

PRESS RELEASE



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Cascades Reports Results for the Fourth Quarter and Full Year 2022 *A stronger end to a challenging year*

Kingsey Falls, Québec, February 23, 2023 - Cascades Inc. (TSX: CAS) reports its unaudited financial results for the three-month period and fiscal year ended December 31, 2022.

Q4 2022 Highlights

- Sales of \$1,135 million (compared with \$1,174 million in Q3 2022 and \$1,028 million in Q4 2021)
- As reported
 - Operating loss of \$(20) million (compared with \$25 million in Q3 2022 and \$(90) million in Q4 2021)
 - Net loss per common share of \$(0.27) (compared with a net loss per common share of \$(0.02) in Q3 2022 and net earnings per common share of \$1.04 in Q4 2021)
- Adjusted (excluding specific items¹)
 - Earnings before interest, taxes, depreciation and amortization (EBITDA (A)) of \$116 million (compared with \$111 million in Q3 2022 and \$62 million in Q4 2021)
 - Net earnings per common share of \$0.22 (compared with net earnings per common share of \$0.20 in Q3 2022 and a net loss per common share of \$(0.09) in Q4 2021)

2022 Annual Highlights

- Sales of \$4,466 million (compared with \$3,956 million in 2021)
- As reported
 - Operating income of \$33 million (compared with \$50 million in 2021)
 - Net loss per common share of \$(0.34) (compared with net earnings per common share of \$1.60 in 2021)
- Adjusted (excluding specific items¹)
 - Earnings before interest, taxes, depreciation and amortization (EBITDA (A)) of \$376 million (compared with \$389 million in 2021)
 - Net earnings per common share of \$0.37 (compared with net earnings per common share of \$0.26 in 2021)
- Net debt¹ of \$1,966 million as of December 31, 2022 (compared with \$2,011 million as of September 30, 2022). Net debt to adjusted EBITDA (A) ratio¹ of 5.2x, down from 6.2x as of September 30, 2022.
- Total capital expenditures, net of disposals, of \$149 million in Q4 2022 and \$482 million in 2022. Forecasted 2023 net capital expenditures of approximately \$325 million, including \$175 million for the Bear Island containerboard conversion project in Virginia, USA.

Mario Plourde, President and CEO, commented: "We are pleased with our fourth quarter consolidated performance, which showed continued positive momentum in our Tissue Papers segment, and good underlying performance in our packaging segments. The wide-ranging profitability and operational initiatives that we have been progressively implementing throughout our operations gained traction as the year progressed, and fuelled the 10.2% consolidated EBITDA (A) margins in Q4. Our operations have faced more than \$475 million of production, raw material, freight and energy cost headwinds within the span of the calendar year 2022 alone, and our teams have done an excellent job at executing multiple countermeasures. These have taken longer in our Tissue Papers segment, where price rebalancing takes time to be realized, but we are encouraged by the progress being made and expect continued benefits to be generated from operational and profitability initiatives across our operations.

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.

Our Containerboard segment generated solid results in the fourth quarter. As expected, sales decreased 5% sequentially, reflecting slightly softer shipment levels and average selling prices. These impacts were more than mitigated at the EBITDA (A) level by benefits from lower raw material pricing, more favourable FX, production and energy cost levels, and a \$5 million partial insurance settlement related to water effluent treatment issues that occurred at our Niagara Falls, NY complex in mid-2021. Sequentially, fourth quarter sales levels also decreased for our Specialty Products business, largely driven by lower volumes in the cardboard and plastics sub-segments, resulting in lower EBITDA (A) levels for this business. Sales in our Tissue Papers segment were stable sequentially. This reflected higher selling prices and favourable FX, offset by lower volumes. This business doubled its EBITDA (A) as benefits from lower transportation costs, lower raw material costs and pricing initiatives mitigated the impact from lower volumes and higher production costs, the latter of which includes the impact of the temporary curtailment of one of our paper machines at our St. Helens, Oregon tissue facility since mid-September. Lastly, Corporate Activities generated a higher negative EBITDA (A) in the fourth quarter, a reflection of the impact that lower recycled paper prices and volume had on results in the Company's Recovery & Recycling operations.

The start-up of the Bear Island project is scheduled for the end of March. Capital investments for this project totaled \$107 million in the fourth quarter and \$335 million in the calendar year 2022. The Company expects to invest \$175 million to complete the project in 2023, with these investments weighted to the first half of the year. As we have stated previously, the elevated capital investment levels for this project combined with lower profitability levels generated by our Tissue Papers segment resulted in an important increase in our leverage ratio in 2022. We expect this trend to reverse as production is ramped up at our Bear Island facility, and operational and financial performance of our Tissue Papers segment continue to improve."

Discussing near-term outlook, Mr. Plourde commented, "We are remaining prudent in our outlook, as macro-economic conditions continue to be challenging and unpredictable, and inflationary pressures on costs, while easing, continue. Despite this, we have started 2023 in a good position to drive growth throughout the year. We expect sequentially lower results in our Containerboard segment in Q1. This reflects the \$5 million partial insurance settlement received in the current quarter and a continuation of slightly softer volume and selling prices, the impacts of which will not be offset by lower raw material cost tailwinds. The Specialty Products business is expected to generate moderately stronger results in the first quarter, as favourable trends in pricing and volume counter the persistently higher production cost environment. Lastly, we expect results in our Tissue Papers segment to slightly improve sequentially. While we anticipate continued positive momentum from operational and profitability initiatives, more favourable raw material prices, and good demand from retail tissue products, our tempered outlook for this segment reflects softer demand for Away-from-Home products, and the delayed restart of the machine at our St. Helens, Oregon facility that occurred on February 10. As far as our longer-term outlook, we will provide a comprehensive update of our 2022- 2024 Strategic Plan in conjunction with our Q1 2023 results on May 11, 2023."

Financial Summary

Selected consolidated information

(in millions of Canadian dollars, except amounts per common share) (unaudited)	2022	2021	Q4 2022	Q3 2022	Q4 2021
Sales	4,466	3,956	1,135	1,174	1,028
As Reported					
Operating income (loss)	33	50	(20)	25	(90)
Net earnings (loss)	(34)	162	(27)	(2)	105
per common share (basic)	(\$0.34)	\$1.60	(\$0.27)	(\$0.02)	\$1.04
Adjusted¹					
Earnings before interest, taxes, depreciation and amortization (EBITDA (A))	376	389	116	111	62
Net earnings (loss)	37	27	22	20	(9)
per common share (basic)	\$0.37	\$0.26	\$0.22	\$0.20	(\$0.09)
Margin EBITDA (A)	8.4%	9.8%	10.2%	9.5%	6.0%

Segmented sales

(in millions of Canadian dollars) (unaudited)	2022	2021	Q4 2022	Q3 2022	Q4 2021
Packaging Products					
Containerboard	2,265	2,009	567	595	502
Specialty Products	654	548	161	168	151
Inter-segment sales	(36)	(32)	(7)	(11)	(8)
	2,883	2,525	721	752	645
Tissue Papers	1,422	1,272	384	382	339
Inter-segment sales and Corporate Activities	161	159	30	40	44
Sales	4,466	3,956	1,135	1,174	1,028

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

Segmented EBITDA (A)¹

(in millions of Canadian dollars) (unaudited)	2022	2021	Q4 2022	Q3 2022	Q4 2021
Packaging Products					
Containerboard	401	372	119	103	70
Specialty Products	92	74	20	25	21
Tissue Papers	(13)	27	8	4	(6)
Corporate Activities	(104)	(84)	(31)	(21)	(23)
EBITDA (A)¹	376	389	116	111	62

Analysis of results for the three-month period ended December 31, 2022 (compared to the same period last year)

Sales of \$1,135 million increased by \$107 million compared with the same period last year. This reflects \$139 million of combined benefits from improvements in selling prices and sales mix in all business segments. The Canadian dollar - US dollar exchange rate was also favourable for all businesses, contributing \$54 million to sales levels on a consolidated basis. These factors were partially offset by a \$73 million impact related to lower volumes mainly in the Tissue Papers business segment.

The fourth quarter EBITDA (A)¹ totaled \$116 million, an increase of \$54 million, or 87%, from the \$62 million generated in the same period last year. This increase reflects the net consolidated benefits of \$106 million related to price increases and changes in sales volumes and product assortment sold, and \$7 million from more favourable raw material and FX. These benefits outweighed higher production, energy and logistics costs in all segments, and a negative contribution from Recovery & Recycling operations as a result of lower volume and recycled paper prices.

The main specific items, before income taxes, that impacted our fourth quarter 2022 operating loss and/or net loss were:

- \$8 million impairment charge on property, plant and equipment for Containerboard Packaging plants (operating loss and net loss);
- \$3 million impairment charge on goodwill in the Specialty Products segment (operating loss and net loss);
- \$75 million impairment charge on property, plant and equipment for Tissue Papers plants in USA (operating loss and net loss);
- \$10 million gain from the sale of land related to a closed Specialty Products plant in Canada (operating loss and net loss);
- \$2 million restructuring costs in the Tissue Papers segment (operating loss and net loss);
- \$4 million unrealized gain on financial instruments (operating loss and net loss);
- \$3 million foreign exchange gain on long-term debt and financial instruments (net loss);
- \$3 million deferred tax benefit as a result of a tax election related to the discontinued operations realized in 2021 (net loss).

For the 3-month period ended December 31, 2022, the Corporation posted a net loss of \$(27) million, or \$(0.27) per common share, compared to net earnings of \$105 million, or \$1.04 per common share, in the same period of 2021. On an adjusted basis¹, the Corporation generated net earnings of \$22 million in the fourth quarter of 2022, or \$0.22 per common share, compared to a net loss of \$(9) million, or \$(0.09) per common share, in the same period of 2021.

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

Dividend on common shares and normal course issuer bid

The Board of Directors of Cascades declared a quarterly dividend of \$0.12 per common share to be paid on March 23, 2023 to shareholders of record at the close of business on March 9, 2023. This dividend is an "eligible dividend" as per the Income Tax Act (R.C.S. (1985), Canada). During the fourth quarter of 2022, Cascades purchased no common shares for cancellation.

2022 Fourth Quarter Results Conference Call Details

Management will discuss the 2022 fourth 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 March 23, 2023 by dialing 1-888-390-0541 (international 1-416-764-8677), access code 473784.

Founded in 1964, Cascades offers sustainable, innovative and value-added packaging, hygiene and recovery solutions. The company employs approximately 10,000 women and men across a network of close to 80 facilities in North America. Driven by its participative management, half a century of experience in recycling, and continuous research and development efforts, Cascades continues to provide innovative products that customers have come to rely on, while contributing to the well-being of people, communities and the entire planet. Cascades' shares trade on the Toronto Stock Exchange under the ticker symbol CAS. Certain statements in this release, including statements regarding future results and performance, are forward-looking statements based on current expectations. The accuracy of such statements is subject to a number of risks, uncertainties and assumptions that may cause actual results to differ materially from those projected, including, but not limited to, the effect of general economic conditions, decreases in demand for the Corporation's products, increases in raw material costs, fluctuations in selling prices and adverse changes in general market and industry conditions and other factors.

CONSOLIDATED BALANCE SHEETS

(in millions of Canadian dollars) (unaudited)	December 31, 2022	December 31, 2021
Assets		
Current assets		
Cash and cash equivalents	102	174
Accounts receivable	556	510
Current income tax assets	11	19
Inventories	587	494
Current portion of financial assets	9	1
	1,265	1,198
Long-term assets		
Investments in associates and joint ventures	94	87
Property, plant and equipment	2,945	2,522
Intangible assets with finite useful life	73	88
Financial assets	4	6
Other assets	70	54
Deferred income tax assets	114	138
Goodwill and other intangible assets with indefinite useful life	488	473
	5,053	4,566
Liabilities and Equity		
Current liabilities		
Bank loans and advances	3	1
Trade and other payables	746	707
Current income tax liabilities	4	12
Current portion of other debts without recourse to the Corporation to be refinanced	67	—
Current portion of long-term debt	67	74
Current portion of provisions for contingencies and charges	8	12
Current portion of financial liabilities and other liabilities	22	16
	917	822
Long-term liabilities		
Long-term debt	1,931	1,450
Provisions for contingencies and charges	41	47
Financial liabilities	7	6
Other liabilities	97	122
Deferred income tax liabilities	132	192
	3,125	2,639
Equity		
Capital stock	611	614
Contributed surplus	14	14
Retained earnings	1,212	1,274
Accumulated other comprehensive income (loss)	34	(23)
Equity attributable to Shareholders	1,871	1,879
Non-controlling interests	57	48
Total equity	1,928	1,927
	5,053	4,566

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 December 31,		For the years ended December 31,	
	2022	2021	2022	2021
Sales	1,135	1,028	4,466	3,956
Supply chain and logistic	694	660	2,836	2,382
Wages and employee benefits expenses	256	244	992	947
Depreciation and amortization	62	60	252	252
Maintenance and repair	59	45	217	184
Other	10	17	45	54
Impairment charges	86	88	102	89
Gain on acquisitions, disposals and others	(10)	(1)	(20)	(40)
Restructuring costs	2	6	3	21
Unrealized loss (gain) on derivative financial instruments	(4)	(1)	6	17
Operating income (loss)	(20)	(90)	33	50
Financing expense	20	42	88	106
Share of results of associates and joint ventures	(4)	(7)	(19)	(18)
Loss before income taxes	(36)	(125)	(36)	(38)
Provision for (recovery of) income taxes	(16)	(29)	(22)	9
Net loss from continuing operations including non-controlling interests for the period	(20)	(96)	(14)	(47)
Results from discontinued operations	—	204	—	234
Net earnings (loss) including non-controlling interests for the period	(20)	108	(14)	187
Net earnings attributable to non-controlling interests	7	3	20	25
Net earnings (loss) attributable to Shareholders for the period	(27)	105	(34)	162
Net loss from continuing operations per common share				
Basic	(\$0.27)	(\$0.98)	(\$0.34)	(\$0.59)
Diluted	(\$0.27)	(\$0.98)	(\$0.34)	(\$0.59)
Net earnings (loss) per common share				
Basic	(\$0.27)	\$1.04	(\$0.34)	\$1.60
Diluted	(\$0.27)	\$1.03	(\$0.34)	\$1.59
Weighted average basic number of common shares outstanding	100,361,627	100,858,870	100,647,972	101,884,051
Weighted average number of diluted common shares	100,579,927	101,746,156	101,092,352	102,902,364
Net earnings (loss) attributable to Shareholders:				
Continuing operations	(27)	(99)	(34)	(59)
Discontinued operations	—	204	—	221
Net earnings (loss)	(27)	105	(34)	162

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

(in millions of Canadian dollars) (unaudited)	For the 3-month periods ended December 31,		For the years ended December 31,	
	2022	2021	2022	2021
Net earnings (loss) including non-controlling interests for the period	(20)	108	(14)	187
Other comprehensive income (loss)				
Items that may be reclassified subsequently to earnings				
Translation adjustments				
Change in foreign currency translation of foreign subsidiaries	(25)	(5)	78	(8)
Change in foreign currency translation of foreign subsidiaries from discontinued operations	—	3	—	(18)
Change in foreign currency translation related to net investment hedging activities	7	8	(23)	11
Change in foreign currency translation related to net investment hedging activities from discontinued operations	—	(3)	—	9
Cash flow hedges				
Change in fair value of commodity derivative financial instruments	(7)	(3)	3	2
Recovery of (provision for) income taxes	1	—	2	(2)
Recovery of (provision for) income taxes from discontinued operations	—	1	—	(1)
	(24)	1	60	(7)
Items that are not released to earnings				
Actuarial gain on employee future benefits	4	—	33	29
Provision for income taxes	—	—	(8)	(7)
	4	—	25	22
Other comprehensive income (loss)	(20)	1	85	15
Comprehensive income (loss) including non-controlling interests for the period	(40)	109	71	202
Comprehensive income attributable to non-controlling interests for the period	6	—	23	13
Comprehensive income (loss) attributable to Shareholders for the period	(46)	109	48	189
Comprehensive income (loss) attributable to Shareholders:				
Continuing operations	(46)	(98)	48	(33)
Discontinued operations	—	207	—	222
Comprehensive income (loss)	(46)	109	48	189

CONSOLIDATED STATEMENTS OF EQUITY

For the year ended December 31, 2022

(in millions of Canadian dollars)	CAPITAL STOCK	CONTRIBUTED SURPLUS	RETAINED EARNINGS	ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)	TOTAL EQUITY ATTRIBUTABLE TO SHAREHOLDERS	NON-CONTROLLING INTERESTS	TOTAL EQUITY
Balance - Beginning of year	614	14	1,274	(23)	1,879	48	1,927
Comprehensive income							
Net earnings (loss)	—	—	(34)	—	(34)	20	(14)
Other comprehensive income	—	—	25	57	82	3	85
Dividends	—	—	(9)	57	48	23	71
Dividends	—	—	(48)	—	(48)	(13)	(61)
Stock options expense	—	1	—	—	1	—	1
Issuance of common shares upon exercise of stock options	2	(1)	—	—	1	—	1
Redemption of common shares	(5)	—	(4)	—	(9)	—	(9)
Acquisitions of non-controlling interests	—	—	(1)	—	(1)	(1)	(2)
Balance - End of year	611	14	1,212	34	1,871	57	1,928

For the year ended December 31, 2021

(in millions of Canadian dollars)	CAPITAL STOCK	CONTRIBUTED SURPLUS	RETAINED EARNINGS	ACCUMULATED OTHER COMPREHENSIVE LOSS	TOTAL EQUITY ATTRIBUTABLE TO SHAREHOLDERS	NON-CONTROLLING INTERESTS	TOTAL EQUITY
Balance - Beginning of year	622	13	1,146	(28)	1,753	204	1,957
Comprehensive income (loss)							
Net earnings	—	—	162	—	162	25	187
Other comprehensive income (loss)	—	—	22	5	27	(12)	15
Dividends	—	—	184	5	189	13	202
Dividends	—	—	(41)	—	(41)	(14)	(55)
Dividends paid to non-controlling interests from discontinued operations	—	—	—	—	—	(3)	(3)
Stock options expense	—	1	—	—	1	—	1
Issuance of common shares upon exercise of stock options	2	—	—	—	2	—	2
Redemption of common shares	(10)	—	(16)	—	(26)	—	(26)
Acquisitions of non-controlling interests	—	—	1	—	1	(1)	—
Disposals of non-controlling interests	—	—	—	—	—	(151)	(151)
Balance - End of year	614	14	1,274	(23)	1,879	48	1,927

CONSOLIDATED STATEMENTS OF CASH FLOWS

(in millions of Canadian dollars) (unaudited)	For the 3-month periods ended December 31,		For the years ended December 31,	
	2022	2021	2022	2021
Operating activities from continuing operations				
Net earnings (loss) attributable to Shareholders for the period	(27)	105	(34)	162
Results from discontinued operations	—	(204)	—	(234)
Results from discontinued operations attributable to non-controlling interests	—	—	—	13
Net loss from continuing operations	(27)	(99)	(34)	(59)
Adjustments for:				
Financing expense	20	42	88	106
Depreciation and amortization	62	60	252	252
Impairment charges	86	88	102	89
Gain on acquisitions, disposals and others	(10)	(1)	(20)	(40)
Restructuring costs	2	6	3	21
Unrealized loss (gain) on derivative financial instruments	(4)	(1)	6	17
Provision for (recovery of) income taxes	(16)	(29)	(22)	9
Share of results of associates and joint ventures	(4)	(7)	(19)	(18)
Net earnings attributable to non-controlling interests	7	3	20	12
Net financing expense paid	(15)	(11)	(87)	(96)
Premium and transaction fees paid on long-term debt redemption	—	(24)	—	(24)
Net income taxes received (paid)	—	—	(5)	2
Dividends received	6	6	12	11
Provisions for contingencies and charges and other liabilities	(7)	(13)	(36)	(35)
	100	20	260	247
Changes in non-cash working capital components	96	49	(116)	(36)
	196	69	144	211
Investing activities from continuing operations				
Disposals in associates and joint ventures	1	—	1	1
Payments for property, plant and equipment	(160)	(95)	(501)	(286)
Proceeds from disposals of property, plant and equipment	11	2	19	53
Change in intangible and other assets	(2)	(1)	(5)	(15)
	(150)	(94)	(486)	(247)
Financing activities from continuing operations				
Bank loans and advances	2	(6)	2	(11)
Change in credit facilities	(65)	5	323	5
Increase in term loan	355	—	355	—
Payments of term loan	(219)	(6)	(219)	(6)
Repurchase of unsecured senior notes	—	(372)	—	(372)
Increase in other long-term debt	—	—	—	5
Payments of other long-term debt, including lease obligations	(42)	(6)	(117)	(69)
Issuance of common shares upon exercise of stock options	—	—	1	2
Redemption of common shares	—	—	(9)	(26)
Dividends paid to non-controlling interests	(4)	(4)	(13)	(14)
Acquisition of non-controlling interests	—	—	(3)	(2)
Dividends paid to the Corporation's Shareholders	(12)	(12)	(48)	(41)
	15	(401)	272	(529)
Change in cash and cash equivalents during the period from continuing operations	61	(426)	(70)	(565)
Change in cash and cash equivalents from discontinued operations, including reclassification of beginning of year cash and cash equivalents in 2021	—	450	—	356
Net change in cash and cash equivalents during the period	61	24	(70)	(209)
Currency translation on cash and cash equivalents	(2)	(1)	(2)	(1)
Cash and cash equivalents - Beginning of the period	43	151	174	384
Cash and cash equivalents - End of the period	102	174	102	174

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. During the year ended December 31, 2022, 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 TO							
	For the 3-month periods ended December 31,							
	Canada		United States		Other countries		Total	
(in millions of Canadian dollars) (unaudited)	2022	2021	2022	2021	2022	2021	2022	2021
Packaging Products								
Containerboard	325	311	242	190	—	1	567	502
Specialty Products	55	55	105	96	1	—	161	151
Inter-segment sales	(4)	(4)	(3)	(4)	—	—	(7)	(8)
	376	362	344	282	1	1	721	645
Tissue Papers	124	104	260	235	—	—	384	339
Inter-segment sales and Corporate Activities	24	40	5	4	1	—	30	44
	524	506	609	521	2	1	1,135	1,028

	SALES TO							
	For the years ended December 31,							
	Canada		United States		Other countries		Total	
(in millions of Canadian dollars) (unaudited)	2022	2021	2022	2021	2022	2021	2022	2021
Packaging Products								
Containerboard	1,326	1,239	938	769	1	1	2,265	2,009
Specialty Products	236	202	417	346	1	—	654	548
Inter-segment sales	(18)	(14)	(18)	(18)	—	—	(36)	(32)
	1,544	1,427	1,337	1,097	2	1	2,883	2,525
Tissue Papers	449	385	973	887	—	—	1,422	1,272
Inter-segment sales and Corporate Activities	138	145	22	14	1	—	161	159
	2,131	1,957	2,332	1,998	3	1	4,466	3,956

The reconciliation of operating income (loss) to EBITDA (A) by business segment is as follows:

For the 3-month period ended December 31, 2022

(in millions of Canadian dollars) (unaudited)	Containerboard	Specialty Products	Tissue Papers	Corporate Activities	Consolidated
Operating income (loss)	85	22	(86)	(41)	(20)
Depreciation and amortization	30	5	17	10	62
Impairment charges	8	3	75	—	86
Gain on acquisitions, disposals and others	—	(10)	—	—	(10)
Restructuring costs	—	—	2	—	2
Unrealized gain on derivative financial instruments	(4)	—	—	—	(4)
EBITDA (A)	119	20	8	(31)	116

For the 3-month period ended December 31, 2021

(in millions of Canadian dollars) (unaudited)	Containerboard	Specialty Products	Tissue Papers	Corporate Activities	Consolidated
Operating income (loss)	43	17	(115)	(35)	(90)
Depreciation and amortization	28	4	17	11	60
Impairment charges	1	—	87	—	88
Gain on acquisitions, disposals and others	—	—	(1)	—	(1)
Restructuring costs	—	—	6	—	6
Unrealized loss (gain) on derivative financial instruments	(2)	—	—	1	(1)
EBITDA (A)	70	21	(6)	(23)	62

2022

(in millions of Canadian dollars) (unaudited)	Containerboard	Specialty Products	Tissue Papers	Corporate Activities	Consolidated
Operating income (loss)	266	86	(175)	(144)	33
Depreciation and amortization	118	19	74	41	252
Impairment charges	10	3	89	—	102
Gain on acquisitions, disposals and others	—	(16)	(4)	—	(20)
Restructuring costs	—	—	3	—	3
Unrealized loss (gain) on derivative financial instruments	7	—	—	(1)	6
EBITDA (A)	401	92	(13)	(104)	376

2021

(in millions of Canadian dollars) (unaudited)	Containerboard	Specialty Products	Tissue Papers	Corporate Activities	Consolidated
Operating income (loss)	230	59	(108)	(131)	50
Depreciation and amortization	120	15	70	47	252
Impairment charges	1	—	88	—	89
Gain on acquisitions, disposals and others	—	—	(40)	—	(40)
Restructuring costs	4	—	17	—	21
Unrealized loss on derivative financial instruments	17	—	—	—	17
EBITDA (A)	372	74	27	(84)	389

PAYMENTS FOR PROPERTY, PLANT AND EQUIPMENT

(in millions of Canadian dollars) (unaudited)	For the 3-month periods ended December 31,		For the years ended December 31,	
	2022	2021	2022	2021
Packaging Products				
Containerboard	180	97	481	236
Specialty Products	15	19	40	42
	195	116	521	278
Tissue Papers	16	23	55	49
Corporate Activities	18	20	43	46
Total acquisitions	229	159	619	373
Right-of-use assets acquisitions and of property, plant and equipment included in other debts	(18)	(13)	(87)	(43)
	211	146	532	330
Acquisitions for property, plant and equipment included in "Trade and other payables"				
Beginning of the period	55	24	75	31
End of the period	(106)	(75)	(106)	(75)
Payments for property, plant and equipment	160	95	501	286
Proceeds from disposals of property, plant and equipment	(11)	(2)	(19)	(53)
Payments for property, plant and equipment net of proceeds from disposals	149	93	482	233

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): Used to assess 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 repurchase, dividend increase 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: Used to assess the Corporation's ability to pay its debt and evaluate financial leverage.
- EBITDA (A) margin: 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: Used to assess the Corporation's consolidated financial performance on a comparable basis.
- Net debt / Net debt + Shareholders' equity: Used to evaluate the Corporation's financial leverage and thus the risk to Shareholders.
- Working capital as a percentage of sales: Used to assess the Corporation's operating liquidity performance.
- Adjusted cash flow per common share: Used to assess the Corporation's financial flexibility.
- Free cash flow 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.

During the year ended December 31, 2022, 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.

The reconciliation of operating income (loss) to EBITDA (A)¹ by business segment is as follows:

Q4 2022					
(in millions of Canadian dollars) (unaudited)	Containerboard	Specialty Products	Tissue Papers	Corporate Activities	Consolidated
Operating income (loss)	85	22	(86)	(41)	(20)
Depreciation and amortization	30	5	17	10	62
Impairment charges	8	3	75	—	86
Gain on acquisitions, disposals and others	—	(10)	—	—	(10)
Restructuring costs	—	—	2	—	2
Unrealized gain on derivative financial instruments	(4)	—	—	—	(4)
EBITDA (A)¹	119	20	8	(31)	116

Q3 2022					
(in millions of Canadian dollars) (unaudited)	Containerboard	Specialty Products	Tissue Papers	Corporate 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

Q4 2021					
(in millions of Canadian dollars) (unaudited)	Containerboard	Specialty Products	Tissue Papers	Corporate Activities	Consolidated
Operating income (loss)	43	17	(115)	(35)	(90)
Depreciation and amortization	28	4	17	11	60
Impairment charges	1	—	87	—	88
Gain on acquisitions, disposals and others	—	—	(1)	—	(1)
Restructuring costs	—	—	6	—	6
Unrealized loss (gain) on derivative financial instruments	(2)	—	—	1	(1)
EBITDA (A)¹	70	21	(6)	(23)	62

2022					
(in millions of Canadian dollars) (unaudited)	Containerboard	Specialty Products	Tissue Papers	Corporate Activities	Consolidated
Operating income (loss)	266	86	(175)	(144)	33
Depreciation and amortization	118	19	74	41	252
Impairment charges	10	3	89	—	102
Gain on acquisitions, disposals and others	—	(16)	(4)	—	(20)
Restructuring costs	—	—	3	—	3
Unrealized loss (gain) on derivative financial instruments	7	—	—	(1)	6
EBITDA (A)¹	401	92	(13)	(104)	376

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

(in millions of Canadian dollars) (unaudited)	Containerboard	Specialty Products	Tissue Papers	Corporate Activities	Consolidated
Operating income (loss)	230	59	(108)	(131)	50
Depreciation and amortization	120	15	70	47	252
Impairment charges	1	—	88	—	89
Gain on acquisitions, disposals and others	—	—	(40)	—	(40)
Restructuring costs	4	—	17	—	21
Unrealized loss on derivative financial instruments	17	—	—	—	17
EBITDA (A)¹	372	74	27	(84)	389

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)¹ per common share:

(in millions of Canadian dollars, except per common share amounts and number of common shares) (unaudited)	NET EARNINGS (LOSS)					NET EARNINGS (LOSS) PER COMMON SHARE ²				
	2022	2021	Q4 2022	Q3 2022	Q4 2021	2022	2021	Q4 2022	Q3 2022	Q4 2021
As reported	(34)	162	(27)	(2)	105	(\$0.34)	\$1.60	(\$0.27)	(\$0.02)	\$1.04
Specific items:										
Impairment charges	102	89	86	16	88	\$0.76	\$0.75	\$0.64	\$0.12	\$0.74
Gain on acquisitions, disposals and others	(20)	(40)	(10)	—	(1)	(\$0.17)	(\$0.32)	(\$0.09)	—	(\$0.01)
Restructuring costs	3	21	2	—	6	\$0.03	\$0.15	\$0.02	—	\$0.04
Unrealized loss (gain) on derivative financial instruments	6	17	(4)	3	(1)	\$0.04	\$0.11	(\$0.03)	\$0.02	(\$0.01)
Loss on repurchase of long-term debt	—	20	—	—	20	—	\$0.13	—	—	\$0.13
Unrealized loss on option fair value	—	1	—	—	1	—	—	—	—	—
Foreign exchange loss (gain) on long-term debt and financial instruments	9	(3)	(3)	10	—	\$0.08	(\$0.02)	(\$0.02)	\$0.08	—
Included in discontinued operations, net of tax	—	(224)	—	—	(204)	—	(\$2.14)	—	—	(\$2.02)
Tax effect on specific items, other tax adjustments and attributable to non-controlling interest ²	(29)	(16)	(22)	(7)	(23)	(\$0.03)	—	(\$0.03)	—	—
	71	(135)	49	22	(114)	\$0.71	(\$1.34)	\$0.49	\$0.22	(\$1.13)
Adjusted¹	37	27	22	20	(9)	\$0.37	\$0.26	\$0.22	\$0.20	(\$0.09)
Weighted average basic number of common shares outstanding						100,647,972	101,884,051	100,361,627	100,822,027	100,858,870

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

(in millions of Canadian dollars) (unaudited)	2022	2021	Q4 2022	Q3 2022	Q4 2021
Cash flow from (used by) operating activities from continuing operations	144	211	196	(1)	69
Changes in non-cash working capital components	116	36	(96)	61	(49)
Net income taxes paid (received)	5	(2)	—	1	—
Net financing expense paid	87	96	15	38	11
Premium and transaction fees paid on long-term debt redemption	—	24	—	—	24
Provisions for contingencies and charges and other liabilities, net of dividends received	24	24	1	12	7
EBITDA (A)¹	376	389	116	111	62

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

² Specific amounts per common share are calculated on an after-tax basis and are net of the portion attributable to non-controlling interests. Per share amounts in line item "Tax effect on specific items, other tax adjustments and attributable to non-controlling interests" only include the effect of tax adjustments.

The following table reconciles cash flow from (used by) operating activities from continuing operations with cash flow from operating activities from continuing operations (excluding changes in non-cash working capital components) and adjusted cash flow from operating activities from continuing operations¹. It also reconciles adjusted cash flow from operating activities from continuing operations¹ to adjusted cash flow used¹, which is also calculated on a per common share basis:

(in millions of Canadian dollars, except per common share amounts or otherwise noted) (unaudited)	2022	2021	Q4 2022	Q3 2022	Q4 2021
Cash flow from (used by) operating activities from continuing operations	144	211	196	(1)	69
Changes in non-cash working capital components	116	36	(96)	61	(49)
Cash flow from operating activities from continuing operations (excluding changes in non-cash working capital components)	260	247	100	60	20
Restructuring costs paid	12	25	3	2	7
Premium and transaction fees paid on long-term debt redemption	—	24	—	—	24
Specific items paid	12	49	3	2	31
Adjusted cash flow from operating activities from continuing operations¹	272	296	103	62	51
Payments for property, plant and equipment	(501)	(286)	(160)	(122)	(95)
Change in intangible and other assets	(5)	(15)	(2)	—	(1)
Lease obligation payments	(55)	(47)	(15)	(14)	(12)
Proceeds from disposals of property, plant and equipment	19	53	11	1	2
	(270)	1	(63)	(73)	(55)
Dividends paid to non-controlling interests	(13)	(14)	(4)	(3)	(4)
Dividends paid to the Corporation's Shareholders and to non-controlling interests	(48)	(41)	(12)	(12)	(12)
Adjusted cash flow used¹	(331)	(54)	(79)	(88)	(71)
Adjusted cash flow used¹ per common share (in Canadian dollars)	(\$3.29)	(\$0.53)	(\$0.79)	(\$0.87)	(\$0.70)
Weighted average basic number of common shares outstanding	100,647,972	101,884,051	100,361,627	100,822,027	100,858,870

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)	December 31, 2022	September 30, 2022	December 31, 2021
Long-term debt	1,931	1,975	1,450
Current portion of other debts without recourse to the Corporation to be refinanced	67	—	—
Current portion of long-term debt	67	77	74
Bank loans and advances	3	2	1
Total debt¹	2,068	2,054	1,525
Less: Cash and cash equivalents	(102)	(43)	(174)
Net debt¹ as reported	1,966	2,011	1,351
EBITDA (A) ¹ as reported on a last twelve months basis	376	322	389
Net debt / EBITDA (A) ratio¹	5.2x	6.2x	3.5x

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

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