



# Q3 2022

## FINANCIAL RESULTS

### November 10, 2022



***Cascades***

Source of possibilities



# DISCLAIMER

## FORWARD-LOOKING STATEMENT

Certain statements in this presentation, including statements regarding future results and performance, are forward-looking statements within the meaning of securities legislation based on current expectations. The accuracy of such statements is subject to a number of risks, uncertainties and assumptions that may cause actual results to differ materially from those projected, including, but not limited to, the effect of general economic conditions, decreases in demand for Cascades Inc.'s ("Cascades," "CAS," the "Company," the "Corporation," "us" or "we") products, the prices and availability of raw materials, changes in the relative values of certain currencies, fluctuations in selling prices and adverse changes in general market and industry conditions. This presentation may also include price indices as well as variance and sensitivity analyses that are intended to provide the reader with a better understanding of the trends related to our business activities. These items are based on the best estimates available to the Corporation.

## SUPPLEMENTAL INFORMATION ON NON-IFRS 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 swaps 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 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 ("non-IFRS 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 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 and other financial measures are used in our financial disclosures:

### Non-IFRS measures

- 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.
- Working capital: Used to assess the short-term liquidity of the Corporation.

### Other financial measures

- Total debt: 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: Used to calculate the Corporation's total debt less cash and cash equivalents. Often put in relation to adjusted OIBD to calculate net debt to adjusted OIBD ratio.

### Non-IFRS ratios

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

Non-IFRS and other financial 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 and other financial measures may differ from those of other corporations. Any such modification or reformulation may be significant.

All amounts in this presentation are in Canadian dollars unless otherwise indicated.



Please click [here](#) for supplemental information on non-IFRS measures and other financial measures.

# OVERVIEW OF CONSOLIDATED PROFITABILITY DRIVERS

<b>Consolidated Adj. OIBD<sup>1</sup> Variation</b> (in millions of Canadian dollars)	<b><u>Quarter-over-Quarter</u></b> <b><u>Q3 2022 vs Q2 2022</u></b>	<b><u>Year-over-Year</u></b> <b><u>Q3 2022 vs Q3 2021</u></b>	<b><u>Year-to-Date</u></b> <b><u>2022 vs 2021</u></b>
Pricing	\$41 million	\$132 million	\$347 million
Freight & Production Costs	\$(10) million	\$(78) million	\$(239) million
Volume & Mix, FX & Others	\$4 million	\$4 million	\$15 million
Raw Material & Energy	\$(15) million	\$(54) million	\$(190) million
<b>TOTAL</b>	<b>\$20 million</b>	<b>\$4 million</b>	<b>\$(67) million</b>



(1) Please click [here](#) for supplemental information on non-IFRS measures and other financial measures.

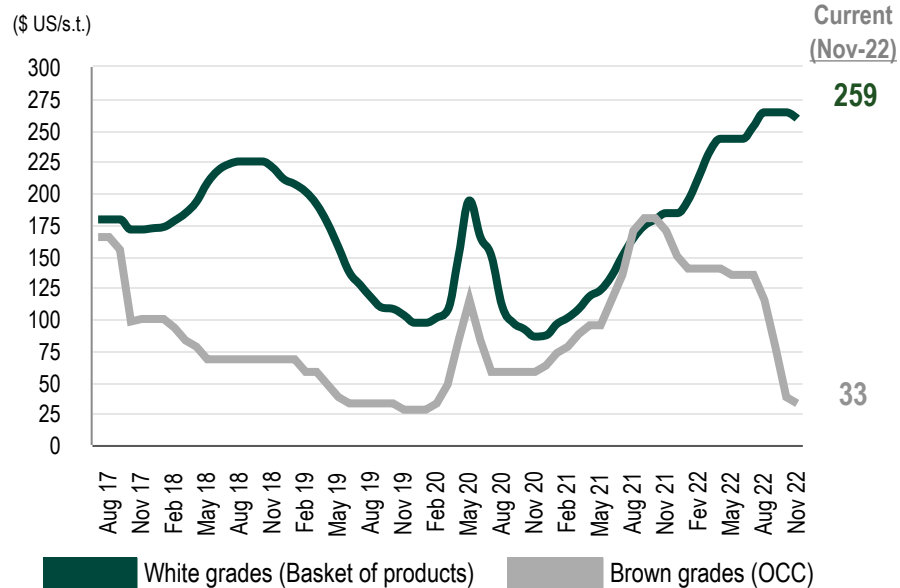
# SUMMARY OF QUARTERLY FINANCIAL RESULTS & KPIs

(In millions of CAN\$, except per common share amounts, where noted)	2020 <sup>2</sup>				2021				2022		
	Year	Q1 <sup>2</sup>	Q2	Q3	Q4	Year	Q1	Q2	Q3	YTD <sup>5</sup>	LTM <sup>6</sup>
<b>Financial Results</b>											
<b>Sales</b>	<b>4,105</b>	<b>942</b>	<b>956</b>	<b>1,030</b>	<b>1,028</b>	<b>3,956</b>	<b>1,038</b>	<b>1,119</b>	<b>1,174</b>	<b>3,331</b>	<b>4,359</b>
<b>Operating income (loss)</b>	<b>292</b>	<b>44</b>	<b>23</b>	<b>73</b>	<b>(90)</b>	<b>50</b>	<b>(4)</b>	<b>32</b>	<b>25</b>	<b>53</b>	<b>(37)</b>
Adjusted OIBD <sup>1</sup>	546	122	98	107	62	389	58	91	111	260	322
Margin (Adjusted OIBD / Sales (%)) <sup>1,2</sup>	13.3%	13.0%	10.3%	10.4%	6.0%	9.8%	5.6%	8.1%	9.5%	7.8%	7.4%
<b>Net earnings (loss)</b>	<b>198</b>	<b>22</b>	<b>3</b>	<b>32</b>	<b>105</b>	<b>162</b>	<b>(15)</b>	<b>10</b>	<b>(2)</b>	<b>(7)</b>	<b>98</b>
Adjusted net earnings (loss) <sup>1</sup>	187	29	8	(1)	(9)	27	(15)	10	20	15	6
<b>Net earnings (loss) per common share</b>	<b>\$2.04</b>	<b>\$0.22</b>	<b>\$0.02</b>	<b>\$0.32</b>	<b>\$1.04</b>	<b>\$1.60</b>	<b>(\$0.15)</b>	<b>\$0.10</b>	<b>(\$0.02)</b>	<b>(\$0.07)</b>	<b>\$0.97</b>
Adjusted net earnings (loss) per common share <sup>1</sup>	\$1.95	\$0.29	\$0.07	(\$0.01)	(\$0.09)	\$0.26	(\$0.15)	\$0.10	\$0.20	\$0.15	\$0.06
<b>Key Performance Indicators</b>											
Total Shipments <sup>2,3</sup> ('000 s.t.)	2,189	514	523	525	513	2,075	<b>503</b>	<b>512</b>	<b>525</b>	<b>1,540</b>	2,053
Capacity Utilization <sup>2,3,4</sup>	92%	92%	90%	91%	88%	90%	<b>90%</b>	<b>92%</b>	<b>91%</b>	<b>91%</b>	90%
LTM Working Capital (% LTM sales) <sup>1</sup>	8.8%	8.4%	8.4%	8.5%	8.6%	8.6%	<b>9.3%</b>	<b>9.6%</b>	<b>10.2%</b>	<b>10.2%</b>	9.4%

(1) Please click [here](#) for supplemental information on non-IFRS measures and other financial measures. (2) Q1 2021 and 2020 consolidated results have been adjusted to reflect retrospective adjustments of discontinued operations. Please refer to the "Discontinued Operations" section and Note 5 of the 2021 Audited Consolidated Financial Statements for more details. (3) Not including the Specialty Products segment. (4) Utilization rate defined as total manufacturing shipments divided by practical capacity. Please refer to the 2021 Annual Report for definitions of the KPIs. (5) YTD : Year-to-date. (6) LTM : Last twelve months.



# RECYCLED FIBRE COSTS - INDEX LIST PRICES



## OCC:

- Rapidly evolving market with persistently lower demand for the material related to easing of activity at containerboard mills and lower export demand
- Solid inventories at our mills
- Lower pricing YoY and sequentially; anticipate favourable market dynamics to persist in Q4
- Logistical challenges easing but cost remains elevated

## SOP:

- Higher prices YoY and QoQ driven by limited market supply, normalized demand levels in AfH tissue, high pulp prices and elevated transportation costs
- Mills adequately supplied with stable inventories

## Recovered Paper Prices

White grades - Basket of products (Northeast average)<sup>1</sup>

Brown grades - OCC No. 11 (Northeast average)

Q3 2022

260

Q2 2022

243

Q3 2021

163

Q3/Q3

60%

(33)%

Q3/Q2

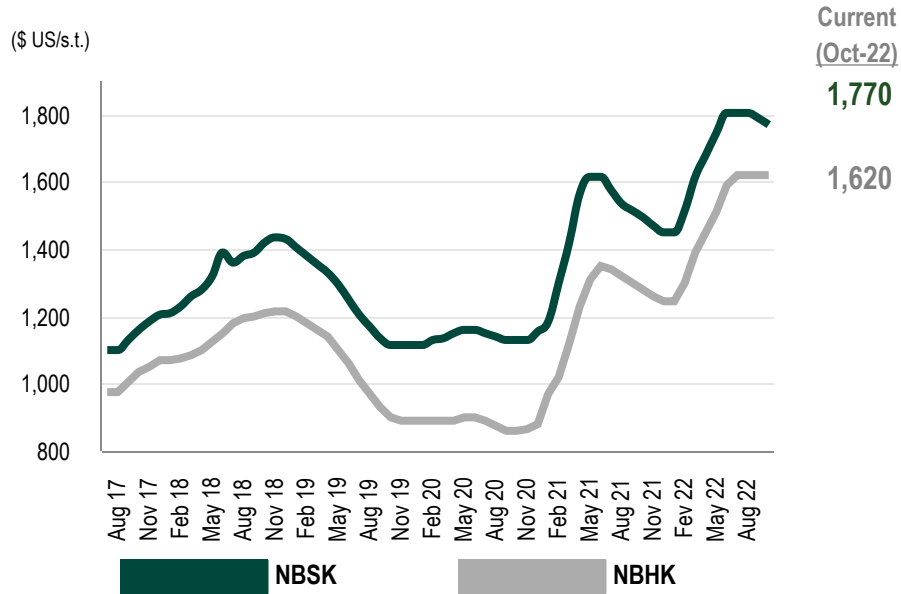
7%

(20)%



Source: RISI. (1) Basket of white recycled paper, including grades such as SOP, Hard White Envelope and Coated Book Stock; Northeast average. Weighted average based on Cascades' consumption of each grade. Current price for White Grades is the RISI index price for SOP and is not a basket of products.

# VIRGIN FIBRE COSTS - INDEX LIST PRICES



## VIRGIN PULP:

- Slight improvement in market dynamics sequentially
- Transportation constraints beginning to recover, with rail car availability improving and port congestion easing
- Mills adequately supplied, robust inventory levels
- Potential for continued overall dynamics in the market to remain challenging

### Virgin Pulp Prices

NBSK (Canadian sources delivered to Eastern US)  
NBHK (Canada/US sources delivered to Eastern US)

	<u>Q3 2022</u>	<u>Q2 2022</u>	<u>Q3 2021</u>
NBSK	1,800	1,743	1,542
NBHK	1,620	1,517	1,320

<u>Q3/Q3</u>	<u>Q3/Q2</u>
17%	3%
23%	7%



Source: RISI

# PACKAGING PRODUCTS / CONTAINERBOARD

<b>Results</b> Q3 2022	<b>Change vs.</b>	
	Q2 2022	Q3 2021
<b>Shipments ('000 s.t.)</b>		
<b>391</b>	3%	4%
<b>Average selling price</b> (CAN\$/unit)		
<b>1,520</b>	1%	13%
<b>Sales (M\$)</b>		
<b>595</b>	5%	17%
<b>Operating income (M\$)</b>		
<b>68</b>	(1)%	17%
<b>Adjusted OIBD<sup>1</sup> (M\$)</b>		
<b>103</b>	4%	10%
% of sales		
17.3%		

## Comments on sequential performance

- ➔ Total shipments increased by 3% sequentially. Shipments of parent rolls increased by 8% and those of converted products decreased by 1% compared to the second quarter.
- ➔ The average third quarter selling price increased by 1% quarter-over-quarter. This reflects the implementation of the announced price increases in May 2022.
- ➔ The 5% sequential increase in sales is largely driven by higher volumes, the average depreciation of the Canadian dollar and a slightly higher average selling price, the benefits of which were partially offset by a less favourable product sales mix.
- ➔ Adjusted OIBD<sup>1</sup> increased by 4% on a sequential basis, reflecting price increase realization (+\$9 M), higher volume (+\$7 M) and average depreciation of the Canadian dollar (+\$2 M). A less favourable sales mix negatively impacted performance (-\$5 M). Higher overall energy and operation costs were mainly driven by ongoing inflationary pressure and the combined effect of the downtime taken at our Niagara Falls facility (-\$16 M) which were partially offset by lower raw material and transportation costs (+\$7 M).

## Maintenance and capital investment downtime (in s.t.)

Q1 2022	Q2 2022	Q3 2022	Q4 2022 F	2022 F
10,600	14,600	10,000	~20,000	~55,200

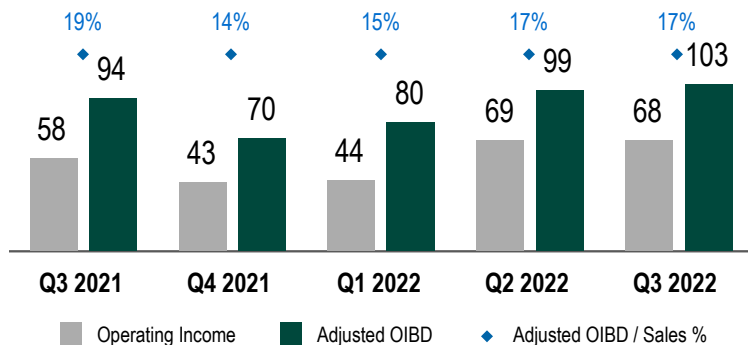
An additional **~31,000** s.t. of medium production downtime related to inventory management is expected to be taken. This includes the **18,000** s.t. completed in Q3. Not included in figures above.



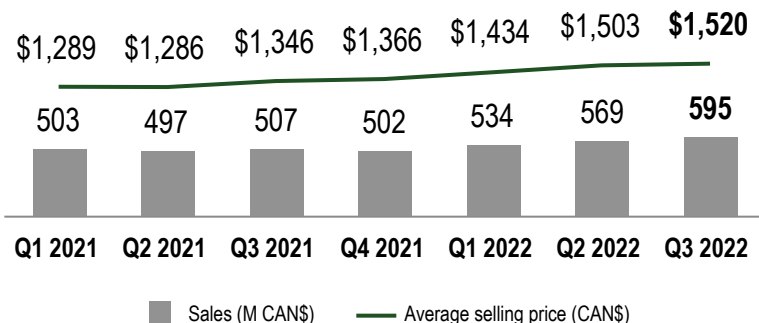
(1) Please click [here](#) for supplemental information on non-IFRS measures and other financial measures.

# PACKAGING PRODUCTS / CONTAINERBOARD

## Quarterly Operating Income & Adjusted OIBD<sup>1</sup> (M CAN\$)

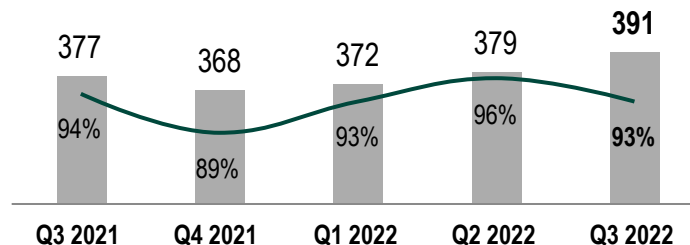


## Quarterly Sales and Average Selling Price



- Sequential Q3 shipments of converted products:  
**Canada -1.9%** (vs. market -3.1%); **US +1.1%** (vs. market -3.8%)
- Year-over-year Q3 shipments of converted products:  
**Canada -4.8%** (vs. market -3.2%); **US +9.1%** (vs. market -4.5%)
- Impact of continued inflationary pressure on production and energy costs more than offset by favourable pricing and lower raw material costs in the third quarter.
- Logistics constraints in trucking and rail have eased, are now both readily available, but cost levels remain elevated in both cases.

## Quarterly Shipments ('000 s.t. and % capacity utilization<sup>2</sup>)



(1) Please click [here](#) for supplemental information on non-IFRS measures and other financial measures.

(2) Utilization rate defined as total manufacturing shipments divided by practical capacity.



# PACKAGING PRODUCTS / CONTAINERBOARD - BEAR ISLAND

(in millions of Canadian dollars unless otherwise specified)

**PROJECT COST** US \$470 - \$485 M • Persistent inflationary pressure on costs.

**INVESTMENT TO DATE (2018 - Q3 2022)** US \$318 M (\$405 M)

**START-UP** Q1 2023 • Minor delay in start-up driven by difficulty meeting certain construction milestones due to supply chain constraints in Q2, that continued in Q3, and which slowed delivery of some materials.

**REVISED 2023 FORECAST**

- Production: ~265,000 s.t. (vs. ~330,000 s.t. previously announced)
- OIBD: US \$20 M - \$30 M (vs. US \$40 - \$55 M previously announced)

**CONTAINERBOARD ADJ. OIBD<sup>1</sup> IMPACT**

Q3 2022: CAN (\$4 M)  
LTM Q3 2022: CAN (\$10 M) • Operational expenses

**PRODUCTION VOLUME SECURED<sup>2</sup>**

2023: 100%  
2024 - 2025: 75%



(1) Please click [here](#) for supplemental information on non-IFRS measures and other financial measures.

(2) Includes tonnage that will be integrated internally.

# PACKAGING PRODUCTS / SPECIALTY PRODUCTS

<b>Results</b> Q3 2022	<b>Change vs.</b>	
	Q2 2022	Q3 2021
<b>Sales (M\$)</b>		
168	—%	17%
<b>Operating income (M\$)</b>		
20	—%	54%
<b>Adjusted OIBD<sup>1</sup> (M\$)</b>		
25	—%	47%
% of sales		
14.9%		

## Comments on sequential performance

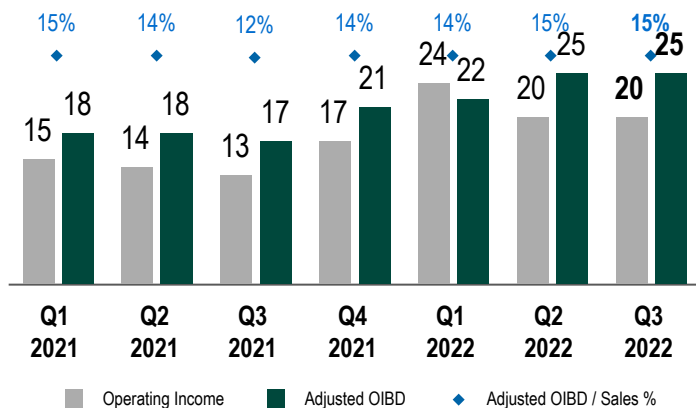
- ➔ Sales remained stable sequentially. Price increases in response to cost inflation and the depreciation of the Canadian dollar contributed positively to sales of all sub-segments. These benefits were offset by lower volumes.
  
- ➔ Adjusted OIBD<sup>1</sup> of \$25 M remained stable sequentially. This increase reflects higher selling prices which improved realized spreads in most of our sub-segments (+\$5 M). These benefits were partly offset by lower volumes, higher energy costs and operating costs (-\$5 M).



(1) Please click [here](#) for supplemental information on non-IFRS measures and other financial measures.

# PACKAGING PRODUCTS / SPECIALTY PRODUCTS

## Quarterly Operating Income & Adjusted OIBD<sup>1</sup> (M CAN\$)



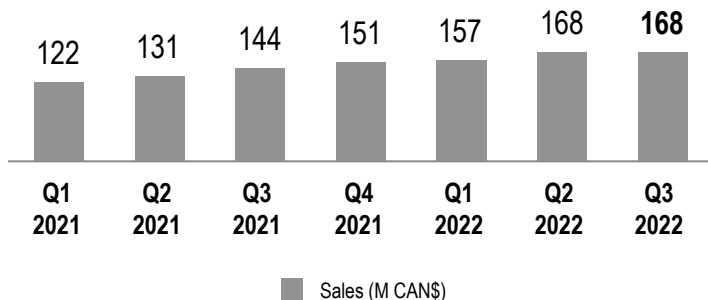
→ Q3 2022 adjusted OIBD<sup>1</sup> of \$25 M, or 15% on a margin basis, was stable sequentially and increased 47% versus the prior year.

→ **Industrial packaging:** results improved sequentially, with favourable raw material prices, FX and improved transportation costs offsetting the impact of higher production and supply costs and slightly lower volume.

→ **Moulded pulp:** slightly softer results compared to Q2 were driven by lower volumes in the egg sub-sector as a result of the Avian flu, and higher energy, production and supply costs. These impacts were not fully offset by the benefits of lower raw material costs and higher selling prices.

→ **Rigid and flexible plastics:** slightly better sequential results reflect lower costs for raw material and higher average selling prices. These benefits were offset by increased costs of production supplies and logistics in the quarter. Lower volume, limited by ongoing labour constraints, and less favourable FX were also offsetting factors in the quarter.

## Quarterly Sales



(1) Please click [here](#) for supplemental information on non-IFRS measures and other financial measures.

# TISSUE PAPERS

<b>Results</b>	<b>Change vs.</b>	
Q3 2022	Q2 2022	Q3 2021
<b>Shipments ('000 s.t.)</b>		
134	1%	(9)%
<b>Average selling price</b>		
(CAN\$/unit)		
2,861	11%	24%
<b>Sales (M\$)</b>		
382	12%	11%
<b>Operating loss (M\$)</b>		
(31)	(35)%	(207)%
<b>Adjusted OIBD<sup>1</sup> (M\$)</b>		
4	150%	(67)%
% of sales		
1.0%		

## Comments on sequential performance

- Shipments increased by 1% on a sequential basis in the third quarter. This reflects a 3% increase in shipments of converted products and lower external shipments of parent rolls (-17%) reflected in a 3% increase in the integration rate to 85%. Away-from-Home converted product shipments remained stable sequentially, while those of retail products increased by 6%.
- The average selling price increased 11% sequentially. This reflects the implementation of price increases, a lower proportion of parent rolls within the sales mix and the depreciation of the Canadian dollar.
- The combination of higher prices, a more favourable sales mix, depreciation of the Canadian dollar and higher volumes, resulted in a 12% increase in sales on a sequential basis.
- Adjusted OIBD<sup>1</sup> increased by \$12 M sequentially. This is a reflection of higher selling prices, higher volume and more favorable mix (+\$31 M), as stated above, partially offset by higher raw material costs, and inflationary pressure on production costs (-\$19 M).

## Cases Sold (millions)

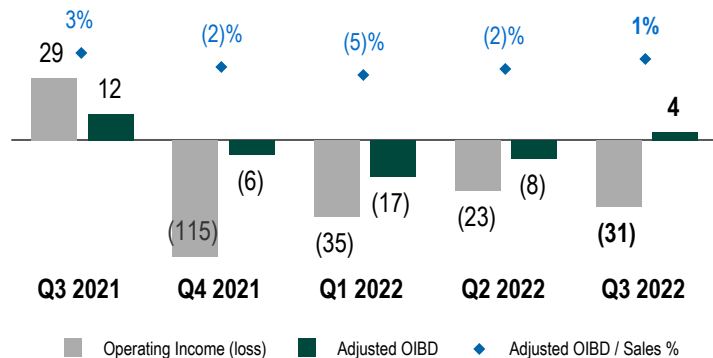
Q1 2021	Q2 2021	Q3 2021	Q4 2021	2021	Q1 2022	Q2 2022	Q3 2022
13.4	13.3	14.7	15.0	56.4	13.8	14.7	15.5



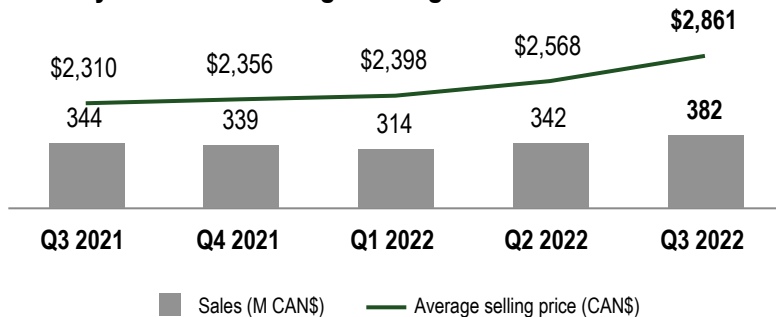
(1) Please click [here](#) for supplemental information on non-IFRS measures and other financial measures.

# TISSUE PAPERS

## Quarterly Operating Income (Loss) & Adjusted OIBD<sup>1</sup> (M CAN\$)

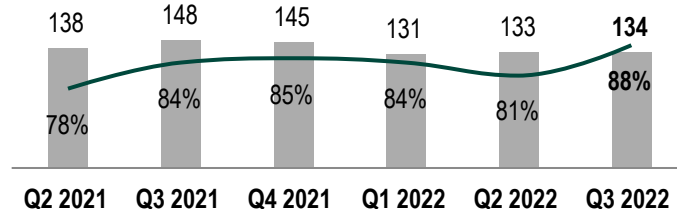


## Quarterly Sales and Average Selling Price



- Continued good demand levels for Away-from-Home tissue products (shipments +3% YoY, stable QoQ), and Retail tissue products (shipments + 5% YoY, +6% QoQ).
- The cumulative impact of continued unprecedented cost inflation in raw materials, chemicals, energy and production supplies outweighed the benefits from pricing and other commercial initiatives that have been realized to date.
- Additional revenue and margin benefits will continue to accrue as the full benefits from these initiatives are realized in Q4 and throughout 2023.
- Continued focus on addressing labour constraints and increasing production efficiency.

## Quarterly Shipments ('000 s.t. and % capacity utilization<sup>2</sup>)

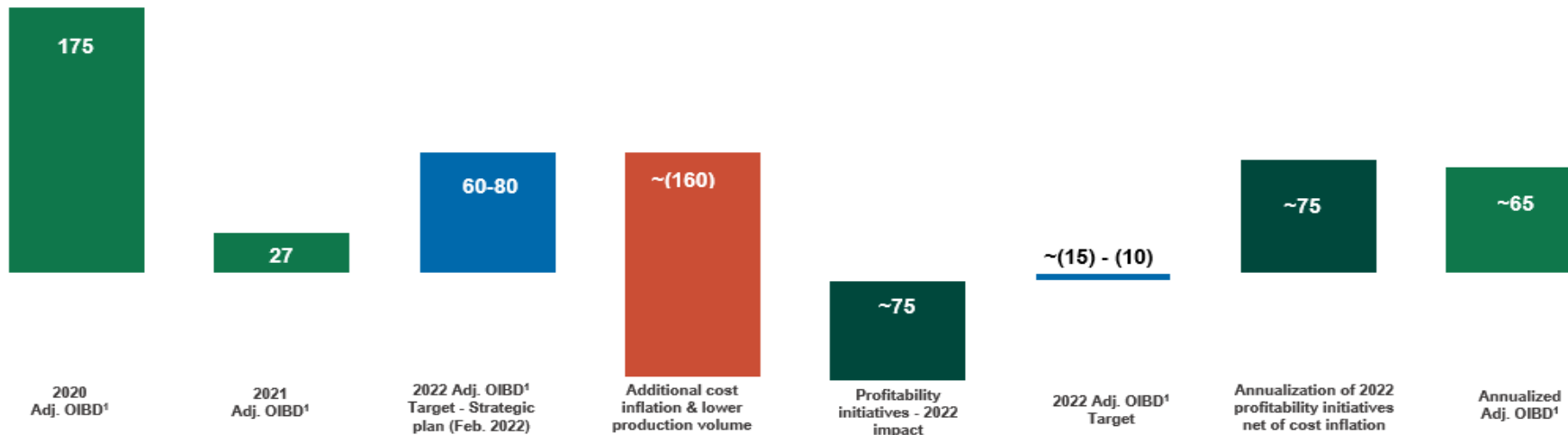


(1) Please click [here](#) for supplemental information on non-IFRS measures and other financial measures.

(2) Utilization rate defined as total manufacturing shipments divided by practical capacity.

# TISSUE PAPERS - STRATEGIC PLAN UPDATE

(In millions of Canadian dollars)



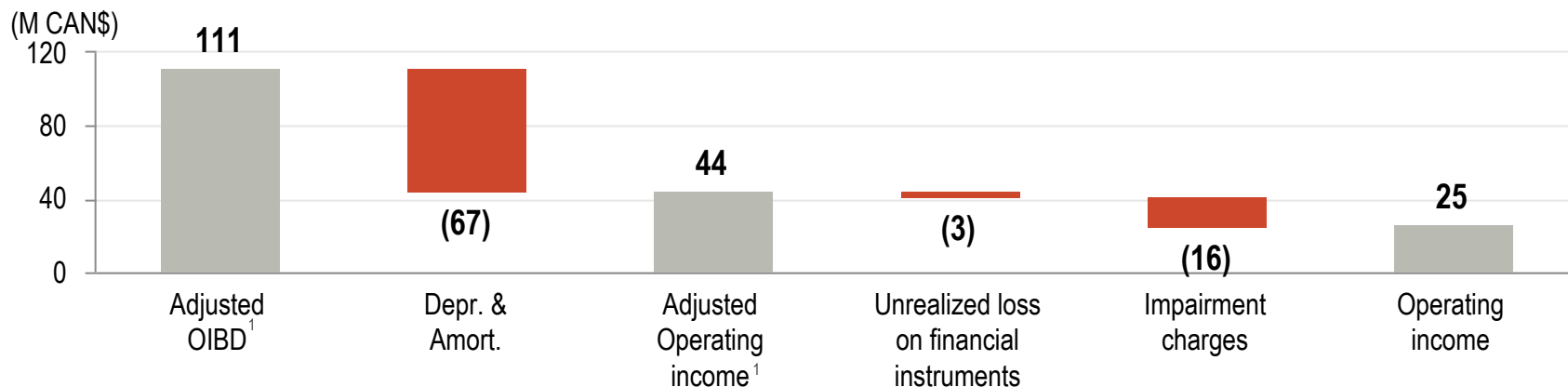
- ➔ Benefits realized to date from pricing initiatives are tracking in line with expectations, but have not kept pace with persistently elevated and, in certain cases, escalating cost levels.
- ➔ Expected Q4 2022 adjusted OIBD<sup>1</sup> of \$8 - \$12 million will reflect additional benefits from ongoing profitability initiatives. However, the longer roll-out timeline required for these measures means their benefits continue to lag the significant impact of cost headwinds annually. Given this, the 2022 adjusted OIBD<sup>1</sup> target of \$25 - \$40 million will not be achieved.
- ➔ Production objectives are currently not being fully achieved, due to labour challenges and operational efficiency. Supplemental measures and actions being implemented.
- ➔ 2024 adjusted OIBD<sup>1</sup> target outlined in February 2022 remains unchanged, and this segment remains on track to deliver on longer-term plan objectives.



(1) Please click [here](#) for supplemental information on non-IFRS measures and other financial measures.

(2) Please refer to the Second Quarter 2022 Management's Discussion and Analysis for supplemental information.

# Q3 2022 ADJUSTED OIBD<sup>1</sup> TO OPERATING INCOME RECONCILIATION



(M CAN\$)	Container-board	Specialty Products	Tissue Papers	Corporate Activities	Total
<b>Operating income (loss)</b>	<b>68</b>	<b>20</b>	<b>(31)</b>	<b>(32)</b>	<b>25</b>
Depreciation and amortization	31	5	21	10	67
<b>Operating income (loss) before depreciation and amortization (OIBD)</b>	<b>99</b>	<b>25</b>	<b>(10)</b>	<b>(22)</b>	<b>92</b>
Specific items:					
Impairment charges	2	—	14	—	16
Unrealized loss on financial instruments	2	—	—	1	3
<b>Total Specific items</b>	<b>4</b>	<b>—</b>	<b>14</b>	<b>1</b>	<b>19</b>
<b>Adjusted OIBD<sup>1</sup></b>	<b>103</b>	<b>25</b>	<b>4</b>	<b>(21)</b>	<b>111</b>
<b>Adjusted operating income (loss)<sup>1</sup></b>	<b>72</b>	<b>20</b>	<b>(17)</b>	<b>(31)</b>	<b>44</b>



(1) Please click [here](#) for supplemental information on non-IFRS measures and other financial measures.

# NET EARNINGS (NET LOSS) - IFRS VS ADJUSTED<sup>2</sup>

	NET EARNINGS (NET LOSS)	NET EARNINGS (NET LOSS) PER COMMON SHARE <sup>1</sup>
(In millions of Canadian dollars, except per common share amounts)	Q3 2022	Q3 2022
<b>As per IFRS</b>	<b>(2)</b>	<b>(\$0.02)</b>
Specific items:		
Impairment charges	16	\$0.12
Unrealized loss on financial instruments	3	\$0.02
Foreign exchange loss on long-term debt & financial instruments	10	\$0.08
Tax effect on specific items, other tax adjustments and attributable to non-controlling interest <sup>1</sup>	(7)	—
	<b>22</b>	<b>\$0.22</b>
<b>Adjusted<sup>2</sup></b>	<b>20</b>	<b>\$0.20</b>

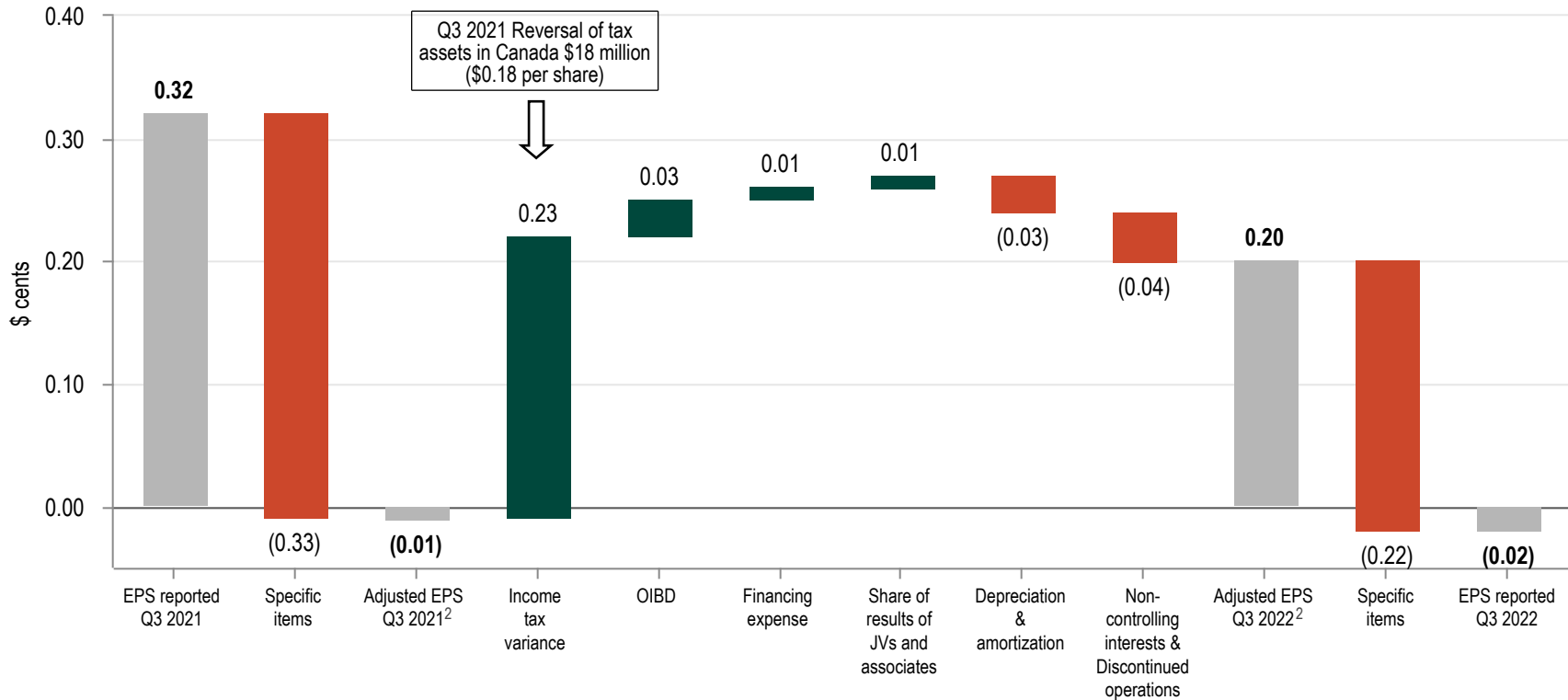


(1) Specific amounts per share are calculated on an after-tax basis and are net of the portion attributable to non-controlling interest.

(2) Please click [here](#) for supplemental information on non-IFRS measures and other financial measures.



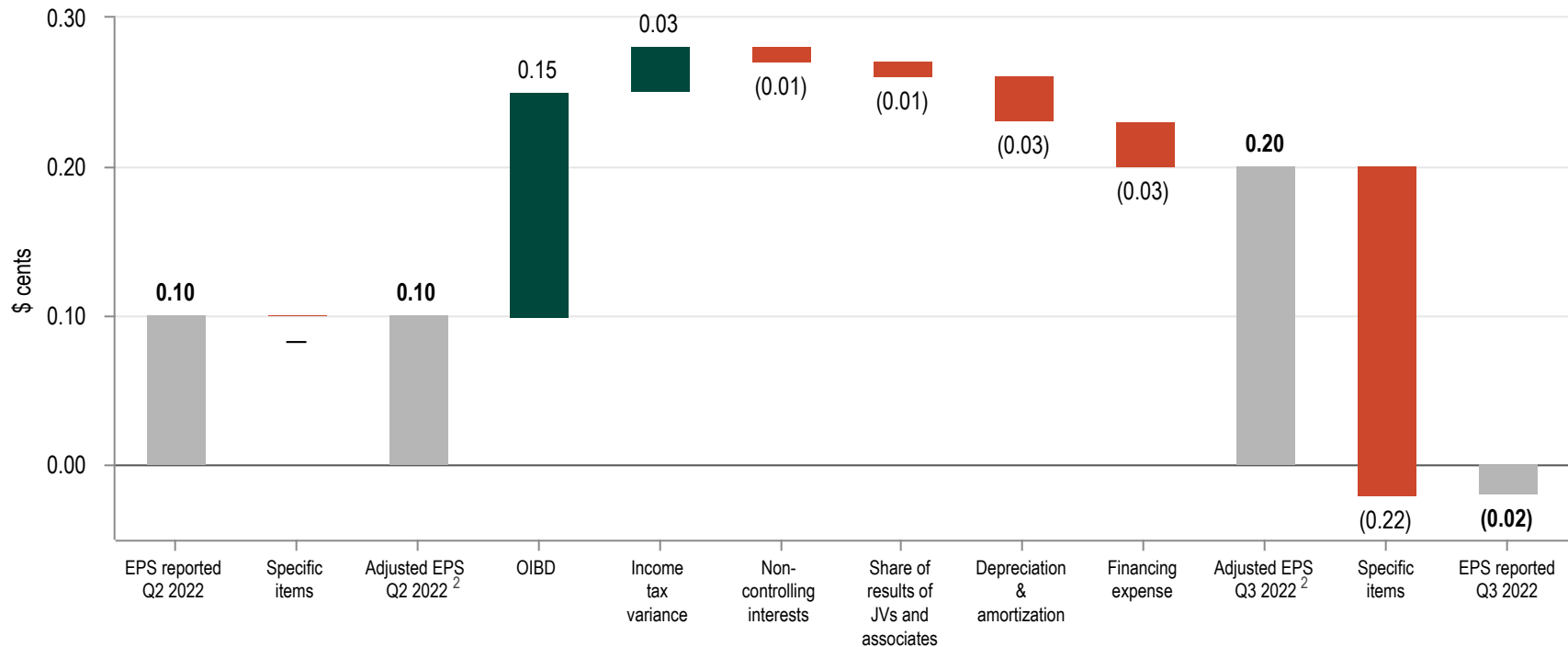
# QUARTERLY YEAR-OVER-YEAR ADJUSTED EPS VARIANCE<sup>1,2</sup>



(1) After-tax variance normalized at 26% tax rate, except for Income tax variance column.

(2) Please click [here](#) for supplemental information on non-IFRS measures and other financial measures.

# QUARTERLY SEQUENTIAL ADJUSTED EPS VARIANCE<sup>1,2</sup>



(1) After-tax variance normalized at 26% tax rate, except for Income tax variance column.

(2) Please click [here](#) for supplemental information on non-IFRS measures and other financial measures.

# CASH FLOW OVERVIEW

(In millions of CAN\$, except per common share amounts)	2020 <sup>4</sup>					2021	2022				
	Year	Q1 <sup>4</sup>	Q2	Q3	Q4	Year	Q1	Q2	Q3	YTD <sup>5</sup>	LTM <sup>6</sup>
Cash flow from operations	458	82	87	58	20	247	19	81	60	160	180
Specific items <sup>1</sup>	15	4	2	12	31	49	7	—	2	9	40
Adjusted cash flow from operations <sup>2</sup>	473	86	89	70	51	296	26	81	62	169	220
<i>Including: Net financing expense paid</i>	(76)	(40)	(4)	(41)	(11)	(96)	(30)	(4)	(38)	(72)	(83)
Payments for property, plant and equipment & other assets, lease obligations payments, net of disposals	(216)	(87)	(83)	(19)	(106)	(295)	(110)	(131)	(135)	(376)	(482)
Dividends <sup>3</sup>	(45)	(12)	(11)	(16)	(16)	(55)	(16)	(14)	(15)	(45)	(61)
Adjusted free cash flow generated (used) <sup>2</sup>	212	(13)	(5)	35	(71)	(54)	(100)	(64)	(88)	(252)	(323)
Adjusted free cash flow generated (used) per common share <sup>2</sup>	\$2.21	(\$0.13)	(\$0.05)	\$0.34	(\$0.70)	(\$0.53)	(\$0.99)	(\$0.64)	(\$0.87)	(\$2.50)	(\$3.20)

The year-over-year decrease in Adjusted Free Cash Flow<sup>2</sup> reflects higher capital expenditures in the current period that are largely attributable to the Bear Island conversion project

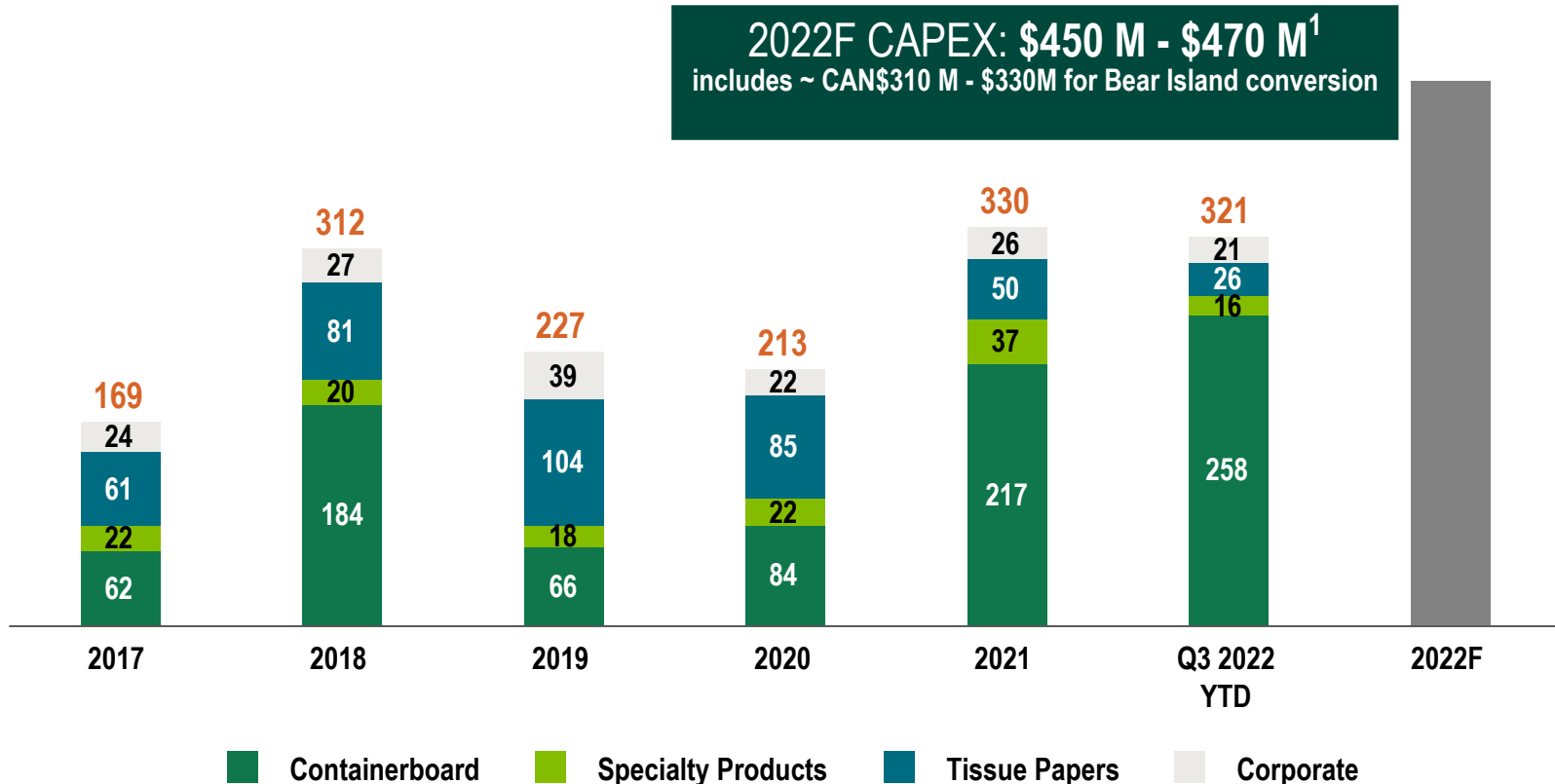


(1) Specific items: premiums paid on the repurchase of long-term debt and restructuring costs. (2) Please click [here](#) for supplemental information on non-IFRS measures and other financial measures. (3) Paid to our shareholders and to non-controlling interests. (4) Q1 2021 and 2020 consolidated cash flows have been adjusted to reflect retrospective adjustments of discontinued operations. Please refer to the "Discontinued Operations" section and Note 5 of the 2021 Audited Consolidated Financial Statements for more details. (5) YTD : Year-to-date. (6) LTM : Last twelve months.

# NEW CAPITAL INVESTMENTS

(in millions of Canadian dollars, excluding new leases, disposal of assets and accounts payable variation)

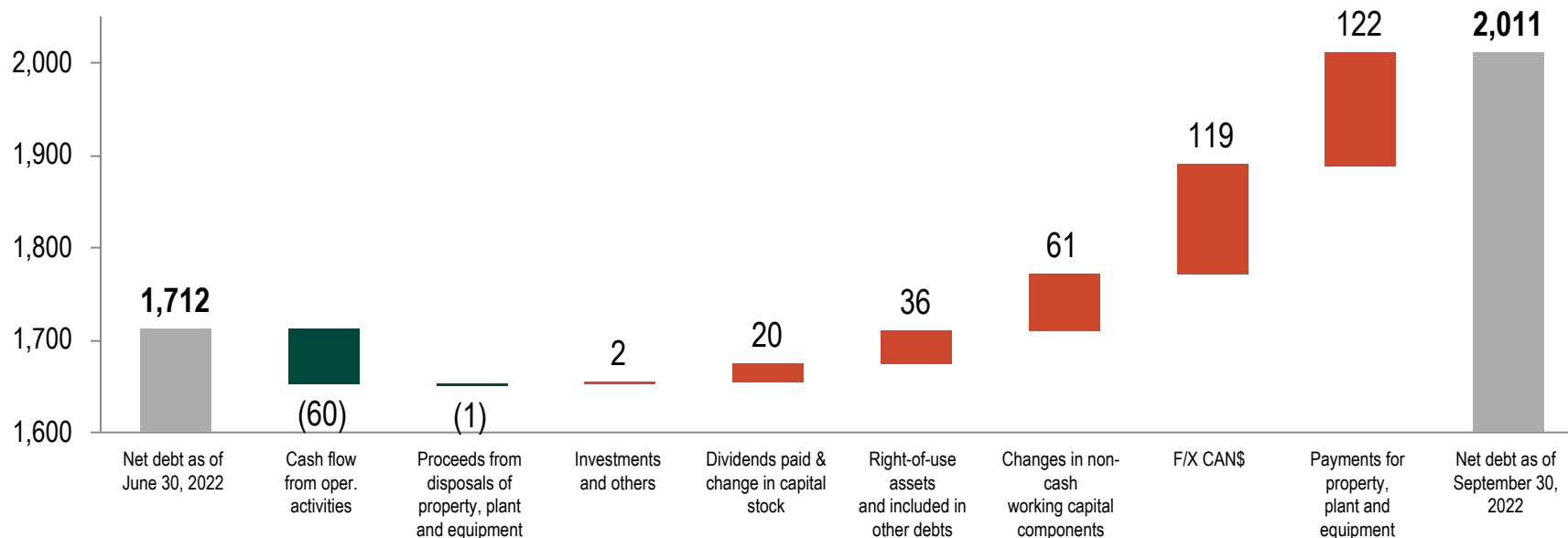
**2022F CAPEX: \$450 M - \$470 M<sup>1</sup>**  
 includes ~ CAN\$310 M - \$330M for Bear Island conversion



(1) Amount is subject to change depending on business and/or economic conditions.

# NET DEBT<sup>1</sup> RECONCILIATION - Q3 2022

(M CAN\$)



**Q2 2022**

\$318 million  
5.4x

LTM adjusted OIBD<sup>1</sup>  
Net debt<sup>1</sup>/LTM adjusted OIBD<sup>1</sup>

**Q3 2022**

\$322 million  
6.2x

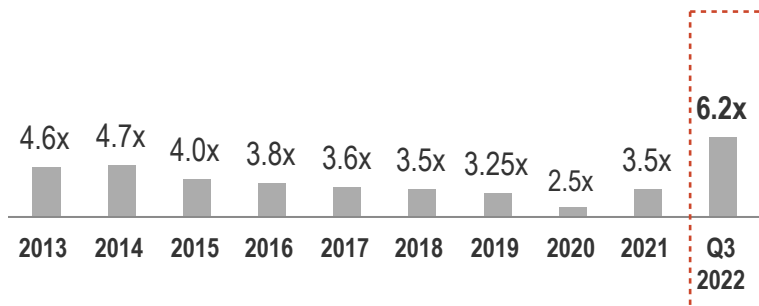
Higher leverage reflects elevated investments for Bear Island conversion project, higher working capital requirements and less favourable exchange rate, partially offset by cash flow from operations



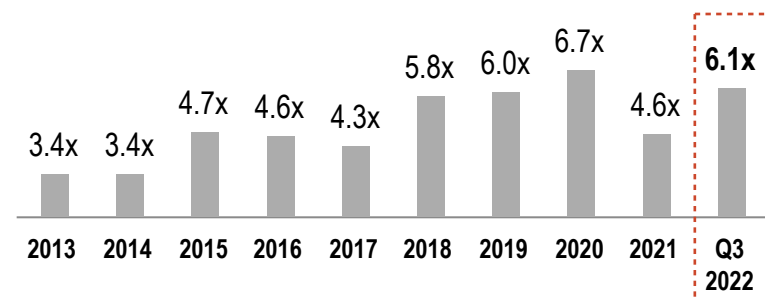
(1) Please click [here](#) for supplemental information on non-IFRS measures and other financial measures. .

# CONSOLIDATED FINANCIAL RATIOS & DEBT MATURITIES

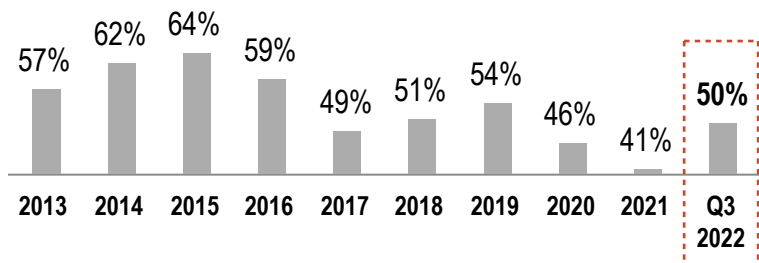
## Net Debt / Adjusted OIBD<sup>1,3</sup>



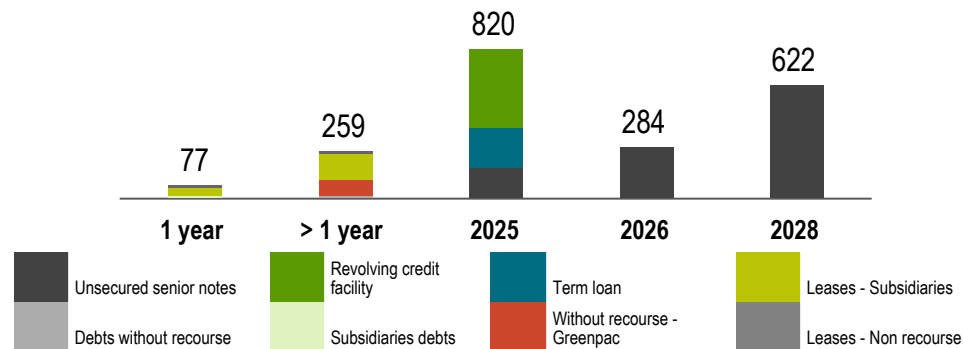
## Interest Coverage Ratio<sup>2,3</sup>



## Net Debt / Net Debt + Total Equity<sup>1</sup>



## Long-Term Debt Maturities<sup>4</sup> (as of September 30, 2022)

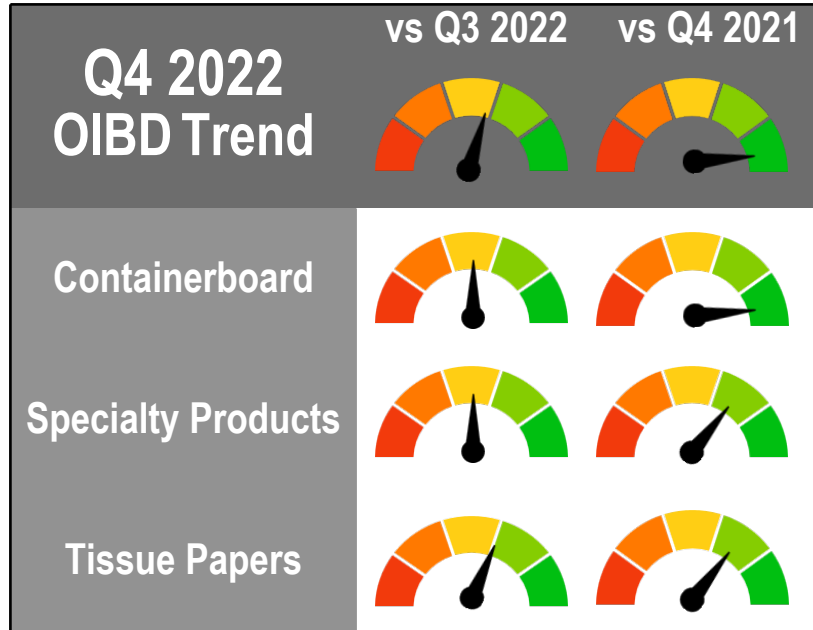


Bank debt financial covenant ratios: Net funded debt to capitalization < 65% (currently at 47.53%), interest coverage ratio > 2.25x (currently at 3,27x).

(1) Please click [here](#) for supplemental information on non-IFRS measures and other financial measures. (2) Adjusted OIBD<sup>1</sup> to financing expense. (3) Pro-forma up to 2018 to include business acquisitions on a LTM basis, if applicable. (4) Not adjusted to reflect the refinancing announced on October 19, 2022.



# NEAR TERM FACTORS



- **Logistics and production costs:** expect continued pressure on costs YoY and QoQ in Q4 for all business segments.
- **Containerboard:** QoQ performance to reflect lower average raw material prices offset by softer volume and elevated operational costs; Expect higher YoY results with selling price increases offsetting cost inflation.
- **Specialty Products:** stable volumes and positive selling price trends support YoY and QoQ results, offsetting cost inflation.
- **Tissue:** Q4 results expected to improve QoQ and YoY as realized benefits from implementation of price increases offset elevated raw material, logistics and operational costs.
- **Corporate Activities:** Stable OIBD quarter-over-quarter.

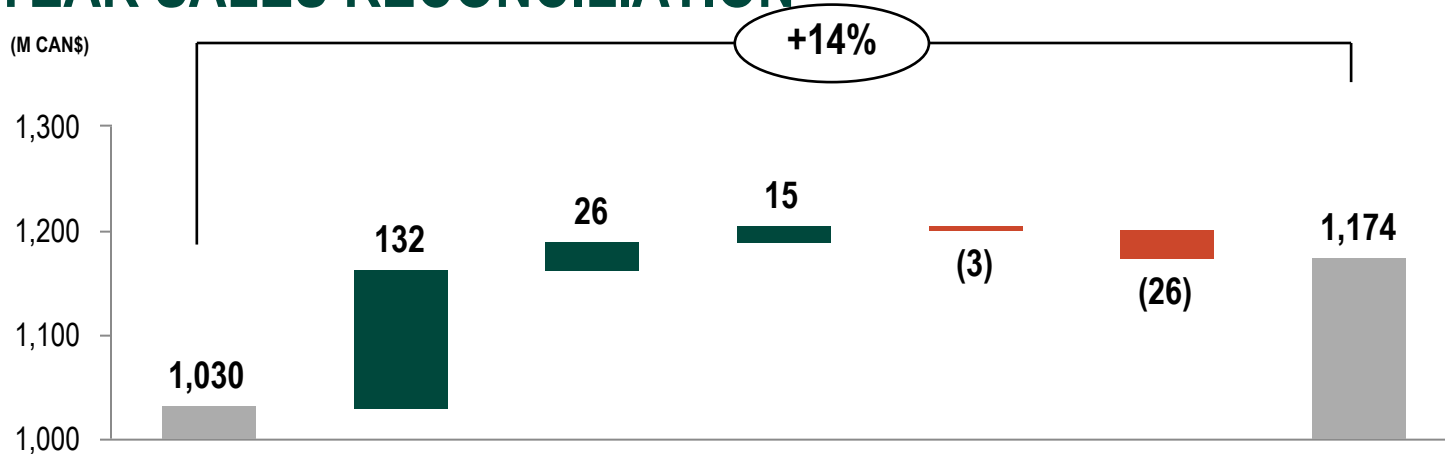


# APPENDIX





# YEAR-OVER-YEAR SALES RECONCILIATION

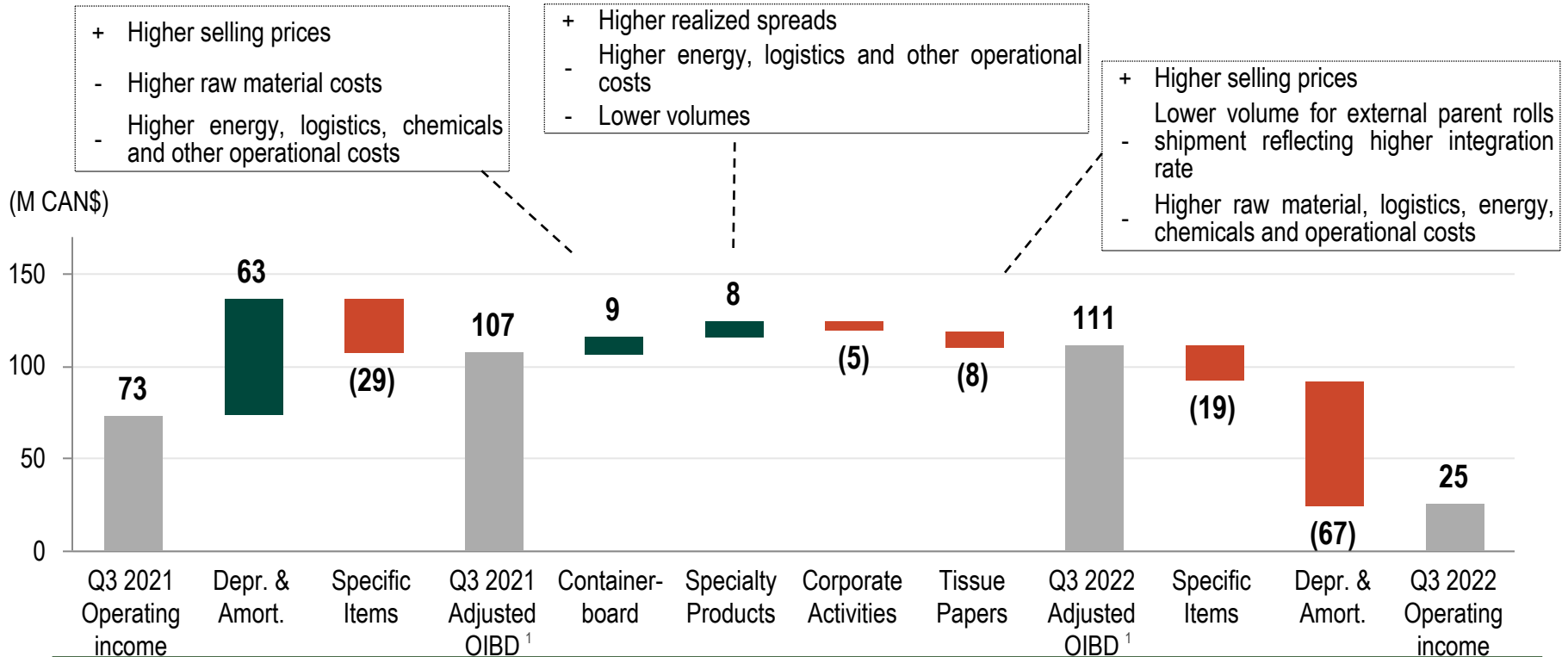


(M CAN\$)	Sales Q3 2021	Price	F/X CAN\$	Mix	Recovery & Recycling & Other items	Volume	Sales Q3 2022
Containerboard	507	66	13	(11)	—	20	595
Specialty Products	144	31	4	—	—	(11)	168
Tissue Papers	344	38	9	26	—	(35)	382
Corporate & Elim.	35	(3)	—	—	(3)	—	29
<b>Total</b>	<b>1,030</b>	<b>132</b>	<b>26</b>	<b>15</b>	<b>(3)</b>	<b>(26)</b>	<b>1,174</b>

YoY sales performance reflects improved pricing in all segments, a more favourable FX, a beneficial mix in Tissue Papers and higher volume in Containerboard. These were partially offset by a less favourable mix in Containerboard, and lower volumes in Tissue Papers and Specialty Products.



# YEAR-OVER-YEAR OPERATING INCOME RECONCILIATION

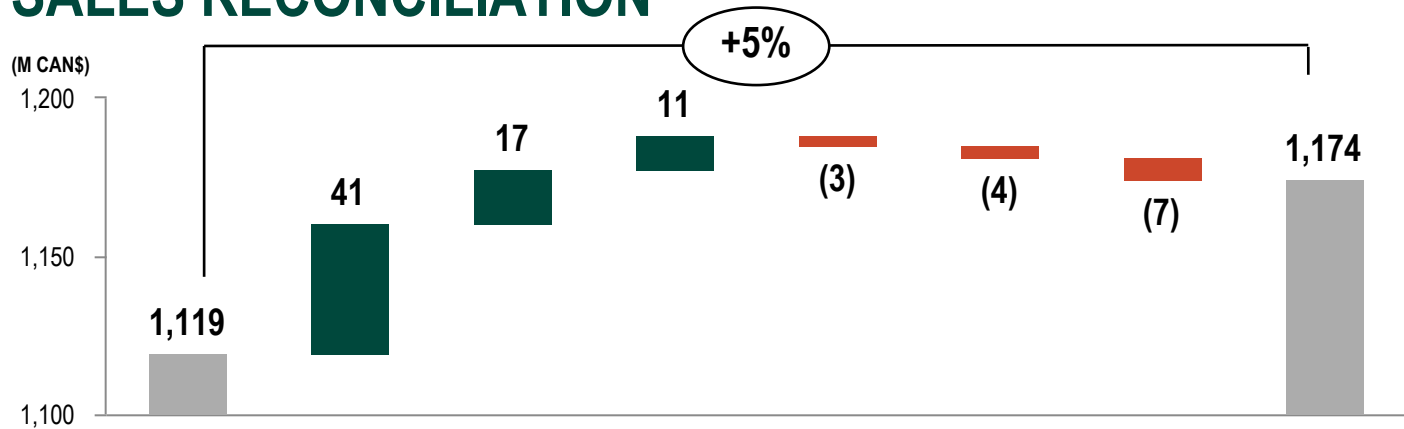


Slightly stronger results driven by higher average selling prices in all business segments, the benefits of which were partially offset by lower volumes in Tissue Papers and Specialty Products, and higher raw material, operational, energy and logistics costs in all business segments.



(1) Please click [here](#) for supplemental information on non-IFRS measures and other financial measures.

# SEQUENTIAL SALES RECONCILIATION



(M CAN\$)	Sales Q2 2022	Price	F/X CAN\$	Volume	Mix	Other	Recovery & Recycling	Sales Q3 2022
Containerboard	569	9	8	19	(10)	—	—	595
Specialty Products	168	5	3	(8)	—	—	—	168
Tissue Papers	342	27	6	—	7	—	—	382
Corporate & Elim.	40	—	—	—	—	(4)	(7)	29
<b>Total</b>	<b>1,119</b>	<b>41</b>	<b>17</b>	<b>11</b>	<b>(3)</b>	<b>(4)</b>	<b>(7)</b>	<b>1,174</b>

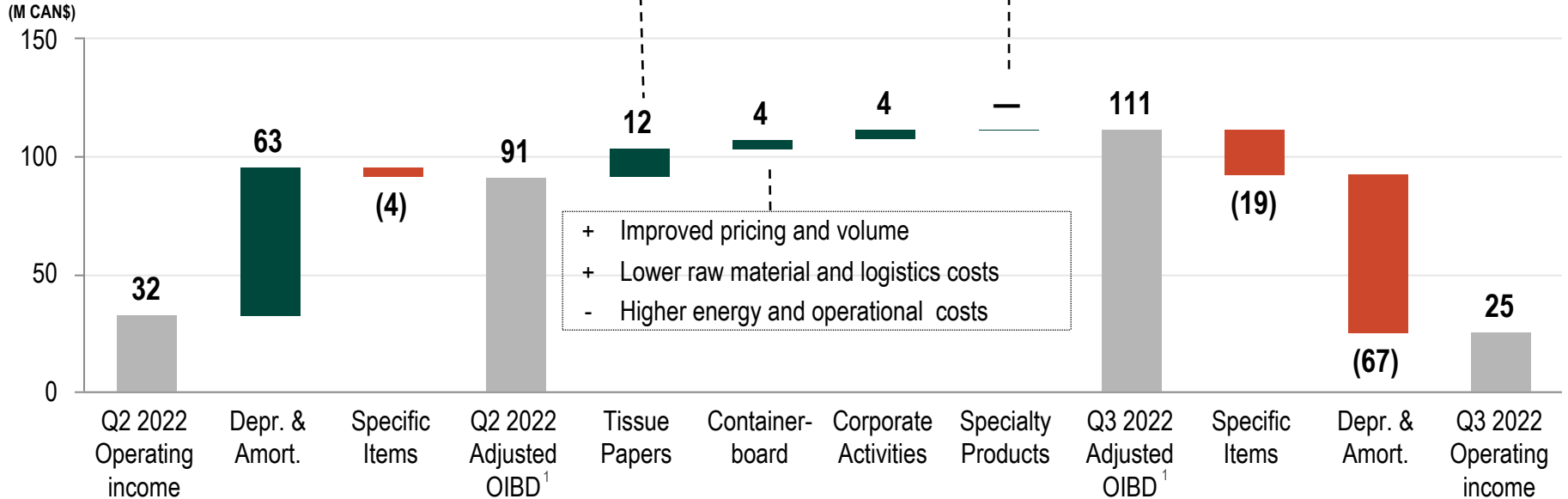
Stronger quarter-over-quarter sales driven by better pricing and a more favourable FX for all business segments, stronger volume in Containerboard, and improved mix in Tissue Papers. These were partially mitigated by a less favourable mix in Containerboard, lower volume in Specialty Products, and a reduced contribution from Recovery and Recycling activities.



# SEQUENTIAL OPERATING INCOME RECONCILIATION

- + Higher selling prices
- + Higher volume
- Higher raw material costs
- Higher energy and other operational costs

- + Higher selling prices
- Lower volume
- Higher energy and other operational costs

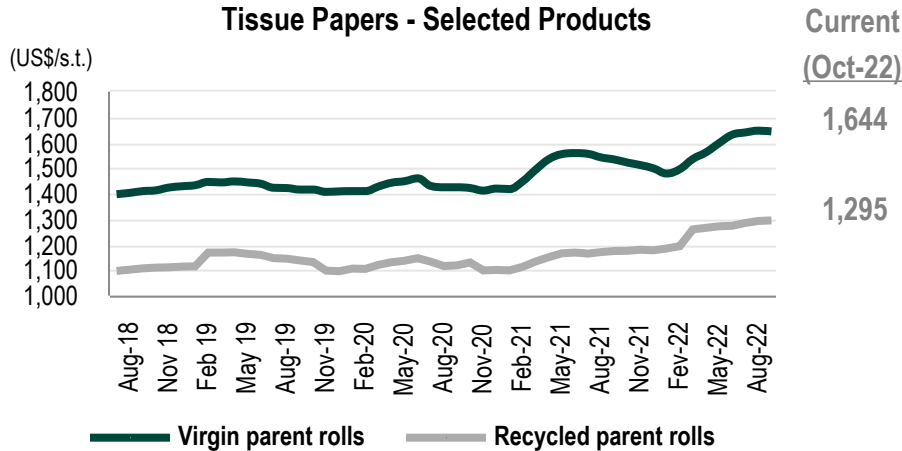
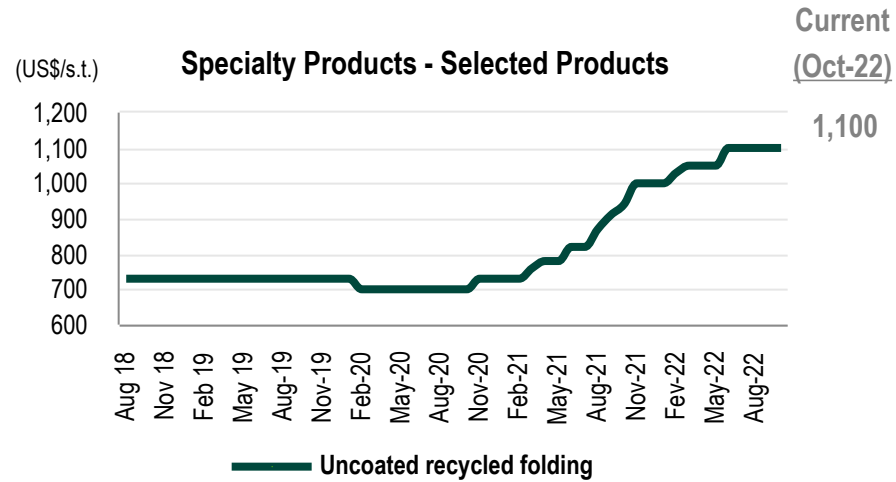
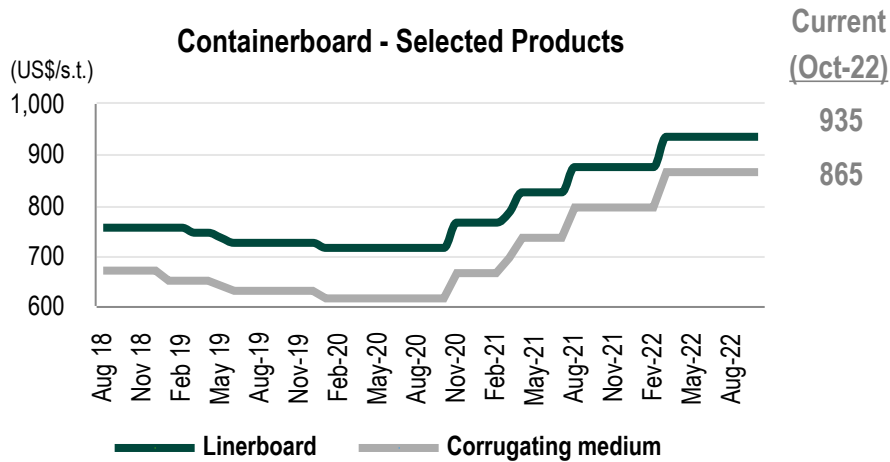


**Stronger sequential results reflect higher selling prices in all business segments, and stronger volumes in Containerboard and Tissue Papers, the benefits of which were partially offset by elevated energy and operational cost levels in all businesses.**



(1) Please click [here](#) for supplemental information on non-IFRS measures and other financial measures.

# SELECTED REFERENCE PRICES



Source: RISI

# SELECTED REFERENCE PRICES AND FIBRE COSTS

	2020					2021					2022			Q3 2022 vs. Q3 2021		Q3 2022 vs. Q2 2022	
These indexes should only be used as an indicator of trends and they may be different than our actual selling prices or purchasing costs.	Q1	Q2	Q3	Q4	Year	Q1	Q2	Q3	Q4	Year	Q1	Q2	Q3	(units)	(%)	(units)	(%)
<b>Selling Prices (average)</b>																	
<b>PACKAGING PRODUCTS</b>																	
<b>Containerboard (US\$/short ton)</b>																	
Linerboard 42-lb. unbleached kraft, Eastern US (open market)	715	715	715	748	723	772	825	858	875	833	895	935	935	77	9%	—	—%
Corrugating medium 26-lb. semichemical, Eastern US (open market)	615	615	615	648	623	675	735	775	795	745	818	865	865	90	12%	—	—%
<b>Specialty Products (US\$/short ton)</b>																	
Uncoated recycled boxboard - 20-pt. bending chip (series B)	710	700	700	720	708	740	793	867	980	845	1,027	1,067	1,100	233	27%	33	3%
<b>TISSUE PAPERS (US\$/short ton)</b>																	
Parent rolls, recycled fibres (transaction)	1,111	1,138	1,123	1,110	1,120	1,115	1,159	1,170	1,178	1,156	1,213	1,271	1,291	121	10%	20	2%
Parent rolls, virgin fibres (transaction)	1,416	1,450	1,427	1,418	1,428	1,453	1,550	1,544	1,511	1,515	1,504	1,597	1,644	100	6%	47	3%
<b>Raw Material Prices (average)</b>																	
<b>RECYCLED PAPER</b>																	
<b>North America (US\$/short ton)</b>																	
Sorted residential papers, No. 56 (SRP - Northeast average)	8	18	33	39	24	44	59	108	108	80	98	107	98	(10)	(9%)	(9)	(8%)
Old corrugated containers, No. 11 (OCC - Northeast average)	36	93	58	59	61	79	102	162	167	127	140	137	109	(53)	(33%)	(28)	(20%)
Sorted office papers, No. 37 (SOP - Northeast average)	89	160	109	80	109	94	117	153	173	134	205	235	252	99	65%	17	7%
<b>VIRGIN PULP (US\$/metric ton)</b>																	
Northern bleached softwood kraft, Canada	1,127	1,158	1,140	1,138	1,141	1,302	1,598	1,542	1,472	1,478	1,527	1,743	1,800	258	17%	57	3%
Bleached hardwood kraft, mixed, Canada/US	890	897	875	868	883	1,037	1,297	1,320	1,262	1,229	1,312	1,517	1,620	300	23%	103	7%





**For more information:**

[www.cascades.com/investors](http://www.cascades.com/investors)

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