

West Fraser Timber Co. Ltd.
Condensed Consolidated Balance Sheets

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

	Note	June 30, 2023	December 31, 2022
Assets			
Current assets			
Cash and cash equivalents		\$ 994	\$ 1,162
Receivables		394	350
Inventories	4	902	1,032
Income taxes receivable		175	145
Prepaid expenses		85	60
Assets held for sale	5	27	—
		2,577	2,749
Property, plant and equipment		3,895	3,982
Timber licences		343	351
Goodwill and other intangible assets		2,336	2,358
Export duty deposits	16	365	354
Other assets		192	175
Deferred income tax assets		8	4
		\$ 9,716	\$ 9,973
Liabilities			
Current liabilities			
Payables and accrued liabilities		\$ 621	\$ 722
Current portion of reforestation and decommissioning obligations		54	58
Income taxes payable		12	12
Liabilities associated with assets held for sale	5	38	—
		725	792
Long-term debt	6	500	499
Other liabilities	7	329	268
Deferred income tax liabilities		746	795
		2,299	2,354
Shareholders' Equity			
Share capital	9	2,667	2,667
Retained earnings		5,053	5,283
Accumulated other comprehensive loss		(304)	(332)
		7,417	7,619
		\$ 9,716	\$ 9,973

The number of Common shares and Class B Common shares outstanding at July 25, 2023 was 83,555,797.

West Fraser Timber Co. Ltd.

Condensed Consolidated Statements of Earnings and Comprehensive Earnings

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

	Three Months Ended		Six Months Ended	
	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
Sales	\$ 1,608	\$ 2,887	\$ 3,235	\$ 5,997
Costs and expenses				
Cost of products sold	1,194	1,385	2,439	2,562
Freight and other distribution costs	230	275	464	495
Export duties, net	16 25	16	38	43
Amortization	135	144	273	301
Selling, general and administration	78	87	154	181
Equity-based compensation	12	(1)	14	(6)
Restructuring and impairment charges	10 129	—	132	13
	1,804	1,906	3,515	3,589
Operating earnings	(196)	981	(281)	2,408
Finance income (expense), net	11 9	(3)	16	(10)
Other income	12 10	24	24	24
Earnings before tax	(177)	1,002	(240)	2,422
Tax recovery (provision)	13 46	(240)	67	(570)
Earnings	\$ (131)	\$ 762	\$ (173)	\$ 1,852
Earnings per share (dollars)				
Basic	14 \$ (1.57)	\$ 7.66	\$ (2.07)	\$ 18.09
Diluted	14 \$ (1.57)	\$ 7.59	\$ (2.07)	\$ 17.91
Comprehensive earnings				
Earnings	\$ (131)	\$ 762	\$ (173)	\$ 1,852
Other comprehensive earnings				
Items that may be reclassified to earnings				
Translation gain (loss) on operations with different functional currencies	15	(51)	28	(71)
Items that will not be reclassified to earnings				
Actuarial (loss) gain on retirement benefits, net of tax	8 (15)	69	(8)	163
	(1)	18	21	92
Comprehensive earnings	\$ (131)	\$ 780	\$ (152)	\$ 1,944

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, 2023	June 30, 2022	June 30, 2023	June 30, 2022
Share capital					
Balance - beginning of period		\$ 2,667	\$ 3,317	\$ 2,667	\$ 3,402
Repurchase of Common shares for cancellation	9	—	(526)	—	(611)
Balance - end of period		\$ 2,667	\$ 2,791	\$ 2,667	\$ 2,791
Retained earnings					
Balance - beginning of period		\$ 5,224	\$ 5,513	\$ 5,283	\$ 4,503
Actuarial (loss) gain on retirement benefits, net of tax	8	(15)	69	(8)	163
Repurchase of Common shares for cancellation	9	—	(932)	—	(1,080)
Earnings for the period		(131)	762	(173)	1,852
Dividends declared		(25)	(27)	(50)	(53)
Balance - end of period		\$ 5,053	\$ 5,385	\$ 5,053	\$ 5,385
Accumulated other comprehensive loss					
Balance - beginning of period		\$ (318)	\$ (269)	\$ (332)	\$ (249)
Translation gain (loss) on operations with different functional currencies		15	(51)	28	(71)
Balance - end of period		\$ (304)	\$ (320)	\$ (304)	\$ (320)
Shareholders' Equity		\$ 7,417	\$ 7,856	\$ 7,417	\$ 7,856

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, 2023	June 30, 2022	June 30, 2023	June 30, 2022
Cash provided by operating activities					
Earnings		\$ (131)	\$ 762	\$ (173)	1,852
Adjustments					
Amortization		135	144	273	301
Restructuring and impairment charges	10	129	—	132	13
Finance (income) expense, net	11	(9)	3	(16)	10
Foreign exchange gain		(2)	(19)	(2)	(12)
Export duty	16	12	(30)	12	(39)
Retirement benefit expense		16	26	35	47
Contributions to retirement benefit plans		(17)	(18)	(32)	(37)
Tax (recovery) provision	13	(46)	240	(67)	570
Income taxes paid		(10)	(388)	(15)	(844)
Other		(16)	(11)	(10)	(8)
Changes in non-cash working capital					
Receivables		65	222	(42)	(65)
Inventories		226	263	121	(37)
Prepaid expenses		(30)	(42)	(24)	(39)
Payables and accrued liabilities		(51)	(88)	(118)	(85)
		272	1,064	73	1,627
Cash used for financing activities					
Repayment of lease obligations		(5)	(5)	(8)	(10)
Finance expense paid		(9)	(9)	(12)	(11)
Repurchase of Common shares for cancellation	9	—	(1,475)	—	(1,664)
Dividends paid		(25)	(26)	(50)	(47)
		(39)	(1,515)	(70)	(1,732)
Cash used for investing activities					
Additions to capital assets		(106)	(88)	(205)	(181)
Interest received		11	2	20	3
		(95)	(86)	(184)	(178)
Change in cash and cash equivalents		138	(537)	(181)	(283)
Foreign exchange effect on cash and cash equivalents		9	2	12	(4)
Cash and cash equivalents - beginning of period		847	1,816	1,162	1,568
Cash and cash equivalents - end of period		\$ 994	\$ 1,281	\$ 994	\$ 1,281

West Fraser Timber Co. Ltd.

Notes to Condensed Consolidated Financial Statements

For the three and six months ended June 30, 2023 and 2022

(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 885 West Georgia Street, Suite 1500, 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 26, 2023. These condensed consolidated interim financial statements should be read in conjunction with the Company's audited annual consolidated financial statements for the year ended December 31, 2022.

The Company's fiscal year is the calendar year ending December 31. Effective January 1, 2023, the Company's fiscal quarters are the 13-week periods ending on the last Friday of March, June, and September with the fourth quarter ending December 31. References to the three months ended June 30, 2023 and the second quarter of 2023 relate to the 13-week period ended June 30, 2023.

Figures have been rounded to millions of dollars to reflect the accuracy of the underlying balances and as a result certain tables may not add due to rounding impacts.

3. 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.

4. Inventories

As at	June 30, December 31,	
	2023	2022
Manufactured products	\$ 371	\$ 428
Logs and other raw materials	300	376
Materials and supplies	231	228
	<u>\$ 902</u>	<u>\$ 1,032</u>

Inventories at June 30, 2023 were subject to a valuation reserve of \$53 million (December 31, 2022 - \$61 million) to reflect net realizable value being lower than cost.

5. Disposal group held for sale

Accounting policies

Non-current assets, or disposal groups comprising assets and liabilities, are classified as held-for-sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use. Such assets, or disposal groups, are generally measured at the lower of their carrying amount and fair value less costs to sell.

Any excess of carrying value over fair value less costs to sell is recognized as impairment loss. Impairment loss on a disposal group is allocated first to goodwill, if any, and then to the remaining non-current assets within the scope of the measurement requirements of IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* on a pro-rata basis. Impairment losses on initial classification as held-for-sale and subsequent gains and losses on remeasurement are recognized in earnings.

Once classified as held-for-sale, property, plant and equipment are no longer depreciated.

Supporting information

On July 10, 2023, the Company announced an agreement to sell its unbleached softwood kraft pulp mill in Hinton, Alberta to Mondi Group plc ("Mondi"), a global leader in sustainable packaging and paper. The transaction is anticipated to close in 2023 following successful completion of customary regulatory reviews and satisfaction of customary conditions. The facility is presented as a disposal group held for sale at June 30, 2023.

Under the terms of the agreement, Mondi will purchase specified assets, including property, plant and equipment and working capital, and assume certain liabilities related to the Hinton pulp mill in exchange for a base purchase price of \$5 million prior to working capital and other adjustments specified in the asset purchase agreement. Pursuant to the transaction, we will continue to supply fibre to the Hinton mill under long-term contract, via residuals from our Alberta sawmills.

Impairment losses of \$122 million in relation to the sale of the Hinton pulp mill have been included in Restructuring and impairment charges (see note 10).

As at June 30, 2023, the disposal group comprised the following assets and liabilities:

Receivables	\$	6
Inventories		16
Property, plant and equipment		—
Retirement assets		5
Assets held for sale	\$	27
Payables and accrued liabilities	\$	35
Decommissioning obligations		1
Retirement liabilities		2
Liabilities associated with assets held for sale	\$	38

6. Operating loans and long-term debt

Operating loans

As at June 30, 2023, 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 \$19 million (£15 million) credit facility dedicated to our European operations, and a \$10 million (CAD\$13 million) demand line of credit dedicated to our jointly-owned newsprint operation.

As at June 30, 2023, our revolving credit facilities were undrawn (December 31, 2022 - undrawn) and the associated deferred financing costs of \$1 million (December 31, 2022 - \$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. Our \$1 billion committed revolving credit facility contains transition provisions relating to the elimination of LIBOR whereby Secured Overnight Financing Rate ("SOFR") can be elected by mutual consent with the lenders.

In addition, we have credit facilities totalling \$133 million (December 31, 2022 - \$131 million) dedicated to letters of credit. Letters of credit in the amount of \$43 million (December 31, 2022 - \$61 million) were supported by these facilities.

All debt is unsecured except the \$10 million (CAD\$13 million) jointly-owned newsprint operation demand line of credit, which is secured by that joint operation's current assets.

On July 25, 2023, we amended and restated the revolving credit facilities agreement to extend its maturity to July 2028 and replaced the LIBOR floating rate option with SOFR (see note 18).

Long-term debt

As at	June 30, 2023	December 31, 2022
Senior notes due October 2024; interest at 4.35%	\$ 300	\$ 300
Term loan due August 2024; floating interest rate	200	200
	500	500
Less: deferred financing costs	(1)	(1)
Less: current portion	—	—
	\$ 500	\$ 499

On July 25, 2023, we amended and restated the term loan agreement to extend its maturity to July 2025 and replaced the LIBOR floating rate option with SOFR (see note 18).

The fair value of the long-term debt at June 30, 2023 was \$493 million (December 31, 2022 - \$491 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

We have interest rate swap contracts to pay fixed interest rates and receive variable interest rates on \$200 million notional principal amount of indebtedness. During the three months ended June 30, 2023, these interest rate swaps were amended to reference 3-month SOFR (previously 3-month LIBOR) effective Q3-23. The weighted average fixed interest rate payable under the contracts will be 0.91% (previously 1.14%) effective Q3-23.

These interest rate swap agreements fix the interest rate on the \$200 million term loan disclosed in the long-term debt table above and 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 income on the consolidated statement of earnings. For the three and six months ended June 30, 2023, a nominal gain and a loss of \$2 million (three and six months ended June 30, 2022 - gain of \$2 million and gain of \$9 million) was recognized in relation to the interest rate swap contracts. The fair value of the interest rate swap contracts at June 30, 2023 was an asset of \$11 million (December 31, 2022 - asset of \$12 million).

7. Other liabilities

As at	June 30, 2023	December 31, 2022
Retirement liabilities	\$ 98	\$ 77
Long-term portion of reforestation obligations	60	55
Long-term portion of decommissioning obligations	26	15
Long-term portion of lease obligations	34	26
Export duties	90	73
Electricity swaps	2	4
Other	19	18
	\$ 329	\$ 268

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.

In the three months ended June 30, 2023, we entered into a buy-out annuity agreement to settle \$44 million of our defined benefit obligations by purchasing annuities using our plan assets. The agreement transferred the pension obligations of retired and terminated vested employees under certain pension plans to a financial institution. The difference between the cost of the annuity purchase and the liabilities held for this pension plan was reflected as a settlement gain of \$4 million in other income (see note 12).

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

As at	June 30, 2023	December 31, 2022
Projected benefit obligations	\$ (825)	\$ (856)
Fair value of plan assets	869	927
Impact of asset ceiling adjustments	(3)	(16)
	41	55
Represented by		
Retirement assets	139	132
Retirement liabilities	(98)	(77)
	\$ 41	\$ 55

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

	June 30, 2023	December 31, 2022
Discount rate	4.91%	5.17%
Future compensation rate increase	3.53%	3.53%

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

	Three Months Ended		Six Months Ended	
	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
Actuarial gain (loss)	\$ (20)	\$ 88	\$ (10)	\$ 213
Tax provision	5	(19)	3	(50)
	\$ (15)	\$ 69	\$ (8)	\$ 163

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

As at	June 30, 2023		December 31, 2022	
	Number	Amount	Number	Amount
Common	81,274,319	\$ 2,667	81,273,936	\$ 2,667
Class B Common	2,281,478	—	2,281,478	—
Total Common	83,555,797	\$ 2,667	83,555,414	\$ 2,667

For the three and six months ended June 30, 2023, we issued 383 Common shares under our share option plans (three and six months ended June 30, 2022 - no Common shares) and no Common shares under our employee share purchase plan (three and six months ended June 30, 2022 - no Common shares).

Rights and restrictions of Common shares

The Common shares and Class B Common shares are equal in all respects, including the right to dividends, rights upon dissolution or winding up and the right to vote, except that each Class B Common share may at any time be exchanged for one Common share. Our Common shares are listed for trading on the TSX and NYSE under the symbol WFG, while our Class B Common shares are not. Certain circumstances or corporate transactions may require the approval of the holders of our Common shares and Class B Common shares on a separate class by class basis.

Share repurchases

Normal Course Issuer Bids

On February 22, 2023, we renewed our normal course issuer bid ("2023 NCIB") allowing us to acquire up to 4,063,696 Common shares for cancellation until the expiry of the bid on February 26, 2024. For the three and six months ended June 30, 2023, we repurchased no Common shares under our normal course issuer bids.

For the three months ended June 30, 2022, we repurchased 4,120,222 Common shares at an average price of \$79.76 per share under our normal course issuer bids. 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 normal course issuer bids.

2022 Substantial Issuer Bid

During the three and six months ended June 30, 2022, we 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 Substantial Issuer Bid ("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.

10. Restructuring and impairment charges

	Three Months Ended		Six Months Ended	
	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
Restructuring charges	\$ —	\$ —	\$ 3	\$ —
Impairment related to Hinton pulp mill	\$ 122	\$ —	\$ 122	\$ 13
Impairment related to equity accounted investment	\$ 7	\$ —	\$ 7	\$ —
	\$ 129	\$ —	\$ 132	\$ 13

In the three months ended June 30, 2023, we recorded an impairment loss of \$122 million in relation to the sale of the Hinton pulp mill (see note 5). In addition, we recorded an impairment loss of \$7 million in relation to an equity accounted investment in our lumber segment that produces and distributes wood pellets.

We recorded restructuring and impairment charges of \$132 million for the six months ended June 30, 2023. Restructuring charges of \$3 million were recorded in the three months ended March 31, 2023 relating to the closure of a regional corporate office in our lumber segment and the closure of a distribution centre in our pulp & paper segment.

11. Finance income (expense), net

	Three Months Ended		Six Months Ended	
	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
Interest expense	\$ (5)	\$ (5)	\$ (12)	\$ (10)
Interest income on cash equivalents	11	3	20	4
Net interest income (expense) on export duty deposits	3	—	7	(1)
Finance income (expense) on employee future benefits	—	(1)	1	(3)
	\$ 9	\$ (3)	\$ 16	\$ (10)

12. Other income

	Three Months Ended		Six Months Ended	
	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
Foreign exchange gain	\$ 2	\$ 19	\$ 2	\$ 12
Settlement gain on defined benefit pension plan annuity purchase	4	—	4	—
Gain on electricity swaps	6	—	21	—
Gain (loss) on interest rate swap contracts	—	2	(2)	9
Other	(2)	3	(1)	3
	\$ 10	\$ 24	\$ 24	\$ 24

13. Tax recovery (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, 2023	June 30, 2022	June 30, 2023	June 30, 2022
Income tax recovery (provision) at statutory rate of 27%	\$ 48	\$ (271)	\$ 65	\$ (654)
Rate differentials between jurisdictions and on specified activities	(1)	30	(1)	78
Non-taxable (deductible) amounts	(2)	(7)	(1)	2
Other	1	8	4	4
	\$ 46	\$ (240)	\$ 67	\$ (570)

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 the 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. Adjustments to earnings are tax-effected as 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 for the period exceeds the exercise price of the share option.

The cash-settled method was more dilutive for the three and six months ended June 30, 2023. 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 in both periods.

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, 2023	June 30, 2022	June 30, 2023	June 30, 2022
Earnings				
Numerator for basic EPS	\$ (131)	\$ 762	\$ (173)	\$ 1,852
Cash-settled recovery included in earnings	—	(3)	—	(9)
Equity-settled expense adjustment	—	(1)	—	(2)
Numerator for diluted EPS	\$ (131)	\$ 758	\$ (173)	\$ 1,841
Weighted average number of shares (thousands)				
Denominator for basic EPS	83,556	99,551	83,556	102,393
Effect of dilutive equity-based compensation	—	379	—	426
Denominator for diluted EPS	83,556	99,930	83,556	102,819
Earnings per share (dollars)				
Basic	\$ (1.57)	\$ 7.66	\$ (2.07)	\$ 18.09
Diluted	\$ (1.57)	\$ 7.59	\$ (2.07)	\$ 17.91

15. Segment and geographical information

During the first quarter of 2023, the Company changed its measure of profit or loss for each reportable segment from earnings before tax to operating earnings, as this is now the measure most used by the chief operating decision maker when evaluating segment operating performance. Prior year comparatives have been updated to conform to current year presentation.

Three Months Ended							
June 30, 2023	Lumber	NA EWP	Pulp & Paper	Europe EWP	Corporate & Other	Total	
Sales							
To external customers	\$ 708	\$ 627	\$ 138	\$ 136	\$ —	\$ 1,608	
To other segments	20	2	—	—	(22)	—	
	\$ 728	\$ 629	\$ 138	\$ 136	\$ (22)	\$ 1,608	
Cost of products sold	(547)	(394)	(177)	(99)	23	(1,194)	
Freight and other distribution costs	(105)	(87)	(28)	(11)	—	(230)	
Export duties, net	(25)	—	—	—	—	(25)	
Amortization	(44)	(68)	(8)	(12)	(3)	(135)	
Selling, general and administration	(41)	(22)	(7)	(7)	(1)	(78)	
Equity-based compensation	—	—	—	—	(12)	(12)	
Restructuring and impairment charges	(7)	—	(122)	—	—	(129)	
Operating earnings	\$ (41)	\$ 58	\$ (204)	\$ 7	\$ (16)	\$ (196)	

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	
Restructuring and impairment charges	—	—	—	—	—	—	
Operating earnings	\$ 405	\$ 545	\$ (11)	\$ 42	\$ —	\$ 981	

Six Months Ended							
June 30, 2023	Lumber	NA EWP	Pulp & Paper	Europe EWP	Corporate & Other	Total	
Sales							
To external customers	\$ 1,442	\$ 1,167	\$ 330	\$ 296	\$ —	\$ 3,235	
To other segments	41	4	6	—	(51)	—	
	\$ 1,483	\$ 1,171	\$ 336	\$ 296	\$ (51)	\$ 3,235	
Cost of products sold	(1,143)	(798)	(328)	(221)	51	(2,439)	
Freight and other distribution costs	(211)	(169)	(61)	(23)	—	(464)	
Export duties, net	(38)	—	—	—	—	(38)	
Amortization	(91)	(137)	(17)	(24)	(5)	(273)	
Selling, general and administration	(80)	(47)	(13)	(13)	(2)	(154)	
Equity-based compensation	—	—	—	—	(14)	(14)	
Restructuring and impairment charges	(9)	—	(123)	—	—	(132)	
Operating earnings	\$ (89)	\$ 20	\$ (207)	\$ 15	\$ (20)	\$ (281)	

Six Months Ended							
June 30, 2022	Lumber	NA EWP	Pulp & Paper	Europe EWP	Corporate & Other	Total	
Sales							
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	

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

	Three Months Ended		Six Months Ended	
	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
United States	\$ 1,071	\$ 2,023	\$ 2,081	\$ 4,296
Canada	272	469	557	909
U.K. and Europe	137	271	300	427
Asia	127	117	294	350
Other	1	7	3	15
	\$ 1,608	\$ 2,887	\$ 3,235	\$ 5,997

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

Additional details, including our accounting policy, can be found in note 26 - Countervailing (“CVD”) and antidumping (“ADD”) duty dispute of our audited annual consolidated financial statements for the year ended December 31, 2022.

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 upon the finalization of the USDOC’s Annual Review (“AR”) process for each Period of Inquiry (“POI”).

On January 24, 2023, the USDOC released the preliminary results from AR4 POI covering the 2021 calendar year, which indicated a rate of 2.48% for CVD and 6.90% 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 AR4 rates were to be confirmed, it would result in a recovery of \$62 million before the impact of interest for the POI covered by AR4. This adjustment would be in addition to the amounts already recorded on our balance sheet. If these rates were finalized, our combined cash deposit rate would be 9.38%.

The Cash Deposit Rates and the West Fraser Estimated ADD Rate for the periods presented are as follows:

Effective dates for CVD	Cash Deposit Rate
AR5 POI¹	
January 1, 2022 – January 9, 2022	5.06%
January 10, 2022 – June 30, 2022	5.08%
AR6 POI²	
January 1, 2023 - June 30, 2023	3.62%

1. 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.
2. The CVD rate for the AR6 POI will be adjusted when AR6 is complete and the USDOC finalizes the rate, which is not expected until 2025.

Effective dates for ADD	Cash Deposit Rate	West Fraser Estimated Rate
AR5 POI¹		
January 1, 2022 - June 30, 2022	6.06%	0.80%
AR6 POI²		
January 1, 2023 - June 30, 2023	4.63%	9.27%

1. 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.
2. The ADD rate for the AR6 POI will be adjusted when AR6 is complete and the USDOC finalizes the rate, which is not expected until 2025.

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, 2023	June 30, 2022	June 30, 2023	June 30, 2022
Cash deposits ¹	\$ (13)	\$ (46)	\$ (26)	\$ (82)
Adjust to West Fraser Estimated ADD rate ²	(12)	30	(12)	39
Export duties, net	\$ (25)	\$ (16)	\$ (38)	\$ (43)

1. Represents combined CVD and ADD cash deposit rate of 8.25% for Q2-23, 11.12% for January 1 to January 9, 2022, and 11.14% for January 10 to June 30, 2022.
2. Represents adjustment to West Fraser Estimated ADD rate of 9.27% for Q2-23 and YTD-23 and 0.80% for Q2-22 and YTD-22.

As of June 30, 2023, export duties paid and payable on deposit with the USDOC were \$808 million (December 31, 2022 - \$784 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:

	June 30,
Export duties receivable	2023
Beginning of period	\$ 354
Export duties recognized as duty deposits receivable	—
Interest recognized on duty deposits receivable	11
End of period	\$ 365

Export duties payable is represented by:

	June 30,
Export duties payable	2023
Beginning of period	\$ (73)
Export duties recognized on long-term payable	(12)
Interest recognized on the export duties payable	(4)
End of period	\$ (90)

Appeals

Notwithstanding the deposit rates assigned under the investigations, our final liability for CVD and ADD will not be determined until each annual administration review process is complete and the related appeal processes are concluded.

17. Contingencies

We are subject to various investigations, claims and legal, regulatory and tax proceedings covering matters that arise in the ordinary course of business activities, including civil claims and lawsuits, regulatory examinations, investigations, audits and requests for information by governmental regulatory agencies and law enforcement authorities in various jurisdictions. Each of these matters is subject to uncertainties and it is possible that some of these matters may be resolved unfavourably. Certain conditions may exist as of the date the financial statements are issued, which may result in an additional loss. In the opinion of management none of these matters are expected to have a material effect on our results of operations or financial condition.

18. Subsequent event

On July 25, 2023, we amended and restated our revolving credit facilities and term loan agreements to extend the maturity of our revolving credit facilities to July 2028 and the maturity of our term loan to July 2025. The LIBOR floating rate option under both agreements was replaced with SOFR. All other terms and conditions remained substantially unchanged.