

### FOR IMMEDIATE RELEASE

## CANFOR PULP PRODUCTS INC. ANNOUNCES 2020 AND FOURTH QUARTER 2020 RESULTS

February 24, 2021 - Vancouver, B.C. - Canfor Pulp Products Inc. ("CPPI") (TSX: CFX) today reported 2020 and fourth quarter 2020 results:

### Overview

- 2020 reported operating loss of \$56 million; net loss of \$22 million, or \$0.34 per share
- Fourth quarter of 2020 reported operating loss of \$28 million; net loss of \$10 million, or \$0.16 per share
- Strong balance sheet maintained, net debt to capitalization of 7.5% at December 31, 2020

### Financial Results

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

(millions of Canadian dollars, except per share amounts)	Q4 2020	Q3 2020	YTD 2020	Q4 2019	YTD 2019
Sales	\$ 237.8	\$ 226.4	\$ 990.5	\$ 247.5	\$ 1,087.9
Reported operating income (loss) before amortization	\$ (6.2)	\$ (8.7)	\$ 26.1	\$ 0.1	\$ 61.9
Reported operating loss	\$ (28.3)	\$ (27.6)	\$ (56.1)	\$ (23.5)	\$ (31.0)
Adjusted operating income (loss) before amortization <sup>1</sup>	\$ (9.2)	\$ (11.7)	\$ 17.6	\$ (2.9)	\$ 72.6
Adjusted operating loss <sup>1</sup>	\$ (31.3)	\$ (30.6)	\$ (64.6)	\$ (26.5)	\$ (20.3)
Net loss	\$ (10.2)	\$ (18.1)	\$ (22.4)	\$ (19.5)	\$ (30.5)
Net loss per share, basic and diluted	\$ (0.16)	\$ (0.28)	\$ (0.34)	\$ (0.30)	\$ (0.47)

<sup>1</sup> Adjusted for inventory write-downs and recoveries (\$3.0 million net recovery in Q4 2020; \$3.0 million net recovery in Q3 2020; \$3.0 million net recovery in Q4 2019).

2020 was a turbulent year for Canfor Pulp and its employees with the coronavirus outbreak ("COVID-19") taking a heavy toll on global pulp markets as well as supply channels. The Company responded decisively to an unprecedented number of challenges, moving quickly to adopt new safety protocols, take significant fibre-related production curtailments and defer scheduled major maintenance outages. The year also saw a major rebuild of the lower furnace of the number five recovery boiler ("RB5") at the Company's Northwood Northern Bleached Softwood Kraft ("NBSK") pulp mill ("Northwood") to ensure the safe and reliable operation of that boiler, which significantly reduced production volumes in the fourth quarter. On a positive note, the Company ended the year with a strong balance sheet and healthy inventory levels and, with the RB5 rebuild now completed, is well placed to capitalize on an increasingly positive market outlook for 2021.

The COVID-19 related disruptions and capital-related downtime weighed on Canfor Pulp's financial results for 2020, with the Company reporting an operating loss of \$56.1 million and a net loss of \$0.34 per share, compared to an operating loss of \$31.0 million and net loss of \$0.47 per share for the year ended December 31, 2019.

For the fourth quarter of 2020, the Company reported an operating loss of \$28.3 million, compared to an operating loss of \$27.6 million reported for the third quarter of 2020. The loss in the current period reflected continued soft market conditions and weak prices on pulp shipments as well as the capital-related downtime at Northwood. Compared to the third quarter of 2020, unit sales realizations were relatively unchanged with a 2% stronger Canadian dollar offsetting a modest uplift in prices towards the end of the period; reduced production from the Northwood RB5 lower furnace rebuild mostly offset the impact of material production curtailments in the previous quarter. The lower furnace replacement was completed mid-January, as planned, with a total capital cost of

approximately \$27.0 million and total reduction in NBSK pulp production of 70,000 tonnes (60,000 tonnes in the current quarter and a further 10,000 tonnes in January 2021).

Global pulp prices edged upwards through October and November, with more solid increases seen in December, particularly in China, driven largely by global logistic constraints and improving global pulp inventory levels (35 days at December 2020, a decrease of 7 days from September 2020) combined with strong indicators from the Shanghai Futures Exchange on future pulp US-dollar list prices. The effects of these price increases were only partially reflected in the fourth quarter's results, largely reflecting the timing of shipments versus orders.

NBSK pulp list prices to China averaged US\$637 per tonne, as published by RISI, up US\$65 per tonne from the previous quarter, largely as a result of successive price increases implemented through the fourth quarter of 2020, most notably in December. However, as mentioned, the Company's overall NBSK pulp unit sales realizations were broadly in line with the previous quarter, principally reflecting the timing of shipments (versus orders), as well as the stronger Canadian dollar. Slightly higher Bleached Chemi-Thermo Mechanical Pulp ("BCTMP") unit sales realizations in the fourth quarter of 2020 reflected a gradual and modest improvement in BCTMP demand and prices.

Energy revenues were broadly in line with the prior quarter as decreased energy generation due to the aforementioned Northwood capital-related downtime was offset by seasonally higher energy prices in the current quarter.

Pulp production was 233,000 tonnes for the fourth quarter of 2020, up 6,000 tonnes, or 3%, from the previous quarter, primarily reflecting the quarter-over-quarter impact of downtime. In the current quarter, pulp production was reduced by the completion of Northwood's scheduled maintenance outage in October (approximately 25,000 tonnes), as well as the aforementioned extended outage on one production line at Northwood to enable the replacement of RB5's lower furnace (approximately 60,000 tonnes). In the third quarter of 2020, the combined impact of COVID-19 related curtailments at the Company's Intercontinental and Prince George ("PG") pulp mills, as well as scheduled maintenance outages at Taylor BCTMP mill ("Taylor") and Northwood, reduced pulp production by 68,000 tonnes. To a lesser extent, improved productivity at the Company's PG and Taylor pulp mills in the current quarter more than offset several operational issues at the PG pulp mill in the prior quarter.

The Company's pulp shipments totaled 258,000 tonnes, up 9,000 tonnes, or 4%, from the previous quarter, principally due to a drawdown of inventory in the current quarter during the aforementioned Northwood downtime and, to a lesser extent, the timing of vessels quarter-over-quarter.

Pulp unit manufacturing costs were slightly lower than the prior quarter as the benefit of reduced fibre costs in the current quarter mostly offset seasonally higher energy costs, as well as increased energy usage and operating labour and maintenance spend, following COVID-19 related curtailments in the prior period. The decrease in fibre costs was primarily driven by an increased proportion of lower-cost sawmill residual chips, mostly due to higher operating rates at Canfor's sawmills.

Operating income in the Company's paper segment was \$4.8 million, broadly in line with the previous quarter, as significantly higher paper shipments and production accompanied by lower paper unit manufacturing costs offset the impact of moderately lower paper unit sales realizations mostly due to changes in regional sales mix and a stronger Canadian dollar.

In early 2021, global softwood kraft pulp market conditions have strengthened significantly in response to improved market fundamentals, particularly from China, where prices on the Shanghai Futures Exchange have surged in recent weeks. Reflecting this positive pricing momentum, the Company has announced increases to its NBSK pulp list price to China of US\$50 per tonne for January 2021 and a further US\$120 per tonne for February 2021, to US\$840 per tonne. It has also announced two consecutive price increases to North America of US\$30 per tonne and US\$115 per tonne, for January and February 2021, respectively, to US\$1,300 per tonne. Notwithstanding the potential for higher pricing volatility in the coming months, the Company currently projects the pricing environment to remain favourable for pulp producers through the first half of 2021.

The Company's results in the first quarter of 2021 will reflect the impact of the RB5 capital-related outage at Northwood into mid-January (approximately 10,000 tonnes). With the RB5 rebuild now completed and with much healthier fibre inventories, a key focus of the Company's kraft pulp mills in 2021, including Northwood, will be on improving operational reliability and closely managing manufacturing and fibre costs.

No major maintenance outages are planned for the first quarter of 2021; a maintenance outage is currently planned at the Intercontinental NBSK pulp mill in the second quarter of 2021, with a projected 12,000 tonnes of reduced NBSK pulp production. Smaller maintenance outages are scheduled for the third quarter of 2021 at the Prince George NBSK pulp mill and at the Taylor BCTMP mill with a projected 5,000 tonnes of reduced NBSK pulp production and projected 5,000 tonnes of reduced BCTMP production, respectively.

Bleached kraft paper demand is currently anticipated to be relatively stable in the first quarter of 2021 as COVID-19 led demand for bleached kraft paper products is projected to continue in the near-term, particularly for paper products that meet food grade specifications. A maintenance outage is currently planned at the Company's paper machine in the third quarter of 2021 with a projected 5,000 tonnes of reduced paper production.

Commenting on the Company's 2020 and fourth quarter of 2020 results, CPPI's Chief Executive Officer, Don Kayne said, "We want to thank our employees for their hard work, resilience and commitment to safety in what was an unprecedented and challenging year as we worked together to navigate the volatility and uncertainty associated with COVID-19. While the financial results for 2020 and the quarter reflect the challenging times, we preserved our strong cash position and ended the year with a solid balance sheet. Looking ahead, we are very focused on optimizing our production performance, reducing costs, and maximizing fibre utilization in the coming months, as we work to fully capitalize on the improving market conditions in 2021."

Refer to the Company's annual Management's Discussion and Analysis for further discussion on the Company's results for the fourth quarter of 2020 on page 17.

#### **Additional Information and Conference Call**

A conference call to discuss the fourth quarter's financial and operating results will be held on Thursday, February 25, 2021 at 8:00 AM Pacific time. To participate in the call, please dial Toll-Free 1-888-390-0546. For instant replay access until March 11, 2021, please dial Toll-Free 1-888-390-0541 and enter participant pass code 854599#. The conference call will be webcast live and will be available at [www.canfor.com](http://www.canfor.com). This news release, financial statements and a presentation used during the conference call can be accessed via the Company's website at <http://www.canfor.com/investor-relations/webcasts>.

#### **Non-IFRS Measures and Forward Looking Statements**

Operating Income (Loss) before Amortization and Adjusted Operating Income (Loss) are not generally accepted earnings measures and should not be considered as an alternative to net income (loss) or cash flows as determined in accordance with IFRS. Refer to the Company's Annual Management's Discussion and Analysis for a reconciliation of Operating Income (Loss) reported in accordance with IFRS to Operating Income (Loss) before Amortization and to Adjusted Operating Income (Loss).

Certain statements in this press release constitute "forward-looking statements" which involve known and unknown risks, uncertainties and other factors that may cause actual results to be materially different from any future results, performance or achievements expressed or implied by such statements. Words such as "expects", "anticipates", "projects", "intends", "plans", "will", "believes", "seeks", "estimates", "should", "may", "could", and variations of such words and similar expressions are intended to identify such forward-looking statements. These statements are based on management's current expectations and beliefs and actual events or results may differ materially. There are many factors that could cause such actual events or results expressed or implied by such forward-looking statements to differ materially from any future results expressed or implied by such statements. Forward-looking statements are based on current expectations and the Company assumes no obligation to update such information to reflect later events or developments, except as required by law.

*Canfor Pulp Products Inc. ("Canfor Pulp" or "CPPI") is a leading global supplier of pulp and paper products with operations in the central interior of British Columbia ("BC") employing approximately 1,300 people throughout the organization. Canfor Pulp owns and operates three mills in Prince George, BC with a total capacity of 1.1 million tonnes of Premium Reinforcing Northern Bleached Softwood Kraft ("NBSK") Pulp and 140,000 tonnes of kraft paper, as well as one mill in Taylor, BC with an annual production capacity of 230,000 tonnes of Bleached Chemi-Thermo Mechanical Pulp ("BCTMP"). Canfor Pulp is the largest North American and one of the largest global producers of market northern softwood kraft pulp. CPPI shares are traded on the Toronto Stock Exchange under the symbol CFX. For more information visit [canfor.com](http://canfor.com).*

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## Canfor Pulp Products Inc. Condensed Consolidated Balance Sheets

(millions of Canadian dollars, unaudited)	<b>As at December 31, 2020</b>	As at December 31, 2019
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 6.8	\$ 6.0
Accounts receivable - Trade	64.3	80.5
- Other (Note 7)	13.6	6.6
Income taxes receivable	26.0	29.7
Inventories (Note 2)	188.5	193.7
Prepaid expenses and other	18.6	14.8
<b>Total current assets</b>	<b>317.8</b>	<b>331.3</b>
<b>Property, plant and equipment and intangible assets</b>		
<b>Right-of-use assets</b>	<b>2.0</b>	<b>2.5</b>
<b>Other long-term assets</b>	<b>6.5</b>	<b>6.2</b>
<b>Total assets</b>	<b>\$ 920.8</b>	<b>\$ 920.8</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	\$ 161.6	\$ 142.2
Operating loan (Note 3(a))	-	14.0
Current portion of lease obligations	1.0	1.0
<b>Total current liabilities</b>	<b>162.6</b>	<b>157.2</b>
<b>Term debt</b> (Note 3(b))	<b>50.0</b>	<b>50.0</b>
<b>Lease obligations</b>	<b>1.5</b>	<b>1.9</b>
<b>Retirement benefit obligations</b>	<b>70.4</b>	<b>68.6</b>
<b>Other long-term provisions</b>	<b>8.7</b>	<b>7.1</b>
<b>Deferred income taxes, net</b>	<b>95.1</b>	<b>77.7</b>
<b>Total liabilities</b>	<b>\$ 388.3</b>	<b>\$ 362.5</b>
<b>EQUITY</b>		
Share capital	\$ 480.8	\$ 480.8
Retained earnings	51.7	77.5
<b>Total equity</b>	<b>\$ 532.5</b>	<b>\$ 558.3</b>
<b>Total liabilities and equity</b>	<b>\$ 920.8</b>	<b>\$ 920.8</b>

### Commitments and Contingencies (Note 7) and Subsequent Event (Note 7(c))

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

APPROVED BY THE BOARD

"S.E. Bracken-Horrocks"

Director, S.E. Bracken-Horrocks

"C.A. Pinette"

Director, C.A. Pinette

**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,	
	<b>2020</b>	2019	<b>2020</b>	2019
<b>Sales</b>	\$ <b>237.8</b>	\$ 247.5	\$ <b>990.5</b>	\$ 1,087.9
<b>Costs and expenses</b>				
Manufacturing and product costs	<b>204.6</b>	207.7	<b>804.5</b>	858.4
Freight and other distribution costs	<b>32.9</b>	34.8	<b>136.2</b>	141.8
Amortization	<b>22.1</b>	23.6	<b>82.2</b>	92.9
Selling and administration costs	<b>6.5</b>	4.9	<b>23.7</b>	25.8
	<b>266.1</b>	271.0	<b>1,046.6</b>	1,118.9
<b>Operating loss</b>	<b>(28.3)</b>	(23.5)	<b>(56.1)</b>	(31.0)
Finance expense, net	<b>(1.2)</b>	(1.6)	<b>(5.2)</b>	(6.6)
Other income (expense), net (Note 7)	<b>15.6</b>	(1.5)	<b>30.7</b>	(4.0)
Net loss before income taxes	<b>(13.9)</b>	(26.6)	<b>(30.6)</b>	(41.6)
Income tax recovery	<b>3.7</b>	7.1	<b>8.2</b>	11.1
<b>Net loss</b>	\$ <b>(10.2)</b>	\$ (19.5)	\$ <b>(22.4)</b>	\$ (30.5)
<b>Net loss per common share:</b> (in Canadian dollars)				
Attributable to equity shareholders of the Company				
- Basic and diluted (Note 4)	\$ <b>(0.16)</b>	\$ (0.30)	\$ <b>(0.34)</b>	\$ (0.47)

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**

(millions of Canadian dollars, unaudited)	3 months ended December 31,		12 months ended December 31,	
	<b>2020</b>	2019	<b>2020</b>	2019
<b>Net loss</b>	\$ (10.2)	\$ (19.5)	\$ (22.4)	\$ (30.5)
<b>Other comprehensive income</b>				
Items that will not be reclassified subsequently to net income:				
Defined benefit plan actuarial gains, net	6.4	0.1	1.0	12.2
Income tax expense on defined benefit plan actuarial gains, net	(1.8)	-	(0.3)	(3.3)
Other comprehensive income, net of tax	4.6	0.1	0.7	8.9
<b>Total comprehensive loss</b>	\$ (5.6)	\$ (19.4)	\$ (21.7)	\$ (21.6)

**Condensed Consolidated Statements of Changes in Equity**

(millions of Canadian dollars, unaudited)	3 months ended December 31,		12 months ended December 31,	
	<b>2020</b>	2019	<b>2020</b>	2019
<b>Share capital</b>				
Balance at beginning of period	\$ 480.8	\$ 480.8	\$ 480.8	\$ 480.9
Share purchases	-	-	-	(0.1)
Balance at end of period	\$ 480.8	\$ 480.8	\$ 480.8	\$ 480.8
<b>Retained earnings</b>				
Balance at beginning of period	\$ 57.3	101.0	\$ 77.5	\$ 115.7
Net loss	(10.2)	(19.5)	(22.4)	(30.5)
Defined benefit plan actuarial gains, net of tax	4.6	0.1	0.7	8.9
Dividends declared	-	(4.1)	(4.1)	(16.4)
Impact of change in lease accounting policy	-	-	-	(0.1)
Share purchases	-	-	-	(0.1)
Balance at end of period	\$ 51.7	\$ 77.5	\$ 51.7	\$ 77.5
<b>Total equity</b>	\$ 532.5	\$ 558.3	\$ 532.5	\$ 558.3

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,	
	<b>2020</b>	2019	<b>2020</b>	2019
<b>Cash generated from (used in):</b>				
<b>Operating activities</b>				
Net loss	\$ (10.2)	\$ (19.5)	\$ (22.4)	\$ (30.5)
Items not affecting cash:				
Amortization	22.1	23.6	82.2	92.9
Income tax recovery	(3.7)	(7.1)	(8.2)	(11.1)
Employee future benefits expense	1.2	0.7	4.0	3.5
Finance expense, net	1.2	1.6	5.2	6.6
Other, net	(2.9)	1.2	(2.3)	0.3
Defined benefit plan contributions, net	(0.6)	(1.4)	(3.3)	(5.4)
Income taxes received (paid), net	(0.1)	(0.1)	29.0	(4.6)
	<b>7.0</b>	(1.0)	<b>84.2</b>	51.7
Net change in non-cash working capital (Note 5)	<b>4.0</b>	6.2	<b>11.8</b>	7.7
	<b>11.0</b>	5.2	<b>96.0</b>	59.4
<b>Financing activities</b>				
Payments of lease obligations	(0.3)	(0.3)	(0.9)	(1.1)
Operating loan drawings (repayments) (Note 3(a))	-	14.0	(14.0)	14.0
Proceeds from term debt (Note 3(b))	-	-	-	50.0
Finance expenses paid	(0.6)	(1.1)	(3.4)	(3.8)
Dividends paid	-	(4.1)	(4.1)	(16.4)
Share purchases	-	-	-	(0.2)
	<b>(0.9)</b>	8.5	<b>(22.4)</b>	42.5
<b>Investing activities</b>				
Additions to property, plant and equipment and intangible assets, net	(34.2)	(27.1)	(73.3)	(103.0)
Other, net	0.1	-	0.5	0.2
	<b>(34.1)</b>	(27.1)	<b>(72.8)</b>	(102.8)
<b>Increase (decrease) in cash and cash equivalents*</b>	<b>(24.0)</b>	(13.4)	<b>0.8</b>	(0.9)
Cash and cash equivalents at beginning of period*	<b>30.8</b>	19.4	<b>6.0</b>	6.9
<b>Cash and cash equivalents at end of period*</b>	<b>\$ 6.8</b>	\$ 6.0	<b>\$ 6.8</b>	\$ 6.0

\*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 Financial Statements

Three and twelve months ended December 31, 2020 and 2019  
(millions of Canadian dollars unless otherwise noted, unaudited)

### 1. Basis of Preparation

These condensed consolidated 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, 2020 and February 24, 2021, 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, 2020, available at [www.canfor.com](http://www.canfor.com) or [www.sedar.com](http://www.sedar.com).

Certain comparative amounts for the prior period have been reclassified to conform to the current period's presentation.

These financial statements were authorized for issue by the Company's Board of Directors on February 24, 2021.

### 2. Inventories

(millions of Canadian dollars, unaudited)	<b>As at December 31, 2020</b>	As at December 31, 2019
Pulp	\$ 55.4	\$ 72.8
Paper	20.9	29.7
Wood chips and logs	57.2	35.9
Materials and supplies	55.0	55.3
	<b>\$ 188.5</b>	<b>\$ 193.7</b>

The above inventory balances are stated at the lower of cost and net realizable value. For the three months ended December 31, 2020, a \$3.0 million inventory write-down recovery was recognized (twelve months ended December 31, 2020 – net write-down recovery of \$8.5 million), resulting in an inventory provision for finished pulp and raw materials of \$2.2 million at December 31, 2020 (December 31, 2019 – \$10.7 million).

### 3. Operating Loan and Term Debt

#### (a) Available Operating Loan

(millions of Canadian dollars, unaudited)	<b>As at December 31, 2020</b>	As at December 31, 2019
Operating loan facility	\$ 110.0	\$ 110.0
Letters of credit	(12.9)	(13.2)
Operating loan facility drawn	-	(14.0)
Total available operating loan facility	<b>\$ 97.1</b>	<b>\$ 82.8</b>

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 a covenant based on maximum debt to total capitalization of the Company. As at December 31, 2020, the Company was fully in compliance with all covenants relating to its operating loan facility.

#### (b) Term Debt

The Company's \$50.0 million non-revolving term loan features similar financial covenants to the operating loan facility, including a maximum debt to total capitalization ratio. As at December 31, 2020, the Company was fully in compliance with all covenants relating to its term debt. The loan is repayable on September 30, 2022, with interest based on the lenders' Canadian prime rate, bankers' acceptances, US-dollar base rate or US-dollar LIBOR rate, plus a margin.



#### 4. Earnings (Loss) Per Common Share

Basic net loss per common share is calculated by dividing net 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,	
	2020	2019	2020	2019
Weighted average number of common shares	<b>65,233,559</b>	65,233,559	<b>65,233,559</b>	65,243,435

As at December 31, 2020 and February 24, 2021, there were 65,233,559 common shares of the Company outstanding and Canfor's ownership interest in CPPI was 54.8% (December 31, 2019 – 54.8%).

#### 5. Net Change in Non-Cash Working Capital

(millions of Canadian dollars, unaudited)	3 months ended December 31,		12 months ended December 31,	
	2020	2019	2020	2019
Accounts receivable	\$ (12.3)	\$ 1.0	\$ 6.8	\$ 28.1
Inventories	10.6	(7.0)	5.2	13.4
Prepaid expenses and other	(3.2)	3.9	(1.4)	(2.9)
Accounts payable and accrued liabilities	8.9	8.3	1.2	(30.9)
Net change in non-cash working capital	\$ 4.0	\$ 6.2	\$ 11.8	\$ 7.7

#### 6. 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. Information regarding the operations of each reportable segment is included in the following table:

(millions of Canadian dollars, unaudited)	Pulp	Paper	Unallocated	Elimination Adjustment	Consolidated
<b>3 months ended December 31, 2020</b>					
<b>Sales from contracts with customers</b>	\$ 197.1	\$ 40.7	\$ -	\$ -	\$ 237.8
<b>Sales to other segments</b>	21.8	-	-	(21.8)	-
<b>Operating income (loss)</b>	(30.2)	4.8	(2.9)	-	(28.3)
<b>Amortization</b>	21.3	0.8	-	-	22.1
<b>Capital expenditures<sup>1</sup></b>	34.0	0.1	0.1	-	34.2
3 months ended December 31, 2019					
Sales from contracts with customers	\$ 213.1	\$ 34.2	\$ 0.2	\$ -	\$ 247.5
Sales to other segments	15.8	-	-	(15.8)	-
Operating income (loss)	(26.8)	5.0	(1.7)	-	(23.5)
Amortization	22.8	0.8	-	-	23.6
Capital expenditures <sup>1</sup>	25.9	0.9	0.3	-	27.1
<b>12 months ended December 31, 2020</b>					
<b>Sales from contracts with customers</b>	\$ 827.9	\$ 162.6	\$ -	\$ -	\$ 990.5
<b>Sales to other segments</b>	74.4	-	-	(74.4)	-
<b>Operating income (loss)</b>	(70.4)	24.0	(9.7)	-	(56.1)
<b>Amortization</b>	79.2	2.9	0.1	-	82.2
<b>Capital expenditures<sup>1</sup></b>	71.3	1.4	0.6	-	73.3
<b>Identifiable assets</b>	814.7	63.8	42.3	-	920.8
12 months ended December 31, 2019					
Sales from contracts with customers	\$ 918.9	\$ 168.4	\$ 0.6	\$ -	\$ 1,087.9
Sales to other segments	88.9	-	-	(88.9)	-
Operating income (loss)	(43.9)	22.9	(10.0)	-	(31.0)
Amortization	89.3	3.5	0.1	-	92.9
Capital expenditures <sup>1</sup>	96.4	5.1	1.5	-	103.0
Identifiable assets	809.1	66.3	45.4	-	920.8

<sup>1</sup>Capital 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. The following table presents sales based on geographical locations of CPPI's customers:

(millions of Canadian dollars, unaudited)	3 months ended December 31,				12 months ended December 31,			
	2020		2019		2020		2019	
Sales by location of customer								
Canada	8% \$	17.8	8% \$	20.3	8% \$	79.0	8% \$	82.5
Asia	63%	150.3	57%	141.7	60%	596.4	54%	585.9
United States	22%	53.4	29%	71.4	25%	246.0	29%	317.6
Europe	4%	8.7	3%	8.0	4%	37.6	4%	46.0
Other	3%	7.6	3%	6.1	3%	31.5	5%	55.9
	100% \$	237.8	100% \$	247.5	100% \$	990.5	100% \$	1,087.9

## 7. Commitments and Contingencies

### (a) Coronavirus Outbreak

On March 11, 2020, the World Health Organization declared the coronavirus ("COVID-19") outbreak a pandemic. COVID-19's impact on global markets has been significant and in response, CPPI announced a series of significant measures. Due to a shortage of economically viable fibre in the region caused by COVID-19's impact on sawmill operating rates, the Company's Northwood pulp mill was curtailed for three weeks in the second quarter of 2020, and the Prince George pulp and paper and Intercontinental pulp mills were curtailed for four weeks in the third quarter of 2020.

Apart from the aforementioned downtime, as an essential service, the Company has continued to operate, albeit with some minor disruptions, increased safety protocols and additional cleaning and sanitizing activities. The Company continues to closely monitor the impacts of COVID-19 and should the duration, spread or intensity of the pandemic further develop, the supply chain, market pricing and customer demand could be further affected. These factors could impact the Company's operating plan, liquidity, cash flows, and the valuation of long-lived assets.

### (b) Canada Emergency Wage Subsidy

On March 27, 2020, the Canada Emergency Wage Subsidy ("CEWS") program was introduced by the Government of Canada, reimbursing eligible employers who have experienced the required reduction in revenue for a portion of salaries paid out to employees during the COVID-19 pandemic.

For the three months ended December 31, 2020, a CEWS of \$5.5 million has been recognized as an offset to wage expense (\$5.4 million against 'Manufacturing and product costs' and \$0.1 million against 'Selling and administration costs') on the Company's condensed consolidated statement of income (loss) (twelve months ended December 31, 2020 – \$12.9 million; \$12.8 million against 'Manufacturing and product costs' and \$0.1 million against 'Selling and administration costs'). As at December 31, 2020, a receivable of \$8.6 million has been recognized for claims under the CEWS program, included in 'Accounts receivable – Other' on the Company's condensed consolidated balance sheet.

### (c) Insurance Proceeds

During the three months ended December 31, 2020, the Company received insurance proceeds of \$17.7 million related to Northwood pulp mill's number five recovery boiler ("RB5") outage in 2018, included as a component of 'Other income (expense), net' on the condensed consolidated statement of income (loss) (twelve months ended December 31, 2020 – \$32.8 million).

Subsequent to December 31, 2020, the Company received additional insurance proceeds of \$8.3 million related to the RB5 outage in 2018. These proceeds will be recognized in the condensed consolidated statement of income (loss) for the three months ending March 31, 2021.