



Cascades Reports Results for the First Quarter of 2021 **Volume headwinds in Tissue limit consolidated performance**

Kingsey Falls, Quebec, May 6, 2021 - Cascades Inc. (TSX: CAS) reports its unaudited financial results for the three-month period ended March 31, 2021.

Q1 2021 Highlights (comparative figures have been restated to reflect discontinued operations²)

- Sales of \$1,182 million (compared with \$1,242 million in Q4 2020 (-5%) and \$1,265 million in Q1 2020 (-7%))
- As reported (including specific items)
 - Operating income of \$52 million (compared with \$113 million in Q4 2020 (-54%) and \$87 million in Q1 2020 (-40%))
 - Operating income before depreciation and amortization (OIBD)¹ of \$128 million (compared with \$183 million in Q4 2020 (-30%) and \$157 million in Q1 2020 (-18%))
 - Net earnings per share of \$0.22 (compared with \$0.72 in Q4 2020 and \$0.24 in Q1 2020)
- Adjusted (excluding specific items)¹
 - Operating income of \$65 million (compared with \$92 million in Q4 2020 (-29%) and \$87 million in Q1 2020 (-25%))
 - OIBD of \$141 million (compared with \$162 million in Q4 2020 (-13%) and \$157 million in Q1 2020 (-10%))
 - Net earnings per share of \$0.29 (compared with \$0.42 in Q4 2020 and \$0.42 in Q1 2020)
- Net debt¹ of \$1,654 million as at March 31, 2021 (compared with \$1,679 million as at December 31, 2020). Net debt to adjusted OIBD ratio^{1,3} of 2.5x is unchanged from December 31, 2020.
- Adjusted free cash flow¹ of (\$4) million, or (\$0.04) per share, in Q1 2021, compared to \$83 million, or \$0.83 per share, in Q4 2020 and \$55 million, or \$0.58 per share, in Q1 2020.
- Total capital expenditures, net of disposals, of \$78 million in Q1 2021, compared to \$37 million in Q4 2020 and to \$73 million in Q1 2020; Forecasted 2021 capital expenditures of between \$450 million and \$475 million, encompassing \$250 million for the Bear Island containerboard conversion project in Virginia, USA, is unchanged.
- Following the February 2021 announcement by Reno De Medici S.p.A. (Boxboard Europe) regarding the sale of its French virgin fibre boxboard subsidiary, financial information of this facility are now presented as discontinued operations. The transaction closed April 30, 2021.

¹ Please refer to the "Supplemental Information on Non-IFRS Measures" section for a complete reconciliation.
² 2020 consolidated results have been adjusted to reflect retrospective adjustments of discontinued operations.
³ Not adjusted for discontinued operations.

Mario Plourde, President and CEO, commented: "Our first quarter consolidated results highlight the dynamic and challenging business environment in view of the ongoing COVID-19 pandemic. The sequential decrease in our results was largely driven by an important contraction in retail tissue demand as customers worked through high inventory levels built up throughout 2020, and continued lower volumes in Away-from-Home. Tissue volumes were also impacted by inclement weather in the quarter, which resulted in lost production in one of the Corporation's Southern U.S. tissue plants. Conversely, the European Boxboard segment generated strong sequential sales growth in the period, the beneficial impact of which was offset by a notable increase in raw material prices and higher energy costs in the period. Solid demand levels and higher selling prices in the Containerboard segment were largely offset by transportation and raw material cost increases, and lower volume related to seasonality and scheduled maintenance downtime in the first three months of the year. Specialty Products generated strong sequential margin improvement.

Within the context of today's unpredictable business environment, we are pleased with the progress we made in our strategic initiatives and investments during the first quarter. The optimization and modernization of our Tissue platform is nearing completion, and the strategic decisions and investments made in recent years have better equipped this business to navigate the current challenging market dynamics. In Containerboard, our Bear Island conversion project is advancing on schedule and on budget, and the European Boxboard segment is expected to close its acquisition of Papelera del Principado S.A. ("Papirinsa") at the end of June 2021. We continued to focus on our margin improvement program, with these initiatives expected to contribute 1% annually to our consolidated adjusted OIBD level based on our 2019 reference year."

Discussing near-term outlook, Mr. Plourde commented, "In light of continued uncertainty regarding the COVID-19 pandemic, we are maintaining a cautiously optimistic view for our near-term performance. Sequential results from our Tissue business are expected to remain stable, with performance over the longer-term expected to improve as consumer tissue demand normalizes once inventories are re-balanced, Away-from-Home demand increases as the economy and businesses reopen, and benefits are realized from the high single digit price increase announced for consumer and Away-from-Home tissue products beginning in the third quarter. We expect near-term Containerboard performance to reflect good demand and cumulative benefits from announced price increases, counterbalanced by raw material price inflation and planned maintenance downtime at our two Niagara Falls facilities in the second quarter. Near-term results for the Specialty Products are forecasted to remain stable sequentially, with higher volume and average selling prices offsetting slightly higher raw material costs. Lastly, sequential performance from the European Boxboard segment is expected to remain stable as good volumes and higher average selling price as a result of announced price increases should mitigate higher raw material costs.

More broadly speaking, we are focused on advancing our Bear Island containerboard project, and finalizing modernization investments in our tissue converting operations. These investments will be fully funded by projected operational cash flows for the year. We continue to remain vigilant on ensuring the health and safety of our employees, and on actively working with our customers to meet their evolving needs and expectations."

Financial Summary

Selected consolidated information

(in millions of Canadian dollars, except amounts per share) (unaudited)	Q1 2021	Q4 2020 ²	Q1 2020 ²
Sales	1,182	1,242	1,265
As Reported			
Operating income before depreciation and amortization (OIBD) ¹	128	183	157
Operating income	52	113	87
Net earnings	22	73	22
per share	\$0.22	\$0.72	\$0.24
Adjusted¹			
Operating income before depreciation and amortization (OIBD)	141	162	157
Operating income	65	92	87
Net earnings	29	42	39
per share	\$0.29	\$0.42	\$0.42
Margin (OIBD)	11.9%	13.0%	12.4%

¹ Please refer to the "Supplemental Information on Non-IFRS Measures" section for reconciliation of these figures.

² 2020 consolidated results have been adjusted to reflect retrospective adjustments of discontinued operations.

Segmented OIBD as reported

(in millions of Canadian dollars) (unaudited)	Q1 2021	Q4 2020 ²	Q1 2020 ²
Packaging Products			
Containerboard	96	150	102
Boxboard Europe	23	18	31
Specialty Products	18	15	11
Tissue Papers	18	27	45
Corporate Activities	(23)	(29)	(28)
Total before discontinued operations	132	181	161
Discontinued operations - Boxboard Europe	(4)	2	(4)
OIBD as reported	128	183	157

¹ Please refer to the "Supplemental Information on Non-IFRS Measures" section for reconciliation of these figures.

² 2020 consolidated results have been adjusted to reflect retrospective adjustments of discontinued operations.

Segmented adjusted OIBD¹

(in millions of Canadian dollars) (unaudited)

	Q1 2021	Q4 2020 ²	Q1 2020 ²
Packaging Products			
Containerboard	108	110	99
Boxboard Europe	23	27	30
Specialty Products	18	15	12
Tissue Papers	20	40	45
Corporate Activities	(24)	(26)	(25)
Total before discontinued operations	145	166	161
Discontinued operations - Boxboard Europe	(4)	(4)	(4)
Adjusted OIBD	141	162	157

¹ Please refer to the "Supplemental Information on Non-IFRS Measures" section for a complete reconciliation.

² 2020 consolidated results have been adjusted to reflect retrospective adjustments of discontinued operations.

Analysis of results for the three-month period ended March 31, 2021 (compared to the same period last year²)

Sales of \$1,182 million decreased by \$83 million, or 7%, compared with the same period last year. This was driven by lower volumes in the Tissue segment attributable to continued COVID-19 related market softness in the Away-from-Home segment, and an important contraction in consumer retail product volumes as customers rebalanced inventory levels that had been built up in response to elevated Covid-19 demand. This was partially offset by stronger volumes in all packaging segments, most notably in the Containerboard segment which benefited from strong demand on both the manufacturing and converting side. Year-over-year consolidated sales levels also benefited from more favourable average selling prices and sales mix, with price increases realized in Tissue and Containerboard. Foreign exchange rates were beneficial for the European Boxboard business, but these benefits were more than offset by the impact of less favourable foreign exchange rates in North America.

The Corporation generated an operating income before depreciation and amortization (OIBD) of \$128 million in the first quarter of 2021, down from \$157 million in the first quarter of 2020. On an adjusted basis¹, first quarter OIBD totaled \$141 million, a decrease of \$16 million, or 10% from the \$157 million generated in the same period last year. This decrease is largely attributable to lower Tissue results, which reflected difficult year-over-year comparisons following elevated Covid-19 related demand in the year-ago period and customer inventory management in the current period that impacted retail consumer demand levels. European Boxboard adjusted OIBD levels also decreased from the year ago period, as material cost inflation more than offset the benefits from improved volumes. Good results from the North American packaging segments partially counterbalanced these headwinds. Results from the Containerboard segment increased 9% year-over-year, with higher volumes and beneficial selling price and sales mix mitigating the impact of higher raw material prices, while those of Specialty Products increased 50% compared to the prior year period, driven by higher volumes and better realized spreads. Results also benefited from lower SG&A costs as a \$10 million expected credit loss provision on accounts receivable amounts was recorded in 2020 in relation to the COVID-19 pandemic.

The main specific items, before income taxes, that impacted our first quarter 2021 OIBD and/or net earnings were:

- \$5 million of restructuring charges recorded in Containerboard and Tissue as part of profitability improvement and restructuring initiatives (OIBD and net earnings);
- \$8 million unrealized loss on financial instruments (OIBD and net earnings);
- \$3 million foreign exchange gain on long-term debt and financial instruments (net earnings);

For the 3-month period ended March 31, 2021, the Corporation posted net earnings of \$22 million, or \$0.22 per share, compared to net earnings of \$22 million, or \$0.24 per share, in the same period of 2020. On an adjusted basis¹, the Corporation generated net earnings of \$29 million in the first quarter of 2021, or \$0.29 per share, compared to net earnings of \$39 million, or \$0.42 per share, in the same period of 2020.

¹ Please refer to the "Supplemental Information on Non-IFRS Measures" section for a complete reconciliation.

² 2020 consolidated results have been adjusted to reflect retrospective adjustments of discontinued operations.

Dividend on common shares and normal course issuer bid

The Board of Directors of Cascades declared a quarterly dividend of \$0.08 per share to be paid on June 3, 2021 to shareholders of record at the close of business on May 19, 2021. This dividend is an "eligible dividend" as per the Income Tax Act (R.C.S. (1985), Canada). Cascades purchased no share for cancellation during the first quarter of 2021.

2021 First Quarter Results Conference Call Details

Management will discuss the 2021 first quarter financial results during a conference call today at 9:00 a.m. EDT. The call can be accessed by dialing 1-888-231-8191 (international dial-in 1-647-427-7450). The conference call, including the investor presentation, will be broadcast live on the Cascades website (www.cascades.com under the "Investors" section). A replay of the call will be available on the Cascades website and may also be accessed by phone until June 6, 2021 by dialing 1-855-859-2056 (international dial-in 1-416-849-0833), access code 1148359.

Founded in 1964, Cascades offers sustainable, innovative and value-added packaging, hygiene and recovery solutions. The company employs 12,000 women and men across a network of 85 facilities in North America and Europe. Driven by its participative management, half a century of experience in recycling, and continuous research and development efforts, Cascades continues to provide innovative products that customers have come to rely on, while contributing to the well-being of people, communities and the entire planet. Cascades' shares trade on the Toronto Stock Exchange under the ticker symbol CAS. Certain statements in this release, including statements regarding future results and performance, are forward-looking statements (as such term is defined under the Private Securities Litigation Reform Act of 1995) 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 the Corporation's products, increases in raw material costs, fluctuations in selling prices and adverse changes in general market and industry conditions and other factors listed in the Corporation's Securities and Exchange Commission filings.

CONSOLIDATED BALANCE SHEETS

(in millions of Canadian dollars) (unaudited)	March 31, 2021	December 31, 2020
Assets		
Current assets		
Cash and cash equivalents	328	384
Accounts receivable	621	659
Current income tax assets	22	23
Inventories	577	569
Current portion of financial assets	11	5
Assets classified as held for sale	64	—
	1,623	1,640
Long-term assets		
Investments in associates and joint ventures	85	82
Property, plant and equipment	2,730	2,772
Intangible assets with finite useful life	155	160
Financial assets	9	16
Other assets	46	50
Deferred income tax assets	151	170
Goodwill and other intangible assets with indefinite useful life	518	522
	5,317	5,412
Liabilities and Equity		
Current liabilities		
Bank loans and advances	6	12
Trade and other payables	822	861
Current income tax liabilities	21	17
Current portion of long-term debt	87	102
Current portion of provisions for contingencies and charges	13	14
Current portion of financial liabilities and other liabilities	19	25
Liabilities classified as held for sale	48	—
	1,016	1,031
Long-term liabilities		
Long-term debt	1,889	1,949
Provisions for contingencies and charges	58	57
Financial liabilities	7	6
Other liabilities	177	202
Deferred income tax liabilities	200	210
	3,347	3,455
Equity		
Capital stock	622	622
Contributed surplus	13	13
Retained earnings	1,172	1,146
Accumulated other comprehensive loss	(34)	(28)
Equity attributable to Shareholders	1,773	1,753
Non-controlling interests	197	204
Total equity	1,970	1,957
	5,317	5,412

CONSOLIDATED STATEMENTS OF EARNINGS

For the 3-month periods ended
March 31,

(in millions of Canadian dollars, except per common share amounts and number of common shares) (unaudited)	2021	2020
Sales	1,182	1,265
Cost of sales and expenses		
Cost of sales (including depreciation and amortization of \$76 million (2020 — \$70 million))	1,008	1,051
Selling and administrative expenses	108	127
Loss on acquisitions, disposals and others	—	1
Restructuring costs	5	—
Foreign exchange loss	1	—
Loss (gain) on derivative financial instruments	8	(1)
	1,130	1,178
Operating income	52	87
Financing expense	23	27
Interest expense on employee future benefits	1	1
Foreign exchange loss (gain) on long-term debt and financial instruments	(3)	17
Share of results of associates and joint ventures	(2)	(3)
Earnings before income taxes	33	45
Provision for income taxes	8	15
Net earnings from continuing operations including non-controlling interests for the period	25	30
Results from discontinued operations	3	3
Net earnings including non-controlling interests for the period	28	33
Net earnings attributable to non-controlling interests	6	11
Net earnings attributable to Shareholders for the period	22	22
Net earnings from continuing operations per share		
Basic	\$0.20	\$0.22
Diluted	\$0.20	\$0.21
Net earnings per common share		
Basic	\$0.22	\$0.24
Diluted	\$0.22	\$0.23
Weighted average basic number of common shares outstanding	102,279,404	94,248,804
Weighted average number of diluted common shares	103,437,340	95,523,990
Net earnings attributable to Shareholders:		
Continuing operations	20	20
Discontinued operations	2	2
Net earnings	22	22

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(in millions of Canadian dollars) (unaudited)	For the 3-month periods ended	
	2021	2020
Net earnings including non-controlling interests for the period	28	33
Other comprehensive income (loss)		
Items that may be reclassified subsequently to earnings		
Translation adjustments		
Change in foreign currency translation of foreign subsidiaries	(33)	101
Change in foreign currency translation of foreign subsidiaries from discontinued operations	(1)	1
Change in foreign currency translation related to net investment hedging activities	21	(59)
Cash flow hedges		
Change in fair value of interest rate swaps	—	(1)
Change in fair value of commodity derivative financial instruments	1	—
Recovery of income taxes	(3)	—
	(15)	42
Items that are not released to earnings		
Actuarial loss on employee future benefits	17	10
Recovery of income taxes	(5)	(3)
	12	7
Other comprehensive income (loss)	(3)	49
Comprehensive income including non-controlling interests for the period	25	82
Comprehensive income (loss) attributable to non-controlling interests for the period	(3)	23
Comprehensive income attributable to Shareholders for the period	28	59
Comprehensive income attributable to Shareholders:		
Continuing operations	27	56
Discontinued operations	1	3
Comprehensive income	28	59

CONSOLIDATED STATEMENTS OF EQUITY

For the 3-month period ended March 31, 2021

(in millions of Canadian dollars) (unaudited)	CAPITAL STOCK	CONTRIBUTED SURPLUS	RETAINED EARNINGS	ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)	TOTAL EQUITY ATTRIBUTABLE TO SHAREHOLDERS	NON- CONTROLLING INTERESTS	TOTAL EQUITY
Balance - Beginning of period	622	13	1,146	(28)	1,753	204	1,957
Comprehensive income (loss)							
Net earnings	—	—	22	—	22	6	28
Other comprehensive income (loss)	—	—	12	(6)	6	(9)	(3)
	—	—	34	(6)	28	(3)	25
Dividends	—	—	(8)	—	(8)	(4)	(12)
Balance - End of period	622	13	1,172	(34)	1,773	197	1,970

For the 3-month period ended March 31, 2020

(in millions of Canadian dollars) (unaudited)	CAPITAL STOCK	CONTRIBUTED SURPLUS	RETAINED EARNINGS	ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)	TOTAL EQUITY ATTRIBUTABLE TO SHAREHOLDERS	NON- CONTROLLING INTERESTS	TOTAL EQUITY
Balance - Beginning of period	491	15	1,003	(17)	1,492	177	1,669
Comprehensive income							
Net earnings	—	—	22	—	22	11	33
Other comprehensive income	—	—	7	30	37	12	49
	—	—	29	30	59	23	82
Dividends	—	—	(7)	—	(7)	(3)	(10)
Issuance of common shares upon exercise of stock options	4	(1)	—	—	3	—	3
Redemption of common shares	(3)	—	(2)	—	(5)	—	(5)
Balance - End of period	492	14	1,023	13	1,542	197	1,739

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the 3-month periods ended
March 31,

(in millions of Canadian dollars) (unaudited)	2021	2020
Operating activities from continuing operations		
Net earnings attributable to Shareholders for the period	22	22
Results from discontinued operations	(3)	(3)
Results from discontinued operations attributable to non-controlling interests	1	1
Net earnings from continuing operations	20	20
Adjustments for:		
Financing expense and interest expense on employee future benefits	24	28
Depreciation and amortization	76	70
Loss on acquisitions, disposals and others	—	1
Restructuring costs	5	—
Unrealized loss (gain) on derivative financial instruments	8	(1)
Foreign exchange loss (gain) on long-term debt and financial instruments	(3)	17
Provision for income taxes	8	15
Share of results of associates and joint ventures	(2)	(3)
Net earnings attributable to non-controlling interests	5	10
Net financing expense paid	(41)	(17)
Net income taxes received	1	9
Provisions for contingencies and charges and other liabilities	(3)	—
	98	149
Changes in non-cash working capital components	(14)	(32)
	84	117
Investing activities from continuing operations		
Payments for property, plant and equipment	(82)	(74)
Proceeds from disposals of property, plant and equipment	4	1
Change in intangible and other assets	(4)	(2)
Cash received from business combinations	—	2
	(82)	(73)
Financing activities from continuing operations		
Bank loans and advances	(6)	(2)
Change in credit facilities	—	97
Payments of other long-term debt, including lease obligations	(33)	(20)
Issuance of common shares upon exercise of stock options	—	3
Redemption of common shares	—	(5)
Payment of other liabilities	—	(121)
Dividends paid to non-controlling interests	(4)	(3)
Dividends paid to the Corporation's Shareholders	(8)	(7)
	(51)	(58)
Change in cash and cash equivalents during the period from continuing operations	(49)	(14)
Change in cash during the period from discontinued operations	(1)	—
Net change in cash and cash equivalents during the period	(50)	(14)
Currency translation on cash and cash equivalents	(6)	12
Cash and cash equivalents - Beginning of the period	384	155
Cash and cash equivalents - End of the period	328	153

SEGMENTED INFORMATION

The Corporation analyzes the performance of its operating segments based on their operating income before depreciation and amortization, which is not a measure of performance under International Financial Reporting Standards (IFRS). However, the chief operating decision-maker (CODM) uses this performance measure to assess the operating performance of each reportable segment. Earnings for each segment are prepared on the same basis as those of the Corporation. Intersegment operations are recorded on the same basis as sales to third parties, which are at fair market value. The accounting policies of the reportable segments are the same as the Corporation's accounting policies described in its most recent audited consolidated financial statements for the year ended December 31, 2020.

The Corporation's operating segments are reported in a manner consistent with the internal reporting provided to the CODM. The Chief Executive Officer has authority for resource allocation and management of the Corporation's performance and is therefore the CODM.

The Corporation's operations are managed in four segments: Containerboard, Boxboard Europe and Specialty Products (which constitutes the Corporation's Packaging Products), and Tissue Papers.

SALES TO

(in millions of Canadian dollars) (unaudited)	For the 3-month periods ended March 31,									
	Canada		United States		Italy		Other countries		Total	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Packaging Products										
Containerboard	299	260	204	197	—	—	—	1	503	458
Boxboard Europe	—	—	—	—	91	81	195	191	286	272
Specialty Products	47	35	75	76	—	—	—	2	122	113
Inter-segment sales	(4)	(3)	(3)	—	—	—	—	—	(7)	(3)
	342	292	276	273	91	81	195	194	904	840
Tissue Papers	57	70	235	375	—	—	—	1	292	446
Inter-segment sales and Corporate Activities	31	26	1	1	—	—	—	—	32	27
	430	388	512	649	91	81	195	195	1,228	1,313
Discontinued operations — Boxboard Europe	—	—	—	—	(10)	(9)	(36)	(39)	(46)	(48)
	430	388	512	649	81	72	159	156	1,182	1,265

OPERATING INCOME BEFORE
DEPRECIATION AND AMORTIZATION

For the 3-month periods ended March 31,

(in millions of Canadian dollars) (unaudited)	2021	2020
Packaging Products		
Containerboard	96	102
Boxboard Europe	23	31
Specialty Products	18	11
	137	144
Tissue Papers	18	45
Corporate Activities	(23)	(28)
Operating income before depreciation and amortization before discontinued operations	132	161
Discontinued operations — Boxboard Europe	(4)	(4)
Operating income before depreciation and amortization	128	157
Depreciation and amortization	(76)	(70)
Financing expense and interest expense on employee future benefits	(24)	(28)
Foreign exchange gain (loss) on long-term debt and financial instruments	3	(17)
Share of results of associates and joint ventures	2	3
Earnings before income taxes	33	45

PAYMENTS FOR PROPERTY, PLANT AND
EQUIPMENT

For the 3-month periods ended March 31,

(in millions of Canadian dollars) (unaudited)

	2021	2020
Packaging Products		
Containerboard	54	16
Boxboard Europe	7	5
Specialty Products	8	5
	69	26
Tissue Papers	8	24
Corporate Activities	4	6
Total acquisitions	81	56
Proceeds from disposals of property, plant and equipment	(4)	(1)
Right-of-use assets acquisitions and acquisitions included in other debts	—	(9)
	77	46
Acquisitions for property, plant and equipment included in "Trade and other payables"		
Beginning of period	40	46
End of period	(39)	(19)
Payments for property, plant and equipment net of proceeds from disposals	78	73

SUPPLEMENTAL INFORMATION ON NON-IFRS MEASURES SPECIFIC ITEMS

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

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

RECONCILIATION OF NON-IFRS MEASURES

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

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

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

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

							Q1 2021
Including Discontinued Operations						Exclusion of Discontinued Operations	As reported
(in millions of Canadian dollars) (unaudited)	Containerboard	Boxboard Europe	Specialty Products	Tissue Papers	Corporate Activities	Boxboard Europe	Consolidated
Operating income (loss)	65	12	15	—	(36)	(4)	52
Depreciation and amortization	31	11	3	18	13	—	76
Operating income (loss) before depreciation and amortization	96	23	18	18	(23)	(4)	128
Specific items:							
Restructuring costs	3	—	—	2	—	—	5
Unrealized loss (gain) on derivative financial instruments	9	—	—	—	(1)	—	8
	12	—	—	2	(1)	—	13
Adjusted operating income (loss) before depreciation and amortization	108	23	18	20	(24)	(4)	141
Adjusted operating income (loss)	77	12	15	2	(37)	(4)	65

							Q4 2020
As reported in 2020						Exclusion of Discontinued Operations ¹	As reported
(in millions of Canadian dollars) (unaudited)	Containerboard	Boxboard Europe	Specialty Products	Tissue Papers	Corporate Activities	Boxboard Europe	Consolidated
Operating income (loss)	122	5	12	10	(40)	4	113
Depreciation and amortization	28	13	3	17	11	(2)	70
Operating income (loss) before depreciation and amortization	150	18	15	27	(29)	2	183
Specific items :							
Loss (gain) on acquisitions, disposals and others	(40)	—	—	2	—	—	(38)
Impairment charges (reversals)	(2)	9	—	5	1	(6)	7
Restructuring costs	—	—	—	6	2	—	8
Unrealized loss on derivative financial instruments	2	—	—	—	—	—	2
	(40)	9	—	13	3	(6)	(21)
Adjusted operating income (loss) before depreciation and amortization	110	27	15	40	(26)	(4)	162
Adjusted operating income (loss)	82	14	12	23	(37)	(2)	92

¹ 2020 consolidated results have been adjusted to reflect retrospective adjustments of discontinued operations.

	As reported in 2020					Exclusion of Discontinued Operations ¹	As reported
	Containerboard	Boxboard Europe	Specialty Products	Tissue Papers	Corporate Activities	Boxboard Europe	Consolidated
(in millions of Canadian dollars) (unaudited)							
Operating income (loss)	74	20	8	28	(40)	(3)	87
Depreciation and amortization	28	11	3	17	12	(1)	70
Operating income (loss) before depreciation and amortization	102	31	11	45	(28)	(4)	157
Specific items:							
Loss on acquisitions, disposals and others	—	—	1	—	—	—	1
Unrealized loss (gain) on derivative financial instruments	(3)	(1)	—	—	3	—	(1)
	(3)	(1)	1	—	3	—	—
Adjusted operating income (loss) before depreciation and amortization	99	30	12	45	(25)	(4)	157
Adjusted operating income (loss)	71	19	9	28	(37)	(3)	87

¹ 2020 consolidated results have been adjusted to reflect retrospective adjustments of discontinued operations.

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

(in millions of Canadian dollars) (unaudited)	Q1 2021	Q4 2020 ¹	Q1 2020 ¹
Net earnings attributable to Shareholders for the period	22	73	22
Net earnings attributable to non-controlling interests	6	4	11
Results from discontinued operations	(3)	3	(3)
Provision for income taxes	8	22	15
Fair value revaluation loss on investments	—	3	—
Share of results of associates and joint ventures	(2)	(5)	(3)
Foreign exchange loss (gain) on long-term debt and financial instruments	(3)	(3)	17
Financing expense and interest expense on employee future benefits	24	16	28
Operating income	52	113	87
Specific items:			
Loss (gain) on acquisitions, disposals and others	—	(38)	1
Impairment charges	—	7	—
Restructuring costs	5	8	—
Unrealized loss (gain) on derivative financial instruments	8	2	(1)
	13	(21)	—
Adjusted operating income	65	92	87
Depreciation and amortization	76	70	70
Adjusted operating income before depreciation and amortization	141	162	157

¹ 2020 consolidated results have been adjusted to reflect retrospective adjustments of discontinued operations.

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

(in millions of Canadian dollars, except amounts per share) (unaudited)	NET EARNINGS			NET EARNINGS PER SHARE ¹		
	Q1 2021	Q4 2020 ²	Q1 2020	Q1 2021	Q4 2020 ²	Q1 2020
As per IFRS	22	73	22	\$0.22	\$0.72	\$0.24
Specific items:						
Loss (gain) on acquisitions, disposals and others	—	(38)	1	—	(\$0.34)	\$0.01
Impairment charges	—	7	—	—	\$0.06	—
Restructuring costs	5	8	—	\$0.03	\$0.05	—
Unrealized loss (gain) on derivative financial instruments	8	2	(1)	\$0.06	\$0.02	(\$0.01)
Unrealized gain on interest rate swaps and option fair value	—	(11)	—	—	(\$0.12)	—
Foreign exchange loss (gain) on long-term debt and financial instruments	(3)	(3)	17	(\$0.02)	(\$0.02)	\$0.18
Fair value revaluation loss on investments	—	3	—	—	\$0.02	—
Included in discontinued operations, net of tax	—	6	—	—	\$0.03	—
Tax effect on specific items, other tax adjustments and attributable to non-controlling interest ¹	(3)	(5)	—	—	—	—
	7	(31)	17	\$0.07	(\$0.30)	\$0.18
Adjusted	29	42	39	\$0.29	\$0.42	\$0.42

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

² 2020 consolidated results have been adjusted to reflect retrospective adjustments of discontinued operations.

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

(in millions of Canadian dollars) (unaudited)	Q1 2021	Q4 2020 ¹	Q1 2020 ¹
Cash flow from operating activities from continuing operations	84	202	117
Changes in non-cash working capital components	14	(60)	32
Depreciation and amortization	(76)	(70)	(70)
Net income taxes paid (received)	(1)	10	(9)
Net financing expense paid	41	6	17
Gain (loss) on acquisitions, disposals and others	—	38	(1)
Impairment charges and restructuring costs	(5)	(15)	—
Unrealized gain (loss) on derivative financial instruments	(8)	(2)	1
Provisions for contingencies and charges and other liabilities	3	4	—
Operating income	52	113	87
Depreciation and amortization	76	70	70
Operating income before depreciation and amortization	128	183	157

¹ 2020 consolidated results have been adjusted to reflect retrospective adjustments of discontinued operations.

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

(in millions of Canadian dollars, except amount per share or otherwise mentioned) (unaudited)	Q1 2021	Q4 2020 ²	Q1 2020 ²
Cash flow from operating activities from continuing operations	84	202	117
Changes in non-cash working capital components	14	(60)	32
Cash flow from operating activities from continuing operations(excluding changes in non-cash working capital components)	98	142	149
Specific items paid	4	6	—
Adjusted cash flow from operating activities from continuing operations	102	148	149
Capital expenditures & other assets ¹ and right-of-use assets payments, net of disposals	(94)	(53)	(84)
Dividends paid to the Corporation's Shareholders and to non-controlling interests	(12)	(12)	(10)
Adjusted free cash flow	(4)	83	55
Adjusted free cash flow per share	(\$0.04)	\$0.83	\$0.58
Weighted average basic number of shares outstanding	102,279,404	99,937,437	94,248,804

¹ Excluding increase in investments

² 2020 consolidated cash flows have been adjusted to reflect retrospective adjustments of discontinued operations.

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

(in millions of Canadian dollars)	March 31, 2021	December 31, 2020	March 31, 2020
Long-term debt	1,889	1,949	2,264
Current portion of long-term debt	87	102	92
Bank loans and advances	6	12	9
Total debt	1,982	2,063	2,365
Less: Cash and cash equivalents	328	384	153
Net debt	1,654	1,679	2,212
Net debt of discontinued operations classified as Held for sale ¹	11	—	—
Net debt - before reclassification as Held for sale ¹	1,665	1,679	2,212
Adjusted OIBD including \$16 million (March, 31, 2021), \$16 million (December 31, 2020) and \$11 million (March 31, 2020) from discontinued operations (last twelve months) ¹	659	675	630
Net debt / Adjusted OIBD¹	2.5 x	2.5 x	3.5 x

¹ Net debt / Adjusted OIBD before discontinued operations in the Boxboard Europe segment.

For further information:

Media:

Hugo D'Amours
Vice-President, Communications and Public Affairs
819-363-5184

Investors:

Jennifer Aitken, MBA
Director, Investor Relations
514-282-2697

Source:

Allan Hogg
Vice-President and Chief Financial Officer

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