber and other wood products	$ 742.4	$ 598.6	$ 2,030.3	$ 1,945.9
Wood chips and other by-products	59.5	59.2	174.1	182.7
Logs	23.3	25.2	61.5	60.7
Timber management and other	6.9	6.3	13.8	16.0
	$ 832.1	$ 689.3	$ 2,279.7	$ 2,205.3

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.

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, 2026	Dec. 31, 2025
Financial assets measured at fair value			
Equity investments	Level 1	$ 4.9	$ 5.2
Export duties receivable	Level 3	303.4	290.2
		$ 308.3	$ 295.4
Financial liabilities measured at fair value			
Export duties payable	Level 3	$ 210.0	$ 192.2

At September 30, 2026, the fair value of the Company's Long-term debt was less than its carrying value by $33.3 million (December 31, 2025 - exceeded by $11.5 million) measured based on Level 2 inputs 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, 2026, the Company had no outstanding obligations under derivative financial instruments.

15. Export duties and tariffs:

The Export duties and tariffs expense on the Statements of Earnings is comprised of the following:

	Three Months Sept. 30, 2026	Three Months Sept. 30, 2025	Nine Months Sept. 30, 2026	Nine Months Sept. 30, 2025
Export duties	$ 35.6	$ 25.9	$ 101.6	$ 70.6
Tariffs	10.1	-	28.4	1.9
Duty expense related to AR6 rate finalization	-	156.7	-	156.7
Revision in estimate of fair value measurement	-	(9.3)	-	(9.3)
Foreign currency translation impact on net export duties receivable	(0.2)	1.8	(3.2)	15.7
Export duties and tariffs	$ 45.5	$ 175.1	$ 126.8	$ 235.6

(a) U.S. countervailing and anti-dumping duties:

Starting in 2017, the U.S. Department of Commerce ("DoC") has imposed duties on Canadian shipments of softwood lumber into the U.S. Countervailing ("CV") duties were imposed from April 28, 2017 until August 26, 2017 and from December 28, 2017 onwards. Anti-dumping ("AD") duties were imposed from June 30, 2017 through December 26, 2017 and from December 28, 2017 onwards. Since the imposition of these duties, the Company has paid cumulative duties of US$732.4 million.

The DoC conducts an administrative review ("AR") of each AR period and determines the final AD and CV duty rates for that period, establishing updated cash deposit rates that remain in effect until the DoC determines final duty rates for the next AR period.

15. Export duties and tariffs (continued):

(a) U.S. countervailing and anti-dumping duties (continued):

The following table summarizes the "all other" combined AD and CV cash deposit rates that were in effect and the final duty rates by AR period:

Year ended December 31	Cash deposit rates in effect			Final rates
			Jan 1 - Dec 31	Jan 1 - Dec 31
AR1 - 2017			20.23%	8.83%
AR1 - 2018			20.23%	8.99%
AR2 - 2019			20.23%	17.91%
		Jan 1 - Nov 30	Dec 1 - Dec 31	Jan 1 - Dec 31
AR3 - 2020		20.23%	8.99%	8.59%
AR4 - 2021		8.99%	17.90%	8.05%
	Jan 1 - Jan 9	Jan 10 - Aug 8	Aug 9 - Dec 31	Jan 1 - Dec 31
AR5 - 2022	17.90%	17.91%	8.59%	14.40%
	Jan 1 - Jul 31	Aug 1 - Sep 12	Sep 13 - Dec 31	Jan 1 - Dec 31
AR6 - 2023	8.59%	7.99%	8.05%	35.16%
		Jan 1 - Aug 19	Aug 20 - Dec 31	Jan 1 - Dec 31
AR7 - 2024		8.05%	14.40%	24.75%
	Jan 1- Jul 28	July 29 - Aug 11	Aug 12 - Dec 31	Jan 1 - Dec 31
AR8 - 2025	14.40%	27.27%	35.16%	Pending review
		Jan 1 - Oct 18	Oct 19 onwards	Jan 1 - Dec 31
AR9 - 2026		35.16%	24.75%	Pending review

On October 19, 2026, the DoC published its final AD and CV duty rates of 10.64% and 14.11%, respectively, based on completion of AR7 for shipments for the year ended December 31, 2024. The finalization of the AR7 rates, compared to the cash deposit rates, indicated an incremental expense, inclusive of interest, of approximately US$74.7 million, which is expected to be recorded in the fourth quarter of 2026.

During the third quarter of 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.

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, 2026		Dec. 31, 2025	
	USD	CAD	USD	CAD
Net overpayment (underpayment) of duties per completed DoC ARs:				
AR1	$ 30.1	$ 38.5	$ 35.8	$ 46.3
AR2	3.8	5.0	3.8	5.0
AR3	21.3	28.3	21.3	28.3
AR4	5.4	6.8	5.4	6.8
AR5	3.7	4.0	3.7	4.0
AR6	(116.2)	(156.7)	(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	-	13.0	-	10.2
Duties recognized as duty deposits	49.1	70.1	54.8	75.1
Interest recognized on duty deposits	16.4	23.3	16.7	22.9
Net export duties receivable	$ 65.5	$ 93.4	$ 71.5	$ 98.0

The following table summarizes the net export duties receivable balance recorded on the Statements of Financial Position:

	Sept. 30, 2026		Dec. 31, 2025	
	USD	CAD	USD	CAD
Export duties receivable	$ 212.9	$ 303.4	$ 211.8	$ 290.2
Export duties payable	(147.4)	(210.0)	(140.3)	(192.2)
Net export duties receivable	$ 65.5	$ 93.4	$ 71.5	$ 98.0

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$8.6 million of related accrued interest, is recorded as a long-term receivable at September 30, 2026. 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, 2026, remain collectable in full.

15. Export duties and tariffs (continued):

(a) U.S. countervailing and anti-dumping duties (continued):

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 Canada-United States-Mexico Agreement ("CUSMA"), and the World Trade Organization. All duty rates that are finally determined by the DoC have been appealed and the Company 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, except for the AD duties on deposit for a "gap period" in AR1 from August 26, 2017 to December 27, 2017, during which period CV duties were not applicable. During the first nine months of 2026, the Company received a cash refund of US$5.7 million of AD duties for this gap period. 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.

(b) Tariffs:

Effective October 14, 2025, the U.S. imposed a tariff of 10% under Section 232 of the *Trade Expansion Act*, on all imports of softwood timber and lumber into the U.S., including from Canada. The Company expensed $10.1 million in Section 232 tariffs in the third quarter of 2026 (Quarter 3, 2025 - nil) and $28.8 million in the first nine months of 2026 (first nine months of 2025 - nil) on the Company's lumber products.

Between March 4, 2025 and March 6, 2025, a 25% tariff on all products imported from Canada to the U.S., including softwood lumber, was imposed under the *International Emergency Economic Powers Act* ("IEEPA"), resulting in the Company paying $1.9 million in such tariffs.

In February 2026, the U.S. Supreme Court decided IEEPA does not authorize the imposition of tariffs and the Court of International Trade ordered the U.S. Customs and Border Protection to issue refunds including interest for these unlawful tariffs. The Company received $0.4 million in the second quarter of 2026 related to the IEEPA tariffs paid on I-Joist products, which is recorded in Export duties and tariffs in the Statements of Earnings. The Company expects to receive refunds of the IEEPA tariffs paid on lumber when the AD and CV duties for AR8 are finalized and no longer subject to appeal.

16. Commitments and contingencies:

As at September 30, 2026, the Company had commitments for capital expenditures totalling $23.8 million.

In 2026, Interfor received Notices of Reassessment from the Canada Revenue Agency ("CRA") in relation to cross border preferred share financing used between 2014 and 2019 to fund U.S. subsidiaries ("repo structure"). The reassessments would result in an increase to federal and B.C. income and logging taxes payable of $14.2 million, along with accrued interest to date of $6.7 million. Interest will continue to accrue until the matter is resolved. Management believes Interfor has complied with Canadian tax laws and therefore has not recognized a provision related to the CRA reassessments. The Company intends to vigorously defend its filing position, including through litigation if necessary.

INTERFOR

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