



PRESS RELEASE

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Cascades Reports Results for the Second Quarter of 2025

Kingsey Falls, Québec, August 7, 2025 - Cascades Inc. (TSX: CAS) reports its unaudited financial results for the three-month period ended June 30, 2025.

Q2 2025 Highlights

- Sales of \$1,187 million (compared with \$1,154 million in Q1 2025 and \$1,180 million in Q2 2024);
- Operating income of \$36 million (compared with \$50 million in Q1 2025 and \$34 million in Q2 2024);
- Net loss per common share of (\$0.03) (compared with net earnings per common share of \$0.07 in Q1 2025 and net earnings per common share of \$0.01 in Q2 2024);
- Adjusted earnings before interest, taxes, depreciation and amortization (EBITDA (A))¹ of \$137 million (compared with \$125 million in Q1 2025 and \$112 million in Q2 2024);
- Adjusted net earnings per common share¹ of \$0.19 (compared with \$0.13 in Q1 2025 and \$0.08 in Q2 2024);
- Net debt¹ of \$2,104 million as of June 30, 2025 (compared with \$2,216 million as of March 31, 2025). Net debt to EBITDA (A) ratio¹ of 3.8x, down from 4.2x as of March 31, 2025;
- Total capital expenditures, net of disposals of \$26 million, totaled \$18 million in Q2 2025, compared to \$36 million in Q1 2025 and \$23 million in Q2 2024. The Corporation's 2025 forecasted capital expenditures before disposals will be approximately \$150 million.

Hugues Simon, President and CEO, commented: "Second quarter performance was in line with our forecasts. On a consolidated basis, sequential improvement was underpinned by stronger volumes and selling prices, and lower transportation and energy costs. Packaging results were driven by the implementation of selling price increases and stable shipments. As expected, these were partially offset by higher operational costs per unit attributable to lower operating rates. Operational metrics at Bear Island improved sequentially, with production levels up 8%. This trend has continued into July. Our tissue segment generated stable results sequentially as benefits from improved pricing, sales volume and mix were offset by higher operational costs due to planned shutdowns and maintenance activities. These initiatives were scheduled to improve line efficiencies, support the execution of our retail tissue realignment strategy, and manage inventory in the Away-from-Home tissue market. The Corporation's net debt levels decreased by \$112 million sequentially, and leverage contracted to 3.8x from 4.2x at the end of the first quarter. Net of disposals, capital expenditures totaled \$18 million in the quarter, and \$54 million year-to-date. We now expect full year 2025 levels to be in the range of \$150 million, before disposals, down from \$175 million previously."

Discussing near-term outlook, Mr. Simon commented, "We are anticipating third quarter performance to be slightly higher sequentially. We remain cautious in packaging, where results are expected to be largely stable as benefits from continued favourable pricing and raw material trends are forecasted to be offset by constrained demand levels. We expect a stronger tissue performance in the third quarter, driven by volume growth and largely stable raw material costs and selling prices. Continued uncertainty in the macro-economic environment may impact future demand levels across North America and our outlook."

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 2025	Q1 2025	Q2 2024
Sales	1,187	1,154	1,180
As Reported			
Operating income	36	50	34
Net earnings (loss)	(3)	7	1
per common share (basic)	(\$0.03)	\$0.07	\$0.01
Adjusted¹			
Earnings before interest, taxes, depreciation and amortization (EBITDA (A))	137	125	112
Net earnings	19	13	8
per common share (basic)	\$0.19	\$0.13	\$0.08
Margin (EBITDA (A) / Sales)	11.5%	10.8%	9.5%
Net debt¹	2,104	2,216	2,093
Net debt / EBITDA (A) ratio¹	3.8x	4.2x	4.2x

Segmented sales

(in millions of Canadian dollars) (unaudited)

	Q2 2025	Q1 2025	Q2 2024
Packaging Products	763	762	745
Tissue Papers	392	364	397
Inter-segment sales, Corporate, Recovery and Recycling activities	32	28	38
Sales	1,187	1,154	1,180

Segmented operating income (loss)

(in millions of Canadian dollars) (unaudited)

	Q2 2025	Q1 2025	Q2 2024
Packaging Products	46	60	34
Tissue Papers	25	24	38
Corporate, Recovery and Recycling activities	(35)	(34)	(38)
Operating income	36	50	34

Segmented EBITDA (A)¹

(in millions of Canadian dollars) (unaudited)

	Q2 2025	Q1 2025	Q2 2024
Packaging Products	119	109	86
Tissue Papers	38	37	54
Corporate, Recovery and Recycling activities	(20)	(21)	(28)
EBITDA (A)¹	137	125	112

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, 2025 (compared to the same period last year)

The Corporation's second quarter sales of \$1,187 million increased by \$7 million compared with the same period last year. This increase was driven by consolidated net benefits of \$51 million from higher selling prices and \$8 million from a more favourable foreign exchange. These were partially offset by \$46 million from lower volumes.

The second quarter EBITDA (A)¹ totaled \$137 million, an increase of \$25 million, or 22%, from the \$112 million generated in the same period last year. This increase was driven by net benefits of \$51 million from higher selling prices and by lower raw material costs of \$15 million, mainly in the Packaging Products segment. These were partially offset by net impacts of \$23 million from higher production and energy costs and \$18 million from lower volumes.

The main specific items, before income taxes, that impacted our second quarter of 2025 operating income and/or net loss were:

- \$23 million of impairment charge on inventory and some equipment related to a closed facility in the United States (operating income and net loss);
- \$2 million loss of other items (operating income and net loss);
- \$4 million unrealized loss on financial instruments (operating income and net loss);
- \$1 million loss on repurchase of long-term debt (net loss).

For the three-month period ended June 30, 2025, the Corporation posted a net loss of \$(3) million, or (\$0.03) per common share, compared to net earnings of \$1 million, or \$0.01 per common share, in the same period of 2024. On an adjusted basis¹, the Corporation posted net earnings of \$19 million in the second quarter of 2025, or \$0.19 per common share, compared to net earnings of \$8 million, or \$0.08 per common share, in the same period of 2024.

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 4, 2025 to shareholders of record at the close of business on August 21, 2025. This dividend is an "eligible dividend" as per the Income Tax Act (R.C.S. (1985), Canada). During the second quarter of 2025, Cascades purchased no common shares for cancellation.

2025 Second Quarter Results Conference Call Details

Management will discuss the 2025 second quarter financial results during a conference call today at 9:00 a.m. ET. The call can be accessed by dialing 1-800-990-4777 (international 1-289-819-1299). 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 7, 2025 by dialing 1-888-660-6345 (international 1-289-819-1450), access code 49150 #.

Founded in 1964, Cascades offers sustainable, innovative and value-added packaging, hygiene and recovery solutions. The company employs approximately 9,600 women and men across a network of 66 operating facilities, including 17 Recovery and Recycling facilities which are part of Corporate Activities and joint ventures managed by the Corporation, 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, 2025	December 31, 2024
Assets		
Current assets		
Cash and cash equivalents	26	27
Accounts receivable	472	469
Current income tax assets	5	4
Inventories	685	685
Current portion of financial assets	5	1
	1,193	1,186
Long-term assets		
Investments in associates and joint ventures	95	97
Property, plant and equipment	2,674	2,847
Intangible assets with finite useful life	35	41
Financial assets	5	—
Other assets	104	105
Deferred income tax assets	216	220
Goodwill and other intangible assets with indefinite useful life	489	504
	4,811	5,000
Liabilities and Equity		
Current liabilities		
Bank loans and advances	3	10
Trade and other payables	649	748
Current income tax liabilities	3	2
Current portion of unsecured senior notes	—	175
Current portion of long-term debt	70	67
Current portion of provisions for charges	25	42
Current portion of financial liabilities and other liabilities	24	43
	774	1,087
Long-term liabilities		
Long-term debt	2,057	1,871
Provisions for charges	55	58
Financial liabilities	12	—
Other liabilities	75	80
Deferred income tax liabilities	136	133
	3,109	3,229
Equity		
Capital stock	618	616
Contributed surplus	17	16
Retained earnings	998	1,019
Accumulated other comprehensive income	40	73
Equity attributable to Shareholders	1,673	1,724
Non-controlling interests	29	47
Total equity	1,702	1,771
	4,811	5,000

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,	
	2025	2024	2025	2024
Sales	1,187	1,180	2,341	2,289
Supply chain and logistic	702	722	1,381	1,390
Wages and employee benefits expenses	275	275	555	542
Depreciation and amortization	72	69	141	136
Maintenance and repair	67	60	131	122
Other operational costs	6	11	12	20
Impairment charges	23	—	24	2
Other loss (gain)	1	—	5	3
Restructuring costs	1	10	6	33
Unrealized loss (gain) on derivative financial instruments	4	(1)	—	(2)
Operating income	36	34	86	43
Financing expense	33	37	69	72
Share of results of associates and joint ventures	(3)	(6)	(6)	(9)
Earnings (loss) before income taxes	6	3	23	(20)
Provision for (recovery of) income taxes	3	(1)	8	(7)
Net earnings (loss) including non-controlling interests for the period	3	4	15	(13)
Net earnings attributable to non-controlling interests	6	3	11	6
Net earnings (loss) attributable to Shareholders for the period	(3)	1	4	(19)
Net earnings (loss) per common share				
Basic	(\$0.03)	\$0.01	\$0.04	(\$0.19)
Diluted	(\$0.03)	\$0.01	\$0.04	(\$0.19)
Weighted average basic number of common shares outstanding	101,152,145	100,781,388	101,073,415	100,742,283
Weighted average number of diluted common shares	101,169,690	100,870,224	101,294,977	101,043,122

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,	
	2025	2024	2025	2024
Net earnings (loss) including non-controlling interests for the period	3	4	15	(13)
Other comprehensive income (loss)				
Items that may be reclassified subsequently to earnings				
Translation adjustments				
Change in foreign currency translation of foreign subsidiaries	(63)	12	(104)	38
Change in foreign currency translation related to net investment hedging activities	34	(5)	74	(15)
Recovery of (provision for) income taxes	(5)	1	(5)	2
	(34)	8	(35)	25
Items that are not released to earnings				
Actuarial gain (loss) on employee future benefits	—	4	(1)	11
Provision for income taxes	—	(1)	—	(3)
	—	3	(1)	8
Other comprehensive income (loss)	(34)	11	(36)	33
Comprehensive income (loss) including non-controlling interests for the period	(31)	15	(21)	20
Comprehensive income attributable to non-controlling interests for the period	4	3	9	7
Comprehensive income (loss) attributable to Shareholders for the period	(35)	12	(30)	13

CONSOLIDATED STATEMENTS OF EQUITY

For the 6-month period ended June 30, 2025

(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	616	16	1,019	73	1,724	47	1,771
Comprehensive income (loss)							
Net earnings	—	—	4	—	4	11	15
Other comprehensive loss	—	—	(1)	(33)	(34)	(2)	(36)
	—	—	3	(33)	(30)	9	(21)
Dividends	—	—	(24)	—	(24)	(27)	(51)
Stock options expense	—	1	—	—	1	—	1
Issuance of common shares upon exercise of stock options	2	—	—	—	2	—	2
Balance - End of period	618	17	998	40	1,673	29	1,702

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
	—	—	(11)	24	13	7	20
Dividends	—	—	(24)	—	(24)	(8)	(32)
Stock options expense	—	1	—	—	1	—	1
Issuance of common shares upon exercise of stock options	3	(1)	—	—	2	—	2
Acquisition of non-controlling interests	—	—	(2)	—	(2)	—	(2)
Balance - End of period	616	15	1,059	39	1,729	41	1,770

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,	
	2025	2024	2025	2024
Operating activities				
Net earnings (loss) attributable to Shareholders for the period	(3)	1	4	(19)
Adjustments for:				
Financing expense	33	37	69	72
Depreciation and amortization	72	69	141	136
Impairment charges	23	—	24	2
Other loss (gain)	1	—	5	3
Restructuring costs	1	10	6	33
Unrealized loss (gain) on derivative financial instruments	4	(1)	—	(2)
Provision for (recovery of) income taxes	3	(1)	8	(7)
Share of results of associates and joint ventures	(3)	(6)	(6)	(9)
Net earnings attributable to non-controlling interests	6	3	11	6
Net financing expense paid	(25)	(18)	(74)	(65)
Net income taxes received (paid)	(5)	2	(7)	(3)
Dividends received	7	8	7	9
Payments, net of provisions, for charges and other liabilities	(22)	(26)	(51)	(46)
	92	78	137	110
Changes in non-cash working capital components	(25)	(24)	(122)	(94)
	67	54	15	16
Investing activities				
Payments for property, plant and equipment	(44)	(40)	(80)	(81)
Proceeds from disposals of property, plant and equipment	26	17	26	17
Change in intangible and other assets	—	(20)	1	(20)
	(18)	(43)	(53)	(84)
Financing activities				
Bank loans and advances	(1)	1	(7)	3
Change in credit facilities	(375)	8	(108)	85
Change in credit facilities without recourse to the Corporation	120	3	121	18
Issuance of unsecured senior notes, net of related expenses	541	—	541	—
Repurchase of unsecured senior notes	(281)	—	(456)	—
Increase in delayed draw unsecured term loan credit facility	—	—	36	—
Payments of other long-term debt, including lease obligations (2025 - \$39 million for the 6-month period (\$21 million for the 3-month period); 2024 - \$35 million for the 6-month period (\$15 million for the 3-month period))	(21)	(16)	(40)	(37)
Issuance of common shares upon exercise of stock options	1	2	2	2
Dividends paid to non-controlling interests	(24)	(5)	(27)	(8)
Acquisition of non-controlling interests	—	—	—	(3)
Dividends paid to the Corporation's Shareholders	(12)	(12)	(24)	(24)
	(52)	(19)	38	36
Net change in cash and cash equivalents during the period	(3)	(8)	—	(32)
Currency translation on cash and cash equivalents	—	—	(1)	1
Cash and cash equivalents - Beginning of the period	29	31	27	54
Cash and cash equivalents - End of the period	26	23	26	23

SEGMENTED INFORMATION

In the fourth quarter of 2024, the Corporation announced organizational changes designed to support its strategic growth. These changes involve the combination of the Containerboard and Specialty Products activities into a single operational unit. Since January 2025, the Corporation's operations are managed in two segments: Packaging Products and Tissue Papers. The comparative figures have been restated to conform with the current year's presentation. The accounting policies of the reportable segments are the same as the Corporation's accounting policies described in the most recent Audited Consolidated Financial Statements for the year ended December 31, 2024.

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 business segment are shown in the following table:

For the 3-month periods ended June 30 (in millions of Canadian dollars) (unaudited)	2025			2024		
	SALES					
	Total	Inter-segment	External	Total	Inter-segment	External
Packaging Products	763	(11)	752	745	(13)	732
Tissue Papers	392	—	392	397	—	397
Corporate, Recovery and Recycling activities	73	(30)	43	89	(38)	51
	1,228	(41)	1,187	1,231	(51)	1,180

For the 6-month periods ended June 30 (in millions of Canadian dollars) (unaudited)	2025			2024		
	SALES					
	Total	Inter-segment	External	Total	Inter-segment	External
Packaging Products	1,525	(24)	1,501	1,454	(25)	1,429
Tissue Papers	756	—	756	764	(1)	763
Corporate, Recovery and Recycling activities	146	(62)	84	171	(74)	97
	2,427	(86)	2,341	2,389	(100)	2,289

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

(in millions of Canadian dollars) (unaudited)	For the 3-month period ended June 30, 2025			
	Packaging Products	Tissue Papers	Corporate, Recovery and Recycling activities	Consolidated
Operating income (loss)	46	25	(35)	36
Depreciation and amortization	49	14	9	72
Impairment charges	23	—	—	23
Other loss (gain)	2	(1)	—	1
Restructuring costs	—	—	1	1
Unrealized loss (gain) on derivative financial instruments	(1)	—	5	4
EBITDA (A)	119	38	(20)	137
Supply chain and logistic and Wage and employee benefits expenses included in operating income (loss)	594	331	52	977

For the 3-month period ended June 30, 2024

(in millions of Canadian dollars) (unaudited)	Packaging Products	Tissue Papers	Corporate, Recovery and Recycling activities	Consolidated
Operating income (loss)	34	38	(38)	34
Depreciation and amortization	44	13	12	69
Restructuring costs	7	3	—	10
Unrealized loss (gain) on derivative financial instruments	1	—	(2)	(1)
EBITDA (A)	86	54	(28)	112
Supply chain and logistic and Wage and employee benefits expenses included in operating income (loss)	617	322	58	997

For the 6-month period ended June 30, 2025

(in millions of Canadian dollars) (unaudited)	Packaging Products	Tissue Papers	Corporate, Recovery and Recycling activities	Consolidated
Operating income (loss)	106	49	(69)	86
Depreciation and amortization	95	27	19	141
Impairment charges	23	—	1	24
Other loss (gain)	6	(1)	—	5
Restructuring costs	1	—	5	6
Unrealized loss (gain) on derivative financial instruments	(3)	—	3	—
EBITDA (A)	228	75	(41)	262
Supply chain and logistic and Wage and employee benefits expenses included in operating income (loss)	1,197	635	104	1,936

For the 6-month period ended June 30, 2024

(in millions of Canadian dollars) (unaudited)	Packaging Products	Tissue Papers	Corporate, Recovery and Recycling activities	Consolidated
Operating income (loss)	46	69	(72)	43
Depreciation and amortization	87	26	23	136
Impairment charges	2	—	—	2
Other loss	3	—	—	3
Restructuring costs	23	9	1	33
Unrealized gain on derivative financial instruments	—	—	(2)	(2)
EBITDA (A)	161	104	(50)	215
Supply chain and logistic and Wage and employee benefits expenses included in operating income (loss)	1,206	617	109	1,932

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,	
	2025	2024	2025	2024
Packaging Products	33	63	67	77
Tissue Papers	14	12	22	20
Corporate, Recovery and Recycling activities	1	13	7	19
Total acquisitions	48	88	96	116
Right-of-use assets acquisitions (non-cash)	(10)	(51)	(34)	(54)
	38	37	62	62
Acquisitions for property, plant and equipment included in "Trade and other payables"				
Beginning of the period	20	29	32	45
End of the period	(14)	(26)	(14)	(26)
Payments for property, plant and equipment	44	40	80	81
Proceeds from disposals of property, plant and equipment	(26)	(17)	(26)	(17)
Payments for property, plant and equipment net of proceeds from disposals	18	23	54	64

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 Statements 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 the 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.
- Ratio of net debt / (total equity and net debt): 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 the 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.

In the fourth quarter of 2024, the Corporation announced organizational changes designed to support its strategic growth. These changes involve the combination of the Containerboard and Specialty Products activities into a single operational unit. Since January 2025, the Corporation's operations are managed in two segments: Packaging Products and Tissue Papers. The comparative figures have been restated to conform with the current year's presentation.

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 2025			
	Packaging Products	Tissue Papers	Corporate, Recovery and Recycling activities	Consolidated
(in millions of Canadian dollars) (unaudited)				
Operating income (loss)	46	25	(35)	36
Depreciation and amortization	49	14	9	72
Impairment charges	23	—	—	23
Other loss (gain)	2	(1)	—	1
Restructuring costs	—	—	1	1
Unrealized loss (gain) on derivative financial instruments	(1)	—	5	4
EBITDA (A)¹	119	38	(20)	137
Supply chain and logistic and Wage and employee benefits expenses included in operating income (loss)	594	331	52	977

	Q1 2025			
	Packaging Products	Tissue Papers	Corporate, Recovery and Recycling activities	Consolidated
(in millions of Canadian dollars) (unaudited)				
Operating income (loss)	60	24	(34)	50
Depreciation and amortization	46	13	10	69
Impairment charges	—	—	1	1
Other loss	4	—	—	4
Restructuring costs	1	—	4	5
Unrealized gain on derivative financial instruments	(2)	—	(2)	(4)
EBITDA (A)¹	109	37	(21)	125
Supply chain and logistic and Wage and employee benefits expenses included in operating income (loss)	603	304	52	959

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

	Packaging Products	Tissue Papers	Corporate, Recovery and Recycling activities	Consolidated
(in millions of Canadian dollars) (unaudited)				
Operating income (loss)	34	38	(38)	34
Depreciation and amortization	44	13	12	69
Restructuring costs	7	3	—	10
Unrealized loss (gain) on derivative financial instruments	1	—	(2)	(1)
EBITDA (A)¹	86	54	(28)	112
Supply chain and logistic and Wage and employee benefits expenses included in operating income (loss)	617	322	58	997

The following table reconciles net earnings (loss) and net earnings (loss) per common share, as reported, with adjusted net earnings¹ and adjusted net earnings per common share¹:

	NET EARNINGS (LOSS)			NET EARNINGS (LOSS) PER COMMON SHARE ²		
	Q2 2025	Q1 2025	Q2 2024	Q2 2025	Q1 2025	Q2 2024
As reported	(3)	7	1	(\$0.03)	\$0.07	\$0.01
Specific items:						
Impairment charges	23	1	—	\$0.17	\$0.01	—
Other loss (gain)	1	4	—	\$0.01	\$0.03	—
Restructuring costs	1	5	10	—	\$0.04	\$0.07
Unrealized loss (gain) on derivative financial instruments	4	(4)	(1)	\$0.03	(\$0.03)	(\$0.01)
Loss on repurchase of long-term debt	1	—	—	\$0.01	—	—
Unrealized loss on interest rate hedge instrument	—	—	1	—	—	\$0.01
Tax effect on specific items, other tax adjustments and attributable to non-controlling interest ²	(8)	—	(3)	—	\$0.01	—
Adjusted¹	22	6	7	\$0.22	\$0.06	\$0.07
Adjusted¹	19	13	8	\$0.19	\$0.13	\$0.08
Weighted average basic number of common shares outstanding				101,152,145	100,993,811	100,781,388

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

	Q2 2025	Q1 2025	Q2 2024
(in millions of Canadian dollars) (unaudited)			
Cash flow from operating activities	67	(52)	54
Changes in non-cash working capital components	25	97	24
Net income taxes paid (received)	5	2	(2)
Net financing expense paid	25	49	18
Payments, net of provisions, for charges and other liabilities, net of dividends received	15	29	18
EBITDA (A)¹	137	125	112

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. Please refer to the "Provision for (recovery of) income taxes" section for more details.

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 2025	Q1 2025	Q2 2024
Cash flow from operating activities	67	(52)	54
Changes in non-cash working capital components	25	97	24
Cash flow from operating activities (excluding changes in non-cash working capital components)	92	45	78
Restructuring costs paid	9	17	17
Adjusted cash flow from operating activities¹	101	62	95
Payments for property, plant and equipment	(44)	(36)	(40)
Change in intangible and other assets	—	1	(20)
Lease obligation payments	(21)	(18)	(15)
Proceeds from disposals of property, plant and equipment	26	—	17
Dividends paid to non-controlling interests	62	9	37
Dividends paid to the Corporation's Shareholders and to non-controlling interests	(24)	(3)	(5)
	(12)	(12)	(12)
Adjusted cash flow generated (used)¹	26	(6)	20
Adjusted cash flow generated (used) per common share¹ (in Canadian dollars)	\$0.26	(\$0.06)	\$0.20
Weighted average basic number of common shares outstanding	101,152,145	100,993,811	100,781,388

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, 2025	March 31, 2025	June 30, 2024
Long-term debt	2,057	1,873	1,878
Current portion of unsecured senior notes	—	296	175
Current portion of long-term debt	70	72	60
Bank loans and advances	3	4	3
Total debt¹	2,130	2,245	2,116
Less: Cash and cash equivalents	(26)	(29)	(23)
Net debt¹ as reported	2,104	2,216	2,093
Last twelve months EBITDA (A) ¹	548	523	498
Net debt / EBITDA (A) ratio¹	3.8x	4.2x	4.2x

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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