

**Canfor Corporation and Canfor Pulp Products Inc.
Quarter 3, 2022
Financial Performance Overview**



Presented by:

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Forward-Looking Statements



- The presentation and answers to questions today contain forward-looking statements which involve known and unknown risks, uncertainties and other factors that may cause actual results to be materially different from any future results, performance or achievements expressed or implied by such statements. Words such as “expects”, “anticipates”, “projects”, “intends”, “plans”, “will”, “believes”, “seeks”, “estimates”, “should”, “may”, “could”, and variations of such words and similar expressions are intended to identify such forward-looking statements. These statements are based on management’s current expectations and beliefs and actual events or results may differ materially. There are many factors that could cause such actual events or results expressed or implied by such forward-looking statements to differ materially from any future results expressed or implied by such statements. Forward-looking statements are based on current expectations and Canfor assumes no obligation to update such information to reflect later events or developments, except as required by law.
- Adjusted results referenced throughout the presentation are not generally accepted under IFRS and are defined as non-IFRS financial measures. Refer to the “Non-IFRS Financial Measures” section of Canfor Corporation’s and Canfor Pulp Products Inc.’s Management Discussion & Analysis for the quarter ended September 30, 2022, for further details.
- For further details on these factors and our assumptions and applicable risks and uncertainties, please refer to Canfor Corporation’s and Canfor Pulp Products Inc.’s Management Discussion & Analysis for the year ended December 31, 2021.

Canfor Corporation
Q3 2022 Review: Items Impacting Earnings Comparability



(millions of dollars, except for per share amounts)	Q3 2022		Q2 2022	
	\$	\$/Share	\$	\$/Share
Shareholder net income, as reported	\$ 87.4	\$ 0.71	\$ 373.8	\$ 3.02
Non-operating items (after-tax, net of non-controlling interests)				
Foreign exchange loss on term debt	\$ 10.6	\$ 0.09	\$ 4.9	\$ 0.04
Loss on derivative financial instruments	\$ 0.5	\$ -	\$ 1.0	\$ 0.01
Net impact of above items	\$ 11.1	\$ 0.09	\$ 5.9	\$ 0.05
Shareholder net income, as adjusted	\$ 98.5	\$ 0.80	\$ 379.7	\$ 3.07

Canfor Corporation Sales and Operating Earnings Summary



(millions of dollars unless otherwise noted)	Q3 2022	Q2 2022	Variance
Gross sales	\$ 1,666.4	\$ 2,173.1	\$ (506.7)
Reported operating income (loss) by segment:			
Lumber	\$ 101.6	\$ 552.1	\$ (450.5)
Pulp and Paper	\$ 19.2	\$ (8.1)	\$ 27.3
Unallocated and Other	\$ (12.2)	\$ (12.4)	\$ 0.2
Total operating income, as reported	\$ 108.6	\$ 531.6	\$ (423.0)
Inventory write-down, net	\$ 88.5	\$ 0.5	\$ 88.0
Total operating income, as adjusted	\$ 197.1	\$ 532.1	\$ (335.0)
Average exchange rate (US\$ per C\$1.00)	\$ 0.766	\$ 0.783	\$ (0.017)
Average exchange rate (SEK per C\$1.00)	8.082	7.708	0.374

Reported operating income (loss) before amortization			
Lumber	\$ 176.6	\$ 626.6	\$ (450.0)
Pulp and Paper	\$ 46.7	\$ 15.7	\$ 31.0
Unallocated and Other	\$ (11.8)	\$ (12.0)	\$ 0.2
Total operating income before amortization, as reported	\$ 211.5	\$ 630.3	\$ (418.8)
Inventory write-down, net	\$ 88.5	\$ 0.5	\$ 88.0
Total operating income before amortization, as adjusted	\$ 300.0	\$ 630.8	\$ (330.8)

Canfor Corporation Countervailing and Anti-Dumping Duty Summary



(millions of dollars)	Q3 2022	Q2 2022	Variance
Effective Duties by Quarter:			
Cash deposits paid ¹	\$ 28.6	\$ 78.5	\$ (49.9)
Incremental duty recovery attributable to current quarter ²	\$ (8.0)	\$ (45.3)	\$ 37.3
Effective duty expense, net, for the current quarter³	\$ 20.6	\$ 33.2	\$ (12.6)
Duty recovery, net, attributable to third period of administrative review ⁴	\$ (97.6)	\$ -	\$ (97.6)
Duty expense (recovery), net, as reported	\$ (77.0)	\$ 33.2	\$ (110.2)

¹ Combined CVD and ADD deposit rate of 19.54% from January to July 2022 and 5.87% from August to September 2022

² Recovery reflects estimated ADD accrual rate of 5.00%

³ Combined CVD and ADD accrual rate of 7.42% from January to July 2022 and 5.95% from August to September 2022

⁴ Duty recovery, net, of \$97.6 million recognized in Q3 2022 reflects the finalized rates for the third period of administrative review

Final results of the third period of review ("POR3") (2020) announced by US Department of Commerce ("DOC") in July 2022:

- Total cumulative cash deposits paid to September 30, 2022, were \$878.2 million
- CVD: deposit rate 13.24% from January to November 2020 & 2.63% for December 2020; final rate of 0.95% for POR3
- ADD: deposit rate 7.28% from January to November 2020 & 1.99% for December 2020; accrued at estimated rate of 5.00%; final rate of 4.92% for POR3
- Total combined CVD and ADD recovery, net, of \$97.6 million (US\$73.0 million) recognized in Q3 2022 upon finalization of rates
- No cash duties to be refunded until litigation regarding the imposition of CVD and ADD has been settled

Canfor Corporation Lumber: Q3 2022 vs. Q2 2022



	Q3 2022	Q2 2022	Variance
(millions of dollars unless otherwise noted)			
Sales	\$ 1,358.1	\$ 1,884.3	\$ (526.2)
Operating income before amortization, as reported	\$ 176.6	\$ 626.6	\$ (450.0)
Operating income, as reported	\$ 101.6	\$ 552.1	\$ (450.5)
Inventory write-down	\$ 89.6	\$ -	\$ 89.6
Operating income, as adjusted	\$ 191.2	\$ 552.1	\$ (360.9)
Average Western SPF 2x4 #2&Btr lumber price in CDN\$	\$ 757	\$ 1,106	\$ (349)
Average SYP East 2x4 #2 lumber price in US\$	\$ 722	\$ 769	\$ (47)
Average SYP East 2x6 #2 lumber price in US\$	\$ 459	\$ 556	\$ (97)
Production - Western SPF lumber (MMfbm)	504	658	(154)
Production - SYP lumber (MMfbm)	401	409	(8)
Production - EUR lumber (MMfbm)	272	366	(94)
Shipments - Canfor-produced Western SPF lumber (MMfbm)	595	681	(86)
Shipments - Canfor-produced SYP lumber (MMfbm)	417	423	(6)
Shipments - Canfor-produced EUR lumber (MMfbm)	299	424	(125)

Lumber earnings of \$102 million, down \$451 million from Q2

- Significant decline in global lumber market prices following highs earlier in the year driven by ongoing downward trend in North American lumber market fundamentals (tied to rising interest rates & inflation), ongoing weakness in offshore demand and sharp drop in European “do-it-yourself” sector
- **Western Canada:** Sharp drop in North American benchmark pricing; substantially lower production due to reduced BC operating schedules & market-driven curtailments which contributed to higher per-unit conversion costs; significant increase in BC log costs tied to higher market-based stumpage
- **US South:** Significant decline in SYP 2x6 #2 & SYP 2x4 #2 pricing & more pronounced pricing declines for certain wider-widths reflected in SYP unit sales realizations
- **Europe:** Moderately lower European unit sales realizations tied to decline in European market pricing; decreased production due to regular summer downtime

Canfor Pulp Products Inc.
Pulp: Q3 2022 vs. Q2 2022



(millions of dollars unless otherwise noted)	Q3 2022	Q2 2022	Variance
Gross Sales	\$ 308.3	\$ 288.8	\$ 19.5
Reported operating income (loss) by segment:			
Pulp	\$ 18.6	\$ (11.1)	\$ 29.7
Paper	\$ 4.1	\$ 6.2	\$ (2.1)
Unallocated	\$ (3.5)	\$ (3.2)	\$ (0.3)
Total operating income (loss), as reported	\$ 19.2	\$ (8.1)	\$ 27.3
Inventory write-down (recovery)	\$ (1.1)	\$ 0.5	\$ (1.6)
Total operating income (loss), as adjusted	\$ 18.1	\$ (7.6)	\$ 25.7
Reported operating income (loss) before amortization:			
Pulp	\$ 45.5	\$ 12.2	\$ 33.3
Paper	\$ 4.6	\$ 6.7	\$ (2.1)
Unallocated	\$ (3.4)	\$ (3.2)	\$ (0.2)
Total operating income before amortization, as reported	\$ 46.7	\$ 15.7	\$ 31.0
Inventory write-down (recovery)	\$ (1.1)	\$ 0.5	\$ (1.6)
Total operating income before amortization, as adjusted	\$ 45.6	\$ 16.2	\$ 29.4
Average NBSK pulp list price delivered to China - US\$	\$ 969	\$ 1,008	\$ (39)
Average NBSK pulp list price delivered to China - CDN\$	\$ 1,265	\$ 1,287	\$ (22)
Production - Pulp (000 mt)	195	187	8
Shipments - Pulp (000 mt)	199	205	(6)

Canfor Pulp operating income of \$19 million, \$27 million favourable to Q2

- Relatively strong global pulp market fundamentals principally led by supply shortages tied to ongoing global logistical constraints and unforeseen global production disruptions
- Significant increase in NBSK unit sales realizations, with some improvement in lag between shipments (vs orders)
- Increased pulp production of ~8,000 tonnes reflecting improved NBSK productivity (but limited to available transportation); continuation of Taylor transportation-related curtailment in Q3 combined with Northwood’s scheduled maintenance outage mid-July & Intercon’s scheduled maintenance outage in September