



2022

QUARTER FOUR

INTERIM REPORT

FOR THE THREE MONTHS ENDED DEC. 31, 2022

CANFOR PULP PRODUCTS INC.

2	Message to Shareholders
5	Condensed Consolidated Balance Sheets
6	Condensed Consolidated Statements of Income (Loss)
7	Condensed Consolidated Statements of Other Comprehensive Income (Loss) and Changes in Equity
8	Condensed Consolidated Statements of Cash Flows
9	Notes to the Condensed Consolidated Interim Financial Statements

To Our Shareholders

Canfor Pulp Products Inc. ("The Company" or "CPPI" or "Canfor Pulp") reported its 2022 and fourth quarter of 2022 results¹:

Overview

- 2022 adjusted operating loss of \$59 million; adjusted net loss of \$43 million, or \$0.66 per share
- Q4 2022 adjusted operating loss of \$42 million; adjusted net loss of \$34 million, or \$0.52 per share
- Q4 pulp production faced with fibre shortages and challenging winter weather conditions
- After year end, announced permanent closure of pulp line at Prince George Pulp and Paper Mill to right-size operating footprint tied to long-term supply of economic residual fibre

Financial Results

The following table summarizes selected financial information for CPPI for the comparative periods:

(millions of Canadian dollars, except per share amounts)	Q4 2022	Q3 2022	YTD 2022	Q4 2021	YTD 2021
Sales	\$ 268.1	\$ 308.3	\$ 1,085.6	\$ 249.3	\$ 1,144.9
Reported operating income (loss) before amortization, asset write-down and impairment	\$ (15.1)	\$ 46.7	\$ 41.4	\$ (19.6)	\$ 116.8
Reported operating income (loss)	\$ (91.1)	\$ 19.2	\$ (106.0)	\$ (137.2)	\$ (65.5)
Adjusted operating income (loss) before amortization, asset write-down and impairment ¹	\$ (15.6)	\$ 45.6	\$ 39.2	\$ (18.5)	\$ 119.2
Adjusted operating income (loss) ¹	\$ (42.0)	\$ 18.1	\$ (58.6)	\$ (41.1)	\$ 31.9
Net income (loss)	\$ (69.8)	\$ 16.3	\$ (79.1)	\$ (101.1)	\$ (44.4)
Net income (loss) per share, basic and diluted	\$ (1.07)	\$ 0.25	\$ (1.21)	\$ (1.55)	\$ (0.68)
Adjusted net income (loss) ¹	\$ (33.6)	\$ 16.3	\$ (42.9)	\$ (31.7)	\$ 25.0
Adjusted net income (loss) per share, basic and diluted ¹	\$ (0.52)	\$ 0.25	\$ (0.66)	\$ (0.49)	\$ 0.38

¹ Adjusted results referenced throughout this news release are defined as non-IFRS financial measures. For further details, refer to the "Non-IFRS Financial Measures" section of this document.

2022 was a difficult year for Canfor Pulp, as strong global pulp market fundamentals and near-record high pulp list prices were more than outweighed by the impact of global supply chain disruptions, fibre shortages in British Columbia ("BC") as well as operational efficiency and reliability challenges at all of the Company's pulp mills.

Early in 2023, after an extensive analysis of its operating footprint and the long-term supply of economic residual fibre, Canfor Pulp made the decision to permanently close the pulp line at its Prince George Pulp and Paper Mill ("PG"). As a result of this decision, as well as the ongoing challenges to the business posed by fibre availability and costs, the Company recorded an asset write-down and impairment charge totaling \$49.6 million in its results for the three and twelve months ended December 31, 2022.

Before taking account of adjusting items, largely comprised of the aforementioned asset-write down and impairment charge, the Company's operating loss was \$58.6 million for the current year, down \$90.5 million from the adjusted operating income of \$31.9 million for the prior year. The Company reported an operating loss for 2022 of \$106.0 million, versus an operating loss of \$65.5 million for 2021.

For the fourth quarter of 2022, the Company reported an operating loss of \$91.1 million. After taking account of adjusting items, the Company's operating loss for the fourth quarter of 2022 was \$42.0 million compared to an adjusted operating income of \$18.1 million for the previous quarter. The loss in the current period principally reflected the impact on pulp production of material reductions in the Company's residual fibre supply, as well as challenging operating conditions due to winter weather in BC.

Following the strong global pulp market conditions experienced mid-year, market fundamentals came under modest pressure in the current quarter, driven by a decline in demand and purchasing activity, particularly from Asian markets, as well as an uptick in global pulp market supply, primarily from Europe and South America. These factors were combined with the sustained effect of elevated global softwood pulp producer inventories which, at the end of

December 2022, remained on the high end of the balanced range at 43 days of supply. As a result, the current quarter US-dollar Northern Bleached Softwood Kraft (“NBSK”) pulp list prices to China averaged US\$920 per tonne, down US\$49 per tonne, or 5%, from the previous quarter.

As mentioned, the current quarter was a challenging period for the Company’s pulp mills, with pulp production down 18% from the previous quarter, as a shortage of economic fibre, combined with challenging winter conditions in BC, significantly impacted operating performance, particularly at the Company’s Intercontinental (“Intercon”) and Northwood NBSK (“Northwood”) pulp mills. Pulp production in the current period also reflected ongoing downtime at the Company’s Taylor Bleached Chemi-Thermo Mechanical Pulp (“BCTMP”) mill (“Taylor”), which commenced in the first quarter of 2022 and continued through the balance of the year. As a result of a reduction in the long-term supply of fibre in the Peace region, the Company does not see a path forward to restarting the Taylor mill at this time and is exploring alternative uses for the site.

Operating income in the Company’s paper segment was \$1.9 million, down \$2.2 million from the operating income of \$4.1 million in the previous quarter, as modestly higher paper unit sales realizations, largely tied to the 4% weaker Canadian dollar, were more than outweighed by a moderate uplift in chemical costs and increased spend on operating supplies quarter-over-quarter.

In recent weeks, global softwood kraft pulp market conditions have experienced a modest uptick as unplanned global supply outages, principally stemming from fibre-related downtime in Western Canada, has more than outweighed weak global macroeconomic conditions. Reflecting this favourable momentum, the Company announced a US\$30 per tonne increase to its NBSK pulp list price to China in February 2023 to US\$970 per tonne. Looking forward, global softwood kraft pulp markets are projected to remain relatively stable through the balance of the first quarter of 2023, as persistent high global pulp inventory levels and additional hardwood pulp capacity predicted to come online in 2023, combine with steady Chinese demand. Notwithstanding the projected increased supply, global pulp pricing is anticipated to remain above historic average price levels in the short-term.

As a result of the recent announcement, the Company’s results in the first quarter of 2023 will reflect the impact on production and shipments of the wind down the Company’s pulp line at PG. Looking forward, the Company is focused on optimizing a sustainable operating footprint, improving operational reliability and closely managing manufacturing and fibre costs.

No major maintenance outages are planned for the first and second quarters of 2023. In the third quarter of 2023, a maintenance outage is currently planned at Northwood, with a projected 25,000 tonnes of reduced NBSK pulp production.

Bleached kraft paper markets are projected to weaken somewhat through the first quarter of 2023, with a modest slowdown in demand anticipated as global kraft paper inventories return to more normalized levels. A maintenance outage is currently planned at the Company’s paper machine in the second quarter of 2023 with a projected 5,000 tonnes of reduced paper production.

Refer to the Company’s annual Management’s Discussion and Analysis for further discussion on the Company’s results for the fourth quarter of 2022 on page 18.



The Honourable John R. Baird
Chairman



Kevin A. Edgson
President and Chief Executive Officer

Non-IFRS Financial Measures

Throughout this press release, reference is made to certain non-IFRS financial measures which are used to evaluate the Company's performance but are not generally accepted under IFRS and may not be directly comparable with similarly titled measures used by other companies. The following table provides a reconciliation of these non-IFRS financial measures to figures reported in the Company's consolidated financial statements:

(millions of Canadian dollars)	Q4 2022	Q3 2022	YTD 2022	Q4 2021	YTD 2021
Reported operating income (loss)	\$ (91.1)	\$ 19.2	\$ (106.0)	\$ (137.2)	\$ (65.5)
Asset write-down and impairment	\$ 49.6	\$ -	\$ 49.6	\$ 95.0	\$ 95.0
Inventory write-down (recovery), net	\$ (0.5)	\$ (1.1)	\$ (2.2)	\$ 1.1	\$ 2.4
Adjusted operating income (loss)	\$ (42.0)	\$ 18.1	\$ (58.6)	\$ (41.1)	\$ 31.9
Amortization	\$ 26.4	\$ 27.5	\$ 97.8	\$ 22.6	\$ 87.3
Adjusted operating income (loss) before amortization, asset write-down and impairment	\$ (15.6)	\$ 45.6	\$ 39.2	\$ (18.5)	\$ 119.2
Net income (loss)	\$ (69.8)	\$ 16.3	\$ (79.1)	\$ (101.1)	\$ (44.4)
Asset write-down and impairment, net of tax	\$ 36.2	\$ -	\$ 36.2	\$ 69.4	\$ 69.4
Adjusted net income (loss)	\$ (33.6)	\$ 16.3	\$ (42.9)	\$ (31.7)	\$ 25.0

Canfor Pulp Products Inc.
Condensed Consolidated Balance Sheets

(millions of Canadian dollars, unaudited)	As at December 31, 2022	As at December 31, 2021
ASSETS		
Current assets		
Cash and cash equivalents	\$ 14.7	\$ 73.3
Accounts receivable - Trade	82.4	66.7
- Other	5.2	9.5
Income taxes recoverable	2.3	-
Inventories (Note 2)	183.2	211.8
Prepaid expenses and other	26.6	10.8
Total current assets	314.4	372.1
Property, plant and equipment and intangible assets		
Right-of-use assets	1.8	2.1
Other long-term assets	8.4	2.7
Total assets	\$ 756.0	\$ 841.7
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	\$ 150.1	\$ 147.0
Operating loan (Note 3(a))	15.0	-
Income taxes payable	-	3.1
Current portion of lease obligations	0.9	0.8
Total current liabilities	166.0	150.9
Term debt (Note 3(b))	50.0	50.0
Retirement benefit obligations (Note 4)	48.4	62.9
Lease obligations	1.9	2.1
Other long-term provisions	6.9	7.0
Deferred income taxes, net	55.4	73.8
Total liabilities	\$ 328.6	\$ 346.7
EQUITY		
Share capital	\$ 480.8	\$ 480.8
Retained earnings (accumulated deficit)	(53.4)	14.2
Total equity	\$ 427.4	\$ 495.0
Total liabilities and equity	\$ 756.0	\$ 841.7

Subsequent Event (Note 8)

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

APPROVED BY THE BOARD



Director, S.E. Bracken-Horrocks



Director, The Hon. J.R. Baird

Canfor Pulp Products Inc.
Condensed Consolidated Statements of Income (Loss)

(millions of Canadian dollars, except per share data, unaudited)	3 months ended December 31,		12 months ended December 31,	
	2022	2021	2022	2021
Sales	\$ 268.1	\$ 249.3	\$ 1,085.6	\$ 1,144.9
Costs and expenses				
Manufacturing and product costs	235.0	228.8	866.8	862.1
Freight and other distribution costs	34.8	32.5	140.5	137.7
Amortization	26.4	22.6	97.8	87.3
Selling and administration costs	8.6	7.6	29.0	28.3
Restructuring costs (Note 8)	4.8	-	7.9	-
Asset write-down and impairment (Note 8)	49.6	95.0	49.6	95.0
	359.2	386.5	1,191.6	1,210.4
Operating loss	(91.1)	(137.2)	(106.0)	(65.5)
Finance expense, net	(2.6)	(1.5)	(7.3)	(5.0)
Other income (expense), net	(1.8)	0.1	5.0	9.5
Net loss before income taxes	(95.5)	(138.6)	(108.3)	(61.0)
Income tax recovery	25.7	37.5	29.2	16.6
Net loss	\$ (69.8)	\$ (101.1)	\$ (79.1)	\$ (44.4)
Net loss per common share: (in Canadian dollars)				
Attributable to equity shareholders of the Company				
- Basic and diluted (Note 5)	\$ (1.07)	\$ (1.55)	\$ (1.21)	\$ (0.68)

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

Canfor Pulp Products Inc.
Condensed Consolidated Statements of Other Comprehensive Income (Loss)

(millions of Canadian dollars, unaudited)	3 months ended December 31,		12 months ended December 31,	
	2022	2021	2022	2021
Net loss	\$ (69.8)	\$ (101.1)	\$ (79.1)	\$ (44.4)
Other comprehensive income (loss)				
Items that will not be reclassified subsequently to net loss:				
Defined benefit plan actuarial gains (losses), net	(2.5)	4.5	15.8	9.4
Income tax recovery (expense) on defined benefit plan actuarial gains (losses), net	0.6	(1.2)	(4.3)	(2.5)
Other comprehensive income (loss), net of tax	(1.9)	3.3	11.5	6.9
Total comprehensive loss	\$ (71.7)	\$ (97.8)	\$ (67.6)	\$ (37.5)

Condensed Consolidated Statements of Changes in Equity

(millions of Canadian dollars, unaudited)	3 months ended December 31,		12 months ended December 31,	
	2022	2021	2022	2021
Share capital				
Balance at beginning and end of period	\$ 480.8	\$ 480.8	\$ 480.8	\$ 480.8
Retained earnings (accumulated deficit)				
Balance at beginning of period	\$ 18.3	112.0	\$ 14.2	\$ 51.7
Net loss	(69.8)	(101.1)	(79.1)	(44.4)
Defined benefit plan actuarial gains (losses), net of tax	(1.9)	3.3	11.5	6.9
Balance at end of period	\$ (53.4)	\$ 14.2	\$ (53.4)	\$ 14.2
Total equity	\$ 427.4	\$ 495.0	\$ 427.4	\$ 495.0

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

Canfor Pulp Products Inc. Condensed Consolidated Statements of Cash Flows

(millions of Canadian dollars, unaudited)	3 months ended December 31,		12 months ended December 31,	
	2022	2021	2022	2021
Cash generated from (used in):				
Operating activities				
Net loss	\$ (69.8)	\$ (101.1)	\$ (79.1)	\$ (44.4)
Items not affecting cash:				
Amortization	26.4	22.6	97.8	87.3
Income tax recovery	(25.7)	(37.5)	(29.2)	(16.6)
Employee future benefits expense	1.1	1.0	3.6	3.6
Finance expense, net	2.6	1.5	7.3	5.0
Asset write-down and impairment (Note 8)	49.6	95.0	49.6	95.0
Other, net	(1.5)	-	(1.7)	0.4
Defined benefit plan contributions, net	(0.7)	(0.6)	(3.3)	(3.5)
Income taxes received (paid), net	-	3.3	(3.6)	26.0
	(18.0)	(15.8)	41.4	152.8
Net change in non-cash working capital (Note 6)	56.6	50.6	3.9	(3.9)
	38.6	34.8	45.3	148.9
Financing activities				
Payments of lease obligations	(0.2)	(0.2)	(0.9)	(1.1)
Operating loan drawings (Note 3(a))	-	-	15.0	-
Finance expenses paid	(2.4)	(1.1)	(5.8)	(3.2)
	(2.6)	(1.3)	8.3	(4.3)
Investing activities				
Additions to property, plant and equipment and intangible assets, net	(28.0)	(16.0)	(112.6)	(78.7)
Other, net	0.2	0.1	0.4	0.6
	(27.8)	(15.9)	(112.2)	(78.1)
Increase (decrease) in cash and cash equivalents*	8.2	17.6	(58.6)	66.5
Cash and cash equivalents at beginning of period*	6.5	55.7	73.3	6.8
Cash and cash equivalents at end of period*	\$ 14.7	\$ 73.3	\$ 14.7	\$ 73.3

*Cash and cash equivalents include cash on hand less unrepresented cheques.

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

Canfor Pulp Products Inc.
Notes to the Condensed Consolidated Interim Financial Statements

Three and twelve months ended December 31, 2022 and 2021
(millions of Canadian dollars unless otherwise noted, unaudited)

1. Basis of Preparation

These condensed consolidated interim financial statements (the "financial statements") include the accounts of Canfor Pulp Products Inc. ("CPPI") and its subsidiary entities, hereinafter referred to as "CPPI" or "the Company." At December 31, 2022 and February 28, 2023, Canfor Corporation ("Canfor") held a 54.8% interest in CPPI.

These financial statements do not include all of the disclosures required by International Financial Reporting Standards ("IFRS") for interim or annual financial statements. Additional disclosures relevant to the understanding of these financial statements, including the accounting policies applied, can be found in the Company's Annual Report for the year ended December 31, 2022, available at www.canfor.com or www.sedar.com.

These financial statements were authorized for issue by the Company's Board of Directors on February 28, 2023.

2. Inventories

(millions of Canadian dollars, unaudited)	As at December 31, 2022	As at December 31, 2021
Pulp	\$ 66.6	\$ 75.2
Paper	29.6	22.5
Wood chips and logs	27.5	55.6
Materials and supplies	59.5	58.5
	\$ 183.2	\$ 211.8

The above inventory balances are stated at the lower of cost and net realizable value. For the three months ended December 31, 2022, a \$0.5 million inventory write-down recovery was recognized (twelve months ended December 31, 2022 – \$2.2 million net write-down recovery). For the three months ended December 31, 2021, a \$1.1 million net write-down expense was recognized (twelve months ended December 31, 2021 – \$2.4 million net write-down expense). At December 31, 2022, a provision for logs of \$2.4 million was recognized (December 31, 2021 – provision of \$4.6 million).

3. Operating Loan and Term Debt

(a) Available Operating Loan

(millions of Canadian dollars, unaudited)	As at December 31, 2022	As at December 31, 2021
Operating loan facility	\$ 110.0	\$ 110.0
Letters of credit	(12.9)	(12.9)
Operating loan facility drawn	(15.0)	-
Total available operating loan facility	\$ 82.1	\$ 97.1

On November 1, 2022, the Company extended the maturity date of its committed operating loan facility from December 15, 2025 to November 1, 2026.

The terms of the Company's operating loan facility include interest payable at floating rates that vary depending on the ratio of debt to total capitalization, and is based on the lenders' Canadian prime rate, bankers' acceptances, US-dollar base rate or US-dollar LIBOR rate, plus a margin.

The facility has certain financial covenants, including maximum debt to total capitalization ratios. As at December 31, 2022, the Company was fully in compliance with all covenants relating to its operating loan facility.

(b) Term Debt

On November 1, 2022, the Company extended the maturity date of its \$50.0 million non-revolving term debt from December 15, 2024 to November 1, 2025.

Interest on the Company's term debt is based on the lenders' Canadian prime rate, bankers' acceptances, US-dollar base rate or US-dollar LIBOR rate, plus a margin.

The non-revolving term loan covenants are consistent with the Company's existing operating loan facility. As at December 31, 2022, the Company was fully in compliance with all covenants relating to its term debt.

4. Employee Future Benefits

As at December 31, 2022, the Company's registered defined benefit pension plan held \$61.8 million of buy-in annuities purchased prior to 2019. Buy-in annuity contracts substantially mitigate the exposure to future volatility in pension plan obligations, as future cash flows from the annuities match the amount and timing of benefits payable under the plan. Subsequent to 2019, no buy-in annuities were purchased by the Company for this plan.

On December 31, 2022, the Company entered into contracts to convert all of its existing buy-in annuities to buy-out annuities. As a result of these contracts, the Company's buy-in annuity assets and corresponding accrued benefit obligation of \$61.8 million were derecognized from the Company's condensed consolidated interim balance sheet as at December 31, 2022.

5. Earnings (Loss) Per Common Share

Basic net income (loss) per common share is calculated by dividing net income (loss) available to common shareholders by the weighted average number of common shares outstanding during the period.

	3 months ended December 31,		12 months ended December 31,	
	2022	2021	2022	2021
Weighted average number of common shares	65,233,559	65,233,559	65,233,559	65,233,559

As at December 31, 2022 and February 28, 2023, there were 65,233,559 common shares of the Company outstanding and Canfor's ownership interest in CPPI was 54.8% (December 31, 2021 – 54.8%).

6. Net Change in Non-Cash Working Capital

(millions of Canadian dollars, unaudited)	3 months ended December 31,		12 months ended December 31,	
	2022	2021	2022	2021
Accounts receivable	\$ 36.2	\$ 37.2	\$ (11.4)	\$ 1.6
Inventories	24.5	21.7	28.6	(23.3)
Prepaid expenses and other	(1.1)	4.2	(14.8)	8.9
Accounts payable and accrued liabilities	(3.0)	(12.5)	1.5	8.9
Net change in non-cash working capital	\$ 56.6	\$ 50.6	\$ 3.9	\$ (3.9)

7. Segment Information

The Company has two reportable segments, pulp and paper, which operate as separate business units and represent separate product lines. Sales between the pulp and paper segments are accounted for at prices that approximate fair value. These include sales of slush pulp from the pulp segment to the paper segment.

(millions of Canadian dollars, unaudited)	Pulp	Paper	Unallocated	Elimination Adjustment	Consolidated
3 months ended December 31, 2022					
Sales from contracts with customers	\$ 216.6	\$ 51.5	\$ -	\$ -	\$ 268.1
Sales to other segments	32.8	-	-	(32.8)	-
Operating income (loss)	(89.1)	1.9	(3.9)	-	(91.1)
Amortization	25.9	0.5	-	-	26.4
Capital expenditures¹	27.6	-	0.4	-	28.0
3 months ended December 31, 2021					
Sales from contracts with customers	\$ 212.4	\$ 36.9	\$ -	\$ -	\$ 249.3
Sales to other segments	24.7	-	-	(24.7)	-
Operating income (loss)	(135.2)	1.7	(3.7)	-	(137.2)
Amortization	22.1	0.5	-	-	22.6
Capital expenditures ¹	15.3	-	0.7	-	16.0

(millions of Canadian dollars, unaudited)	Pulp	Paper	Unallocated	Elimination Adjustment	Consolidated
12 months ended December 31, 2022					
Sales from contracts with customers	\$ 888.7	\$ 196.9	\$ -	\$ -	\$ 1,085.6
Sales to other segments	123.8	-	-	(123.8)	-
Operating income (loss)	(110.9)	18.2	(13.3)	-	(106.0)
Amortization	95.7	2.0	0.1	-	97.8
Capital expenditures¹	110.0	0.6	2.0	-	112.6
Total assets	663.3	66.9	25.8	-	756.0
12 months ended December 31, 2021					
Sales from contracts with customers	\$ 984.7	\$ 160.2	\$ -	\$ -	\$ 1,144.9
Sales to other segments	102.2	-	-	(102.2)	-
Operating income (loss)	(55.8)	4.3	(14.0)	-	(65.5)
Amortization	84.7	2.5	0.1	-	87.3
Capital expenditures ¹	76.3	0.4	2.0	-	78.7
Total assets	696.9	56.1	88.7	-	841.7

¹Capital expenditures represent cash paid for capital assets during the periods and include capital expenditures that were partially financed by government grants.

Geographic information

CPPI's products are marketed worldwide, with sales made to customers in a number of different countries. In presenting information on the basis of geographical location, sales are based on the geographical location of customers.

(millions of Canadian dollars, unaudited)	3 months ended December 31,		12 months ended December 31,	
	2022	2021	2022	2021
Sales by location of customer				
Canada	6% \$ 15.7	7% \$ 17.4	7% \$ 79.3	6% \$ 73.4
Asia	57% 152.5	62% 154.0	60% 654.4	67% 762.5
United States	29% 78.2	23% 57.7	25% 268.5	20% 230.0
Europe	5% 12.8	5% 12.5	5% 53.3	4% 48.6
Other	3% 8.9	3% 7.7	3% 30.1	3% 30.4
	100% \$ 268.1	100% \$ 249.3	100% \$ 1,085.6	100% \$ 1,144.9

8. Asset Write-Down, Impairment and Restructuring Costs

During the Company's annual impairment review, ongoing fibre cost pressures and continued uncertainty surrounding fibre availability for CPPI's pulp mills were identified as impairment indicators. As a result, the Company performed an impairment assessment on the property, plant and equipment of the pulp operations as at December 31, 2022.

The recoverable amount of the Company's property, plant and equipment within the pulp operations was determined based on an assessment of value in use, estimated using a discounted cash flow model. This discounted cash flow model was projected based on past experience and actual operating results as well as Management's assessment of future trends in the pulp industry, based on both external and internal sources of data. Significant assumptions include future production volume, commodity prices, fibre and production costs, as well as the discount rate. Other assumptions include applicable foreign exchange rates, operating rates of the assets, and the future capital required to maintain the assets in their current operating condition. Estimated future cash flows were discounted at a rate of 9% (12% before tax) (2021 – 8%; 11% before tax), based on CPPI's weighted average cost of capital for 2022.

Subsequent to year-end, in early 2023, the Company announced the decision to permanently close the pulp line at its Prince George pulp and paper mill.

As a result of this closure, as well as the aforementioned impairment assessment, an asset write-down and impairment charge totaling \$49.6 million was recognized for the three and twelve months ended December 31, 2022, as a reduction to the carrying value of pulp segment assets (three and twelve months ended December 31, 2021 – \$95.0 million). During the three and twelve months ended December 31, 2022, the Company also recognized restructuring costs of \$4.8 million and \$7.9 million, respectively, related to the curtailment during the current year at the Company's Taylor BCTMP mill.