

PRESS RELEASE



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Cascades Reports Solid Results for the Third Quarter of 2023 *Tissue Papers segment generates record quarterly results*

Kingsey Falls, Québec, November 9, 2023 - Cascades Inc. (TSX: CAS) reports its unaudited financial results for the three-month period ended September 30, 2023.

Q3 2023 Highlights

- Sales of \$1,198 million (compared with \$1,168 million in Q2 2023 and \$1,174 million in Q3 2022);
- Operating income of \$80 million (compared with \$64 million in Q2 2023 and \$25 million in Q3 2022);
- Net earnings per common share of \$0.34 (compared with net earnings per common share of \$0.22 in Q2 2023 and a net loss per common share of (\$0.02) in Q3 2022);
- Adjusted earnings before interest, taxes, depreciation and amortization (EBITDA (A)¹) of \$161 million (compared with \$141 million in Q2 2023 and \$111 million in Q3 2022);
- Adjusted net earnings per common share¹ of \$0.44 (compared with \$0.27 in Q2 2023 and \$0.20 in Q3 2022);
- Net debt¹ of \$2,088 million as of September 30, 2023 (compared with \$2,076 million as of June 30, 2023). Net debt to EBITDA (A) ratio¹ of 3.8x, down from 4.1x as of June 30, 2023;
- Total capital expenditures, net of disposals, of \$56 million in Q3 2023, compared to \$104 million in Q2 2023. The Corporation's 2023 forecasted net capital expenditures of approximately \$325 million is unchanged.

Mario Plourde, President and CEO, commented: "We are pleased with our solid third quarter results. Sequential sales growth of 2.6% reflects stronger Containerboard volume and more favourable sales mix in Tissue Papers. Quarterly EBITDA (A)¹ improved 14%, exceeding expectations, fuelled by a robust 39% increase in Tissue Papers as benefits from lower raw material costs, price increases, and repositioning of this segment's operational platform and other profitability, efficiency and productivity initiatives undertaken over the past year continued to yield results. Sequentially, raw material costs were a headwind for our packaging businesses, but remained below prior year levels, while production costs were a tailwind. Notwithstanding a less favourable exchange rate, we maintained our net debt levels stable due to strong cash flows from operations and lower capital expenditures during the quarter. Consequently, our leverage ratio¹ improved to 3.8x from 4.1x at the end of Q2."

Discussing near-term outlook, Mr. Plourde commented, "On a consolidated basis, we are forecasting fourth quarter results to decrease sequentially. This is driven by lower expected results in our Containerboard segment due to higher raw material costs, slightly lower average selling prices and usual softer seasonal volumes in the fourth quarter. Results in the Specialty Packaging and Tissue Papers segments are expected to remain stable on a sequential basis. More broadly, we continue to remain prudent on the demand-side, most notably in our packaging businesses, due to general economic uncertainty. Notwithstanding this, we are very pleased with the continued ramp-up of production at the Bear Island facility, and the benefits being realized in our Tissue Papers segment following the wide-ranging measures executed in recent quarters. In both cases, the benefits from these strategic actions will continue to generate long-term commercial and competitive advantages for Cascades and sustainable value for our shareholders."

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.

Financial Summary

Selected consolidated information

(in millions of Canadian dollars, except amounts per common share) (unaudited)	Q3 2023	Q2 2023	Q3 2022
Sales	1,198	1,168	1,174
As Reported			
Operating income	80	64	25
Net income (loss)	34	22	(2)
per common share (basic)	\$0.34	\$0.22	(\$0.02)
Adjusted¹			
Earnings before interest, taxes, depreciation and amortization (EBITDA (A))	161	141	111
Net earnings	45	26	20
per common share (basic)	\$0.44	\$0.27	\$0.20
Margin (EBITDA (A) / Sales)	13.4%	12.1%	9.5%

Segmented sales

(in millions of Canadian dollars) (unaudited)	Q3 2023	Q2 2023	Q3 2022
Packaging Products			
Containerboard	593	562	595
Specialty Products	157	164	168
Inter-segment sales	(7)	(9)	(11)
	743	717	752
Tissue Papers	422	416	382
Inter-segment sales, Corporate, Recovery and Recycling activities	33	35	40
Sales	1,198	1,168	1,174

Segmented operating income (loss)

(in millions of Canadian dollars) (unaudited)	Q3 2023	Q2 2023	Q3 2022
Packaging Products			
Containerboard	61	62	68
Specialty Products	13	19	20
Tissue Papers	38	18	(31)
Corporate, Recovery and Recycling activities	(32)	(35)	(32)
Operating income (loss)	80	64	25

Segmented EBITDA (A)¹

(in millions of Canadian dollars) (unaudited)	Q3 2023	Q2 2023	Q3 2022
Packaging Products			
Containerboard	101	96	103
Specialty Products	21	24	25
Tissue Papers	61	44	4
Corporate, Recovery and Recycling activities	(22)	(23)	(21)
EBITDA (A)¹	161	141	111

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

Analysis of results for the three-month period ended September 30, 2023 (compared to the same period last year)

The third quarter sales of \$1,198 million increased by \$24 million compared with the same period last year. This increase reflects a net benefit of \$46 million that was driven by stronger volume in Containerboard and a favourable FX impact for all business segments. These increases were partially offset by lower indexed selling prices in Containerboard, the effects of which outweighed the increase generated by higher average selling prices in Tissue Papers.

The third quarter EBITDA (A)¹ totaled \$161 million, an increase of \$50 million, or 45%, from the \$111 million generated in the same period last year. This increase was driven by a significant improvement in the Tissue Papers segment, which generated an EBITDA (A)¹ of \$61 million in the quarter, or 14.5% on a margin basis, reflecting profitability initiatives implemented over recent quarters, and lower raw material, logistics and energy costs. On a consolidated basis, results benefited from more favourable volume and sales mix and lower raw material and logistics costs. These impacts were partially offset by lower average selling prices in packaging, most notably in Containerboard following decreases in index prices, and higher production costs in all businesses due to inflationary pressures in the last twelve months.

The main specific items, before income taxes, that impacted our third quarter 2023 operating income and/or net earnings were:

- \$12 million of impairment charges on US assets, restructuring costs and an other loss related to the closure plants in the USA (operating income and net earnings);
- \$2 million foreign exchange loss on long-term debt and financial instruments (net earnings).

For the three-month period ended September 30, 2023, the Corporation posted net earnings of \$34 million, or \$0.34 per common share, compared to a net loss of \$(2) million, or \$(0.02) per common share, in the same period of 2022. On an adjusted basis¹, the Corporation posted net earnings of \$45 million in the third quarter of 2023, or \$0.44 per common share, compared to net earnings of \$20 million, or \$0.20 per common share, in the same period of 2022.

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 December 7, 2023 to shareholders of record at the close of business on November 24, 2023. This dividend is an "eligible dividend" as per the Income Tax Act (R.C.S. (1985), Canada). During the third quarter of 2023, Cascades purchased no common shares for cancellation.

2023 Third Quarter Results Conference Call Details

Management will discuss the 2023 third quarter financial results during a conference call today at 9:00 a.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 December 9, 2023 by dialing 1-888-390-0541 (international 1-416-764-8677), access code 557685.

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 more than 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)	September 30, 2023	December 31, 2022
Assets		
Current assets		
Cash and cash equivalents	26	102
Accounts receivable	550	556
Current income tax assets	12	11
Inventories	590	587
Current portion of financial assets	1	9
	1,179	1,265
Long-term assets		
Investments in associates and joint ventures	96	94
Property, plant and equipment	2,871	2,945
Intangible assets with finite useful life	59	73
Financial assets	1	4
Other assets	71	70
Deferred income tax assets	172	114
Goodwill and other intangible assets with indefinite useful life	489	488
	4,938	5,053
Liabilities and Equity		
Current liabilities		
Bank loans and advances	—	3
Trade and other payables	628	746
Current income tax liabilities	6	4
Current portion of long-term debt	66	134
Current portion of provisions for contingencies and charges	15	8
Current portion of financial liabilities and other liabilities	26	22
	741	917
Long-term liabilities		
Long-term debt	2,048	1,931
Provisions for contingencies and charges	40	41
Financial liabilities	6	7
Other liabilities	90	97
Deferred income tax liabilities	151	132
	3,076	3,125
Equity		
Capital stock	613	611
Contributed surplus	15	14
Retained earnings	1,162	1,212
Accumulated other comprehensive income	30	34
Equity attributable to Shareholders	1,820	1,871
Non-controlling interests	42	57
Total equity	1,862	1,928
	4,938	5,053

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 September 30,		For the 9-month periods ended September 30,	
	2023	2022	2023	2022
Sales	1,198	1,174	3,500	3,331
Supply chain and logistic	711	762	2,064	2,142
Wages and employee benefits expenses	266	245	809	736
Depreciation and amortization	69	67	199	190
Maintenance and repair	60	52	178	158
Other	—	4	13	35
Impairment charges	7	16	161	16
Gain on acquisitions, disposals and others	1	—	(1)	(10)
Restructuring costs	4	—	11	1
Unrealized loss on derivative financial instruments	—	3	2	10
Operating income	80	25	64	53
Financing expense	38	32	92	68
Share of results of associates and joint ventures	(4)	(5)	(19)	(15)
Earnings (loss) before income taxes	46	(2)	(9)	—
Provision for (recovery of) income taxes	6	(5)	(9)	(6)
Net earnings including non-controlling interests for the period	40	3	—	6
Net earnings attributable to non-controlling interests	6	5	19	13
Net earnings (loss) attributable to Shareholders for the period	34	(2)	(19)	(7)
Net earnings (loss) per common share				
Basic	\$0.34	(\$0.02)	(\$0.19)	(\$0.07)
Diluted	\$0.34	(\$0.02)	(\$0.19)	(\$0.07)
Weighted average basic number of common shares outstanding	100,669,311	100,822,027	100,493,892	100,744,469
Weighted average number of diluted common shares	101,163,731	101,108,030	100,910,246	101,265,038

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

(in millions of Canadian dollars) (unaudited)	For the 3-month periods ended September 30,		For the 9-month periods ended September 30,	
	2023	2022	2023	2022
Net earnings including non-controlling interests for the period	40	3	—	6
Other comprehensive income				
Items that may be reclassified subsequently to earnings				
Translation adjustments				
Change in foreign currency translation of foreign subsidiaries	24	82	—	103
Change in foreign currency translation related to net investment hedging activities	(10)	(24)	(1)	(30)
Cash flow hedges				
Change in fair value of commodity derivative financial instruments	1	3	(4)	10
Recovery of income taxes	1	2	1	1
	16	63	(4)	84
Items that are not released to earnings				
Actuarial gain (loss) on employee future benefits	2	(2)	5	29
Provision for income taxes	—	—	(1)	(8)
	2	(2)	4	21
Other comprehensive income	18	61	—	105
Comprehensive income including non-controlling interests for the period	58	64	—	111
Comprehensive income attributable to non-controlling interests for the period	6	8	19	17
Comprehensive income (loss) attributable to Shareholders for the period	52	56	(19)	94

CONSOLIDATED STATEMENTS OF EQUITY

For the 9-month period ended September 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							
Net earnings (loss)	—	—	(19)	—	(19)	19	—
Other comprehensive income (loss)	—	—	4	(4)	—	—	—
Dividends	—	—	(15)	(4)	(19)	19	—
Stock options expense	—	1	—	—	1	(33)	(69)
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	15	1,162	30	1,820	42	1,862

For the 9-month period ended September 30, 2022

(in millions of Canadian dollars) (unaudited)	CAPITAL STOCK	CONTRIBUTED SURPLUS	RETAINED EARNINGS	ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)	TOTAL EQUITY ATTRIBUTABLE TO SHAREHOLDERS	NON- CONTROLLING INTERESTS	TOTAL EQUITY
Balance - Beginning of period	614	14	1,274	(23)	1,879	48	1,927
Comprehensive income							
Net earnings (loss)	—	—	(7)	—	(7)	13	6
Other comprehensive income	—	—	21	80	101	4	105
Dividends	—	—	14	80	94	17	111
Stock options expense	—	1	(36)	—	(36)	(9)	(45)
Issuance of common shares upon exercise of stock options	2	(1)	—	—	1	—	1
Redemption of common shares	(5)	—	—	—	(9)	—	(9)
Acquisition of non-controlling interests	—	—	(1)	—	(1)	(1)	(2)
Balance - End of period	611	14	1,247	57	1,929	55	1,984

CONSOLIDATED STATEMENTS OF CASH FLOWS

(in millions of Canadian dollars) (unaudited)	For the 3-month periods ended September 30,		For the 9-month periods ended September 30,	
	2023	2022	2023	2022
Operating activities				
Net earnings (loss) attributable to Shareholders for the period	34	(2)	(19)	(7)
Adjustments for:				
Financing expense	38	32	92	68
Depreciation and amortization	69	67	199	190
Impairment charges	7	16	161	16
Gain on acquisitions, disposals and others	1	—	(1)	(10)
Restructuring costs	4	—	11	1
Unrealized loss on derivative financial instruments	—	3	2	10
Provision for (recovery of) income taxes	6	(5)	(9)	(6)
Share of results of associates and joint ventures	(4)	(5)	(19)	(15)
Net earnings attributable to non-controlling interests	6	5	19	13
Net financing expense paid	(47)	(38)	(109)	(72)
Net income taxes paid	(2)	(1)	(9)	(5)
Dividends received	—	1	7	6
Provisions for contingencies and charges and other liabilities	(3)	(13)	(10)	(29)
	109	60	315	160
Changes in non-cash working capital components	31	(61)	(45)	(212)
	140	(1)	270	(52)
Investing activities				
Disposals in associates and joint ventures	—	—	10	—
Payments for property, plant and equipment	(59)	(122)	(303)	(341)
Proceeds from disposals of property, plant and equipment	3	1	6	8
Change in intangible and other assets	—	—	(1)	(3)
	(56)	(121)	(288)	(336)
Financing activities				
Bank loans and advances	(5)	—	(3)	—
Change in credit facilities	(132)	140	34	388
Increase in other long-term debt	99	—	99	—
Payments of other long-term debt, including lease obligations (\$15 million for 3-month period (2022 - \$14 million) and \$44 million for 9-month period (2022 - \$40 million))	(26)	(26)	(117)	(75)
Issuance of common shares upon exercise of stock options	—	—	2	1
Redemption of common shares	—	(4)	—	(9)
Dividends paid to non-controlling interests	(24)	(3)	(33)	(9)
Acquisition of non-controlling interests	—	(1)	(3)	(3)
Dividends paid to the Corporation's Shareholders	(12)	(12)	(36)	(36)
	(100)	94	(57)	257
Net change in cash and cash equivalents during the period	(16)	(28)	(75)	(131)
Currency translation on cash and cash equivalents	1	1	(1)	—
Cash and cash equivalents - Beginning of the period	41	70	102	174
Cash and cash equivalents - End of the period	26	43	26	43

SEGMENTED INFORMATION

The Corporation's operations are managed in three segments: Containerboard and Specialty Products (which constitutes 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; 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 measures.

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

(in millions of Canadian dollars) (unaudited)	SALES TO							
	For the 3-month periods ended September 30,							
	Canada		United States		Other countries		Total	
	2023	2022	2023	2022	2023	2022	2023	2022
Packaging Products								
Containerboard	339	336	254	258	—	1	593	595
Specialty Products	60	59	95	109	2	—	157	168
Inter-segment sales	(4)	(5)	(3)	(6)	—	—	(7)	(11)
	395	390	346	361	2	1	743	752
Tissue Papers	148	125	274	257	—	—	422	382
Inter-segment sale, Corporate, Recovery and Recycling activities	24	33	7	7	2	—	33	40
	567	548	627	625	4	1	1,198	1,174

(in millions of Canadian dollars) (unaudited)	SALES TO							
	For the 9-month periods ended September 30,							
	Canada		United States		Other countries		Total	
	2023	2022	2023	2022	2023	2022	2023	2022
Packaging Products								
Containerboard	997	1,001	718	696	1	1	1,716	1,698
Specialty Products	174	181	304	312	4	—	482	493
Inter-segment sales	(12)	(14)	(11)	(15)	—	—	(23)	(29)
	1,159	1,168	1,011	993	5	1	2,175	2,162
Tissue Papers	410	325	815	713	—	—	1,225	1,038
Inter-segment sale, Corporate, Recovery and Recycling activities	72	114	20	17	8	—	100	131
	1,641	1,607	1,846	1,723	13	1	3,500	3,331

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

For the 3-month period ended September 30, 2023

(in millions of Canadian dollars) (unaudited)	Containerboard	Specialty Products	Tissue Papers	Corporate, Recovery and Recycling activities	Consolidated
Operating income (loss)	61	13	38	(32)	80
Depreciation and amortization	38	6	15	10	69
Impairment charges	2	—	5	—	7
Gain on acquisitions, disposals and others	—	1	—	—	1
Restructuring costs	—	1	3	—	4
EBITDA (A)	101	21	61	(22)	161

For the 3-month period ended September 30, 2022

(in millions of Canadian dollars) (unaudited)	Containerboard	Specialty Products	Tissue Papers	Corporate, Recovery and Recycling activities	Consolidated
Operating income (loss)	68	20	(31)	(32)	25
Depreciation and amortization	31	5	21	10	67
Impairment charges	2	—	14	—	16
Unrealized loss on derivative financial instruments	2	—	—	1	3
EBITDA (A)	103	25	4	(21)	111

For the 9-month period ended September 30, 2023

(in millions of Canadian dollars) (unaudited)	Containerboard	Specialty Products	Tissue Papers	Corporate, Recovery and Recycling activities	Consolidated
Operating income (loss)	161	53	(36)	(114)	64
Depreciation and amortization	102	16	50	31	199
Impairment charges	61	1	99	—	161
Gain on acquisitions, disposals and others	—	1	(2)	—	(1)
Restructuring costs	—	1	10	—	11
Unrealized loss (gain) on derivative financial instruments	(1)	—	—	3	2
EBITDA (A)	323	72	121	(80)	436

For the 9-month period ended September 30, 2022

(in millions of Canadian dollars) (unaudited)	Containerboard	Specialty Products	Tissue Papers	Corporate, Recovery and Recycling activities	Consolidated
Operating income (loss)	181	64	(89)	(103)	53
Depreciation and amortization	88	14	57	31	190
Impairment charges	2	—	14	—	16
Gain on acquisitions, disposals and others	—	(6)	(4)	—	(10)
Restructuring costs	—	—	1	—	1
Unrealized loss (gain) on derivative financial instruments	11	—	—	(1)	10
EBITDA (A)	282	72	(21)	(73)	260

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

(in millions of Canadian dollars) (unaudited)	PAYMENTS FOR PROPERTY, PLANT AND EQUIPMENT			
	For the 3-month periods ended September 30,		For the 9-month periods ended September 30,	
	2023	2022	2023	2022
Packaging Products				
Containerboard	29	142	184	301
Specialty Products	8	8	19	25
	37	150	203	326
Tissue Papers	6	17	23	39
Corporate, Recovery and Recycling activities	16	10	29	25
Total acquisitions	59	177	255	390
Right-of-use assets acquisitions	(11)	(36)	(26)	(69)
	48	141	229	321
Acquisitions for property, plant and equipment included in "Trade and other payables"				
Beginning of the period	43	36	106	75
End of the period	(32)	(55)	(32)	(55)
Payments for property, plant and equipment	59	122	303	341
Proceeds from disposals of property, plant and equipment	(3)	(1)	(6)	(8)
Payments for property, plant and equipment net of proceeds from disposals	56	121	297	333

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 earnings before interest, taxes, depreciation and amortization or EBITDA (A): represents the operating income before depreciation and amortization excluding specific items. Used to assess recurring operating performance and the contribution of each segment on a comparable basis.
- Adjusted net earnings: Used to assess the Corporation's consolidated financial performance on a comparable basis.
- Adjusted cash flow: 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: Used to measure the excess cash the Corporation generates by subtracting capital expenditures (excluding strategic projects) from the EBITDA (A).
- 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 EBITDA (A) to calculate net debt to EBITDA (A) ratio.

Non-IFRS 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 thus 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 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 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 measure, namely operating income (loss), and is presented in the following table:

	Q3 2023				
(in millions of Canadian dollars) (unaudited)	Containerboard	Specialty Products	Tissue Papers	Corporate, Recovery and Recycling activities	Consolidated
Operating income (loss)	61	13	38	(32)	80
Depreciation and amortization	38	6	15	10	69
Impairment charges	2	—	5	—	7
Gain on acquisitions, disposals and others	—	1	—	—	1
Restructuring costs	—	1	3	—	4
EBITDA (A)¹	101	21	61	(22)	161

	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

	Q3 2022				
(in millions of Canadian dollars) (unaudited)	Containerboard	Specialty Products	Tissue Papers	Corporate, Recovery and Recycling activities	Consolidated
Operating income (loss)	68	20	(31)	(32)	25
Depreciation and amortization	31	5	21	10	67
Impairment charges	2	—	14	—	16
Unrealized loss on derivative financial instruments	2	—	—	1	3
EBITDA (A)¹	103	25	4	(21)	111

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 reported, with adjusted net earnings¹ and adjusted net earnings 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		
	Q3 2023	Q2 2023	Q3 2022	Q3 2023	Q2 2023	Q3 2022
As reported	34	22	(2)	\$0.34	\$0.22	(\$0.02)
Specific items:						
Impairment charges	7	2	16	\$0.05	\$0.02	\$0.12
Gain on acquisitions, disposals and others	1	—	—	—	—	—
Restructuring costs	4	6	—	\$0.03	\$0.04	—
Unrealized loss on derivative financial instruments	—	1	3	—	\$0.01	\$0.02
Foreign exchange loss (gain) on long-term debt and financial instruments	2	(3)	10	\$0.02	(\$0.02)	\$0.08
Tax effect on specific items, other tax adjustments and attributable to non-controlling interest ²	(3)	(2)	(7)	—	—	—
	11	4	22	\$0.10	\$0.05	\$0.22
Adjusted¹	45	26	20	\$0.44	\$0.27	\$0.20
Weighted average basic number of common shares outstanding				100,669,311	100,447,357	100,822,027

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

(in millions of Canadian dollars) (unaudited)	Q3 2023	Q2 2023	Q3 2022
Cash flow from (used by) operating activities	140	87	(1)
Changes in non-cash working capital components	(31)	30	61
Net income taxes paid	2	5	1
Net financing expense paid	47	18	38
Provisions for contingencies and charges and other liabilities, net of dividends received	3	1	12
EBITDA (A)¹	161	141	111

The following table reconciles cash flow from (used by) 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)	Q3 2023	Q2 2023	Q3 2022
Cash flow from (used by) operating activities	140	87	(1)
Changes in non-cash working capital components	(31)	30	61
Cash flow from operating activities (excluding changes in non-cash working capital components)	109	117	60
Restructuring costs paid	6	5	2
Adjusted cash flow from operating activities¹	115	122	62
Payments for property, plant and equipment	(59)	(104)	(122)
Change in intangible and other assets	—	1	—
Lease obligation payments	(15)	(15)	(14)
Proceeds from disposals of property, plant and equipment	3	—	1
	44	4	(73)
Dividends paid to non-controlling interests	(24)	(6)	(3)
Dividends paid to the Corporation's Shareholders and to non-controlling interests	(12)	(12)	(12)
Adjusted cash flow generated (used)¹	8	(14)	(88)
Adjusted cash flow generated (used) per common share¹ (in Canadian dollars)	\$0.08	(\$0.14)	(\$0.87)
Weighted average basic number of common shares outstanding	100,669,311	100,447,357	100,822,027

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 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)	September 30, 2023	June 30, 2023	September 30, 2022
Long-term debt	2,048	2,038	1,975
Current portion of long-term debt	66	75	77
Bank loans and advances	—	4	2
Total debt¹	2,114	2,117	2,054
Less: Cash and cash equivalents	(26)	(41)	(43)
Net debt¹ as reported	2,088	2,076	2,011
Last twelve months EBITDA (A) ¹	552	502	322
Net debt / EBITDA (A) ratio¹	3.8x	4.1x	6.2x

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

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