

**West Fraser Timber Co. Ltd.****Condensed Consolidated Balance Sheets***(in millions of United States dollars, except where indicated - unaudited)*

|  | Note | June 30,<br>2022 | December 31,<br>2021 |
|--|------|------------------|----------------------|
| <b>Assets</b>  |      |                  |                      |
| <b>Current assets</b>  |      |                  |                      |
| Cash and short-term investments                                  |      | \$ 1,281         | \$ 1,568             |
| Receivables  |      | 554              | 508                  |
| Income taxes receivable  |      | 25               | 42                   |
| Inventories  | 5    | 1,088            | 1,061                |
| Prepaid expenses   |      | 76               | 38                   |
|  |      | 3,024            | 3,217                |
| <b>Property, plant and equipment</b>                             |      | 3,965            | 4,100                |
| <b>Timber licences</b>   |      | 360              | 368                  |
| <b>Goodwill and other intangible assets</b>                      |      | 2,392            | 2,440                |
| <b>Export duty deposits</b>                                      | 16   | 282              | 242                  |
| <b>Other assets</b>  |      | 118              | 58                   |
| <b>Deferred income tax assets</b>                                |      | 4                | 8                    |
|  |      | \$ 10,145        | \$ 10,433            |
| <b>Liabilities</b>   |      |                  |                      |
| <b>Current liabilities</b>                                       |      |                  |                      |
| Payables and accrued liabilities                                 |      | \$ 759           | \$ 848               |
| Current portion of reforestation and decommissioning obligations |      | 46               | 46                   |
| Income taxes payable   |      | 38               | 312                  |
|  |      | 843              | 1,206                |
| <b>Long-term debt</b>  | 6    | 499              | 499                  |
| <b>Other liabilities</b>   | 7    | 207              | 360                  |
| <b>Deferred income tax liabilities</b>                           |      | 740              | 712                  |
|  |      | 2,289            | 2,777                |
| <b>Shareholders' Equity</b>                                      |      |                  |                      |
| Share capital  | 9    | 2,791            | 3,402                |
| Retained earnings  |      | 5,385            | 4,503                |
| Accumulated other comprehensive loss                             |      | (320)            | (249)                |
|  |      | 7,856            | 7,656                |
|  |      | \$ 10,145        | \$ 10,433            |

The number of Common shares and Class B Common shares outstanding at July 26, 2022 was 86,551,490.

**West Fraser Timber Co. Ltd.**

**Condensed Consolidated Statements of Earnings and Comprehensive Earnings**

*(in millions of United States dollars, except where indicated - unaudited)*

|  | Note | Three Months Ended |                  | Six Months Ended |                  |
|--|------|--------------------|------------------|------------------|------------------|
|  |      | June 30,<br>2022   | June 30,<br>2021 | June 30,<br>2022 | June 30,<br>2021 |
| <b>Sales</b>   |      | \$ 2,887           | \$ 3,779         | \$ 5,997         | \$ 6,122         |
| <b>Costs and expenses</b>  |      |                    |                  |                  |                  |
| Cost of products sold  |      | 1,385              | 1,235            | 2,562            | 2,274            |
| Freight and other distribution costs                                     |      | 275                | 238              | 495              | 419              |
| Export duties, net   | 16   | 16                 | 73               | 43               | 110              |
| Amortization   |      | 144                | 162              | 301              | 284              |
| Selling, general and administration                                      |      | 87                 | 73               | 181              | 151              |
| Equity-based compensation  |      | (1)                | 12               | (6)              | 19               |
| Impairment charges   | 10   | —                  | —                | 13               | —                |
|  |      | 1,906              | 1,793            | 3,589            | 3,257            |
| <b>Operating earnings</b>  |      | 981                | 1,986            | 2,408            | 2,865            |
| Finance expense, net   | 11   | (3)                | (20)             | (10)             | (33)             |
| Other  | 12   | 24                 | —                | 24               | 4                |
| <b>Earnings before tax</b>   |      | 1,002              | 1,966            | 2,422            | 2,836            |
| Tax provision  | 13   | (240)              | (478)            | (570)            | (683)            |
| <b>Earnings</b>  |      | \$ 762             | \$ 1,488         | \$ 1,852         | \$ 2,153         |
| <b>Earnings per share (dollars)</b>                                      |      |                    |                  |                  |                  |
| Basic  | 14   | \$ 7.66            | \$ 12.32         | \$ 18.09         | \$ 19.90         |
| Diluted  | 14   | \$ 7.59            | \$ 12.32         | \$ 17.91         | \$ 19.90         |
| <b>Comprehensive earnings</b>  |      |                    |                  |                  |                  |
| Earnings   |      | \$ 762             | \$ 1,488         | \$ 1,852         | \$ 2,153         |
| <b>Other comprehensive earnings</b>                                      |      |                    |                  |                  |                  |
| Items that may be reclassified to earnings                               |      |                    |                  |                  |                  |
| Translation (loss) gain on operations with different functional currency |      | (51)               | —                | (71)             | 1                |
| Items that will not be reclassified to earnings                          |      |                    |                  |                  |                  |
| Actuarial gain (loss) on retirement benefits, net of tax                 | 8    | 69                 | (4)              | 163              | 85               |
|  |      | 18                 | (4)              | 92               | 86               |
| <b>Comprehensive earnings</b>  |      | \$ 780             | \$ 1,484         | \$ 1,944         | \$ 2,239         |

**West Fraser Timber Co. Ltd.**

**Condensed Consolidated Statements of Changes in Shareholders' Equity**

(in millions of United States dollars, except where indicated - unaudited)

|  | Note | Three Months Ended |                  | Six Months Ended |                  |
|--|------|--------------------|------------------|------------------|------------------|
|  |      | June 30,<br>2022   | June 30,<br>2021 | June 30,<br>2022 | June 30,<br>2021 |
| <b>Share capital</b>                                     |      |                    |                  |                  |                  |
| Balance - beginning of period                            |      | \$ 3,317           | \$ 3,917         | \$ 3,402         | \$ 481           |
| Issuance of Common shares                                | 9    | —                  | 3                | —                | 3,490            |
| Repurchase of Common shares for cancellation             | 9    | (526)              | (100)            | (611)            | (151)            |
| Balance - end of period                                  |      | \$ 2,791           | \$ 3,820         | \$ 2,791         | \$ 3,820         |
| <b>Contributed surplus</b>                               |      |                    |                  |                  |                  |
| Balance - beginning of period                            |      | \$ —               | \$ 15            | \$ —             | \$ —             |
| Acquired equity-settled share option plan                |      | —                  | —                | —                | 14               |
| Equity-settled share option expense                      |      | —                  | —                | —                | 1                |
| Convert equity-settled share option plan to cash-settled | 9    | —                  | (15)             | —                | (15)             |
| Balance - end of period                                  |      | \$ —               | \$ —             | \$ —             | \$ —             |
| <b>Retained earnings</b>                                 |      |                    |                  |                  |                  |
| Balance - beginning of period                            |      | \$ 5,513           | \$ 2,921         | \$ 4,503         | \$ 2,237         |
| Actuarial gain (loss) on retirement benefits, net of tax | 8    | 69                 | (4)              | 163              | 85               |
| Repurchase of Common shares for cancellation             | 9    | (932)              | (123)            | (1,080)          | (174)            |
| Earnings for the period                                  |      | 762                | 1,488            | 1,852            | 2,153            |
| Dividends declared                                       |      | (27)               | (24)             | (53)             | (43)             |
| Balance - end of period                                  |      | \$ 5,385           | \$ 4,258         | \$ 5,385         | \$ 4,258         |
| <b>Accumulated other comprehensive loss</b>              |      |                    |                  |                  |                  |
| Balance - beginning of period                            |      | \$ (269)           | \$ (239)         | \$ (249)         | \$ (240)         |
| Translation (loss) gain on foreign operations            |      | (51)               | —                | (71)             | 1                |
| Balance - end of period                                  |      | \$ (320)           | \$ (239)         | \$ (320)         | \$ (239)         |
| <b>Shareholders' Equity</b>                              |      | <b>\$ 7,856</b>    | <b>\$ 7,839</b>  | <b>\$ 7,856</b>  | <b>\$ 7,839</b>  |

**West Fraser Timber Co. Ltd.**
**Condensed Consolidated Statements of Cash Flows**
*(in millions of United States dollars, except where indicated - unaudited)*

|  | Note | Three Months Ended |                  | Six Months Ended |                  |
|--|------|--------------------|------------------|------------------|------------------|
|  |      | June 30,<br>2022   | June 30,<br>2021 | June 30,<br>2022 | June 30,<br>2021 |
| <b>Cash provided by operating activities</b>                                   |      |                    |                  |                  |                  |
| Earnings   |      | \$ 762             | \$ 1,488         | \$ 1,852         | \$ 2,153         |
| Adjustments  |      |                    |                  |                  |                  |
| Amortization   |      | 144                | 162              | 301              | 284              |
| Impairment charges   |      | —                  | —                | 13               | —                |
| Finance expense, net   | 11   | 3                  | 20               | 10               | 33               |
| Foreign exchange (gain) loss   |      | (19)               | (4)              | (12)             | 2                |
| Export duty  | 16   | (30)               | 17               | (39)             | 25               |
| Retirement benefit expense   |      | 26                 | 17               | 47               | 42               |
| Contributions to retirement benefit plans                                      |      | (18)               | (13)             | (37)             | (26)             |
| Tax provision  |      | 240                | 478              | 570              | 683              |
| Income taxes paid  |      | (388)              | (252)            | (844)            | (498)            |
| Other  |      | (11)               | 4                | (8)              | 4                |
| Changes in non-cash working capital  |      |                    |                  |                  |                  |
| Receivables  |      | 222                | (95)             | (65)             | (267)            |
| Inventories  |      | 263                | 172              | (37)             | (49)             |
| Prepaid expenses   |      | (42)               | (34)             | (39)             | (38)             |
| Payables and accrued liabilities   |      | (88)               | (74)             | (85)             | —                |
|  |      | 1,064              | 1,886            | 1,627            | 2,348            |
| <b>Cash used for financing activities</b>                                      |      |                    |                  |                  |                  |
| Repayment of long-term debt  |      | —                  | (665)            | —                | (667)            |
| Repayment of lease obligations   |      | (5)                | (3)              | (10)             | (5)              |
| Make-whole premium paid  |      | —                  | (60)             | —                | (60)             |
| Finance expense paid   |      | (9)                | (22)             | (11)             | (25)             |
| Financing fees paid  |      | —                  | —                | —                | (3)              |
| Repurchase of Common shares for cancellation                                   |      | (1,475)            | (233)            | (1,664)          | (326)            |
| Issuance of Common shares  |      | —                  | 2                | —                | 7                |
| Dividends paid   |      | (26)               | (19)             | (47)             | (30)             |
|  |      | (1,515)            | (1,000)          | (1,732)          | (1,109)          |
| <b>Cash provided by (used for) investing activities</b>                        |      |                    |                  |                  |                  |
| Acquired cash and short-term investments from Norbord Acquisition <sup>1</sup> |      | —                  | —                | —                | 642              |
| Additions to capital assets  |      | (88)               | (66)             | (181)            | (128)            |
| Other  |      | 2                  | 2                | 3                | 4                |
|  |      | (86)               | (64)             | (178)            | 518              |
| <b>Change in cash</b>  |      | (537)              | 822              | (283)            | 1,757            |
| <b>Foreign exchange effect on cash</b>   |      | 2                  | 9                | (4)              | 13               |
| <b>Cash - beginning of period</b>  |      | 1,816              | 1,400            | 1,568            | 461              |
| <b>Cash - end of period</b>  |      | \$ 1,281           | \$ 2,231         | \$ 1,281         | \$ 2,231         |

1. The Norbord Acquisition was a non-cash share consideration transaction, and therefore, only the acquired cash is included in the above cash flow. Changes in Norbord's cash position incurred subsequent to February 1, 2021 are incorporated into our cash flow statement.

## **West Fraser Timber Co. Ltd.**

### **Notes to Condensed Consolidated Interim Financial Statements**

*(figures are in millions of United States dollars, except where indicated - unaudited)*

#### **1. Nature of operations**

West Fraser Timber Co. Ltd. ("West Fraser", the "Company", "we", "us" or "our") is a diversified wood products company with more than 60 facilities in Canada, the United States ("U.S."), the United Kingdom ("U.K."), and Europe. From responsibly sourced and sustainably managed forest resources, the Company produces lumber, engineered wood products (OSB, LVL, MDF, plywood, and particleboard), pulp, newsprint, wood chips, other residuals and renewable energy. West Fraser's products are used in home construction, repair and remodelling, industrial applications, papers, tissue, and box materials. Our executive office is located at 858 Beatty Street, Suite 501, Vancouver, British Columbia. West Fraser was formed by articles of amalgamation under the *Business Corporations Act* (British Columbia) and is registered in British Columbia, Canada. Our Common shares are listed for trading on the Toronto Stock Exchange ("TSX") and on the New York Stock Exchange ("NYSE") under the symbol WFG.

#### **2. Basis of presentation**

These condensed consolidated financial statements have been prepared in accordance with International Accounting Standards ("IAS") 34, *Interim Financial Reporting* as issued by the International Accounting Standards Board and use the same accounting policies as the most recent audited annual consolidated financial statements. These condensed consolidated interim financial statements were authorized for issue by the Audit Committee of the Company's Board of Directors on July 27, 2022. These condensed consolidated interim financial statements should be read in conjunction with the Company's consolidated financial statements for the year ended December 31, 2021. Certain 2021 figures have been reclassified to conform with the current year's presentation.

#### **3. Business acquisitions**

##### ***Norbord acquisition***

On February 1, 2021, we acquired all of the outstanding shares of Norbord Inc. ("Norbord"). According to the terms of the Norbord Acquisition, Norbord shareholders received 0.675 of a West Fraser share for each Norbord share held. The result was the issuance of 54,484,188 Common shares of West Fraser at a price of US\$63.90 per share (CAD\$81.94 per share) for \$3,482 million.

Included in the Norbord Acquisition are five OSB mills in Canada, seven OSB mills in the U.S., one OSB mill, one MDF plant and two particleboard plants in the U.K., one OSB mill in Belgium, and their related corporate offices.

We have incorporated the North American operations of Norbord into our Panels segment and renamed that segment North America ("NA") Engineered Wood Products ("EWP"). This segment includes the results from North American operations for OSB, plywood, MDF, and LVL. In addition, we have identified a Europe EWP segment, which includes the results from the U.K. and Belgium operations for OSB, MDF and particleboard. The EWP segments have been separated due to differences in the operating region, customer base, profit margins and sales volumes.

##### ***Angelina Forest Products acquisition***

On December 1, 2021, we acquired the Angelina Forest Products ("Angelina Acquisition" or "Angelina") lumber mill located in Lufkin, Texas for cash consideration of \$311 million. This acquisition has been accounted for as an acquisition

of a business in accordance with IFRS 3, *Business Combinations*. We have allocated the purchase price based on our estimated fair value of the assets acquired and the liabilities assumed as follows:

| <b>West Fraser purchase consideration:</b> |    |     |
|--|----|-----|
| Cash consideration                         | \$ | 311 |
| <b>Fair value of net assets acquired:</b>  |    |     |
| Cash                                       | \$ | 8   |
| Accounts receivable                        |    | 7   |
| Inventories                                |    | 11  |
| Property, plant and equipment              |    | 213 |
| Customer relationship intangible           |    | 21  |
| Goodwill                                   |    | 58  |
| Payables and accrued liabilities           |    | (7) |
|  | \$ | 311 |

Through the process of finalizing the purchase price allocation during the quarter ended March 31, 2022, we reclassified \$21 million from goodwill to customer relationship intangible asset.

#### **4. Seasonality of operations**

Our operating results are subject to seasonal fluctuations that may impact quarter-to-quarter comparisons. Consequently, interim operating results may not proportionately reflect operating results for a full year.

Market demand varies seasonally, as home building activity and repair-and-remodelling work are generally stronger in the spring and summer months. Extreme weather conditions, including wildfires in Western Canada and hurricanes in the U.S. South, may periodically affect operations, including logging, manufacturing and transportation. Log inventory is typically built up in the Northern regions of North America and Europe during the winter to sustain our lumber and EWP production during the second quarter when logging is curtailed due to wet and inaccessible land conditions. This inventory is generally consumed in the spring and summer months.

#### **5. Inventories**

|                              | <b>June 30, December 31,</b> |          |
|------------------------------|------------------------------|----------|
|                              | <b>2022 2021</b>             |          |
| Manufactured products        | \$ 500                       | \$ 446   |
| Logs and other raw materials | 374                          | 412      |
| Materials and supplies       | 214                          | 203      |
|                              | \$ 1,088                     | \$ 1,061 |

Inventories at June 30, 2022 were subject to a valuation reserve of \$7 million (December 31, 2021 - \$6 million) to reflect net realizable value being lower than cost.

#### **6. Operating loans and long-term debt**

##### ***Operating loans***

As at June 30, 2022, our credit facilities consisted of a \$1 billion committed revolving credit facility which matures July 2026, \$35 million of uncommitted revolving credit facilities available to our U.S. subsidiaries, a \$18 million (£15 million) credit facility dedicated to our European operations, and a \$6 million (CAD\$8 million) demand line of credit dedicated to our jointly-owned newsprint operation.

As at June 30, 2022, our revolving credit facilities were undrawn (December 31, 2021 - undrawn) and the associated deferred financing costs of \$1 million (December 31, 2021 - \$1 million) were recorded in other assets. Interest on the

facilities is payable at floating rates based on Prime, Base Rate Advances, Bankers' Acceptances, or London Inter-Bank Offered Rate ("LIBOR") Advances at our option.

In addition, we have credit facilities totalling \$135 million (December 31, 2021 - \$137 million) dedicated to letters of credit. Letters of credit in the amount of \$61 million (December 31, 2021 - \$65 million) were supported by these facilities.

All debt is unsecured except the \$6 million (CAD\$8 million) jointly-owned newsprint operation demand line of credit, which is secured by that joint operation's current assets.

### **Long-term debt**

|   | June 30,<br>2022 | December 31,<br>2021 |
|---|------------------|----------------------|
| Senior notes due October 2024; interest at 4.35%  | \$ 300           | \$ 300               |
| Term loan due August 2024; floating interest rate | 200              | 200                  |
| Notes payable                                     | 1                | 1                    |
|   | 501              | 501                  |
| Less: deferred financing costs                    | (2)              | (2)                  |
| Less: current portion                             | —                | —                    |
|   | \$ 499           | \$ 499               |

The fair value of the long-term debt at June 30, 2022 was \$502 million (December 31, 2021 - \$513 million) based on rates available to us at the balance sheet date for long-term debt with similar terms and remaining maturities.

### **Interest rate swap contracts**

At June 30, 2022, we had interest rate swap contracts to pay fixed interest rates (weighted average interest rate of 1.14%) and receive variable interest rates equal to 3-month LIBOR on \$200 million notional principal amount of indebtedness. These interest rate swap agreements fix the interest rate on the \$200 million term loan disclosed in the long-term debt table above. These agreements mature in August 2024.

The interest rate swap contracts are accounted for as a derivative, with the related changes in the fair value included in Other on the condensed consolidated statements of earnings and comprehensive earnings. For the three and six months ended June 30, 2022, a gain of \$2 million and \$9 million (three and six months ended June 30, 2021 - nil and gain of \$3 million) was recognized in relation to the interest rate swap contracts. The fair value of the interest rate swap contracts at June 30, 2022 was an asset of \$8 million recorded in other assets (December 31, 2021 - liability of \$1 million).

## **7. Other liabilities**

|                                      | Note | June 30,<br>2022 | December 31,<br>2021 |
|--------------------------------------|------|------------------|----------------------|
| Retirement liabilities               | 8    | \$ 15            | \$ 168               |
| Long-term portion of reforestation   |      | 57               | 59                   |
| Long-term portion of decommissioning |      | 23               | 25                   |
| Export duties                        | 14   | 71               | 69                   |
| Interest swap contracts              | 6    | —                | 1                    |
| Other                                |      | 41               | 38                   |
|                                      |      | \$ 207           | \$ 360               |

## **8. Retirement benefits**

We maintain defined benefit and defined contribution pension plans covering most of our employees. The defined benefit plans generally do not require employee contributions and provide a guaranteed level of pension payable for life based either on length of service or on earnings and length of service, and in most cases do not increase after

commencement of retirement. We also provide group life insurance, medical and extended health benefits to certain employee groups.

The status of the defined benefit pension plans and other retirement benefit plans, in aggregate, is as follows:

|  | June 30,<br>2022 | December 31,<br>2021 |
|--|------------------|----------------------|
| Projected benefit obligations          | \$ (991)         | \$ (1,378)           |
| Fair value of plan assets              | 1,056            | 1,239                |
| Impact of minimum funding requirements | (2)              | (2)                  |
|  | \$ 63            | \$ (141)             |
| <b>Represented by</b>                  |                  |                      |
| Retirement assets                      | \$ 78            | \$ 27                |
| Retirement liabilities                 | (15)             | (168)                |
|  | \$ 63            | \$ (141)             |

The significant actuarial assumptions used to determine our balance sheet date retirement assets and liabilities are as follows:

|                                   | June 30,<br>2022 | December 31,<br>2021 |
|-----------------------------------|------------------|----------------------|
| Discount rate                     | 5.09%            | 3.03%                |
| Future compensation rate increase | 3.60%            | 3.60%                |

The actuarial gain (loss) on retirement benefits, included in other comprehensive earnings, is as follows:

|                          | Three Months Ended |                  | Six Months Ended |                  |
|--------------------------|--------------------|------------------|------------------|------------------|
|                          | June 30,<br>2022   | June 30,<br>2021 | June 30,<br>2022 | June 30,<br>2021 |
| Actuarial gain (loss)    | \$ 88              | \$ (5)           | \$ 213           | \$ 114           |
| Tax recovery (provision) | (19)               | 1                | (50)             | (29)             |
|                          | \$ 69              | \$ (4)           | \$ 163           | \$ 85            |

## 9. Share capital

### Authorized

400,000,000 Common shares, without par value  
20,000,000 Class B Common shares, without par value  
10,000,000 Preferred shares, issuable in series, without par value

### Issued

|                | June 30, 2022 |          | December 31, 2021 |          |
|----------------|---------------|----------|-------------------|----------|
|                | Number        | Amount   | Number            | Amount   |
| Common         | 85,054,705    | \$ 2,791 | 103,647,256       | \$ 3,402 |
| Class B Common | 2,281,478     | —        | 2,281,478         | —        |
| Total Common   | 87,336,183    | \$ 2,791 | 105,928,734       | \$ 3,402 |

For the three and six months ended June 30, 2022, we issued no Common shares under our share option plans (three months ended June 30, 2021 - 50,829 Common shares; six months ended June 30, 2021 - 128,429 Common shares) and

no Common shares under our employee share purchase plan (three months ended June 30, 2021 - 630 Common shares; six months ended June 30, 2021 - 2,946 Common shares).

## Share repurchases

### *Normal Course Issuer Bid*

On February 23, 2022, we renewed our normal course issuer bid (“NCIB”) allowing us to acquire up to 10,194,000 Common shares for cancellation until the expiry of the bid on February 22, 2023. We have entered into an automatic share purchase plan with our broker, which enables us to provide standard instructions and purchase Common shares on the open market during self-imposed blackout periods.

For the six months ended June 30, 2022, we repurchased 6,694,346 Common shares at an average price of \$83.76 per share under our NCIB programs.

### *Substantial Issuer Bid*

On April 20, 2022, we commenced a substantial issuer bid (“2022 SIB”) under which the Company offered to purchase from shareholders for cancellation up to \$1.25 billion of Common shares. The 2022 SIB was made by way of a “modified Dutch auction” procedure with a tender price range from \$80.00 to \$95.00 per share.

We took up and purchased for cancellation a total of 11,898,205 Common shares at a price of \$95.00 per share for an aggregate purchase price of \$1.13 billion under the 2022 SIB. The Common shares repurchased represented approximately 11.7% of the total number of West Fraser’s issued and outstanding Common shares and Class B Common shares at the time the 2022 SIB was announced in April 2022. For the duration of the 2022 SIB, we suspended share repurchases under our current NCIB, but resumed repurchases after the expiration of the 2022 SIB.

## 10. Impairment Charges

During the quarter ended March 31, 2022, management approved a plan to permanently reduce the capacity at our pulp mill in Hinton, Alberta. One of Hinton pulp mill’s two production lines will shut, and the remaining line will produce Unbleached Kraft Pulp rather than Northern Bleached Softwood Kraft Pulp. As a result, we recorded impairment charges of \$13 million during the quarter ended March 31, 2022 relating to equipment that will be decommissioned permanently as part of the transition to Unbleached Kraft Pulp.

## 11. Finance expense, net

|   | Three Months Ended |                  | Six Months Ended |                  |
|---|--------------------|------------------|------------------|------------------|
|   | June 30,<br>2022   | June 30,<br>2021 | June 30,<br>2022 | June 30,<br>2021 |
| Interest expense                                  | \$ (5)             | \$ (19)          | \$ (10)          | \$ (31)          |
| Interest income on short-term investments         | 3                  | —                | 4                | 1                |
| Interest income (expense) on export duty deposits | —                  | 1                | (1)              | 2                |
| Finance expense on employee future benefits       | (1)                | (2)              | (3)              | (5)              |
|   | \$ (3)             | \$ (20)          | \$ (10)          | \$ (33)          |

## 12. Other

|                                      | Three Months Ended |                  | Six Months Ended |                  |
|--------------------------------------|--------------------|------------------|------------------|------------------|
|                                      | June 30,<br>2022   | June 30,<br>2021 | June 30,<br>2022 | June 30,<br>2021 |
| Foreign exchange gain (loss)         | \$ 19              | \$ 4             | \$ 12            | \$ (2)           |
| Gain on interest rate swap contracts | 2                  | —                | 9                | 3                |
| Other                                | 3                  | (4)              | 3                | 3                |
|                                      | \$ 24              | \$ —             | \$ 24            | \$ 4             |

## 13. Tax provision

The tax provision differs from the amount that would have resulted from applying the B.C. statutory income tax rate to earnings before tax as follows:

|  | Three Months Ended |                  | Six Months Ended |                  |
|--|--------------------|------------------|------------------|------------------|
|  | June 30,<br>2022   | June 30,<br>2021 | June 30,<br>2022 | June 30,<br>2021 |
| Income tax expense at statutory rate of 27%                          | \$ (271)           | \$ (531)         | \$ (654)         | \$ (766)         |
| Rate differentials between jurisdictions and on specified activities | 30                 | 56               | 78               | 84               |
| Non-taxable (deductible) amounts                                     | (7)                | —                | 2                | (2)              |
| Other  | 8                  | (3)              | 4                | 1                |
| Tax provision  | \$ (240)           | \$ (478)         | \$ (570)         | \$ (683)         |

## 14. Earnings per share

Basic earnings per share is calculated based on earnings available to Common shareholders, as set out below, using the weighted average number of Common shares and Class B Common shares outstanding.

Certain of our equity-based compensation plans may be settled in cash or Common shares at the holder's option and for purposes of calculating diluted earnings per share, the more dilutive of the cash-settled and equity-settled method is used, regardless of how the plan is accounted for. Plans that are accounted for using the cash-settled method will require adjustments to the numerator and denominator if the equity-settled method is determined to have a dilutive effect as compared to the cash-settled method.

The numerator under the equity-settled method is calculated based on earnings available to Common shareholders adjusted to remove the cash-settled equity-based compensation expense (recovery) charged to earnings and deducting a notional charge using the equity-settled method, as set out below. All adjustments to earnings are tax-effected, when applicable. The denominator under the equity-settled method is calculated using the treasury stock method. Share options under the equity-settled method are considered dilutive when the average market price of our Common shares during the period disclosed exceeds the exercise price of the share option.

The equity-settled method was more dilutive for the three and six months ended June 30, 2022 and an adjustment was required for both the numerator and denominator. The equity-settled method was more dilutive for the three and six months ended June 30, 2021 and an adjustment was required for both the numerator and denominator.

A reconciliation of the numerator and denominator used for the purposes of calculating diluted earnings per share is as follows:

|  | Three Months Ended |                  | Six Months Ended |                  |
|--|--------------------|------------------|------------------|------------------|
|  | June 30,<br>2022   | June 30,<br>2021 | June 30,<br>2022 | June 30,<br>2021 |
| <b>Earnings</b>                                      |                    |                  |                  |                  |
| Numerator for basic EPS                              | \$ 762             | \$ 1,488         | \$ 1,852         | \$ 2,153         |
| Cash-settled recovery included in earnings           | (3)                | 7                | (9)              | 16               |
| Equity-settled expense adjustment                    | (1)                | (1)              | (2)              | (4)              |
| Numerator for diluted EPS                            | \$ 758             | \$ 1,494         | \$ 1,841         | \$ 2,165         |
| <b>Weighted average number of shares (thousands)</b> |                    |                  |                  |                  |
| Denominator for basic EPS                            | 99,551             | 120,696          | 102,393          | 108,183          |
| Effect of dilutive equity-based compensation         | 379                | 619              | 426              | 638              |
| Denominator for diluted EPS                          | 99,930             | 121,315          | 102,819          | 108,821          |
| <b>Earnings per share (dollars)</b>                  |                    |                  |                  |                  |
| Basic  | \$ 7.66            | \$ 12.32         | \$ 18.09         | \$ 19.90         |
| Diluted  | \$ 7.59            | \$ 12.32         | \$ 17.91         | \$ 19.90         |

## 15. Segment and geographical information

| Three Months Ended                   |          |          |              |            |                   |       |         |
|--------------------------------------|----------|----------|--------------|------------|-------------------|-------|---------|
| June 30, 2022                        | Lumber   | NA EWP   | Pulp & Paper | Europe EWP | Corporate & Other | Total |         |
| Sales                                |          |          |              |            |                   |       |         |
| To external customers                | \$ 1,304 | \$ 1,163 | \$ 213       | \$ 207     | \$ —              | \$    | 2,887   |
| To other segments                    | 22       | 2        | —            | —          | (24)              |       | —       |
|                                      | \$ 1,326 | \$ 1,165 | \$ 213       | \$ 207     | \$ (24)           | \$    | 2,887   |
| Cost of products sold                | (687)    | (426)    | (165)        | (131)      | 24                |       | (1,385) |
| Freight and other distribution costs | (128)    | (90)     | (44)         | (13)       | —                 |       | (275)   |
| Export duties, net                   | (16)     | —        | —            | —          | —                 |       | (16)    |
| Amortization                         | (44)     | (78)     | (8)          | (12)       | (2)               |       | (144)   |
| Selling, general and administration  | (46)     | (26)     | (7)          | (9)        | 1                 |       | (87)    |
| Equity-based compensation            | —        | —        | —            | —          | 1                 |       | 1       |
| Impairment charges                   | —        | —        | —            | —          | —                 |       | —       |
| Operating earnings                   | \$ 405   | \$ 545   | \$ (11)      | \$ 42      | \$ —              | \$    | 981     |
| Finance expense, net                 | 1        | (3)      | —            | 2          | (3)               |       | (3)     |
| Other                                | 8        | 6        | 3            | 1          | 6                 |       | 24      |
| Earnings before tax                  | \$ 414   | \$ 548   | \$ (8)       | \$ 45      | \$ 3              | \$    | 1,002   |

| Three Months Ended                   |          |          |              |            |                   |       |         |
|--------------------------------------|----------|----------|--------------|------------|-------------------|-------|---------|
| June 30, 2021                        | Lumber   | NA EWP   | Pulp & Paper | Europe EWP | Corporate & Other | Total |         |
| Sales                                |          |          |              |            |                   |       |         |
| To external customers                | \$ 1,808 | \$ 1,577 | \$ 216       | \$ 178     | \$ —              | \$    | 3,779   |
| To other segments                    | 31       | 4        | —            | —          | (35)              |       | —       |
|                                      | \$ 1,839 | \$ 1,581 | \$ 216       | \$ 178     | \$ (35)           | \$    | 3,779   |
| Cost of products sold                | (619)    | (384)    | (144)        | (123)      | 35                |       | (1,235) |
| Freight and other distribution costs | (118)    | (72)     | (37)         | (11)       | —                 |       | (238)   |
| Export duties, net                   | (73)     | —        | —            | —          | —                 |       | (73)    |
| Amortization                         | (39)     | (89)     | (8)          | (24)       | (2)               |       | (162)   |
| Selling, general and administration  | (35)     | (19)     | (10)         | (5)        | (4)               |       | (73)    |
| Equity-based compensation            | —        | —        | —            | —          | (12)              |       | (12)    |
| Operating earnings                   | \$ 955   | \$ 1,017 | \$ 17        | \$ 15      | \$ (18)           | \$    | 1,986   |
| Finance expense, net                 | (5)      | (1)      | (1)          | (1)        | (12)              |       | (20)    |
| Other                                | (10)     | —        | 2            | —          | 8                 |       | —       |
| Earnings before tax                  | \$ 940   | \$ 1,016 | \$ 18        | \$ 14      | \$ (22)           | \$    | 1,966   |

| <b>Six Months Ended<br/>June 30, 2022</b> | <b>Lumber</b> | <b>NA EWP</b> | <b>Pulp &amp;<br/>Paper</b> | <b>Europe<br/>EWP</b> | <b>Corporate<br/>&amp; Other</b> | <b>Total</b> |
|---|---------------|---------------|-----------------------------|-----------------------|----------------------------------|--------------|
| <b>Sales</b>                              |               |               |                             |                       |                                  |              |
| To external customers                     | \$ 2,788      | \$ 2,377      | \$ 384                      | \$ 448                | \$ —                             | \$ 5,997     |
| To other segments                         | 39            | 5             | —                           | —                     | (44)                             | —            |
|   | \$ 2,827      | \$ 2,382      | \$ 384                      | \$ 448                | \$ (44)                          | \$ 5,997     |
| Cost of products sold                     | (1,217)       | (812)         | (305)                       | (272)                 | 44                               | (2,562)      |
| Freight and other distribution costs      | (225)         | (161)         | (81)                        | (28)                  | —                                | (495)        |
| Export duties, net                        | (43)          | —             | —                           | —                     | —                                | (43)         |
| Amortization                              | (90)          | (161)         | (17)                        | (29)                  | (4)                              | (301)        |
| Selling, general and administration       | (97)          | (56)          | (16)                        | (16)                  | 4                                | (181)        |
| Equity-based compensation                 | —             | —             | —                           | —                     | 6                                | 6            |
| Impairment charges                        | —             | —             | (13)                        | —                     | —                                | (13)         |
| Operating earnings                        | \$ 1,155      | \$ 1,192      | \$ (48)                     | \$ 103                | \$ 6                             | \$ 2,408     |
| Finance expense, net                      | (5)           | (4)           | (1)                         | —                     | —                                | (10)         |
| Other                                     | 2             | 11            | 3                           | 1                     | 7                                | 24           |
| Earnings before tax                       | \$ 1,152      | \$ 1,199      | \$ (46)                     | \$ 104                | \$ 13                            | \$ 2,422     |

| <b>Six Months Ended<br/>June 30, 2021</b> | <b>Lumber</b> | <b>NA EWP</b> | <b>Pulp &amp;<br/>Paper</b> | <b>Europe<br/>EWP</b> | <b>Corporate<br/>&amp; Other</b> | <b>Total</b> |
|---|---------------|---------------|-----------------------------|-----------------------|----------------------------------|--------------|
| <b>Sales</b>                              |               |               |                             |                       |                                  |              |
| To external customers                     | \$ 3,083      | \$ 2,356      | \$ 393                      | \$ 290                | \$ —                             | \$ 6,122     |
| To other segments                         | 56            | 6             | —                           | —                     | (62)                             | —            |
|   | \$ 3,139      | \$ 2,362      | \$ 393                      | \$ 290                | \$ (62)                          | \$ 6,122     |
| Cost of products sold                     | (1,109)       | (748)         | (269)                       | (210)                 | 62                               | (2,274)      |
| Freight and other distribution costs      | (209)         | (120)         | (70)                        | (20)                  | —                                | (419)        |
| Export duties, net                        | (110)         | —             | —                           | —                     | —                                | (110)        |
| Amortization                              | (78)          | (143)         | (17)                        | (41)                  | (5)                              | (284)        |
| Selling, general and administration       | (71)          | (35)          | (18)                        | (10)                  | (17)                             | (151)        |
| Equity-based compensation                 | —             | —             | —                           | —                     | (19)                             | (19)         |
| Operating earnings                        | \$ 1,562      | \$ 1,316      | \$ 19                       | \$ 9                  | \$ (41)                          | \$ 2,865     |
| Finance expense, net                      | (10)          | (2)           | (3)                         | (1)                   | (17)                             | (33)         |
| Other                                     | (3)           | —             | 3                           | —                     | 4                                | 4            |
| Earnings before tax                       | \$ 1,549      | \$ 1,314      | \$ 19                       | \$ 8                  | \$ (54)                          | \$ 2,836     |

The geographic distribution of external sales based on the location of product delivery is as follows:

|                 | <b>Three Months Ended</b> |                          | <b>Six Months Ended</b>  |                          |
|-----------------|---------------------------|--------------------------|--------------------------|--------------------------|
|                 | <b>June 30,<br/>2022</b>  | <b>June 30,<br/>2021</b> | <b>June 30,<br/>2022</b> | <b>June 30,<br/>2021</b> |
| United States   | \$ 2,023                  | \$ 2,726                 | \$ 4,296                 | \$ 4,362                 |
| Canada          | 469                       | 629                      | 909                      | 1,036                    |
| U.K. and Europe | 271                       | 184                      | 427                      | 301                      |
| Asia            | 117                       | 238                      | 350                      | 420                      |
| Other           | 7                         | 2                        | 15                       | 3                        |
|                 | \$ 2,887                  | \$ 3,779                 | \$ 5,997                 | \$ 6,122                 |

## 16. Countervailing (“CVD”) and antidumping (“ADD”) duty dispute

Additional details can be found in note 25 - Countervailing (“CVD”) and antidumping (“ADD”) duty dispute of our consolidated financial statements for the year ended December 31, 2021.

### *Developments in CVD and ADD rates*

We began paying CVD and ADD duties in 2017 based on the determination of duties payable by the United States Department of Commerce (“USDOC”). The CVD and ADD cash deposit rates are updated based on the USDOC’s Administrative Review (“AR”) for each Period of Investigation (“POI”), as summarized in the tables below.

On January 31, 2022, the USDOC released the preliminary results from AR3 POI covering the 2020 calendar year, which indicated a rate of 8.46% for CVD and 4.63% for ADD for West Fraser. The duty rates are subject to an appeal process, and we will record an adjustment once the rates are finalized. If the AR3 rates were to be confirmed, it would result in a U.S. dollar recovery of \$43 million for the POI covered by AR3. This adjustment would be in addition to the amounts already recorded on our balance sheet. If these rates are finalized, our combined cash deposit rate would be revised to 13.09%.

On March 9, 2022, the USDOC initiated AR4 POI covering the 2021 calendar year. West Fraser was selected as a mandatory respondent, which will result in West Fraser continuing to be subject to a company-specific rate.

The respective Cash Deposit Rates, the AR POI Final Rate, and the West Fraser Estimated ADD Rate for each period are as follows:

| <b>Effective dates for CVD</b>        | <b>Cash Deposit Rate</b> | <b>AR POI Final Rate</b> |
|---------------------------------------|--------------------------|--------------------------|
| <b>AR1 POI</b>                        |                          |                          |
| April 28, 2017 - August 24, 2017      | 24.12%                   | 6.76%                    |
| August 25, 2017 - December 27, 2017   | —%                       | —%                       |
| December 28, 2017 - December 31, 2017 | 17.99%                   | 6.76%                    |
| January 1, 2018 - December 31, 2018   | 17.99%                   | 7.57%                    |
| <b>AR2 POI</b>                        |                          |                          |
| January 1, 2019 - December 31, 2019   | 17.99%                   | 5.08%                    |
| <b>AR3 POI<sup>1</sup></b>            |                          |                          |
| January 1, 2020 - November 30, 2020   | 17.99%                   | n/a                      |
| December 1, 2020 - December 31, 2020  | 7.57%                    | n/a                      |
| <b>AR4 POI<sup>2</sup></b>            |                          |                          |
| January 1, 2021 - December 1, 2021    | 7.57%                    | n/a                      |
| December 2, 2021 - December 31, 2021  | 5.06%                    | n/a                      |
| <b>AR5 POI<sup>3</sup></b>            |                          |                          |
| January 1, 2022 – January 9, 2022     | 5.06%                    | n/a                      |
| January 10, 2022 – June 30, 2022      | 5.08%                    | n/a                      |

1. On January 31, 2022, the USDOC issued a preliminary CVD rate. The CVD rate for the AR3 POI will be adjusted when AR3 is complete and the USDOC finalizes the rate, which is not expected until the third quarter of 2022.
2. The CVD rate for the AR4 POI will be adjusted when AR4 is complete and the USDOC finalizes the rate, which is not expected until 2023.
3. The CVD rate for the AR5 POI will be adjusted when AR5 is complete and the USDOC finalizes the rate, which is not expected until 2024.

| Effective dates for ADD               | Cash Deposit Rate | AR POI Final Rate | West Fraser Estimated Rate |
|---------------------------------------|-------------------|-------------------|----------------------------|
| <b>AR1 POI</b>                        |                   |                   |                            |
| June 30, 2017 - December 3, 2017      | 6.76%             | 1.40%             | 1.46%                      |
| December 4, 2017 - December 31, 2017  | 5.57%             | 1.40%             | 1.46%                      |
| January 1, 2018 - December 31, 2018   | 5.57%             | 1.40%             | 1.46%                      |
| <b>AR2 POI</b>                        |                   |                   |                            |
| January 1, 2019 - December 31, 2019   | 5.57%             | 6.06%             | 4.65%                      |
| <b>AR3 POI<sup>1</sup></b>            |                   |                   |                            |
| January 1, 2020 - November 29, 2020   | 5.57%             | n/a               | 3.40%                      |
| November 30, 2020 - December 31, 2020 | 1.40%             | n/a               | 3.40%                      |
| <b>AR4 POI<sup>2</sup></b>            |                   |                   |                            |
| January 1, 2021 - December 1, 2021    | 1.40%             | n/a               | 6.80%                      |
| December 2, 2021 - December 31, 2021  | 6.06%             | n/a               | 6.80%                      |
| <b>AR5 POI<sup>3</sup></b>            |                   |                   |                            |
| January 1, 2022 - June 30, 2022       | 6.06%             | n/a               | 0.80%                      |

1. On January 31, 2022, the USDOC issued a preliminary ADD rate. The ADD rate for the AR3 POI will be adjusted when AR3 is complete and the USDOC finalizes the rate, which is not expected until the third quarter of 2022.
2. The ADD rate for the AR4 POI will be adjusted when AR4 is complete and the USDOC finalizes the rate, which is not expected until 2023.
3. The ADD rate for the AR5 POI will be adjusted when AR5 is complete and the USDOC finalizes the rate, which is not expected until 2024.

### Impact on results

The following table reconciles our cash deposits paid during the period to the amount recorded in our earnings statement:

|   | Three Months Ended |               | Six Months Ended |               |
|---|--------------------|---------------|------------------|---------------|
|   | June 30, 2022      | June 30, 2021 | June 30, 2022    | June 30, 2021 |
| Cash deposits <sup>1</sup>                            | \$ (46)            | \$ (55)       | \$ (82)          | \$ (84)       |
| Adjust to West Fraser Estimated ADD rate <sup>2</sup> | 30                 | (18)          | 39               | (26)          |
| Export duties, net                                    | (16)               | (73)          | (43)             | (110)         |

1. Represents combined CVD and ADD cash deposit rate of 8.97% from January 1, 2021 to December 1, 2021, 11.12% from December 2, 2021 to January 9, 2022, and 11.14% from January 10, 2022 to June 30, 2022.
2. Represents adjustment to West Fraser Estimated ADD rate of 0.80% for Q2-22 and 4.09% for Q2-21.

Notwithstanding the deposit rates assigned under the investigations, our final liability for CVD and ADD will not be determined until each annual administrative review process is complete and related appeal processes are concluded. As of June 30, 2022, export duties paid and payable on deposit with the USDOC were \$749 million.

### Impact on balance sheet

Each POI is subject to independent administrative review by the USDOC, and the results of each POI may not be offset.

Export duty deposits receivable is represented by:

|  | Six Months Ended |
|--|------------------|
|  | June 30, 2022    |
| Beginning of period                                  | \$ 242           |
| Export duties recognized as duty deposits receivable | 37               |
| Interest recognized on duty deposits receivable      | 3                |
| End of period  | \$ 282           |

For AR4, we have recorded a duty payable related to ADD for the difference between the Cash Deposit Rate and our West Fraser Estimated Rate of 6.80%.

Export duties payable is represented by:

|  | <b>Six Months Ended</b> |                          |
|--|-------------------------|--------------------------|
|  |                         | <b>June 30,<br/>2022</b> |
| Beginning of period                              | \$                      | 69                       |
| Export duties payable related to AR4             | \$                      | (2)                      |
| Interest recognized on the export duties payable | \$                      | 4                        |
| End of period                                    |                         | 71                       |