

PRESS RELEASE



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Cascades Reports Results for the Second Quarter of 2024

Kingsey Falls, Québec, August 8, 2024 - Cascades Inc. (TSX: CAS) reports its unaudited financial results for the three-month period ended June 30, 2024.

Q2 2024 Highlights

- Sales of \$1,180 million (compared with \$1,109 million in Q1 2024 and \$1,168 million in Q2 2023);
- Operating income of \$34 million (compared with \$9 million in Q1 2024 and \$64 million in Q2 2023);
- Net earnings per common share of \$0.01 (compared with a net loss per common share of (\$0.20) in Q1 2024 and net earnings per common share of \$0.22 in Q2 2023);
- Adjusted earnings before interest, taxes, depreciation and amortization (EBITDA (A)¹) of \$112 million (compared with \$103 million in Q1 2024 and \$141 million in Q2 2023);
- Adjusted net earnings per common share¹ of \$0.08 (compared with adjusted net loss per common share¹ of \$0.00 in Q1 2024 and adjusted net earnings per common share¹ of \$0.27 in Q2 2023);
- Net debt¹ of \$2,093 million as of June 30, 2024 (compared with \$2,020 million as of March 31, 2024). Net debt to EBITDA (A) ratio¹ of 4.2x, up from 3.8x as of March 31, 2024;
- Total capital expenditures, net of \$17 million of disposals, totaled \$23 million in Q2 2024, compared to \$41 million in Q1 2024 and \$104 million in Q2 2023. The Corporation's 2024 net capital expenditures will be below our initial forecast of \$175 million.

The Corporation's second quarter 2024 results increased sequentially on stronger performances from all three business segments. In Tissue Papers, the sequential impact from higher raw material costs was mitigated by favourable volume and lower transportation costs. Higher volume combined with slightly stronger pricing in the Specialty Products business outweighed sequentially higher average raw material costs. The Containerboard segment saw stronger pricing, volume and mix, and lower transportation and energy costs, the combined impact of which offset higher raw material costs and extended downtime at the Greenpac and Bear Island mills following a prolongation of planned maintenance at these facilities, which reduced production capacity in the second quarter by approximately 8,000 tons.

Discussing near-term outlook, Mr. Hugues Simon, President and CEO, commented, "In my first eight weeks at Cascades, I have been inspired by the Company-wide drive to create meaningful value for our customers and shareholders. We expect consolidated third quarter results to be stronger sequentially, driven by improved Containerboard results as price increases are implemented and production efficiency levels are normalized following planned maintenance in the second quarter, and the unplanned extended downtime at Bear Island and Greenpac. Consolidated results are also expected to benefit from stable results in the Specialty Packaging business. At the same time, higher pulp prices and softer pricing due largely to a less favourable sales mix are expected to translate into lower results from the Tissue Papers segment. More broadly, the ongoing Bear Island facility ramp-up remains a priority, as is the roll-out of announced price increases in Containerboard and continued focus on profitability, efficiency and productivity initiatives throughout our operations."

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

Financial Summary

Selected consolidated information

(in millions of Canadian dollars, except amounts per common share) (unaudited)

	Q2 2024	Q1 2024	Q2 2023
Sales	1,180	1,109	1,168
As Reported			
Operating income	34	9	64
Net earnings (loss)	1	(20)	22
per common share (basic)	\$0.01	(\$0.20)	\$0.22
Adjusted¹			
Earnings before interest, taxes, depreciation and amortization (EBITDA (A))	112	103	141
Net earnings (loss)	8	—	26
per common share (basic)	\$0.08	\$—	\$0.27
Margin (EBITDA (A) / Sales)	9.5%	9.3%	12.1%

Segmented sales

(in millions of Canadian dollars) (unaudited)

	Q2 2024	Q1 2024	Q2 2023
Packaging Products			
Containerboard	585	556	562
Specialty Products	167	160	164
Inter-segment sales	(7)	(7)	(9)
	745	709	717
Tissue Papers	397	367	416
Inter-segment sales, Corporate, Recovery and Recycling activities	38	33	35
Sales	1,180	1,109	1,168

Segmented operating income (loss)

(in millions of Canadian dollars) (unaudited)

	Q2 2024	Q1 2024	Q2 2023
Packaging Products			
Containerboard	15	(7)	62
Specialty Products	19	19	19
Tissue Papers	38	31	18
Corporate, Recovery and Recycling activities	(38)	(34)	(35)
Operating income	34	9	64

Segmented EBITDA (A)¹

(in millions of Canadian dollars) (unaudited)

	Q2 2024	Q1 2024	Q2 2023
Packaging Products			
Containerboard	60	50	96
Specialty Products	26	25	24
Tissue Papers	54	50	44
Corporate, Recovery and Recycling activities	(28)	(22)	(23)
EBITDA (A)¹	112	103	141

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

Analysis of results for the three-month period ended June 30, 2024 (compared to the same period last year)

The Corporation's second quarter sales of \$1,180 million increased by \$12 million compared with the same period last year. This was driven by a combined favourable sales mix impact of \$30 million in Tissue Papers and Containerboard and a \$14 million favourable impact from foreign exchange. These were largely offset by net negative impacts of \$25 million due to lower selling prices in Tissue and Containerboard and \$12 million related to lower volumes primarily in the Tissue Papers business following operational platform changes in this business completed in the past year.

The second quarter EBITDA (A)¹ totaled \$112 million, a decrease of \$29 million, or 21%, from the \$141 million generated in the same period last year. This was largely driven by lower selling prices in the Containerboard and Tissue Papers segments, and higher raw material costs in our packaging businesses. The second quarter results also include a \$5 million one-time compensation expense consisting of an 18-month consulting agreement with Mr. Mario Plourde, commencing January 1, 2025, and deferred share units granted to Mr. Hugues Simon following his appointment as President and CEO effective June 17, 2024.

The main specific items, before income taxes, that impacted our second quarter 2024 operating income and/or net earnings were:

- \$10 million of restructuring and other costs related to plant closures in Canada and the United States (operating income and net earnings);
- \$1 million unrealized gain on financial instruments (operating income and net earnings);
- \$1 million unrealized loss on interest rate hedge instruments (net earnings).

For the three-month period ended June 30, 2024, the Corporation posted net earnings of \$1 million, or \$0.01 per common share, compared to net earnings of \$22 million, or \$0.22 per common share, in the same period of 2023. On an adjusted basis¹, the Corporation posted net earnings of \$8 million in the second quarter of 2024, or \$0.08 per common share, compared to net earnings of \$26 million, or \$0.27 per common share, in the same period of 2023.

¹ Please refer to the "Supplemental Information on Non-IFRS Accounting Standards 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 5, 2024 to shareholders of record at the close of business on August 22, 2024. This dividend is an "eligible dividend" as per the Income Tax Act (R.C.S. (1985), Canada). During the second quarter of 2024, Cascades purchased no common shares for cancellation.

2024 Second Quarter Results Conference Call Details

Management will discuss the 2024 second quarter financial results during a conference call today at 9:00 a.m. ET. 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 9, 2024 by dialing 1-888-390-0541 (international 1-416-764-8677), access code 606556.

Founded in 1964, Cascades offers sustainable, innovative and value-added packaging, hygiene and recovery solutions. The company employs approximately 9,900 women and men across a network of close to 70 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, 2024	December 31, 2023
Assets		
Current assets		
Cash and cash equivalents	23	54
Accounts receivable	493	453
Current income tax assets	7	12
Inventories	641	568
Current portion of financial assets	—	1
	1,164	1,088
Long-term assets		
Investments in associates and joint ventures	94	94
Property, plant and equipment	2,795	2,808
Intangible assets with finite useful life	48	55
Financial assets	1	—
Other assets	106	78
Deferred income tax assets	182	167
Goodwill and other intangible assets with indefinite useful life	491	482
	4,881	4,772
Liabilities and Equity		
Current liabilities		
Bank loans and advances	3	—
Trade and other payables	660	703
Current income tax liabilities	4	6
Current portion of Unsecured senior notes of \$175 million to be refinanced	175	—
Current portion of long-term debt	60	67
Current portion of provisions for contingencies and charges	18	14
Current portion of financial liabilities and other liabilities	25	29
	945	819
Long-term liabilities		
Long-term debt	1,878	1,869
Provisions for contingencies and charges	62	61
Financial liabilities	1	5
Other liabilities	89	94
Deferred income tax liabilities	136	143
	3,111	2,991
Equity		
Capital stock	616	613
Contributed surplus	15	15
Retained earnings	1,059	1,096
Accumulated other comprehensive income	39	15
Equity attributable to Shareholders	1,729	1,739
Non-controlling interests	41	42
Total equity	1,770	1,781
	4,881	4,772

CONSOLIDATED STATEMENTS OF EARNINGS (LOSS)

(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,	
	2024	2023	2024	2023
Sales	1,180	1,168	2,289	2,302
Supply chain and logistic	722	690	1,390	1,353
Wages and employee benefits expenses	275	270	542	543
Depreciation and amortization	69	68	136	130
Maintenance and repair	60	60	122	118
Other operational costs	11	7	20	13
Impairment charges	—	2	2	154
Other loss (gain)	—	—	3	(2)
Restructuring costs	10	6	33	7
Unrealized loss (gain) on derivative financial instruments	(1)	1	(2)	2
Operating income (loss)	34	64	43	(16)
Financing expense	37	31	72	54
Share of results of associates and joint ventures	(6)	(3)	(9)	(15)
Earnings (loss) before income taxes	3	36	(20)	(55)
Provision for (recovery of) income taxes	(1)	9	(7)	(15)
Net earnings (loss) including non-controlling interests for the period	4	27	(13)	(40)
Net earnings attributable to non-controlling interests	3	5	6	13
Net earnings (loss) attributable to Shareholders for the period	1	22	(19)	(53)
Net earnings (loss) per common share				
Basic	\$0.01	\$0.22	(\$0.19)	(\$0.53)
Diluted	\$0.01	\$0.22	(\$0.19)	(\$0.53)
Weighted average basic number of common shares outstanding	100,781,388	100,447,357	100,742,283	100,404,729
Weighted average number of diluted common shares	100,870,224	100,860,684	101,043,122	100,781,402

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,	
	2024	2023	2024	2023
Net earnings (loss) including non-controlling interests for the period	4	27	(13)	(40)
Other comprehensive income (loss)				
Items that may be reclassified subsequently to earnings				
Translation adjustments				
Change in foreign currency translation of foreign subsidiaries	12	(22)	38	(24)
Change in foreign currency translation related to net investment hedging activities	(5)	8	(15)	9
Cash flow hedges				
Change in fair value of commodity derivative financial instruments	—	1	—	(5)
Recovery of (provision for) income taxes	1	(1)	2	—
	8	(14)	25	(20)
Items that are not released to earnings				
Actuarial gain on employee future benefits	4	2	11	3
Provision for income taxes	(1)	(1)	(3)	(1)
	3	1	8	2
Other comprehensive income (loss)	11	(13)	33	(18)
Comprehensive income (loss) including non-controlling interests for the period	15	14	20	(58)
Comprehensive income attributable to non-controlling interests for the period	3	5	7	13
Comprehensive income (loss) attributable to Shareholders for the period	12	9	13	(71)

CONSOLIDATED STATEMENTS OF EQUITY

For the 6-month period ended June 30, 2024

(in millions of Canadian dollars) (unaudited)	CAPITAL STOCK	CONTRIBUTED SURPLUS	RETAINED EARNINGS	ACCUMULATED OTHER COMPREHENSIVE INCOME	TOTAL EQUITY ATTRIBUTABLE TO SHAREHOLDERS	NON- CONTROLLING INTERESTS	TOTAL EQUITY
Balance - Beginning of period	613	15	1,096	15	1,739	42	1,781
Comprehensive income (loss)							
Net earnings (loss)	—	—	(19)	—	(19)	6	(13)
Other comprehensive income	—	—	8	24	32	1	33
Dividends	—	—	(11)	24	13	7	20
Stock options expense	—	—	(24)	—	(24)	(8)	(32)
Issuance of common shares upon exercise of stock options	—	1	—	—	1	—	1
Acquisition of non-controlling interests	3	(1)	—	—	2	—	2
Balance - End of period	616	15	1,059	39	1,729	41	1,770

For the 6-month period ended June 30, 2023

(in millions of Canadian dollars) (unaudited)	CAPITAL STOCK	CONTRIBUTED SURPLUS	RETAINED EARNINGS	ACCUMULATED OTHER COMPREHENSIVE INCOME	TOTAL EQUITY ATTRIBUTABLE TO SHAREHOLDERS	NON- CONTROLLING INTERESTS	TOTAL EQUITY
Balance - Beginning of period	611	14	1,212	34	1,871	57	1,928
Comprehensive income (loss)							
Net earnings (loss)	—	—	(53)	—	(53)	13	(40)
Other comprehensive income (loss)	—	—	2	(20)	(18)	—	(18)
Dividends	—	—	(51)	(20)	(71)	13	(58)
Stock options expense	—	—	(24)	—	(24)	(9)	(33)
Issuance of common shares upon exercise of stock options	2	—	—	—	2	—	2
Acquisition of non-controlling interests	—	—	1	—	1	(1)	—
Balance - End of period	613	14	1,138	14	1,779	60	1,839

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,	
	2024	2023	2024	2023
Operating activities				
Net earnings (loss) attributable to Shareholders for the period	1	22	(19)	(53)
Adjustments for:				
Financing expense	37	31	72	54
Depreciation and amortization	69	68	136	130
Impairment charges	—	2	2	154
Other loss (gain)	—	—	3	(2)
Restructuring costs	10	6	33	7
Unrealized loss (gain) on derivative financial instruments	(1)	1	(2)	2
Provision for (recovery of) income taxes	(1)	9	(7)	(15)
Share of results of associates and joint ventures	(6)	(3)	(9)	(15)
Net earnings attributable to non-controlling interests	3	5	6	13
Net financing expense paid	(18)	(18)	(65)	(62)
Net income taxes received (paid)	2	(5)	(3)	(7)
Dividends received	8	6	9	7
Provisions for contingencies and charges and other liabilities	(26)	(7)	(46)	(7)
	78	117	110	206
Changes in non-cash working capital components	(24)	(30)	(94)	(76)
	54	87	16	130
Investing activities				
Disposals in associates and joint ventures	—	—	—	10
Payments for property, plant and equipment	(40)	(104)	(81)	(244)
Proceeds from disposals of property, plant and equipment	17	—	17	3
Change in intangible and other assets	(20)	1	(20)	(1)
	(43)	(103)	(84)	(232)
Financing activities				
Bank loans and advances	1	3	3	2
Change in credit facilities	8	44	85	166
Change in credit facilities without recourse to the Corporation	3	—	18	—
Payments of other long-term debt, including lease obligations (2024 - \$35 million for the 6-month period (\$15 million for the 3-month period); 2023 - \$29 million for the 6-month period (\$15 million for the 3-month period))	(16)	(34)	(37)	(91)
Issuance of common shares upon exercise of stock options	2	2	2	2
Dividends paid to non-controlling interests	(5)	(6)	(8)	(9)
Acquisition of non-controlling interests	—	(3)	(3)	(3)
Dividends paid to the Corporation's Shareholders	(12)	(12)	(24)	(24)
	(19)	(6)	36	43
Net change in cash and cash equivalents during the period	(8)	(22)	(32)	(59)
Currency translation on cash and cash equivalents	—	(1)	1	(2)
Cash and cash equivalents - Beginning of the period	31	64	54	102
Cash and cash equivalents - End of the period	23	41	23	41

SEGMENTED INFORMATION

The Corporation's operations are managed in three segments: Containerboard, Specialty Products (these two segments constitute the Corporation's Packaging Products) and Tissue Papers. The accounting policies of the reportable segments are the same as the Corporation's accounting policies described in Note 2.

The Corporation's operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker (CODM). The Chief Executive Officer has authority for resource allocation and management of the Corporation's performance and is therefore the CODM. The CODM assesses the performance of each reportable segment based on sales and earnings before interest, taxes, depreciation and amortization, adjusted to exclude specific items (EBITDA (A)). The CODM considers EBITDA (A) to be the best performance measure of the Corporation's activities.

Sales for each segment are prepared on the same basis as those of the Corporation. Inter-segment operations are recorded on the same basis as sales to third parties, which are at fair market value.

EBITDA (A) does not have a standardized meaning under IFRS Accounting Standards; accordingly, it may not be comparable to similarly named measures used by other companies. Investors should not view EBITDA (A) as an alternative measure to, for example, net earnings, or as a measure of operating results, which are IFRS Accounting Standards measures.

Sales by country by business segment are shown in the following table:

(in millions of Canadian dollars) (unaudited)	SALES TO							
	For the 3-month periods ended June 30,							
	Canada		United States		Other countries		Total	
	2024	2023	2024	2023	2024	2023	2024	2023
Packaging Products								
Containerboard	346	329	238	233	1	—	585	562
Specialty Products	66	58	99	105	2	1	167	164
Inter-segment sales	(5)	(4)	(2)	(5)	—	—	(7)	(9)
	407	383	335	333	3	1	745	717
Tissue Papers	133	136	264	280	—	—	397	416
Inter-segment sales, Corporate, Recovery and Recycling activities	30	23	8	7	—	5	38	35
	570	542	607	620	3	6	1,180	1,168

(in millions of Canadian dollars) (unaudited)	SALES TO							
	For the 6-month periods ended June 30,							
	Canada		United States		Other countries		Total	
	2024	2023	2024	2023	2024	2023	2024	2023
Packaging Products								
Containerboard	668	658	470	464	3	1	1,141	1,123
Specialty Products	126	114	199	209	2	2	327	325
Inter-segment sales	(8)	(8)	(6)	(8)	—	—	(14)	(16)
	786	764	663	665	5	3	1,454	1,432
Tissue Papers	268	262	496	541	—	—	764	803
Inter-segment sales, Corporate, Recovery and Recycling activities	56	48	15	13	—	6	71	67
	1,110	1,074	1,174	1,219	5	9	2,289	2,302

EBITDA (A) by business segment is reconciled to IFRS Accounting Standards measure, namely operating income (loss), and is shown in the following table:

For the 3-month period ended June 30, 2024

(in millions of Canadian dollars) (unaudited)	Containerboard	Specialty Products	Tissue Papers	Corporate, Recovery and Recycling activities	Consolidated
Operating income (loss)	15	19	38	(38)	34
Depreciation and amortization	38	6	13	12	69
Restructuring costs	6	1	3	—	10
Unrealized loss (gain) on derivative financial instruments	1	—	—	(2)	(1)
EBITDA (A)	60	26	54	(28)	112

For the 3-month period ended June 30, 2023

(in millions of Canadian dollars) (unaudited)	Containerboard	Specialty Products	Tissue Papers	Corporate, Recovery and Recycling activities	Consolidated
Operating income (loss)	62	19	18	(35)	64
Depreciation and amortization	34	5	18	11	68
Impairment charges	—	—	2	—	2
Restructuring costs	—	—	6	—	6
Unrealized loss on derivative financial instruments	—	—	—	1	1
EBITDA (A)	96	24	44	(23)	141

For the 6-month period ended June 30, 2024

(in millions of Canadian dollars) (unaudited)	Containerboard	Specialty Products	Tissue Papers	Corporate, Recovery and Recycling activities	Consolidated
Operating income (loss)	8	38	69	(72)	43
Depreciation and amortization	75	12	26	23	136
Impairment charges	2	—	—	—	2
Other loss (gain)	3	—	—	—	3
Restructuring costs	22	1	9	1	33
Unrealized gain on derivative financial instruments	—	—	—	(2)	(2)
EBITDA (A)	110	51	104	(50)	215

For the 6-month period ended June 30, 2023

(in millions of Canadian dollars) (unaudited)	Containerboard	Specialty Products	Tissue Papers	Corporate, Recovery and Recycling activities	Consolidated
Operating income (loss)	100	40	(74)	(82)	(16)
Depreciation and amortization	64	10	35	21	130
Impairment charges	59	1	94	—	154
Other gain	—	—	(2)	—	(2)
Restructuring costs	—	—	7	—	7
Unrealized loss (gain) on derivative financial instruments	(1)	—	—	3	2
EBITDA (A)	222	51	60	(58)	275

Payments for property, plant and equipment by business segment are shown in the following table:

(in millions of Canadian dollars) (unaudited)	PAYMENTS FOR PROPERTY, PLANT AND EQUIPMENT			
	For the 3-month periods ended June 30,		For the 6-month periods ended June 30,	
	2024	2023	2024	2023
Packaging Products				
Containerboard	58	66	69	155
Specialty Products	5	7	8	11
	63	73	77	166
Tissue Papers	12	8	20	17
Corporate, Recovery and Recycling activities	13	10	19	13
Total acquisitions	88	91	116	196
Right-of-use assets acquisitions (non-cash)	(51)	(7)	(54)	(15)
	37	84	62	181
Acquisitions for property, plant and equipment included in "Trade and other payables"				
Beginning of the period	29	63	45	106
End of the period	(26)	(43)	(26)	(43)
Payments for property, plant and equipment	40	104	81	244
Proceeds from disposals of property, plant and equipment	(17)	—	(17)	(3)
Payments for property, plant and equipment net of proceeds from disposals	23	104	64	241

SUPPLEMENTAL INFORMATION ON NON-IFRS ACCOUNTING STANDARDS MEASURES AND OTHER FINANCIAL MEASURES

SPECIFIC ITEMS

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

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

RECONCILIATION AND USES OF NON-IFRS ACCOUNTING STANDARDS MEASURES AND OTHER FINANCIAL MEASURES

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

Non-IFRS Accounting Standards measures

- Adjusted earnings before interest, taxes, depreciation and amortization or EBITDA (A): represents the operating income (as published in the Consolidated Statement of Earnings (Loss) of the Consolidated Financial Statements) before depreciation and amortization excluding specific items. Measure used to assess recurring operating performance and the contribution of each segment on a comparable basis.
- Adjusted net earnings: Measure used to assess the Corporation's consolidated financial performance on a comparable basis.
- Adjusted cash flow: Measure used to assess the Corporation's capacity to generate cash flows to meet financial obligations and/or discretionary items such as share repurchases, dividend increases and strategic investments.
- Free cash flow: Measure used to calculate the excess cash the Corporation generates by subtracting capital expenditures (excluding strategic projects) from the EBITDA (A).
- Working capital: Measure used to assess the short-term liquidity of the Corporation.

Other financial measures

- Total debt: Measure used to calculate all the Corporation's debt, including long-term debt and bank loans. Often put in relation to equity to calculate the debt-to-equity ratio.
- Net debt: Measure used to calculate the Corporation's total debt less cash and cash equivalents. Often put in relation to EBITDA (A) to calculate net debt to EBITDA (A) ratio.

Non-IFRS Accounting Standards ratios

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

- Free cash flow ratio: Ratio used to measure the liquidity and efficiency of how much more cash the Corporation generates than it uses to run the business by subtracting capital expenditures (excluding strategic projects) from the EBITDA (A) calculated as a percentage of sales.

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

The CODM assesses the performance of each reportable segment based on sales and earnings before interest, taxes, depreciation and amortization, adjusted to exclude specific items (EBITDA (A)¹). The CODM considers EBITDA (A)¹ to be the best performance measure of the Corporation's activities.

EBITDA (A)¹ by business segment is reconciled to IFRS Accounting Standards measure, namely operating income (loss), and is shown in the following table:

Q2 2024					
(in millions of Canadian dollars) (unaudited)	Containerboard	Specialty Products	Tissue Papers	Corporate, Recovery and Recycling activities	Consolidated
Operating income (loss)	15	19	38	(38)	34
Depreciation and amortization	38	6	13	12	69
Restructuring costs	6	1	3	—	10
Unrealized loss (gain) on derivative financial instruments	1	—	—	(2)	(1)
EBITDA (A)¹	60	26	54	(28)	112

Q1 2024					
(in millions of Canadian dollars) (unaudited)	Containerboard	Specialty Products	Tissue Papers	Corporate, Recovery and Recycling activities	Consolidated
Operating income (loss)	(7)	19	31	(34)	9
Depreciation and amortization	37	6	13	11	67
Impairment charges	2	—	—	—	2
Other loss	3	—	—	—	3
Restructuring costs	16	—	6	1	23
Unrealized gain on derivative financial instruments	(1)	—	—	—	(1)
EBITDA (A)¹	50	25	50	(22)	103

Q2 2023					
(in millions of Canadian dollars) (unaudited)	Containerboard	Specialty Products	Tissue Papers	Corporate, Recovery and Recycling activities	Consolidated
Operating income (loss)	62	19	18	(35)	64
Depreciation and amortization	34	5	18	11	68
Impairment charges	—	—	2	—	2
Restructuring costs	—	—	6	—	6
Unrealized loss on derivative financial instruments	—	—	—	1	1
EBITDA (A)¹	96	24	44	(23)	141

¹ Please refer to the "Supplemental Information on Non-IFRS Accounting Standards 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 reported, with adjusted net earnings (loss)¹ and adjusted net earnings (loss) per common share¹:

(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 2024	Q1 2024	Q2 2023	Q2 2024	Q1 2024	Q2 2023
As reported	1	(20)	22	\$0.01	(\$0.20)	\$0.22
Specific items:						
Impairment charges	—	2	2	—	\$0.01	\$0.02
Other loss (gain)	—	3	—	—	\$0.02	—
Restructuring costs	10	23	6	\$0.07	\$0.18	\$0.04
Unrealized loss (gain) on derivative financial instruments	(1)	(1)	1	(\$0.01)	(\$0.01)	\$0.01
Unrealized loss (gain) on interest rate hedge instrument	1	(2)	—	\$0.01	(\$0.01)	—
Foreign exchange loss (gain) on long-term debt and financial instruments	—	1	(3)	—	\$0.01	(\$0.02)
Tax effect on specific items, other tax adjustments and attributable to non-controlling interest ²	(3)	(6)	(2)	—	—	—
	7	20	4	\$0.07	\$0.20	\$0.05
Adjusted¹	8	—	26	\$0.08	—	\$0.27
Weighted average basic number of common shares outstanding				100,781,388	100,703,177	100,447,357

The following table reconciles cash flow from operating activities with EBITDA (A)¹:

(in millions of Canadian dollars) (unaudited)	Q2 2024	Q1 2024	Q2 2023
Cash flow from operating activities	54	(38)	87
Changes in non-cash working capital components	24	70	30
Net income taxes paid (received)	(2)	5	5
Net financing expense paid	18	47	18
Provisions for contingencies and charges and other liabilities, net of dividends received	18	19	1
EBITDA (A)¹	112	103	141

The following table reconciles cash flow from operating activities with cash flow from operating activities (excluding changes in non-cash working capital components) and adjusted cash flow from operating activities¹. It also reconciles adjusted cash flow from operating activities¹ to adjusted cash flow generated (used)¹, 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 2024	Q1 2024	Q2 2023
Cash flow from operating activities	54	(38)	87
Changes in non-cash working capital components	24	70	30
Cash flow from operating activities (excluding changes in non-cash working capital components)	78	32	117
Restructuring costs paid	17	14	5
Adjusted cash flow from operating activities¹	95	46	122
Payments for property, plant and equipment	(40)	(41)	(104)
Change in intangible and other assets	(20)	—	1
Lease obligation payments	(15)	(20)	(15)
Proceeds from disposals of property, plant and equipment	17	—	—
	37	(15)	4
Dividends paid to non-controlling interests	(5)	(3)	(6)
Dividends paid to the Corporation's Shareholders and to non-controlling interests	(12)	(12)	(12)
Adjusted cash flow generated (used)¹	20	(30)	(14)
Adjusted cash flow generated (used) per common share¹ (in Canadian dollars)	\$0.20	(\$0.30)	(\$0.14)
Weighted average basic number of common shares outstanding	100,781,388	100,703,177	100,447,357

¹ Please refer to the "Supplemental Information on Non-IFRS Accounting Standards 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 total debt¹ and net debt¹ with the ratio of net debt to adjusted earnings before interest, taxes, depreciation and amortization (EBITDA (A))¹:

(in millions of Canadian dollars) (unaudited)	June 30, 2024	March 31, 2024	June 30, 2023
Long-term debt	1,878	1,816	2,038
Current portion of Unsecured senior notes of \$175 million to be refinanced	175	175	—
Current portion of long-term debt	60	58	75
Bank loans and advances	3	2	4
Total debt¹	2,116	2,051	2,117
Less: Cash and cash equivalents	(23)	(31)	(41)
Net debt¹ as reported	2,093	2,020	2,076
Last twelve months EBITDA (A) ¹	498	527	502
Net debt / EBITDA (A) ratio¹	4.2x	3.8x	4.1x

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

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