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 Statements 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.
- Ratio of net debt / (total equity and net debt): 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 December 31, 2024				
(in millions of Canadian dollars) (unaudited)	**Containerboard**	**Specialty Products**	**Tissue Papers**	**Corporate, Recovery and Recycling activities**	**Consolidated**
Operating income (loss)	**69**	**(11)**	**4**	**(46)**	**16**
Depreciation and amortization	**41**	**7**	**14**	**14**	**76**
Impairment charges	**—**	**32**	**23**	**—**	**55**
Other gain	**(7)**	**—**	**—**	**(1)**	**(8)**
Restructuring costs	**2**	**—**	**4**	**2**	**8**
Unrealized gain on derivative financial instruments	**(1)**	**—**	**—**	**—**	**(1)**
EBITDA (A)	**104**	**28**	**45**	**(31)**	**146**
Supply chain and logistic and Wage and employee benefits expenses included in operating income (loss)	**473**	**142**	**325**	**58**	**998**

	For the 3-month period ended December 31, 2023				
(in millions of Canadian dollars) (unaudited)	Containerboard	Specialty Products	Tissue Papers	Corporate, Recovery and Recycling activities	Consolidated
Operating income (loss)	(33)	13	34	(38)	(24)
Depreciation and amortization	39	5	17	12	73
Impairment charges	43	1	4	—	48
Other loss (gain)	18	(1)	(4)	—	13
Restructuring costs	1	1	10	—	12
Unrealized loss (gain) on derivative financial instruments	(1)	—	—	1	—
EBITDA (A)	67	19	61	(25)	122
Supply chain and logistic and Wage and employee benefits expenses included in operating income (loss)	455	136	311	48	950

	For the year ended December 31, 2024				
(in millions of Canadian dollars) (unaudited)	**Containerboard**	**Specialty Products**	**Tissue Papers**	**Corporate, Recovery and Recycling activities**	**Consolidated**
Operating income (loss)	**101**	**44**	**97**	**(147)**	**95**
Depreciation and amortization	**154**	**25**	**56**	**47**	**282**
Impairment charges	**2**	**36**	**26**	**—**	**64**
Other loss (gain)	**20**	**—**	**—**	**(1)**	**19**
Restructuring costs	**29**	**1**	**13**	**3**	**46**
Unrealized gain on derivative financial instruments	**(2)**	**—**	**—**	**(3)**	**(5)**
EBITDA (A)	**304**	**106**	**192**	**(101)**	**501**
Supply chain and logistic and Wage and employee benefits expenses included in operating income (loss)	**1,916**	**546**	**1,267**	**204**	**3,933**

(in millions of Canadian dollars) (unaudited)	Containerboard	Specialty Products	Tissue Papers	Corporate, Recovery and Recycling activities	Consolidated
	For the year ended December 31, 2023				
Operating income (loss)	128	66	(2)	(152)	40
Depreciation and amortization	141	21	67	43	272
Impairment charges	104	2	103	—	209
Other loss (gain)	18	—	(6)	—	12
Restructuring costs	1	2	20	—	23
Unrealized loss (gain) on derivative financial instruments	(2)	—	—	4	2
EBITDA (A)	390	91	182	(105)	558
Supply chain and logistic and Wage and employee benefits expenses included in operating income (loss)	1,734	531	1,353	205	3,823

The following table reconciles net loss and net 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 December 31,		**For the years ended December 31,**		**For the 3-month periods ended December 31,**		**For the years ended December 31,**	
(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	**(13)**	(57)	**(31)**	(76)	**($0.13)**	($0.57)	**($0.31)**	($0.76)
Specific items:								
Impairment charges	**55**	48	**64**	209	**$0.41**	$0.35	**$0.48**	$1.56
Other loss (gain)	**(8)**	13	**19**	12	**($0.07)**	$0.10	**$0.13**	$0.09
Restructuring costs	**8**	12	**46**	23	**$0.06**	$0.10	**$0.34**	$0.18
Unrealized loss (gain) on derivative financial instruments	**(1)**	—	**(5)**	2	**($0.01)**	—	**($0.04)**	$0.01
Unrealized loss (gain) on interest rate hedge instruments	**(2)**	1	**(1)**	1	**($0.02)**	$0.01	**($0.01)**	$0.01
Foreign exchange loss (gain) on long-term debt and financial instruments	**1**	1	**1**	—	**$0.01**	—	**$0.01**	—
Share of results of associates and joint ventures	**—**	(1)	**—**	(10)	**—**	($0.01)	**—**	($0.08)
Tax effect on specific items, other tax adjustments and attributable to non-controlling interests[1]	**(15)**	(12)	**(33)**	(52)	**—**	$0.07	**—**	$0.07
	38	62	**91**	185	**$0.38**	$0.62	**$0.91**	$1.84
Adjusted	**25**	5	**60**	109	**$0.25**	$0.05	**$0.60**	$1.08
Weighted average basic number of common shares outstanding					**100,988,040**	100,685,574	**100,865,833**	100,542,206

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

	For the 3-month periods ended December 31,		**For the years ended December 31,**	
(in millions of Canadian dollars) (unaudited)	**2024**	2023	**2024**	2023
Cash flow from operating activities	**154**	240	**272**	510
Changes in non-cash working capital components	**(45)**	(149)	**23**	(113)
Net income taxes paid	**—**	—	**4**	9
Net financing expense paid	**22**	20	**135**	129
Provisions for charges and other liabilities, net of dividends received	**15**	11	**67**	23
EBITDA (A)	**146**	122	**501**	558

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. Please refer to "Recovery of income taxes" section for more details.*

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:

	For the 3-month periods ended December 31,		For the years ended December 31,	
(in millions of Canadian dollars, except per common share amounts or as otherwise noted) (unaudited)	**2024**	2023	**2024**	2023
Cash flow from operating activities	**154**	240	**272**	510
Changes in non-cash working capital components	**(45)**	(149)	**23**	(113)
Cash flow from operating activities (excluding changes in non-cash working capital components)	**109**	91	**295**	397
Restructuring costs paid	**20**	12	**61**	24
Adjusted cash flow from operating activities	**129**	103	**356**	421
Payments for property, plant and equipment	**(45)**	(47)	**(161)**	(350)
Change in intangible and other assets	**(3)**	—	**(23)**	(1)
Lease obligation payments	**(17)**	(15)	**(67)**	(59)
Proceeds from disposals of property, plant and equipment	**16**	1	**34**	7
	80	42	**139**	18
Dividends paid to non-controlling interests	**(3)**	(3)	**(15)**	(36)
Dividends paid to the Corporation's Shareholders	**(12)**	(12)	**(48)**	(48)
Adjusted cash flow generated (used)	**65**	27	**76**	(66)
Adjusted cash flow generated (used) per common share (in Canadian dollars)	**$0.64**	$0.27	**$0.75**	($0.66)
Weighted average basic number of common shares outstanding	**100,988,040**	100,685,574	**100,865,833**	100,542,206

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)	**December 31, 2024**	December 31, 2023
Sales	**4,701**	4,638
EBITDA (A)	**501**	558
Payments for property, plant and equipment	**161**	350
Less: strategic projects included above[1]	**—**	(205)
Payments for property, plant and equipment, excluding strategic projects	**161**	145
Free cash flow: EBITDA (A) less payments for property, plant and equipment, excluding strategic projects	**340**	413
Free cash flow / Sales	**7.2%**	8.9%
Payments for property, plant and equipment, excluding strategic projects / Sales	**3.4%**	3.1%

The following table reconciles working capital as reported:

(in millions of Canadian dollars) (unaudited)	**December 31, 2024**	December 31, 2023	December 31, 2022
Accounts receivable	**469**	453	556
Inventories	**685**	568	587
Trade and other payables	**(748)**	(703)	(746)
Working capital	**406**	318	397

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

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)	**December 31, 2024**	December 31, 2023	December 31, 2022
Long-term debt	**1,871**	1,869	1,931
Current portion of Unsecured senior notes of $175 million to be refinanced	**175**	—	—
Current portion of long-term debt	**67**	67	134
Bank loans and advances	**10**	—	3
Total debt	**2,123**	1,936	2,068
Less: Cash and cash equivalents	**(27)**	(54)	(102)
Net debt as reported	**2,096**	1,882	1,966
Last twelve months EBITDA (A)	**501**	558	376
Net debt / EBITDA (A) ratio	**4.2x**	3.4x	5.2x

SPECIFIC ITEMS

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

IMPAIRMENT CHARGES

2024

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

The Specialty Products segment recorded an impairment charge of $4 million on some equipment related to a decision to discontinue product lines in Canada and in the United States.

The Specialty Products segment also recorded an impairment charge in the fourth quarter of $2 million on inventories and $30 million on building ($10 million) and equipment ($20 million) related to network optimization and strategic choices on the product offering in the United States. The recoverable amount of the assets is nil based on the market approach reflecting an orderly transaction between market participants.

The Tissue Papers segment recorded an impairment charge of $1 million on spare parts in the fourth quarter and $3 million on some equipment related to a decision to discontinue a product line in Canada.

The Tissue Papers segment also recorded an impairment charge in the fourth quarter of $4 million on spare parts and $18 million on building ($4 million) and equipment ($14 million) following the change in the exit strategy for a previously closed plant in the United States, from sale of a business to sales or disposal of the specific assets. Therefore, a change in valuation method was triggered and the recoverable amount of the assets totaling $12 million, was determined using the market approach reflecting an orderly transaction between market participants.

2023

The Containerboard Packaging segment recorded an impairment charge of $2 million on spare parts and $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.

The Containerboard Packaging segment also recorded an impairment charge in the fourth quarter of $8 million on spare parts and $35 million on some land ($1 million), building ($12 million) and equipment ($22 million) related to closure of plants announced in February 2024 in Ontario, Canada and in Connecticut, United States. The recoverable amount of the assets totaling $35 million, was determined using fair value less cost of disposal based on the market approach of comparable assets on the market.

The Specialty Products segment recorded an impairment charge of $1 million on spare parts in the fourth quarter and $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.

The Tissue Papers segment recorded an impairment charge of $23 million on spare parts ($4 million in the fourth quarter) 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

The Containerboard Packaging segment recorded an additional environmental cost of $31 million ($3 million in the fourth quarter) related to the closure of a plant in Ontario, Canada. For further details, please refer to Note 14 of the 2024 Audited Consolidated Financial Statements.

The Containerboard Packaging segment recorded a $6 million ($5 million in the fourth quarter) gain from the sale of some assets related to previously closed plants in Canada and in the United States.

The Containerboard Packaging segment also recorded a $5 million gain in the fourth quarter from the sale of a land parcel in Canada.

Corporate activities recorded a $1 million gain in the fourth quarter from the sale of an intangible asset.

2023

The Containerboard Packaging segment recorded an environmental obligation of $18 million in the fourth quarter related to the closure of a plant announced in February 2024 in Ontario, Canada. For further details, please refer to Note 14 of the 2024 Audited Consolidated Financial Statements.

The Specialty Products segment recorded a $1 million loss on a contract of a closed plant in the United States.

The Specialty Products segment also recorded a $1 million gain in the fourth quarter from the sale of some machinery and equipment related to a closed plant in the United States.

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.

The Tissue Papers segment also recorded a $4 million gain in the fourth quarter on a contract related to a closed plant in the United States.

RESTRUCTURING COSTS

2024

The Containerboard Packaging segment recorded costs totaling $29 million ($2 million in the fourth quarter) related to closed plants in Canada and in the United States, severances and the redeployment of equipment within the network.

The Specialty Products segment recorded costs totaling $1 million related to closed plants in the United States.

The Tissue Papers segment recorded costs totaling $13 million ($4 million in the fourth quarter) related to the closures of the plants in the United States and the redeployment of equipment within the network.

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

Corporate activities recorded cost totaling $2 million in the fourth quarter related to organizational changes.

2023
The Containerboard Packaging segment recorded costs totaling $1 million in the fourth quarter related to closed plants in Canada.

The Specialty Products segment recorded costs totaling $2 million ($1 million in the fourth quarter) related to closed plants in the United States.

The Tissue Papers segment recorded costs totaling $20 million ($10 million in the fourth 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 December 31,		For the years ended December 31,	
(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)	**(2)**	(2)
Corporate activities				
Financial hedging contracts for natural gas purchases.	**—**	1	**(3)**	4
Unrealized loss (gain) on derivative financial instruments	**(1)**	—	**(5)**	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 December 31,		For the years ended December 31,	
(in millions of Canadian dollars) (unaudited)	**2024**	2023	**2024**	2023
Unrealized loss (gain) on interest rate hedge instruments	**(2)**	1	**(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 December 31,		For the years ended December 31,	
(in millions of Canadian dollars) (unaudited)	**2024**	2023	**2024**	2023
Foreign exchange loss (gain) on long-term debt and financial instruments	**1**	1	**1**	—

SHARE OF RESULTS OF ASSOCIATES AND JOINT VENTURES

In 2023, the Corporation recorded a $10 million gain ($1 million in the fourth quarter) on line item "Share of results of associates and joint ventures" of the consolidated statements of earnings (loss) from the sale of investments in non-significant joint ventures.

SPECIFIC ITEMS INCLUDED IN RECOVERY OF INCOME TAXES

In 2023, the Corporation recorded the following specific items related to its recovery of income taxes:

- $4 million of deferred tax expense as a result of the settlement of tax assessments of previous years;
- provision of $2 million in relation to a tax audit that is expected to result in an increase of the tax expense previously recorded on the gain from the sale of discontinued operations in 2021;
- $1 million of deferred tax expense as a result of the expected changes to applicable effective state tax rates following the repositioning of its Tissue Papers operating platform in the United States.