

## Domtar Corporation

### Quarterly Reconciliation of Non-GAAP Financial Measures

(In millions of dollars, unless otherwise noted)

The following table sets forth certain non-U.S. generally accepted accounting principles (“GAAP”) financial metrics identified in bold as “Earnings before items”, “Earnings before items per diluted share”, “EBITDA”, “EBITDA margin”, “EBITDA before items”, “EBITDA margin before items”, “Free cash flow”, “Net debt” and “Net debt-to-total capitalization”. Management believes that the financial metrics are useful to understand our operating performance and benchmark with peers within the industry. The Company calculates “Earnings before items” and “EBITDA before items” by excluding the after-tax (pre-tax) effect of specified items. These metrics are presented as a complement to enhance the understanding of operating results but not in substitution for GAAP results.

	2020			2019					
	Q1	Q2	YTD	Q1	Q2	Q3	Q4	Year	
<b>Reconciliation of "Earnings before items" to Net earnings (loss)</b>									
Net earnings (loss)	(\$)	5	19	<b>24</b>	80	18	20	(34)	<b>84</b>
(+) Pension settlement loss	(\$)	—	—	—	—	—	—	22	<b>22</b>
(+) Impairment of long-lived assets	(\$)	—	—	—	8	12	26	—	<b>46</b>
(+) Closure and restructuring costs	(\$)	—	1	<b>1</b>	3	6	9	14	<b>32</b>
(=) <b>Earnings before items</b>	(\$)	5	20	<b>25</b>	91	36	55	2	<b>184</b>
(/) Weighted avg. number of common shares outstanding (diluted)	(millions)	56.2	55.3	<b>55.7</b>	63.2	63.3	61.7	57.3	<b>61.4</b>
(=) <b>Earnings before items per diluted share</b>	(\$)	0.09	0.36	<b>0.45</b>	1.44	0.57	0.89	0.03	<b>3.00</b>
<b>Reconciliation of "EBITDA" and "EBITDA before items" to Net earnings (loss)</b>									
Net earnings (loss)	(\$)	5	19	<b>24</b>	80	18	20	(34)	<b>84</b>
(+) Equity loss, net of taxes	(\$)	1	—	<b>1</b>	1	—	—	1	<b>2</b>
(+) Income tax expense (benefit)	(\$)	3	(15)	<b>(12)</b>	24	5	(1)	(26)	<b>2</b>
(+) Interest expense, net	(\$)	14	15	<b>29</b>	13	13	12	14	<b>52</b>
(+) Depreciation and amortization	(\$)	72	71	<b>143</b>	73	74	72	74	<b>293</b>
(+) Impairment of long-lived assets	(\$)	—	—	—	10	15	33	—	<b>58</b>
(=) <b>EBITDA</b>	(\$)	95	90	<b>185</b>	201	125	136	29	<b>491</b>
(/) Sales	(\$)	1,278	1,012	<b>2,290</b>	1,376	1,317	1,283	1,244	<b>5,220</b>
(=) <b>EBITDA margin</b>	(%)	7%	9%	<b>8%</b>	15%	9%	11%	2%	<b>9%</b>
<b>EBITDA</b>	(\$)	95	90	<b>185</b>	201	125	136	29	<b>491</b>
(+) Pension settlement loss	(\$)	—	—	—	—	—	—	30	<b>30</b>
(+) Closure and restructuring costs	(\$)	—	1	<b>1</b>	4	8	11	19	<b>42</b>
(=) <b>EBITDA before items</b>	(\$)	95	91	<b>186</b>	205	133	147	78	<b>563</b>
(/) Sales	(\$)	1,278	1,012	<b>2,290</b>	1,376	1,317	1,283	1,244	<b>5,220</b>
(=) <b>EBITDA margin before items</b>	(%)	7%	9%	<b>8%</b>	15%	10%	11%	6%	<b>11%</b>

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(In millions of dollars, unless otherwise noted)

	2020			2019					
	Q1	Q2	YTD	Q1	Q2	Q3	Q4	Year	
<b>Reconciliation of "Free cash flow" to Cash flows from operating activities</b>									
Cash flows from operating activities	(\$)	88	67	155	55	119	108	160	442
(-) Additions to property, plant and equipment	(\$)	(62)	(40)	(102)	(46)	(55)	(56)	(98)	(255)
(=) <b>Free cash flow</b>	(\$)	26	27	53	9	64	52	62	187
<b>"Net debt-to-total capitalization" computation</b>									
Bank indebtedness	(\$)	—	—	3	3	1	9		
(+) Long-term debt due within one year	(\$)	1	13	1	1	1	1		
(+) Long-term debt	(\$)	1,102	1,089	853	824	938	938		
(=) Debt	(\$)	1,103	1,102	857	828	940	948		
(-) Cash and cash equivalents	(\$)	(152)	(124)	(94)	(93)	(98)	(61)		
(=) <b>Net debt</b>	(\$)	951	978	763	735	842	887		
(+) Shareholders' equity	(\$)	2,181	2,277	2,608	2,619	2,439	2,376		
(=) Total capitalization	(\$)	3,132	3,255	3,371	3,354	3,281	3,263		
Net debt	(\$)	951	978	763	735	842	887		
(/) Total capitalization	(\$)	3,132	3,255	3,371	3,354	3,281	3,263		
(=) <b>Net debt-to-total capitalization</b>	(%)	30%	30%	23%	22%	26%	27%		

“Earnings before items”, “Earnings before items per diluted share”, “EBITDA”, “EBITDA margin”, “EBITDA before items”, “EBITDA margin before items”, “Free cash flow”, “Net debt” and “Net debt-to-total capitalization” have no standardized meaning prescribed by GAAP and are not necessarily comparable to similar measures presented by other companies and therefore should not be considered in isolation or as a substitute for Net earnings (loss) or any other earnings statement, cash flow statement or balance sheet financial information prepared in accordance with GAAP. It is important for readers to understand that certain items may be presented in different lines by different companies on their financial statements, thereby leading to different measures for different companies.

## Domtar Corporation

### Quarterly Reconciliation of Non-GAAP Financial Measures – By Segment 2020

(In millions of dollars, unless otherwise noted)

The following table sets forth certain non-U.S. generally accepted accounting principles (“GAAP”) financial metrics identified in bold as “Operating income (loss) before items”, “EBITDA before items” and “EBITDA margin before items” by reportable segment. Management believes that the financial metrics are useful to understand our operating performance and benchmark with peers within the industry. The Company calculates the segmented “Operating income (loss) before items” by excluding the pre-tax effect of specified items. These metrics are presented as a complement to enhance the understanding of operating results but not in substitution for GAAP results.

	Pulp and Paper					Personal Care					Corporate					Total					
	Q1'20	Q2'20	Q3'20	Q4'20	YTD	Q1'20	Q2'20	Q3'20	Q4'20	YTD	Q1'20	Q2'20	Q3'20	Q4'20	YTD	Q1'20	Q2'20	Q3'20	Q4'20	YTD	
<b>Reconciliation of Operating income (loss) to "Operating income (loss) before items"</b>																					
Operating income (loss)	(\$)	4	3	—	—	7	20	18	—	—	38	(5)	(7)	—	—	(12)	19	14	—	—	33
(+) Closure and restructuring costs	(\$)	—	1	—	—	1	—	—	—	—	—	—	—	—	—	—	—	1	—	—	1
<b>(=) Operating income (loss) before items</b>	<b>(\$)</b>	<b>4</b>	<b>4</b>	<b>—</b>	<b>—</b>	<b>8</b>	<b>20</b>	<b>18</b>	<b>—</b>	<b>—</b>	<b>38</b>	<b>(5)</b>	<b>(7)</b>	<b>—</b>	<b>—</b>	<b>(12)</b>	<b>19</b>	<b>15</b>	<b>—</b>	<b>—</b>	<b>34</b>
<b>Reconciliation of "Operating income (loss) before items" to "EBITDA before items"</b>																					
Operating income (loss) before items	(\$)	4	4	—	—	8	20	18	—	—	38	(5)	(7)	—	—	(12)	19	15	—	—	34
(+) Non-service components of net periodic benefit cost	(\$)	4	6	—	—	10	—	—	—	—	—	—	(1)	—	—	(1)	4	5	—	—	9
(+) Depreciation and amortization	(\$)	58	56	—	—	114	14	15	—	—	29	—	—	—	—	—	72	71	—	—	143
<b>(=) EBITDA before items</b>	<b>(\$)</b>	<b>66</b>	<b>66</b>	<b>—</b>	<b>—</b>	<b>132</b>	<b>34</b>	<b>33</b>	<b>—</b>	<b>—</b>	<b>67</b>	<b>(5)</b>	<b>(8)</b>	<b>—</b>	<b>—</b>	<b>(13)</b>	<b>95</b>	<b>91</b>	<b>—</b>	<b>—</b>	<b>186</b>
(/) Sales	(\$)	1,031	802	—	—	1,833	266	229	—	—	495	—	—	—	—	—	1,297	1,031	—	—	2,328
<b>(=) EBITDA margin before items</b>	<b>(%)</b>	<b>6%</b>	<b>8%</b>	<b>—</b>	<b>—</b>	<b>7%</b>	<b>13%</b>	<b>14%</b>	<b>—</b>	<b>—</b>	<b>14%</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>7%</b>	<b>9%</b>	<b>—</b>	<b>—</b>	<b>8%</b>

“Operating income (loss) before items”, “EBITDA before items” and “EBITDA margin before items” have no standardized meaning prescribed by GAAP and are not necessarily comparable to similar measures presented by other companies and therefore should not be considered in isolation or as a substitute for Operating income (loss) or any other earnings statement, cash flow statement or balance sheet financial information prepared in accordance with GAAP. It is important for readers to understand that certain items may be presented in different lines by different companies on their financial statements, thereby leading to different measures for different companies.

## Domtar Corporation

### Quarterly Reconciliation of Non-GAAP Financial Measures – By Segment 2019

(In millions of dollars, unless otherwise noted)

The following table sets forth certain non-U.S. generally accepted accounting principles (“GAAP”) financial metrics identified in bold as “Operating income (loss) before items”, “EBITDA before items” and “EBITDA margin before items” by reportable segment. Management believes that the financial metrics are useful to understand our operating performance and benchmark with peers within the industry. The Company calculates the segmented “Operating income (loss) before items” by excluding the pre-tax effect of specified items. These metrics are presented as a complement to enhance the understanding of operating results but not in substitution for GAAP results.

	Pulp and Paper					Personal Care					Corporate					Total					
	Q1'19	Q2'19	Q3'19	Q4'19	Year	Q1'19	Q2'19	Q3'19	Q4'19	Year	Q1'19	Q2'19	Q3'19	Q4'19	Year	Q1'19	Q2'19	Q3'19	Q4'19	Year	
<b>Reconciliation of Operating income (loss) to "Operating income (loss) before items"</b>																					
Operating income (loss)	(\$)	144	62	31	(11)	<b>226</b>	(8)	(18)	2	8	<b>(16)</b>	(21)	(10)	(4)	(12)	<b>(47)</b>	115	34	29	(15)	<b>163</b>
(+) Impairment of long-lived assets	(\$)	—	—	32	—	<b>32</b>	10	15	1	—	<b>26</b>	—	—	—	—	—	10	15	33	—	<b>58</b>
(+) Closure and restructuring costs	(\$)	—	—	5	17	<b>22</b>	4	8	6	2	<b>20</b>	—	—	—	—	—	4	8	11	19	<b>42</b>
<b>(=) Operating income (loss) before items</b>	(\$)	144	62	68	6	<b>280</b>	6	5	9	10	<b>30</b>	(21)	(10)	(4)	(12)	<b>(47)</b>	129	57	73	4	<b>263</b>
<b>Reconciliation of "Operating income (loss) before items" to "EBITDA before items"</b>																					
Operating income (loss) before items	(\$)	144	62	68	6	<b>280</b>	6	5	9	10	<b>30</b>	(21)	(10)	(4)	(12)	<b>(47)</b>	129	57	73	4	<b>263</b>
(+) Pension settlement loss	(\$)	—	—	—	30	<b>30</b>	—	—	—	—	—	—	—	—	—	—	—	—	—	30	<b>30</b>
(+) Non-service components of net periodic benefit cost	(\$)	3	3	2	(28)	<b>(20)</b>	—	—	—	—	—	(1)	—	(2)	<b>(3)</b>	3	2	2	(30)	<b>(23)</b>	
(+) Depreciation and amortization	(\$)	58	59	57	57	<b>231</b>	15	15	15	17	<b>62</b>	—	—	—	—	—	73	74	72	74	<b>293</b>
<b>(=) EBITDA before items</b>	(\$)	205	124	127	65	<b>521</b>	21	20	24	27	<b>92</b>	(21)	(11)	(4)	(14)	<b>(50)</b>	205	133	147	78	<b>563</b>
(/) Sales	(\$)	1,157	1,106	1,079	1,027	<b>4,369</b>	239	228	219	234	<b>920</b>	—	—	—	—	—	1,396	1,334	1,298	1,261	<b>5,289</b>
<b>(=) EBITDA margin before items</b>	(%)	18%	11%	12%	6%	<b>12%</b>	9%	9%	11%	12%	<b>10%</b>	—	—	—	—	—	15%	10%	11%	6%	<b>11%</b>

“Operating income (loss) before items”, “EBITDA before items” and “EBITDA margin before items” have no standardized meaning prescribed by GAAP and are not necessarily comparable to similar measures presented by other companies and therefore should not be considered in isolation or as a substitute for Operating income (loss) or any other earnings statement, cash flow statement or balance sheet financial information prepared in accordance with GAAP. It is important for readers to understand that certain items may be presented in different lines by different companies on their financial statements, thereby leading to different measures for different companies.

As a result of changes in our organization structure, we have changed our segment reporting. Starting January 1, 2020, our materials business EAM, a manufacturer of high quality airlaid and ultrathin laminated cores, previously reported under our Personal Care segment is now presented under our Pulp and Paper segment. Prior period segment results have been restated to the new segment presentation with no significant impact on segment results. There were no changes to our consolidated sales or operating income.