SUPPLEMENTAL INFORMATION ON NON-IFRS ACCOUNTING STANDARDS MEASURES AND OTHER FINANCIAL 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 that of other corporations and some of these items 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 hedge instruments and option fair value revaluation, foreign exchange gains or losses on long-term debt and financial instruments, fair value revaluation gains or losses on investments, specific items of discontinued operations and other significant items of an unusual, non-cash or non-recurring nature.

RECONCILIATION AND USES OF NON-IFRS ACCOUNTING STANDARDS MEASURES AND OTHER FINANCIAL 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 Accounting Standards ("non-IFRS Accounting Standards measures"), which are also calculated on an adjusted basis to exclude specific items. We believe that providing certain key performance and capital measures, as well as non-IFRS Accounting Standards 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 Accounting Standards measures and other financial measures are used in our financial disclosures:

Non-IFRS Accounting Standards measures

- Adjusted earnings before interest, taxes, depreciation and amortization or EBITDA (A): represents the operating income (as published in the Consolidated Statement of Earnings (Loss) of the Consolidated Financial Statements) before depreciation and amortization excluding specific items. Measure used to assess recurring operating performance and the contribution of each segment on a comparable basis.
- Adjusted net earnings: Measure used to assess the Corporation's consolidated financial performance on a comparable basis.
- Adjusted cash flow: Measure used to assess the Corporation's capacity to generate cash flows to meet financial obligations and/or discretionary items such as share repurchases, dividend increases and strategic investments.
- Free cash flow: Measure used to calculate the excess cash the Corporation generates by subtracting capital expenditures (excluding strategic projects) from the EBITDA (A).
- Working capital: Measure used to assess the short-term liquidity of the Corporation.

Other financial measures

- Total debt: Measure used to calculate all the Corporation's debt, including long-term debt and bank loans. Often put in relation to equity to calculate the debt-to-equity ratio.
- Net debt: Measure used to calculate the Corporation's total debt less cash and cash equivalents. Often put in relation to EBITDA (A) to calculate net debt to EBITDA (A) ratio.

Non-IFRS Accounting Standards ratios

- Net debt to EBITDA (A) ratio: Ratio used to assess the Corporation's ability to pay its debt and evaluate financial leverage.
- EBITDA (A) margin: Ratio used to assess operating performance and the contribution of each segment on a comparable basis calculated as a percentage of sales.
- Adjusted net earnings per common share: Ratio used to assess the Corporation's consolidated financial performance on a comparable basis.
- Net debt / Net debt + Shareholders' equity: Ratio used to evaluate the Corporation's financial leverage and the risk to Shareholders.
- Working capital as a percentage of sales: Ratio used to assess the Corporation's operating liquidity performance.
- Adjusted cash flow per common share: Ratio used to assess the Corporation's financial flexibility.

- Free cash flow ratio: Ratio used to measure the liquidity and efficiency of how much more cash the Corporation generates than it uses to run the business by subtracting capital expenditures (excluding strategic projects) from the EBITDA (A) calculated as a percentage of sales.

Non-IFRS Accounting Standards measures and other financial measures are mainly derived from the consolidated financial statements, but do not have meanings prescribed by IFRS Accounting Standards. 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 Accounting Standards. In addition, our definitions of non-IFRS Accounting Standards measures and other financial measures may differ from those of other corporations. Any such modification or reformulation may be significant.

The chief operating decision-maker (CODM) assesses the performance of each reportable segment based on sales and earnings before interest, taxes, depreciation and amortization, adjusted to exclude specific items (EBITDA (A)). The CODM considers EBITDA (A) to be the best performance measure of the Corporation's activities.

EBITDA (A) by business segment is reconciled to IFRS Accounting Standards measure, namely operating income (loss), and is shown in the following table:

	For the 3-month period ended June 30, 2024				
(in millions of Canadian dollars) (unaudited)	**Containerboard**	**Specialty Products**	**Tissue Papers**	**Corporate, Recovery and Recycling activities**	**Consolidated**
Operating income (loss)	**15**	**19**	**38**	**(38)**	**34**
Depreciation and amortization	**38**	**6**	**13**	**12**	**69**
Restructuring costs	**6**	**1**	**3**	**—**	**10**
Unrealized loss (gain) on derivative financial instruments	**1**	**—**	**—**	**(2)**	**(1)**
EBITDA (A)	**60**	**26**	**54**	**(28)**	**112**

	For the 3-month period ended June 30, 2023				
(in millions of Canadian dollars) (unaudited)	Containerboard	Specialty Products	Tissue Papers	Corporate, Recovery and Recycling activities	Consolidated
Operating income (loss)	62	19	18	(35)	64
Depreciation and amortization	34	5	18	11	68
Impairment charges	—	—	2	—	2
Restructuring costs	—	—	6	—	6
Unrealized loss on derivative financial instruments	—	—	—	1	1
EBITDA (A)	96	24	44	(23)	141

	For the 6-month period ended June 30, 2024				
(in millions of Canadian dollars) (unaudited)	**Containerboard**	**Specialty Products**	**Tissue Papers**	**Corporate, Recovery and Recycling activities**	**Consolidated**
Operating income (loss)	**8**	**38**	**69**	**(72)**	**43**
Depreciation and amortization	**75**	**12**	**26**	**23**	**136**
Impairment charges	**2**	**—**	**—**	**—**	**2**
Other loss	**3**	**—**	**—**	**—**	**3**
Restructuring costs	**22**	**1**	**9**	**1**	**33**
Unrealized gain on derivative financial instruments	**—**	**—**	**—**	**(2)**	**(2)**
EBITDA (A)	**110**	**51**	**104**	**(50)**	**215**

(in millions of Canadian dollars) (unaudited)	Containerboard	Specialty Products	Tissue Papers	Corporate, Recovery and Recycling activities	Consolidated
	For the 6-month period ended June 30, 2023				
Operating income (loss)	100	40	(74)	(82)	(16)
Depreciation and amortization	64	10	35	21	130
Impairment charges	59	1	94	—	154
Other gain	—	—	(2)	—	(2)
Restructuring costs	—	—	7	—	7
Unrealized loss (gain) on derivative financial instruments	(1)	—	—	3	2
EBITDA (A)	222	51	60	(58)	275

The following table reconciles net earnings (loss) and net earnings (loss) per common share, as reported, with adjusted net earnings and adjusted net earnings per common share:

	NET EARNINGS (LOSS)				**NET EARNINGS (LOSS) PER COMMON SHARE**[1]			
	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,**	
(in millions of Canadian dollars, except per common share amounts and number of common shares) (unaudited)	**2024**	2023	**2024**	2023	**2024**	2023	**2024**	2023
As reported	**1**	22	**(19)**	(53)	**$0.01**	$0.22	**($0.19)**	($0.53)
Specific items:								
Impairment charges	**—**	2	**2**	154	**—**	$0.02	**$0.01**	$1.16
Other loss (gain)	**—**	—	**3**	(2)	**—**	—	**$0.02**	($0.01)
Restructuring costs	**10**	6	**33**	7	**$0.07**	$0.04	**$0.25**	$0.05
Unrealized loss (gain) on derivative financial instruments	**(1)**	1	**(2)**	2	**($0.01)**	$0.01	**($0.02)**	$0.01
Unrealized loss (gain) on interest rate hedge instruments	**1**	—	**(1)**	—	**$0.01**	—	**—**	—
Foreign exchange loss (gain) on long-term debt and financial instruments	**—**	(3)	**1**	(3)	**—**	($0.02)	**$0.01**	($0.02)
Share of results of associates and joint ventures	**—**	—	**—**	(9)	**—**	—	**—**	($0.07)
Tax effect on specific items, other tax adjustments and attributable to non-controlling interests[1]	**(3)**	(2)	**(9)**	(37)	**—**	—	**—**	—
	7	4	**27**	112	**$0.07**	$0.05	**$0.27**	$1.12
Adjusted	**8**	26	**8**	59	**$0.08**	$0.27	**$0.08**	$0.59
Weighted average basic number of common shares outstanding					**100,781,388**	100,447,357	**100,742,283**	100,404,729

The following table reconciles cash flow from operating activities with EBITDA (A):

	For the 3-month periods ended June 30,		**For the 6-month periods ended June 30,**	
(in millions of Canadian dollars) (unaudited)	**2024**	2023	**2024**	2023
Cash flow from operating activities	**54**	87	**16**	130
Changes in non-cash working capital components	**24**	30	**94**	76
Net income taxes paid (received)	**(2)**	5	**3**	7
Net financing expense paid	**18**	18	**65**	62
Provisions for contingencies and charges and other liabilities, net of dividends received	**18**	1	**37**	—
EBITDA (A)	**112**	141	**215**	275

1 *Specific amounts per common share are calculated on an after-tax basis and are net of the portion attributable to non-controlling interests. Per common 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 with cash flow from operating activities (excluding changes in non-cash working capital components) and adjusted cash flow from operating activities. It also reconciles adjusted cash flow from operating activities to adjusted cash flow generated (used), which is also calculated on a per common share basis:

(in millions of Canadian dollars, except per common share amounts or as otherwise noted) (unaudited)	For the 3-month periods ended June 30,		For the 6-month periods ended June 30,	
	2024	2023	**2024**	2023
Cash flow from operating activities	**54**	87	**16**	130
Changes in non-cash working capital components	**24**	30	**94**	76
Cash flow from operating activities (excluding changes in non-cash working capital components)	**78**	117	**110**	206
Restructuring costs paid	**17**	5	**31**	6
Adjusted cash flow from operating activities	**95**	122	**141**	212
Payments for property, plant and equipment	**(40)**	(104)	**(81)**	(244)
Change in intangible and other assets	**(20)**	1	**(20)**	(1)
Lease obligation payments	**(15)**	(15)	**(35)**	(29)
Proceeds from disposals of property, plant and equipment	**17**	—	**17**	3
	37	4	**22**	(59)
Dividends paid to non-controlling interests	**(5)**	(6)	**(8)**	(9)
Dividends paid to the Corporation's Shareholders	**(12)**	(12)	**(24)**	(24)
Adjusted cash flow generated (used)	**20**	(14)	**(10)**	(92)
Adjusted cash flow generated (used) per common share (in Canadian dollars)	**$0.20**	($0.14)	**($0.10)**	($0.92)
Weighted average basic number of common shares outstanding	**100,781,388**	100,447,357	**100,742,283**	100,404,729

The following table reconciles payments for property, plant and equipment, excluding strategic projects and free cash flow. It also provides these two metrics as a percentage of sales:

(in millions of Canadian dollars) (unaudited)	**June 30, 2024 (LTM)**[3]	December 31, 2023	June 30, 2023 (LTM)[3]
Sales[1]	**4,625**	4,638	4,611
EBITDA (A)[1]	**498**	558	502
Payments for property, plant and equipment[1]	**187**	350	526
Less: strategic projects included above[2]	**(38)**	(205)	(357)
Payments for property, plant and equipment, excluding strategic projects	**149**	145	169
Free cash flow: EBITDA (A) less payments for property, plant and equipment, excluding strategic projects	**349**	413	333
Free cash flow / Sales	**7.5%**	8.9%	7.2%
Payments for property, plant and equipment, excluding strategic projects / Sales	**3.2%**	3.1%	3.7%

The following table reconciles working capital as reported:

(in millions of Canadian dollars) (unaudited)	**June 30, 2024**	December 31, 2023	December 31, 2022
Accounts receivable	**493**	453	556
Inventories	**641**	568	587
Trade and other payables	**(660)**	(703)	(746)
Working capital	**474**	318	397

1 *Please refer to the "Historical Financial Information" section for a complete reconciliation.*

2 *Strategic projects include the investment in the Bear Island construction project until December 31, 2023.*

3 *LTM (last twelve months)*

The following table reconciles total debt and net debt with the ratio of net debt to adjusted earnings before interest, taxes, depreciation and amortization (EBITDA (A)):

(in millions of Canadian dollars, except ratios) (unaudited)	**June 30, 2024**	December 31, 2023	December 31, 2022
Long-term debt	**1,878**	1,869	1,931
Current portion of Unsecured senior notes of $175 million to be refinanced	**175**	—	—
Current portion of long-term debt	**60**	67	134
Bank loans and advances	**3**	—	3
Total debt	**2,116**	1,936	2,068
Less: Cash and cash equivalents	**(23)**	(54)	(102)
Net debt as reported	**2,093**	1,882	1,966
Last twelve months EBITDA (A)	**498**	558	376
Net debt / EBITDA (A) ratio	**4.2x**	3.4x	5.2x

SPECIFIC ITEMS

The Corporation incurred the following specific items in the first halves of 2024 and 2023:

IMPAIRMENT CHARGES

2024

In the first quarter, the Containerboard Packaging segment recorded an impairment charge of $2 million on inventories related to the closure of a plant in Ontario, Canada.

2023

In the first quarter, the Containerboard Packaging segment recorded an impairment charge of $59 million on some land ($3 million), building ($22 million) and equipment ($34 million) of a CGU (cash generating unit) subsequent to the permanent closure of one paper machine in the United States. The decision was the result of competitive market conditions, which make the CGU less profitable. The recoverable amount of the assets in operation, totaling $39 million, was determined using fair value less the cost of disposal based on the market approach of comparable assets on the market.

In the first quarter, the Specialty Products segment recorded an impairment charge of $1 million on some equipment related to a closed plant in the United States. The recoverable amount was determined using fair value less the cost of disposal based on the market approach of comparable assets on the market.

In the first half, the Tissue Papers segment recorded an impairment charge of $14 million ($2 million in the second quarter) on spare parts and $80 million on some buildings ($10 million) and equipment ($70 million) following the strategic repositioning of its operating platform. The decision includes the permanent closure of three plants in the United States. The recoverable amount of $130 million for these three CGUs was determined using fair value less cost of disposal based on the market approach of comparable assets on the market, as well, for one of the plants, the recoverable amount of the real estate was established using the income method over a period of 20 years and a capitalization rate of 7.25%, no impairment recognized for the latest.

OTHER LOSS (GAIN)

2024

In the first half, the Containerboard Packaging segment recorded an environmental cost of $4 million ($1 million in the second quarter) related to the closure of a plant in Ontario, Canada.

In the second quarter, the Containerboard Packaging segment recorded a $1 million gain from the sale of some assets related to a previously closed plant in the United States.

2023

In the first quarter, the Tissue Papers segment recorded a $2 million gain from the sale of some machinery and equipment related to a previously closed plant in the United States.

RESTRUCTURING COSTS

2024

In the first half, the Containerboard Packaging segment recorded costs totaling $22 million ($6 million in the second quarter) related to closed plants in Canada and in the United States, severances and the redeployment of equipment within the network.

In the second quarter, the Specialty Products segment recorded costs totaling $1 million related to closed plants in the United States.

In the first half, the Tissue Papers segment recorded costs totaling $9 million ($3 million in the second quarter) related to the closures of the plants in the United States and the redeployment of equipment within the network.

In the first quarter, the Recovery and Recycling activities recorded costs totaling $1 million related to the non-renewal of a service contract in Canada.

2023

In the first half, the Tissue Papers segment recorded costs totaling $7 million ($6 million in the second quarter) related to the closures of the plants in the United States and severances.

UNREALIZED LOSS (GAIN) ON DERIVATIVE FINANCIAL INSTRUMENTS

The Corporation is exposed to commodity price risk on steam and natural gas. The Corporation uses derivative commodity contracts to help manage its production costs. The Corporation may designate these derivatives as cash flow hedges of anticipated purchases of energy. Gains or losses from these derivative financial instruments designated as hedges are recorded in “Accumulated other comprehensive income”, net of related income taxes, and are reclassified to earnings as adjustments to “Supply chain and logistic” in the same period, as the respective hedged item affects earnings.

	For the 3-month periods ended June 30,		For the 6-month periods ended June 30,	
(in millions of Canadian dollars) (unaudited)	**2024**	2023	**2024**	2023
Containerboard Packaging segment				
Steam contract embedded derivatives related to our Niagara Falls containerboard complex	**1**	—	**—**	(1)
Corporate activities				
Financial hedging contracts for natural gas purchases.	**(2)**	1	**(2)**	3
Unrealized loss (gain) on derivative financial instruments	**(1)**	1	**(2)**	2

UNREALIZED LOSS (GAIN) ON INTEREST RATE HEDGE INSTRUMENTS

The Corporation’s interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Corporation to cash flow interest rate risk. When appropriate, the Corporation analyzes its interest rate risk exposure and considers hedging. The fair value of the outstanding interest rate hedge instruments is as follows:

	For the 3-month periods ended June 30,		For the 6-month periods ended June 30,	
(in millions of Canadian dollars) (unaudited)	**2024**	2023	**2024**	2023
Unrealized loss (gain) on interest rate hedge instruments	**1**	—	**(1)**	—

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

The foreign exchange loss (gain) on long-term debt and financial instruments is composed of foreign exchange forward contracts not designated for hedge accounting.

	For the 3-month periods ended June 30,		For the 6-month periods ended June 30,	
(in millions of Canadian dollars) (unaudited)	**2024**	2023	**2024**	2023
Foreign exchange loss (gain) on long-term debt and financial instruments	**—**	(3)	**1**	(3)

SHARE OF RESULTS OF ASSOCIATES AND JOINT VENTURES

In the first quarter of 2023, the Corporation recorded a $9 million gain on line item “Share of results of associates and joint ventures” of the consolidated statement of earnings from the sale of an investment in a non-significant joint venture.