

## SUPPLEMENTAL INFORMATION ON NON-IFRS MEASURES

### SPECIFIC ITEMS

The Corporation incurs some specific items that adversely or positively affect its operating results. We believe it is useful for readers to be aware of these items as they provide additional information to measure performance, compare the Corporation's results between periods, and assess operating results and liquidity, notwithstanding these specific items. Management believes these specific items are not necessarily reflective of the Corporation's underlying business operations in measuring and comparing its performance and analyzing future trends. Our definition of specific items may differ from those of other corporations and some of them may arise in the future and may reduce the Corporation's available cash.

They include, but are not limited to, charges for (reversals of) impairment of assets, restructuring gains or costs, loss on refinancing and repurchase of long-term debt, some deferred tax asset provisions or reversals, premiums paid on repurchase of long-term debt, gains or losses on the acquisition or sale of a business unit, gains or losses on the share of results of associates and joint ventures, unrealized gains or losses on derivative financial instruments that do not qualify for hedge accounting, unrealized gains or losses on interest rate swaps and option fair value revaluation, foreign exchange gains or losses on long-term debt and financial instruments, fair value revaluation gain or losses on investments, specific items of discontinued operations and other significant items of an unusual, non-cash or non-recurring nature.

### SPECIFIC ITEMS INCLUDED IN OPERATING INCOME BEFORE DEPRECIATION AND AMORTIZATION AND NET EARNINGS

The Corporation incurred the following specific items in the first halves of 2021 and 2020:

#### LOSS ON ACQUISITIONS, DISPOSALS AND OTHERS

##### 2021

In the second quarter, the Boxboard Europe segment recorded a \$2 million loss from the sale of all the shares of its French subsidiary which produces virgin fibre-based boxboard. This amount is included in discontinued operations. Please refer to the "Discontinued Operations" section and Note 4 of the 2021 second quarter Unaudited Condensed Interim Consolidated Financial Statements for more details.

##### 2020

In the second quarter, the Specialty Products segment recorded a \$4 million environmental provision related to plants in Canada that were closed in previous years. The segment also recorded a \$3 million gain on the sale of a non significant associate investment.

In the first quarter, the Specialty Products segment recorded a \$1 million environmental provision related to a plant in Canada that was closed in a previous year.

#### IMPAIRMENT CHARGES

##### 2021

In the second quarter, the Tissue Papers segment recorded an impairment charge of \$1 million on spare parts related to the announced closures of the plants in Pittston and Ransom, Pennsylvania, USA and Waterford, New York, USA and in Laval, Québec, Canada.

##### 2020

In the second quarter, the Containerboard Packaging segment recorded an impairment charge of \$8 million on some equipment as part of the network optimization and profitability improvement initiatives.

In the second quarter, the Tissue Papers segment recorded an impairment charge of \$5 million on some assets as part of the network optimization and profitability improvement initiatives.

#### RESTRUCTURING COSTS

##### 2021

In the second quarter, the Tissue Papers segment recorded additional restructuring charges and closure costs totaling \$5 million related to the closure of plants in Pittston and Ransom, Pennsylvania, USA and Waterford, New York, USA.

In the first quarter, the Containerboard Packaging segment recorded severance charges totaling \$3 million as part of the margin improvement program.

In the first quarter, the Tissue Papers segment recorded additional restructuring charges and closure costs totaling \$2 million related to the closure of plants in Pittston and Ransom, Pennsylvania, USA and Waterford, New York, USA.

## 2020

In the second quarter, the Containerboard Packaging and Tissue Papers segments recorded restructuring charges totaling \$2 million as part of the network optimization and profitability improvement initiatives.

## DERIVATIVE FINANCIAL INSTRUMENTS

In the first half of 2021, the Corporation recorded an unrealized loss of \$13 million (unrealized loss of \$5 million in the second quarter), compared to a net cumulative impact of nil in the same period of 2020 (nil in the second quarter), on certain derivative financial instruments not designated for hedge accounting.

## FOREIGN EXCHANGE LOSS (GAIN) ON LONG-TERM DEBT AND FINANCIAL INSTRUMENTS

In the first half of 2021, the Corporation recorded a gain of \$6 million (gain of \$3 million in the second quarter) on its US\$ denominated debt and related financial instruments, compared to a loss of \$8 million in the same period of 2020 (gain of \$9 million in the second quarter). This is composed of a gain of \$5 million in the first half of 2021 (gain of \$2 million in the second quarter), compared to a loss of \$5 million in the same period of 2020 (gain of \$6 million in the second quarter), on foreign exchange forward contracts not designated for hedge accounting. It also includes a gain of \$1 million in the first half of 2021 (gain of \$1 million in the second quarter), compared to a loss of \$3 million in the same period of 2020 (gain of \$3 million in the second quarter), on the US\$ denominated long-term debt, net of our net investment hedges in the US, as well as forward exchange contracts designated as hedging instruments.

## RECONCILIATION OF NON-IFRS MEASURES

To provide more information for evaluating the Corporation's performance, the financial information included in this analysis contains certain data that are not performance measures under IFRS ("non-IFRS measures"), which are also calculated on an adjusted basis to exclude specific items. We believe that providing certain key performance measures and non-IFRS measures is useful to both Management and investors, as they provide additional information to measure the performance and financial position of the Corporation. This also increases the transparency and clarity of the financial information. The following non-IFRS measures are used in our financial disclosures:

- Operating income before depreciation and amortization (OIBD): Used to assess operating performance and the contribution of each segment when excluding depreciation and amortization. OIBD is widely used by investors as a measure of a corporation's ability to incur and service debt and as an evaluation metric.
- Adjusted OIBD: Used to assess operating performance and the contribution of each segment on a comparable basis.
- Adjusted operating income: Used to assess operating performance of each segment on a comparable basis.
- Adjusted net earnings: Used to assess the Corporation's consolidated financial performance on a comparable basis.
- Adjusted free cash flow: Used to assess the Corporation's capacity to generate cash flows to meet financial obligations and/or discretionary items such as share repurchase, dividend increase and strategic investments.
- Net debt to adjusted OIBD ratio: Used to measure the Corporation's credit performance and evaluate financial leverage.
- Net debt to adjusted OIBD ratio on a pro-forma basis: Used to measure the Corporation's credit performance and evaluate the financial leverage on a comparable basis, including significant business acquisitions and excluding significant business disposals, if any.

Non-IFRS measures are mainly derived from the consolidated financial statements, but do not have meanings prescribed by IFRS. These measures have limitations as an analytical tool and should not be considered on their own or as a substitute for an analysis of our results as reported under IFRS. In addition, our definitions of non-IFRS measures may differ from those of other corporations. Any such modification or reformulation may be significant.

The reconciliation of operating income (loss) to OIBD, to adjusted operating income (loss) and to adjusted OIBD by business segment is as follows:

For the 3-month period ended June 30, 2021

	Including Discontinued Operations					Exclusion of Discontinued Operations <sup>1</sup>	As reported
	Containerboard	Boxboard Europe	Specialty Products	Tissue Papers	Corporate Activities	Boxboard Europe	Consolidated
(in millions of Canadian dollars)							
<b>Operating income (loss)</b>	64	(1)	14	(22)	(33)	1	23
Depreciation and amortization	31	12	4	17	12	(12)	64
<b>Operating income (loss) before depreciation and amortization</b>	95	11	18	(5)	(21)	(11)	87
Specific items:							
Loss on acquisitions, disposals and others	—	2	—	—	—	(2)	—
Impairment charges	—	—	—	1	—	—	1
Restructuring costs	—	—	—	5	—	—	5
Unrealized loss (gain) on derivative financial instruments	5	(2)	—	—	—	2	5
	5	—	—	6	—	—	11
<b>Adjusted operating income (loss) before depreciation and amortization</b>	100	11	18	1	(21)	(11)	98
<b>Adjusted operating income (loss)</b>	69	(1)	14	(16)	(33)	1	34

For the 3-month period ended June 30, 2020

	As reported in 2020					Exclusion of Discontinued Operations <sup>1</sup>	As reported
	Containerboard	Boxboard Europe	Specialty Products	Tissue Papers	Corporate Activities	Boxboard Europe	Consolidated
(in millions of Canadian dollars)							
<b>Operating income (loss)</b>	54	30	11	31	(32)	(30)	64
Depreciation and amortization	29	12	5	17	12	(12)	63
<b>Operating income (loss) before depreciation and amortization</b>	83	42	16	48	(20)	(42)	127
Specific items:							
Loss on acquisitions, disposals and others	—	—	1	—	—	—	1
Impairment charges	8	—	—	5	—	—	13
Restructuring costs	1	—	—	1	—	—	2
Unrealized loss (gain) on derivative financial instruments	2	1	—	—	(2)	(1)	—
	11	1	1	6	(2)	(1)	16
<b>Adjusted operating income (loss) before depreciation and amortization</b>	94	43	17	54	(22)	(43)	143
<b>Adjusted operating income (loss)</b>	65	31	12	37	(34)	(31)	80

<sup>1</sup> 2021 and 2020 consolidated results have been adjusted to reflect retrospective adjustments of discontinued operations. Please refer to the "Discontinued Operations" section and Note 4 of the 2021 second quarter Unaudited Condensed Interim Consolidated Financial Statements for more details.

For the 6-month period ended June 30, 2021

	Including Discontinued Operations					Exclusion of Discontinued Operations <sup>1</sup>	As reported
	Containerboard	Boxboard Europe	Specialty Products	Tissue Papers	Corporate Activities	Boxboard Europe	Consolidated
(in millions of Canadian dollars)							
<b>Operating income (loss)</b>	129	11	29	(22)	(69)	(11)	67
Depreciation and amortization	62	23	7	35	25	(23)	129
<b>Operating income (loss) before depreciation and amortization</b>	191	34	36	13	(44)	(34)	196
Specific items:							
Loss on acquisitions, disposals and others	—	2	—	—	—	(2)	—
Impairment charges	—	—	—	1	—	—	1
Restructuring costs	3	—	—	7	—	—	10
Unrealized loss (gain) on derivative financial instruments	14	(2)	—	—	(1)	2	13
	17	—	—	8	(1)	—	24
<b>Adjusted operating income (loss) before depreciation and amortization</b>	208	34	36	21	(45)	(34)	220
<b>Adjusted operating income (loss)</b>	146	11	29	(14)	(70)	(11)	91

For the 6-month period ended June 30, 2020

	As reported in 2020					Exclusion of Discontinued Operations <sup>1</sup>	As reported
	Containerboard	Boxboard Europe	Specialty Products	Tissue Papers	Corporate Activities	Boxboard Europe	Consolidated
(in millions of Canadian dollars)							
<b>Operating income (loss)</b>	128	50	19	59	(72)	(50)	134
Depreciation and amortization	57	23	8	34	24	(23)	123
<b>Operating income (loss) before depreciation and amortization</b>	185	73	27	93	(48)	(73)	257
Specific items:							
Loss on acquisitions, disposals and others	—	—	2	—	—	—	2
Impairment charges	8	—	—	5	—	—	13
Restructuring costs	1	—	—	1	—	—	2
Unrealized loss (gain) on derivative financial instruments	(1)	—	—	—	1	—	—
	8	—	2	6	1	—	17
<b>Adjusted operating income (loss) before depreciation and amortization</b>	193	73	29	99	(47)	(73)	274
<b>Adjusted operating income (loss)</b>	136	50	21	65	(71)	(50)	151

<sup>1</sup> 2021 and 2020 consolidated results have been adjusted to reflect retrospective adjustments of discontinued operations. Please refer to the "Discontinued Operations" section and Note 4 of the 2021 second quarter Unaudited Condensed Interim Consolidated Financial Statements for more details.

Net earnings, as per IFRS, are reconciled below with operating income, adjusted operating income and adjusted operating income before depreciation and amortization:

(in millions of Canadian dollars)	For the 3-month periods ended June 30,		For the 6-month periods ended June 30,	
	2021 <sup>1</sup>	2020 <sup>1</sup>	2021 <sup>1</sup>	2020 <sup>1</sup>
<b>Net earnings attributable to Shareholders for the period</b>	<b>3</b>	54	<b>25</b>	76
Net earnings attributable to non-controlling interests	2	12	8	23
Results from discontinued operations	3	(24)	(5)	(38)
Provision for income taxes	2	7	8	17
Share of results of associates and joint ventures	(5)	(3)	(7)	(6)
Foreign exchange loss (gain) on long-term debt and financial instruments	(3)	(9)	(6)	8
Financing expense and interest expense on employee future benefits	21	27	44	54
<b>Operating income</b>	<b>23</b>	64	<b>67</b>	134
Specific items:				
Loss on acquisitions, disposals and others	—	1	—	2
Impairment charges	1	13	1	13
Restructuring costs	5	2	10	2
Unrealized loss on derivative financial instruments	5	—	13	—
	11	16	24	17
<b>Adjusted operating income</b>	<b>34</b>	80	<b>91</b>	151
Depreciation and amortization	64	63	129	123
<b>Adjusted operating income before depreciation and amortization</b>	<b>98</b>	143	<b>220</b>	274

<sup>1</sup> 2021 and 2020 consolidated results have been adjusted to reflect retrospective adjustments of discontinued operations. Please refer to the "Discontinued Operations" section and Note 4 of the 2021 second quarter Unaudited Condensed Interim Consolidated Financial Statements for more details.

The following table reconciles net earnings and net earnings per share, as per IFRS, with adjusted net earnings and adjusted net earnings per share:

(in millions of Canadian dollars, except amount per share)	NET EARNINGS				NET EARNINGS PER SHARE <sup>1</sup>			
	For the 3-month periods ended June 30,		For the 6-month periods ended June 30,		For the 3-month periods ended June 30,		For the 6-month periods ended June 30,	
	2021	2020	2021	2020	2021	2020	2021	2020
<b>As per IFRS</b>	<b>3</b>	54	<b>25</b>	76	<b>\$0.02</b>	\$0.57	<b>\$0.24</b>	\$0.81
Specific items:								
Loss on acquisitions, disposals and others	—	1	—	2	—	—	—	\$0.01
Impairment charges	1	13	1	13	\$0.01	\$0.10	\$0.01	\$0.10
Restructuring costs	5	2	10	2	\$0.04	\$0.02	\$0.07	\$0.02
Unrealized loss on derivative financial instruments	5	—	13	—	\$0.03	—	\$0.09	—
Foreign exchange loss (gain) on long-term debt and financial instruments	(3)	(9)	(6)	8	(\$0.03)	(\$0.09)	(\$0.05)	\$0.09
Included in discontinued operations, net of tax	—	1	—	—	—	\$0.01	—	—
Tax effect on specific items, other tax adjustments and attributable to non-controlling interests	(3)	(4)	(6)	(4)	—	—	—	—
	5	4	12	21	\$0.05	\$0.04	\$0.12	\$0.22
<b>Adjusted</b>	<b>8</b>	58	<b>37</b>	97	<b>\$0.07</b>	\$0.61	<b>\$0.36</b>	\$1.03

<sup>1</sup> Specific amounts per share are calculated on an after-tax basis and are net of the portion attributable to non-controlling interests. Per share amounts in line item "Tax effect on specific items, other tax adjustments and attributable to non-controlling interests" only include the effect of tax adjustments.

The following table reconciles cash flow from operating activities from continuing operations with operating income and operating income before depreciation and amortization:

(in millions of Canadian dollars)	For the 3-month periods ended June 30,		For the 6-month periods ended June 30,	
	2021 <sup>1</sup>	2020 <sup>1</sup>	2021 <sup>1</sup>	2020 <sup>1</sup>
<b>Cash flow from operating activities from continuing operations</b>	<b>40</b>	106	<b>97</b>	206
Changes in non-cash working capital components	47	19	72	43
Depreciation and amortization	(64)	(63)	(129)	(123)
Net income taxes paid (received)	1	1	(1)	(9)
Net financing expense paid	4	7	44	23
Loss on acquisitions, disposals and others	—	(1)	—	(2)
Impairment charges and restructuring costs	(6)	(15)	(11)	(15)
Unrealized loss on derivative financial instruments	(5)	—	(13)	—
Provisions for contingencies and charges and other liabilities	6	10	8	11
<b>Operating income</b>	<b>23</b>	64	<b>67</b>	134
Depreciation and amortization	64	63	129	123
<b>Operating income before depreciation and amortization</b>	<b>87</b>	127	<b>196</b>	257

<sup>1</sup> 2021 and 2020 consolidated results and consolidated cash flows have been adjusted to reflect retrospective adjustments of discontinued operations. Please refer to the "Discontinued Operations" section and Note 4 of the 2021 second quarter Unaudited Condensed Interim Consolidated Financial Statements for more details.

The following table reconciles cash flow from operating activities from continuing operations with cash flow from operating activities from continuing operations (excluding changes in non-cash working capital components) and adjusted cash flow from operating activities from continuing operations. It also reconciles adjusted cash flow from operating activities from continuing operations to adjusted free cash flow, which is also calculated on a per share basis:

(in millions of Canadian dollars, except amount per share or as otherwise mentioned)	For the 3-month periods ended June 30,		For the 6-month periods ended June 30,	
	2021 <sup>1</sup>	2020 <sup>1</sup>	2021 <sup>1</sup>	2020 <sup>1</sup>
<b>Cash flow from operating activities from continuing operations</b>	<b>40</b>	106	<b>97</b>	206
Changes in non-cash working capital components	47	19	72	43
<b>Cash flow from operating activities from continuing operations (excluding changes in non-cash working capital components)</b>	<b>87</b>	125	<b>169</b>	249
Specific items paid	2	—	6	—
<b>Adjusted cash flow from operating activities from continuing operations</b>	<b>89</b>	125	<b>175</b>	249
Capital expenditures, other assets <sup>2</sup> and lease obligations payments, net of disposals of \$1 million for 3-month period (2020 <sup>1</sup> - \$1 million <sup>1</sup> ) and \$1 million for 6-month period <sup>1</sup> (2020 <sup>1</sup> - \$2 million)	(83)	(47)	(169)	(120)
Dividends paid to the Corporation's Shareholders and to non-controlling interests	(10)	(12)	(22)	(22)
<b>Adjusted free cash flow generated (used)</b>	<b>(4)</b>	66	<b>(16)</b>	107
<b>Adjusted free cash flow generated (used) per share (in Canadian dollars)</b>	<b>(\$0.04)</b>	\$0.70	<b>(\$0.16)</b>	\$1.13
<b>Weighted average basic number of shares outstanding</b>	<b>102,281,072</b>	94,459,257	<b>102,280,243</b>	94,354,030

<sup>1</sup> 2021 and 2020 consolidated cash flows have been adjusted to reflect retrospective adjustments of discontinued operations. Please refer to the "Discontinued Operations" section and Note 4 of the 2021 second quarter Unaudited Condensed Interim Consolidated Financial Statements for more details.

<sup>2</sup> Excluding increase in investments.

The following table reconciles total debt and net debt with the ratio of net debt to adjusted operating income before depreciation and amortization (adjusted OIBD):

(in millions of Canadian dollars)	June 30, 2021	December 31, 2020
Long-term debt	1,799	1,949
Current portion of long-term debt	72	102
Bank loans and advances	7	12
<b>Total debt</b>	<b>1,878</b>	<b>2,063</b>
Less: Cash and cash equivalents	171	384
<b>Net debt as reported</b>	<b>1,707</b>	<b>1,679</b>
Net debt of discontinued operations classified as held for sale <sup>1</sup>	(6)	—
Net debt - before reclassification as held for sale <sup>1</sup>	1,701	1,679
Adjusted OIBD including \$90 million from discontinued operations as at June 30, 2021 (December 31, 2020 - \$129 million) on a last twelve months basis <sup>1</sup>	582	675
<b>Net debt / Adjusted OIBD<sup>1</sup> ratio</b>	<b>2.9x</b>	<b>2.5x</b>
<b>Net debt as reported</b>	<b>1,707</b>	<b>1,679</b>
Expected net proceeds of disposal of RDM <sup>1</sup>	(461)	—
Pro forma net debt	1,246	1,679
Adjusted OIBD as reported on a last twelve months basis	492	675
<b>Pro forma net debt / Adjusted OIBD<sup>1</sup></b>	<b>2.5x</b>	<b>2.5x</b>

<sup>1</sup> Net debt / Adjusted OIBD before discontinued operations in the Boxboard Europe segment. Please refer to the "Discontinued Operations" section and Note 4 of the 2021 second quarter Unaudited Condensed Interim Consolidated Financial Statements for more details.