

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549**

**FORM 10-Q**

- QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**  
**For the Quarterly Period Ended September 30, 2023**
- TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**  
**Commission File Number 1-7107**

**LOUISIANA-PACIFIC CORPORATION**  
**(Exact name of registrant as specified in its charter)**

**Delaware**  
(State or other jurisdiction of  
incorporation or organization)

**93-0609074**  
(IRS Employer  
Identification No.)

**1610 West End Avenue, Suite 200, Nashville, TN 37203**  
(Address of principal executive offices) (Zip Code)

**Registrant's telephone number, including area code: (615) 986 - 5600**

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol	Name of each exchange on which registered
Common Stock, \$1 par value	LPX	New York Stock Exchange

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
Emerging growth company	<input type="checkbox"/>		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date: 72,114,703 shares of common stock, \$1 par value, outstanding as of October 30, 2023.

*Except as otherwise specified and unless the context otherwise requires, references to "LP," the "Company," "we," "us," and "our" refer to Louisiana-Pacific Corporation and its consolidated subsidiaries.*

## CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended (the Exchange Act), provide a “safe harbor” for forward-looking statements to encourage companies to provide prospective information about their businesses and other matters as long as those statements are identified as forward-looking and are accompanied by meaningful cautionary statements identifying important factors that could cause actual results to differ materially from those discussed in such forward-looking statements. This quarterly report on Form 10-Q contains, and other reports and documents we file with, or furnish to, the Securities and Exchange Commission (SEC) may contain forward-looking statements. These statements are based upon the beliefs and assumptions of, and on information available to, our management.

The following statements are or may constitute forward-looking statements: (1) statements preceded by, followed by, or that include words like “may,” “will,” “could,” “should,” “believe,” “expect,” “anticipate,” “intend,” “plan,” “estimate,” “project,” “potential,” “continue,” “likely,” or “future” or the negative or other variations thereof and (2) other statements regarding matters that are not historical facts, including without limitation, plans for product development, forecasts of future costs and expenditures, possible outcomes of legal proceedings, capacity expansion, and other growth initiatives, and the adequacy of reserves for loss contingencies.

Factors that could cause actual results to differ materially from those expressed or implied by the forward-looking statements include, but are not limited to, the following:

- changes in governmental fiscal and monetary policies, including tariffs and levels of employment;
- changes in general and global economic conditions, including impacts from global pandemics, rising inflation, supply chain disruptions, and ongoing military conflicts including the conflict between Russia and Ukraine and the conflict in Israel and the surrounding areas;
- changes in the cost and availability of capital;
- changes in the level of home construction and repair and remodel activity;
- changes in competitive conditions and prices for our products;
- changes in the relationship between supply of and demand for building products;
- changes in the financial or business conditions of third-party wholesale distributors and dealers;
- changes in the relationship between the supply of and demand for raw materials, including wood fiber and resins, used in manufacturing our products;
- changes in the cost and availability of energy, primarily natural gas, electricity, and diesel fuel;
- changes in the cost and availability of transportation;
- impact of manufacturing our products internationally;
- difficulties in the launch or production ramp-up of newly introduced products;
- impacts from public health issues (including global pandemics) on the economy, demand for our products or our operations, including the actions and recommendations of governmental authorities to contain such public health issues;
- unplanned interruptions to our manufacturing operations, such as explosions, fires, inclement weather, natural disasters, accidents, equipment failures, labor shortages or disruptions, transportation interruptions, supply interruptions, public health issues (including pandemics and quarantines), riots, civil insurrection or social unrest, looting, protests, strikes, and street demonstrations;
- changes in other significant operating expenses;
- changes in currency values and exchange rates between the U.S. dollar and other currencies, particularly the Canadian dollar, Brazilian real, and Chilean peso;
- changes in, and compliance with, general and industry-specific laws and regulations, including environmental and health and safety laws and regulations, the U.S. Foreign Corrupt Practices Act and anti-bribery laws, laws related to our international business operations, and changes in building codes and standards;
- changes in tax laws and interpretations thereof;
- changes in circumstances giving rise to environmental liabilities or expenditures;
- warranty costs exceeding our warranty reserves;
- challenges to or exploitation of our intellectual property or other proprietary information by others in the industry;

- the resolution of existing and future product-related litigation, environmental proceedings and remediation efforts, and other legal or environmental proceedings or matters;
- the effect of covenants and events of default contained in our debt instruments;
- the amount and timing of any repurchases of our common stock and the payment of dividends on our common stock, which will depend on market and business conditions and other considerations;
- cybersecurity events affecting our information technology systems or those of our third-party providers and the related costs and impact of any disruption on our business; and
- acts of public authorities, war, political or civil unrest, natural disasters, fire, floods, earthquakes, inclement weather, and other matters beyond our control.

In addition to the foregoing and any risks and uncertainties specifically identified in the text surrounding forward-looking statements, any statements in the reports and other documents filed or furnished by us with the SEC that warn of risks or uncertainties associated with future results, events, or circumstances identify important factors that could cause actual results, events, and circumstances to differ materially from those reflected in the forward-looking statements.

The forward-looking statements that we make, or that are made by others on our behalf, are based on our knowledge of our business and our operating environment and assumptions that we believe to be, or will believe to be, reasonable when such forward-looking statements were or will be made. As a consequence of the factors described above, the other risks, uncertainties, and factors we disclose below and in the reports and other documents filed by us with the SEC, other risks not known to us at this time, changes in facts, assumptions not being realized or other circumstances, our actual results may differ materially from those discussed in or implied or contemplated by our forward-looking statements. Consequently, this cautionary statement qualifies all forward-looking statements we make, or that are made on our behalf, including those made herein and incorporated by reference herein. We cannot assure you that the results or developments expected or anticipated by us will be realized or, even if substantially realized, that those results or developments will result in the expected consequences for us or affect us, our business, our operations or our operating results in the manner or to the extent we expect. We caution readers not to place undue reliance on such forward-looking statements, which speak only as of their dates. We undertake no obligation to revise or update any of the forward-looking statements to reflect subsequent events or circumstances except to the extent required by applicable law.

#### **ABOUT THIRD-PARTY INFORMATION**

In this quarterly report on Form 10-Q, we rely on, and refer to, information regarding industry data obtained from market research, publicly available information, industry publications, U.S. government sources, and other third parties. Although we believe the information is reliable, we cannot guarantee the accuracy or completeness of the information and have not independently verified it.

**PART I - FINANCIAL INFORMATION**

**ITEM 1. FINANCIAL STATEMENTS**

**Condensed Consolidated Statements of Income**

Dollar and share amounts in millions, except per share amounts  
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
<b>Net sales</b>	\$ 728	\$ 852	\$ 1,923	\$ 3,149
Cost of sales	(514)	(620)	(1,489)	(1,778)
Gross profit	214	232	434	1,370
Selling, general, and administrative expenses	(58)	(67)	(191)	(196)
Impairment of long-lived assets, net	(1)	—	(25)	—
Other operating credits and charges, net	6	7	(20)	17
<b>Income from operations</b>	<b>161</b>	<b>172</b>	<b>198</b>	<b>1,191</b>
Interest expense	(4)	(3)	(9)	(9)
Investment income	4	5	10	8
Other non-operating items	—	(3)	(17)	(11)
<b>Income before income taxes</b>	<b>160</b>	<b>172</b>	<b>183</b>	<b>1,178</b>
Provision for income taxes	(44)	(44)	(66)	(284)
Equity in unconsolidated affiliate	1	1	3	4
<b>Income from continuing operations</b>	<b>118</b>	<b>129</b>	<b>119</b>	<b>898</b>
Income from discontinued operations, net of income taxes	—	97	—	196
<b>Net income</b>	<b>\$ 118</b>	<b>\$ 226</b>	<b>\$ 119</b>	<b>\$ 1,093</b>
Net loss attributed to non-controlling interest	—	—	—	1
<b>Net income attributed to LP</b>	<b>\$ 118</b>	<b>\$ 226</b>	<b>\$ 119</b>	<b>\$ 1,094</b>
<b>Net income attributed to LP per share of common stock:</b>				
Income per share continuing operations - basic	\$ 1.63	\$ 1.75	\$ 1.65	\$ 11.23
Income per share discontinued operations - basic	—	1.32	—	2.45
Net income attributed to LP per share - basic	\$ 1.63	\$ 3.07	\$ 1.65	\$ 13.67
Income per share continuing operations - diluted	\$ 1.63	\$ 1.74	\$ 1.65	\$ 11.16
Income per share discontinued operations - diluted	—	1.31	—	2.43
Net income attributed to LP per share - diluted	\$ 1.63	\$ 3.05	\$ 1.65	\$ 13.59
<b>Average shares of common stock used to compute Net income per share:</b>				
Basic	72	74	72	80
Diluted	72	74	72	80

The accompanying notes are an integral part of these unaudited Condensed Consolidated Financial Statements.

### Condensed Consolidated Statements of Comprehensive Income

Dollar amounts in millions

(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
<b>Net income</b>	<b>\$ 118</b>	<b>\$ 226</b>	<b>\$ 119</b>	<b>\$ 1,093</b>
Other comprehensive income (loss), net of tax				
Foreign currency translation adjustments	(19)	(13)	(3)	(22)
Changes in defined benefit pension plans	—	3	4	6
Other comprehensive income (loss), net of tax	(19)	(9)	2	(16)
<b>Comprehensive income</b>	<b>99</b>	<b>216</b>	<b>120</b>	<b>1,077</b>
Comprehensive loss associated with non-controlling interest	—	—	—	1
<b>Comprehensive income attributed to LP</b>	<b>\$ 99</b>	<b>\$ 216</b>	<b>\$ 121</b>	<b>\$ 1,078</b>

The accompanying notes are an integral part of these unaudited Condensed Consolidated Financial Statements.

## Condensed Consolidated Balance Sheets

Dollar amounts in millions

(Unaudited)

	<u>September 30, 2023</u>	<u>December 31, 2022</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 160	\$ 369
Receivables, net of allowance for doubtful accounts of \$3 million and \$1 million as of September 30, 2023, and December 31, 2022, respectively	181	127
Inventories	379	337
Prepaid expenses and other current assets	25	20
<b>Total current assets</b>	<u>745</u>	<u>854</u>
Timber and timberlands	32	40
Property, plant, and equipment, net	1,512	1,326
Operating lease assets, net	34	44
Goodwill and other intangible assets	27	36
Investments in and advances to affiliates	6	6
Restricted cash	—	14
Other assets	19	24
Deferred tax asset	4	7
<b>Total assets</b>	<u>\$ 2,380</u>	<u>\$ 2,350</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Accounts payable and accrued liabilities	\$ 264	\$ 317
Income taxes payable	2	19
<b>Total current liabilities</b>	<u>266</u>	<u>336</u>
Long-term debt	347	346
Deferred income taxes	152	113
Non-current operating lease liabilities	35	41
Contingency reserves, excluding current portion	25	26
Other long-term liabilities	53	53
<b>Total liabilities</b>	<u>\$ 878</u>	<u>\$ 916</u>
Redeemable noncontrolling interest	—	—
<b>Stockholders' equity:</b>		
Common stock, \$1 par value, 200,000,000 shares authorized; 87,986,865 and 72,114,051 shares issued and outstanding, respectively, as of September 30, 2023; and 87,986,865 and 71,748,200 shares issued and outstanding, respectively, as of December 31, 2022	88	88
Additional paid-in capital	460	462
Retained earnings	1,438	1,371
Treasury stock, 15,872,814 shares and 16,238,665 shares, at cost as of September 30, 2023, and December 31, 2022, respectively	(387)	(388)
Accumulated comprehensive loss	(98)	(99)
<b>Total stockholders' equity</b>	<u>1,502</u>	<u>1,433</u>
<b>Total liabilities and stockholders' equity</b>	<u>\$ 2,380</u>	<u>\$ 2,350</u>

The accompanying notes are an integral part of these unaudited Condensed Consolidated Financial Statements.

## Condensed Consolidated Statements of Cash Flows

Dollar amounts in millions

(Unaudited)

	Nine Months Ended September 30,	
	2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net income	\$ 119	\$ 1,093
Adjustments to net income:		
Depreciation and amortization	87	99
Impairment of goodwill and long-lived assets	25	—
Gain on sale of assets, net	(6)	(157)
Pension loss due to settlement	6	4
Deferred taxes	44	27
Other adjustments, net	48	29
Changes in assets and liabilities (net of acquisitions and divestitures):		
Receivables	(52)	(20)
Inventories	(46)	(72)
Prepaid expenses and other current assets	(5)	(11)
Accounts payable and accrued liabilities	(36)	40
Income taxes payable, net of receivables	(26)	70
<b>Net cash provided by operating activities</b>	<b>157</b>	<b>1,103</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Property, plant, and equipment additions	(236)	(282)
Acquisition of facility assets	(80)	—
Proceeds from sales of assets	9	—
Proceeds from divestiture of business	—	265
Other investing activities, net	(4)	3
<b>Net cash used in investing activities</b>	<b>(312)</b>	<b>(14)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Borrowing of long-term debt	80	—
Repayment of long-term debt	(80)	—
Payment of cash dividends	(52)	(53)
Purchase of stock	—	(900)
Other financing activities	(10)	(15)
<b>Net cash used in financing activities</b>	<b>(61)</b>	<b>(968)</b>
<b>EFFECT OF EXCHANGE RATE ON CASH, CASH EQUIVALENTS, AND RESTRICTED CASH</b>		
Net (decrease) increase in cash, cash equivalents, and restricted cash	(223)	111
Cash, cash equivalents, and restricted cash at beginning of period	383	371
<b>Cash, cash equivalents, and restricted cash at end of period</b>	<b>\$ 160</b>	<b>\$ 482</b>
<b>Supplemental cash flow information:</b>		
Cash paid for income taxes, net	\$ 49	\$ 242
Cash paid for interest, net	\$ 14	\$ 14
Unpaid capital expenditures	\$ 17	\$ 44

The accompanying notes are an integral part of these unaudited Condensed Consolidated Financial Statements.

### Condensed Consolidated Statements of Stockholders' Equity

Dollar and share amounts in millions, except per share amounts

(Unaudited)

	Common Stock		Treasury Stock		Additional Paid-in Capital	Retained Earnings	Accumulated Comprehensive Loss	Total Stockholders' Equity
	Shares	Amount	Shares	Amount				
<b>Balance, December 31, 2022</b>	<b>88</b>	<b>\$ 88</b>	<b>16</b>	<b>\$ (388)</b>	<b>\$ 462</b>	<b>\$ 1,371</b>	<b>\$ (99)</b>	<b>\$ 1,433</b>
Net income attributed to LP	—	—	—	—	—	21	—	21
Dividends paid (\$0.24 per share)	—	—	—	—	—	(17)	—	(17)
Issuance of shares under stock plans	—	—	—	10	(10)	—	—	—
Taxes paid related to net settlement of stock-based awards	—	—	—	(10)	—	—	—	(10)
Purchase of stock	—	—	—	—	—	—	—	—
Compensation expense associated with stock-based compensation	—	—	—	—	4	—	—	4
Other comprehensive income	—	—	—	—	—	—	19	19
<b>Balance, March 31, 2023</b>	<b>88</b>	<b>\$ 88</b>	<b>16</b>	<b>\$ (388)</b>	<b>\$ 455</b>	<b>\$ 1,375</b>	<b>\$ (80)</b>	<b>\$ 1,450</b>
Net loss attributed to LP	—	—	—	—	—	(20)	—	(20)
Dividends paid (\$0.24 per share)	—	—	—	—	—	(17)	—	(17)
Issuance of shares under stock plans	—	—	—	2	—	—	—	2
Taxes paid related to net settlement of stock-based awards	—	—	—	(1)	—	—	—	(1)
Purchase of stock	—	—	—	—	—	—	—	—
Compensation expense associated with stock-based compensation	—	—	—	—	3	—	—	3
Other comprehensive income	—	—	—	—	—	—	1	1
<b>Balance, June 30, 2023</b>	<b>88</b>	<b>\$ 88</b>	<b>16</b>	<b>\$ (387)</b>	<b>\$ 458</b>	<b>\$ 1,337</b>	<b>\$ (78)</b>	<b>\$ 1,419</b>
Net income attributed to LP	—	—	—	—	—	118	—	118
Dividends paid (\$0.24 per share)	—	—	—	—	—	(17)	—	(17)
Issuance of shares under stock plans	—	—	—	—	—	—	—	—
Taxes paid related to net settlement of stock-based awards	—	—	—	—	—	—	—	—
Purchase of stock	—	—	—	—	—	—	—	—
Compensation expense associated with stock-based compensation	—	—	—	—	2	—	—	2
Other comprehensive loss	—	—	—	—	—	—	(19)	(19)
<b>Balance, September 30, 2023</b>	<b>88</b>	<b>\$ 88</b>	<b>16</b>	<b>\$ (387)</b>	<b>\$ 460</b>	<b>\$ 1,438</b>	<b>\$ (98)</b>	<b>\$ 1,502</b>

The accompanying notes are an integral part of these unaudited Condensed Consolidated Financial Statements.



	Common Stock		Treasury Stock		Additional Paid-in Capital	Retained Earnings	Accumulated Comprehensive Loss	Total Stockholders' Equity
	Shares	Amount	Shares	Amount				
<b>Balance, December 31, 2021</b>	<b>102</b>	<b>\$ 102</b>	<b>17</b>	<b>\$ (390)</b>	<b>\$ 458</b>	<b>\$ 1,239</b>	<b>\$ (174)</b>	<b>\$ 1,235</b>
Net income attributed to LP	—	—	—	—	—	484	—	484
Dividends paid (\$0.22 per share)	—	—	—	—	—	(19)	—	(19)
Issuance of shares under stock plans	—	—	(1)	14	(14)	—	—	—
Taxes paid related to net settlement of stock-based awards	—	—	—	(15)	—	—	—	(15)
Purchase of stock	(2)	(2)	—	—	—	(102)	—	(104)
Compensation expense associated with stock-based compensation	—	—	—	—	7	—	—	7
Other comprehensive income	—	—	—	—	—	—	24	24
<b>Balance, March 31, 2022</b>	<b>101</b>	<b>\$ 101</b>	<b>16</b>	<b>\$ (391)</b>	<b>\$ 451</b>	<b>\$ 1,601</b>	<b>\$ (149)</b>	<b>\$ 1,613</b>
Net income attributed to LP	—	—	—	—	—	384	—	384
Dividends paid (\$0.22 per share)	—	—	—	—	—	(18)	—	(18)
Issuance of shares under stock plans	—	—	—	2	—	—	—	2
Taxes paid related to net settlement of stock-based awards	—	—	—	(1)	—	—	—	(1)
Purchase of stock	(7)	(7)	—	—	—	(463)	—	(471)
Compensation expense associated with stock-based compensation	—	—	—	—	7	—	—	7
Other comprehensive loss	—	—	—	—	—	—	(31)	(31)
<b>Balance, June 30, 2022</b>	<b>94</b>	<b>\$ 94</b>	<b>16</b>	<b>\$ (390)</b>	<b>\$ 457</b>	<b>\$ 1,505</b>	<b>\$ (181)</b>	<b>\$ 1,484</b>
Net income attributed to LP	—	—	—	—	—	226	—	226
Dividends paid (\$0.22 per share)	—	—	—	—	—	(16)	—	(16)
Issuance of shares under stock plans	—	—	—	—	—	—	—	—
Taxes paid related to net settlement of stock-based awards	—	—	—	—	—	—	—	—
Purchase of stock	(6)	(6)	—	—	—	(320)	—	(325)
Compensation expense associated with stock-based compensation	—	—	—	—	2	—	—	2
Other comprehensive loss	—	—	—	—	—	—	(9)	(9)
<b>Balance, September 30, 2022</b>	<b>88</b>	<b>\$ 88</b>	<b>16</b>	<b>\$ (390)</b>	<b>\$ 459</b>	<b>\$ 1,395</b>	<b>\$ (190)</b>	<b>\$ 1,361</b>

The accompanying notes are an integral part of these unaudited Condensed Consolidated Financial Statements.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### NOTE 1. NATURE OF OPERATIONS AND BASIS FOR PRESENTATION

#### Nature of Operations

Louisiana-Pacific Corporation and our subsidiaries are a leading provider of high-performance building solutions that meet the demands of builders, remodelers, and homeowners worldwide. Serving the new home construction, repair and remodeling, and outdoor structures markets, we have leveraged our expertise to become an industry leader known for innovation, quality, reliability, and sustainability. The principal customers for our building solutions are retailers, wholesalers, and home building and industrial businesses in North America and South America, with limited sales to Asia, Australia, and Europe. The Company operates 23 plants across the U.S., Canada, Chile, and Brazil through foreign subsidiaries, and operates additional facilities through a joint venture. References to "LP," the "Company," "we," "our," and "us" refer to Louisiana-Pacific Corporation and its consolidated subsidiaries as a whole.

During the year ended December 31, 2022, we sold our 50% equity interest in two joint ventures that produce I-joists, and we sold the remaining assets related to the Engineered Wood Product (EWP) segment. Accordingly, the results of our previously owned EWP segment have been presented as discontinued operations in our Condensed Consolidated Statements of Income for all periods presented. See "Note 7 –Discontinued Operations" for additional information.

In May 2023, we acquired a manufacturing facility in Wawa, Ontario, Canada from Wawa OSB, Inc. a subsidiary of Forex Inc., for \$80 million, financed by a combination of cash on hand and availability under the Amended Credit Facility (defined below). The manufacturing facility is expected to be converted into an LP® SmartSide® Trim & Siding mill. We are evaluating project schedules and market demand to determine when construction will begin. The facility will remain shut down until such construction is completed.

#### Basis for Presentation

The accompanying unaudited Condensed Consolidated Financial Statements have been prepared in accordance with generally accepted accounting principles in the United States (U.S. GAAP) for interim financial information. Accordingly, they do not include all the information and footnotes required by U.S. GAAP for complete consolidated financial statements. In the opinion of management, all adjustments considered necessary for a fair presentation have been included and are of a normal and recurring nature. These Condensed Consolidated Financial Statements and related Notes should be read in conjunction with our annual report on Form 10-K for the fiscal year ended December 31, 2022, filed with the SEC on February 21, 2023 (2022 Annual Report on Form 10-K). Results of operations for interim periods are not necessarily indicative of results to be expected for an entire year.

### NOTE 2. REVENUE

The following table presents our reportable segment revenues, disaggregated by revenue source. We disaggregate revenue from contracts with customers into major product lines. We have determined that disaggregating revenue into these categories depicts how the nature, amount, timing, and uncertainty of revenue and cash flows are affected by economic factors.

As noted in the segment reporting information in "Note 17 - Selected Segment Data" below, our reportable segments are Siding, Oriented Strand Board (OSB), and South America. The following tables set forth our revenue by segment (dollar amounts in millions).

<b>Three Months Ended September 30, 2023</b>						
<b>By Product type and family:</b>	<b>Siding</b>	<b>OSB</b>	<b>South America</b>	<b>Other</b>	<b>Inter-segment</b>	<b>Total</b>
<b>Value-add</b>						
Siding Solutions	\$ 342	\$ —	\$ 5	\$ —	\$ —	\$ 347
OSB - Structural Solutions	—	174	40	—	—	213
	<u>342</u>	<u>174</u>	<u>44</u>	<u>—</u>	<u>—</u>	<u>560</u>
<b>Commodity</b>						
OSB - commodity	—	157	—	—	—	157
<b>Other</b>						
Other products	2	5	—	4	—	11
	<u>\$ 345</u>	<u>\$ 335</u>	<u>\$ 45</u>	<u>\$ 4</u>	<u>\$ —</u>	<u>\$ 728</u>

<b>Three Months Ended September 30, 2022</b>						
<b>By Product type and family:</b>	<b>Siding</b>	<b>OSB</b>	<b>South America</b>	<b>Other</b>	<b>Inter-segment</b>	<b>Total</b>
<b>Value-add</b>						
Siding Solutions	\$ 393	\$ —	\$ 6	\$ —	\$ —	\$ 399
OSB - Structural Solutions	—	205	47	—	—	251
	<u>393</u>	<u>205</u>	<u>53</u>	<u>—</u>	<u>—</u>	<u>650</u>
<b>Commodity</b>						
OSB - commodity	—	180	—	—	—	180
<b>Other</b>						
Other products	1	3	—	17	—	22
	<u>\$ 394</u>	<u>\$ 388</u>	<u>\$ 53</u>	<u>\$ 17</u>	<u>\$ (1)</u>	<u>\$ 852</u>

<b>Nine Months Ended September 30, 2023</b>						
<b>By Product type and family:</b>	<b>Siding</b>	<b>OSB</b>	<b>South America</b>	<b>Other</b>	<b>Inter-segment</b>	<b>Total</b>
<b>Value-add</b>						
Siding Solutions	\$ 989	\$ —	\$ 19	\$ —	\$ —	\$ 1,008
OSB - Structural Solutions	—	412	132	—	—	544
	<u>989</u>	<u>412</u>	<u>151</u>	<u>—</u>	<u>—</u>	<u>1,552</u>
<b>Commodity</b>						
OSB - commodity	—	332	—	—	—	332
<b>Other</b>						
Other products	7	9	2	21	—	39
	<u>\$ 996</u>	<u>\$ 754</u>	<u>\$ 153</u>	<u>\$ 21</u>	<u>\$ —</u>	<u>\$ 1,923</u>
<b>Nine Months Ended September 30, 2022</b>						
<b>By Product type and family:</b>	<b>Siding</b>	<b>OSB</b>	<b>South America</b>	<b>Other</b>	<b>Inter-segment</b>	<b>Total</b>
<b>Value-add</b>						
Siding Solutions	\$ 1,079	\$ —	\$ 18	\$ —	\$ —	\$ 1,097
OSB - Structural Solutions	—	995	172	—	(2)	1,165
	<u>1,079</u>	<u>995</u>	<u>190</u>	<u>—</u>	<u>(2)</u>	<u>2,262</u>
<b>Commodity</b>						
OSB - commodity	—	801	—	—	(1)	801
<b>Other</b>						
Other products	4	9	—	72	—	86
	<u>\$ 1,083</u>	<u>\$ 1,805</u>	<u>\$ 190</u>	<u>\$ 72</u>	<u>\$ (2)</u>	<u>\$ 3,149</u>

Revenue is recognized when obligations under the terms of a contract (*i.e.*, purchase orders) with our customers are satisfied; generally, this occurs with the transfer of control of our products to the customer at a point in time. Revenue is measured as the amount of consideration we expect to receive in exchange for transferring goods. The shipping cost incurred by us to deliver products to our customers is recorded in cost of sales. The expected costs associated with our warranties continue to be recognized as an expense when the products are sold.

Our businesses routinely incur customer program costs to obtain favorable product placement, promote sales of products, and maintain competitive pricing. Customer program costs and incentives, including rebates and promotion and volume allowances, are accounted for as deductions from Net sales at the time the program is initiated. These reductions from revenue are recorded at the time of sale or the implementation of the program based on management's best estimates. Estimates are based on historical and projected experience for each type of program or customer. Volume allowances are accrued based on management's estimation of customer volume achievement and other factors incorporated into customer agreements, such as new product purchases, store sell-through, and merchandising support. Management adjusts accruals when circumstances indicate (typically as a result of a change in sales volume expectations).

We ship some of our products to customers' distribution centers on a consignment basis. We retain title to our products stored at the distribution centers. As our products are removed from the distribution centers by retailers and shipped to retailers' stores, title passes from us to the retailers. At that time, we invoice the retailers and recognize revenue for these consignment transactions. We do not offer a right of return for products shipped to the retailers' stores from the distribution centers.

### NOTE 3. EARNINGS PER SHARE

Basic earnings per share is based on the weighted-average number of shares of common stock outstanding. Diluted earnings per share is based upon the weighted-average number of shares of common stock outstanding, plus all potentially dilutive securities that were assumed to be converted into common shares at the beginning of the period under the treasury stock method. This method requires that the effect of potentially dilutive common stock equivalents (stock options, stock-settled appreciation rights, restricted stock units, and performance stock units) be excluded from the calculation of diluted earnings per share for the periods in which losses from continuing operations are reported because the effect is anti-dilutive.

The following table sets forth the computation of basic and diluted earnings per share (dollar and share amounts in millions, except per share amounts):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Income from continuing operations	\$ 118	\$ 129	\$ 119	\$ 898
Net loss attributed to non-controlling interest	—	—	—	1
Income attributed to LP from continuing operations	118	129	119	898
Income from discontinued operations, net of income taxes	—	97	—	196
<b>Net income attributed to LP</b>	<b>\$ 118</b>	<b>\$ 226</b>	<b>\$ 119</b>	<b>\$ 1,094</b>
Weighted average common shares outstanding - basic	72	74	72	80
Dilutive effect of employee stock plans	—	—	—	1
<b>Shares used for diluted earnings per share</b>	<b>72</b>	<b>74</b>	<b>72</b>	<b>80</b>
Net income attributed to LP per share - basic:				
Continuing operations	\$ 1.63	\$ 1.75	\$ 1.65	\$ 11.23
Discontinued operations	—	1.32	—	2.45
<b>Net income attributed to LP per share - basic</b>	<b>\$ 1.63</b>	<b>\$ 3.07</b>	<b>\$ 1.65</b>	<b>\$ 13.67</b>
Net income attributed to LP per share - diluted:				
Continuing operations	\$ 1.63	\$ 1.74	\$ 1.65	\$ 11.16
Discontinued operations	—	1.31	—	2.43
<b>Net income attributed to LP per share - diluted</b>	<b>\$ 1.63</b>	<b>\$ 3.05</b>	<b>\$ 1.65</b>	<b>\$ 13.59</b>

### NOTE 4. FAIR VALUE MEASUREMENTS

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The fair value hierarchy requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. We are required to classify these financial assets and liabilities into two groups: (i) recurring—measured on a periodic basis, and (ii) non-recurring—measured on an as-needed basis.

The net carrying value of the 3.625% Senior Notes due in 2029 (2029 Senior Notes) was \$347 million and \$346 million as of September 30, 2023 and December 31, 2022, respectively. The fair value of the 2029 Senior Notes was estimated to be \$295 million and \$306 million as of September 30, 2023 and December 31, 2022, respectively, based on market quotations. The 2029 Senior Notes and other long-term debt are categorized as Level 1 in the U.S. GAAP fair value hierarchy. Fair values are based on trading activity among the Company's lenders and the average bid and ask price is determined using published rates.

In November 2022, LP entered into a Second Amended and Restated Credit Agreement with American AgCredit, PCA, as administrative agent and sole lead arranger, and CoBank, ACB, as letter of credit issuer (the Credit

Agreement), relating to its revolving credit facility (as amended, the Amended Credit Facility). The Credit Agreement provides for a revolving credit facility in the principal amount of up to \$550 million, with a \$60 million sub-limit for letters of credit. All loans under the Credit Agreement become due on November 29, 2028. As of September 30, 2023, there were no outstanding borrowings under our Amended Credit Facility.

Carrying amounts reported on the balance sheet for cash and cash equivalents, accounts receivables, and accounts payable approximate fair value due to the short-term maturity of these items.

#### NOTE 5. RECEIVABLES

Receivables consisted of the following (dollar amounts in millions):

	September 30, 2023	December 31, 2022
Trade receivables	\$ 148	\$ 106
Other receivables	27	19
Income tax receivable	9	4
Allowance for doubtful accounts	(3)	(1)
Total	<u>\$ 181</u>	<u>\$ 127</u>

Trade receivables are primarily generated by sales of our products to our wholesale and retail customers. Other receivables as of September 30, 2023 and December 31, 2022, primarily consist of sales tax receivables, vendor rebates, and other miscellaneous receivables.

#### NOTE 6. INVENTORIES

Inventories are valued at the lower of cost or net realizable value. Inventory cost includes materials, labor, and operating overhead. The major types of inventories (work in process is not material and is included in Semi-finished inventory) are as follows (dollar amounts in millions):

	September 30, 2023	December 31, 2022
Logs	\$ 75	\$ 59
Other raw materials	48	72
Semi-finished inventories	33	25
Finished products	222	180
Total	<u>\$ 379</u>	<u>\$ 337</u>

#### NOTE 7. DISCONTINUED OPERATIONS

In March 2022, the Company sold its 50% equity interest in two joint ventures that produce I-joists for \$59 million, resulting in a pre-tax gain associated with the sale of \$39 million recorded in the year ended December 31, 2022 within Income from discontinued operations, net of income taxes in the Condensed Consolidated Statements of Income.

On August 1, 2022, the Company completed the sale of the assets related to the EWP segment. As a result of the sale, the Company received \$217 million in gross cash proceeds after taking into account working capital adjustments. The Company paid \$12 million in direct transaction costs, resulting in net proceeds of \$205 million. During the year ended December 31, 2022, the Company recorded a pre-tax gain of approximately \$118 million within Income from discontinued operations, net of income taxes in the Condensed Consolidated Statements of Income.

Upon closing, the Company entered into a transition services agreement with the purchaser of the assets, pursuant to which the Company agreed to support the various activities of the EWP segment, which concluded during the three months ended March 31, 2023.

The Company has classified the results of its EWP segment as discontinued operations in its Condensed Consolidated Statements of Income for the prior period presented. The following table presents the financial results of the EWP segment for the three and nine months ended September 30, 2022 (dollar amounts in millions):

	Three Months Ended September 30,	Nine Months Ended September 30,
	2022	2022
<b>Net sales</b>	<b>\$ 67</b>	<b>\$ 455</b>
Cost of sales	(54)	(352)
Gross profit	13	103
Selling, general, and administrative expenses	(2)	(12)
<b>Income from operations of discontinued operations</b>	<b>12</b>	<b>91</b>
Gain on disposal before income taxes	118	158
<b>Income from discontinued operations before income taxes</b>	<b>130</b>	<b>249</b>
Provision for income taxes	(33)	(53)
<b>Income from discontinued operations, net of income taxes</b>	<b>\$ 97</b>	<b>\$ 196</b>

The following summarizes the total cash provided by operations and total cash provided by investing activities related to the EWP segment and included in the Condensed Consolidated Statements of Cash Flows for the nine months ended September 30, 2022 (dollar amounts in millions):

Net cash provided by discontinued operating activities	\$ 18
Net cash provided by discontinued investing activities	\$ 258

Net cash provided by discontinued investing activities for the nine months ended September 30, 2022, includes \$59 million of proceeds from the sale of our 50% equity interest in two joint ventures that produce I-joists and \$202 million of net proceeds from the sale of the EWP segment assets.

#### NOTE 8. BUSINESS EXIT CHARGES

During the second quarter of 2023, we ceased the manufacturing operations of Entekra Holdings, LLC (Entekra), an off-site framing operation previously reported within our "Other" category, which comprises other products that are not individually significant. Business exit charges were \$1 million and \$35 million for the three and nine months ended September 30, 2023, respectively, which consist of the following (dollar amounts in millions):

	Three Months Ended September 30,	Nine Months Ended September 30,
	2023	2023
Impairment of property, plant and equipment, operating lease assets, and other intangible assets <sup>1</sup>	\$ —	\$ 24
Restructuring and other related charges:		
Inventory write-down <sup>2</sup>	—	6
Other expenses including personnel-related costs such as severance <sup>3</sup>	1	4
	<b>\$ 1</b>	<b>\$ 35</b>

<sup>1</sup>Included within Impairment of long-lived assets, net on the Condensed Consolidated Income Statements.

<sup>2</sup>Included within Cost of sales on the Condensed Consolidated Income Statements.

<sup>3</sup>Included within Other operating credits and charges, net on the Condensed Consolidated Income Statements.

## NOTE 9. GOODWILL AND OTHER INTANGIBLES

Goodwill and indefinite-lived intangible assets are not amortized and are subject to assessment for impairment by applying a fair value-based test on an annual basis, or more frequently if circumstances indicate a potential impairment. The Company's annual assessment date is October 1. During the nine months ended September 30, 2023, we recorded impairment charges of \$9 million related to developed technology and trademarks related to Entekra, which is discussed further in "Note 8 - Business Exit Charges."

Changes in goodwill and other intangible assets for the nine months ended September 30, 2023 are provided in the following table (dollar amounts in millions):

	Timber Licenses <sup>1</sup>	Goodwill	Developed Technology	Trademarks
Beginning balance December 31, 2022	\$ 28	\$ 19	\$ 15	\$ 2
Impairment charges	—	—	(7)	(2)
Amortization	(2)	—	(1)	—
<b>Ending balance September 30, 2023</b>	<b>\$ 25</b>	<b>\$ 19</b>	<b>\$ 7</b>	<b>\$ —</b>

<sup>1</sup>Timber licenses are included in Timber and timberlands on the Condensed Consolidated Balance Sheets.

## NOTE 10. INCOME TAXES

For interim periods, we recognize income tax expense by applying the estimated annual effective income tax rate to year to date results unless this method does not result in a reliable estimate of year to date income tax expense. Each period, the income tax accrual is adjusted to the latest estimate, and the difference from the previously accrued year to date balance is adjusted in the current quarter. Changes in profitability estimates in various jurisdictions will impact our quarterly effective income tax rates.

The tax provision for income taxes from continuing operations for the nine months ended September 30, 2023 and 2022, reflected an estimated annual effective tax rate of 27% and 25%, respectively, excluding discrete items discussed below. The total effective tax rate for continuing operations for the three and nine months ended September 30, 2023 was 27% and 36%, respectively, compared to 26% and 24%, respectively, for the comparable period in 2022.

We recognized net discrete tax expense of \$16 million and net discrete tax benefits of \$9 million in the nine months ended September 30, 2023 and 2022, respectively. The net discrete tax expense in the current year relates primarily to a \$22 million expense related to the second quarter change in management's indefinite reinvestment assertion on Chile and Brazil earnings described in "Item 2 - Management's Discussion and Analysis of Financial Conditions and Results of Operation" of this quarterly report on Form 10-Q, while the net discrete tax benefit in the prior year primarily relates to excess tax benefits from stock-based compensation.

## NOTE 11. COMMITMENTS AND CONTINGENCIES

We maintain reserves for various contingent liabilities as follows (dollar amounts in millions):

	September 30, 2023	December 31, 2022
Environmental reserves	\$ 26	\$ 27
Other reserves	—	—
Total contingencies	26	27
Current portion (included in Accounts payable and accrued liabilities)	(1)	(1)
Long-term portion	\$ 25	\$ 26

Estimates of our loss contingencies are based on various assumptions and judgments. Due to the numerous uncertainties and variables associated with these assumptions and judgments, both the precision and reliability of the resulting estimates of the related contingencies are subject to substantial uncertainties. We regularly monitor our



estimated exposure to contingencies and, as additional information becomes known, may change our estimates significantly. While no estimate of the range of any such change can be made at this time, the amount that we may ultimately pay in connection with these matters could materially exceed, in either the near term or the longer term, the amounts accrued to date. Our estimates of our loss contingencies do not reflect potential future recoveries from insurance carriers except to the extent that recovery may, from time to time, be deemed probable as a result of an insurer's agreement to payment terms.

### **Environmental Matters**

We maintain a reserve for undiscounted estimated environmental loss contingencies. This reserve is primarily for estimated future costs of remediation of hazardous or toxic substances at numerous sites currently or previously owned by the Company. Our estimates of our environmental loss contingencies are based on various assumptions and judgments, the specific nature of which varies based on the particular facts and circumstances surrounding each environmental loss contingency. These estimates typically reflect assumptions and judgments as to the probable nature, magnitude, and timing of the required investigation, remediation, and/or monitoring activities and the probable cost of these activities, and in some cases, reflect assumptions and judgments as to the obligation or willingness and ability of third parties to bear a proportionate or allocated share of the cost of these activities. Due to the numerous uncertainties and variables associated with these assumptions and judgments, and the effects of changes in governmental regulation and environmental technologies, both the precision and reliability of the resulting estimates of the related contingencies are subject to substantial uncertainties. We regularly monitor our estimated exposure to environmental loss contingencies and, as additional information becomes known, may change our estimates significantly.

### **Other Proceedings**

From time to time, we and our subsidiaries are parties to certain legal proceedings arising in our ordinary course of business. During the second quarter of 2023, we agreed to pay \$16 million to resolve certain patent-related claims and to obtain certain patent rights, which is recorded within Other operating credits and charges, net in our Condensed Consolidated Statements of Income. As of September 30, 2023, \$12 million of the settlement amount is outstanding and is included Accounts payable and accrued liabilities in the Condensed Consolidated Balance Sheets.

Based on the information currently available, management believes the resolution of such ongoing and future proceedings will not have a material effect on our financial position, results of operations, cash flows, or liquidity.

### **NOTE 12. IMPAIRMENT OF LONG-LIVED ASSETS**

We review the carrying values of our long-lived assets for potential impairments and believe we have adequate support for the carrying values of our long-lived assets. If demand and pricing for our products fall to levels significantly below cycle average demand and pricing, should we decide to invest capital in alternative projects, or should changes occur related to our wood supply for our mills, it is possible that future impairment charges will be required. As of September 30, 2023, there were no indications of impairment.

We also review from time to time potential dispositions of various assets, considering current and anticipated economic and industry conditions, our strategic plan, and other relevant factors. Because a determination to dispose of particular assets can require management to make assumptions regarding the transaction structure of the disposition and to estimate the net sales proceeds, which may be less than previous estimates of undiscounted future net cash flows, we may be required to record impairment charges in connection with decisions to dispose of assets. During the nine months ended September 30, 2023, we recorded impairment charges of \$13 million and \$3 million related to property, plant, and equipment and operating lease assets, respectively, related to Entekra which were written down to fair value based on Level 2 inputs under Accounting Standards Codification 820, Fair Value Measurement (ASC 820), using quoted market prices. See further discussion in "Note 8 - Business Exit Charges." As of September 30, 2023, there were no other indications of impairment.

### NOTE 13. PRODUCT WARRANTIES

We offer warranties on the sale of most of our products and record an accrual for estimated future claims. Such accruals are based upon historical experience and management's estimate of the level of future claims. The activity in warranty reserves for the three and nine months ended September 30, 2023 and 2022, is summarized in the following table (dollar amounts in millions):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Beginning balance	\$ 8	\$ 7	\$ 8	\$ 7
Accrued to expense	—	1	2	3
Credited to other operating credits and charges	(1)	—	(1)	—
Payments made	—	(1)	(1)	(2)
Total warranty reserves	7	8	7	8
Current portion of warranty reserves (included in Accounts payable and accrued liabilities)	(2)	(2)	(2)	(2)
Long-term portion of warranty reserves (included in Other long-term liabilities)	\$ 6	\$ 6	\$ 6	\$ 6

We continue to monitor warranty and other claims associated with our products and believe, as of September 30, 2023, that the warranty reserve balances associated with these matters are adequate to cover future warranty payments. However, it is possible that additional changes may be required in the future.

### NOTE 14. DEFINED BENEFIT PENSION PLANS

The following table summarizes our net periodic pension cost for our defined benefit pension and postretirement plans during the three and nine months ended September 30, 2023 and 2022 (dollar amounts in millions):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Service cost	\$ —	\$ 1	\$ —	\$ 3
Other components of net periodic pension cost <sup>1</sup> :				
Interest cost	—	2	—	5
Expected return on plan assets	—	(2)	—	(5)
Amortization of prior service cost	—	—	—	—
Amortization of net loss	—	1	—	4
Net periodic pension costs before loss due to settlement	—	2	—	7
Loss due to settlement	—	4	6	4
Net periodic pension cost	\$ —	\$ 7	\$ 6	\$ 11

<sup>1</sup>Other components of net periodic pension cost are included in Other non-operating items on our Condensed Consolidated Statements of Income.

In November 2021, the Company initiated the termination of our frozen U.S. and Canadian defined benefit pension plans (collectively, the Plan), which would result in the full settlement of the Company's Plan obligations. During the year ended December 31, 2022, the Company liquidated substantially all of the Plan assets to fund lump-sum distributions to participants and purchase non-participating group annuity contracts. As a result, a substantial portion of the Plan was settled during the year ended December 31, 2022. During the three months ended March 31, 2023, the Company completed the termination of the Plan resulting in the recognition of non-cash, pre-tax charges of \$6 million from Accumulated comprehensive loss to Other non-operating items in our Condensed Consolidated Statements of Income.

The changes recognized in Other comprehensive loss were as follows (dollar amounts in millions):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Net actuarial gain (loss) and prior service (cost) arising during the period, net of tax	\$ —	\$ (1)	\$ —	\$ (1)
Amortization of actuarial loss, prior service cost and settlements, net of tax	—	4	4	7
<b>Total amounts recognized in Other comprehensive income</b>	<b>\$ —</b>	<b>\$ 3</b>	<b>\$ 4</b>	<b>\$ 6</b>

#### NOTE 15. ACCUMULATED COMPREHENSIVE LOSS

Accumulated comprehensive loss is provided in the following table for the three months ended September 30, 2023, and 2022 (dollar amounts in millions):

	Pension	Translation Adjustments	Other	Total
Balance at June 30, 2023	\$ —	\$ (78)	\$ —	\$ (78)
Reclassified to income statement, net of taxes <sup>1</sup>	—	—	—	—
Translation adjustments	—	(19)	—	(19)
<b>Balance at September 30, 2023</b>	<b>\$ —</b>	<b>\$ (97)</b>	<b>\$ —</b>	<b>\$ (98)</b>

	Pension	Translation Adjustments	Other	Total
Balance at June 30, 2022	\$ (74)	\$ (105)	\$ (1)	\$ (181)
Reclassified to income statement, net of taxes <sup>1</sup>	3	—	—	3
Translation adjustments	—	(13)	—	(13)
<b>Balance at September 30, 2022</b>	<b>\$ (71)</b>	<b>\$ (118)</b>	<b>\$ (1)</b>	<b>\$ (190)</b>

<sup>1</sup> Amounts of actuarial loss and prior service cost are components of net periodic benefit cost. See "Note 14 - Defined Benefit Pension Plans" above for additional details.

Accumulated comprehensive loss is provided in the following table for the nine months ended September 30, 2023 and 2022 (dollar amounts in millions):

	Pension	Translation Adjustments	Other	Total
Balance at December 31, 2022	\$ (5)	\$ (94)	\$ —	\$ (99)
Reclassified to income statement, net of taxes <sup>1</sup>	4	—	—	4
Translation adjustments	—	(3)	—	(3)
<b>Balance at September 30, 2023</b>	<b>\$ —</b>	<b>\$ (97)</b>	<b>\$ —</b>	<b>\$ (98)</b>

	Pension	Translation Adjustments	Other	Total
Balance at December 31, 2021	\$ (76)	\$ (96)	\$ (1)	\$ (174)
Reclassified to income statement, net of taxes <sup>1</sup>	6	—	—	6
Translation adjustments	—	(22)	—	(22)
<b>Balance at September 30, 2022</b>	<b>\$ (71)</b>	<b>\$ (118)</b>	<b>\$ (1)</b>	<b>\$ (190)</b>

<sup>1</sup> Amounts of actuarial loss and prior service cost are components of net periodic benefit cost. See "Note 14 - Defined Benefit Pension Plans" above for additional details.

## NOTE 16. OTHER OPERATING AND NON-OPERATING ITEMS

### Other operating credits and charges, net

Other operating credits and charges, net, is comprised of the following components (dollar amounts in millions):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Insurance recoveries	\$ —	\$ 2	\$ —	\$ 15
Reorganization charges	(2)	(4)	(9)	(5)
Legal settlement	—	—	(16)	—
Environmental costs	—	—	—	(2)
Gain on asset sales	6	—	6	—
Other	1	9	(1)	9
<b>Other operating credits and charges, net</b>	<b>\$ 6</b>	<b>\$ 7</b>	<b>\$ (20)</b>	<b>\$ 17</b>

### Other non-operating items

Other non-operating items is comprised of the following components (dollar amounts in millions):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Net periodic pension cost, excluding service cost	\$ —	\$ (1)	\$ —	\$ (4)
Pension settlement charges	—	(4)	(6)	(4)
Foreign currency gain (loss)	\$ —	\$ 2	\$ (12)	\$ (3)
Other	\$ —	\$ 1	\$ 1	\$ 1
<b>Other non-operating items</b>	<b>\$ —</b>	<b>\$ (3)</b>	<b>\$ (17)</b>	<b>\$ (11)</b>

## NOTE 17. SELECTED SEGMENT DATA

We operate in three segments: Siding, OSB, and South America. Our business units have been aggregated into these three segments based upon the similarity of economic characteristics, customers, and distribution methods. Our results of operations are summarized below for each of these segments separately, as well as for the “Other” category, which comprises other products that are not individually significant.

We evaluate the performance of our business segments based on Net sales and segment Adjusted EBITDA (defined below). Accordingly, our chief operating decision maker evaluates performance and allocates resources based primarily on Net sales and segment Adjusted EBITDA for our business segments. The Company’s chief operating decision maker is the Chief Executive Officer. Segment Adjusted EBITDA is defined as Income attributed to LP from continuing operations before interest expense, provision for income taxes, depreciation and amortization, and excludes stock-based compensation expense, loss on impairment attributed to LP, business exit charges, product-line discontinuance charges, other operating credits and charges, net, loss on early debt extinguishment, investment income, pension settlement charges, and other non-operating items.

During the nine months ended September 30, 2023, we updated our definition of Adjusted EBITDA to exclude other business exit charges not classified as exit operations. Business exit charges consist of inventory and other asset impairment and exit charges related to the exit of businesses not individually significant. We consider business exit charges to be outside the performance of our ongoing core business operations and believe that presenting Adjusted EBITDA excluding business exit charges provides increased transparency as to the operating costs of our current business performance. We did not revise prior years' Adjusted EBITDA amounts because there were no significant costs similar in nature to these items.

Information about our business segments is as follows (dollar amounts in millions):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
<b>Net sales</b>				
Siding	\$ 345	\$ 394	\$ 996	\$ 1,083
OSB	335	388	754	1,805
South America	45	53	153	190
Other	4	17	21	72
Intersegment sales	—	(1)	—	(2)
<b>Total sales</b>	<b>\$ 728</b>	<b>\$ 852</b>	<b>\$ 1,923</b>	<b>\$ 3,149</b>
<b>NET INCOME TO ADJUSTED EBITDA</b>				
<b>Net income</b>	<b>\$ 118</b>	<b>\$ 226</b>	<b>\$ 119</b>	<b>\$ 1,093</b>
Add (deduct):				
Net loss attributed to non-controlling interest	—	—	—	1
Income from discontinued operations, net of income taxes	—	(97)	—	(196)
Income attributed to LP from continuing operations	118	129	119	898
Provision for income taxes	44	44	66	284
Depreciation and amortization	30	32	87	96
Stock-based compensation expense	2	2	9	15
Loss on impairment attributed to LP	1	—	1	—
Other operating credits and charges, net	(7)	(7)	16	(17)
Business exit charges	1	—	35	—
Interest expense	4	3	9	9
Investment income	(4)	(5)	(10)	(8)
Other non-operating items	—	(1)	11	7
Pension settlement charges	—	4	6	4
<b>Adjusted EBITDA</b>	<b>\$ 190</b>	<b>\$ 200</b>	<b>\$ 349</b>	<b>\$ 1,289</b>
<b>SEGMENT ADJUSTED EBITDA</b>				
Siding	\$ 71	\$ 90	\$ 198	\$ 251
OSB	120	113	161	1,021
South America	6	14	31	65
Other	—	(7)	(15)	(19)
Corporate	(7)	(11)	(26)	(29)
<b>Total Adjusted EBITDA</b>	<b>\$ 190</b>	<b>\$ 200</b>	<b>\$ 349</b>	<b>\$ 1,289</b>

## ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

This Management's Discussion and Analysis of Financial Condition and Results of Operations should be read in conjunction with our Condensed Consolidated Financial Statements and related Notes and other financial information appearing elsewhere in this quarterly report on Form 10-Q. The following discussion includes statements that are forward-looking statements that are based on the beliefs of our management, as well as assumptions made by and information currently available to our management. We encourage you to review the risks and uncertainties described in the sections titled "Risk Factors" and "Cautionary Statement Regarding Forward-Looking Statements" included in our 2022 Annual Report on Form 10-K and in this quarterly report on Form 10-Q. Our historical results are not necessarily indicative of the results that may be expected for any period in the future, and our interim results are not necessarily indicative of the results we expect for the full fiscal year or any other period.

### **General**

We are a leading provider of high-performance building solutions that meet the demands of builders, remodelers, and homeowners worldwide. We have leveraged our expertise in serving the new home construction, repair and remodeling, and outdoor structures markets to become an industry leader known for innovation, quality, reliability, and sustainability. Our manufacturing facilities are located in the U.S., Canada, Chile, and Brazil.

To serve these markets, we primarily operate in three segments: Siding, OSB, and South America.

During the year ended December 31, 2022, we sold our 50% equity interest in two joint ventures that produce I-joists, and we sold the remaining assets related to the EWP segment. Accordingly, the results of our previously owned EWP segment have been presented as discontinued operations in our Condensed Consolidated Statements of Income for all periods presented. See "Note 7 –Discontinued Operations" for additional information.

In May 2023, we acquired a manufacturing facility in Wawa, Ontario, Canada from Wawa OSB, Inc. a subsidiary of Forex Inc., for \$80 million, financed by a combination of cash on hand and availability under the Amended Credit Facility . The manufacturing facility is expected to be converted into an LP<sup>®</sup> SmartSide<sup>®</sup> Trim & Siding mill. We are evaluating project schedules and market demand to determine when construction will begin. The facility will remain shut down until such construction is completed.

#### *Demand for Building Products*

Demand for our products correlates positively with new home construction and repair and remodeling activity in North America, which historically has been characterized by significant cyclical activity. The U.S. Census Bureau reported on October 18, 2023, that actual single-family housing starts were 7% higher for the three months ended September 30, 2023, and 13% lower for the nine months ended September 30, 2023, as compared to the same periods in 2022. Actual multi-family housing starts for the three and nine months ended September 30, 2023 were about 28% lower and 11% lower, respectively, as compared to the same period in 2022. Repair and remodeling activity is difficult to reasonably measure, but many indications, suggest that repair and remodeling activity is moderating and may begin to exhibit year-over-year declines.

Future economic conditions in the United States and the demand for homes are uncertain due to inflationary impacts on the economy, including interest rates, employment levels, consumer confidence, and financial markets, among other things. Additionally, we have experienced increases in material prices, supply disruptions, and labor challenges, which we continue to address as we work to meet the demands of builders, remodelers, and homeowners worldwide. The potential effect of these factors on our future operational and financial performance is uncertain.

#### *Supply and Demand for Siding*

Siding is a specialty building material and is subject to competition from various siding technologies, including vinyl, stucco, wood, fiber cement, brick, and others. We believe we are the largest manufacturer in the engineered wood siding market. We have consistently grown our Siding above the underlying market growth rates. Siding is generally less sensitive to new housing market cyclical activity since demand also comes from other markets, including sheds and repair and remodel. Our growth in this market depends upon the continued displacement of vinyl, wood,

fiber cement, stucco, bricks, and other alternatives, our product innovation and our technological expertise in wood and wood composites to address the needs of our customers.

#### *Supply and Demand for OSB*

OSB is a commodity product, and it is subject to competition from manufacturers worldwide. Product supply is influenced primarily by fluctuations in available manufacturing capacity and imports. The ratio of overall OSB demand to capacity generally drives price. We cannot predict whether the prices of our OSB products will remain at current levels or increase or decrease in the future.

#### **Critical Accounting Policies and Significant Estimates**

Note 1 of the Notes to the Condensed Consolidated Financial Statements included in our 2022 Annual Report on Form 10-K is a discussion of our significant accounting policies and significant accounting estimates and judgments. Throughout the preparation of the financial statements, we employ significant judgments in the application of accounting principles and methods. These judgments are primarily related to the assumptions used to arrive at various estimates.

There have been no changes in the application of principles, methods, and assumptions used to determine our significant estimates since December 31, 2022.

#### **Non-GAAP Financial Measures and Other Key Performance Indicators**

In evaluating our business, we utilize non-GAAP financial measures that fall within the meaning of SEC Regulation G and Regulation S-K Item 10(e), which we believe provide users of the financial information with additional meaningful comparison to prior reported results. Non-GAAP financial measures do not have standardized definitions and are not defined by U.S. GAAP. In this quarterly report on Form 10-Q, we disclose Income attributed to LP from continuing operations before interest expense, provision for income taxes, depreciation and amortization, and excluding stock-based compensation expense, loss on impairment attributed to LP, business exit charges, product-line discontinuance charges, other operating credits and charges, net, loss on early debt extinguishment, investment income, pension settlement charges, and other non-operating items, as Adjusted EBITDA from continuing operations (Adjusted EBITDA), which is a non-GAAP financial measure. We have included Adjusted EBITDA in this report because we view it as an important supplemental measure of our performance and believe that it is frequently used by interested persons in the evaluation of companies that have different financing and capital structures and/or tax rates. We also disclose Income attributed to LP from continuing operations, excluding loss on impairment attributed to LP, business exit charges, product-line discontinuance charges, interest expense outside of normal operations, other operating credits and charges, net, loss on early debt extinguishment, gain (loss) on acquisition, and pension settlement charges, and adjusting for a normalized tax rate as Adjusted Income (Adjusted Income). We also disclose Adjusted Diluted EPS, which is calculated as Adjusted Income divided by diluted shares outstanding. We believe that Adjusted Diluted EPS and Adjusted Income are useful measures for evaluating our ability to generate earnings and that providing these measures should allow interested persons to more readily compare the earnings for past and future periods. Reconciliations of Adjusted EBITDA, Adjusted Income and Adjusted Diluted EPS to their most directly comparable U.S. GAAP financial measure, Net income, are presented below.

Adjusted EBITDA, Adjusted Income, and Adjusted Diluted EPS are not substitutes for the U.S. GAAP measures of Net income, Income attributed to LP from continuing operations, and Income attributed to LP from continuing operations per diluted share or for any other U.S. GAAP measures of operating performance. It should be noted that other companies may present similarly titled measures differently, and therefore, as presented by us, these measures may not be comparable to similarly titled measures reported by other companies. Adjusted EBITDA, Adjusted Income, and Adjusted Diluted EPS have material limitations as performance measures because they exclude items that are actually incurred or experienced in connection with the operation of our business.

During the nine months ended September 30, 2023, we updated our definitions of Adjusted EBITDA, Adjusted Income, and Adjusted Diluted EPS to exclude other business exit charges not classified as discontinued operations. Business exit charges consist of inventory and other asset impairment and exit charges related to the exit of other businesses not individually significant. We consider business exit charges to be outside the performance of our

ongoing core business operations and believe that presenting Adjusted EBITDA, Adjusted Income, and Adjusted Diluted EPS excluding business exit charges provides increased transparency as to the operating costs of our current business performance. We did not revise prior years' Adjusted EBITDA, Adjusted Income, and Adjusted Diluted EPS amounts because there were no significant costs similar in nature to these items.

The following table reconciles Net income to Adjusted EBITDA (dollar amounts in millions):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
<b>Net income</b>	\$ 118	\$ 226	\$ 119	\$ 1,093
Add (deduct):				
Net loss attributed to non-controlling interest	—	—	—	1
Income from discontinued operations, net of income taxes	—	(97)	—	(196)
Income attributed to LP from continuing operations	118	129	119	898
Provision for income taxes	44	44	66	284
Depreciation and amortization	30	32	87	96
Stock-based compensation expense	2	2	9	15
Loss on impairment attributed to LP	1	—	1	—
Other operating credits and charges, net	(7)	(7)	16	(17)
Business exit charges	1	—	35	—
Interest expense	4	3	9	9
Investment income	(4)	(5)	(10)	(8)
Other non-operating items	—	(1)	11	7
Pension settlement charges	—	4	6	4
<b>Adjusted EBITDA</b>	<u>\$ 190</u>	<u>\$ 200</u>	<u>\$ 349</u>	<u>\$ 1,289</u>
<b>SEGMENT ADJUSTED EBITDA</b>				
Siding	\$ 71	\$ 90	\$ 198	\$ 251
OSB	120	113	161	1,021
South America	6	14	31	65
Other	—	(7)	(15)	(19)
Corporate	(7)	(11)	(26)	(29)
<b>Total Adjusted EBITDA</b>	<u>\$ 190</u>	<u>\$ 200</u>	<u>\$ 349</u>	<u>\$ 1,289</u>



The following table provides the reconciliation of Net income to Adjusted Income (dollar amounts in millions, except per share amounts):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
<b>Net income attributed to LP from continuing operations per share - diluted</b>	\$ 1.63	\$ 1.74	\$ 1.65	\$ 11.16
<b>Net income</b>	\$ 118	\$ 226	\$ 119	\$ 1,093
Add (deduct):				
Net loss attributed to non-controlling interest	—	—	—	1
Income from discontinued operations, net of income taxes	—	(97)	—	(196)
Income attributed to LP from continuing operations	118	129	119	898
Loss on impairment attributed to LP	1	—	1	—
Other operating credits and charges, net	(7)	(7)	16	(17)
Business exit charges	1	—	35	—
Pension settlement charges	—	4	6	4
Reported tax provision	44	44	66	284
Adjusted income before tax	157	170	242	1,171
Normalized tax provision at 25%	(39)	(42)	(61)	(293)
<b>Adjusted Income</b>	\$ 117	\$ 127	\$ 182	\$ 878
Diluted shares outstanding	72	74	72	80
<b>Adjusted Diluted EPS</b>	\$ 1.62	\$ 1.72	\$ 2.51	\$ 10.91

### Key Performance Indicators

In addition, management monitors certain key performance indicators to evaluate our business performance, which include our Overall Equipment Effectiveness (OEE) and our sales volume relative to housing starts, as provided by reports from the U.S. Census Bureau.

The following tables set forth: (1) housing starts, (2) our North American sales volume, and (3) OEE. We consider the following items to be key performance indicators because LP's management uses these metrics to evaluate our business and trends, measure our performance, and make strategic decisions, and believes that the key performance indicators presented provide additional perspective and insights when analyzing the core operating performance of LP. These key performance indicators should not be considered superior to, as a substitute for, or as an alternative to, and should be considered in conjunction with, the U.S. GAAP financial measures presented herein. These measures may not be comparable to similarly-titled performance indicators used by other companies.

We monitor housing starts, which is a leading external indicator of residential construction in the United States that correlates with the demand for many of our products. We believe that this is a useful measure for evaluating our results and that providing this measure should allow interested persons to more readily compare our sales volume for past and future periods to an external indicator of product demand. Other companies may present housing start data differently, and therefore, housing starts data presented by us may not be comparable to similarly-titled indicators reported by other companies.

(thousands of units)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
<b>Housing starts<sup>1</sup>:</b>				
Single-Family	258	242	708	812
Multi-Family	104	144	369	414
	<u>362</u>	<u>386</u>	<u>1,077</u>	<u>1,225</u>

<sup>1</sup> Actual U.S. housing starts data reported by U.S. Census Bureau as published through October 18, 2023.

We monitor sales volumes for our products in our Siding, OSB, and South America segments, which we define as the number of units of our products sold within the applicable period. Evaluating sales volume by product type helps us identify and address changes in product demand, broad market factors that may affect our performance, and opportunities for future growth. It should be noted that other companies may present sales volumes differently and, therefore, as presented by us, sales volumes may not be comparable to similarly-titled measures reported by other companies. We believe that sales volumes can be a useful measure for evaluating and understanding our business.

The following table sets forth sales volumes for the three and nine months ended September 30, 2023 and 2022:

Sales Volume	Three Months Ended September 30, 2023				Three Months Ended September 30, 2022			
	Siding	OSB	South America	Total	Siding	OSB	South America	Total
Siding Solutions (MMSF)	398	—	6	405	471	—	9	480
OSB - Structural Solutions (MMSF)	—	412	115	528	—	460	127	587
OSB - commodity (MMSF)	—	401	—	401	—	544	—	544

Sales Volume	Nine Months Ended September 30, 2023				Nine Months Ended September 30, 2022			
	Siding	OSB	South America	Total	Siding	OSB	South America	Total
Siding Solutions (MMSF)	1,158	—	25	1,183	1,340	—	25	1,365
OSB - Structural Solutions (MMSF)	—	1,151	370	1,521	—	1,499	420	1,919
OSB - commodity (MMSF)	—	1,137	—	1,137	—	1,441	—	1,441

We measure OEE of each of our mills to track improvements in the utilization and productivity of our manufacturing assets. OEE is a composite metric that considers asset uptime (adjusted for capital project downtime and similar events), production rates, and finished product quality. We believe that when used in conjunction with other metrics, OEE can be a useful measure for evaluating our ability to generate profits, and that providing this measure should allow interested persons to more readily monitor operational improvements. OEE for the three and nine months ended September 30, 2023 and 2022, for each of our segments is listed below:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Siding	77 %	76 %	77 %	75 %
OSB	74 %	70 %	75 %	72 %
South America	74 %	64 %	74 %	72 %

### Results of Operations

Our results of operations for each of our segments are discussed below, as are the results of operations for the “other” category, which comprises other products that are not individually significant. See “Note 17 - Selected Segment Data” of the Notes to the Condensed Consolidated Financial Statements included in “Item 1 - Financial Statements” of this quarterly report on Form 10-Q for further information regarding our segments.

## Siding

The Siding segment serves diverse end markets with a broad product offering of engineered wood siding, trim, and fascia, including LP® SmartSide® Trim & Siding, LP® SmartSide® ExpertFinish® Trim & Siding, LP BuilderSeries® Lap Siding, and LP® Outdoor Building Solutions™ (collectively referred to as Siding Solutions).

Segment Net sales and Adjusted EBITDA for this segment were as follows (dollar amounts in millions):

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2023	2022	% Change	2023	2022	% Change
Net sales	\$ 345	\$ 394	(13)%	\$ 996	\$ 1,083	(8)%
Adjusted EBITDA	71	90	(21)%	198	251	(21)%

Net sales in this segment by product line were as follows (dollar amounts in millions):

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2023	2022	% Change	2023	2022	% Change
Siding Solutions	\$ 342	\$ 393	(13) %	\$ 989	\$ 1,079	(8) %
Other	2	1	58 %	7	4	48 %
Total	\$ 345	\$ 394	(13) %	\$ 996	\$ 1,083	(8) %

Percent changes in average Net sales prices and unit shipments for the three and nine months ended September 30, 2023, compared to the corresponding periods in 2022, were as follows:

	Three Months Ended September 30, 2023 versus 2022		Nine Months Ended September 30, 2023 versus 2022	
	Average Net Selling Price	Unit Shipments	Average Net Selling Price	Unit Shipments
Siding Solutions	3 %	(16)%	6 %	(14)%

The effects of list price increases drove year-over-year increases in the average net selling price for the three and nine months ended September 30, 2023. The volume decreases for the three and nine months ended September 30, 2023 were driven by record results in the comparable periods and challenging new and existing home selling markets in the current periods.

Adjusted EBITDA decreased year-over-year by \$19 million in the third quarter of 2023, reflecting the net impact of lower volumes and \$5 million of press rebuild costs, partially offset by higher average selling prices and \$9 million in lower inflationary costs including freight, raw materials, and labor. Adjusted EBITDA decreased year-over-year by \$53 million for the nine months ended September 30, 2023, which reflects the net impact of lower volumes, \$8 million in discretionary investments to support future growth (including siding mill conversions and sales and marketing costs), and \$5 million in press rebuild costs, partially offset by higher average selling prices and \$13 million in lower inflationary costs (including freight, raw materials, and labor).

## OSB

The OSB segment manufactures and distributes OSB structural panel products, including our value-added OSB portfolio known as LP® Structural Solutions (which includes LP® TechShield® Radiant Barrier, LP WeatherLogic® Air & Water Barrier, LP Legacy® Premium Sub-Flooring, LP NovaCore® Thermal Insulated Sheathing, LP® FlameBlock® Fire-Rated Sheathing, and LP® TopNotch® 350 Durable Sub-Flooring). OSB is manufactured using wood strands arranged in layers and bonded with resins.

Segment Net sales and Adjusted EBITDA for this segment were as follows (dollar amounts in millions):

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2023	2022	% Change	2023	2022	% Change
Net sales	\$ 335	\$ 388	(14)%	\$ 754	\$ 1,805	(58)%
Adjusted EBITDA	120	113	6 %	161	1,021	(84)%

Net sales in this segment by product line were as follows (dollar amounts in millions):

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2023	2022	% Change	2023	2022	% Change
OSB - Structural Solutions	\$ 174	\$ 205	(15) %	\$ 412	\$ 995	(59) %
OSB - commodity	157	180	(13) %	332	801	(59) %
Other	5	3	35 %	9	9	— %
Total	\$ 335	\$ 388	(14) %	\$ 754	\$ 1,805	(58) %

Percent changes in average Net sales prices and unit shipments for the three and nine months ended September 30, 2023, compared to the corresponding periods in 2022, were as follows:

	Three Months Ended September 30, 2023 versus 2022		Nine Months Ended September 30, 2023 versus 2022	
	Average Net Selling Price	Unit Shipments	Average Net Selling Price	Unit Shipments
OSB - Structural Solutions	(5)%	(10)%	(46)%	(23)%
OSB - commodity	18 %	(26)%	(47)%	(21)%

The year-over-year Net sales decrease of \$53 million for the three months ended September 30, 2023 reflects a \$28 million increase in OSB prices, a \$33 million decrease in sales volumes primarily from market curtailments, and \$43 million less production volume due to the conversion of our Sagola, Michigan mill to siding production. The year-over-year Net sales decrease of \$1,051 million for the nine months ended September 30, 2023 reflects an \$813 million decrease in OSB prices, a \$115 million decrease in sales volumes primarily from market curtailments, and a \$98 million decrease related to production volumes from the conversion of the Sagola mill to siding production.

Adjusted EBITDA increased year-over-year by \$7 million in the third quarter of 2023, reflecting the net impact of higher OSB commodity prices and lower mill-related costs, partially offset by lower sales volumes. Adjusted EBITDA decreased year-over-year by \$860 million for the nine months ended September 30, 2023, which reflects the net impact of lower OSB commodity prices and sales volumes, partially offset by lower mill-related costs.

#### South America

Our South America segment manufactures and distributes OSB structural panel and siding products in South America and certain export markets. This segment has manufacturing operations in two countries, Chile and Brazil, and operates sales offices in Argentina, Brazil, Chile, Colombia, Mexico, Paraguay, and Peru.

Segment Net sales and Adjusted EBITDA for this segment were as follows (dollar amounts in millions):

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2023	2022	% Change	2023	2022	% Change
Net sales	\$ 45	\$ 53	(16)%	\$ 153	\$ 190	(20)%
Adjusted EBITDA	6	14	(54)%	31	65	(53)%

Net sales in this segment by product were as follows (dollar amounts in millions):

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2023	2022	% Change	2023	2022	% Change
OSB - Structural Solutions	\$ 40	\$ 47	(16) %	\$ 132	\$ 172	(23) %
Siding	5	6	(20) %	19	18	6 %
Other	—	—	(11) %	2	—	404 %
Total	\$ 45	\$ 53	(16) %	\$ 153	\$ 190	(20) %

Percent changes in average Net sales price and unit shipments for the three and nine months ended September 30, 2023, compared to the corresponding periods in 2022, were as follows:

	Three Months Ended September 30, 2023 versus 2022		Nine Months Ended September 30, 2023 versus 2022	
	Average Net Selling Price	Unit Shipments	Average Net Selling Price	Unit Shipments
OSB - Structural Solutions	(7)%	(9)%	(13)%	(12)%
Siding	18 %	(32)%	5 %	— %

South America Net sales decreased year-over-year by \$8 million and \$38 million for the three and nine months ended September 30, 2023, respectively, predominantly driven by lower OSB sales volumes and average selling prices.

The year-over-year decreases in Adjusted EBITDA of \$7 million and \$34 million for the three and nine months ended September 30, 2023, respectively, reflect the lower sales volumes and average selling prices (described above) and equipment relocation cost of \$3 million.

#### *Other*

Our other products segment includes the off-site framing operation Entekra Holdings LLC (Entekra), remaining timber and timberlands, and other minor products, services, and closed operations, which do not qualify as discontinued operations. During the second quarter of 2023, we announced the shutdown of Entekra and recognized business exit charges of \$1 million and \$35 million for the three and nine months ended September 30, 2023, respectively. These charges consisted of severance costs, inventory obsolescence, impairment of property, plant, and equipment, impairment of right-of-use lease assets, and impairment definite-lived intangible assets.

Other Net sales were \$4 million and \$21 million for the three and nine months ended September 30, 2023, respectively, as compared to \$17 million and \$72 million for the corresponding periods in 2022. The year-over-year decrease in other Net sales for the three and nine months ended September 30, 2023 is primarily due to lower Entekra sales volumes as a result of the aforementioned shutdown.

Adjusted EBITDA was \$0 million and \$(15) million for the three and nine months ended September 30, 2023, respectively, as compared to \$(7) million and \$(19) million for the corresponding periods in 2022, respectively.

#### *Selling, General, and Administrative Expenses*

Selling, general, and administrative expenses were \$58 million and \$191 million for the three and nine months ended September 30, 2023, respectively, compared to \$67 million and \$196 million for the corresponding periods in 2022. The year-over-year decrease in Selling, general, and administrative expenses is driven by lower incentive based compensation.

#### *Income Taxes*

We recognized an estimated tax provision from continuing operations of \$44 million and \$66 million for the three and nine months ended September 30, 2023, respectively, compared to \$44 million and \$284 million for the corresponding periods of 2022. The total effective tax rate for continuing operations for the three and nine months ended September 30, 2023, was 27% and 36%, respectively, compared to 26% and 24%, respectively, for the comparable periods in 2022. Each quarter the income tax accrual is adjusted to the latest estimate and the difference

from the previously accrued year to date balance is recorded in the current quarter. For 2023 the primary differences between the U.S. statutory rate of 21% and the effective rate relates to the \$22 million tax expense impact from a change in indefinite reinvestment assertion on Chile and Brazil earnings, which is discussed below. For 2022, the primary difference between the U.S. statutory rate of 21% and the effective rate relates to state income tax.

In the second quarter of 2023, management changed its intent and will no longer assert indefinite reinvestment related to undistributed earnings in Chile and Brazil. As a result, we established a net \$22 million deferred tax liability for the expected tax consequences of repatriating all beginning-of-year cumulative Chile and Brazil earnings, which was recorded as an expense in the second quarter of 2023. Additionally, the incremental tax expense pertaining to the repatriation of current-year earnings in Chile and Brazil is accounted for within the estimated annual effective income tax rate.

### **Legal and Environmental Matters**

For a discussion of legal and environmental matters involving us and the potential impact thereof on our financial position, results of operations, and cash flows, see Items 3, 7, and 8 in our 2022 Annual Report on Form 10-K and "Note 11 - Commitments and Contingencies" of the Notes to the Condensed Consolidated Financial Statements included in "Item 1 - Financial Statements" of this quarterly report on Form 10-Q.

### **Liquidity and Capital Resources**

#### *Overview*

Our principal sources of liquidity are existing cash and investment balances, cash generated by our operations, and our ability to borrow under such credit facilities as we may have in effect from time to time. We assess our liquidity in terms of our ability to generate cash to fund our short- and long-term cash requirements. As such, we project our anticipated cash requirements as well as cash flows generated from operating activities to meet those needs. We anticipate long-term cash uses may also include strategic acquisitions. On a long-term basis, we will continue to rely on our credit facility for any long-term funding not provided by operating cash flows. We may also, from time to time, issue and sell equity, debt, or hybrid securities or engage in other capital market transactions.

Our principal uses of liquidity are paying the costs and expenses associated with our operations, servicing outstanding indebtedness, paying dividends, and making capital expenditures. We may also, from time to time, prepay or repurchase outstanding indebtedness or shares or acquire assets or businesses that are complementary to our operations. Any such repurchases may be commenced, suspended, discontinued, or resumed, and the method or methods of effecting any such repurchases may be changed, at any time, or from time to time, without prior notice.

We expect to fund our capital expenditures over at least the next 12 months through cash on hand, cash generated from operations, and available borrowing under our Amended Credit Facility, as necessary.

#### *Operating Activities*

During the nine months ended September 30, 2023 and 2022, cash provided by operations was \$157 million and \$1,103 million, respectively. The decrease in cash provided by operations was primarily related to lower income from operations, increases in working capital, and timing of cash paid for income taxes.

#### *Investing Activities*

During the nine months ended September 30, 2023 and 2022, cash used in investing activities was \$312 million and \$14 million, respectively. During the nine months ended September 30, 2023, we paid \$80 million to acquire the assets owned by Wawa OSB, Inc. During the nine months ended September 30, 2022, we received \$265 million in proceeds from sales of assets, primarily associated with the sale of the EWP segment assets and the sale of our 50% equity interest in two joint ventures.

Capital expenditures for the nine months ended September 30, 2023 and 2022, were \$236 million and \$282 million, respectively, primarily related to siding conversion expenditures and growth and maintenance capital.

### *Financing Activities*

During the nine months ended September 30, 2023, cash used in financing activities was \$61 million. We paid cash dividends of \$52 million and used \$10 million to repurchase stock from employees in connection with income tax withholding requirements associated with our employee stock-based compensation plans. During the nine months ended September 30, 2023, we borrowed and subsequently repaid \$80 million from our Amended Credit Facility.

During the nine months ended September 30, 2022, cash used in financing activities was \$968 million. During the nine months ended September 30, 2022, we used \$900 million to repurchase shares of LP common stock (\$500 million from the share repurchase program approved by the Board of Directors on November 2, 2021 and \$400 million from the 2022 Share Repurchase Program (defined below)). Additionally, we paid cash dividends of \$53 million and used \$15 million to repurchase stock from employees in connection with income tax withholding requirements associated with our employee stock-based compensation plans.

### *Credit Facility and Letter of Credit Facility*

In November 2022, LP entered into the Credit Agreement, with American AgCredit, PCA, as administrative agent and sole lead arranger, and CoBank, ACB, as letter of credit issuer, relating to the Amended Credit Facility. The Credit Agreement provides for a revolving credit facility in the principal amount of up to \$550 million, with a \$60 million sub-limit for letters of credit. All loans under the Credit Agreement become due on November 29, 2028. As of September 30, 2023, we had no outstanding borrowings under our Amended Credit Facility.

The Credit Agreement contains various restrictive covenants and customary events of default. The breach of restrictive covenants or the occurrence of any other event of default under the Credit Agreement could result in the acceleration of our obligation to repay the indebtedness outstanding thereunder. The Credit Agreement also contains financial covenants that require us and our consolidated subsidiaries to have, as of the end of each quarter, a capitalization ratio (*i.e.*, funded debt less unrestricted cash to total capitalization) of no more than 57.5%. As of September 30, 2023, we were in compliance with all financial covenants under the Credit Agreement.

In March 2020, LP entered into the Letter of Credit Facility, which provides for the funding of letters of credit up to an aggregate outstanding amount of \$20 million, which may be secured by certain cash collateral of LP. The Letter of Credit Facility provides for an unused commitment fee, due quarterly, ranging from 0.50% to 1.875% of the daily available amount to be drawn on each letter of credit issued under the Letter of Credit Facility. The Letter of Credit Facility is subject to similar affirmative, negative, and financial covenants as those set forth in the Credit Agreement, including the capitalization ratio covenant. As of September 30, 2023, we were in compliance with all covenants under the Letter of Credit Facility.

### *Other Liquidity Matters*

#### *Off-Balance Sheet Arrangements*

As of September 30, 2023, we had standby letters of credit of \$13.7 million outstanding related to collateral for environmental impact on owned properties, a deposit for a forestry license, and insurance collateral, including workers' compensation.

#### *Potential Impairments*

We review the carrying values of our long-lived assets for potential impairments and believe we have adequate support for the carrying values of our long-lived assets as of September 30, 2023. In April 2023, we announced the shutdown of Entekra resulting in pre-tax, non-cash charges of \$31 million for the nine months ended September 30, 2023. See further discussion in "Note 8 - Business Exit Charges."

If demand and pricing for our products fall to levels significantly below cycle average demand and pricing, should we decide to invest capital in alternative projects, or should changes occur related to our wood supply for our mills, it is possible that future impairment charges will be required. As of September 30, 2023, there were no indications of impairment.

We also review from time to time potential dispositions of various assets, considering current and anticipated economic and industry conditions, our strategic plan, and other relevant factors. Because a determination to dispose of particular assets can require management to make assumptions regarding the transaction structure of the disposition and to estimate the net sales proceeds, which may be less than previous estimates of undiscounted future

net cash flows, we may be required to record impairment charges in connection with decisions to dispose of assets. During the nine months ended September 30, 2023, we recorded impairment charges of \$13 million and \$3 million related to property, plant, and equipment and operating lease assets, respectively, related to Entekra which were written down to fair value based on Level 2 inputs under ASC 820, using quoted market prices. See further discussion in “Note 8 - Business Exit Charges.”



### **ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**

We are exposed to fluctuations in foreign currency exchange rates, commodity prices and interest rates which could impact our results of operations and financial condition.

#### *Foreign Currency Risk*

Our international operations have exposure to foreign currency rate risks, primarily due to fluctuations in the Canadian dollar, the Brazilian real, and the Chilean peso. Although we have in the past entered into foreign exchange contracts associated with certain of our indebtedness and may continue to enter into foreign exchange contracts associated with major equipment purchases to manage a portion of the foreign currency rate risk, we historically have not entered into material currency rate hedges with respect to our exposure from operations, although we may do so in the future.

#### *Commodity Price Risk*

Some of our products are sold as commodities, and therefore sales prices fluctuate daily based on market factors over which we have little or no control. The most significant commodity product we sell is OSB. There have been no material changes to the assumed production capacity and annual average price sensitivity previously disclosed under the caption "Item 7A. Quantitative and Qualitative Disclosures about Market Risk" in our 2022 Annual Report on Form 10-K. We historically have not entered into material commodity futures and swaps, although we may do so in the future.

#### *Interest Rate Risk*

We are exposed to market risk associated with changes in interest rates on our variable rate long-term debt. As of September 30, 2023, there were no outstanding borrowings under our Amended Credit Facility. We do not currently have any derivative or hedging arrangements, or other known exposures, to changes in interest rates.

**ITEM 4. CONTROLS AND PROCEDURES**

**Evaluation of Disclosure Controls and Procedures**

As of September 30, 2023, our Chief Executive Officer and Chief Financial Officer carried out, with the participation of the Company's management, a review and evaluation of the effectiveness of our disclosure controls and procedures, as defined in Rule 13a-15(e) promulgated under the Exchange Act. Based upon this evaluation, the Chief Executive Officer and Chief Financial Officer have concluded that, as of September 30, 2023, LP's disclosure controls and procedures were effective.

**Changes in Internal Control Over Financial Reporting**

There were no changes in our internal control over financial reporting that occurred during our most recently completed fiscal quarter, ended September 30, 2023, that have materially affected or are reasonably likely to materially affect our internal control over financial reporting.

## **PART II-OTHER INFORMATION**

### **ITEM 1. LEGAL PROCEEDINGS**

The description of certain legal and environmental matters involving LP set forth in "Item 1 - Financial Statements" of this quarterly report on Form 10-Q under "Note 11 - Commitments and Contingencies" of the Notes to the Condensed Consolidated Financial Statements contained herein is incorporated herein by reference.

### **ITEM 1A. RISK FACTORS**

In addition to the other information set forth in this quarterly report on Form 10-Q, an investor should carefully consider the factors discussed in Part I, "Item 1A. Risk Factors" of the Company's 2022 Annual Report on Form 10-K and Part II, "Item 1A. Risk Factors" in the Company's quarterly report on Form 10-Q for the quarter ended March 31, 2023. There have been no material changes to the risk factors previously disclosed under the caption "Item 1A. Risk Factors" in Part I of our 2022 Annual Report on Form 10-K and in Part II of our quarterly report on Form 10-Q for the quarter ended March 31, 2023.

The risks described in our 2022 Annual Report on Form 10-K and our quarterly report on Form 10-Q for the quarter ended March 31, 2023, are not the only risks facing the Company. Additional risks and uncertainties not currently known to us or that we currently deem immaterial also may materially adversely affect our business, financial condition, operating results, or cash flows.

## **ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS**

On May 3, 2022, LP's Board of Directors authorized a share repurchase program under which LP was authorized to repurchase shares of its common stock totaling up to \$600 million (the 2022 Share Repurchase Program). No purchases were made under the 2022 Share Repurchase Program during the third quarter ended September 30, 2023. As of September 30, 2023, LP had repurchased common stock totaling \$400 million under the 2022 Share Repurchase Program. LP may initiate, discontinue, or resume purchases of its common stock under the 2022 Share Repurchase Program in the open market, in block, and in privately negotiated transactions, including under Rule 10b5-1 plans, at times and in such amounts as management deems appropriate without prior notice, subject to market and business conditions, regulatory requirements, and other factors.

## **ITEM 5. OTHER INFORMATION**

On September 14, 2023, Lizanne Gottung, a director of LP, entered into a Rule 10b5-1 trading arrangement for the sale of shares of LP's common stock (the Plan). The Plan is intended to satisfy the affirmative defense provided in Rule 10b5-1(c) of the Exchange Act. The Plan provides for the potential sale of shares of LP's common stock, including upon the vesting and settlement of restricted stock units between December 14, 2023 and December 31, 2024. The aggregate number of shares of common stock that will be available for sale under the Plan is 14,404, which includes the aggregate number of shares underlying Ms. Gottung's restricted stock units that may be sold.

Aside from Ms. Gottung, none of our other directors or officers adopted or terminated a Rule 10b5-1 trading arrangement or a non-Rule 10b5-1 trading arrangement during the quarter ended September 30, 2023.

**ITEM 6. EXHIBITS**

- [31.1](#) [Certifications of Chief Executive Officer Pursuant to Rule 13a-14\(a\) under the Securities Exchange Act of 1934.](#) \*
- [31.2](#) [Certifications of Chief Financial Officer Pursuant to Rule 13a-14\(a\) under the Securities Exchange Act of 1934.](#) \*
- [32](#) [Certifications pursuant to § 906 of the Sarbanes-Oxley Act of 2002.](#) \*\*
- 101.INS XBRL Instance Document - The instance document does not appear in the interactive data file because its XBRL tags are embedded within the Inline XBRL document.\*
- 101.SCH XBRL Taxonomy Extension Schema Document.\*
- 101.CAL XBRL Taxonomy Extension Calculation Linkbase Document.\*
- 101.LAB XBRL Taxonomy Extension Label Linkbase Document.\*
- 101.PRE XBRL Taxonomy Extension Presentation Linkbase Document.\*
- 101.DEF XBRL Taxonomy Extension Definition Linkbase Document.\*
- 104 Cover Page Interactive Data File (embedded with Inline XBRL document and contained in Exhibit 101)\*

\*Filed herewith.

\*\* Furnished herewith.

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this quarterly report on Form 10-Q to be signed on its behalf by the undersigned thereunto duly authorized.

LOUISIANA-PACIFIC CORPORATION

Date: November 1, 2023

BY:   /S/ W. BRADLEY SOUTHERN    
**W. Bradley Southern**  
**Chief Executive Officer**

Date: November 1, 2023

BY:   /S/ ALAN J.M. HAUGHIE    
**Alan J.M. Haughie**  
**Executive Vice President and**  
**Chief Financial Officer**

## CERTIFICATIONS

I, W. Bradley Southern, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Louisiana-Pacific Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 1, 2023

/S/ W. BRADLEY SOUTHERN

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W. BRADLEY SOUTHERN  
Chief Executive Officer

## CERTIFICATIONS

I, Alan Haughie, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Louisiana-Pacific Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 1, 2023

/s/ ALAN J.M. HAUGHIE

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ALAN J.M. HAUGHIE  
Chief Financial Officer



**Certifications of Chief Executive Officer and Chief Financial Officer Pursuant to 18 U.S.C. § 1350 as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**

Pursuant to 18 U.S.C. § 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, in connection with the filing of the Quarterly Report on Form 10-Q of Louisiana-Pacific Corporation (the "Company") for quarter ended September 30, 2023, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), each of the undersigned officers of the Company certifies, that, to such officer's knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company as of the dates and for the periods expressed in the Report.

Date: November 1, 2023

/S/ W. BRADLEY SOUTHERN

Name: W. BRADLEY SOUTHERN  
Title: Chief Executive Officer

/S/ ALAN J.M. HAUGHIE

Name: Alan J.M. Haughie  
Title: Chief Financial Officer

A signed original of this written statement required by Section 906 has been provided to Louisiana-Pacific Corporation and will be retained by Louisiana-Pacific Corporation and furnished to the Securities and Exchange Commission or its staff upon request.