

PRESS RELEASE



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Cascades Reports Results for the Second Quarter of 2022 *Commercial initiatives drive stronger sequential performance*

Kingsey Falls, Québec, August 4, 2022 - Cascades Inc. (TSX: CAS) reports its unaudited financial results for the three-month period ended June 30, 2022.

Q2 2022 Highlights

- Sales of \$1,119 million (compared with \$1,038 million in Q1 2022 and \$956 million in Q2 2021)
- As reported (including specific items)
 - Operating income (loss) of \$32 million (compared with \$(4) million in Q1 2022 and \$23 million in Q2 2021)
 - Operating income before depreciation and amortization (OIBD) of \$95 million (compared with \$56 million in Q1 2022 and \$87 million in Q2 2021)
 - Net earnings per common share of \$0.10 (compared with net loss per common share of \$(0.15) in Q1 2022 and net earnings per common share of \$0.02 in Q2 2021)
- Adjusted (excluding specific items¹)
 - Operating income (loss) of \$28 million (compared with \$(2) million in Q1 2022 and \$34 million in Q2 2021)
 - Operating income before depreciation and amortization (OIBD) of \$91 million (compared with \$58 million in Q1 2022 and \$98 million in Q2 2021)
 - Net earnings per common share of \$0.10 (compared with net loss per common share of \$(0.15) in Q1 2022 and net earnings per common share of \$0.07 in Q2 2021)
- Net debt¹ of \$1,712 million as of June 30, 2022 (compared with \$1,549 million as of March 31, 2022). Net debt to adjusted OIBD ratio¹ of 5.4x, up from 4.8x as of March 31, 2022.
- Total capital expenditures, net of disposals, of \$116 million in Q2 2022, and \$212 million in the first half of 2022. Forecasted 2022 net capital expenditures of \$450 - \$470 million, including \$310 - \$330 million for the Bear Island containerboard conversion project in Virginia, USA.

¹ Some information represents Non-IFRS financial measures, other financial measures or Non-IFRS ratios which are not standardized under IFRS and therefore might not be comparable to similar financial measures disclosed by other corporations. Please refer to the "Supplemental Information on Non-IFRS Measures and Other Financial Measures" section for a complete reconciliation.

Mario Plourde, President and CEO, commented: "Our packaging businesses delivered good sequential performances in the second quarter, with improved pricing and sales mix, higher volumes, and lower raw material costs in the case of Containerboard outweighing the impact of continued cost inflation. Sequentially, results in our Tissue Papers business highlight the momentum being generated by the profitability initiatives underway. While pricing and mix improvements realized to date helped to mitigate the unprecedented headwinds on the cost side, these initiatives are trailing the pace of the current high inflation environment. These initiatives remain on track to generate important contributions in the back half of 2022, and are being closely monitored and regularly adapted to address the changing cost environment.

We continued to advance the Bear Island project in the quarter. The capital investments for this project, which totaled \$81 million in the second quarter and \$145 million year-to-date, combined with lower consolidated financial results, has resulted in an increase in our leverage in the second quarter. As we have previously stated, this trend is expected to reverse with improved business performance through the remainder of 2022 and throughout 2023 as well as the positive contribution from this facility following its start-up."

Discussing near-term outlook, Mr. Plourde commented, “We are focused on driving benefits from profitability initiatives underway in our Tissue Papers segment. While the level of expected long-term financial contributions remains intact, persistent cost headwinds and adjustments to the implementation timing of announced industry price increases have reduced our forecasted OIBD range for this segment to \$25 - \$40 million for 2022, from the previously stated \$60 - \$80 million². This revision does not change the 2024 OIBD targets provided in our strategic plan in February. The current inflationary environment has also had implications for our Bear Island project in 2022. Higher cost levels combined with labour and material availability constraints, which have led to temporary delays in certain construction milestones, increased the total projected cost for this project to a range of \$595 - \$615 million (US\$470 - US\$485 million). Our team is working closely with contractors to mitigate any potential delay caused by these elements in order to meet the targeted mid-December 2022 start date. However, it is important to note that the timing of some critical construction milestones may be at risk due to these issues and, as a result the start-up of paper production may be delayed to the first quarter of 2023.

At the operations level, we are forecasting sequentially stable results in our packaging businesses in the third quarter, during which favourable pricing momentum is expected to mitigate continued cost inflation. As we have previously stated, the Tissue Papers business is expected to return to a trajectory of positive contribution in the upcoming quarters as meaningful benefits from implementation of the profitability initiatives begin to be realized.”

Financial Summary

Selected consolidated information

(in millions of Canadian dollars, except amounts per common share) (unaudited)	Q2 2022	Q1 2022	Q2 2021
Sales	1,119	1,038	956
As Reported			
Operating income before depreciation and amortization (OIBD)	95	56	87
Operating income (loss)	32	(4)	23
Net earnings (loss)	10	(15)	3
per common share	\$0.10	(\$0.15)	\$0.02
Margin (OIBD)	8.5%	5.4%	9.1%
Adjusted¹			
Operating income before depreciation and amortization (OIBD)	91	58	98
Operating income (loss)	28	(2)	34
Net earnings (loss)	10	(15)	8
per common share	\$0.10	(\$0.15)	\$0.07
Margin (OIBD)	8.1%	5.6%	10.3%

Segmented OIBD as reported

(in millions of Canadian dollars) (unaudited)	Q2 2022	Q1 2022	Q2 2021
Packaging Products			
Containerboard	98	72	95
Specialty Products	25	28	18
Tissue Papers	(4)	(18)	(5)
Corporate Activities	(24)	(26)	(21)
OIBD as reported	95	56	87

Segmented adjusted OIBD¹

(in millions of Canadian dollars) (unaudited)	Q2 2022	Q1 2022	Q2 2021
Packaging Products			
Containerboard	99	80	100
Specialty Products	25	22	18
Tissue Papers	(8)	(17)	1
Corporate Activities	(25)	(27)	(21)
Adjusted OIBD¹	91	58	98

¹ Please refer to the “Supplemental Information on Non-IFRS Measures and Other Financial Measures” section for a complete reconciliation.

² Please refer to the Q2 2022 Management’s Discussion and Analysis for additional information.

Analysis of results for the three-month period ended June 30, 2022 (compared to the same period last year)

Sales of \$1,119 million increased by \$163 million compared with the same period last year. This reflects \$146 million of combined benefits from improvements in selling prices and sales mix in all business segments. The Canadian dollar - US dollar exchange rate was also favourable for all businesses, contributing \$24 million to sales levels on a consolidated basis. These were partially offset by a \$16 million impact related to lower volumes in the Containerboard and Tissue Papers business segments.

The Corporation generated an operating income before depreciation and amortization (OIBD) of \$95 million in the second quarter of 2022, up from \$87 million in the second quarter of 2021. On an adjusted basis¹, second quarter OIBD totaled \$91 million, a decrease of \$7 million, or 7%, from the \$98 million generated in the same period last year. This decrease is attributable to higher raw material, production, energy and logistics costs in all segments, the effects of which were not fully mitigated by improvements in selling prices and mix in all businesses and a beneficial foreign exchange impact for the packaging segments.

The main specific items, before income taxes, that impacted our second quarter 2022 OIBD and/or net earnings were:

- \$4 million gain from the settlement of a supply agreement in Tissue Papers segment (OIBD and net earnings);
- \$3 million foreign exchange loss on long-term debt and financial instruments (net earnings).

For the 3-month period ended June 30, 2022, the Corporation posted net earnings of \$10 million, or \$0.10 per common share, compared to net earnings of \$3 million, or \$0.02 per common share, in the same period of 2021. On an adjusted basis¹, the Corporation generated net earnings of \$10 million in the second quarter of 2022, or \$0.10 per common share, compared to net earnings of \$8 million, or \$0.07 per common share, in the same period of 2021.

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

Dividend on common shares and normal course issuer bid

The Board of Directors of Cascades declared a quarterly dividend of \$0.12 per common share to be paid on September 1, 2022 to shareholders of record at the close of business on August 17, 2022. This dividend is an "eligible dividend" as per the Income Tax Act (R.C.S. (1985), Canada). During the second quarter of 2022, Cascades purchased no common shares for cancellation.

2022 Second Quarter Results Conference Call Details

Management will discuss the 2022 second quarter financial results during a conference call today at 12:00 p.m. EDT. The call can be accessed by dialing 1-888-390-0620 (international 1-416-764-8651). 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 September 4, 2022 by dialing 1-888-390-0541 (international 1-416-764-8677), access code 567197.

Founded in 1964, Cascades offers sustainable, innovative and value-added packaging, hygiene and recovery solutions. The company employs approximately 10,000 women and men across a network of close to 80 facilities in North America. 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 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.

CONSOLIDATED BALANCE SHEETS

(in millions of Canadian dollars) (unaudited)	June 30, 2022	December 31, 2021
Assets		
Current assets		
Cash and cash equivalents	70	174
Accounts receivable	605	510
Current income tax assets	10	19
Inventories	584	494
Current portion of financial assets	5	1
	1,274	1,198
Long-term assets		
Investments in associates and joint ventures	92	87
Property, plant and equipment	2,657	2,522
Intangible assets with finite useful life	80	88
Financial assets	9	6
Other assets	56	54
Deferred income tax assets	156	138
Goodwill and other intangible assets with indefinite useful life	478	473
	4,802	4,566
Liabilities and Equity		
Current liabilities		
Bank loans and advances	1	1
Trade and other payables	696	707
Current income tax liabilities	6	12
Current portion of long-term debt	71	74
Current portion of provisions for contingencies and charges	8	12
Current portion of financial liabilities and other liabilities	16	16
	798	822
Long-term liabilities		
Long-term debt	1,710	1,450
Provisions for contingencies and charges	46	47
Financial liabilities	12	6
Other liabilities	88	122
Deferred income tax liabilities	207	192
	2,861	2,639
Equity		
Capital stock	614	614
Contributed surplus	14	14
Retained earnings	1,266	1,274
Accumulated other comprehensive loss	(3)	(23)
Equity attributable to Shareholders	1,891	1,879
Non-controlling interests	50	48
Total equity	1,941	1,927
	4,802	4,566

CONSOLIDATED STATEMENTS OF EARNINGS

(in millions of Canadian dollars, except per common share amounts and number of common shares) (unaudited)	For the 3-month periods ended June 30,		For the 6-month periods ended June 30,	
	2022	2021	2022	2021
Sales	1,119	956	2,157	1,898
Cost of sales and expenses				
Cost of sales (including depreciation and amortization of \$63 million for 3-month period (2021 — \$64 million) and \$123 million for 6-month period (2021 — \$129 million))	1,001	834	1,952	1,631
Selling and administrative expenses	93	87	181	174
Gain on acquisitions, disposals and others	(4)	—	(10)	—
Impairment charges and restructuring costs	—	6	1	11
Foreign exchange loss (gain)	(3)	1	(2)	2
Loss on derivative financial instruments	—	5	7	13
	1,087	933	2,129	1,831
Operating income	32	23	28	67
Financing expense	17	20	32	42
Interest expense on employee future benefits and other liabilities	1	1	2	2
Foreign exchange loss (gain) on long-term debt and financial instruments	3	(3)	2	(6)
Share of results of associates and joint ventures	(6)	(5)	(10)	(7)
Earnings before income taxes	17	10	2	36
Provision for (recovery of) income taxes	3	2	(1)	8
Net earnings from continuing operations including non-controlling interests for the period	14	8	3	28
Results from discontinued operations	—	(3)	—	5
Net earnings including non-controlling interests for the period	14	5	3	33
Net earnings attributable to non-controlling interests	4	2	8	8
Net earnings (loss) attributable to Shareholders for the period	10	3	(5)	25
Net earnings (loss) from continuing operations per common share				
Basic	\$0.10	\$0.04	(\$0.05)	\$0.21
Diluted	\$0.10	\$0.04	(\$0.05)	\$0.21
Net earnings (loss) per common share				
Basic	\$0.10	\$0.02	(\$0.05)	\$0.24
Diluted	\$0.10	\$0.02	(\$0.05)	\$0.24
Weighted average basic number of common shares outstanding	100,588,470	102,281,072	100,705,048	102,280,243
Weighted average number of diluted common shares	101,083,826	103,285,361	101,344,843	103,360,930
Net earnings (loss) attributable to Shareholders:				
Continuing operations	10	5	(5)	22
Discontinued operations	—	(2)	—	3
Net earnings (loss)	10	3	(5)	25

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

(in millions of Canadian dollars) (unaudited)	For the 3-month periods ended June 30,		For the 6-month periods ended June 30,	
	2022	2021	2022	2021
Net earnings including non-controlling interests for the period	14	5	3	33
Other comprehensive income (loss)				
Items that may be reclassified subsequently to earnings				
Translation adjustments				
Change in foreign currency translation of foreign subsidiaries	32	(14)	21	(29)
Change in foreign currency translation of foreign subsidiaries from discontinued operations	—	(1)	—	(20)
Change in foreign currency translation related to net investment hedging activities	(9)	9	(6)	18
Change in foreign currency translation related to net investment hedging activities from discontinued operations	—	—	—	12
Cash flow hedges				
Change in fair value of commodity derivative financial instruments	1	2	7	3
Recovery of (provision for) income taxes	1	(2)	(1)	(3)
Provision for income taxes from discontinued operations	—	—	—	(2)
	25	(6)	21	(21)
Items that are not released to earnings				
Actuarial gain on employee future benefits	12	4	31	21
Provision for income taxes	(3)	(1)	(8)	(6)
	9	3	23	15
Other comprehensive income (loss)	34	(3)	44	(6)
Comprehensive income including non-controlling interests for the period	48	2	47	27
Comprehensive income (loss) attributable to non-controlling interests for the period	5	2	9	(1)
Comprehensive income attributable to Shareholders for the period	43	—	38	28
Comprehensive income attributable to Shareholders:				
Continuing operations	43	3	38	27
Discontinued operations	—	(3)	—	1
Comprehensive income	43	—	38	28

CONSOLIDATED STATEMENTS OF EQUITY

For the 6-month period ended June 30, 2022

(in millions of Canadian dollars) (unaudited)	CAPITAL STOCK	CONTRIBUTED SURPLUS	RETAINED EARNINGS	ACCUMULATED OTHER COMPREHENSIVE LOSS	TOTAL EQUITY ATTRIBUTABLE TO SHAREHOLDERS	NON- CONTROLLING INTERESTS	TOTAL EQUITY
Balance - Beginning of period	614	14	1,274	(23)	1,879	48	1,927
Comprehensive income							
Net earnings (loss)	—	—	(5)	—	(5)	8	3
Other comprehensive income	—	—	23	20	43	1	44
Dividends	—	—	18	20	38	9	47
Dividends	—	—	(24)	—	(24)	(6)	(30)
Stock options expense	—	1	—	—	1	—	1
Issuance of common shares upon exercise of stock options	2	(1)	—	—	1	—	1
Redemption of common shares	(2)	—	(3)	—	(5)	—	(5)
Acquisition of non-controlling interests	—	—	1	—	1	(1)	—
Balance - End of period	614	14	1,266	(3)	1,891	50	1,941

For the 6-month period ended June 30, 2021

(in millions of Canadian dollars) (unaudited)	CAPITAL STOCK	CONTRIBUTED SURPLUS	RETAINED EARNINGS	ACCUMULATED OTHER COMPREHENSIVE 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	—	—	25	—	25	8	33
Other comprehensive income (loss)	—	—	15	(12)	3	(9)	(6)
Dividends	—	—	40	(12)	28	(1)	27
Dividends	—	—	(16)	—	(16)	(7)	(23)
Dividends paid to non-controlling interests from discontinued operations	—	—	—	—	—	(3)	(3)
Acquisition of non-controlling interests	—	—	1	—	1	(1)	—
Balance - End of period	622	13	1,171	(40)	1,766	192	1,958

CONSOLIDATED STATEMENTS OF CASH FLOWS

(in millions of Canadian dollars) (unaudited)	For the 3-month periods ended June 30,		For the 6-month periods ended June 30,	
	2022	2021	2022	2021
Operating activities from continuing operations				
Net earnings (loss) attributable to Shareholders for the period	10	3	(5)	25
Results from discontinued operations	—	3	—	(5)
Results from discontinued operations attributable to non-controlling interests	—	(1)	—	2
Net earnings (loss) from continuing operations	10	5	(5)	22
Adjustments for:				
Financing expense and interest expense on employee future benefits and other liabilities	18	21	34	44
Depreciation and amortization	63	64	123	129
Gain on acquisitions, disposals and others	(4)	—	(10)	—
Impairment charges and restructuring costs	—	6	1	11
Unrealized loss on derivative financial instruments	—	5	7	13
Foreign exchange loss (gain) on long-term debt and financial instruments	3	(3)	2	(6)
Provision for (recovery of) income taxes	3	2	(1)	8
Share of results of associates and joint ventures	(6)	(5)	(10)	(7)
Net earnings attributable to non-controlling interests	4	3	8	6
Net financing expense paid	(4)	(4)	(34)	(44)
Net income taxes received (paid)	(3)	(1)	(4)	1
Dividends received	5	5	5	5
Provisions for contingencies and charges and other liabilities	(8)	(11)	(16)	(13)
	81	87	100	169
Changes in non-cash working capital components	(59)	(47)	(151)	(72)
	22	40	(51)	97
Investing activities from continuing operations				
Disposals in associates and joint ventures	—	1	—	1
Payments for property, plant and equipment	(117)	(66)	(219)	(137)
Proceeds from disposals of property, plant and equipment	1	1	7	1
Change in intangible and other assets	(2)	(7)	(3)	(11)
	(118)	(71)	(215)	(146)
Financing activities from continuing operations				
Bank loans and advances	(6)	2	—	(4)
Change in credit facilities	191	(1)	248	(1)
Increase in other long-term debt	—	5	—	5
Payments of other long-term debt, including lease obligations	(40)	(20)	(49)	(44)
Issuance of common shares upon exercise of stock options	1	—	1	—
Redemption of common shares	—	—	(5)	—
Dividends paid to non-controlling interests	(2)	(3)	(6)	(7)
Acquisition of non-controlling interests	(2)	(2)	(2)	(2)
Dividends paid to the Corporation's Shareholders	(12)	(8)	(24)	(16)
	130	(27)	163	(69)
Change in cash and cash equivalents during the period from continuing operations	34	(58)	(103)	(118)
Change in cash and cash equivalents from discontinued operations	—	(99)	—	(94)
Net change in cash and cash equivalents during the period	34	(157)	(103)	(212)
Currency translation on cash and cash equivalents	(1)	—	(1)	(1)
Cash and cash equivalents - Beginning of the period	37	328	174	384
Cash and cash equivalents - End of the period	70	171	70	171

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, 2021.

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 three segments: Containerboard and Specialty Products (which constitutes the Corporation's Packaging Products) and Tissue Papers.

	SALES TO					
	For the 3-month periods ended June 30,					
	Canada		United States		Total	
(in millions of Canadian dollars) (unaudited)	2022	2021	2022	2021	2022	2021
Packaging Products						
Containerboard	337	309	232	188	569	497
Specialty Products	65	49	103	82	168	131
Inter-segment sales	(5)	(3)	(5)	(4)	(10)	(7)
	397	355	330	266	727	621
Tissue Papers	74	58	268	239	342	297
Inter-segment sales and Corporate Activities	44	34	6	4	50	38
	515	447	604	509	1,119	956

	SALES TO					
	For the 6-month periods ended June 30,					
	Canada		United States		Total	
(in millions of Canadian dollars) (unaudited)	2022	2021	2022	2021	2022	2021
Packaging Products						
Containerboard	665	614	438	386	1,103	1,000
Specialty Products	122	96	203	157	325	253
Inter-segment sales	(9)	(7)	(9)	(7)	(18)	(14)
	778	703	632	536	1,410	1,239
Tissue Papers	139	115	517	474	656	589
Inter-segment sales and Corporate Activities	81	65	10	5	91	70
	998	883	1,159	1,015	2,157	1,898

OPERATING INCOME BEFORE DEPRECIATION AND AMORTIZATION

(in millions of Canadian dollars) (unaudited)	For the 3-month periods ended June 30,		For the 6-month periods ended June 30,	
	2022	2021	2022	2021
Packaging Products				
Containerboard	98	95	170	191
Specialty Products	25	18	53	36
	123	113	223	227
Tissue Papers	(4)	(5)	(22)	13
Corporate Activities	(24)	(21)	(50)	(44)
Operating income before depreciation and amortization	95	87	151	196
Depreciation and amortization	(63)	(64)	(123)	(129)
Financing expense and interest expense on employee future benefits and other liabilities	(18)	(21)	(34)	(44)
Foreign exchange gain (loss) on long-term debt and financial instruments	(3)	3	(2)	6
Share of results of associates and joint ventures	6	5	10	7
Earnings before income taxes	17	10	2	36

PAYMENTS FOR PROPERTY, PLANT AND EQUIPMENT

(in millions of Canadian dollars) (unaudited)	For the 3-month periods ended June 30,		For the 6-month periods ended June 30,	
	2022	2021	2022	2021
Packaging Products				
Containerboard	84	52	159	106
Specialty Products	6	8	17	16
	90	60	176	122
Tissue Papers	17	4	22	12
Corporate Activities	7	7	15	11
Total acquisitions	114	71	213	145
Right-of-use assets acquisitions and of property, plant and equipment included in other debts	(12)	(12)	(33)	(12)
	102	59	180	133
Acquisitions for property, plant and equipment included in "Trade and other payables"				
Beginning of the period	51	34	75	31
End of the period	(36)	(27)	(36)	(27)
Payments for property, plant and equipment	117	66	219	137
Proceeds from disposals of property, plant and equipment	(1)	(1)	(7)	(1)
Payments for property, plant and equipment net of proceeds from disposals	116	65	212	136

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.

The reconciliation of operating income (loss) to OIBD, to adjusted operating income (loss)¹ and to adjusted OIBD¹ by business segment is as follows:

Q2 2022					
(in millions of Canadian dollars) (unaudited)	Containerboard	Specialty Products	Tissue Papers	Corporate Activities	Consolidated
Operating income (loss)	69	20	(23)	(34)	32
Depreciation and amortization	29	5	19	10	63
Operating income (loss) before depreciation and amortization	98	25	(4)	(24)	95
Specific items:					
Gain on acquisitions, disposals and others	—	—	(4)	—	(4)
Unrealized loss (gain) on derivative financial instruments	1	—	—	(1)	—
	1	—	(4)	(1)	(4)
Adjusted operating income (loss) before depreciation and amortization¹	99	25	(8)	(25)	91
Adjusted operating income (loss)¹	70	20	(27)	(35)	28

Q1 2022					
(in millions of Canadian dollars) (unaudited)	Containerboard	Specialty Products	Tissue Papers	Corporate Activities	Consolidated
Operating income (loss)	44	24	(35)	(37)	(4)
Depreciation and amortization	28	4	17	11	60
Operating income (loss) before depreciation and amortization	72	28	(18)	(26)	56
Specific items:					
Gain on acquisitions, disposals and others	—	(6)	—	—	(6)
Restructuring costs	—	—	1	—	1
Unrealized loss (gain) on financial instruments	8	—	—	(1)	7
	8	(6)	1	(1)	2
Adjusted operating income (loss) before depreciation and amortization¹	80	22	(17)	(27)	58
Adjusted operating income (loss)¹	52	18	(34)	(38)	(2)

Q2 2021					
(in millions of Canadian dollars) (unaudited)	Containerboard	Specialty Products	Tissue Papers	Corporate Activities	Consolidated
Operating income (loss)	64	14	(22)	(33)	23
Depreciation and amortization	31	4	17	12	64
Operating income (loss) before depreciation and amortization	95	18	(5)	(21)	87
Specific items:					
Impairment charges	—	—	1	—	1
Restructuring costs	—	—	5	—	5
Unrealized loss on derivative financial instruments	5	—	—	—	5
	5	—	6	—	11
Adjusted operating income (loss) before depreciation and amortization¹	100	18	1	(21)	98
Adjusted operating income (loss)¹	69	14	(16)	(33)	34

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

Net earnings (loss), as per IFRS, are reconciled below with operating income (loss), adjusted operating income (loss)¹ and adjusted operating income before depreciation and amortization¹:

(in millions of Canadian dollars) (unaudited)	Q2 2022	Q1 2022	Q2 2021
Net earnings (loss) attributable to Shareholders for the period	10	(15)	3
Net earnings attributable to non-controlling interests	4	4	2
Results from discontinued operations	—	—	3
Provision for (recovery of) income taxes	3	(4)	2
Share of results of associates and joint ventures	(6)	(4)	(5)
Foreign exchange loss (gain) on long-term debt and financial instruments	3	(1)	(3)
Financing expense and interest expense on employee future benefits and other liabilities	18	16	21
Operating income	32	(4)	23
Specific items:			
Gain on acquisitions, disposals and others	(4)	(6)	—
Impairment charges	—	—	1
Restructuring costs	—	1	5
Unrealized loss on derivative financial instruments	—	7	5
	(4)	2	11
Adjusted operating income (loss)¹	28	(2)	34
Depreciation and amortization	63	60	64
Adjusted operating income before depreciation and amortization¹	91	58	98

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

The following table reconciles net earnings (loss) and net earnings (loss) per common share, as per IFRS, with adjusted net earnings (loss)¹ and adjusted net earnings (loss)¹ per common share:

(in millions of Canadian dollars, except per common share amounts and number of common shares) (unaudited)	NET EARNINGS (LOSS)			NET EARNINGS (LOSS) PER COMMON SHARE ²		
	Q2 2022	Q1 2022	Q2 2021	Q2 2022	Q1 2022	Q2 2021
As per IFRS	10	(15)	3	\$0.10	(\$0.15)	\$0.02
Specific items:						
Gain on acquisitions, disposals and others	(4)	(6)	—	(\$0.03)	(\$0.05)	—
Impairment charges	—	—	1	—	—	\$0.01
Restructuring costs	—	1	5	—	\$0.01	\$0.04
Unrealized loss on derivative financial instruments	—	7	5	—	\$0.05	\$0.03
Foreign exchange loss (gain) on long-term debt and financial instruments	3	(1)	(3)	\$0.03	(\$0.01)	(\$0.03)
Tax effect on specific items, other tax adjustments and attributable to non-controlling interest ²	1	(1)	(3)	—	—	—
	—	—	5	—	—	\$0.05
Adjusted¹	10	(15)	8	\$0.10	(\$0.15)	\$0.07
Weighted average basic number of common shares outstanding				100,588,470	100,822,921	102,281,072

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

² Specific amounts per common 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.

The following table reconciles cash flow from (used by) operating activities from continuing operations with operating income (loss) and operating income (loss) before depreciation and amortization:

(in millions of Canadian dollars) (unaudited)	Q2 2022	Q1 2022	Q2 2021
Cash flow from (used by) operating activities from continuing operations	22	(73)	40
Changes in non-cash working capital components	59	92	47
Depreciation and amortization	(63)	(60)	(64)
Net income taxes paid	3	1	1
Net financing expense paid	4	30	4
Gain on acquisitions, disposals and others	4	6	—
Impairment charges and restructuring costs	—	(1)	(6)
Unrealized loss on derivative financial instruments	—	(7)	(5)
Provisions for contingencies and charges and other liabilities, net of dividends received	3	8	6
Operating income (loss)	32	(4)	23
Depreciation and amortization	63	60	64
Operating income (loss) before depreciation and amortization	95	56	87

The following table reconciles cash flow from (used by) 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 operations¹. It also reconciles adjusted cash flow from operating activities from continuing operations² to adjusted free cash flow used², which is also calculated on a per common share basis:

(in millions of Canadian dollars, except per common share amounts or otherwise noted) (unaudited)	Q2 2022	Q1 2022	Q2 2021
Cash flow from (used by) operating activities from continuing operations	22	(73)	40
Changes in non-cash working capital components	59	92	47
Cash flow from operating activities from continuing operations (excluding changes in non-cash working capital components)	81	19	87
Restructuring costs paid	—	7	2
Adjusted cash flow from operating activities from continuing operations¹	81	26	89
Capex expenditures	(117)	(102)	(66)
Change in intangible and other assets	(2)	(1)	(7)
Lease obligation payments	(13)	(13)	(11)
Proceeds from disposals of property, plant and equipment	1	6	1
	(50)	(84)	6
Dividends paid to non-controlling interests	(2)	(4)	(3)
Dividends paid to the Corporation's Shareholders and to non-controlling interests	(12)	(12)	(8)
Adjusted free cash flow used¹	(64)	(100)	(5)
Adjusted free cash flow generated¹ per common share (in Canadian dollars)	(\$0.64)	(\$0.99)	(\$0.05)
Weighted average basic number of common shares outstanding	100,588,470	100,822,921	102,281,072

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

The following table reconciles total debt¹ and net debt¹ with the ratio of net debt¹ to adjusted operating income before depreciation and amortization (adjusted OIBD¹):

(in millions of Canadian dollars) (unaudited)	June 30, 2022	March 31, 2022	June 30, 2021
Long-term debt	1,710	1,510	1,799
Current portion of long-term debt	71	69	72
Bank loans and advances	1	7	7
Total debt¹	1,782	1,586	1,878
Less: Cash and cash equivalents	70	37	171
Net debt¹ as reported	1,712	1,549	1,707
Adjusted OIBD ¹ as reported on a last twelve months basis	318	325	492
Net debt / Adjusted OIBD ratio¹	5.4x	4.8x	3.5x

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

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