

2025 Annual Report



Cascades

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Cascades Inc's 2025 Annual Information Form
will be available upon request from the Corporation's
head office as of March 30, 2026.

This document will also be accessible via the Corporation's website
(www.cascades.com) and will be filed on SEDAR+
(www.sedarplus.ca) as of this date.

On peut se procurer la version française du présent rapport annuel
en s'adressant au siège social de la Société à l'adresse suivante :

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Hugues Simon

President and
Chief Executive Officer



Dear fellow shareholders,

2025 was a year of rigorous execution and strategic refocusing for Cascades, and we made meaningful progress in our key initiatives. We remained centered on enhancing operational efficiency and sustainable profitability improvements, which have strengthened our financial resilience while continuing to improve quality and customer value.

Our vision sets the direction of these objectives, but as the saying “the devil is in the details” reminds us, the finer details are what often lead to success or failure. Key among these for Cascades is ensuring that the Company’s production and maintenance planning, go-to-market approach, financial modelling assumptions, contractual agreements, and logistics execution are carried out with rigorous attention to detail. These are not simply best practices, they are safeguards that will ensure decisions are built on strong foundations that will deliver sustainable value for our customers and our shareholders.

As we embark on 2026, I think it is worthwhile to revisit the targets we have set as a company, elaborate on the business case driving these financial and operational objectives and take a look back on the progress we have made throughout this past year.

Our first objective—shoring up our baseline profitability level throughout the business cycle by generating \$100 million in annual profitability improvements—is driven by our operational framework focused on excellence. In its broadest sense, this culture of excellence encompasses all factors involved in execution to drive efficiency and productivity levels, and hence machine profitability per hour. The core part of this goal is ensuring that the right product is matched to the right customer and deployed on the optimal equipment to maximize both productivity and profitability. Similarly, optimized logistics and a streamlined cost structure in part derived by maximizing machine output are key focus areas, underpinned by a rigorous commitment to operational safety to ensure efficiency without compromise.

Many of the building blocks driving our profitability targets are embedded in workstreams included within our second objective. These are centered on aligning our operational and commercial structure to better serve our markets and customers, at the heart of which is simplifying our operational and organizational frameworks to reduce complexity and improve agility. We are reorganizing our footprint and recalibrating our product offering to better reflect ever-changing market demand and customer needs, while optimizing our commercial approach to position ourselves as the reliable, responsive, and results-driven partner of choice for our customers.

We achieved approximately \$30 million of our targeted profitability improvements in 2025, highlighting the progress of the actions we have taken. We have made considerable progress on many of our initiatives throughout the year and maintained this momentum into 2026:

Packaging

- Bear Island, VA containerboard mill volume increased by 8% in 2025, with the facility running at 88% of its rated capacity in both Q3 and Q4. We have increased production levels of lower basis weight paper, a competitive differentiating factor which expands the Company’s product offering.
- Exited flexible, honeycomb and partition packaging business segments, generating total proceeds of \$40 million.
- Sold Richmond, BC corrugated packing plant that offered limited integration and synergy potential for \$65.5 million, subject to further closing adjustments.

Tissue

- Increased converting production levels at Pryor, OK facility by 11% sequentially in Q4.
- Realigned our product and customer portfolio to increase the Company's retail footprint and grow with strategic customers: converted retail tissue shipments increased by 2.5% in 2025, with this segment accounting for 64% of total converted tissue product sales.

Company-Wide

- Conducted a comprehensive review that led to the consolidation of the Company's packaging businesses, additional organizational changes, and a reduction of approximately 225 positions.
- Announced facility closures, asset divestitures and exits from non-strategic business segments, resulting in a further reduction of approximately 575 positions.

Our third strategic pillar is focused on strengthening the Company's balance sheet. Central to this objective are the parallel workstreams of employing a rigorous framework for capital deployment decisions that includes limiting capital expenditure levels, while concurrently monetizing value from redundant, unused and non-core assets. In the case of the former, capital expenditures were limited to \$152 million in 2025 and are expected to total approximately \$175 million in 2026. Concerning the latter, we successfully met our target of generating \$120 million in proceeds from asset divestitures early in 2026 - ahead of schedule. This achievement reflects strong alignment with our investors, our commitment to financial discipline and continued conviction in our strategy and approach.

As we remain committed to accelerating debt reduction and increasing the Company's financial flexibility, we have set a new objective of monetizing an additional \$100 million from asset sales by the end of 2026, bringing the total to approximately \$230 million. Our sustained commitment to disciplined capital allocation and debt management will improve our balance sheet, reduce financial risk and unlock additional value to support strategic priorities. In short, it will give us options moving forward, not least of which is the flexibility to strategically grow in our core business areas.

To reiterate, underpinning all three of these strategic objectives is our long-term vision to build a resilient, high-performing business that delivers quality solutions and excellent service to our customers, while generating reliable long-term value to our shareholders and remaining true to our core values. The positive momentum we have built throughout this past year is testament to this effort, reflecting the incredible dedication of our employees, the trust of our partner customers, and the support of the communities in which we operate.

We are sharpening our focus to drive additional sustainable value creation and reinforce our long-term competitiveness in the dynamic North American market environment in 2026. While key initiatives have already yielded measurable results, we still have work to do. We expect these efforts to support stronger EBITDA (A)¹ levels for the Company in 2026 and look forward to keeping you updated on our progress throughout the year. At the same time, we are finalizing our updated sustainability strategy – an ambitious, refreshed vision that highlights how our products and expertise can help our customers maximize their impact while reducing their environmental footprint.

On behalf of myself and the Cascades management team, I want to express our appreciation for your continued support as we work to strengthen the Company's commercial, operational and competitive foundations, positioning Cascades to successfully navigate an ever-evolving economic and business environment.

Hugues Simon
President and Chief Executive Officer

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.

MANAGEMENT'S DISCUSSION & ANALYSIS

FINANCIAL SNAPSHOT

(in millions of Canadian dollars, unless otherwise noted) (unaudited)	2025	2024	2023
Sales	4,776	4,701	4,638
Operating income	235	95	40
EBITDA (A) ¹	576	501	558
EBITDA (A) as a percentage of sales ¹	12.1%	10.7%	12.0%
Net earnings (loss)			
As reported	70	(31)	(76)
Adjusted ¹	111	60	109
Net earnings (loss) per common share (basic) (in Canadian dollars)			
As reported	\$0.70	(\$0.31)	(\$0.76)
Adjusted ¹	\$1.10	\$0.60	\$1.08
Capital expenditures, net of disposals	125	127	343
Dividends declared per common share (in Canadian dollars)	\$0.48	\$0.48	\$0.48
FINANCIAL POSITION (as of December 31)			
Total assets	4,673	4,948	4,772
Net debt ¹	1,896	2,096	1,882
Net debt / EBITDA (A) ratio ¹	3.3x	4.2x	3.4x
Equity attributable to Shareholders	1,721	1,724	1,739
per common share (in Canadian dollars)	\$17.00	\$17.07	\$17.27
Working capital as a percentage of sales ^{1,2}	9.8%	9.6%	9.9%
KEY INDICATORS			
Total shipments (in '000 of s.t.) ³	2,162	2,257	2,238
US\$/CAN\$ - Average exchange rate	\$0.716	\$0.730	\$0.741

FORWARD-LOOKING STATEMENT

The following document is the annual financial report and Management's Discussion and Analysis ("MD&A") of the operating results and financial position of Cascades Inc. ("Cascades" or "the Corporation") and should be read in conjunction with the Corporation's Audited Consolidated Financial Statements and accompanying notes for the years ended December 31, 2025 and 2024. Information contained herein includes any significant developments as of February 25, 2026, the date on which the MD&A was approved by the Corporation's Board of Directors. For additional information, readers are referred to the Corporation's Annual Information Form ("AIF"), which is published separately. Additional information relating to the Corporation is also available on the SEDAR+ website at www.sedarplus.ca.

The financial information contained herein, including tabular amounts, is expressed in Canadian dollars, unless otherwise specified, and is prepared unless otherwise stated in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS[®] Accounting Standards). Unless otherwise specified or if required by the context, the terms "we", "our" and "us" refer to Cascades Inc. and all of its subsidiaries, joint ventures and associates.

This MD&A is intended to provide readers with information that Management believes is necessary to understand Cascades' current results and to assess the Corporation's future prospects. Consequently, certain statements herein, including statements regarding future results and performance, are forward-looking statements within the meaning of securities legislation, 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, economic conditions generally, decreases in demand for the Corporation's products, the cost and availability of raw materials, changes in the relative values of certain currencies, fluctuations in selling prices and adverse changes in market and general industry conditions. Cascades disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required under applicable securities legislation. This MD&A also includes price indices, as well as variance and sensitivity analysis that are intended to provide the reader with a better understanding of the trends with respect to our business activities. This information is based on the best estimates available to the Corporation.

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.

² Percentage of sales = Average quarterly last twelve months (LTM) working capital / LTM sales.

³ Shipments do not take into account the elimination of business sector inter-segment shipments. Shipments include those of paper rolls, corrugated packaging and tissue papers.

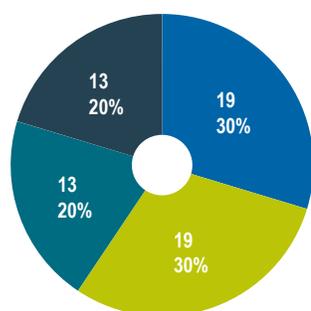
OUR BUSINESS

Cascades Inc. is a paper and packaging company that produces, converts and sells packaging and tissue products composed primarily of recycled fibres. Established in 1964 in Kingsey Falls, Québec, Canada, the Corporation was founded by the Lemaire brothers, who saw the economic and social potential of building a company focused primarily on the sustainable development principles of reusing, recovering and recycling. Sixty years later, Cascades is a multinational business with 64 operating facilities, including 17 Recovery and Recycling facilities which are part of Corporate Activities, and approximately 9,200 employees across Canada and the United States¹. The Corporation operates two business segments:

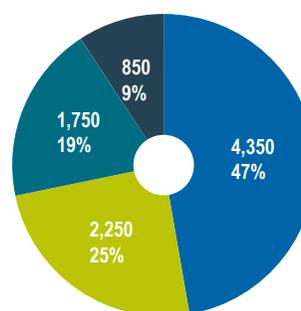
(Business segments) (unaudited)	Number of facilities ¹	Number of employees ¹	2025 Sales ² (in \$M)	% of sales	2025 Operating income (in \$M)	2025 EBITDA (A) ^{2,3} (in \$M)	2025 EBITDA (A) Margin ^{2,3} (%)	% of EBITDA (A) ³
PACKAGING PRODUCTS	37	4,800	3,079	66.2%	269	496	16.1%	75.3%
TISSUE PAPERS	10	2,100	1,575	33.8%	93	163	10.3%	24.7%

Geographic locations of our facilities⁴ and employees within North America:

Our facilities



Our employees



¹ Including 50% owned joint ventures managed by the Corporation.

² Excluding associates and joint ventures not included in consolidated results. Refer to Note 8 of the 2025 Audited Consolidated Financial Statements for more information on associates and joint ventures.

³ Please refer to the "Supplemental Information on Non-IFRS Accounting Standards Measures and Other Financial Measures" section for a complete reconciliation.

⁴ Excluding sales offices, distribution and transportation hubs, corporate services units and head offices. Including main joint ventures.

BUSINESS HIGHLIGHTS

BUSINESS DEVELOPMENTS

The following transactions should be taken into consideration when reviewing the overall and segmented analysis of the Corporation's 2025 and 2024 results.

ORGANIZATIONAL CHANGES

On October 30, 2024, the Corporation announced organizational changes designed to support its strategic growth by strengthening alignment, increasing agility, improving execution and accelerating decision making within the organization. These changes involved the combination of the Containerboard and Specialty Products activities into a single operational unit. These changes were enacted on November 11, 2024. Since then, additional adjustments have been made to the Corporation's organizational structure and workforce. These changes have resulted in a reduction of approximately 225 employees.

These changes have resulted in a change in the historical presentation of our segmented information. The table below reconciles sales and EBITDA (A)¹ for the combined Containerboard and Specialty Products activities into a single operational unit. The information is presented for reference during the 2025 transition year.

(in millions of Canadian dollars) (unaudited)	2023					2024				
	Q1	Q2	Q3	Q4	YEAR	Q1	Q2	Q3	Q4	YEAR
Sales										
Containerboard	561	562	593	561	2,277	556	585	610	613	2,364
Specialty Products	161	164	157	160	642	160	167	169	175	671
Inter-segment sales	(7)	(9)	(7)	(8)	(31)	(7)	(7)	(6)	(6)	(26)
Packaging Products segment	715	717	743	713	2,888	709	745	773	782	3,009
EBITDA (A)¹										
Containerboard	126	96	101	67	390	50	60	90	104	304
Specialty Products	27	24	21	19	91	25	26	27	28	106
Packaging Products segment	153	120	122	86	481	75	86	117	132	410

The table below reconciles sales and EBITDA (A)¹ according to the new presentation of the Packaging Products segment:

(in millions of Canadian dollars) (unaudited)	2023					2024					2025				
	Q1	Q2	Q3	Q4	YEAR	Q1	Q2	Q3	Q4	YEAR	Q1	Q2	Q3	Q4	YEAR
Sales															
Corrugated, net of within-sector sales	404	419	427	420	1,670	405	422	427	430	1,684	417	427	444	438	1,726
Paper rolls	201	189	207	181	778	192	201	220	223	836	218	210	219	187	834
Other	110	109	109	112	440	112	122	126	129	489	127	126	134	132	519
Packaging Products segment	715	717	743	713	2,888	709	745	773	782	3,009	762	763	797	757	3,079
EBITDA (A)¹															
Corrugated and paper rolls	141	111	115	77	444	61	71	101	116	349	96	105	120	116	437
Other	12	9	7	9	37	14	15	16	16	61	13	14	16	16	59
Packaging Products segment	153	120	122	86	481	75	86	117	132	410	109	119	136	132	496

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

PACKAGING PRODUCTS

- On February 5, 2026, the Corporation announced the closure of its activities in the honeycomb paperboard and partition packaging products sectors. As a result, the closure of the Berthierville honeycomb packaging plant in Québec, Canada, was effective immediately. Certain assets were sold for \$9 million generating a gain of less than one million dollars. The York, Pennsylvania, United States, facility was closed permanently on February 19, 2026. The Saint-Césaire facility in Québec, Canada, will cease no later than April 17, 2026. Closure costs, including severance, are expected to total between \$1 million to \$2 million and will be recorded in the coming periods.
- On January 29, 2026, the Corporation announced the sale of its corrugated packaging plant located in Richmond, British Columbia, Canada, for \$65.5 million, which is net of adjustments agreed upon signature and is settled by \$60 million received on February 2, 2026 and by the assumption of certain liabilities. The gain before taxes is estimated at \$34 million subject to closing adjustments as per the sale agreement.
- On October 8, 2025, the Corporation announced the sale of Flexible Packaging plant activities in Ontario, Canada, for \$31 million. The gain before taxes was \$21 million subject to closing adjustments as per the sale agreement. The Corporation will retain ownership of the site real estate.
- On July 8, 2025, the Corporation announced an optimization of its packaging production platform by closing its corrugated medium manufacturing plant located in Niagara Falls, New York, United States, effective August 11, 2025.
- On March 13, 2025, the Corporation announced the closure of its moulded pulp activities in Indiana, effective April 11, 2025. The decision to cease operations at this plant was influenced by the market environment, higher operating costs, and significant investment needs, and aligns with the Corporation's commitment to maximize asset performance.
- On February 13, 2024, the Corporation announced an important repositioning of its Containerboard operating platform. The Trenton, Ontario corrugated medium mill was permanently closed, while the Belleville, Ontario and Newtown, Connecticut converting plants were permanently closed during the second quarter of 2024. The production from these facilities was moved to other plants with available capacity and more modern equipment. In 2024, the Packaging Products segment received \$30 million from the sale of the assets related to Newtown and Belleville as well as a land parcel in Canada.

TISSUE PAPERS

- In the second quarter of 2025, the Tissue Papers segment received \$23 million from the sale of the assets related to the Waterford and Barnwell facilities, which were closed in prior years.

RECOVERY AND RECYCLING ACTIVITIES

- On February 4, 2025, the Corporation announced the closure of its Recovery and Recycling site in Lachine, Québec, effective April 11, 2025.

SIGNIFICANT FACTS

2025

- On December 29, 2025, the Corporation repaid its US\$25 million (\$34 million) delayed draw unsecured term loan credit facility on the facility maturing on December 31, 2026.
- On July 31, 2025, the Corporation entered into an agreement with its lenders to amend and extend the maturity of its existing revolving credit facility from July 2027 to July 2029. The financial conditions remained unchanged.
- On June 13, 2025, the Corporation's subsidiary, Greenpac, signed an amendment to its credit agreement with the banking syndicate securing its revolving credit facility, increasing the authorized limit to US\$250 million and extending the maturity from December 2027 to June 2028. The revolving credit facility bears interest at a variable rate based on the level of leverage ratio of the subsidiary. The financial conditions remained unchanged. Transaction fees amounting to less than one million dollars were capitalized in other assets.

- On May 28, 2025, the Corporation announced that it had priced its private placement in the amount of US\$400 million (\$547 million) aggregate principal at 6.75% senior notes due July 15, 2030 (the "Notes"). The Notes were issued at a price of 100% of their principal amount. The closing of the offering of the Notes occurred on June 11, 2025. The Corporation used the proceeds from the offering to redeem all of its outstanding senior notes due January 15, 2026 in the amount of US\$206 million (\$281 million) aggregate principal and to repay a portion of the borrowings outstanding under its revolving credit facility and to pay related transaction fees and expenses of \$6 million. The Corporation also wrote off \$1 million unamortized financing expenses related to these notes.
- On January 15, 2025, the Corporation repaid its \$175 million unsecured senior notes with its revolving credit facility. On April 12, 2024, the Corporation entered into a \$175 million delayed draw unsecured term loan credit facility to manage upcoming maturities and this facility was converted into a delayed draw unsecured term loan credit facility of US\$121 million on January 31, 2025. On January 31, 2025, US\$25 million (\$36 million) was borrowed from the facility.

2024

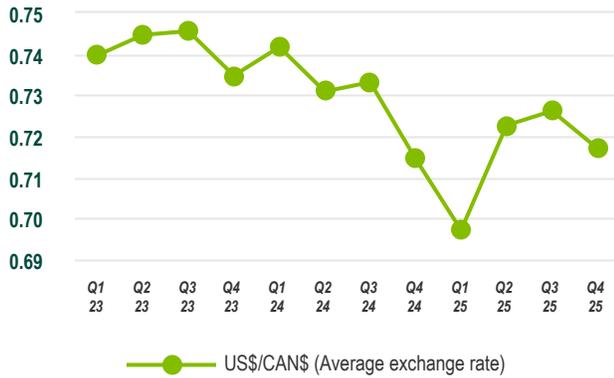
- On December 23, 2024, the Corporation's subsidiary, Greenpac, entered into an agreement with its lenders to extend the maturity of its existing revolving credit facility from September 2026 to December 2027. The financial conditions remained unchanged.
- On February 9, 2024, the Corporation entered into an agreement with its lenders to amend and extend the maturity of its existing revolving credit facility from July 2026 to July 2027. The financial conditions remained unchanged.

BUSINESS DRIVERS

Cascades' results may be impacted by fluctuations in the following areas:

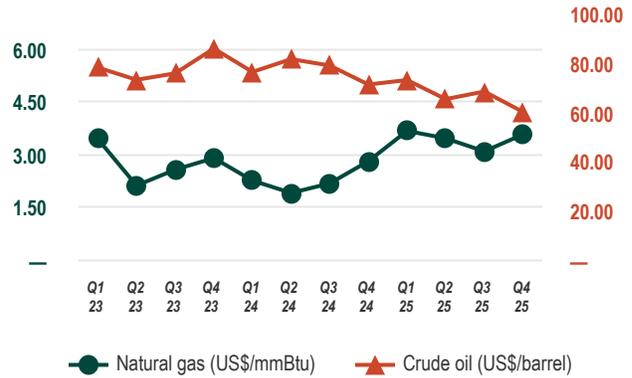
EXCHANGE RATES¹

On a year-over-year basis, the average exchange rate of the Canadian dollar decreased by 2% compared to the US dollar in 2025.



ENERGY COSTS¹

On a year-over-year basis, the average price of natural gas increased by 51% in 2025. In the case of crude oil, the average price was 13% lower in 2025 than in 2024.



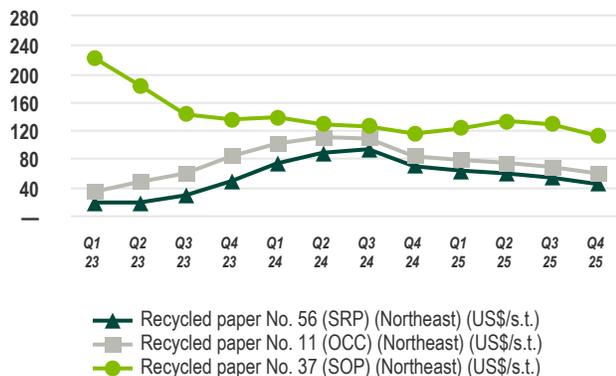
(unaudited)	2023					2024					2025
	YEAR	Q1	Q2	Q3	Q4	YEAR	Q1	Q2	Q3	Q4	YEAR
US\$/CAN\$ (Average exchange rate)	\$0.741	\$0.742	\$0.731	\$0.733	\$0.714	\$0.730	\$0.697	\$0.723	\$0.726	\$0.717	\$0.716
US\$/CAN\$ (End of the period exchange rate)	\$0.755	\$0.739	\$0.731	\$0.740	\$0.695	\$0.695	\$0.695	\$0.735	\$0.719	\$0.729	\$0.729
Natural Gas Henry Hub (US\$/mmBtu)	\$2.74	\$2.24	\$1.89	\$2.16	\$2.79	\$2.27	\$3.65	\$3.44	\$3.07	\$3.55	\$3.43
Crude oil (US\$/barrel)	\$77.94	\$76.07	\$81.26	\$78.66	\$70.96	\$76.74	\$72.79	\$65.04	\$68.12	\$59.87	\$66.45

¹ Source: Bloomberg

RAW MATERIALS

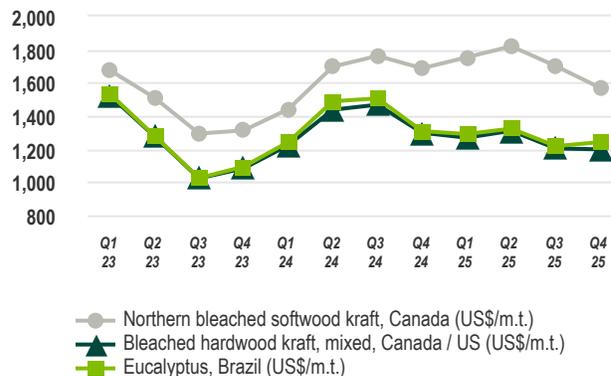
Reference prices - recycled fibre costs in North America¹

The recycled paper No. 56 (sorted residential papers, SRP) annual index price decreased by 31% while the brown recycled grade paper No. 11 (old corrugated containers, OCC) annual index price decreased by 30% in 2025 compared to 2024. The white recycled paper grade No. 37 (sorted office papers, SOP) annual index price decreased by 2% in 2025 compared to 2024.



Reference prices - virgin pulp in North America¹

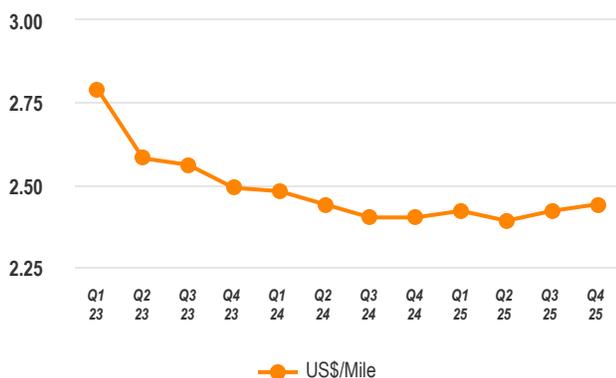
In 2025, the reference price for NBSK increased by 4%, while the reference price for NBHK and eucalyptus decreased by 8% and 9%, respectively, compared to 2024.



FREIGHT

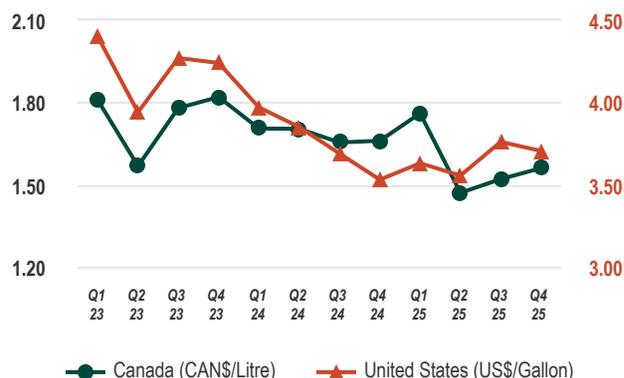
US national van rates²

In 2025, the average national van rate was stable compared to 2024.



Diesel³

In 2025, the average price of diesel decreased by 6% in Canada and by 3% in the United States, respectively, compared to 2024.



(unaudited)	2023	2024				2024	2025				2025
	YEAR	Q1	Q2	Q3	Q4	YEAR	Q1	Q2	Q3	Q4	YEAR
US national van rates (US\$/Mile)	\$2.61	\$2.48	\$2.44	\$2.40	\$2.40	\$2.43	\$2.42	\$2.39	\$2.42	\$2.44	\$2.42
Diesel Canada (CAN\$/Litre)	\$1.74	\$1.70	\$1.70	\$1.65	\$1.66	\$1.68	\$1.76	\$1.47	\$1.52	\$1.56	\$1.58
Diesel United States (US\$/Gallon)	\$4.21	\$3.97	\$3.85	\$3.69	\$3.53	\$3.76	\$3.63	\$3.56	\$3.76	\$3.71	\$3.66

¹ Source: RISI, excluding mixed papers

² Source: DAT Freight and analytics

³ Sources: In Canada: Canada Natural Resources. In the United States: Energy Information Administration

OPERATIONAL PERFORMANCE INDICATORS

We use several operational performance indicators to monitor our action plan and analyze the progress we are making toward achieving our long-term objectives. Total shipments, the integration rate and the manufacturing capacity utilization rate for the Packaging Products segment have been aligned to conform with the current year's presentation. These indicators are as follows:

(unaudited)	2023				2024				2025		
	YEAR	Q1	Q2	Q3	Q4	YEAR	Q1	Q2	Q3	Q4	YEAR
OPERATIONAL											
Total shipments (in '000 short tons (s.t.))¹											
Packaging Products	1,725	441	444	450	442	1,777	421	424	434	403	1,682
Tissue Papers	513	115	122	122	121	480	110	120	128	122	480
Total	2,238	556	566	572	563	2,257	531	544	562	525	2,162
Integration rate²											
Packaging Products	50%	51%	50%	51%	50%	51%	51%	51%	51%	54%	51%
Tissue Papers	87%	94%	94%	94%	94%	94%	94%	94%	94%	97%	95%
Manufacturing capacity utilization rate³											
Packaging Products	90%	94%	88%	91%	88%	90%	86%	86%	92%	88%	88%
Tissue Papers	89%	95%	93%	93%	98%	95%	93%	91%	98%	96%	95%
FINANCIAL											
Working capital											
In millions of CAN\$, at the end of the period ⁴	318	460	474	460	406		529	508	449	390	
As a percentage of sales ^{4, 5}	9.9%	9.8%	9.5%	9.2%	9.6%		9.8%	10.0%	9.9%	9.8%	

¹ Shipments do not take into account the elimination of business sector inter-segment shipments. Shipments include those of paper rolls, corrugated packaging and tissue papers.

² Defined as: Percentage of manufacturing shipments transferred to our converting operations in all of Cascades' segments. Greenpac's firm purchase agreements with partners are included for the Packaging Products segment.

³ Defined as: Manufacturing internal and external shipments/practical capacity. Calculated according to Bear Island's capacity ramp-up plan.

⁴ 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.

⁵ Percentage of sales = Average quarterly last twelve months (LTM) working capital / LTM sales.

HISTORICAL MARKET PRICES OF MAIN PRODUCTS AND RAW MATERIALS

	2023	2024				2025				2025 vs. 2024			
	YEAR	Q1	Q2	Q3	Q4	YEAR	Q1	Q2	Q3	Q4	YEAR	Change	%
These indexes should only be used as trend indicators. They may differ from our actual selling prices and purchasing costs. (unaudited)													
Selling prices (average)													
PACKAGING PRODUCTS (US\$/short ton)													
Linerboard 42-lb. unbleached kraft, Eastern US (open market)	850	852	878	905	905	885	932	945	945	945	942	57	6%
Corrugating medium 26-lb. semichemical, Eastern US (open market)	727	735	768	795	795	773	822	835	835	835	832	59	8%
Uncoated recycled boxboard - bending chip, 20 pt. (series B)	1,038	1,020	1,040	1,063	1,070	1,048	1,070	1,093	1,110	1,110	1,096	48	5%
TISSUE PAPERS (US\$/short ton)													
Parent rolls, recycled fibres (transaction)	1,222	1,194	1,188	1,180	1,150	1,178	1,132	1,131	1,122	1,105	1,123	(55)	(5%)
Parent rolls, virgin fibres (transaction)	1,465	1,449	1,530	1,544	1,487	1,503	1,459	1,476	1,444	1,422	1,451	(52)	(3%)
Raw material prices (average)													
RECYCLED PAPER													
North America (US\$/short ton)													
Sorted residential papers, No. 56 (SRP - Northeast average)	28	73	88	93	69	80	63	59	53	44	55	(25)	(31%)
Old corrugated containers, No. 11 (OCC - Northeast average)	55	101	110	108	83	100	78	74	68	59	70	(30)	(30%)
Sorted office papers, No. 37 (SOP - Northeast average)	170	138	128	125	115	127	122	133	128	112	124	(3)	(2%)
VIRGIN PULP (US\$/metric ton)													
Northern bleached softwood kraft, Canada	1,448	1,440	1,697	1,762	1,687	1,646	1,753	1,820	1,700	1,568	1,710	64	4%
Bleached hardwood kraft, mixed, Canada/US	1,227	1,223	1,437	1,467	1,298	1,356	1,268	1,310	1,203	1,198	1,245	(111)	(8%)
Eucalyptus, Brazil	1,233	1,242	1,488	1,505	1,308	1,386	1,290	1,323	1,217	1,242	1,268	(118)	(9%)

Sources: RISI and Cascades

SENSITIVITY TABLE¹

The following table provides a quantitative estimate of the impact that potential changes in the prices of our main products, the costs of certain raw materials, energy and the exchange rates may have on Cascades' annual EBITDA (A)², assuming, for each price change, that all other variables remain constant. Estimates are based on Cascades' 2025 manufacturing and converting external shipments and consumption quantities. It is important to note that this table does not consider the Corporation's use of hedging instruments for risk management. These hedging policies and portfolios (see the "Risk Factors" section of our 2025 Annual Report) should also be considered in order to fully analyze the Corporation's sensitivity to the highlighted factors.

Potential indirect sensitivity to the CAN\$/US\$ exchange rate is not considered in this table. Some of Cascades' selling prices and raw material costs in Canada are based on US dollar reference prices and costs that are then converted into Canadian dollars. Consequently, fluctuations in the exchange rate may have a direct impact on the value of sales and purchases of Canadian facilities in Canada. However, because it is difficult to measure the precise impact of this fluctuation, we do not take it into consideration in the following table. The impact of the exchange rate on the working capital items and cash positions denominated in currencies other than Canadian dollars at the Corporation's Canadian units is also excluded. Fluctuations in foreign exchange rates may also impact the translation of the results of our non-Canadian units into Canadian dollars.

(unaudited)	SHIPMENTS/ CONSUMPTION ('000 SHORT TONS, '000 MMBTU FOR NATURAL GAS)	INCREASE	EBITDA (A) ² IMPACT (IN MILLIONS OF CAN\$)
SELLING PRICE (MANUFACTURING AND CONVERTING)³			
Packaging Products			
Linerboard 42-lb. unbleached kraft, Eastern US	500	US\$25/s.t.	17
Corrugating medium 26-lb. semichemical, Eastern US	270	US\$25/s.t.	9
Converting products (cartonboard based only)	785	US\$25/s.t.	27
Integrated Containerboard impact	1,555		53
Uncoated recycled boxboard - bending chip, 20-pt., Eastern US	130	US\$25/s.t.	5
	1,685		58
Tissue Papers	480	US\$25/s.t.	16
	2,165		74
RAW MATERIALS³			
Packaging Products			
Brown grades (OCC and others)	1,625	US\$25/s.t.	(55)
Groundwood grades (SRP and others)	25	US\$25/s.t.	(1)
Recycled deinked pulp	20	US\$25/s.t.	(1)
	1,670		(57)
Tissue Papers			
Virgin pulp	195	US\$25/s.t.	(7)
Brown grades (OCC and others)	110	US\$25/s.t.	(3)
White grades (SOP and others)	190	US\$25/s.t.	(7)
	495		(17)
NATURAL GAS			
Packaging Products	4,000	US\$1.00/mmBtu	(5)
Tissue Papers	3,000	US\$1.00/mmBtu	(4)
	7,000		(9)
EXCHANGE RATE⁴			
U.S. subsidiaries translation and sales less purchases in US\$ from Canadian operations		CAN\$/US\$ 0.01 change	2

¹ Sensitivity calculated according to 2025 volumes or consumption with year-end closing exchange rate of CAN\$/US\$ 1.37, excluding hedging programs and the impact of related expenses such as discounts, commissions on sales and profit-sharing.

² Please refer to the "Supplemental Information on Non-IFRS Accounting Standards Measures and Other Financial Measures" section for a complete reconciliation.

³ Based on 2025 external manufacturing and converting shipments, as well as fibre and pulp consumption. Including purchases sourced internally from our recovery and recycling operations. Adjusted to reflect acquisitions, disposals and closures, if needed.

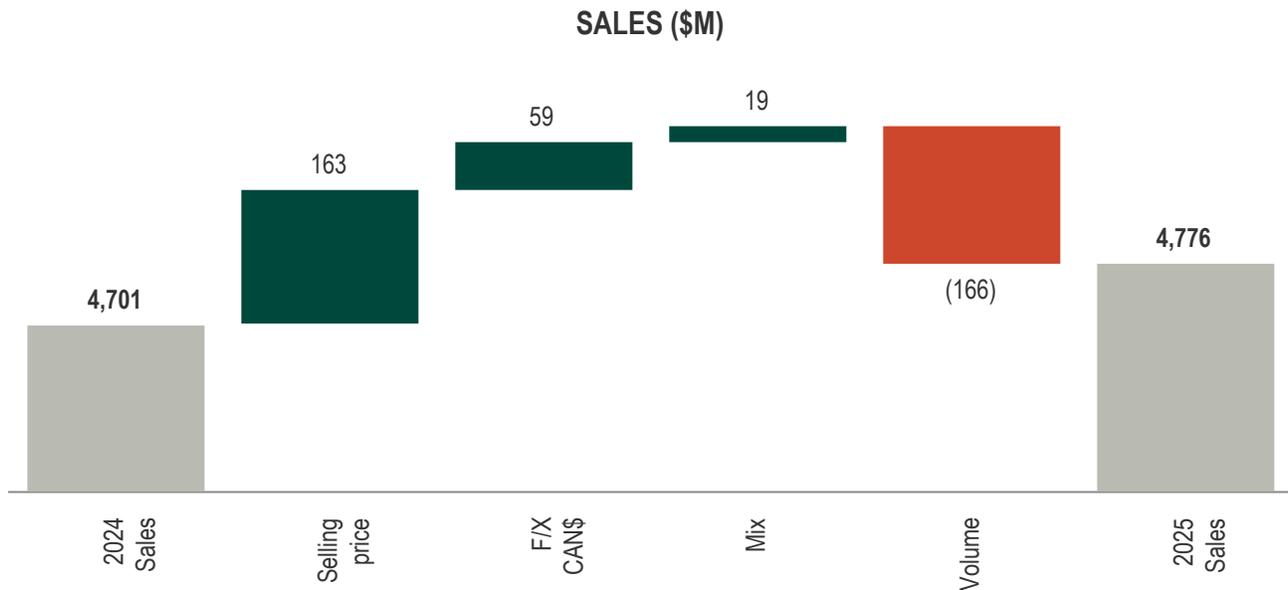
⁴ As an example, from CAN\$/US\$ 1.36 to CAN\$/US\$ 1.37

FINANCIAL OVERVIEW - 2025

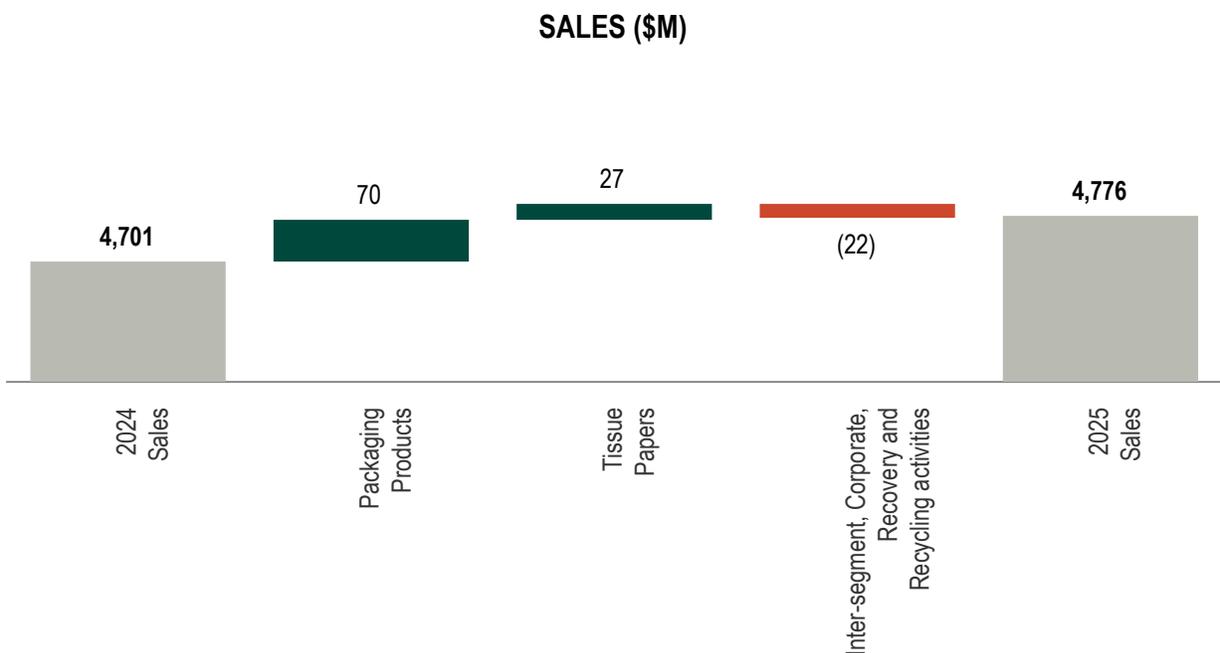
SALES

For the year ended December 31, 2025, consolidated sales totaled \$4,776 million, an increase of \$75 million, or 2%, compared to \$4,701 million in 2024. Sales levels benefited from higher selling prices in the Packaging Products segment and from a favourable foreign exchange rate as well as from a favourable sales mix in all segments. These benefits were partially offset by lower volumes in the Packaging Products segment.

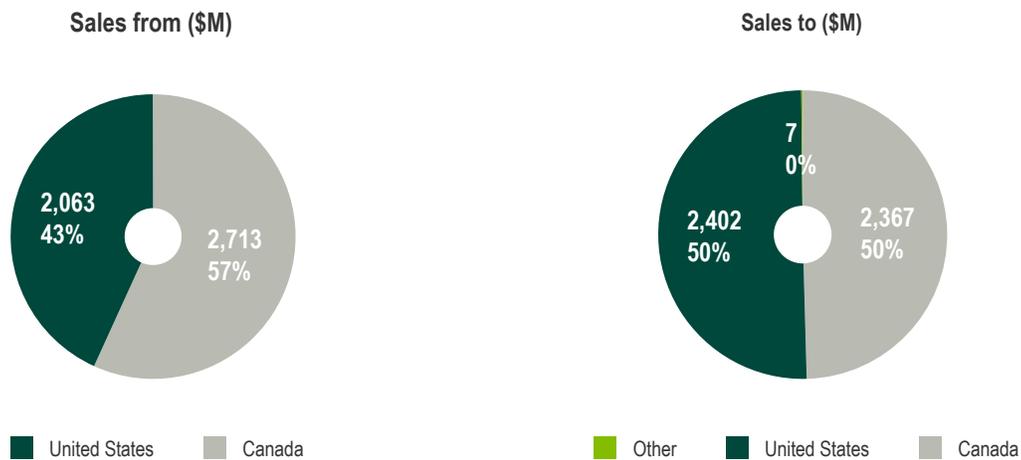
The main variances in sales in 2025, compared to 2024, are shown below:
(in millions of Canadian dollars)



The reconciliation of sales by segment in 2025, compared to 2024, is shown below:
(in millions of Canadian dollars)



Sales, in 2025, by geographic segment were as follows:
 For further details, please refer to Note 22 of the 2025 Audited Consolidated Financial Statements.
 (in millions of Canadian dollars)

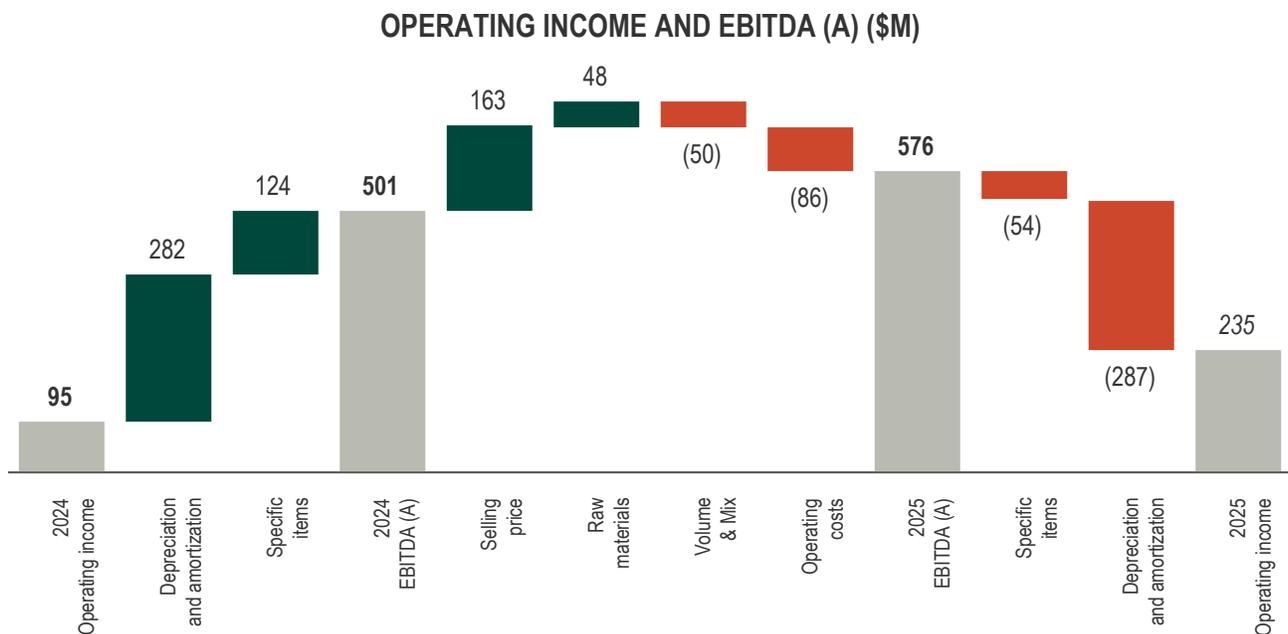


OPERATING INCOME AND EBITDA (A)¹

For the year ended December 31, 2025, the Corporation recorded an operating income of \$235 million, compared to an operating income of \$95 million in 2024. The operating income variance is explained by stronger operational performance and the specific items loss of \$54 million in 2025, compared to the specific items loss of \$124 million in 2024. For more details on specific items, please refer to the “Segmented Information” section of the 2025 Audited Consolidated Financial Statements.

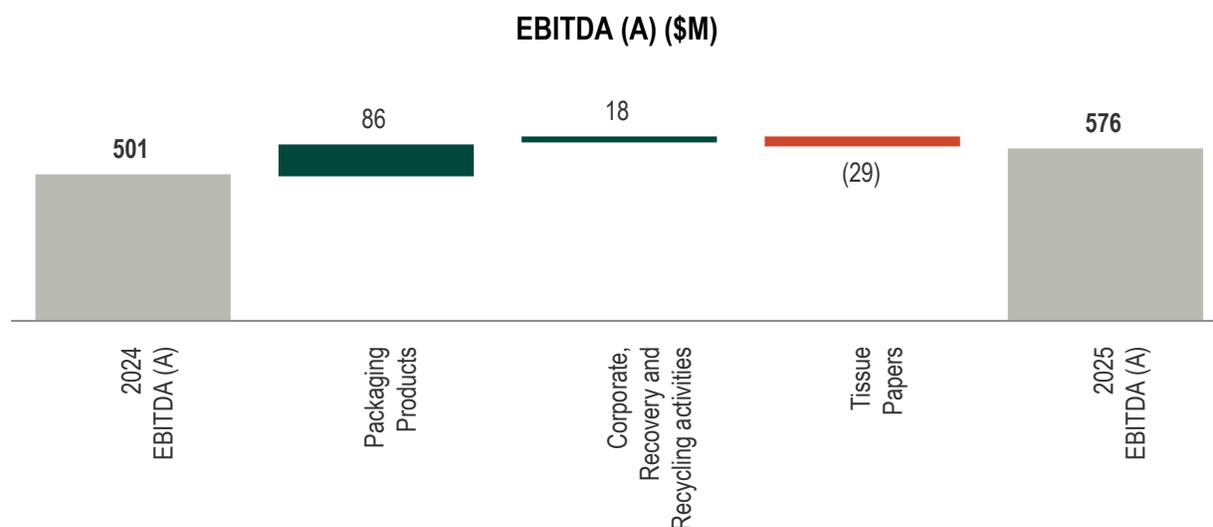
The Corporation recorded an EBITDA (A)¹ of \$576 million in 2025, compared to \$501 million in 2024. The EBITDA (A)¹ generated by the Packaging Products segment increased by \$86 million and the contribution of Corporate, Recovery and Recycling activities improved by \$18 million, while the Tissue Papers segment contribution decreased by \$29 million. On a consolidated basis, the positive impacts from higher selling prices and lower raw material costs were partially offset by the negative impacts related to lower volumes and higher operating costs.

The main variances in operating income and in EBITDA (A)¹ in 2025, compared to 2024, are shown below:
 (in millions of Canadian dollars)



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

The reconciliation of EBITDA (A)¹ by segment in 2025, compared to 2024, is shown below:
(in millions of Canadian dollars)



Raw materials (EBITDA (A)¹)	<i>The impacts of these estimated costs are based on production costs per unit shipped externally or inter-segment, which are affected by yield, product mix changes, inbound freight costs and purchase and transfer prices. In addition to market pulp and recycled fibre, these costs include purchases of external boards and parent rolls for the converting sector, and other raw materials such as plastic and wood chips.</i>
F/X CAN\$ (EBITDA (A)¹)	<i>The estimated impact of the exchange rate is based on the Corporation's Canadian export sales less purchases, denominated in US\$, affected by exchange rate fluctuations and the conversion of our non-Canadian subsidiaries EBITDA (A)¹ into CAN\$. It also includes the impact of exchange rate fluctuations in currencies other than the CAN\$ on working capital items and the cash position of the Corporation's Canadian units, as well as our hedging transactions. The F/X CAN\$ is included in operating costs in the EBITDA (A)¹ charts. It excludes indirect sensitivity (please refer to the "Sensitivity Table" section of our 2025 Annual Report for further details).</i>
Operating costs (EBITDA (A)¹)	<i>These costs include the impact of variable and fixed costs based on production costs per unit shipped externally, which are affected by downtime and efficiency.</i>
Recovery and Recycling activities (Sales and EBITDA (A)¹)	<i>While this sub-segment is integrated into the other segments of the Corporation, all variations in the results of Recovery and Recycling activities are included for the volume in the charts of sales and for raw materials in the EBITDA (A)¹ charts.</i>

An analysis of sales and EBITDA (A)¹ variances by segment is shown in each business segment review (please refer to "Business Segment Review" for more details).

DEPRECIATION AND AMORTIZATION

Depreciation and amortization increased by \$5 million to \$287 million in 2025, compared to \$282 million in 2024. This increase reflected the depreciation of the Canadian dollar, which increased depreciation expenses by \$3 million in 2025 along with the commissioning of new investments and continuous assessment and revision of the useful life of assets.

FINANCING EXPENSES

(in millions of Canadian dollars) (unaudited)	2025	2024
Interest on long-term debt (including lease obligations interest 2025 - \$12 million; 2024 - \$10 million)	127	130
Amortization of financing expenses	3	4
Other interest and banking fees	3	5
Interest expense on employee future benefits	2	3
Loss on repurchase of long-term debt	1	—
Unrealized gain on interest rate hedge instruments	—	(1)
Foreign exchange loss on long-term debt and financial instruments	—	1
	136	142

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

Financing expenses were \$136 million in 2025, compared to \$142 million in 2024, a decrease of \$6 million.

The use of various elements of the Corporation's debt structure resulted in a variance of \$3 million for interest on long-term debt, mainly due to the decrease in the variable interest rate and lower usage of the revolving facility. This decrease was partially offset by the depreciation of the Canadian dollar, which increased financing expenses by \$2 million in 2025 compared to last year, and additional unfavourable impact from the higher fixed interest rate on the recent refinancing of our new 2030 senior notes.

In 2025, the Corporation recorded a loss on repurchase of long-term debt of \$1 million. The Corporation also recorded an unrealized gain on interest rate hedge instruments of less than one million dollars in 2025, compared to an unrealized gain on interest rate hedge instruments of \$1 million in 2024.

The variance was also affected by a foreign exchange loss on long-term debt and financial instruments. In 2025, the Corporation had an effective hedge related to a hedging item, represented by the designated portion of the US denominated Canadian long-term debt and related financial instruments, over the US net investment. In 2024, the Corporation recorded a foreign exchange loss on long-term debt and financial instruments of \$1 million.

The average interest rate on our revolving credit facilities decreased to 5.40% as of December 31, 2025 compared to 6.35% at the same period in 2024. As of December 31, 2025, 26% of the Corporation's total long-term debt was at a variable rate and 74% was at a fixed rate (35% and 65%, respectively, as of December 31, 2024). As of December 31, 2025, the Corporation's consolidated debt denominated in US dollars totaled US\$1,332 million (US\$1,252 million as of December 31, 2024).

SHARE OF RESULTS OF ASSOCIATES AND JOINT VENTURES

Share of results of associates and joint ventures amounted to \$16 million in 2025, compared to \$19 million in 2024.

PROVISION FOR (RECOVERY OF) INCOME TAXES

In 2025, the Corporation recorded a provision for income taxes of \$22 million, compared to a recovery of income taxes of \$14 million in 2024.

<i>(in millions of Canadian dollars) (unaudited)</i>	2025	2024
Provision for (recovery of) income taxes based on the combined basic Canadian and provincial income tax rate	31	(8)
Adjustment for income taxes arising from the following:		
Difference in statutory income tax rate of foreign operations	(1)	1
Prior years reassessment	—	(1)
Reversal of deferred income tax assets related to prior year losses	1	—
Permanent differences	(9)	(6)
	(9)	(6)
Provision for (recovery of) income taxes	22	(14)

Greenpac, which is a limited liability company (LLC), and its partners agreed to account for it as a disregarded entity for tax purposes. As a result, income taxes associated with Greenpac's net earnings are proportionately recorded by each partner based on its respective share in the LLC, and no income tax provision is included in Greenpac's net earnings. Therefore, even though Greenpac's results are fully consolidated in the Corporation's results, only 92% of pre-tax book income is considered for tax provision purposes.

The effective tax rate and income taxes are affected by the results of certain subsidiaries and joint ventures located in countries where the income tax rates are different from those in Canada, in particular, the United States. The normal effective tax rate is expected to be in the range of 21% to 27%. The weighted-average applicable tax rate was 24% in 2025.

NET EARNINGS (LOSS)

For the year ended December 31, 2025, the Corporation posted net earnings of \$70 million, or \$0.70 per common share, compared to a net loss of \$(31) million, or \$(0.31) per common share, in 2024. On an adjusted basis¹, the Corporation posted net earnings of \$111 million in 2025, or \$1.10 per common share, compared to net earnings of \$60 million, or \$0.60 per common share, in 2024.

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

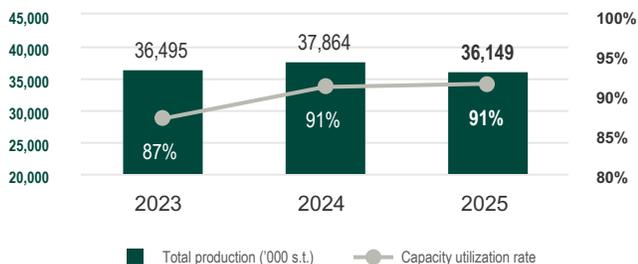
BUSINESS SEGMENT REVIEW

PACKAGING PRODUCTS

Our Industry

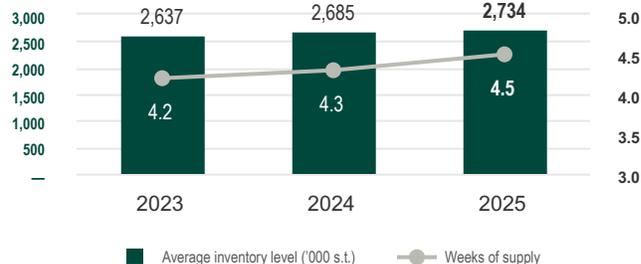
U.S. containerboard industry production and capacity utilization rate¹

Total U.S. containerboard production amounted to 36.1 million short tons in 2025, a decrease of 5% compared to 2024. As a result, the industry's capacity utilization rate was stable at 91% in 2025.



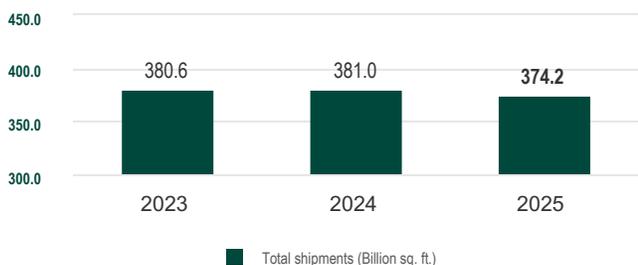
U.S. containerboard inventories at box plants and mills²

The average inventory level increased by 2% year-over-year in 2025. The number of weeks of supply in inventory averaged 4.5x for the year, up from 4.3x in 2024.



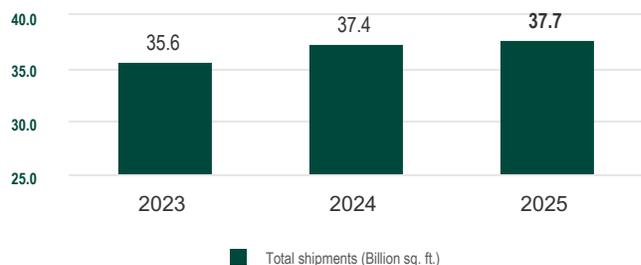
U.S. corrugated box industry shipments²

Total U.S. corrugated box shipments decreased by 2% in 2025 compared to 2024.



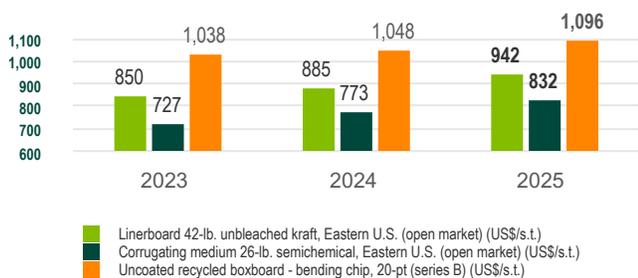
Canadian corrugated box industry shipments³

Canadian corrugated box shipments increased by 1% in 2025 compared to 2024.



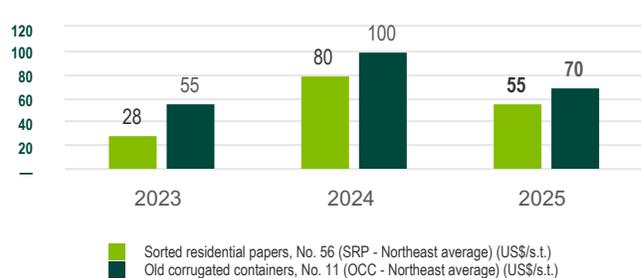
Reference selling prices - packaging products¹

2025 reference prices for linerboard, corrugating medium and uncoated recycled boxboard increased by 6%, 8% and 5%, respectively, compared to 2024.



Reference raw material prices - recycled papers¹

2025 reference prices of sorted residential papers no. 56 (SRP) and old corrugated containers no.11 (OCC) decreased by 31% and 30%, respectively, compared to 2024.



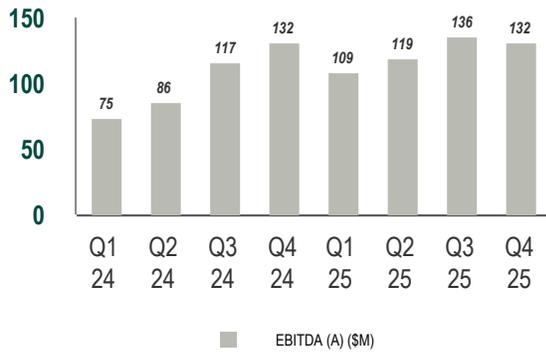
¹ Source: RISI

² Source: Fibre Box Association

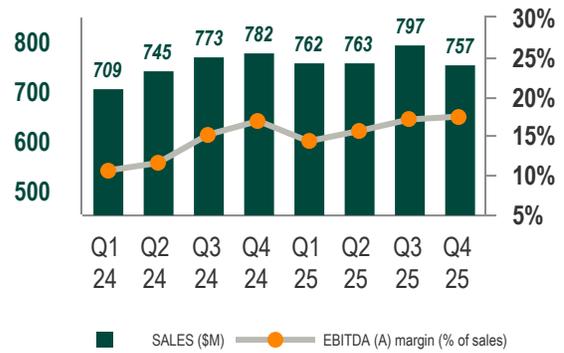
³ Source: Canadian Corrugated and Containerboard Association

Our Performance

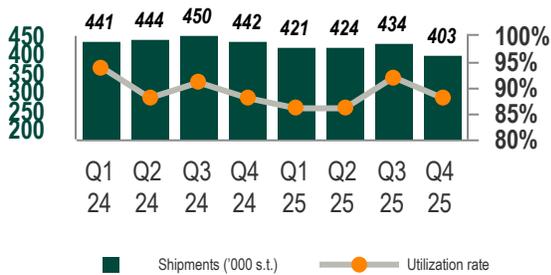
EBITDA (A)¹ (\$M)



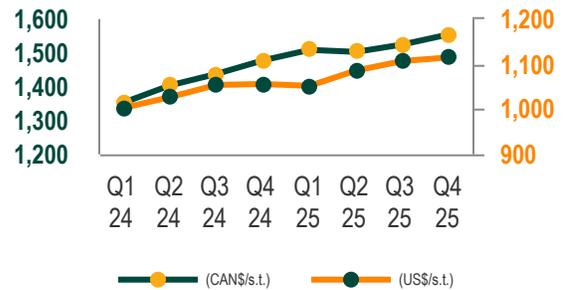
Sales (\$M) and EBITDA (A) margin¹



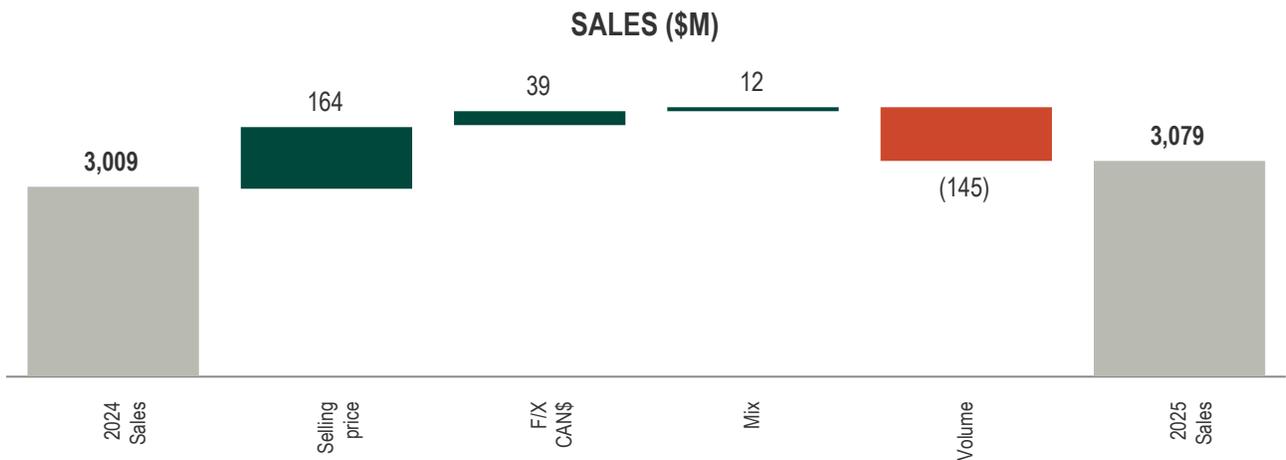
Shipments and manufacturing capacity utilization rate



Average selling price



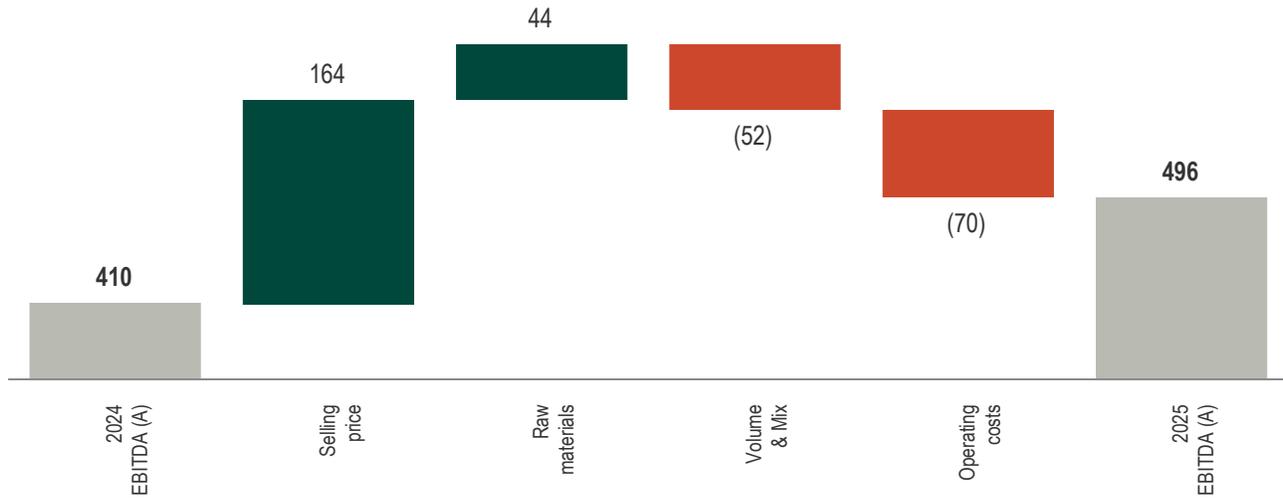
The main variances² in sales and EBITDA (A)¹ for the Packaging Products segment in 2025, compared to 2024, are shown below: (in millions of Canadian dollars)



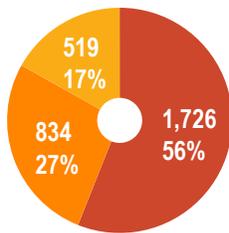
¹ Please refer to the "Supplemental Information on Non-IFRS Accounting Standards Measures and Other Financial Measures" section for a complete reconciliation.

² For definitions of certain sales and EBITDA (A)¹ variation categories, please refer to the "Financial Overview" section for more details.

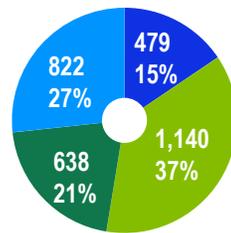
EBITDA (A) (\$M)



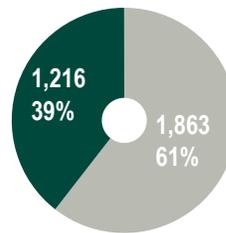
Sales by product category (\$M)



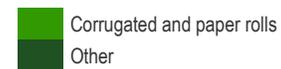
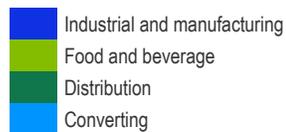
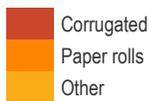
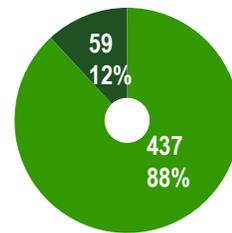
Sales by market (\$M)



Sales by country (from) (\$M)



EBITDA (A) by product category (\$M)



Sales by product category:

Corrugated: Converted linerboard and corrugating medium products

Paper rolls: Linerboard, corrugated medium and uncoated recycled boxboard

Other: Plastics, moulded pulp and distribution of packaging products

Sales by market:

Industrial and manufacturing: Manufacturers of durable and non-durable goods other than food and beverage

Food and beverage: Food retailers, food processors and produce growers

Distribution: Distributors and e-commerce retailers

Converting: Paper roll converters

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

2024	2025	Change in %
Corrugated and paper roll shipments² ('000 s.t.)		
1,777	1,682	-5%
Corrugated and paper roll average selling price		
(CAN\$/unit)		
1,418	1,522	7%
Sales (\$M)		
3,009	3,079	2%
EBITDA (A)¹ (\$M)		
410	496	21%
% of sales		
14%	16%	
Depreciation and amortization (\$M)		
179	192	7%
Payments for property, plant and equipment (\$M)		
74	83	12%

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

² Shipments do not take into account the elimination of business sector inter-segment shipments.

³ Defined as: Percentage of manufacturing shipments transferred to our converting operations in all of Cascades' segments. Greenpac's firm purchase agreements with partners are included.

⁴ Canadian and United States Industry data weighted based on the Corporation capacity per country.

Total shipments decreased by 95,000 s.t., or 5%, in 2025 compared to 2024.

Parent roll shipments decreased by 62,000 s.t., or 7%, in 2025 compared to 2024, mainly due to additional unplanned maintenance downtime and strong demand in 2024. Improved performance at our Bear Island facility combined with lower market demand compared to 2024 led to the permanent closure of a higher operating cost paper machine in the third quarter of 2025. The mill integration³ rate was stable at 51%. Including sales to partners, the integration rate was 69% in 2025, an increase of 2% from 2024. The manufacturing utilization rate decreased by 2% to 88%. This decrease was partially attributable to softer demand in the first half of the year and external steam supply issues at our Greenpac and Niagara Falls complex in the second quarter.

Shipments from converting activities decreased by 33,000 s.t., or 4%, compared to 2024. In square feet, volume decreased by 4% from 14.6 billion in 2024 to 14.0 billion in 2025 reflecting two plant closures over the course of 2024 and stronger demand last year. This compares to a 0.5% weighted⁴ decrease for the industry, reflecting a 0.6% increase in Canada and a 3.7% decrease in the United States.

The average selling price increased by 7% in 2025, reflecting a 7% increase for parent rolls and a 7% increase for converted products. This reflects the positive impact of price increases implemented in 2024 and during the second quarter of 2025, as well as a favourable customer mix. In addition, the impact of the 2% average depreciation of the Canadian dollar compared to the US dollar also contributed to the average selling price increase.

Sales increased by \$70 million, or 2%, in 2025 compared to 2024. The higher selling prices, the depreciation of the Canadian dollar compared to the US dollar and a higher proportion of linerboard than corrugated medium sold added \$164 million, \$39 million and \$12 million to sales levels, respectively. These were offset by lower volume for both parent rolls and converted products, which subtracted \$145 million from sales.

EBITDA (A)¹ increased by \$86 million, or 21%, in 2025 compared to 2024. This was largely driven by a \$164 million benefit from higher selling prices. Lower raw material costs contributed \$69 million to results in our manufacturing activities, but this was partially offset by higher input costs of \$25 million in our distribution activities. Results similarly reflect a negative \$70 million impact from higher production costs that stemmed from a lower operating rate, higher energy costs and repair and maintenance. In addition, lower volume had a negative impact of \$52 million on results.

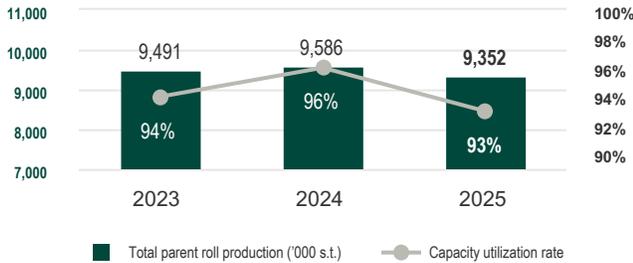
BUSINESS SEGMENT REVIEW

TISSUE PAPERS

Our Industry

U.S. tissue paper industry production (parent rolls) and capacity utilization rate¹

Total parent roll production decreased by 2% in 2025. The average capacity utilization rate of 93% in 2025 decreased by 3% compared to 96% in 2024.



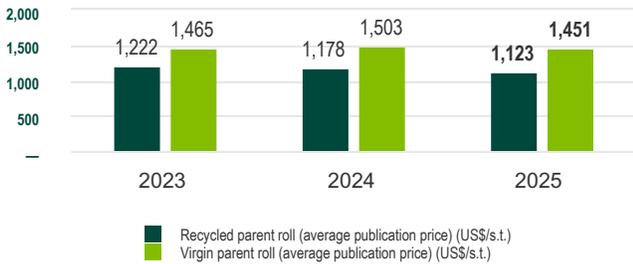
U.S. tissue paper industry converted product shipments¹

In 2025, shipments for the Retail and the Away-from-Home markets were stable compared to 2024.



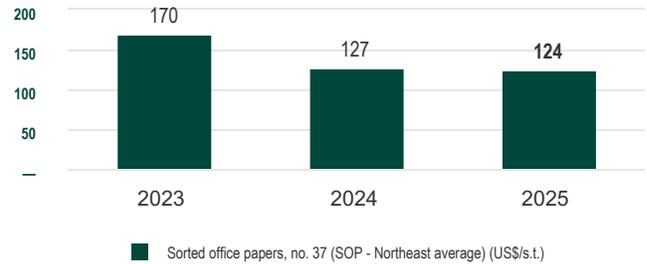
Reference prices - parent rolls¹

In 2025, the reference price for recycled and virgin parent rolls decreased by 5% and by 3%, respectively, compared to 2024.



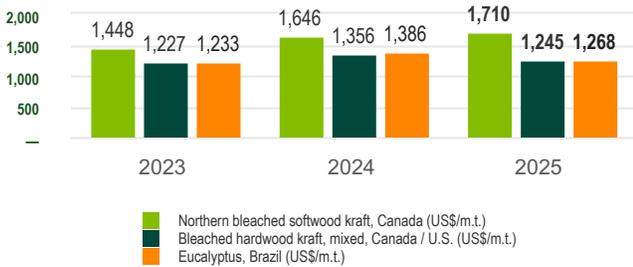
Reference prices - recovered papers (white grade)¹

In 2025, the reference price for sorted office papers no.37 ("SOP") decreased by 2% compared to 2024.



Reference prices - market pulp¹

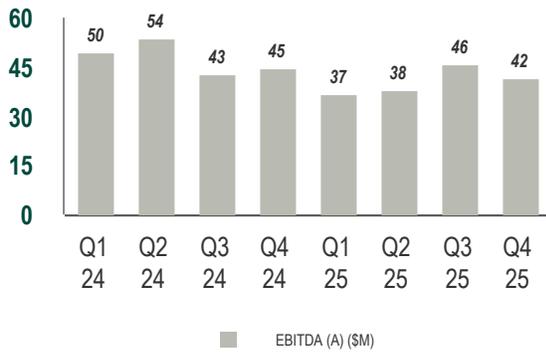
In 2025, the reference price for NBSK increased by 4%, while the reference price for NBHK and eucalyptus decreased by 8% and 9%, respectively, compared to 2024.



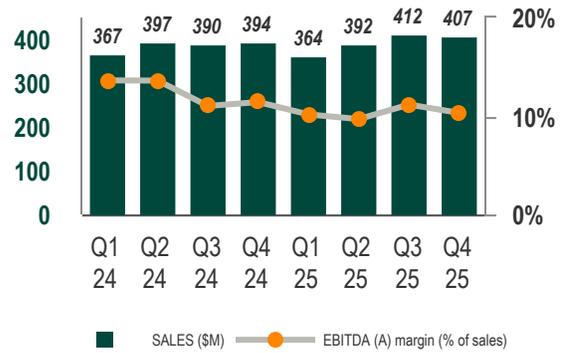
¹ Source: RISI

Our Performance

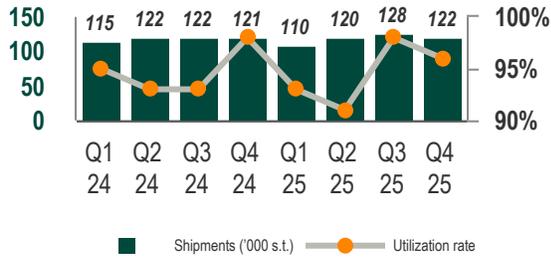
EBITDA (A)¹ (\$M)



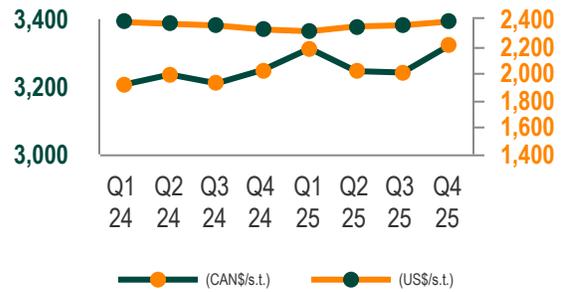
Sales (\$M) and EBITDA (A) margin¹



Shipments and manufacturing capacity utilization rate

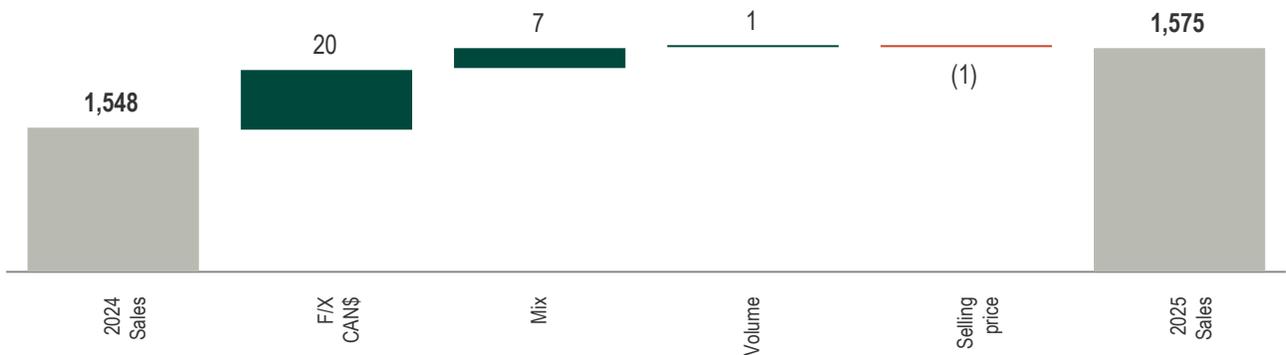


Average selling price



The main variances² in sales and EBITDA (A)¹ for the Tissue Papers segment in 2025, compared to 2024, are shown below: (in millions of Canadian dollars)

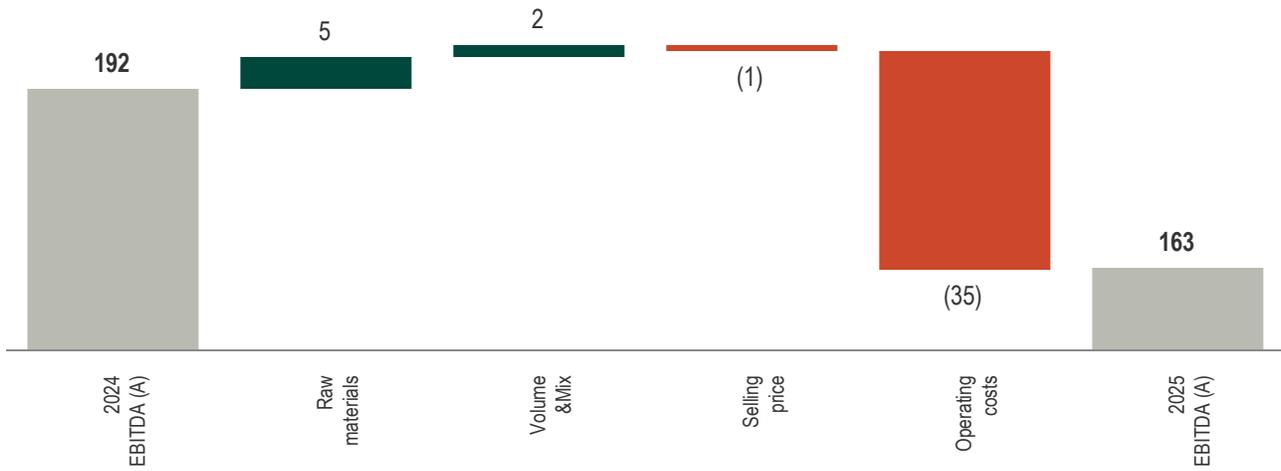
SALES (\$M)



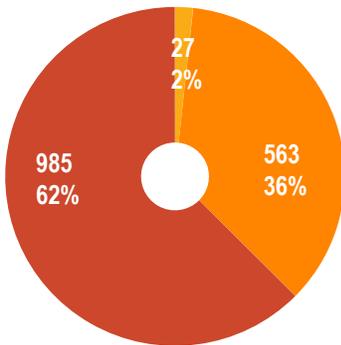
¹ Please refer to the "Supplemental Information on Non-IFRS Accounting Standards Measures and Other Financial Measures" section for a complete reconciliation.

² For definitions of certain sales and EBITDA (A)¹ variation categories, please refer to the "Financial Overview" section for more details.

EBITDA (A) (\$M)

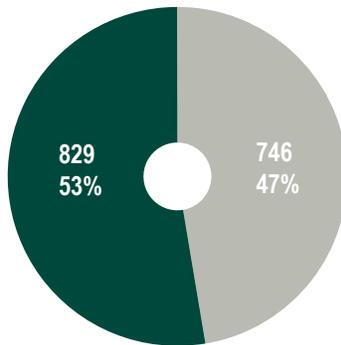


Sales by product category (\$M)



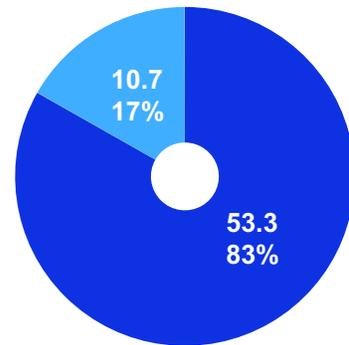
■ Parent rolls
■ Away-from-Home
■ Consumer Products

Sales by country (from) (\$M)



■ United States
■ Canada

Shipments by product brand (million of cases)



■ Private label
■ Brand

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

2024	2025	Change in %
Shipments ² ('000 s.t.) 480	480	—%
Average selling price (CAN\$/unit) 3,226	3,280	2%
Sales (\$M) 1,548	1,575	2%
EBITDA (A) ¹ (\$M) 192	163	-15%
% of sales 12%	10%	
Depreciation and amortization (\$M) 56	59	5%
Payments for property, plant and equipment (\$M) 44	43	-2%

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

² Shipments do not take into account the elimination of business sector inter-segment shipments.

Shipments remained stable in 2025 compared to 2024.

Converted product shipments increased by 3,000 s.t., or 1%, driven by a 2% increase in Consumer Products. This was partially offset by a 1% decrease in Away-from-Home shipments that reflects a slower first half of the year due to tariff-related market uncertainty, and the Company's strategic realignment of our Retail customer base and product portfolio. These pressures were more than offset in the second half of the year by the integration of additional volumes from strategic customers, which are now contributing to improved performance. In terms of cases, 2025 shipments increased by 1.0 million cases to a total of 64.0 million cases. Parent roll shipments decreased by 3,000 s.t. in 2025 compared to 2024 as our integration rate increased by 1% in 2025 to 95%.

The 2% increase in the average selling price was mainly due to the depreciation of the Canadian dollar compared to the US dollar. The price increases in both converting markets were offset by a less favourable customer and product category mix.

Sales increased by \$27 million, or 2%, in 2025 compared to 2024. This increase was primarily driven by a \$20 million positive impact from favourable exchange rates and an \$8 million increase due to favourable market mix, partially offset by a \$1 million unfavourable impact related to pricing of the customer and product mix, despite the increase in the average selling price.

EBITDA (A)¹ decreased by \$29 million, or 15%, in 2025 compared to 2024. The customer and product mix had a negative impact of \$1 million on selling price, \$2 million from higher transportation costs and \$33 million from higher operating costs. The additional costs incurred during the year were primarily driven by inflation and major planned repairs undertaken to support increased output capacity as part of our strategic realignment. In the fourth quarter, results were further impacted by an unplanned electrical outage at one of our facilities, which temporarily disrupted operations and resulted in incremental operating costs. Annually, these impacts were partially offset by a \$2 million positive impact stemming from higher volumes and \$5 million from lower raw material costs.

CORPORATE, RECOVERY AND RECYCLING ACTIVITIES

Corporate, Recovery and Recycling activities recorded an EBITDA (A)¹ of \$(83) million in 2025, compared to \$(101) million in 2024. Corporate activities recorded a \$4 million decrease in operating costs and a favourable foreign exchange variance of \$8 million in 2025. Following the change of the Corporation's Chief Executive Officer in June 2024, a one-time compensation expense of \$5 million was recorded in 2024.

STOCK-BASED COMPENSATION EXPENSE

The stock-based compensation expense recognized in Corporate activities amounted to \$9 million in 2025, compared to \$10 million in 2024. For more details on stock-based compensation, please refer to Note 21 of the 2025 Audited Consolidated Financial Statements.

LIQUIDITY AND CAPITAL RESOURCES

CASH FLOWS FROM OPERATING ACTIVITIES

Cash flows from operating activities are shown in the following table:

(in millions of Canadian dollars) (unaudited)	2025	2024
Operating activities		
Net earnings (loss) attributable to Shareholders for the year	70	(31)
Adjustments for:		
Financing expenses	136	142
Depreciation and amortization	287	282
Impairment charges	49	64
Other loss (gain)	(6)	19
Restructuring costs	16	46
Gain on derivative financial instruments	(5)	(5)
Provision for (recovery of) income taxes	22	(14)
Share of results of associates and joint ventures	(16)	(19)
Net earnings attributable to non-controlling interests	23	17
Net financing expenses paid	(123)	(135)
Net income taxes paid	(10)	(4)
Dividends received	47	17
Payments, net of provisions, for charges and other liabilities	(87)	(84)
	403	295
Changes in non-cash working capital components	(24)	(23)
Cash flows from operating activities	379	272

Cash flows from operating activities, excluding changes in non-cash working capital components, stood at \$403 million in 2025, compared to \$295 million in 2024. This cash flow measurement is relevant to the Corporation's ability to pursue its capital expenditure program and reduce its indebtedness.

Cash flows from operating activities generated \$379 million in liquidity in 2025, compared to \$272 million generated in 2024. This increase was driven by higher operating results and dividends received, which were offset by higher payments for charges and other liabilities and higher working capital requirements compared to 2024. Payments, net of provisions, for charges and other liabilities mainly include payments for severances, restructuring costs, pensions and post-retirement benefits. The Corporation paid \$123 million in financing expenses in 2025, compared to \$135 million in 2024. The Corporation also paid \$10 million in income taxes in 2025, compared to \$4 million paid in 2024. The Corporation received \$47 million in dividends in 2025, compared to \$17 million in 2024.

Changes in non-cash working capital components used \$24 million in liquidity in 2025, compared to \$23 million used in 2024. The increase in working capital and use of liquidity in 2025, compared to 2024, are explained by a reduction in accounts receivable, including \$33 million related to the increase in the rolling receivables' monetization facility, offset by accounts payable impacted by timing of cut-off and payment terms through the year and higher inventories of supplies. As of December 31, 2025, the average quarterly LTM working capital as a percentage of LTM sales¹ stood at 9.8% compared to 9.6% as of December 31, 2024.

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

INVESTING ACTIVITIES

Investing activities are shown in the following table:

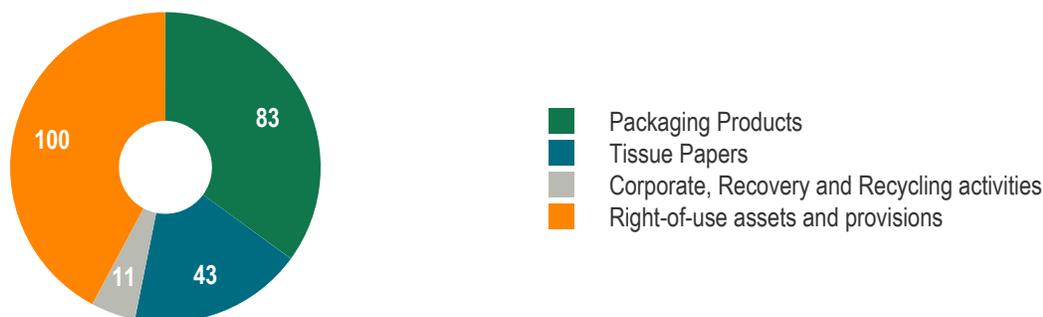
(in millions of Canadian dollars) (unaudited)	2025	2024
Investing activities		
Payments for property, plant and equipment	(152)	(161)
Proceeds from disposals of property, plant and equipment	27	34
Change in intangible and other assets	—	(23)
Proceeds from business disposal	31	—
Cash flows from investing activities	(94)	(150)

Investing activities used \$94 million in liquidity in 2025, compared to \$150 million used in 2024.

PAYMENTS FOR PROPERTY, PLANT AND EQUIPMENT

(in millions of Canadian dollars) (unaudited)	2025	2024
Total additions during the year	237	270
Variation of payments of acquisitions for property, plant and equipment included in "Trade and other payables"	15	13
Right-of-use assets acquisitions and provisions (non-cash)	(100)	(122)
Payments for property, plant and equipment	152	161
Proceeds from disposals of property, plant and equipment	(27)	(34)
Payments for property, plant and equipment net of proceeds from disposals	125	127

New capital expenditure projects by segment, including right-of-use assets and provisions, were as follows in 2025:
(in millions of Canadian dollars)



No major capital projects were initiated in 2025. Additions relate to smaller projects and to maintenance capital expenditures.

In the Packaging Products segment, a legal claim of \$15 million was paid in 2025. The claim pertains to the construction of the Bear Island plant that was capitalized in "Property, plant and equipment" for the work under dispute, out of which \$6 million in 2025. For further details, please refer to Note 15 of the 2025 Audited Consolidated Financial Statements.

PROCEEDS FROM DISPOSALS OF PROPERTY, PLANT AND EQUIPMENT

The main disposals of property, plant and equipment were as follows:

In 2025, the Tissue Papers segment received \$23 million from the sale of assets related to previously closed plants in the United States.

In 2024, the Packaging Products segment received \$30 million from the sale of assets related to previously closed plants in Canada and in the United States as well as a land parcel in Canada.

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

RIGHT-OF-USE ASSETS ACQUISITIONS AND PROVISIONS

In 2025, lease contract additions included contracts signed during the year for new assets or for the replacement of assets, renewals or modifications of existing contracts, and reassessments related to changes in the probability of exercising renewal options. Of these investments, \$38 million was allocated to buildings, \$62 million to automotive equipment, and less than one million dollars to equipment or IT equipment (\$94 million, \$25 million and \$2 million, respectively, in 2024). Also, less than one million dollars in 2025 (\$1 million in 2024) was added to provisions.

CHANGE IN INTANGIBLE AND OTHER ASSETS

In 2025, the Corporation invested less than one million dollars, compared to \$5 million in 2024, in its information technology system and other software developments.

In 2024, the Corporation acquired US\$15 million (\$21 million) in non-participating fixed interest bearing preferred shares of a converting paper company. The preferred shares are redeemable at the issuer's option and the interest is payable starting in May 2027. The preferred shares meet the definition of a financial asset and are measured at amortized cost. For further details, please refer to Note 11 of the 2025 Audited Consolidated Financial Statements.

PROCEEDS FROM BUSINESS DISPOSAL

In 2025, the Corporation received \$31 million for the sale of Flexible Packaging plant activities in Ontario, Canada. For further details, please refer to Note 5 of the 2025 Audited Consolidated Financial Statements.

FINANCING ACTIVITIES

Financing activities are shown in the following table:

(in millions of Canadian dollars) (unaudited)	2025	2024
Financing activities		
Bank loans and advances	(10)	10
Change in credit facilities	(251)	(4)
Change in credit facilities without recourse to the Corporation	74	(16)
Issuance of unsecured senior notes, net of related expenses	541	—
Repurchase of unsecured senior notes	(456)	—
Payments of other long-term debt, including lease obligations (2025 - \$78 million; 2024 - \$67 million)	(80)	(75)
Issuance of common shares upon exercise of stock options	2	2
Dividends paid to non-controlling interests	(34)	(15)
Acquisition of non-controlling interests	—	(3)
Dividends paid to the Corporation's Shareholders	(49)	(48)
Cash flows from financing activities	(263)	(149)

Financing activities used \$263 million in total liquidity in 2025, compared to \$149 million used in 2024, including \$49 million in dividend payments to the Corporation's Shareholders in 2025 (\$48 million in 2024).

CHANGE IN CREDIT FACILITIES WITHOUT RECOURSE TO THE CORPORATION

On June 13, 2025, the Corporation's subsidiary, Greenpac, signed an amendment to its credit agreement with the banking syndicate securing its revolving credit facility, increasing the authorized limit to US\$250 million and extending the maturity from December 2027 to June 2028. The revolving credit facility bears interest at a variable rate based on the level of leverage ratio of the subsidiary. The financial conditions remained unchanged. Transaction fees amounting to less than one million dollars were capitalized in other assets. After the closing, Greenpac increased its drawing under this facility to pay a dividend of US\$100 million (\$137 million) to its shareholders, including Cascades Inc. for an amount of US\$86 million (\$118 million) and US\$14 million (\$19 million) to its minority shareholders.

ISSUANCE OF UNSECURED SENIOR NOTES AND REPURCHASE OF UNSECURED SENIOR NOTES

On January 15, 2025, the Corporation repaid its \$175 million unsecured senior notes with its revolving credit facility and on January 31, 2025, US\$25 million (\$36 million) was drawn on the delayed draw unsecured term loan credit facility. On December 29, 2025, the Corporation repaid this facility of US\$25 million (\$34 million).

On May 28, 2025, the Corporation announced that it had priced its private placement in the amount of US\$400 million (\$547 million) aggregate principal at 6.75% senior notes due July 15, 2030 (the "Notes"). The Notes were issued at a price of 100% of their principal amount. The closing of the offering of the Notes occurred on June 11, 2025. The Corporation used the proceeds from the offering to redeem all of its outstanding senior notes due January 15, 2026 in the amount of US\$206 million (\$281 million) aggregate principal and to repay a portion of the borrowings outstanding under its revolving credit facility and to pay related transaction fees and expenses of \$6 million. The Corporation also wrote off \$1 million unamortized financing expenses related to these notes.

Issuance proceeds were used as follows:

(in millions of Canadian dollars) (unaudited)	2025
Issuance of unsecured senior notes of US\$400 million	547
Transaction fees	(6)
Repurchase of unsecured senior notes of US\$206 million	(281)
Decrease of credit facility	260

PAYMENTS OF OTHER LONG-TERM DEBT

The Corporation repaid lease obligations of \$78 million in 2025, compared to \$67 million in 2024.

ISSUANCE OF COMMON SHARES UPON EXERCISE OF STOCK OPTIONS AND REDEMPTION OF COMMON SHARES

The Corporation issued 277,738 common shares at an average price of \$7.82 as a result of the exercise of stock options in 2025, which represents an aggregate amount of \$2 million (in 2024 - \$2 million for 295,637 common shares issued at an average price of \$6.27).

The Corporation purchased no common shares for cancellation in 2025 (in 2024 - nil).

DIVIDENDS PAID TO NON-CONTROLLING INTERESTS AND ACQUISITION OF NON-CONTROLLING INTERESTS

Dividends paid to non-controlling interests in Greenpac and Falcon Packaging amounted to \$34 million in 2025 (\$15 million in 2024). In 2024, the Corporation also increased its participation in Falcon Packaging for a contribution of \$3 million.

CONSOLIDATED FINANCIAL POSITION

AS OF DECEMBER 31, 2025, 2024 AND 2023

The Corporation's financial position and ratios are as follows:

(in millions of Canadian dollars, unless otherwise noted) (unaudited)	December 31, 2025	December 31, 2024	December 31, 2023
Cash and cash equivalents	48	27	54
Total assets	4,673	4,948	4,772
Total debt ¹	1,944	2,123	1,936
Net debt ¹	1,896	2,096	1,882
Equity attributable to Shareholders	1,721	1,724	1,739
Non-controlling interests	34	47	42
Total equity	1,755	1,771	1,781
Total equity and net debt ¹	3,651	3,867	3,663
Ratio of net debt / (total equity and net debt) ¹	51.9%	54.2%	51.4%
Shareholders' equity per common share (in Canadian dollars)	\$17.00	\$17.07	\$17.27

The following table reflects the Corporation's secured debt rating/corporate rating/unsecured debt rating:

Credit rating (outlook)	MOODY'S	STANDARD & POOR'S
December 31, 2024	Baa3/Ba2/Ba3 (stable)	BB+/BB-/BB- (stable)
December 31, 2025	Baa3/Ba2/Ba3 (stable)	BB+/BB-/BB- (negative)

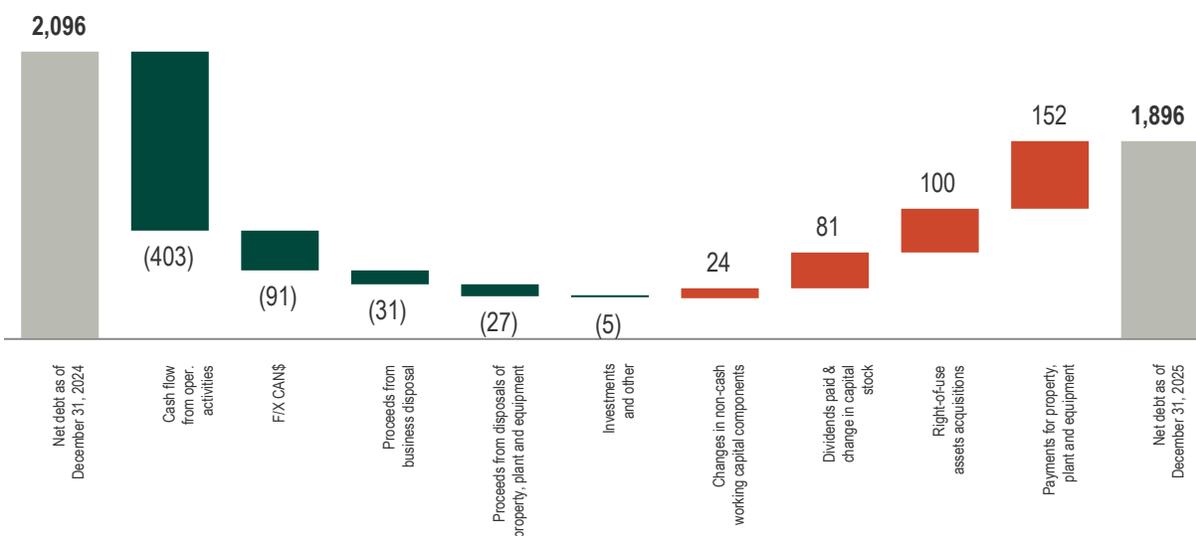
During the second quarter of 2025, Standard & Poor's revised the Corporation's outlook to negative from stable on weaker credit metrics amid macroeconomic uncertainty and reaffirmed all of its ratings.

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.

NET DEBT¹ RECONCILIATION

The variance in the net debt¹ (total debt¹ less cash and cash equivalents) in 2025 is shown below, with the applicable financial ratios included:

(in millions of Canadian dollars)

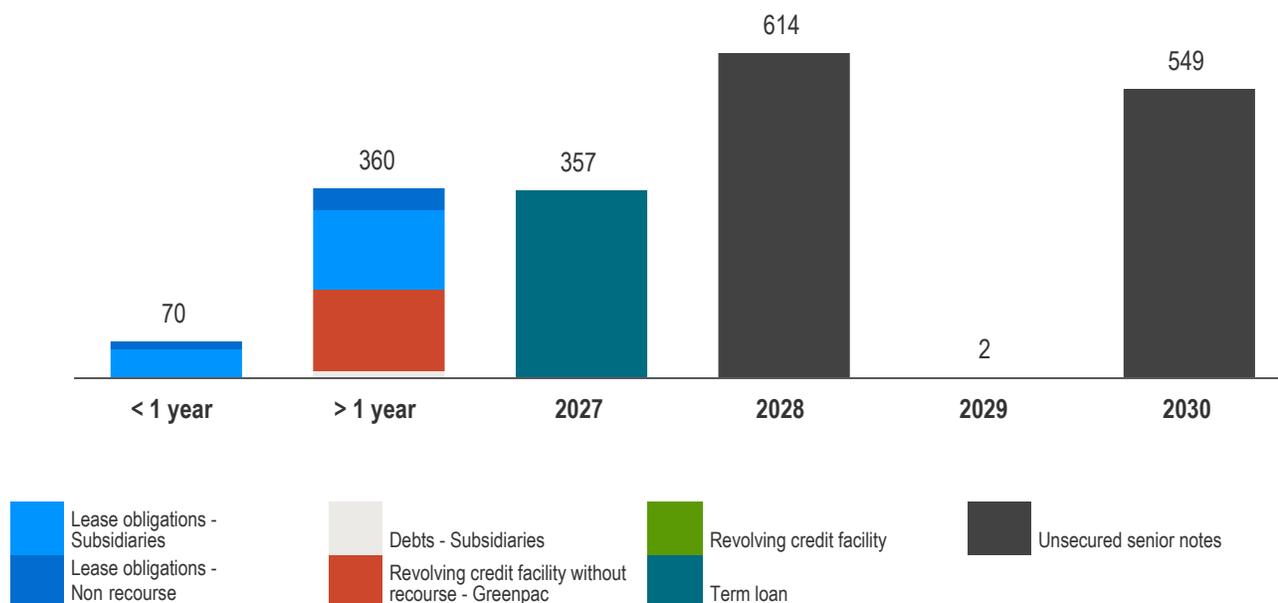


501	EBITDA (A) ¹ (last twelve months) (\$M)	576
4.2x	Net debt / EBITDA (A) ratio ¹	3.3x

Liquidity available through the Corporation's credit facilities, cash and cash equivalent balance and the anticipated cash flow generated by its operating activities will provide sufficient funds to meet our financial obligations and fulfill our capital expenditure program for the next twelve months. Capital expenditures for 2026 are forecasted to be approximately \$175 million, however the investments are subject to operational priorities and liquidity availability. As of December 31, 2025, the Corporation had \$737 million (net of letters of credit in the amount of \$11 million) available on its \$750 million credit facility (excluding the credit facility of our subsidiary Greenpac). Cash and cash equivalents as of December 31, 2025 consisted of \$21 million in the parent company and restricted subsidiaries (as defined in the credit agreement) and \$27 million in unrestricted subsidiaries.

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

As of December 31, 2025, the maturities of the Corporation's long-term debt are shown in the following table (excluding cash and cash equivalents as well as unamortized financing expenses):
(in millions of Canadian dollars)



On July 31, 2025, the Corporation entered into an agreement with its lenders to amend and extend the maturity of its existing revolving credit facility from July 2027 to July 2029. The financial conditions remained unchanged.

EMPLOYEE FUTURE BENEFITS

The Corporation's employee future benefits assets and liabilities amounted to \$200 million and \$209 million, respectively, as of December 31, 2025, compared to \$196 million and \$227 million, respectively, in 2024, including an amount of \$46 million (\$63 million in 2024) for post-employment benefits other than pension plans. The pension plans include an amount of \$24 million (\$25 million in 2024), which does not require any funding by the Corporation until it is paid to the employees. This amount is not expected to increase, as the Corporation has reviewed its benefits program to phase out some of them for future retirees.

With regard to pension plans, the Corporation's risk is limited, since all defined benefit pension plans are closed to new employees and fewer than 3% of its active employees are subject to those pension plans, while the remaining employees are part of the Corporation's defined contribution plans, such as group RRSPs or 401(k)s.

The measurement date of the employee future benefits plans is December 31 of each year. An actuarial evaluation is performed at least every three years. Based on their liabilities balances as of December 31, 2025, 20% of the Corporation's plans had been evaluated as of December 31, 2024 (20% in 2023).

Considering the assumptions used and the asset ceiling limit, the surplus status for accounting purposes of its pension plans amounted to \$21 million as of December 31, 2025, compared to a surplus of \$23 million in 2024. The 2025 pension plan expense was \$2 million and the expected expense for these pension plans is \$2 million in 2026. As for cash flow requirements, these pension plans are expected to require a net contribution of less than one million dollars in 2026, since \$1 million of the employer service contribution will be paid from the plan surplus. The plan surplus has also been used to pay a portion of employer contributions to the defined contribution portion of these pension plans. Finally, on a consolidated basis, the solvency ratio of the Corporation's funded pension plans remained at approximately 138%.

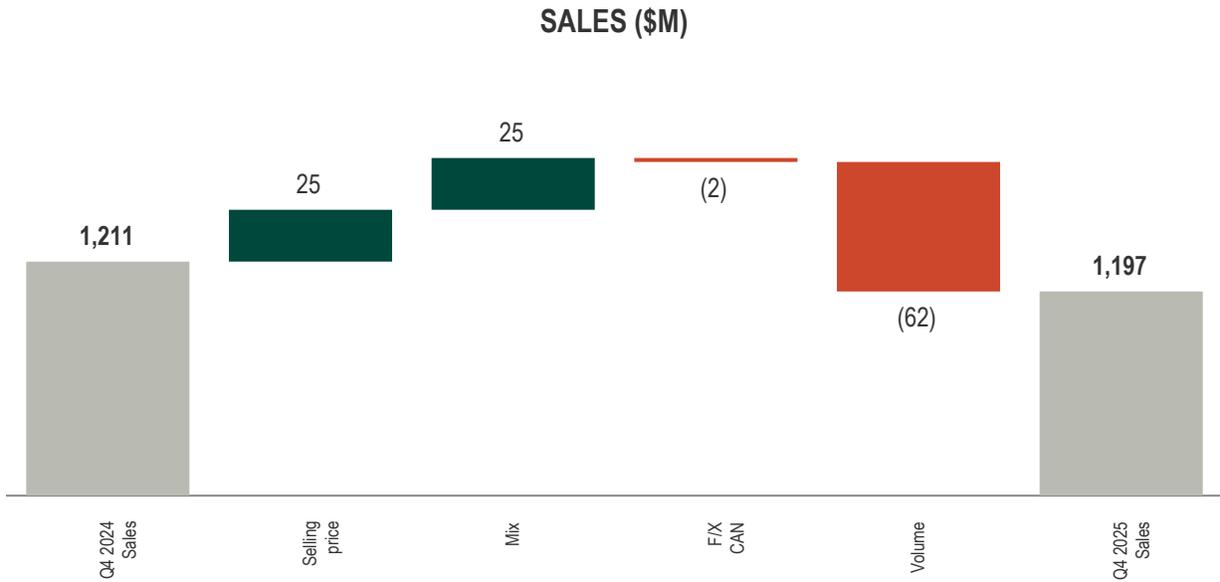
¹ Please refer to the "Supplemental Information on Non-IFRS Accounting Standards Measures and Other Financial Measures" section for a complete reconciliation.

COMMENTS ON THE FOURTH QUARTER OF 2025

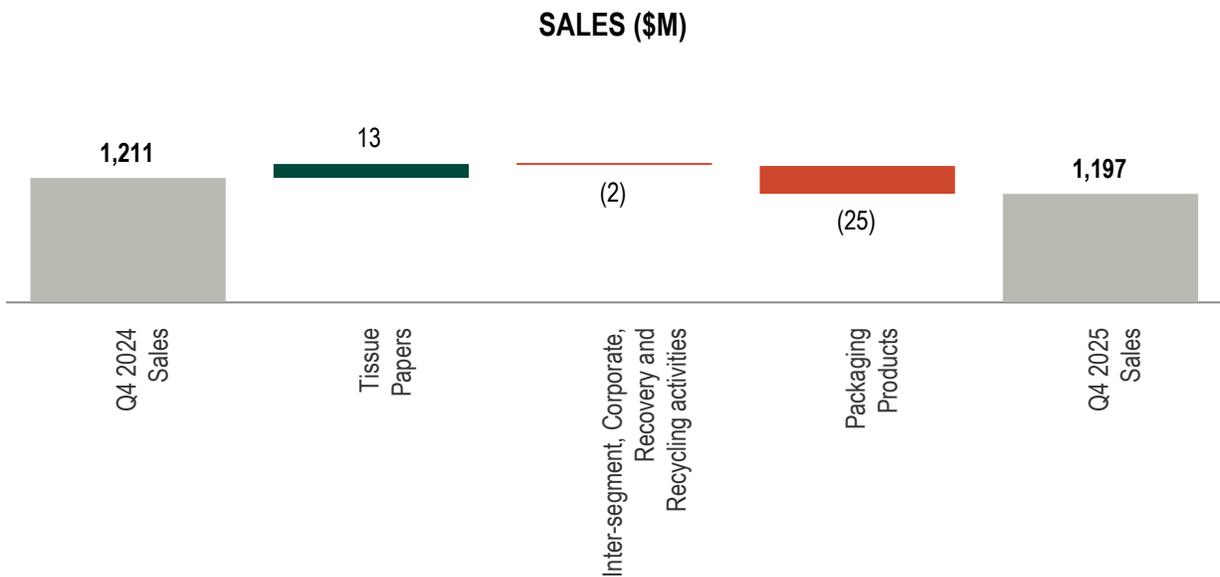
SALES

Sales of \$1,197 million decreased by \$14 million in the fourth quarter of 2025, compared to \$1,211 million in the same period of 2024. The higher selling prices and a favourable sales mix in all segments as well as higher volumes in the Tissue Papers segment had a positive impact on sales. These factors were more than offset by a less favourable foreign exchange rate in all segments and by lower volumes in the Packaging Products segment.

The main variances¹ in sales in the fourth quarter of 2025, compared to the same period of 2024, are shown below:
(in millions of Canadian dollars)



The reconciliation of sales by segment in the fourth quarter of 2025, compared to the same period of 2024, is shown below:
(in millions of Canadian dollars)



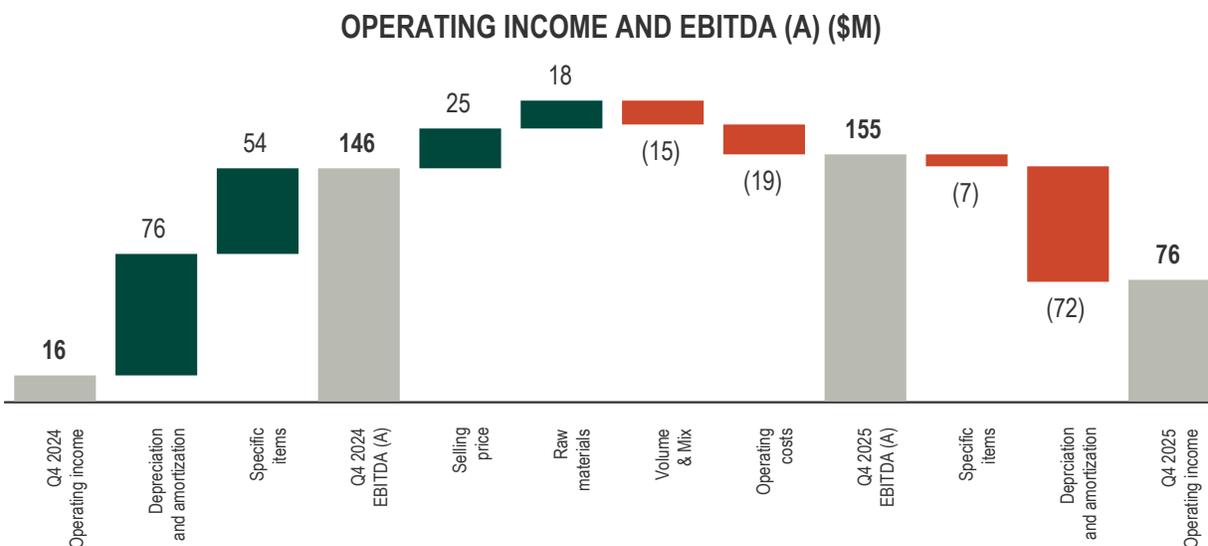
¹ For definitions of certain sales variation categories, please refer to the "Financial Overview" section for more details.

OPERATING INCOME AND EBITDA (A)¹

The Corporation generated an operating income of \$76 million, compared to an operating income of \$16 million in the fourth quarter of 2024. The Corporation recorded an EBITDA (A)¹ of \$155 million in the fourth quarter of 2025, compared to \$146 million in the same period of 2024, an increase of \$9 million. The EBITDA (A)¹ of Corporate, Recovery and Recycling activities improved by \$12 million and the contribution of the Packaging Products segment was stable, while the Tissue Papers segment contribution was lower by \$3 million. On a consolidated basis, the positive impacts of higher selling prices, higher volumes in the Tissue Papers segment and lower raw material costs were partially offset by the negative impact of lower volumes in the Packaging Products segment combined with increased operating costs.

The main variances² in operating income and in EBITDA (A)¹ in the fourth quarter of 2025, compared to the same period of 2024, are shown below:

(in millions of Canadian dollars)



The reconciliation of EBITDA (A)¹ by segment in the fourth quarter of 2025, compared to the same period of 2024, is shown below:
(in millions of Canadian dollars)



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

² For definitions of certain EBITDA (A)¹ variation categories, please refer to the "Financial Overview" section for more details.

NET EARNINGS (LOSS)

For the three-month period ended December 31, 2025, the Corporation posted net earnings of \$37 million, or \$0.37 per common share, compared to a net loss of \$(13) million, or (\$0.13) per common share, for the same period in 2024. On an adjusted basis¹, the Corporation generated net earnings of \$40 million in the fourth quarter of 2025, or \$0.40 per common share, compared to net earnings of \$25 million, or \$0.25 per common share, in the same period in 2024.

2026 FIRST QUARTER OUTLOOK

We expect first-quarter performance to decline sequentially, but to remain higher year-over-year for the sixth consecutive quarter. In packaging, the forecasted sequential decline is attributable to usual seasonality in demand levels and higher transportation and energy costs due to weather-related impacts in the US in early 2026. We are similarly expecting softer results in tissue sequentially. In addition to usual seasonality and costs related to severe weather, results in this segment will be impacted by residual production and logistics costs following the power outage at one of our facilities. Our leverage ratio is expected to continue to improve in the coming quarters.

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

CAPITAL STOCK INFORMATION

STOCK MARKET TRANSACTIONS

Cascades' common shares are traded on the Toronto Stock Exchange (TSX) under the ticker symbol "CAS". From January 1, 2025 to December 31, 2025, Cascades' common share price fluctuated between \$8.35 and \$13.25. During the same period, 54.9 million Cascades common shares were traded on the Toronto Stock Exchange. On December 31, 2025, Cascades' common shares closed at \$12.46. This compared to a closing price of \$11.91 on the same closing day last year.

COMMON SHARES OUTSTANDING

As of December 31, 2025, the Corporation's issued and outstanding capital stock consisted of 101,268,745 common shares (100,991,007 as of December 31, 2024) and 4,304,436 issued and outstanding stock options (3,852,520 as of December 31, 2024). In 2025, the Corporation purchased no common shares for cancellation, while 277,738 stock options were exercised, 744,205 stock options were granted and 14,551 stock options were forfeited.

On February 25, 2026, issued and outstanding capital stock consisted of 101,306,345 common shares and 4,243,492 stock options.

NORMAL COURSE ISSUER BID PROGRAM

The Corporation has not renewed its normal course issuer bid program since its expiry on March 18, 2023.

DIVIDEND POLICY

On February 25, 2026, Cascades' Board of Directors declared a quarterly dividend of \$0.12 per common share to be paid on March 26, 2026 to Shareholders of record at the close of business on March 12, 2026. On February 25, 2026, the dividend yield was 3.8%.

TSX ticker symbol: CAS	2023				2024				2025			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Common shares outstanding (in millions) ¹	100.4	100.7	100.7	100.7	100.7	101.0	101.0	101.0	101.1	101.3	101.3	101.3
Closing price (in Canadian dollars) ¹	\$10.99	\$11.69	\$12.27	\$12.73	\$9.89	\$9.03	\$10.43	\$11.91	\$9.70	\$8.91	\$9.64	\$12.46
Average daily volume ²	225,154	139,265	121,774	119,877	291,595	194,531	222,776	172,779	238,208	287,688	159,758	189,127
Dividend yield ¹	4.4%	4.1%	3.9%	3.8%	4.9%	5.3%	4.6%	4.0%	4.9%	5.4%	5.0%	3.9%

¹ On the last day of the quarter

² Average daily volume on the Toronto Stock Exchange

CASCADES' COMMON SHARE PRICE FOR THE PERIOD FROM JANUARY 1, 2023 TO DECEMBER 31, 2025

(in Canadian dollars)



CONTRACTUAL OBLIGATIONS AND OTHER COMMITMENTS

The Corporation's principal contractual obligations and commercial commitments relate to outstanding debt, capital expenditures, other operational costs, maintenance and repair, supply chain and logistic, leases and obligations for its pension and post-employment benefit plans. The following table summarizes these obligations as of December 31, 2025:

CONTRACTUAL OBLIGATIONS

Payment due by period (in millions of Canadian dollars) (unaudited)	TOTAL	LESS THAN ONE YEAR	BETWEEN ONE AND FIVE YEARS	OVER FIVE YEARS
Long-term debt, including capital and interest	2,291	180	2,049	62
Commitments for property, plant and equipment, other operational costs, maintenance and repair	36	32	4	—
Supply chain and logistic	321	190	131	—
Leases not yet commenced but already signed	3	1	2	—
Pension plans and other post-employment benefits ¹	479	13	60	406
Total contractual obligations	3,130	416	2,246	468

¹ These amounts represent all the benefits payable to current members during the following years and thereafter without limitations. The majority of benefit payments are payable from trustee-administered funds. The difference will come from future investment returns expected on plan assets and future contributions that will be made by the Corporation for services rendered after December 31, 2025.

TRANSACTIONS WITH RELATED PARTIES

The Corporation has also entered into various agreements with joint venture partners, associated companies and entities that are affiliated with one or more of its directors for the supply of raw materials, such as recycled paper, virgin pulp and energy, or for converted or unconverted products, as well as various other agreements in the normal course of business. Aggregate sales by the Corporation to its joint-venture partners and other affiliates totaled \$330 million and \$322 million for 2025 and 2024, respectively. Aggregate purchases by the Corporation from its joint venture partners and other affiliates came to \$246 million and \$233 million for 2025 and 2024, respectively.

CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

A. NEW IFRS ACCOUNTING STANDARDS ADOPTED

Amendments to IFRS 9 and IFRS 7 - Amendments to the Classification and Measurement of Financial Instruments

On May 30, 2024, the IASB issued targeted amendments to *IFRS 9 Financial Instruments* and *IFRS 7 Financial Instruments: Disclosures*. These amendments address diversity in accounting practice by making the requirements more understandable and consistent.

These amendments are effective for annual reporting periods beginning on or after January 1, 2026. Earlier application is permitted. The Corporation's evaluation of the impact of these amendments on its Consolidated Financial Statements resulted in a prospective change to its accounting policy regarding issued checks, reclassification from "Cash and cash equivalents" or "Bank loans and advances" to "Trade and other payables" that was early adopted and applied starting January 1, 2025. There was no revision of the comparative information.

B. RECENT IFRS ACCOUNTING STANDARDS NOT YET ADOPTED

IFRS 18 Presentation and Disclosure in Financial Statements

On April 9, 2024, the IASB issued a new standard - *IFRS 18 Presentation and Disclosure in Financial Statements*. The new requirements introduced in *IFRS 18* will help to achieve the comparability of the financial performance of similar entities, especially related to how operating profit or loss is defined. The new disclosures required for some management-defined performance measures will also enhance transparency.

The new standard will be effective for annual reporting periods beginning on or after January 1, 2027, including for interim financial statements. A retrospective application is required, and so comparative information needs to be prepared under *IFRS 18*. The Corporation is currently evaluating the impact of this standard on its Consolidated Financial Statements.

CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

The preparation of financial statements in conformity with IFRS Accounting Standards requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities in the financial statements and disclosure of contingencies at the balance sheet date, and the reported amounts of revenues and expenses during the reporting period. On a regular basis and with the information available, Management reviews its estimates, including those related to environmental costs, employee future benefits, collectability of accounts receivable, financial instruments, contingencies, income taxes, useful life and residual value of property, plant and equipment and impairment of property, plant and equipment, intangible assets and goodwill. Actual results could differ from those estimates. When adjustments become necessary, they are reported in earnings in the period in which they occur.

A. IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT, INTANGIBLE ASSETS AND GOODWILL

TRIGGERING EVENTS FOR IMPAIRMENT TESTING

The Corporation at each reporting date revises the triggering events for impairment using as guidance:

- the assessment of factors likely to be considered indicators of impairment for property, plant and equipment, such as adverse changes in the industry or economic conditions and changes in the degree or method of use of the assets, as a result of external events or the strategic decisions;
- the evaluation whether there was lower-than-expected economic performance of the assets, or group of assets by comparing actual economic performance with historical economic performance.

DESCRIPTION OF SIGNIFICANT IMPAIRMENT TESTING ASSUMPTIONS

(see Note 24 of the 2025 Audited Consolidated Financial Statements)

In determining the recoverable amount of an asset or CGU, based on the market approach, Management uses the value of comparable assets on the market. In determining the recoverable amount of an asset or CGU, based on the income approach, Management uses several key assumptions, including estimated shipment levels, foreign exchange rates, revenue growth rates, adjusted earnings before interest, taxes, depreciation and amortization (EBITDA (A)) margins¹, discount rates, capitalization rate and capital expenditures.

The Corporation believes its assumptions are reasonable. Based on available information at the assessment date, however, these assumptions involve a high degree of judgment and complexity. Management believes that the following assumptions are the most susceptible to change and therefore could impact the valuation of the assets in the next year.

REVENUES, ADJUSTED EARNINGS BEFORE INTEREST, TAXES, DEPRECIATION AND AMORTIZATION (EBITDA (A)) MARGINS¹, CASH FLOWS AND GROWTH RATES

The assumptions used for revenues were based on the segment's internal budget and were projected for a period of five years and a long-term growth rate of 3% was applied thereafter. The assumption used for EBITDA (A) margin¹ was based on the segment's historical performance. In arriving at its forecasts, the Corporation considers past experience, economic trends such as gross domestic product growth and inflation, as well as industry and market trends.

DISCOUNT RATES

The Corporation assumed a discount rate in order to calculate the present value of its projected cash flows. The discount rate represents a weighted average cost of capital (WACC) for comparable companies operating in similar industries of the applicable CGU, group of CGUs or reportable segment based on publicly available information.

CAPITALIZATION RATES

The Corporation assumed a capitalization rate in order to calculate the present value of its property cash flows. The capitalization rate represents a real estate valuation measure used to compare different real estate investments. The capitalization rate is calculated as the ratio between the annual rental income produced by a real estate asset to its current market value.

FOREIGN EXCHANGE RATES

When estimating the fair value less cost of disposal, foreign exchange rates are determined using the financial institution's average forecast for the first two years of forecasting. For the following three years, the Corporation uses the last five years' historical average of the foreign exchange rate. Terminal rate is based on historical data of the last ten years and adjusted to reflect Management's best estimate of market participants expectations.

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

SHIPMENTS

The assumptions used are based on the Corporation's internal budget for the next year and are usually held constant for the established capacity, for new capacity the ramp-up is considered over the forecast period. In arriving at its budgeted shipments, the Corporation considers past experience, economic, industry and market trends.

Considering the sensitivity of the key assumptions used, there is measurement uncertainty since adverse changes in one or a combination of the Corporation's key assumptions could cause a significant change in the carrying amounts of these assets.

B. INCOME TAXES

The Corporation is required to estimate the income taxes in each jurisdiction in which it operates. This includes estimating a value for existing tax losses based on the Corporation's assessment of its ability to use them against future taxable income before they expire. If the Corporation's assessment of its ability to use the tax losses proves inaccurate in the future, more or less of the tax losses might be recognized as assets, which would increase or decrease the income tax expense and, consequently, affect the Corporation's results in the relevant year.

C. EMPLOYEE BENEFITS

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related pension liability.

The cost of pensions and other retirement benefits earned by employees is determined by actuaries using the projected benefit method pro-rated on years of service and Management's best estimate of expected plan investment performance, salary escalations, retirement ages of employees and expected health care costs. The accrued benefit obligation is evaluated using the market interest rate at the evaluation date. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty. All assumptions are reviewed annually.

D. ENVIRONMENTAL RESTORATION OBLIGATIONS

Environmental restoration obligations are based on future cost estimates using information available at the balance sheet date that are developed by internal and external experts. These obligations are adjusted on an annual basis, or when new information becomes available concerning changes to factors such as the expected amount of cash flows required to discharge the liability, the timing of such cash flows and the discount rate. Environmental restoration obligations require significant estimates and assumptions, including the requirements of the relevant legal and regulatory framework and the timing, extent and costs of required decommissioning and restoration activities. Actual future expenditures may differ from the amounts currently provided if the estimates made are significantly different than actual results, as a consequence of evolving restrictive regulations, unknown economical environment and climate change impact.

CONTROLS AND PROCEDURES

EVALUATION OF EFFECTIVENESS OF DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

The Corporation's President and Chief Executive Officer and its Vice-President and Chief Financial Officer have designed, or caused to be designed under their supervision, disclosure controls and procedures (DC&P) and internal controls over financial reporting (ICFR), as defined in National Instrument 52-109, "Certification of Disclosure in Issuer's Annual and Interim Filings".

The purpose of internal controls over financial reporting (ICFR) is to provide reasonable assurance regarding the reliability of the Corporation's financial reporting and the preparation of financial statements in accordance with IFRS Accounting Standards. The President and Chief Executive Officer and the Vice-President and Chief Financial Officer certify disclosures in annual and interim filings under Regulation 52-109 using the internal control framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

During the year ended December 31, 2025, there were no changes in the Corporation's ICFR that materially affected or were reasonably likely to materially affect the Corporation's ICFR.

RISK FACTORS

As part of its ongoing business operations, the Corporation is exposed to certain market risks, including risks ensuing from changes in selling prices and availability for its principal products, costs of raw materials, interest rates and foreign currency exchange rates, all of which impact the Corporation's financial position, operating results and cash flows. The Corporation manages its exposure to these and other market risks through regular operating and financing activities and, on a limited basis, through the use of derivative financial instruments. The Corporation uses these derivative financial instruments as risk management tools, not for speculative investment purposes. The following is a discussion of key areas of business risks and uncertainties that we have identified and our mitigating strategies. The risk areas below are listed in no particular order, as risks are evaluated based on both severity and probability. Readers are cautioned that the following is not an exhaustive list of all the risks we are exposed to, nor will our mitigation strategies eliminate all risks listed.

Risks relating to the Corporation's business

Macroeconomic risks

In the last years, economies and markets have faced the phenomenon of inflation, the control of which is the focus of all regulatory institutions around the world. Inflation represents a significant risk to macroeconomic stability, it results in rising energy and commodity costs, while global equity and capital markets may experience significant volatility and weakness. The market for our securities proved resilient, however highly volatile. Our operations are subject to significant cost pressures and increased costs of labour and our employee compensation expenses. If our costs continue to be subject to significant inflationary pressures, we may not be able to fully offset such higher costs through price increases and there is no assurance that our revenues will increase at the same rate to maintain the same level of profitability. Our clients may have difficulty and may delay their payment for the acquired goods.

Although Cascades does not have direct activities in areas of armed conflicts around the world, a prolonged armed conflict between countries or an expansion of an armed conflict to other countries could have a materially adverse effect on world economies and on the Corporation in a variety of ways, including: (i) a general decrease in consumer spending from lower confidence levels; (ii) severe price inflation; (iii) disruptions in capital and financial markets; (iv) disruptions in supply chain; and (v) an increase in cyber security risk.

Because of the Corporation's international operations, it faces geopolitical, social and exchange rate risks that can negatively affect its supply chain, manufacturing capabilities, distribution activities, operating results, net earnings and financial condition.

The Corporation's international operations present it with a number of risks and challenges, including:

- effective marketing of its products in other countries;
- tariffs and other trade barriers;
- different regulatory schemes and political environments applicable to the Corporation's operations in areas such as environmental and health and safety compliance; and
- exposure to health epidemics and pandemics and other highly communicable diseases or viruses.

The enactment of bilateral trade tariffs between Canada and the United States could be disruptive to the trade flow and would hinder the competitiveness of the Corporation's exported and imported goods due to increased costs. In response, the Corporation would undertake mitigating actions, that would include, but are not limited to the following:

- review the cross border supply chain for external sales and intercompany transfers;
- review our commercial strategies with customers and/or suppliers;
- changes and/or reallocation of the Corporation's geographic production capacity.

Furthermore, the Corporation could make representations to both provincial and federal governments to articulate the potential ramifications of such tariffs and to explore avenues for preserving the competitiveness of the Canadian manufacturing sector.

Cascades has customers and operations located outside Canada. In 2025, approximately 50% of the Corporation's consolidated sales were in the United States. In 2025, 17% of sales from Canadian operations were made to the United States. In 2025, 6% of sales from the United States operations were made to Canada. For further details, please refer to Note 22 of the 2025 Audited Consolidated Financial Statements.

In addition, the Corporation's consolidated financial statements are reported in Canadian dollars, while a portion of its sales are made in other currencies, primarily the US dollar. The depreciation of the Canadian dollar against the US dollar could adversely affect the Corporation's operating results and financial condition. As of December 31, 2025, the Corporation's consolidated debt denominated in US dollars totaled US\$1,332 million.

Moreover, in some cases, the currency of the Corporation's sales does not match the currency in which it incurs costs, which can negatively affect the Corporation's profitability. Fluctuations in exchange rates can also affect the relative competitive position of a particular facility where the facility faces competition from non-local producers, as well as the Corporation's ability to successfully market its products in export markets. As a result, if the Canadian dollar were to remain permanently strong compared to the US dollar, it could affect the profitability of the Corporation's facilities, which could lead Cascades to shut down facilities either temporarily or permanently, all of which could adversely affect its business or financial results.

The Corporation uses various foreign exchange forward contracts and related currency option instruments to anticipate sales net of purchases, interest expenses and debt repayment. These hedging instruments may not be effective in offsetting risks, may generate losses or otherwise may adversely affect the Corporation's financial results as compared to what its results would have been had the hedges not been implemented.

If the Corporation does not successfully manage the demand, supply and operational challenges associated with the effects of widespread public health concerns of all kinds, its results could be negatively impacted.

The Corporation's business may be negatively impacted by the fear of exposure to, actual effects of, or government response to, the widespread public health concerns of all kinds, such as travel restrictions, business shutdowns or limitations, shelter-in-place orders, recommendations or mandates from governmental authorities to avoid large gatherings or to self-quarantine or other shutdowns and restrictions. These impacts include, but are not limited to:

- significant reductions in demand or significant volatility in demand for one or more of the Corporation's products, which may be caused by, among other things: quarantine or other travel restrictions, financial hardship, shifts in demand away from one or more of the Corporation's products, including our Away-from-Home products or our industrial packaging products, or consumer stockpiling activity which may result in a decrease in demand for our products in one period as a result of excessive purchases of the Corporation's products in another period. If prolonged, these events further increase the difficulty of planning for operations and may adversely impact the Corporation's results;
- inability to meet the Corporation's customers' needs and achieve cost targets due to disruptions in the Corporation's manufacturing and supply arrangements caused by constrained workforce capacity or the loss or disruption of other significant manufacturing or supply materials such as raw materials or other finished product components, transportation, or other manufacturing and distribution capability. While the Corporation has not been required to do so to date, in the future the Corporation may be required to limit or shut down its manufacturing facilities to comply with any future, more stringent government mandates, which may adversely impact the Corporation's results;
- failure of third parties on which the Corporation relies, including its suppliers, contract manufacturers, distributors and other contractors, to meet their obligations to the Corporation, or significant disruptions in their ability to do so, which may be caused by their own financial or operational difficulties or their inability to deliver goods or services based on governmental restrictions or other mandates and may adversely impact the Corporation's operations;
- increased expenses related to the implementation of procedures to comply with governmental regulations and recommendations and maintain the health and safety of the Corporation's employees such as remote working (which, in turn, creates additional cyber security risks), health screenings and enhanced cleaning and sanitation protocols. The Corporation could continue to incur costs related to its mitigation efforts and it may have to enact additional, more expensive measures to continue to comply with governmental regulations and recommendations, which may become more stringent in the future, in order to ensure the health and safety of its employees; or
- government actions in one or more of the jurisdictions in which Cascades operates, resulting in Cascades no longer having the benefits of being deemed an "essential business" (or other government actions undertaken to restrict the business activities of businesses deemed essential) and, as a result, forcing the Corporation to scale back its operations or halt them entirely, or government action resulting in any of our suppliers, contract manufacturers, distributors and other contractors no longer being deemed essential and thus impacting the Corporation's ability to deliver its products and services to its customers, which may adversely impact its operations and results.

Despite the Corporation's efforts to manage and remedy these impacts to the Corporation, their ultimate impact also depends on factors beyond its control, as well as third-party actions taken to contain its spread and mitigate its public health effects.

To the extent the widespread public health concerns of all kinds adversely affect the Corporation's business, operations, financial condition and operating results, it may also have the effect of heightening many of the other risks described in this "Risk Factors" section, such as those relating to the Corporation's high level of indebtedness, its need to generate sufficient cash flows to service its indebtedness, and its ability to comply with the covenants contained in the agreements that govern its indebtedness.

The markets for some of the Corporation's products tend to be cyclical in nature and prices for some of its products, as well as raw material and energy costs, may fluctuate significantly, which can adversely affect its business, operating results, profitability and financial position.

The markets for some of the Corporation's products, particularly containerboard, are cyclical. As a result, prices for these types of products and for their two principal raw materials, recycled paper and virgin fibre, have fluctuated significantly in the past and will likely continue to fluctuate significantly in the future, principally due to market imbalances between supply and demand. Demand is heavily influenced by the strength of the global economy and the countries or regions in which Cascades does business, particularly Canada and the United States, the Corporation's two primary markets. Demand is also influenced by fluctuations in inventory levels held by customers and consumer preferences. Supply depends primarily on industry capacity and capacity utilization rates. In periods of economic weakness, reduced spending by consumers and businesses results in decreased demand, which can potentially cause downward price pressure. Industry participants may also, at times, add new capacity or increase capacity utilization rates, potentially causing supply to exceed demand and exerting downward price pressure. In addition, in the event of depressed market prices for recycled paper, the availability of recycled paper may decrease.

Depending on market conditions and related demand, Cascades may have to take market-related downtime. In addition, the Corporation may not be able to maintain current prices or implement additional price increases in the future. If Cascades is unable to do so, its revenues, profitability and cash flows could be adversely affected. In addition, other participants may introduce new capacity or increase capacity utilization rates, which could also adversely affect the Corporation's business, operating results and financial position.

Prices for recycled and virgin fibre also fluctuate considerably. The costs of these materials present a potential risk to the Corporation's profit margins in the event that it is unable to pass along price increases to its customers on a timely basis. Although changes in the price of recycled fibre generally correlate with changes in the price of products made from recycled paper, this may not always be the case. If Cascades were unable to implement increases in the selling prices for its products to compensate for increases in the price of recycled or virgin fibre, the Corporation's profitability and cash flows would be adversely affected.

In addition, Cascades uses energy, mainly natural gas and fuel oil, to generate steam, which it then uses in the production process and to operate machinery. Energy prices, particularly for natural gas and fuel oil, have continued to remain very volatile. Cascades continues to evaluate its energy costs and consider ways to factor energy costs into its pricing. However, should energy prices increase, the Corporation's production costs, competitive position and operating results would be adversely affected. A substantial increase in energy costs would adversely affect the Corporation's operating results and could have broader market implications that could further adversely affect the Corporation's business or financial results.

Cascades faces significant competition and some of its competitors may have greater cost advantages, be able to achieve greater economies of scale or be able to better withstand periods of declining prices and adverse operating conditions, which could negatively affect the Corporation's market share and profitability.

The markets for the Corporation's products are highly competitive. In some of the markets in which Cascades competes, such as tissue papers, it competes with a small number of other producers. In some businesses, such as the containerboard industry, competition tends to be global. In others, such as the tissue industry, competition tends to be regional. In the Corporation's packaging products segment, it also faces competition from alternative packaging materials, such as plastic and styrofoam, which can lead to excess capacity, decreased demand and pricing pressures.

Competition in the Corporation's markets is primarily based on price, as well as customer service and the quality, breadth and performance characteristics of its products. The Corporation's ability to compete successfully depends on a variety of factors, including:

- the Corporation's ability to maintain high plant efficiencies, operating rates and lower manufacturing costs;
- the availability, quality and cost of raw materials, particularly recycled and virgin fibre, as well as labour; and
- the cost of energy.

Some of the Corporation's competitors may, at times, have lower fibre, energy and labour costs and less restrictive environmental and governmental regulations to comply with than Cascades. For example, fully integrated manufacturers or those whose requirements for pulp or other fibre are met fully from their internal sources, may have some competitive advantages over manufacturers that are not fully integrated, such as Cascades, in periods of relatively high raw material pricing, in that the former are able to ensure a steady source of these raw materials at costs that may be lower than prices in the prevailing market. In contrast, competitors that are less integrated than Cascades may have cost advantages in periods of relatively low pulp or fibre prices because they may be able to purchase pulp or fibre at prices lower than the costs the Corporation incurs in the production process. Other competitors may be larger in size or scope than Cascades, which may allow them to achieve greater economies of scale on a global basis or to better withstand periods of declining prices and adverse operating conditions.

In addition, there has been an increasing trend among the Corporation's customers towards consolidation. With fewer customers in the market for the Corporation's products, the strength of its negotiating position with these customers could be weakened, which could have an adverse effect on its pricing, margins and profitability.

The Corporation's operations are subject to comprehensive environmental regulations and involve expenditures which may be material in relation to its operating cash flow.

The Corporation is subject to environmental laws and regulations imposed by the various governments and regulatory authorities in all countries in which it operates. These environmental laws and regulations impose stringent standards on the Corporation regarding, among other things:

- air emissions;
- water discharges;
- use and handling of hazardous materials;
- use, handling and disposal of waste; and
- remediation of environmental contamination.

The Corporation is also subject to the U.S. Federal Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA"), as well as to other applicable legislation in the United States and Canada that holds companies accountable for the investigation and remediation of hazardous substances. The Corporation, for some of its Québec plants, is also subject to an emissions market aimed at reducing worldwide CO₂ emissions. Each unit has been allocated emission rights ("CO₂ quota"). On a calendar year basis, the Corporation must buy the necessary credits to cover its deficit on the open market if its emissions are higher than the quota.

The Corporation's failure to comply with applicable environmental laws, regulations or permit requirements may result in civil or criminal fines, penalties or enforcement actions. These may include regulatory or judicial orders enjoining or curtailing operations or requiring corrective measures, the installation of pollution control equipment or remedial actions, any of which could entail significant expenditures. It is difficult to predict the future development of such laws and regulations or their impact on future earnings and operations, but these laws and regulations may require capital expenditures to ensure compliance. In addition, amendments to or more stringent implementation of, current laws and regulations governing the Corporation's operations could have a material adverse effect on its business, operating results or financial position. Furthermore, although Cascades generally tries to plan for capital expenditures relating to environmental and health and safety compliance on an annual basis, actual capital expenditures may exceed those estimates. In such an event, Cascades may be forced to curtail other capital expenditures or other activities. In addition, the enforcement of existing environmental laws and regulations has become increasingly strict. The Corporation may discover currently unknown environmental problems or conditions in relation to its past or present operations or may face unforeseen environmental liabilities in the future.

These conditions and liabilities could have the following effects:

- require site remediation or other costs to maintain compliance or correct violations of environmental laws and regulations; or
- result in governmental or private claims for damage to persons, property or the environment.

Either of these possibilities could have a material adverse effect on the Corporation's financial condition or operating results.

Cascades may be subject to strict liability and, under specific circumstances, joint and several (solidary) liability for the investigation and remediation of soil, surface and groundwater contamination, including contamination caused by other parties on properties that it owns or operates and on properties where the Corporation or its predecessors have arranged for the disposal of regulated materials. As a result, the Corporation is involved from time to time in administrative and judicial proceedings and inquiries relating to environmental matters. The Corporation may become involved in additional proceedings in the future, the total amount of future costs and other environmental liabilities of which could be material.

To date, the Corporation is in compliance, in all material respects, with all applicable environmental legislation or regulations. However, the Corporation expects to incur ongoing capital and operating expenses in order to achieve and maintain compliance with applicable environmental requirements.

Climate change could negatively affect Cascades' business and operations.

There is concern that carbon dioxide and other greenhouse gases in the atmosphere have an adverse impact on global temperatures, weather patterns and the frequency and severity of extreme weather and natural disasters. The Corporation operates plants and delivers products to clients in locations that may be subject to climate stress events such as sea-level rise and increased storm frequency or intensity. Whether caused by climate change or not, the occurrence of one or more natural disasters or extreme weather conditions, such as a hurricane, tornado, earthquake, snowstorm, fire or flooding, may disrupt the productivity of the Corporation's facilities or the operation of its supply chain and unfavourably impact the demand for or its consumers' ability to purchase its products. Further, climate changes could require higher remediation and insurance costs for the Corporation.

Concern over climate change may result in new or increased regional, federal and/or global legal and regulatory requirements to reduce or mitigate the effects of greenhouse gases or to limit or impose additional costs on commercial water use due to local water scarcity concerns. In the event that such regulation is more stringent than current regulatory obligations or the measures that the Corporation is currently undertaking to monitor and improve its energy efficiency and water conservation, the Corporation may experience disruptions in, or significant increases in its costs of, operation and delivery and the Corporation may be required to make additional investments in facilities and equipment or relocate its facilities. In particular, increasing regulation of fuel emissions could substantially increase the cost of energy, including fuel, required to operate the Corporation's facilities or transport and distribute its products, thereby substantially increasing the distribution and supply chain costs associated with its products. As a result, the effects of climate changes could negatively affect the Corporation's business and operations.

There is also increased focus, including by governmental and non-governmental organizations, investors, customers and consumers, on environmental sustainability matters, including deforestation, land use, climate impact, water use and recyclability or recoverability of packaging, including plastic. The Corporation's reputation could be damaged if it or others in its industry do not act, or are perceived not to act, responsibly with respect to the Corporation's impact on the environment.

Cascades may be subject to losses that might not be covered in whole or in part by its insurance coverage.

Cascades carries comprehensive liability, fire and extended coverage insurance on all of its facilities, with policy specifications and insured limits customarily carried in its industry for similar properties. In addition, some types of losses, such as losses resulting from wars, acts of terrorism or natural disasters, are generally not insured because they are either uninsurable or not economically practical. Moreover, insurers have recently become more reluctant to insure against these types of events. Should an uninsured loss or a loss in excess of insured limits occur, Cascades could lose capital invested in that property, as well as the anticipated future revenues derived from the manufacturing activities conducted on that property, while remaining obligated for any mortgage indebtedness or other financial obligations related to the property. Any such loss could adversely affect its business, operating results or financial condition.

Labour disputes or shortages could have a material adverse effect on the Corporation's cost structure and on its ability to run its mills and plants, because it depends on attracting and retaining qualified personnel.

As of December 31, 2025, the Corporation had approximately 9,200 employees, with approximately 35% of its workforce unionized. The Corporation's inability to negotiate acceptable contracts with its unions upon the expiration of an existing contract could result in strikes or work stoppages by the affected workers and in increased operating costs as a result of higher wages or benefits paid to union members. If the unionized workers were to engage in a strike or another form of work stoppage, Cascades could experience a significant disruption in operations or higher labour costs, which could have a material adverse effect on its business, financial condition, operating results and cash flows. Of the 24 collective bargaining agreements, 3 have expired and are currently under negotiation, 5 will expire in 2026 and 5 will expire in 2027.

The Corporation generally begins the negotiation process several months before agreements are due to expire and is currently in the process of negotiating with the unions where the agreements have expired or will soon expire. However, Cascades may not be successful in negotiating new agreements on satisfactory terms, if at all.

Cascades' success depends in part upon its ability to continue to attract and retain qualified management, regulatory, technical, and sales and marketing executives and personnel in various geographical locations. The failure to attract, integrate, motivate and retain skilled and qualified personnel could have a material adverse effect on the business. The Corporation competes for such personnel against numerous companies. There can be no assurance that it will be successful in attracting or retaining such personnel and the failure to do so could have a material adverse effect on its financial condition and on the results of our operations.

Cascades may make investments in entities that it does not fully control and may not receive dividends or returns from those investments in a timely fashion or at all.

Cascades has established joint ventures, made investments in associates and acquired significant participation in subsidiaries in order to increase its vertical integration, enhance customer service and increase efficiency in its marketing and distribution in the United States and other markets. The Corporation's principal joint ventures, associates and significant participation in subsidiaries are:

- two 50%-owned joint ventures with Sonoco Products Corporation, of which one is in Canada (two plants) and one is in the United States (two plants), that produce specialty paper packaging products such as headers, rolls and wrappers; and
- a 79.90%-owned subsidiary, Greenpac Holding LLC, a North American manufacturer of linerboard. The percentage including indirect ownership stands at 86.35% for consolidation and accounting purposes (see Note 8 of the 2025 Audited Consolidated Financial Statements for more details).

Apart from Greenpac Holding LLC, Cascades does not have control over these entities. The Corporation's inability to control entities in which it invests may affect its ability to receive distributions from these entities or to fully implement its business plan. The incurrence of debt or entrance into other agreements by an entity not under the Corporation's control may result in restrictions or prohibitions on that entity's ability to pay distributions to the Corporation. Even where these entities are not restricted by contract or by law from paying dividends or making distributions to Cascades, the Corporation may not be able to influence the payout or timing of these dividends or distributions. In addition, if any of the other investors in a non-controlled entity fail to observe their commitments, the entity may not be able to operate according to its business plan or Cascades may be required to increase its level of commitment. If any of these events were to transpire, the Corporation's business, operating results, financial condition and ability to make payments on indebtedness could be adversely affected.

In addition, the Corporation has entered into various shareholder agreements relating to its joint ventures and equity investments. Some of these agreements contain "shotgun" provisions, which provide that if one Shareholder offers to buy all the shares owned by the other parties to the agreement, the other parties must either accept the offer or purchase all the shares owned by the offering Shareholder at the same terms and conditions. Some of the agreements also stipulate that, in the event that a Shareholder is subject to bankruptcy proceedings or otherwise defaults on any indebtedness, the non-defaulting parties to that agreement are entitled to invoke the "shotgun" provision or sell their shares to a third party. The Corporation's ability to purchase the other Shareholders' interests in these joint ventures if they were to exercise these "shotgun" provisions could be limited by the covenants in the Corporation's credit facility and the indenture.

In addition, Cascades may not have sufficient funds to accept the offer or the ability to raise adequate financing should the need arise, and this could require the Corporation to sell its interests in these entities or otherwise alter its business plan.

Acquisitions have been and are expected to continue to be a substantial part of the Corporation's growth strategy, which could expose the Corporation to difficulties in integrating the acquired operation, to the diversion of management time and resources, and to unforeseen liabilities, among other business risks.

Acquisitions have been a significant part of the Corporation's growth strategy. Cascades expects to continue to selectively seek strategic acquisitions in the future. The Corporation's ability to consummate and effectively integrate any future acquisitions on terms that are favourable to it may be limited by the number of attractive acquisition targets, by internal demands on its resources and, to the extent necessary, by its ability to obtain financing on satisfactory terms, if at all. Acquisitions may expose the Corporation to additional risks, including:

- difficulties in integrating and managing newly acquired operations and improving their operating efficiency;
- difficulties in maintaining uniform standards, controls, procedures and policies across all of the Corporation's businesses;
- entry into markets in which Cascades has little or no direct prior experience;
- the Corporation's ability to retain key employees of the acquired company;
- disruptions to the Corporation's ongoing business; and
- diversion of management time and resources.

In addition, future acquisitions could result in Cascades' incurring additional debt to finance the acquisition or possibly assuming additional debt as part of it, as well as costs, contingent liabilities and amortization expenses. The Corporation may also incur costs and divert Management's attention for potential acquisitions that are never consummated. For acquisitions Cascades does consummate, expected synergies may not materialize. The Corporation's failure to effectively address any of these issues could adversely affect its operating results, financial condition and ability to service debt, including its outstanding senior notes.

Although Cascades performs a due diligence investigation of the businesses or assets that it acquires and anticipates continuing to do so for future acquisitions, the acquired business or assets may have liabilities that Cascades fails or is unable to uncover during its due diligence investigation and for which the Corporation, as a successor owner, may be responsible. When feasible, the Corporation seeks to minimize the impact of these types of potential liability by obtaining indemnities and warranties from the seller, which may in some instances be supported by deferring payment of a portion of the purchase price. However, these indemnities and warranties, if obtained, may not fully cover the liabilities because of their limited scope, amount or duration, or the financial resources of the indemnitor or warrantor, or for other reasons.

The Corporation undertakes impairment tests, which could result in a write-down of the value of assets and, as a result, have a material adverse effect.

IFRS Accounting Standards require that Cascades undertakes impairment tests of long-lived assets and goodwill to determine whether a write-down of such assets is required. A write-down of asset value as a result of impairment tests would result in a non-cash charge that reduces the Corporation's reported earnings. Furthermore, a reduction in the Corporation's asset value could have a material adverse effect on the Corporation's compliance with total debt-to-capitalization tests under its current credit facilities and, as a result, limit its ability to access further debt capital.

Messrs. Laurent and Alain Lemaire and their families as well as Mr. Bernard Lemaire's family (the "Lemaire Family") collectively own a significant percentage of the common shares.

The Lemaire Family collectively own a significant percentage of the common shares of the Corporation and there may be situations in which their interests and the interests of other holders of shares do not align. There is no formal agreement among the Lemaire Family with respect to the voting of their common shares and, over the past few years, the control of their shares has become more dispersed within their respective families. However, because the Corporation's remaining shares are widely held, the Lemaire Family may still effectively be able to influence:

- the election of all of the Corporation's directors and, as a result, control matters requiring board approval;
- matters submitted to a shareholder vote, including mergers, acquisitions and consolidations with third parties and the sale of all or substantially all of the Corporation's assets; and
- the Corporation's business direction and policies.

If Cascades is not successful in retaining or replacing its key personnel and senior management, financial condition or operating results could be adversely affected.

Although Cascades believes that its key personnel and senior management will remain active in the business and that Cascades will continue to be able to attract and retain other talented personnel and replace key personnel and senior management should the need arise, if we fail to establish an effective succession plan or if key personnel or senior management were unable or unwilling to continue employment, our business could be negatively affected until qualified replacements are retained. Cascades does not carry key-man insurance on the members of its senior management.

Cascades' business activities, intellectual property, operating results and financial position could suffer if Cascades is unable to protect its information systems against, or effectively respond to, cyber-attacks or other cyber incidents.

The Corporation relies on information technology, other computer resources and its employees to process, transmit and store electronic data in its daily business activities and to carry out important operational and marketing activities. Despite the implementation of security measures, the Corporation's technology systems and those of third parties on which it relies, are vulnerable to damage, disability or failure due to computer viruses, malware or other harmful circumstance, intentional penetration or disruption of the Corporation's information technology resources by a third party, natural disasters, hardware or software corruption or failure or error (including a failure of security controls incorporated into or applied to such hardware or software), telecommunications system failure, service provider error or failure, intentional or unintentional personnel actions (including the failure to follow its security protocols), or lost connectivity to its networked resources. A significant and extended disruption in the functioning of these resources would result in an interruption of the Corporation's operations and could damage its reputation and cause the Corporation to lose customers, sales and revenue.

In addition, security breaches involving the Corporation's systems or third-party providers may occur, such as unauthorized access, denial of service, computer viruses and other disruptive problems caused by hackers. This could result in the unintended public disclosure or the misappropriation of proprietary, personal and confidential information or in the inability to access company data (including due to ransomware), and require the Corporation to incur significant expense to address and resolve these kinds of issues. The release of confidential information may also lead to identity theft and related fraud, litigation or other proceedings against the Corporation by affected individuals and/or business partners and/or by regulators and the outcome of such proceedings, which could include penalties or fines, could have a material and adverse effect on its business activities, intellectual property, operating results and financial condition. The occurrence of any of these incidents could result in adverse publicity, loss of consumer confidence or employees, and reduced sales and profits. In addition, the costs of maintaining adequate protection against such threats, including potentially higher insurance costs, as they develop rapidly in the future (or as legal requirements related to data security increase) could be material. Cyber security represents a company-wide challenge and the related risks are part of the enterprise risk management program that is presented to the Corporation's audit and finance committee.

As a result of the foregoing, the Corporation may have to modify its business systems and practices with the goal of further improving data security, which would result in increased expenditures and operating complexity. Although the Corporation has to date not experienced any material losses relating to cyber-attacks or other information security breaches, there can be no assurance that it will not incur such losses in the future. The Corporation's risk and exposure to these matters cannot be fully mitigated because of, among other things, the evolving nature of these threats. As cyber threats continue to evolve, the Corporation may be required to expend additional resources to continue to modify or enhance protective measures or to investigate and remediate any security vulnerabilities.

Risks relating to the Corporation's indebtedness

The significant amount of the Corporation's debt could adversely affect its financial health and prevent it from fulfilling its obligations under its outstanding indebtedness.

The Corporation has a significant amount of debt. As of December 31, 2025, it had \$1,896 million of net debt¹ outstanding on a consolidated basis, including lease obligations of \$260 million and net cash and cash equivalents of \$48 million.

The Corporation's leverage could have major consequences for holders of its shares. For example, it could:

- make it more difficult for the Corporation to satisfy its obligations with respect to its indebtedness;
- increase the Corporation's vulnerability to competitive pressures and to general adverse economic or market conditions and require it to dedicate a substantial portion of its cash flow from operations to servicing debt, reducing the availability of its cash flow to fund working capital, capital expenditures, acquisitions and other general corporate purposes;
- limit its flexibility in planning for, or reacting to, changes in its business and industry; and
- limit its ability to obtain additional sources of financing.

The Corporation's ability to service its indebtedness will depend on its ability to generate cash in the future. The Corporation cannot provide assurance that its business will generate sufficient cash flow from operations or that future borrowings will be available in an amount sufficient to enable it to service its indebtedness or to fund other liquidity needs. Additionally, if the Corporation is not in compliance with the covenants and obligations under its debt instruments, it would be in default, and the lenders could call the debt, which would have a material adverse effect on its business.

Cascades may incur additional debt in the future, which would intensify the risks it now faces as a result of its leverage as described above.

Even though the Corporation is substantially leveraged, it and its subsidiaries will be able to incur substantial additional indebtedness in the future. Although its credit facility and the indentures governing the notes restrict the Corporation and its restricted subsidiaries from incurring additional debt, these restrictions are subject to important exceptions and qualifications. As of December 31, 2025, the Corporation had \$737 million (net of letters of credit in the amount of \$11 million) available on its \$750 million revolving credit facility (excluding the credit facilities of our subsidiary Greenpac). If the Corporation or its subsidiaries incur additional debt, the risks that it and they now face as a result of its leverage could intensify.

The Corporation's operations are substantially restricted by the terms of its debt, which could limit its ability to plan for or react to market conditions, or to meet its capital needs.

The Corporation's credit facilities and the indenture governing its senior notes include a number of significant restrictive covenants. These covenants restrict, among other things, the Corporation's ability to:

- incur debt;
- pay dividends on stock, repurchase stock or redeem subordinated debt;
- make investments;
- sell assets, including capital stock in subsidiaries;
- guarantee other indebtedness;
- enter into agreements that restrict dividends or other distributions from restricted subsidiaries (solely in the case of the Corporation's credit facility);
- enter into transactions with affiliates;
- create or assume liens securing debt;
- sell or transfer lease back transactions;
- engage in mergers or consolidations; and
- enter into a sale of all or substantially all of our assets.

These covenants could limit the Corporation's ability to plan for or react to market conditions or to meet its capital needs.

The Corporation's current credit facility contains other, more restrictive covenants, including financial covenants that require it to achieve certain financial and operating results, and maintain compliance with specified financial ratios. The Corporation's ability to comply with these covenants and requirements may be affected by events beyond its control and it may have to curtail some of its operations and growth plans to maintain compliance.

The restrictive covenants contained in the Corporation's senior note indenture, along with the Corporation's credit facility, do not apply to its joint ventures, minority investments and unrestricted subsidiaries.

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

The Corporation's failure to comply with the covenants contained in its credit facility or its senior note indenture, including as a result of events beyond its control or due to other factors, could result in an event of default that could cause accelerated repayment of the debt.

If Cascades is not able to comply with the covenants and other requirements contained in the indenture, its credit facility or its other debt instruments, an event of default under the relevant debt instrument could occur. If an event of default does occur, it could trigger a default under its other debt instruments, Cascades could be prohibited from accessing additional borrowings and the holders of the defaulted debt could declare amounts outstanding with respect to that debt, which would then be immediately due and payable. The Corporation's assets and cash flow may not be sufficient to fully repay borrowings under its outstanding debt instruments. In addition, the Corporation may not be able to refinance or restructure the payments on the applicable debt. Even if the Corporation were able to secure additional financing, it might not be available on favourable terms. A significant or prolonged downtime in general business and difficult economic conditions may affect the Corporation's ability to comply with the covenants in its debt instruments and could require it to take actions to reduce its debt or to act in a manner contrary to its current business objectives.

Cascades is a holding corporation and depends on its subsidiaries to generate sufficient cash flow to meet its debt service obligations.

Cascades is structured as a holding corporation and its only significant assets are the capital stock or other equity interests in its subsidiaries, joint ventures, investments in associates and minority investments. As a holding corporation, Cascades conducts substantially all of its business through these entities. Consequently, the Corporation's cash flow and ability to service its debt obligations are dependent on the earnings of its subsidiaries, joint ventures, investments in associates and minority investments, and the distribution of those earnings to Cascades, or on loans, advances or other payments made by these entities to Cascades. The ability of these entities to pay dividends or make other payments or advances to Cascades will depend on their operating results and will be subject to applicable laws and contractual restrictions contained in the instruments governing their debt. In the case of the Corporation's joint ventures, associates and minority investments, Cascades may not exercise sufficient control to cause distributions to itself. Although its credit facility and the indenture, respectively, limit the ability of its restricted subsidiaries to enter into consensual restrictions on their ability to pay dividends and make other payments to the Corporation, these limitations do not apply to its joint ventures, associates, minority investments or unrestricted subsidiaries. The limitations are also subject to important exceptions and qualifications.

The ability of the Corporation's subsidiaries to generate cash flow from operations that is sufficient to allow the Corporation to make scheduled payments on its debt obligations will depend on their future financial performance, which will be affected by a range of economic, competitive and business factors, many of which are outside of the Corporation's control. If the Corporation's subsidiaries do not generate sufficient cash flow from operations to satisfy the Corporation's debt obligations, Cascades may have to undertake alternative financing plans, such as refinancing or re-structuring its debt, selling assets, reducing or delaying capital investments, or seeking to raise additional capital. Refinancing may not be possible and assets may not be able to be sold, or, if they are sold, Cascades may not realize sufficient amounts from those sales. Additional financing may not be available on acceptable terms, if at all, or the Corporation may be prohibited from incurring it, if available, under the terms of its various debt instruments in effect at the time. The Corporation's inability to generate sufficient cash flow to satisfy its debt obligations, or to refinance its obligations on commercially reasonable terms, would have an adverse effect on its business, financial condition and operating results. The earnings of the Corporation's operating subsidiaries and the amount that they are able to distribute to the Corporation as dividends or otherwise may not be adequate for the Corporation to service its debt obligations.

Variable rate indebtedness subjects Cascades to interest rate risk, which could cause its debt service obligations to increase significantly.

The Corporation's borrowings under its credit facility bear interest at variable rates and, accordingly, expose the Corporation to interest rate risk. If interest rates increase, our debt service obligations on our variable rate indebtedness could increase even though the amount borrowed remained the same and our net income could decrease. The applicable margin with respect to the loans under the Corporation's credit facility is a percentage per annum equal to a reference rate plus the applicable margin. In order to manage its exposure to interest rate risk, the Corporation may in the future enter into derivative financial instruments, typically interest rate swaps and caps, involving the exchange of floating for fixed rate interest payments. If the Corporation is unable to enter into interest rate swaps, it may adversely affect its cash flow and may impact its ability to make required principal and interest payments on its indebtedness. For all the outstanding variable rate indebtedness agreements the Corporation adopted SOFR (Secured Overnight Financing Rate) for establishing its interest rate.

Risks related to the common shares

The market price of the common shares may fluctuate and purchasers may not be able to resell the common shares at or above the Offering Price.

The market price of the common shares may fluctuate due to a variety of factors related to the Corporation's business, including announcements of new developments, fluctuations in the Corporation's operating results, sales of the common shares in the marketplace, failure to meet analysts' expectations, general conditions in all of our segments or the worldwide economy and related uncertainty, many of which are beyond the Corporation's control. In recent years, the common shares, the stock of other companies operating in the same sectors and the stock market in general have experienced significant price fluctuations, which have been unrelated to the operating performance of the affected companies. There can be no assurance that the market price of the common shares will not continue to experience significant fluctuations in the future, including fluctuations that are unrelated to the Corporation's performance.

Payments of dividends

Any decision to pay dividends on the common shares is subject to the discretion of the Board of Directors and is based on, among other things, Cascades' earnings and financial requirements for operations, the satisfaction of applicable solvency tests for the declaration and payment of dividends and other conditions existing from time to time. As a result, no assurance can be given as to whether Cascades will declare and pay any dividends in the future, or the frequency or amount of any such dividend.

Potential dilution

The Corporation's articles permit the issuance of an unlimited number of common shares and an unlimited number of Class A and Class B preferred shares, issuable in series. In order to successfully complete targeted acquisitions or to fund its other activities, the Corporation may issue additional equity securities that could dilute share ownership. The dilutive effect of these issuances may adversely affect the Corporation's ability to obtain additional capital or impair the Corporation's share price.

CONTINGENCIES

ENVIRONMENTAL RESTORATION OBLIGATIONS

The Corporation uses some landfill sites across its locations and settling ponds only at one containerboard mill. A provision has been recognized at fair value for the costs to be incurred for these assets. The provision, that relates to the closure of the containerboard mill announced in February 2024, was increased in 2024 following discussions with regulatory authorities regarding the disposition of sludge from the ponds and cleanup of other residues. The change in the underlying assumptions for the estimated clean-up costs led to a significant increase in total projected costs for the site restoration in 2024. The ongoing work on site revealed further challenges that required adjustments to the closure plans and schedule resulting in additional costs of \$10 million recorded in "Other loss" in 2025.

ENVIRONMENTAL COSTS

An environmental provision is recorded when the Corporation has an obligation caused by its ongoing or abandoned operations.

In recent years, the Corporation has had limited interaction with representatives of the Ontario Ministry of the Environment (MOE) - Northern Region and Environment Canada - Great Lakes Sustainability Fund in Toronto regarding its potential responsibility for an environmental impact identified at its former Thunder Bay facility. Both authorities lead the working group and they are developing a site management plan relating to the sediment quality adjacent to Thunder Bay's lagoon. Several meetings have been held during the past years with the MOE and Environment Canada and a management plan based on sediment dredging has been proposed by a third-party consultant. Both governments are looking at this proposal with stakeholders to agree on this remediation action plan that would likely be implemented in the coming years.

The Corporation has recorded an environmental reserve to address its estimated exposure for this matter.

LEGAL CLAIMS

In the normal course of operations, the Corporation is party to various legal actions and contingencies, mostly related to contract disputes, environmental and product warranty claims, and labour issues. While the final outcome with respect to legal actions outstanding or pending as of December 31, 2025 cannot be predicted with certainty, it is Management's opinion that the outcome will not have a material adverse effect on the Corporation's consolidated financial position, on the results of its operations or on its cash flows.

ENVIRONMENTAL CONTINGENT LIABILITIES

Newtown Creek – Superfund Site Case – Former Cascades Containerboard Packaging, New York (CCP NY)

In 2001, CCP NY purchased the shares of Star Corrugated Box Co., a containerboard converting plant located in Maspeth, New York. By purchasing shares, CCP NY presumably became the liable party for the entire “Star Corrugated” ownership period from 1924 to 2001. In 2017, CCP NY sold this asset.

In 2013, CCP NY was informed by the Newtown Creek Group (“NCG”) of potential liability with respect to the Newtown Creek Superfund Site. Newtown Creek is a tributary of the East River discharging in the New-Jersey – New York Harbor Estuary. Newtown Creek includes 5 tributaries that have drained a heavily industrialized area since the 19th century which has caused surface water and sediment contamination, and the former Star Corrugated site is located in this water shed, in close proximity to one of the tributaries. The members of NCG are five major contributors of this contamination and, as is usually the case in these scenarios, they are motivated to identify other Potential Responsible Parties (“PRPs”) who may also have liability and therefore may bear some of the investigation and remediation costs. Because the United States Environmental Protection Agency (“EPA”) would require several years to define the remedy solution and related costs, NCG, the City of New York and approximately 30 other PRPs (including CCP NY) agreed in 2014 to enter into a Tolling Agreement arrangement to avoid the need to initiate legal proceedings while the NCG and EPA continue the evaluation of the Newtown Creek Superfund Site and the selection of the remedial options. In 2022, the Tolling Agreement arrangement was extended until 2028.

By November 20, 2024, EPA had notified approximately 30 other PRPs (including CCP NY) of progress for a specific sector named East Branch Area, representing about 10% of the total Newtown Creek Superfund Site. The EPA estimates that the cost for East Branch Area remediation would approximate to US\$280 million (final solution and costs are not yet determined) and the former Star Corrugated site is located in this specific area. The EPA asked several questions to PRPs to progress toward the level of each PRPs responsibility. Therefore, it is premature to establish or estimate the remediation costs for the East Branch Area or CCP NY’s share of liability for those costs and so no provision has been taken as of December 31, 2025 for this environmental liability.

ANTITRUST CLASS ACTION LAWSUIT

On July 29, 2025, a class action lawsuit was filed against the Corporation and several other North American manufacturers of containerboard in the United States District Court for the Northern District of Illinois (Chicago). The claim alleges a conspiracy to fix the prices of containerboard products in violation of Sections 1 & 3 of the Sherman Act. The action is brought on behalf of “all persons who purchased Containerboard Products directly from one or more Defendants within the United States and its territories from November 1, 2020 until the present”. The Corporation refutes all accusations. As of the reporting period, there is insufficient information to reasonably estimate the potential financial impact, if any, of this litigation.

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 and realized 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 have been managed in two segments: Packaging Products and Tissue Papers. The comparative figures have been aligned to conform with the current year's presentation.

The chief operating decision-maker (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.

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

For the 3-month period ended December 31, 2025				
(in millions of Canadian dollars) (unaudited)	Packaging Products	Tissue Papers	Corporate, Recovery and Recycling activities	Consolidated
Operating income (loss)	90	14	(28)	76
Depreciation and amortization	49	16	7	72
Impairment charges	11	12	2	25
Other gain	(21)	—	—	(21)
Restructuring costs	3	—	1	4
Gain on derivative financial instruments	—	—	(1)	(1)
EBITDA (A)	132	42	(19)	155
Supply chain and logistic and Wage and employee benefits expenses included in operating income (loss)	579	342	54	975

For the 3-month period ended December 31, 2024				
(in millions of Canadian dollars) (unaudited)	Packaging Products	Tissue Papers	Corporate, Recovery and Recycling activities	Consolidated
Operating income (loss)	58	4	(46)	16
Depreciation and amortization	48	14	14	76
Impairment charges	32	23	—	55
Other gain	(7)	—	(1)	(8)
Restructuring costs	2	4	2	8
Gain on derivative financial instruments	(1)	—	—	(1)
EBITDA (A)	132	45	(31)	146
Supply chain and logistic and Wage and employee benefits expenses included in operating income (loss)	609	325	64	998

For the year ended December 31, 2025				
(in millions of Canadian dollars) (unaudited)	Packaging Products	Tissue Papers	Corporate, Recovery and Recycling activities	Consolidated
Operating income (loss)	269	93	(127)	235
Depreciation and amortization	192	59	36	287
Impairment charges	34	12	3	49
Other gain	(5)	(1)	—	(6)
Restructuring costs	9	—	7	16
Gain on derivative financial instruments	(3)	—	(2)	(5)
EBITDA (A)	496	163	(83)	576
Supply chain and logistic and Wage and employee benefits expenses included in operating income (loss)	2,395	1,322	207	3,924

For the year ended December 31, 2024				
(in millions of Canadian dollars) (unaudited)	Packaging Products	Tissue Papers	Corporate, Recovery and Recycling activities	Consolidated
Operating income (loss)	145	97	(147)	95
Depreciation and amortization	179	56	47	282
Impairment charges	38	26	—	64
Other loss (gain)	20	—	(1)	19
Restructuring costs	30	13	3	46
Gain on derivative financial instruments	(2)	—	(3)	(5)
EBITDA (A)	410	192	(101)	501
Supply chain and logistic and Wage and employee benefits expenses included in operating income (loss)	2,436	1,267	230	3,933

The following table reconciles net earnings (loss) and net earnings (loss) per common share, as reported, with adjusted net earnings and adjusted net earnings 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 ¹			
	For the 3-month periods ended December 31,		For the years ended December 31,		For the 3-month periods ended December 31,		For the years ended December 31,	
	2025	2024	2025	2024	2025	2024	2025	2024
As reported	37	(13)	70	(31)	\$0.37	(\$0.13)	\$0.70	(\$0.31)
Specific items:								
Impairment charges	25	55	49	64	\$0.19	\$0.41	\$0.37	\$0.48
Other loss (gain)	(21)	(8)	(6)	19	(\$0.18)	(\$0.07)	(\$0.07)	\$0.13
Restructuring costs	4	8	16	46	\$0.03	\$0.06	\$0.12	\$0.34
Gain on derivative financial instruments	(1)	(1)	(5)	(5)	(\$0.01)	(\$0.01)	(\$0.04)	(\$0.04)
Loss on repurchase of long-term debt	—	—	1	—	—	—	\$0.01	—
Unrealized gain on interest rate hedge instruments	—	(2)	—	(1)	—	(\$0.02)	—	(\$0.01)
Foreign exchange loss on long-term debt and financial instruments	—	1	—	1	—	\$0.01	—	\$0.01
Tax effect on specific items, other tax adjustments and attributable to non-controlling interests ¹	(4)	(15)	(14)	(33)	—	—	\$0.01	—
	3	38	41	91	\$0.03	\$0.38	\$0.40	\$0.91
Adjusted	40	25	111	60	\$0.40	\$0.25	\$1.10	\$0.60
Weighted average basic number of common shares outstanding					101,261,141	100,988,040	101,167,075	100,865,833

¹ Specific amounts per common share are calculated on an after-tax basis and are net of the portion attributable to non-controlling interests. Per common 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 EBITDA (A):

(in millions of Canadian dollars) (unaudited)	For the 3-month periods ended December 31,		For the years ended December 31,	
	2025	2024	2025	2024
Cash flow from operating activities	183	154	379	272
Changes in non-cash working capital components	(33)	(45)	24	23
Net income taxes paid	1	—	10	4
Net financing expenses paid	16	22	123	135
Payments, net of provisions, for charges and other liabilities, net of dividends received	(12)	15	40	67
EBITDA (A)	155	146	576	501

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 activities. It also reconciles adjusted cash flow from operating activities to adjusted cash flow generated, which is also calculated on a per common share basis:

(in millions of Canadian dollars, except per common share amounts or as otherwise noted) (unaudited)	For the 3-month periods ended December 31,		For the years ended December 31,	
	2025	2024	2025	2024
Cash flow from operating activities	183	154	379	272
Changes in non-cash working capital components	(33)	(45)	24	23
Cash flow from operating activities (excluding changes in non-cash working capital components)	150	109	403	295
Restructuring costs paid	15	20	62	61
Adjusted cash flow from operating activities	165	129	465	356
Payments for property, plant and equipment	(42)	(45)	(152)	(161)
Change in intangible and other assets	—	(3)	—	(23)
Lease obligation payments	(19)	(17)	(78)	(67)
Proceeds from disposals of property, plant and equipment	1	16	27	34
	105	80	262	139
Dividends paid to non-controlling interests	(4)	(3)	(34)	(15)
Dividends paid to the Corporation's Shareholders	(13)	(12)	(49)	(48)
Adjusted cash flow generated	88	65	179	76
Adjusted cash flow generated per common share (in Canadian dollars)	\$0.87	\$0.64	\$1.77	\$0.75
Weighted average basic number of common shares outstanding	101,261,141	100,988,040	101,167,075	100,865,833

The following table reconciles payments for property, plant and equipment and free cash flow. It also provides these two metrics as a percentage of sales:

(in millions of Canadian dollars) (unaudited)	December 31, 2025	December 31, 2024
Sales	4,776	4,701
EBITDA (A)	576	501
Payments for property, plant and equipment	152	161
Free cash flow: EBITDA (A) less payments for property, plant and equipment	424	340
Free cash flow / Sales	8.9%	7.2%
Payments for property, plant and equipment / Sales	3.2%	3.4%

The following table reconciles working capital as reported:

(in millions of Canadian dollars) (unaudited)	December 31, 2025	December 31, 2024	December 31, 2023
Accounts receivable	426	469	453
Inventories	661	685	568
Trade and other payables	(697)	(748)	(703)
Working capital	390	406	318

The following table reconciles total debt and net debt with the ratio of net debt to adjusted earnings before interest, taxes, depreciation and amortization (EBITDA (A)):

(in millions of Canadian dollars, except ratios) (unaudited)	December 31, 2025	December 31, 2024	December 31, 2023
Long-term debt	1,874	1,871	1,869
Current portion of unsecured senior notes	—	175	—
Current portion of long-term debt	70	67	67
Bank loans and advances	—	10	—
Total debt	1,944	2,123	1,936
Less: Cash and cash equivalents	(48)	(27)	(54)
Net debt as reported	1,896	2,096	1,882
Last twelve months EBITDA (A)	576	501	558
Net debt / EBITDA (A) ratio	3.3x	4.2x	3.4x

SPECIFIC ITEMS

The Corporation incurred the following specific items in 2025 and in 2024:

IMPAIRMENT CHARGES

2025

The Packaging Products segment recorded a net realizable value adjustment of \$18 million (\$1 million in the fourth quarter) on spare parts and an impairment of \$16 million (\$10 million in the fourth quarter) on some equipment related to the closure of plants in Canada and in the United States. The recoverable amount of the assets is nil based on the market approach reflecting an orderly transaction between market participants.

The Tissue Papers segment recorded an impairment in the fourth quarter of \$12 million on a building following a change in the market conditions for a previously closed plant in the United States. The recoverable amount of the assets totaling \$26 million was determined using the market approach reflecting an orderly transaction between market participants.

Recovery and Recycling activities recorded an impairment of \$1 million on some equipment related to a closed recovery facility in Québec, Canada.

Corporate activities recorded a net realizable value adjustment in the fourth quarter of \$2 million on inventories related to certain discontinued centralized services following the ongoing streamlining and optimization of operations.

2024

The Packaging Products segment recorded an additional net realizable value adjustment of \$2 million on inventories related to the closure of a plant in Ontario, Canada.

The Packaging Products segment also recorded an impairment of \$4 million on some equipment related to a decision to discontinue product lines in Canada and in the United States.

The Packaging Products segment also recorded a net realizable value adjustment in the fourth quarter of \$2 million on inventories and an impairment of \$30 million on a building (\$10 million) and equipment (\$20 million) related to network optimization and strategic choices on the product offering in the United States. The recoverable amount of the assets is nil based on the market approach reflecting an orderly transaction between market participants.

The Tissue Papers segment recorded a net realizable value adjustment of \$1 million on spare parts in the fourth quarter and an impairment of \$3 million on some equipment related to a decision to discontinue a product line in Canada.

The Tissue Papers segment also recorded a net realizable value adjustment in the fourth quarter of \$4 million on spare parts and an impairment of \$18 million on a building (\$4 million) and equipment (\$14 million) following a change in the exit strategy for a previously closed plant in the United States, from sale of a business to sale or disposal of the specific assets. Therefore, a change in valuation method was triggered and the recoverable amount of the assets totaling \$12 million, was determined using the market approach reflecting an orderly transaction between market participants.

OTHER LOSS (GAIN)

2025

The Packaging Products segment recorded a provision of \$6 million payable to the claimant for administration fees, compensation and expenses of the arbitrators related to a dispute pertaining to the construction of the Bear Island plant. For further details, please refer to Note 15 of the 2025 Audited Consolidated Financial Statements.

The Packaging Products segment also recorded an additional environmental cost of \$10 million related to the closure of a plant in Ontario, Canada in 2024. For further details, please refer to Note 15 of the 2025 Audited Consolidated Financial Statements.

The Packaging Products segment recorded a \$21 million gain in the fourth quarter related to the sale of Flexible Packaging plant activities in Ontario, Canada. For further details, please refer to Note 5 of the 2025 Audited Consolidated Financial Statements.

The Tissue Papers segment recorded a \$1 million gain from the disposal of some right-of-use assets related to previously closed plants in the United States.

2024

The Packaging Products segment recorded an additional environmental cost of \$31 million (\$3 million in the fourth quarter) related to the closure of a plant in Ontario, Canada. For further details, please refer to Note 15 of the 2025 Audited Consolidated Financial Statements.

The Packaging Products segment recorded a \$6 million (\$5 million in the fourth quarter) gain from the sale of some assets related to previously closed plants in Canada and in the United States.

The Packaging Products segment also recorded a \$5 million gain in the fourth quarter from the sale of a land parcel in Canada.

Corporate activities recorded a \$1 million gain in the fourth quarter from the sale of an intangible asset.

RESTRUCTURING COSTS

2025

The Packaging Products segment recorded severances totaling \$9 million (\$3 million in the fourth quarter) related to closed plants in the United States.

Corporate activities recorded costs totaling \$7 million (\$1 million in the fourth quarter) related to organizational changes.

2024

The Packaging Products segment recorded costs totaling \$30 million (\$2 million in the fourth quarter) related to closed plants in Canada and in the United States, severances and the redeployment of equipment within the network.

The Tissue Papers segment recorded costs totaling \$13 million (\$4 million in the fourth quarter) related to the closures of the plants in the United States and the redeployment of equipment within the network.

Recovery and Recycling activities recorded costs totaling \$1 million related to the non-renewal of a service contract in Canada.

Corporate activities recorded costs totaling \$2 million in the fourth quarter related to organizational changes.

GAIN ON DERIVATIVE FINANCIAL INSTRUMENTS

The Corporation is exposed to commodity price risk on steam and natural gas. The Corporation uses derivative commodity contracts to help manage its production costs. The Corporation may designate these derivatives as cash flow hedges of anticipated purchases of energy. Gains or losses from these derivative financial instruments designated as hedges are recorded in "Accumulated other comprehensive income", net of related income taxes, and are reclassified to earnings as adjustments to "Supply chain and logistic" in the same period, as the respective hedged item affects earnings.

(in millions of Canadian dollars) (unaudited)	For the 3-month periods ended December 31,		For the years ended December 31,	
	2025	2024	2025	2024
Packaging Products segment				
Steam contract embedded derivatives related to our Niagara Falls containerboard complex - unrealized	—	(1)	(3)	(2)
Corporate activities				
Financial hedging contracts for natural gas purchases - unrealized	2	—	1	(3)
Settlement of financial instrument - realized	(3)	—	(3)	—
Gain on derivative financial instruments	(1)	(1)	(5)	(5)

LOSS ON REPURCHASE OF LONG-TERM DEBT

In 2025, the Corporation redeemed US\$206 million (\$281 million) of its 2026 unsecured senior notes and wrote off \$1 million of unamortized financing expenses related to these notes.

UNREALIZED GAIN ON INTEREST RATE HEDGE INSTRUMENTS

The Corporation's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Corporation to cash flow interest rate risk. When appropriate, the Corporation analyzes its interest rate risk exposure and considers hedging. The fair value of the outstanding interest rate hedge instruments is as follows:

(in millions of Canadian dollars) (unaudited)	For the 3-month periods ended December 31,		For the years ended December 31,	
	2025	2024	2025	2024
Unrealized gain on interest rate hedge instruments	—	(2)	—	(1)

FOREIGN EXCHANGE LOSS ON LONG-TERM DEBT AND FINANCIAL INSTRUMENTS

The foreign exchange loss on long-term debt and financial instruments is composed of foreign exchange forward contracts not designated for hedge accounting. In 2025, the Corporation had an effective hedge related to a hedging item, represented by the designated portion of the US denominated Canadian long-term debt and related financial instruments, over the US net investment.

(in millions of Canadian dollars) (unaudited)	For the 3-month periods ended December 31,		For the years ended December 31,	
	2025	2024	2025	2024
Foreign exchange loss on long-term debt and financial instruments	—	1	—	1

SPECIFIC ITEMS INCLUDED IN PROVISION FOR (RECOVERY OF) INCOME TAXES

In 2025, the Corporation recorded \$1 million in specific items related to its recovery of income taxes as a result of the expected changes to applicable effective state tax rates following the closure of a plant in the United States.

HISTORICAL FINANCIAL INFORMATION

	2023					2024					2025
(in millions of Canadian dollars, unless otherwise noted) (unaudited)	YEAR	Q1	Q2	Q3	Q4	YEAR	Q1	Q2	Q3	Q4	YEAR
Sales											
Packaging Products	2,888	709	745	773	782	3,009	762	763	797	757	3,079
Tissue Papers	1,615	367	397	390	394	1,548	364	392	412	407	1,575
Inter-segment sales, Corporate, Recovery and Recycling activities	135	33	38	38	35	144	28	32	29	33	122
Total	4,638	1,109	1,180	1,201	1,211	4,701	1,154	1,187	1,238	1,197	4,776
Operating income	40	9	34	36	16	95	50	36	73	76	235
EBITDA (A)¹											
Packaging Products	481	75	86	117	132	410	109	119	136	132	496
Tissue Papers	182	50	54	43	45	192	37	38	46	42	163
Corporate, Recovery and Recycling activities	(105)	(22)	(28)	(20)	(31)	(101)	(21)	(20)	(23)	(19)	(83)
Total	558	103	112	140	146	501	125	137	159	155	576
Margin (EBITDA (A) / Sales) (%)¹											
Packaging Products	16.7%	10.6%	11.5%	15.1%	16.9%	13.6%	14.3%	15.6%	17.1%	17.4%	16.1%
Tissue Papers	11.3%	13.6%	13.6%	11.0%	11.4%	12.4%	10.2%	9.7%	11.2%	10.3%	10.3%
Total	12.0%	9.3%	9.5%	11.7%	12.1%	10.7%	10.8%	11.5%	12.8%	12.9%	12.1%
Net earnings (loss)	(76)	(20)	1	1	(13)	(31)	7	(3)	29	37	70
Adjusted ¹	109	—	8	27	25	60	13	19	39	40	111
Net earnings (loss) per common share (in Canadian dollars)											
Basic	(\$0.76)	(\$0.20)	\$0.01	\$0.01	(\$0.13)	(\$0.31)	\$0.07	(\$0.03)	\$0.29	\$0.37	\$0.70
Diluted	(\$0.76)	(\$0.20)	\$0.01	\$0.01	(\$0.13)	(\$0.31)	\$0.07	(\$0.03)	\$0.29	\$0.36	\$0.69
Basic, adjusted ¹	\$1.08	\$—	\$0.08	\$0.27	\$0.25	\$0.60	\$0.13	\$0.19	\$0.38	\$0.40	\$1.10
Cash flow from operating activities (excluding changes in non-cash working capital components)	397	32	78	76	109	295	45	92	116	150	403
Payments for property, plant and equipment	(350)	(41)	(40)	(35)	(45)	(161)	(36)	(44)	(30)	(42)	(152)
Net debt¹	1,882	2,020	2,093	2,039	2,096	2,096	2,216	2,104	2,023	1,896	1,896
Net debt / EBITDA (A) (LTM) ratio¹	3.4x	3.8x	4.2x	4.3x	4.2x	4.2x	4.2x	3.8x	3.6x	3.3x	3.3x

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

MANAGEMENT REPORT TO THE SHAREHOLDERS OF CASCADES INC.

February 25, 2026

The accompanying Consolidated Financial Statements are the responsibility of the Management of Cascades Inc. and have been reviewed by the Audit and Finance Committee and approved by the Board of Directors.

The Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS® Accounting Standards) and include certain estimates that reflect Management's best judgment.

The Management of the Corporation is also responsible for all other information included in this Annual Report and for ensuring that this information is consistent with the Corporation's Consolidated Financial Statements and business activities.

The Management of the Corporation is responsible for the design, establishment and maintenance of appropriate internal controls and procedures for financial reporting, to ensure that financial statements for external purposes are fairly presented in conformity with IFRS Accounting Standards. Such internal control systems are designed to provide reasonable assurance on the reliability of the financial information and the safeguarding of assets.

An independent auditor and internal auditors have free and independent access to the Audit and Finance Committee, which comprises outside independent directors. The Audit and Finance Committee, which meets regularly throughout the year with members of Management and the external and internal auditors, reviews the Consolidated Financial Statements and recommends their approval to the Board of Directors.

The Consolidated Financial Statements have been audited by PricewaterhouseCoopers LLP, whose report is provided below.

/s/ Hugues Simon
HUGUES SIMON

PRESIDENT AND CHIEF EXECUTIVE OFFICER
KINGSEY FALLS, QUÉBEC, CANADA

/s/ Allan Hogg
ALLAN HOGG

VICE-PRESIDENT AND CHIEF FINANCIAL OFFICER
KINGSEY FALLS, QUÉBEC, CANADA



Independent auditor's report

To the Shareholders of Cascades Inc.

Our opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Cascades Inc. and its subsidiaries (together, the Corporation) as at December 31, 2025 and 2024, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards).

What we have audited

The Corporation's consolidated financial statements comprise:

- the consolidated balance sheets as at December 31, 2025 and 2024;
- the consolidated statements of earnings (loss) for the years then ended;
- the consolidated statements of comprehensive income (loss) for the years then ended;
- the consolidated statements of equity for the years then ended;
- the consolidated statements of cash flows for the years then ended; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

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"PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Corporation in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2025. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
<p>Assessment of indications of impairment of property, plant and equipment</p> <p>Refer to note 2 – Summary of material accounting policies, note 4 – Critical accounting estimates and judgments and note 9 – Property, plant and equipment to the consolidated financial statements.</p> <p>As at December 31, 2025, the Corporation had property, plant and equipment of \$2,649 million. At the end of each reporting date, management assesses whether there is an indicator that the carrying amount of an asset or a group of assets may be higher than its recoverable amount.</p>	<p>Our approach to addressing the matter included the following procedures, among others:</p> <ul style="list-style-type: none">• Evaluated management's assessment of indicators of impairment, which included the following:<ul style="list-style-type: none">- Assessed the completeness of external or internal factors that could be considered indicators of impairment of the Corporation's property, plant and equipment, by reading the minutes of the Board of Directors and considering evidence obtained in other areas of the audit.

Key audit matter	How our audit addressed the key audit matter
<p>Management is required to exercise judgment in assessing whether indicators of impairment exist that would necessitate impairment testing. Internal and external factors, such as (i) adverse changes in the industry or economic conditions, (ii) changes in the degree or method of use of the asset or group of assets and (iii) a lower-than-expected economic performance of the asset or group of assets, are evaluated by management in determining whether there are any indicators of impairment.</p> <p>We considered this a key audit matter due to i) the significance of the property, plant and equipment balance, ii) the significant judgment applied by management in assessing the internal and external factors evaluated by management in its assessment of impairment indicators and (iii) the significant subjectivity in performing procedures to evaluate management’s assessment of impairment indicators.</p>	<ul style="list-style-type: none"> - Assessed adverse changes in the industry or economic conditions, and changes in the degree or method of use of the asset or group of assets, based on evidence obtained in other areas of the audit. - Evaluated whether there was lower-than-expected economic performance of the assets, or group of assets, by comparing actual economic performance with the historical economic performance of the assets or group of assets.

Other information

Management is responsible for the other information. The other information comprises the Management’s Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Corporation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Corporation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Corporation's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards and International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Corporation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Corporation as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Sonia Boisvert.

/s/PricewaterhouseCoopers LLP¹

Montréal, Quebec

February 25, 2026

¹ FCPA auditor, public accountancy permit No. A116853

CONSOLIDATED BALANCE SHEETS

(in millions of Canadian dollars)	NOTE	December 31, 2025	December 31, 2024
Assets			
Current assets			
Cash and cash equivalents	25	48	27
Accounts receivable	6	426	469
Current income tax assets		12	4
Inventories	2 and 7	661	685
Current portion of financial assets	16	4	1
		1,151	1,186
Long-term assets			
Investments in associates and joint ventures	8	66	97
Property, plant and equipment	2, 9 and 14	2,649	2,847
Intangible assets with finite useful life	10	30	41
Financial assets	16	5	—
Other assets	11 and 16	107	105
Deferred income tax assets	19	174	168
Goodwill and other intangible assets with indefinite useful life	10	491	504
		4,673	4,948
Liabilities and Equity			
Current liabilities			
Bank loans and advances	25	—	10
Trade and other payables	12	697	748
Current income tax liabilities		4	2
Current portion of unsecured senior notes	13 and 25	—	175
Current portion of long-term debt	13 and 25	70	67
Current portion of provisions for charges	15	8	42
Current portion of financial liabilities and other liabilities	16 and 17	28	43
		807	1,087
Long-term liabilities			
Long-term debt	13 and 25	1,874	1,871
Provisions for charges	15	58	58
Financial liabilities	16	8	—
Other liabilities	17 and 18	74	80
Deferred income tax liabilities	19	97	81
		2,918	3,177
Equity			
Capital stock	20	619	616
Contributed surplus	21	17	16
Retained earnings		1,042	1,019
Accumulated other comprehensive income		43	73
Equity attributable to Shareholders		1,721	1,724
Non-controlling interests	8	34	47
Total equity		1,755	1,771
		4,673	4,948

The accompanying notes are an integral part of these Audited Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF EARNINGS (LOSS)

For the years ended December 31 (in millions of Canadian dollars, except per common share amounts and number of common shares)	NOTE	2025	2024
Sales	22	4,776	4,701
Supply chain and logistic		2,827	2,847
Wages and employee benefits expenses	23	1,097	1,086
Depreciation and amortization	9,10 and 11	287	282
Maintenance and repair		261	244
Other operational costs		15	23
Impairment charges	7 and 24	49	64
Other loss (gain)		(6)	19
Restructuring costs		16	46
Gain on derivative financial instruments	16.4 A (iv)	(5)	(5)
Operating income		235	95
Financing expenses	13 and 25	136	142
Share of results of associates and joint ventures	8	(16)	(19)
Earnings (loss) before income taxes		115	(28)
Provision for (recovery of) income taxes	19	22	(14)
Net earnings (loss) including non-controlling interests for the year		93	(14)
Net earnings attributable to non-controlling interests	8	23	17
Net earnings (loss) attributable to Shareholders for the year		70	(31)
Net earnings (loss) per common share			
Basic		\$0.70	(\$0.31)
Diluted		\$0.69	(\$0.31)
Weighted average basic number of common shares outstanding		101,167,075	100,865,833
Weighted average number of diluted common shares		101,430,212	101,119,887

The accompanying notes are an integral part of these Audited Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

For the years ended December 31 (in millions of Canadian dollars)	NOTE	2025	2024
Net earnings (loss) including non-controlling interests for the year		93	(14)
Other comprehensive income (loss)			
Items that may be reclassified subsequently to earnings			
Translation adjustments			
Change in foreign currency translation of foreign subsidiaries		(96)	98
Change in foreign currency translation related to net investment hedging activities		69	(43)
Cash flow hedges			
Change in fair value of commodity derivative financial instruments		(1)	1
Recovery of (provision for) income taxes	19	(4)	5
		(32)	61
Items that are not released to earnings			
Actuarial gain on employee future benefits	18	2	6
Provision for income taxes	19	—	(2)
		2	4
Other comprehensive income (loss)		(30)	65
Comprehensive income including non-controlling interests for the year		63	51
Comprehensive income attributable to non-controlling interests for the year		21	20
Comprehensive income attributable to Shareholders for the year		42	31

The accompanying notes are an integral part of these Audited Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF EQUITY

For the year ended December 31, 2025

(in millions of Canadian dollars)	NOTE	CAPITAL STOCK	CONTRIBUTED SURPLUS	RETAINED EARNINGS	ACCUMULATED OTHER COMPREHENSIVE INCOME	TOTAL EQUITY ATTRIBUTABLE TO SHAREHOLDERS	NON-CONTROLLING INTERESTS	TOTAL EQUITY
Balance - Beginning of year		616	16	1,019	73	1,724	47	1,771
Comprehensive income (loss)								
Net earnings		—	—	70	—	70	23	93
Other comprehensive income (loss)		—	—	2	(30)	(28)	(2)	(30)
Dividends		—	—	72	(30)	42	21	63
Stock options expense		—	2	(49)	—	(49)	(34)	(83)
Issuance of common shares upon exercise of stock options	20	3	(1)	—	—	2	—	2
Balance - End of year		619	17	1,042	43	1,721	34	1,755

For the year ended December 31, 2024

(in millions of Canadian dollars)	NOTE	CAPITAL STOCK	CONTRIBUTED SURPLUS	RETAINED EARNINGS	ACCUMULATED OTHER COMPREHENSIVE INCOME	TOTAL EQUITY ATTRIBUTABLE TO SHAREHOLDERS	NON-CONTROLLING INTERESTS	TOTAL EQUITY
Balance - Beginning of year		613	15	1,096	15	1,739	42	1,781
Comprehensive income (loss)								
Net earnings (loss)		—	—	(31)	—	(31)	17	(14)
Other comprehensive income		—	—	4	58	62	3	65
Dividends		—	—	(27)	58	31	20	51
Stock options expense		—	2	(48)	—	(48)	(15)	(63)
Issuance of common shares upon exercise of stock options	20	3	(1)	—	—	2	—	2
Acquisitions of non-controlling interests		—	—	(2)	—	(2)	—	(2)
Balance - End of year		616	16	1,019	73	1,724	47	1,771

The accompanying notes are an integral part of these Audited Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the years ended December 31 (in millions of Canadian dollars)	NOTE	2025	2024
Operating activities			
Net earnings (loss) attributable to Shareholders for the year		70	(31)
Adjustments for:			
Financing expenses	13 and 25	136	142
Depreciation and amortization	9,10 and 11	287	282
Impairment charges	7 and 24	49	64
Other loss (gain)		(6)	19
Restructuring costs		16	46
Gain on derivative financial instruments	16.4 A (iv)	(5)	(5)
Provision for (recovery of) income taxes	19	22	(14)
Share of results of associates and joint ventures	8	(16)	(19)
Net earnings attributable to non-controlling interests	8	23	17
Net financing expenses paid		(123)	(135)
Net income taxes paid		(10)	(4)
Dividends received	8	47	17
Payments, net of provisions, for charges and other liabilities	15, 17 and 18	(87)	(84)
		403	295
Changes in non-cash working capital components	13 and 25	(24)	(23)
		379	272
Investing activities			
Payments for property, plant and equipment		(152)	(161)
Proceeds from disposals of property, plant and equipment		27	34
Change in intangible and other assets	11 and 16	—	(23)
Proceeds from business disposal	5	31	—
		(94)	(150)
Financing activities			
Bank loans and advances	25	(10)	10
Change in credit facilities	13 and 25	(251)	(4)
Change in credit facilities without recourse to the Corporation	13 and 25	74	(16)
Issuance of unsecured senior notes, net of related expenses	13 and 25	541	—
Repurchase of unsecured senior notes	13 and 25	(456)	—
Payments of other long-term debt, including lease obligations (2025 - \$78 million; 2024 - \$67 million)	13, 14 and 25	(80)	(75)
Issuance of common shares upon exercise of stock options	20	2	2
Dividends paid to non-controlling interests	8	(34)	(15)
Acquisition of non-controlling interests	8	—	(3)
Dividends paid to the Corporation's Shareholders		(49)	(48)
		(263)	(149)
Net change in cash and cash equivalents during the year		22	(27)
Currency translation on cash and cash equivalents		(1)	—
Cash and cash equivalents - Beginning of the year		27	54
Cash and cash equivalents - End of the year		48	27

The accompanying notes are an integral part of these Audited Consolidated Financial Statements.

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 have been managed in two segments: Packaging Products and Tissue Papers. The comparative figures have been aligned 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 Note 2.

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

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

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

Assets by business segment are presented in the following table:

(in millions of Canadian dollars)	TOTAL ASSETS	
	December 31, 2025	December 31, 2024
Packaging Products	3,105	3,251
Tissue Papers	869	956
Corporate, Recovery and Recycling activities	671	694
Inter-segment eliminations	(41)	(53)
	4,604	4,848
Investments in associates and joint ventures	66	97
Other investments	3	3
	4,673	4,948

Property, plant and equipment by geographic segment are as follows:

(in millions of Canadian dollars)	PROPERTY, PLANT AND EQUIPMENT	
	December 31, 2025	December 31, 2024
Canada	971	1,010
United States	1,678	1,837
	2,649	2,847

Goodwill, customer relationships and client lists, and other finite and indefinite useful life intangible assets by geographic segment are as follows:

(in millions of Canadian dollars)	GOODWILL, CUSTOMER RELATIONSHIPS AND CLIENT LISTS, AND OTHER FINITE AND INDEFINITE USEFUL LIFE INTANGIBLE ASSETS	
	December 31, 2025	December 31, 2024
Canada	243	234
United States	278	311
	521	545

Sales by business segment are shown in the following table:

For the years ended December 31 (in millions of Canadian dollars)	2025			2024		
	Total	Inter-segment	External	Total	Inter-segment	External
Packaging Products	3,079	(44)	3,035	3,009	(51)	2,958
Tissue Papers	1,575	—	1,575	1,548	(1)	1,547
Corporate, Recovery and Recycling activities	282	(116)	166	345	(149)	196
	4,936	(160)	4,776	4,902	(201)	4,701

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

					For the year ended December 31, 2025			
(in millions of Canadian dollars)	NOTE	Packaging Products	Tissue Papers	Corporate, Recovery and Recycling activities	Consolidated			
Operating income (loss)		269	93	(127)	235			
Depreciation and amortization		192	59	36	287			
Impairment charges	7 and 24	34	12	3	49			
Other gain		(5)	(1)	—	(6)			
Restructuring costs		9	—	7	16			
Gain on derivative financial instruments		(3)	—	(2)	(5)			
EBITDA (A)		496	163	(83)	576			
Supply chain and logistic and Wage and employee benefits expenses included in operating income (loss)		2,395	1,322	207	3,924			

					For the year ended December 31, 2024			
(in millions of Canadian dollars)	NOTE	Packaging Products	Tissue Papers	Corporate, Recovery and Recycling activities	Consolidated			
Operating income (loss)		145	97	(147)	95			
Depreciation and amortization		179	56	47	282			
Impairment charges	7 and 24	38	26	—	64			
Other loss (gain)		20	—	(1)	19			
Restructuring costs		30	13	3	46			
Gain on derivative financial instruments		(2)	—	(3)	(5)			
EBITDA (A)		410	192	(101)	501			
Supply chain and logistic and Wage and employee benefits expenses included in operating income (loss)		2,436	1,267	230	3,933			

IMPAIRMENT CHARGES

2025

The Packaging Products segment recorded a net realizable value adjustment of \$18 million on spare parts and an impairment of \$16 million on some equipment related to the closure of plants in Canada and in the United States. The recoverable amount of the assets is nil based on the market approach reflecting an orderly transaction between market participants.

The Tissue Papers segment recorded an impairment of \$12 million on a building following a change in the market conditions for a previously closed plant in the United States. The recoverable amount of the assets totaling \$26 million was determined using the market approach reflecting an orderly transaction between market participants.

Recovery and Recycling activities recorded an impairment of \$1 million on some equipment related to a closed recovery facility in Québec, Canada.

Corporate activities recorded a net realizable value adjustment of \$2 million on inventories related to certain discontinued centralized services following the ongoing streamlining and optimization of operations.

2024

The Packaging Products segment recorded an additional net realizable value adjustment of \$2 million on inventories related to the closure of a plant in Ontario, Canada.

The Packaging Products segment also recorded an impairment of \$4 million on some equipment related to a decision to discontinue product lines in Canada and in the United States.

The Packaging Products segment also recorded a net realizable value adjustment of \$2 million on inventories and an impairment of \$30 million on a building (\$10 million) and equipment (\$20 million) related to network optimization and strategic choices on the product offering in the United States. The recoverable amount of the assets is nil based on the market approach reflecting an orderly transaction between market participants.

The Tissue Papers segment recorded a net realizable value adjustment of \$1 million on spare parts and an impairment of \$3 million on some equipment related to a decision to discontinue a product line in Canada.

The Tissue Papers segment also recorded a net realizable value adjustment of \$4 million on spare parts and an impairment of \$18 million on a building (\$4 million) and equipment (\$14 million) following a change in the exit strategy for a previously closed plant in the United States, from sale of a business to sale or disposal of the specific assets. Therefore, a change in valuation method was triggered and the recoverable amount of the assets totaling \$12 million, was determined using the market approach reflecting an orderly transaction between market participants.

OTHER LOSS (GAIN)**2025**

The Packaging Products segment recorded a provision of \$6 million payable to the claimant for administration fees, compensation and expenses of the arbitrators related to a dispute pertaining to the construction of the Bear Island plant. For further details, please refer to Note 15.

The Packaging Products segment also recorded an additional environmental cost of \$10 million related to the closure of a plant in Ontario, Canada in 2024. For further details, please refer to Note 15.

The Packaging Products segment recorded a \$21 million gain related to the sale of Flexible Packaging plant activities in Ontario, Canada. For further details, please refer to Note 5.

The Tissue Papers segment recorded a \$1 million gain from the disposal of some right-of-use assets related to previously closed plants in the United States.

2024

The Packaging Products segment recorded an additional environmental cost of \$31 million related to the closure of a plant in Ontario, Canada. For further details, please refer to Note 15.

The Packaging Products segment recorded a \$6 million gain from the sale of some assets related to previously closed plants in Canada and in the United States.

The Packaging Products segment also recorded a \$5 million gain from the sale of a land parcel in Canada.

Corporate activities recorded a \$1 million gain from the sale of an intangible asset.

RESTRUCTURING COSTS**2025**

The Packaging Products segment recorded severances totaling \$9 million related to closed plants in the United States.

Corporate activities recorded costs totaling \$7 million related to organizational changes.

2024

The Packaging Products segment recorded costs totaling \$30 million related to closed plants in Canada and in the United States, severances and the redeployment of equipment within the network.

The Tissue Papers segment recorded costs totaling \$13 million related to the closures of the plants in the United States and the redeployment of equipment within the network.

Recovery and Recycling activities recorded costs totaling \$1 million related to the non-renewal of a service contract in Canada.

Corporate activities recorded costs totaling \$2 million related to organizational changes.

GAIN ON DERIVATIVE FINANCIAL INSTRUMENTS

The Packaging Products segment recorded an unrealized gain of \$3 million in 2025, compared to an unrealized gain of \$2 million in 2024, from a steam contract embedded derivatives related to our Niagara Falls containerboard complex.

Corporate activities recorded an unrealized loss of \$1 million in 2025, compared to an unrealized gain of \$3 million in 2024, due to the financial hedging contracts for natural gas purchases.

Corporate activities recorded a realized gain of \$3 million in 2025 due to settlement of a financial instrument.

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

For the years ended December 31 (in millions of Canadian dollars)	NOTE	PAYMENTS FOR PROPERTY, PLANT AND EQUIPMENT	
		2025	2024
Packaging Products		174	167
Tissue Papers		47	54
Corporate, Recovery and Recycling activities		16	49
Total acquisitions	9	237	270
Right-of-use assets acquisitions and provisions (non-cash)		(100)	(122)
		137	148
Acquisitions for property, plant and equipment included in "Trade and other payables"			
Beginning of the year		32	45
End of the year		(17)	(32)
Payments for property, plant and equipment		152	161
Proceeds from disposals of property, plant and equipment		(27)	(34)
Payments for property, plant and equipment net of proceeds from disposals		125	127

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Tabular amounts are in millions of Canadian dollars, except per common share and option amounts and number of common shares and options.)

NOTE 1 GENERAL INFORMATION

Cascades Inc. and its subsidiaries (together “Cascades” or the “Corporation”) produce, convert and market packaging and tissue products composed mainly of recycled fibres. Cascades Inc. is incorporated and domiciled in Québec, Canada. The address of its registered office is 404 Marie-Victorin Boulevard, Kingsey Falls. Its common shares are traded on the Toronto Stock Exchange under the ticker symbol “CAS”.

The Board of Directors approved the Consolidated Financial Statements on February 25, 2026.

NOTE 2 SUMMARY OF MATERIAL ACCOUNTING POLICIES

BASIS OF PRESENTATION

The Corporation prepares its financial statements in accordance with Canadian generally accepted accounting principles (GAAP) as set forth in Part I of the *Chartered Professional Accountants of Canada* (CPA Canada) Handbook – *Accounting*, which incorporates International Financial Reporting Standards as issued by the *International Accounting Standards Board* (IFRS Accounting Standards). The summary of material accounting policies applied in the preparation of these Consolidated Financial Statements is described below.

COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the current year’s presentation.

BASIS OF MEASUREMENT

The Consolidated Financial Statements have been prepared under the historical cost convention, except for the revaluation of certain financial assets and liabilities, including derivative instruments, which are measured at fair value.

BASIS OF CONSOLIDATION

These Consolidated Financial Statements include the accounts of the Corporation, which include:

SUBSIDIARIES

Subsidiaries are all entities over which the Corporation has control, where control is defined as the power to direct decisions about relevant activities. The existence and effect of potential voting rights that are exercisable or convertible are considered when assessing whether the Corporation controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Corporation. They are unconsolidated from the date on which control ceases. Accounting policies of subsidiaries have been changed, where necessary, to ensure consistency with the policies adopted by the Corporation. The purchase method of accounting is used to account for the acquisition of subsidiaries by the Corporation. Results of operations are consolidated commencing on the date of acquisition. The purchase consideration is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange. The transaction costs directly attributable to the acquisition are expensed. Identifiable assets acquired, as well as liabilities and contingent liabilities assumed in a business combination, are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interests. The excess of the purchase consideration over the fair value of the Corporation’s share of the identifiable net assets acquired is recorded as goodwill. If the purchase consideration is less than the fair value of the net assets of the subsidiary acquired, the difference is recognized directly in the consolidated statements of earnings (loss). Intercompany transactions, balances and unrealized gains on transactions between subsidiaries are eliminated.

The following are the principal subsidiaries of the Corporation:

	PERCENTAGE OWNED (%)	JURISDICTION
Cascades Canada ULC	100	Canada
Cascades USA Inc.	100	Delaware
Greenpac Holding LLC ¹	79.90	Delaware

¹ Including indirect ownership, percentage stands at 86.35% for accounting purposes. See Note 8 for more details.

REVENUE FROM CONTRACTS WITH CUSTOMERS

The revenues of the Corporation come mainly from sales of packaging and tissue products that are recognized at a point in time. Sales of goods in the consolidated statements of earnings (loss) are recognized by the Corporation when control of the goods has been transferred, being when the goods are delivered to customers and when all performance obligations have been fulfilled.

The amounts recognized as sales of goods represent the fair values of the considerations received or receivable from third parties on the sales of goods to customers, net of returns, volume rebates and discounts, at which time there are no conditions for the payment to become due other than the passage of time. Accumulated experience is used to estimate and provide for discounts and returns (expected value method), whereas volume discounts are assessed based on anticipated annual sales (most likely amount method). The transaction price is not adjusted for the time value of money since all sales are due within twelve months.

FINANCIAL INSTRUMENTS AND HEDGING RELATIONSHIPS

Financial assets and financial liabilities are recognized when the Corporation becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are offset and the net amount is reported in the consolidated balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or to realize the asset and settle the liability simultaneously.

A. CLASSIFICATION

On initial recognition, the Corporation determines the financial instruments classification as per the following categories:

- instruments measured at amortized cost;
- instruments measured at fair value through other comprehensive income (FVOCI);
- instruments measured at fair value through net income (FVTPL).

The financial instruments' classification under *IFRS 9* is based on the business model in which a financial asset is managed and on its contractual cash flow characteristics. Derivatives embedded in contracts where the host is a financial instrument in the scope of the standard are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Equity investments not subject to significant influence and held for trading are classified as FVTPL. The Corporation, on initial recognition, may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income (OCI). This election is made on an investment-by-investment basis.

Financial liabilities are measured at amortized cost unless they must be measured at FVTPL (such as derivatives) or if the Corporation elects to measure them at FVTPL.

B. EVALUATION

Financial instruments at amortized cost

Financial instruments at amortized cost are initially measured at fair value and subsequently at amortized cost, using the effective interest method, less any impairment loss. Interest income, foreign exchange gains and losses and impairment are recognized in the consolidated statements of earnings (loss).

Financial instruments at fair value

Financial instruments are initially and subsequently measured at fair value and transaction costs are accounted for in the consolidated statements of earnings (loss). When the Corporation elects to measure a financial liability at FVTPL, gains or losses related to the Corporation's own credit risk are accounted for in the consolidated statements of earnings (loss).

C. IMPAIRMENT

The Corporation prospectively estimates the expected credit losses associated with the debt instruments accounted for at amortized cost or FVOCI. The impairment methodology used depends on whether there is a significant increase in the credit risk or not. For trade receivables, the Corporation measures loss allowances at an amount equal to lifetime expected credit loss (ECL) as allowed by *IFRS 9* under the simplified method.

D. DERECOGNITION

Financial assets

The Corporation derecognizes a financial asset when and only when the contractual rights to the cash flows from the financial asset have expired or when contractual rights to the cash flows have been transferred.

Financial liabilities

The Corporation derecognizes a financial liability when and only when it is extinguished, meaning when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of the extinguished financial liability and the consideration paid or payable, including non-cash assets transferred or liabilities assumed, is recognized in the consolidated statements of earnings (loss).

CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash on hand, bank balances and short-term liquid investments with original maturities of three months or less.

ACCOUNTS RECEIVABLE

Accounts receivable are initially recognized at fair value and subsequently measured at amortized cost using the effective interest method, less an expected credit loss allowance that is based on expected collectability.

INVENTORIES

Inventories of finished goods are valued at the lower of cost, which is established using the average production cost, and net realizable value. Inventories of raw materials as well as supplies and spare parts are valued at the lower of cost and replacement value, which is the best available measure of their net realizable value. Cost for both raw materials and supplies and spare parts is determined using the average cost. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

On January 1, 2024, a prospective refinement to the Corporation's existing accounting policy for the classification and initial recognition of manufacturing spare parts resulted in a one-time transfer of unamortized spare parts from "Property, plant and equipment" to "Inventories" in the amount of \$43 million.

PROPERTY, PLANT AND EQUIPMENT AND DEPRECIATION

Property, plant and equipment are recorded at cost, including capitalized interest incurred during the construction period of qualifying assets, less accumulated depreciation and net impairment losses. Repairs and maintenance costs are charged to the consolidated statements of earnings (loss) during the period in which they are incurred. Residual values, method of depreciation and useful lives of the assets are reviewed annually and adjusted if appropriate.

Depreciation is calculated on a straight-line basis as follows:

Buildings	Between 10 and 33 years
Machinery and equipment	Between 3 and 30 years
Automotive equipment	Between 5 and 10 years
Right-of-use assets	Lease term

BORROWING COSTS

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use, are added to the cost of those assets until all the activities necessary to prepare the asset for its intended use are complete. The capitalized borrowing costs for major acquisition, construction or production of qualifying assets, which are financed through non directly attributable sources, are calculated using the actual interest rate, if not available the Cascades' long-term incremental borrowing rate. All other borrowing costs are recognized in the consolidated statements of earnings (loss) in the period in which they are incurred.

INTANGIBLE ASSETS

Intangible assets consist primarily of customer relationships and client lists, as well as application software. They are recorded at cost less accumulated amortization and impairment losses and amortized on a straight-line basis over the estimated useful lives as follows:

Application software	Between 3 and 10 years
Enterprise Resource Planning (ERP)	7 years
Customer relationships and client lists	Between 2 and 20 years
Other intangible assets with finite useful life	Between 2 and 20 years

Expenditure on research activities is recognized as an expense in the period in which it is incurred.

GOODWILL AND OTHER INTANGIBLE ASSETS WITH INDEFINITE USEFUL LIFE

Goodwill and other intangible assets with an indefinite useful life are recognized at cost less any impairment losses. They have an indefinite useful life due to their permanent nature since they are acquired rights or not subject to wear and tear.

IMPAIRMENT

A. PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS WITH FINITE USEFUL LIFE

At the end of each reporting period, the Corporation assesses whether there is an indicator that the carrying amount of an asset or a group of assets may be higher than its recoverable amount, which is described in section C hereunder. For that purpose, assets are grouped at the lowest levels for which there are separately identifiable cash inflows (cash generating units (CGUs)). If there is any indication that an individual asset may be impaired, the recoverable amount shall be estimated for the individual asset.

When the recoverable amount is lower than the carrying amount, the carrying amount is reduced to the recoverable amount. Impairment losses are recorded immediately in the consolidated statements of earnings (loss) in the line item "Impairment charges". Impairment losses are evaluated for potential reversals when events or changes in circumstances warrant such consideration. The revalued carrying value is the lower of the estimated recoverable amount and the carrying amount that would have been determined had no impairment loss been recognized and depreciation had been taken previously on the asset or CGU. A reversal of impairment loss is recorded directly in the consolidated statements of earnings (loss) in the line item "Impairment charges".

B. GOODWILL AND OTHER INTANGIBLE ASSETS WITH INDEFINITE USEFUL LIFE

Goodwill and other intangible assets are assessed for impairment annually on December 31 or when an event or a circumstance occurs and indicates that the value could be permanently impaired. Goodwill is allocated to CGUs for the purpose of impairment assessment based on the lower level at which Management monitors it, which is not higher than an operating segment. The allocation is made to CGUs that are expected to benefit from the business combination in which the goodwill and other intangible assets with an indefinite useful life arose. Impairment loss on goodwill is not reversed.

C. RECOVERABLE AMOUNTS

A recoverable amount is the higher of fair value less cost of disposal and value in use. To determine the recoverable amount of each asset or CGU, the Corporation uses the fair value less cost of disposal calculation based on the market approach, if a market exists for the asset or CGU, or the income approach based on available data and exit strategies.

LONG-TERM DEBT

Long-term debt is recognized initially at fair value, net of financing expenses incurred. Long-term debt is subsequently carried at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the consolidated statements of earnings (loss) over the period of the term of the debt using the effective interest method.

Financing expenses paid on establishment of the revolving credit facility are recognized as deferred financing expenses in the consolidated balance sheet under other assets and are amortized on a straight-line basis over the anticipated period of the credit facility.

LEASES

The Corporation recognizes, in the consolidated balance sheet, a lease liability and a corresponding right-of-use asset at the date at which the leased asset is available for use. Subsequently, lease payments are allocated between the liability and finance cost. Right-of-use assets are depreciated over the lease term on a straight-line basis.

The lease liability equals the net present value of the lease payments discounted using the interest rate implicit in the lease or the Corporation's incremental borrowing rate, which is determined for each lease.

Right-of-use assets are measured at cost, which includes the initial lease liability amount, lease payments made at or before the lease commencement date less lease incentives, initial direct costs and restoration costs.

The Corporation uses the low-value exception, as well as the short-term exception on all categories of assets, except buildings.

The Corporation does not apply *IFRS 16* to leases of intangible assets.

ENVIRONMENTAL RESTORATION OBLIGATIONS AND ENVIRONMENTAL COSTS

An obligation to incur restoration and environmental costs arises when environmental disturbance is caused by the development or ongoing production of a plant or landfill site. Such costs arising from the installation of a plant and other site preparation work are provided for and capitalized at the start of each project or as soon as the obligation to incur such costs arises. Decommissioning costs are recorded at the estimated amount at which the obligation could be settled at the consolidated balance sheet date and are charged against earnings over the life of the operation through the depreciation of the asset and the unwinding of the discount on the provision. The discount rate is the pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. Costs for restoring subsequent site damage that is created on an ongoing basis during production are provided for at their present values and charged against earnings as the obligation arises.

Changes in the measurement of a liability relating to the decommissioning of a plant or other site preparation work resulting from changes in the estimated timing or amount of the cash flow or a change in the discount rate are added to or deducted from the cost of the related asset in the current year. If a decrease in the liability exceeds the carrying amount of the asset, the excess is recognized immediately in the consolidated statements of earnings (loss). If the asset value is increased and there is an indication that the revised carrying value is not recoverable, an impairment test is performed in accordance with the accounting policy for impairment testing.

EMPLOYEE BENEFITS

The Corporation offers funded and unfunded defined benefit pension plans, defined contribution pension plans and group registered retirement savings plans (RRSPs) that provide retirement benefit payments for most of its employees. The defined benefit pension plans are usually contributory and are based on the number of years of service and, in most cases, the average salary or compensation at the end of a career. Retirement benefits are not adjusted based on inflation. The Corporation also offers its employees some post-employment benefit plans such as a retirement allowance, group life insurance and medical and dental plans. However, these benefits, other than pension plans, are not funded. Furthermore, the medical and dental plans upon retirement are being phased out and are no longer offered to the majority of new retirees and the retirement allowance is not offered to those who do not meet certain criteria.

The liability recognized in the consolidated balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated at least every three years by independent actuaries using the projected unit credit method and regularly updated by Management for any material transactions and changes in circumstances, including changes in market prices and interest rates up to the end of the reporting period.

As well, when an asset is recorded for a pension plan, its carrying value cannot be greater than the future economic benefit that the Corporation will get from the asset. The future economic benefit includes the suspension of contribution if the pension plan provisions allow for it under the minimum funding requirements. When there is a minimum funding requirement, it can increase the liability recorded. All special contributions legally required to fund a plan deficit are considered. For plans for which an actuarial evaluation is required as of December 31, 2025, a schedule of contributions is estimated to establish the minimum funding requirement. For other plans, we have used contributions from the most recent actuarial report.

Actuarial gains and losses that arise in calculating the present value of the defined benefit obligation and the fair value of plan assets are recorded in the consolidated statement of other comprehensive income and recognized immediately in retained earnings without recycling to the consolidated statements of earnings (loss). Past service costs are recognized immediately in the consolidated statements of earnings (loss).

When restructuring a plan result in a curtailment and settlement occurring at the same time, the curtailment is accounted for before the settlement.

Interest costs on pensions and other post-employment benefits are recognized in the consolidated statements of earnings (loss) as "Financing expenses". The measurement date of the employee future benefits plans is December 31 of each year. An actuarial evaluation is performed at least every three years. Based on their balances as of December 31, 2025, 20% of the Corporation's plans had been evaluated on December 31, 2024 (20% in 2023).

FOREIGN CURRENCY TRANSLATION

Items included in the financial statements of each of the Corporation's entities are measured using the currency of the primary economic environment in which the business unit operates (the "functional currency"). The Consolidated Financial Statements are presented in Canadian dollars, which is Cascades' functional currency.

SHARE-BASED PAYMENTS

The Corporation uses the fair value method of accounting for stock-based compensation awards granted to officers and key employees. This method consists of recording expenses to earnings based on the vesting period of each tranche of options granted. The fair value of each tranche is calculated based on the Black-Scholes option pricing model. This model was developed for use in estimating the fair value of traded options that have no vesting restrictions and are fully transferable. When stock options are exercised, any considerations paid by employees, as well as the related stock-based compensation, are credited to capital stock.

DIVIDEND DISTRIBUTION

Dividend distribution to the Corporation's Shareholders is recognized as a liability in the Consolidated Financial Statements in the period in which the dividends are approved by the Corporation's Board of Directors.

EARNINGS (LOSS) PER COMMON SHARE

Basic earnings (loss) per common share are determined using the weighted average number of common shares outstanding during the period. Diluted earnings (loss) per common share are determined by adjusting the weighted average number of common shares outstanding for dilutive instruments, which are primarily stock options, using the treasury stock method to evaluate the dilutive effect of stock options. Under this method, instruments with a dilutive effect, which is when the average market price of a share for the period exceeds the exercise price, are considered to have been exercised at the beginning of the period and the proceeds received are considered to have been used to redeem common shares of the Corporation at the average market price for the period.

NOTE 3

CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

A. NEW IFRS ACCOUNTING STANDARDS ADOPTED

Amendments to IFRS 9 and IFRS 7 - Amendments to the Classification and Measurement of Financial Instruments

On May 30, 2024, the IASB issued targeted amendments to *IFRS 9 Financial Instruments* and *IFRS 7 Financial Instruments: Disclosures*. These amendments address diversity in accounting practice by making the requirements more understandable and consistent.

These amendments are effective for annual reporting periods beginning on or after January 1, 2026. Earlier application is permitted. The Corporation's evaluation of the impact of these amendments on its Consolidated Financial Statements resulted in a prospective change to its accounting policy regarding issued checks, reclassification from "Cash and cash equivalents" or "Bank loans and advances" to "Trade and other payables" that was early adopted and applied starting January 1, 2025. There was no revision of the comparative information.

B. RECENT IFRS ACCOUNTING STANDARDS NOT YET ADOPTED

IFRS 18 Presentation and Disclosure in Financial Statements

On April 9, 2024, the IASB issued a new standard - *IFRS 18 Presentation and Disclosure in Financial Statements*. The new requirements introduced in *IFRS 18* will help to achieve the comparability of the financial performance of similar entities, especially related to how operating profit or loss is defined. The new disclosures required for some management-defined performance measures will also enhance transparency.

The new standard will be effective for annual reporting periods beginning on or after January 1, 2027, including for interim financial statements. A retrospective application is required, and so comparative information needs to be prepared under *IFRS 18*. The Corporation is currently evaluating the impact of this standard on its Consolidated Financial Statements.

NOTE 4

CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

The preparation of financial statements in conformity with IFRS Accounting Standards requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities in the financial statements and disclosure of contingencies at the balance sheet date, and the reported amounts of revenues and expenses during the reporting period. On a regular basis and with the information available, Management reviews its estimates, including those related to environmental costs, employee future benefits, collectability of accounts receivable, financial instruments, contingencies, income taxes, useful life and residual value of property, plant and equipment and impairment of property, plant and equipment, intangible assets and goodwill. Actual results could differ from those estimates. When adjustments become necessary, they are reported in earnings in the period in which they occur.

A. IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT, INTANGIBLE ASSETS AND GOODWILL

TRIGGERING EVENTS FOR IMPAIRMENT TESTING

The Corporation at each reporting date revises the triggering events for impairment using as guidance:

- the assessment of factors likely to be considered indicators of impairment for property, plant and equipment, such as adverse changes in the industry or economic conditions and changes in the degree or method of use of the assets, as a result of external events or the strategic decisions;
- the evaluation whether there was lower-than-expected economic performance of the assets, or group of assets by comparing actual economic performance with historical economic performance.

DESCRIPTION OF SIGNIFICANT IMPAIRMENT TESTING ASSUMPTIONS (see Note 24)

In determining the recoverable amount of an asset or CGU, based on the market approach, Management uses the value of comparable assets on the market. In determining the recoverable amount of an asset or CGU, based on the income approach, Management uses several key assumptions, including estimated shipment levels, foreign exchange rates, revenue growth rates, adjusted earnings before interest, taxes, depreciation and amortization (EBITDA (A)) margins, discount rates, capitalization rate and capital expenditures.

The Corporation believes its assumptions are reasonable. Based on available information at the assessment date, however, these assumptions involve a high degree of judgment and complexity. Management believes that the following assumptions are the most susceptible to change and therefore could impact the valuation of the assets in the next year.

REVENUES, ADJUSTED EARNINGS BEFORE INTEREST, TAXES, DEPRECIATION AND AMORTIZATION (EBITDA (A)) MARGINS, CASH FLOWS AND GROWTH RATES

The assumptions used for revenues were based on the segment's internal budget and were projected for a period of five years and a long-term growth rate of 3% was applied thereafter. The assumption used for EBITDA (A) margin was based on the segment's historical performance. In arriving at its forecasts, the Corporation considers past experience, economic trends such as gross domestic product growth and inflation, as well as industry and market trends.

DISCOUNT RATES

The Corporation assumed a discount rate in order to calculate the present value of its projected cash flows. The discount rate represents a weighted average cost of capital (WACC) for comparable companies operating in similar industries of the applicable CGU, group of CGUs or reportable segment based on publicly available information.

CAPITALIZATION RATES

The Corporation assumed a capitalization rate in order to calculate the present value of its property cash flows. The capitalization rate represents a real estate valuation measure used to compare different real estate investments. The capitalization rate is calculated as the ratio between the annual rental income produced by a real estate asset to its current market value.

FOREIGN EXCHANGE RATES

When estimating the fair value less cost of disposal, foreign exchange rates are determined using the financial institution's average forecast for the first two years of forecasting. For the following three years, the Corporation uses the last five years' historical average of the foreign exchange rate. Terminal rate is based on historical data of the last ten years and adjusted to reflect Management's best estimate of market participants expectations.

SHIPMENTS

The assumptions used are based on the Corporation's internal budget for the next year and are usually held constant for the established capacity, for new capacity the ramp-up is considered over the forecast period. In arriving at its budgeted shipments, the Corporation considers past experience, economic, industry and market trends.

Considering the sensitivity of the key assumptions used, there is measurement uncertainty since adverse changes in one or a combination of the Corporation's key assumptions could cause a significant change in the carrying amounts of these assets.

B. INCOME TAXES

The Corporation is required to estimate the income taxes in each jurisdiction in which it operates. This includes estimating a value for existing tax losses based on the Corporation's assessment of its ability to use them against future taxable income before they expire. If the Corporation's assessment of its ability to use the tax losses proves inaccurate in the future, more or less of the tax losses might be recognized as assets, which would increase or decrease the income tax expense and, consequently, affect the Corporation's results in the relevant year.

C. EMPLOYEE BENEFITS

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related pension liability.

The cost of pensions and other retirement benefits earned by employees is determined by actuaries using the projected benefit method pro-rated on years of service and Management's best estimate of expected plan investment performance, salary escalations, retirement ages of employees and expected health care costs. The accrued benefit obligation is evaluated using the market interest rate at the evaluation date. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty. All assumptions are reviewed annually.

D. ENVIRONMENTAL RESTORATION OBLIGATIONS

Environmental restoration obligations are based on future cost estimates using information available at the balance sheet date that are developed by internal and external experts. These obligations are adjusted on an annual basis, or when new information becomes available concerning changes to factors such as the expected amount of cash flows required to discharge the liability, the timing of such cash flows and the discount rate. Environmental restoration obligations require significant estimates and assumptions, including the requirements of the relevant legal and regulatory framework and the timing, extent and costs of required decommissioning and restoration activities. Actual future expenditures may differ from the amounts currently provided if the estimates made are significantly different than actual results, as a consequence of evolving restrictive regulations, unknown economical environment and climate change impact.

NOTE 5 BUSINESS DISPOSAL

On October 8, 2025, the Corporation announced the sale of Flexible Packaging plant activities in Ontario, Canada, for \$31 million. The gain before taxes was \$21 million subject to closing adjustments as per the sale agreement. The Corporation will retain ownership of the site real estate.

Assets and liabilities of Flexible Packaging plant activities at the time of disposal were as follows:

(in millions of Canadian dollars)	BUSINESS SEGMENT: BUSINESS DISPOSAL	2025	
		Packaging Products	Flexible Packaging
Accounts receivable			2
Inventories			3
Property, plant and equipment			7
Total assets			12
Trade and other payables			2
Net assets disposed of			10
Gain on disposal, before income taxes			21
Consideration received on disposal			31

NOTE 6 ACCOUNTS RECEIVABLE

(in millions of Canadian dollars)	NOTE	2025	2024
Accounts receivable - Trade		361	414
Receivables from related parties	27	33	36
Less: expected credit loss allowance		(4)	(4)
Trade receivables - net		390	446
Other		36	23
		426	469

As of December 31, 2025, trade receivables of \$61 million, including \$39 million within 30 days (December 31, 2024 - \$103 million, including \$63 million within 30 days) were past due.

Past due receivables are before any commercial claims, which are accounted under customers contracts liabilities. For further details, please refer to Note 12.

Movements in the Corporation's expected credit loss allowance are as follows:

(in millions of Canadian dollars)	2025	2024
Balance at beginning of the year	4	7
Provision for expected credit loss allowance	2	1
Receivables written off during the year as uncollectable	(2)	(4)
Balance at end of the year	4	4

The change in the expected credit loss allowance has been included in "Other operational costs" in the Consolidated statements of earnings (loss).

The maximum exposure to credit risk at the reporting period approximates the carrying value of each class of receivable mentioned above.

NOTE 7 INVENTORIES

(in millions of Canadian dollars)	2025	2024
Finished goods	240	267
Raw materials	130	131
Supplies and spare parts	291	287
	661	685

As of December 31, 2025, finished goods, raw materials and supplies and spare parts inventories have been adjusted to their net realizable value (NRV) requiring a provision of \$12 million, \$4 million and \$22 million, respectively (December 31, 2024 - \$9 million, \$2 million and \$27 million).

In 2025, the cost of raw materials and supplies and spare parts included in "Supply chain and logistic" amounted to \$1,662 million (2024 - \$1,702 million).

The net realizable value adjustment on spare parts inventories includes costs partially recognized in "Impairment charges" in the Consolidated statement of earnings (loss) as follows:

(in millions of Canadian dollars)	2025			TOTAL
	PACKAGING PRODUCTS	TISSUE PAPERS	CORPORATE, RECOVERY AND RECYCLING ACTIVITIES	
Spare parts	18	—	2	20

(in millions of Canadian dollars)	2024			TOTAL
	PACKAGING PRODUCTS	TISSUE PAPERS	CORPORATE, RECOVERY AND RECYCLING ACTIVITIES	
Spare parts	4	5	—	9

NOTE 8 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES AND SUBSIDIARIES WITH NON-CONTROLLING INTERESTS

A. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES ARE DETAILED AS FOLLOWS:

(in millions of Canadian dollars)	2025	2024
Investments in associates	29	28
Investments in joint ventures	37	69
	66	97

B. INVESTMENTS IN ASSOCIATES

The Corporation had no individual significant participation in associates in 2025 and in 2024.

C. INVESTMENTS IN JOINT VENTURES

The following are the principal joint ventures of the Corporation and the Corporation's percentage of equity owned:

	2025-2024 PERCENTAGE EQUITY OWNED (%)	PRINCIPAL ESTABLISHMENT
Cascades Sonoco US Inc. ¹	50	Birmingham, Alabama and Tacoma, Washington, United States
Cascades Sonoco Inc. ¹	50	Kingsey Falls and Berthierville, Québec, Canada
Maritime Paper Products Limited Partnership (MPPLP) ²	40	Dartmouth, Nova Scotia, Canada
Tencorr Holdings Corporation ³	33.33	Brampton, Ontario, Canada

¹ Joint ventures producing specialty paper packaging products such as headers, rolls and wrappers.

² MPPLP is a Canadian corporation converting containerboard.

³ Tencorr Holdings Corporation operates as a supplier of corrugated sheet stock.

The Corporation's joint ventures information (100%), translated in millions of Canadian dollars, was as follows:

2025

(in millions of Canadian dollars)	CASCADES SONOCO US INC.	CASCADES SONOCO INC.	MARITIME PAPER PRODUCTS LIMITED PARTNERSHIP	TENCORR HOLDINGS CORPORATION ¹
Condensed balance sheet				
Cash and cash equivalents	—	1	4	4
Current assets (other than cash and cash equivalents and current financial assets)	28	22	30	32
Long-term assets (other than long-term financial assets)	33	14	43	10
Current liabilities (other than current financial liabilities)	11	5	8	20
Current financial liabilities	2	—	—	14
Long-term liabilities (other than long-term financial liabilities)	7	2	—	1
Long-term financial liabilities	29	27	3	—
Condensed statement of earnings				
Sales	108	88	137	188
Depreciation and amortization	5	2	4	1
Provision for (recovery of) income taxes	3	4	—	(1)
Net earnings (net loss)	12	11	5	(4)
Other comprehensive income (loss)				
Translation adjustment	(2)	—	—	—
Total comprehensive income (loss)	10	11	5	(4)
Dividends received from joint ventures	22	20	2	—

¹ Tencorr Holdings Corporation information is for the 12-month period ended April 30, 2025.

In 2025, Cascades Sonoco US Inc. declared and distributed regular dividends in the amount of US\$5 million (\$7 million) (2024 - US\$8 million (\$12 million)) and a special dividend of US\$27 million (\$37 million).

In 2025, Cascades Sonoco Inc. declared and distributed regular dividends in the amount of \$5 million (2024 - \$16 million) and a special dividend of \$35 million.

2024

(in millions of Canadian dollars)	CASCADES SONOCO US INC.	CASCADES SONOCO INC.	MARITIME PAPER PRODUCTS LIMITED PARTNERSHIP	TENCORR HOLDINGS CORPORATION ¹
Condensed balance sheet				
Cash and cash equivalents	4	2	3	10
Current assets (other than cash and cash equivalents and current financial assets)	28	24	37	27
Long-term assets (other than long-term financial assets)	33	15	44	10
Current liabilities (other than current financial liabilities)	11	7	15	13
Current financial liabilities	2	1	—	17
Long-term liabilities (other than long-term financial liabilities)	4	2	1	3
Long-term financial liabilities	3	—	2	—
Condensed statement of earnings				
Sales	95	93	133	173
Depreciation and amortization	5	2	4	1
Financing expenses	1	—	—	—
Provision for income taxes	3	4	—	—
Net earnings	10	13	6	1
Other comprehensive income				
Translation adjustment	4	—	—	—
Total comprehensive income	14	13	6	1
Dividends received from joint ventures	6	8	1	—

¹ Tencorr Holdings Corporation information is for the 12-month period ended April 30, 2024.

Commitments by the joint ventures were \$6 million in 2025 (2024 - \$8 million).

D. NON-SIGNIFICANT ASSOCIATES AND JOINT VENTURES

The carrying value of investments in associates and joint ventures that do not have a significant impact on the Corporation was as follows:

(in millions of Canadian dollars)	2025	2024
Non-significant associates	29	28
Non-significant joint ventures	5	5
	34	33

The shares of results of non-significant associates and joint ventures for the Corporation are as follows:

(in millions of Canadian dollars)	2025	2024
Non-significant associates	1	3
Non-significant joint ventures	2	2
	3	5

The Corporation received dividends of \$3 million from these associates and joint ventures as of December 31, 2025 (December 31, 2024 - \$2 million).

E. SUBSIDIARIES WITH NON-CONTROLLING INTERESTS

The net earnings attributable to non-controlling interests for the Corporation, as presented in the Consolidated statement of earnings (loss), are as follows:

(in millions of Canadian dollars)	2025	2024
Significant subsidiaries with non-controlling interests	24	17
Non-significant subsidiaries with non-controlling interests	(1)	—
	23	17

The Corporation's information for its subsidiaries with significant non-controlling interests is as follows:

(in millions of Canadian dollars, unless otherwise noted)	2025		2024	
	FALCON PACKAGING LLC Ohio, United States	GREENPAC HOLDING LLC New York, United States	FALCON PACKAGING LLC Ohio, United States	GREENPAC HOLDING LLC New York, United States
Principal establishment				
Percentage of shares held by non-controlling interests (accounting basis)	5.75%	13.65%	5.75%	13.65%
Net earnings attributable to non-controlling interests	1	23	1	16
Non-controlling interests accumulated at the end of the year	2	32	1	46
Dividends paid to non-controlling interests	1	33	1	14
Condensed balance sheet				
Cash and cash equivalents	20	4	17	1
Current assets (other than cash and cash equivalents and current financial assets)	31	145	26	139
Current financial assets	—	3	—	—
Long-term assets (other than long-term financial assets)	33	482	36	492
Long-term financial assets	—	4	—	—
Current liabilities (other than current financial liabilities)	34	55	32	56
Current financial liabilities	1	11	1	9
Long-term liabilities (other than long-term financial liabilities)	—	1	—	1
Long-term financial liabilities	3	200	4	93
Condensed statement of earnings				
Sales	275	571	249	540
Depreciation and amortization	2	41	2	39
Net earnings	21	171	17	119
Condensed cash flow				
Cash flows from operating activities	21	195	27	143
Cash flows used for investing activities	—	(9)	—	(12)
Cash flows used for financing activities	(18)	(183)	(18)	(133)

In 2025, Greenpac Holding LLC declared and distributed regular dividends in the amount of US\$80 million (\$111 million) (2024 - US\$80 million (\$110 million)) and a special dividend of US\$100 million (\$137 million).

In 2024, the Corporation increased its participation in Falcon Packaging LLC in the Packaging Products segment with a contribution of \$3 million.

NOTE 9 PROPERTY, PLANT AND EQUIPMENT

(in millions of Canadian dollars)	NOTE	LAND AND LAND IMPROVEMENTS	BUILDINGS AND LEASEHOLD IMPROVEMENT	MACHINERY AND EQUIPMENT	AUTOMOTIVE EQUIPMENT	RIGHT-OF-USE ASSETS (Note 14)	TOTAL
As of January 1, 2024							
Cost		139	1,160	3,773	154	382	5,608
Accumulated depreciation and impairment		19	448	2,018	101	214	2,800
Net book amount		120	712	1,755	53	168	2,808
Additions		1	24	109	15	121	270
Disposals		(2)	(9)	(9)	—	(1)	(21)
Depreciation		(2)	(22)	(161)	(11)	(65)	(261)
Impairment	24	—	(14)	(41)	—	—	(55)
Others		7	5	(55)	1	(3)	(45)
Exchange differences		4	39	99	2	7	151
Closing net book amount		128	735	1,697	60	227	2,847
As of December 31, 2024							
Cost		150	1,230	3,893	164	490	5,927
Accumulated depreciation and impairment		22	495	2,196	104	263	3,080
Net book amount		128	735	1,697	60	227	2,847
Additions		—	29	104	4	100	237
Disposals		(3)	(20)	(2)	—	(9)	(34)
Depreciation		(2)	(26)	(162)	(12)	(77)	(279)
Business disposal	5	—	—	(7)	—	—	(7)
Impairment	24	—	(12)	(17)	—	—	(29)
Others		—	—	(2)	—	(1)	(3)
Exchange differences		(3)	(22)	(53)	—	(5)	(83)
Closing net book amount		120	684	1,558	52	235	2,649
As of December 31, 2025							
Cost		141	1,123	3,598	161	531	5,554
Accumulated depreciation and impairment		21	439	2,040	109	296	2,905
Net book amount		120	684	1,558	52	235	2,649

As of December 31, 2025, property, plant and equipment includes assets in the process of construction or installation with a book value of \$82 million (December 31, 2024 - \$69 million). As of December 31, 2025, deposits on purchases of machinery and equipment represented \$6 million (December 31, 2024 - \$4 million).

In 2025, \$1 million of interest incurred on qualifying assets was capitalized (2024 - \$1 million). The weighted average capitalization rate on funds borrowed in 2025 was 5.89% (2024 - 6.02%).

The Corporation recorded impairment of \$29 million in 2025 (2024 - \$55 million). For further details, please refer to Note 24.

NOTE 10

GOODWILL AND OTHER INTANGIBLE ASSETS WITH FINITE AND INDEFINITE USEFUL LIFE

(in millions of Canadian dollars)	APPLICATION SOFTWARE AND ERP	CUSTOMER RELATIONSHIPS AND CLIENT LISTS	OTHER INTANGIBLE ASSETS WITH FINITE USEFUL LIFE	TOTAL INTANGIBLE ASSETS WITH FINITE USEFUL LIFE	GOODWILL	OTHER INTANGIBLE ASSETS WITH INDEFINITE USEFUL LIFE	TOTAL INTANGIBLE ASSETS WITH INDEFINITE USEFUL LIFE
As of January 1, 2024							
Cost	135	133	4	272	481	1	482
Accumulated amortization and impairment	110	104	3	217	—	—	—
Net book amount	25	29	1	55	481	1	482
Additions	5	—	—	5	—	—	—
Amortization	(16)	(4)	—	(20)	—	—	—
Exchange differences	—	1	—	1	22	—	22
Closing net book amount	14	26	1	41	503	1	504
As of December 31, 2024							
Cost	139	136	4	279	503	1	504
Accumulated amortization and impairment	125	110	3	238	—	—	—
Net book amount	14	26	1	41	503	1	504
Disposals	(3)	—	—	(3)	—	—	—
Amortization	(3)	(3)	(1)	(7)	—	—	—
Exchange differences	—	(1)	—	(1)	(13)	—	(13)
Closing net book amount	8	22	—	30	490	1	491
As of December 31, 2025							
Cost	132	56	4	192	490	1	491
Accumulated amortization and impairment	124	34	4	162	—	—	—
Net book amount	8	22	—	30	490	1	491

NOTE 11

OTHER ASSETS

(in millions of Canadian dollars)	NOTE	2025	2024
Long-term notes receivable	11 A	36	33
Other investments		3	3
Deferred charges and financing expenses		22	21
Employee future benefits	18	46	48
		107	105

An amortization expense of \$1 million was booked against deferred charges and financing expenses in 2025 (2024 - \$1 million).

A. PREFERRED SHARES

In 2024, the Corporation acquired US\$15 million (\$21 million) of non-participating fixed interest-bearing preferred shares in a converting paper company. The preferred shares are redeemable at the issuer's option and interest is payable starting May 2027. The preferred shares meet the definition of a financial asset and are measured at amortized cost.

NOTE 12 TRADE AND OTHER PAYABLES

(in millions of Canadian dollars)	NOTE	2025	2024
Trade payables		507	540
Payables to related parties	27	11	14
Customers contracts liabilities		75	92
Accrued expenses		104	102
		697	748

Movements in the Corporation's customers contracts liabilities are as follows:

(in millions of Canadian dollars)	2025	2024
Balance at beginning of the year	92	60
Provision for customers contracts liabilities	169	174
Customers deposits	(13)	30
Customers contracts liabilities payments	(172)	(174)
Exchange differences	(1)	2
Balance at end of the year	75	92

NOTE 13 LONG-TERM DEBT

(in millions of Canadian dollars)	NOTE	MATURITY	2025	2024
Revolving credit facility, weighted average interest rate of 7.45% as of December 31, 2025 and consists of US\$2 million (December 31, 2024 - \$6 million and US\$187 million)	13(a)	2029	2	275
5.125% Unsecured senior notes of \$175 million repurchased in 2025	13(b)	2025	—	175
5.125% Unsecured senior notes of US\$206 million repurchased in 2025	13(c)	2026	—	296
5.375% Unsecured senior notes of US\$445 million and \$3 million of unamortized premium as of December 31, 2025 (December 31, 2024 - US\$445 million and \$4 million of unamortized premium)		2028	614	644
6.75% Unsecured senior notes of US\$400 million	13(c)	2030	549	—
Term loan of US\$260 million, interest rate of 5.82% as of December 31, 2025		2027	357	374
Lease obligations with recourse to the Corporation	13(d)		207	233
Other debts with recourse to the Corporation			14	16
Lease obligations without recourse to the Corporation	13(d)		53	20
Revolving credit facility without recourse to the Corporation, weighted average interest rate of 5.36% as of December 31, 2025 and consists of US\$114 million (December 31, 2024 - US\$59 million)	13(e)	2028	156	85
			1,952	2,118
Less: Unamortized financing expenses			8	5
Total long-term debt			1,944	2,113
Less:				
Current portion of Unsecured senior notes	13(b)		—	175
Current portion of lease obligations with recourse to the Corporation			58	57
Current portion of other debts with recourse to the Corporation			—	2
Current portion of lease obligations without recourse to the Corporation			12	8
			70	67
			1,874	1,871

- a. On July 31, 2025, the Corporation entered into an agreement with its lenders to amend and extend the maturity of its existing revolving credit facility from July 2027 to July 2029. The financial conditions remained unchanged.

As of December 31, 2025, accounts receivable and inventories totaling approximately \$929 million (December 31, 2024 - \$941 million) and property, plant and equipment having a net book value of \$991 million (December 31, 2024 - \$265 million) were pledged as collateral for the Corporation's revolving credit facility.

- b. On January 15, 2025, the Corporation repaid its \$175 million unsecured senior notes with its revolving credit facility. On April 12, 2024, the Corporation entered into a \$175 million delayed draw unsecured term loan credit facility to manage upcoming maturities and this facility was converted into a delayed draw unsecured term loan credit facility of US\$121 million on January 31, 2025. On January 31, 2025, US\$25 million (\$36 million) was borrowed from the facility. On December 29, 2025, the Corporation repaid this facility of US\$25 million (\$34 million).
- c. On May 28, 2025, the Corporation announced that it had priced its private placement in the amount of US\$400 million (\$547 million) aggregate principal at 6.75% senior notes due July 15, 2030 (the "Notes"). The Notes were issued at a price of 100% of their principal amount. The closing of the offering of the Notes occurred on June 11, 2025. The Corporation used the proceeds from the offering to redeem all of its outstanding senior notes due January 15, 2026 in the amount of US\$206 million (\$281 million) aggregate principal and to repay a portion of the borrowings outstanding under its revolving credit facility and to pay related transaction fees and expenses of \$6 million. The Corporation also wrote off \$1 million unamortized financing expenses related to these notes.

Issuance proceeds were used as follows:

(in millions of Canadian dollars)	2025
Issuance of unsecured senior notes of US\$400 million	547
Transaction fees	(6)
Repurchase of unsecured senior notes of US\$206 million	(281)
Decrease of credit facility	260

- d. The Corporation has leases for various items of property, plant and equipment. Lease obligations are secured, as the rights to the leased asset revert to the lessor in the event of default. For more details on future payments, see Note 16.4 C.
- e. On June 13, 2025, the Corporation's subsidiary, Greenpac, signed an amendment to its credit agreement with the banking syndicate securing its revolving credit facility, increasing the authorized limit to US\$250 million and extending the maturity from December 2027 to June 2028. The revolving credit facility bears interest at a variable rate based on the level of leverage ratio of the subsidiary. The financial conditions remained unchanged. Transaction fees amounting to less than one million dollars were capitalized in other assets.

NOTE 14 LEASES

- a. The consolidated balance sheet includes, in "Property, plant and equipment", the amounts hereunder as right-of-use assets relating to leases. 2025 and 2024 right-of-use assets under *IFRS 16* are as follows:

(in millions of Canadian dollars)	2025	2024
Land	2	2
Buildings	154	176
Machinery and equipment	2	2
Automotive equipment	77	46
Others	—	1
Net book amount	235	227

Additions to the right-of-use assets during the 2025 financial year were \$100 million (2024 - \$121 million).

b. The consolidated statements of earnings (loss) include the following amounts relating to leases:

(in millions of Canadian dollars)	2025	2024
Depreciation and amortization of right-of-use assets		
Buildings	51	40
Machinery and equipment	1	1
Automotive equipment	25	24
	77	65
Financing expenses	12	10

Expenses relating to short-term leases, low-value assets and variable lease payments not included in the lease obligation were less than one million dollars in 2025 (2024 - less than one million dollars).

c. The total cash outflow for leases, including interest, in 2025 was \$90 million (2024 - \$77 million).

d. Refer to Note 13 for lease obligations and to Note 16.4 C for future contractual payments of lease obligations.

e. The future cash flows arising from leases not yet commenced but already signed were the following as of December 31, 2025 and 2024:

(in millions of Canadian dollars)	2025	2024
	BUILDINGS	BUILDINGS
No later than one year	1	1
Later than one year but no later than five years	2	2
More than five years	—	—
	3	3

NOTE 15 PROVISIONS FOR CHARGES

(in millions of Canadian dollars)	ENVIRONMENTAL RESTORATION OBLIGATIONS	ENVIRONMENTAL COSTS	LEGAL CLAIMS	SEVERANCES	ONEROUS CONTRACT	OTHERS	TOTAL PROVISIONS
As of January 1, 2024	34	18	10	2	—	11	75
Additional provision	37	1	1	14	1	1	55
Payments	(20)	(1)	(1)	(11)	—	(2)	(35)
Revaluation	1	—	—	—	—	—	1
Unwinding of discount	2	—	—	—	—	—	2
Exchange differences	—	—	1	—	—	1	2
As of December 31, 2024	54	18	11	5	1	11	100
Additional provision	10	1	14	13	—	1	39
Payments	(32)	(3)	(22)	(15)	(1)	—	(73)
Unwinding of discount	1	—	—	—	—	—	1
Exchange differences	—	—	(1)	—	—	—	(1)
As of December 31, 2025	33	16	2	3	—	12	66

Analysis of total provisions:

(in millions of Canadian dollars)	2025	2024
Long-term	58	58
Current	8	42
	66	100

ENVIRONMENTAL RESTORATION OBLIGATIONS

The Corporation uses some landfill sites across its locations and settling ponds only at one containerboard mill. A provision has been recognized at fair value for the costs to be incurred for these assets. The provision, that relates to the closure of the containerboard mill announced in February 2024, was increased in 2024 following discussions with regulatory authorities regarding the disposition of sludge from the ponds and cleanup of other residues. The change in the underlying assumptions for the estimated clean-up costs led to a significant increase in total projected costs for the site restoration in 2024. The ongoing work on site revealed further challenges that required adjustments to the closure plans and schedule resulting in additional costs of \$10 million recorded in “Other loss” in 2025.

ENVIRONMENTAL COSTS

An environmental provision is recorded when the Corporation has an obligation caused by its ongoing or abandoned operations.

In recent years, the Corporation has had limited interaction with representatives of the Ontario Ministry of the Environment (MOE) - Northern Region and Environment Canada - Great Lakes Sustainability Fund in Toronto regarding its potential responsibility for an environmental impact identified at its former Thunder Bay facility. Both authorities lead the working group and they are developing a site management plan relating to the sediment quality adjacent to Thunder Bay’s lagoon. Several meetings have been held during the past years with the MOE and Environment Canada and a management plan based on sediment dredging has been proposed by a third-party consultant. Both governments are looking at this proposal with stakeholders to agree on this remediation action plan that would likely be implemented in the coming years.

The Corporation has recorded an environmental reserve to address its estimated exposure for this matter.

LEGAL CLAIMS

In the normal course of operations, the Corporation is party to various legal actions and contingencies, mostly related to contract disputes, environmental and product warranty claims, and labour issues. While the final outcome with respect to legal actions outstanding or pending as of December 31, 2025 cannot be predicted with certainty, it is Management’s opinion that the outcome will not have a material adverse effect on the Corporation’s consolidated financial position, on the results of its operations or on its cash flows.

In 2025, the Packaging Products segment recorded a provision of \$6 million payable to the claimant for administration fees, compensation and expenses of the arbitrators related to a dispute pertaining to the construction of the Bear Island plant. Also, an additional provision of \$6 million was capitalized in “Property, plant and equipment” for the work under dispute related to the construction of the plant, bringing the total capitalized provision to \$15 million. The provision, totaling \$21 million, was paid in 2025.

CONTINGENT LIABILITIES

ENVIRONMENTAL CONTINGENT LIABILITIES

Newtown Creek – Superfund Site Case – Former Cascades Containerboard Packaging, New York (CCP NY)

In 2001, CCP NY purchased the shares of Star Corrugated Box Co., a containerboard converting plant located in Maspeth, New York. By purchasing shares, CCP NY presumably became the liable party for the entire “Star Corrugated” ownership period from 1924 to 2001. In 2017, CCP NY sold this asset.

In 2013, CCP NY was informed by the Newtown Creek Group (“NCG”) of potential liability with respect to the Newtown Creek Superfund Site. Newtown Creek is a tributary of the East River discharging in the New-Jersey – New York Harbor Estuary. Newtown Creek includes 5 tributaries that have drained a heavily industrialized area since the 19th century which has caused surface water and sediment contamination, and the former Star Corrugated site is located in this water shed, in close proximity to one of the tributaries. The members of NCG are five major contributors of this contamination and, as is usually the case in these scenarios, they are motivated to identify other Potential Responsible Parties (“PRPs”) who may also have liability and therefore may bear some of the investigation and remediation costs. Because the United States Environmental Protection Agency (“EPA”) would require several years to define the remedy solution and related costs, NCG, the City of New York and approximately 30 other PRPs (including CCP NY) agreed in 2014 to enter into a Tolling Agreement arrangement to avoid the need to initiate legal proceedings while the NCG and EPA continue the evaluation of the Newtown Creek Superfund Site and the selection of the remedial options. In 2022, the Tolling Agreement arrangement was extended until 2028.

By November 20, 2024, EPA had notified approximately 30 other PRPs (including CCP NY) of progress for a specific sector named East Branch Area, representing about 10% of the total Newtown Creek Superfund Site. The EPA estimates that the cost for East Branch Area remediation would approximate to US\$280 million (final solution and costs are not yet determined) and the former Star Corrugated site is located in this specific area. The EPA asked several questions to PRPs to progress toward the level of each PRPs responsibility. Therefore, it is premature to establish or estimate the remediation costs for the East Branch Area or CCP NY’s share of liability for those costs and so no provision has been taken as of December 31, 2025 for this environmental liability.

ANTITRUST CLASS ACTION LAWSUIT

On July 29, 2025, a class action lawsuit was filed against the Corporation and several other North American manufacturers of containerboard in the United States District Court for the Northern District of Illinois (Chicago). The claim alleges a conspiracy to fix the prices of containerboard products in violation of Sections 1 & 3 of the Sherman Act. The action is brought on behalf of “all persons who purchased Containerboard Products directly from one or more Defendants within the United States and its territories from November 1, 2020 until the present”. The Corporation refutes all accusations. As of the reporting period, there is insufficient information to reasonably estimate the potential financial impact, if any, of this litigation.

NOTE 16

FINANCIAL INSTRUMENTS

16.1 FAIR VALUE OF FINANCIAL INSTRUMENTS

The classification of financial instruments as of December 31, 2025 and 2024, along with the respective carrying amounts and fair values, is as follows:

(in millions of Canadian dollars)	NOTE	2025		2024	
		CARRYING AMOUNT	FAIR VALUE	CARRYING AMOUNT	FAIR VALUE
Financial assets at fair value through profit or loss					
Equity investments		3	3	3	3
Derivatives	16.4	9	9	1	1
Financial assets at amortized cost					
Preferred shares	16.1 A	23	23	23	23
Financial liabilities at fair value through profit or loss					
Derivatives	16.4	(9)	(9)	(3)	(3)
Financial liabilities at amortized cost					
Long-term debt		(1,944)	(1,973)	(2,113)	(2,093)

A. PREFERRED SHARES

In 2024, the Corporation acquired interest bearing preferred shares amounting to US\$15 million (\$21 million). For further details, please refer to Note 11.

16.2 DETERMINING THE FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair value of a financial instrument is the amount of consideration that would be received upon the sale of an asset or paid to transfer a liability in an orderly transaction between market participants as of the measurement date.

- i. The fair value of cash and cash equivalents, accounts receivable, notes receivable, bank loans and advances, trade and other payables and provisions approximates their carrying amounts due to their relatively short maturities.
- ii. The fair value of investment in shares is based on observable market data and is traded on the Toronto Stock Exchange and classified as level 1.
- iii. The fair value of long-term debt and some other liabilities is based on observable market data and on the calculation of discounted cash flows. Discount rates were determined based on local government bond yields adjusted for the risks specific to each of the borrowings and the credit market liquidity conditions, and are classified as levels 1 and 3.
- iv. The fair value of derivative instruments, which include forward contracts, swap agreements and embedded derivatives accounted for separately, is calculated as the present value of the estimated future cash flows using an appropriate interest rate yield curve and a forward foreign exchange rate. Assumptions are based on market conditions prevailing at each reporting date and are classified as level 2. The fair value of derivative instruments reflects the estimated amounts that the Corporation would receive or pay to settle the contracts at the reporting date.

16.3 HIERARCHY OF FINANCIAL ASSETS AND LIABILITIES MEASURED AT FAIR VALUE

The following table presents information about the Corporation's financial assets and financial liabilities measured at fair value on a recurring basis as of December 31, 2025 and 2024 and indicates the fair value hierarchy of the Corporation's valuation techniques to determine such fair value. Three levels of inputs that may be used to measure fair value are:

Level 1 – Quoted prices in active markets for identical assets or liabilities.

Level 2 – Observable inputs other than quoted prices in active markets for identical assets and liabilities, quoted prices for identical or similar assets or liabilities in inactive markets, or other inputs that are observable or can be corroborated by observable market data for almost all of the full term of the assets or liabilities.

Level 3 – Inputs that are generally unobservable and typically reflect Management's estimates of assumptions that market participants would use in pricing the asset or liability.

2025

(in millions of Canadian dollars)	CARRYING AMOUNT	QUOTED PRICES IN ACTIVE MARKETS FOR IDENTICAL ASSETS (LEVEL 1)	SIGNIFICANT OBSERVABLE INPUTS (LEVEL 2)	SIGNIFICANT UNOBSERVABLE INPUTS (LEVEL 3)
Financial assets				
Equity investments	3	—	—	3
Derivative financial assets	9	—	9	—
	12	—	9	3
Financial liabilities				
Derivative financial liabilities	(9)	—	(9)	—
	(9)	—	(9)	—

2024

(in millions of Canadian dollars)	CARRYING AMOUNT	QUOTED PRICES IN ACTIVE MARKETS FOR IDENTICAL ASSETS (LEVEL 1)	SIGNIFICANT OBSERVABLE INPUTS (LEVEL 2)	SIGNIFICANT UNOBSERVABLE INPUTS (LEVEL 3)
Financial assets				
Equity investments	3	—	—	3
Derivative financial assets	1	—	1	—
	4	—	1	3
Financial liabilities				
Derivative financial liabilities	(3)	—	(3)	—
	(3)	—	(3)	—

16.4 FINANCIAL RISK MANAGEMENT

The Corporation's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Corporation's overall risk management program focuses on the unpredictability of the financial market and seeks to minimize potential adverse effects on the Corporation's financial performance. The Corporation uses derivative financial instruments to hedge certain risk exposures.

Risk management is carried out by a central treasury department and a management committee acting under policies approved by the Board of Directors. They identify, evaluate and hedge financial risks in close cooperation with the business units. The Board provides guidance for overall risk management, covering specific areas such as foreign exchange risk, interest rate risk and credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

Summary

2025

(in millions of Canadian dollars)	RISK	NOTE	ASSETS			LIABILITIES		
			SHORT-TERM	LONG-TERM	TOTAL	SHORT-TERM	LONG-TERM	TOTAL
	Currency risk	16.4 A (i)	—	—	—	—	(2)	(2)
	Price risk	16.4 A (ii)	4	4	8	(1)	(6)	(7)
	Interest rate risk	16.4 A (iii)	—	1	1	—	—	—
			4	5	9	(1)	(8)	(9)

2024

(in millions of Canadian dollars)	RISK	NOTE	ASSETS			LIABILITIES		
			SHORT-TERM	LONG-TERM	TOTAL	SHORT-TERM	LONG-TERM	TOTAL
	Price risk	16.4 A (ii)	—	—	—	(3)	—	(3)
	Interest rate risk	16.4 A (iii)	1	—	1	—	—	—
			1	—	1	(3)	—	(3)

A. MARKET RISK

i. Currency risk

The Corporation operates internationally and is exposed to foreign exchange risks arising from various currencies as a result of its export of goods produced in Canada and in the United States. Foreign exchange risk arises from future commercial transactions, recognized assets and liabilities, and net investments in foreign operations. These risks are partially covered by purchases and debt.

The Corporation manages foreign exchange exposure by entering into various foreign exchange forward contracts and currency option instruments related to anticipated sales, purchases, interest expenses and repayment of long-term debt. Management has implemented a policy for managing foreign exchange risk against its functional currency. The Corporation's risk management policy is to hedge 25% to 90% of anticipated cash flows in each major foreign currency for the next twelve months and to hedge 0% to 75% for the subsequent twenty-four months. The Corporation may designate these foreign exchange forward contracts as a cash flow hedge of future anticipated sales, cost of sales, interest expense and repayment of long-term debt denominated in foreign currencies. Gains or losses from these derivative financial instruments designated as hedges are recorded in "Accumulated other comprehensive income" net of related income taxes and are reclassified to earnings as adjustments to sales, cost of sales, interest expense or foreign exchange loss (gain) on long-term debt in the period in which the respective hedged item affected earnings.

In 2025, approximately 17% of sales from Canadian operations were made to third parties in the United States.

The Corporation's outstanding foreign exchange contracts fair value totaled a net loss of \$2 million as of December 31, 2025 (less than one million dollars as of December 31, 2024).

The fair values of foreign exchange forward contracts and currency options are determined using the discounted value of the difference between the value of the contract at expiry, calculated using the contracted exchange rate and the exchange rate the financial institution would use if it renegotiated the same contract under the same conditions as of the consolidated balance sheet date. The discount rates are adjusted for the credit risk of the Corporation or of the counterparty, as applicable. When determining credit risk adjustments, the Corporation considers master netting agreements, if applicable.

In 2025, if the Canadian dollar had changed by \$0.10 against the US dollar on average for the year with all other variables held constant, operating income for the year would have changed by \$7 million. This is based on the net exposure of total US sales less US purchases of the Corporation's Canadian operations and operating income of the Corporation's US operations, but excludes the effect of this change on the denominated working capital components. The interest expense would have been approximately \$8 million higher.

CURRENCY RISK ON TRANSLATION OF SELF-SUSTAINING FOREIGN SUBSIDIARIES

The Corporation has certain investments in foreign operations whose net assets are exposed to foreign currency translation risk. The Corporation may designate part of its long-term debt denominated in foreign currencies as a hedge of the net investment in self-sustaining foreign subsidiaries. Gains or losses resulting from the translation to Canadian dollars of long-term debt denominated in foreign currencies and designated as net investment hedges are recorded in "Accumulated other comprehensive income", net of related income taxes.

The table below shows the effect on consolidated equity of a 10% change in the value of the Canadian dollar against the US dollar as of December 31, 2025 and 2024. The calculation includes the effect of currency hedges of net investment in US foreign entities and assumes that no changes occurred other than a single currency exchange rate movement.

The exposures used in the calculations are the foreign currency-denominated equity and the hedging level as of December 31, 2025 and 2024, with the hedging instruments being the long-term debt denominated in US dollars.

Consolidated Shareholders' equity: Currency effect before tax of a 10% change:

(in millions of Canadian dollars)	2025			2024		
	BEFORE HEDGES	HEDGES	NET IMPACT	BEFORE HEDGES	HEDGES	NET IMPACT
10% change in the CAN\$/US\$ rate	72	54	18	79	50	29

ii. Price risk

The Corporation is exposed to commodity price risk on old corrugated containers, commercial pulp, electricity and natural gas. The Corporation uses derivative commodity contracts to help manage its production costs. The Corporation may designate these derivatives as cash flow hedges of anticipated purchases of energy. Gains or losses from these derivative financial instruments designated as hedges are recorded in "Accumulated other comprehensive income", net of related income taxes, and are reclassified to earnings as adjustments to "Supply chain and logistic" in the same period, as the respective hedged item affects earnings.

The fair value of these contracts is as follows:

	2025		
	QUANTITY	MATURITY	FAIR VALUE (IN MILLIONS OF CANADIAN DOLLARS)
Forecasted purchases			
Derivatives designated as held for trading and reclassified in "Supply chain and logistic"			
Natural gas:			
US portfolio	3,105,000 mmBtu	2026 to 2028	—
Derivatives designated as cash flow hedges and reclassified in "Supply chain and logistic" (effective portion)			—
Natural gas:			
US portfolio	1,460,000 mmBtu	2026 to 2028	—
			—

	2024		
	QUANTITY	MATURITY	FAIR VALUE (IN MILLIONS OF CANADIAN DOLLARS)
Forecasted purchases			
Derivatives designated as held for trading and reclassified in "Supply chain and logistic"			
Natural gas:			
Canadian portfolio	304,000 mmBtu	2025	—
US portfolio	2,463,000 mmBtu	2025 to 2026	(1)
Derivatives designated as cash flow hedges and reclassified in "Supply chain and logistic" (effective portion)			(1)
Natural gas:			
US portfolio	684,000 mmBtu	2025 to 2026	—
			(1)

The Corporation has an agreement to purchase steam that includes an embedded derivative with a positive value of \$1 million as of December 31, 2025 (as of December 31, 2024 - negative value of \$2 million).

The fair value of derivative financial instruments other than options is established utilizing a discounted future expected cash flows method. Future expected cash flows are determined by reference to the forward price or rate prevailing on the assessment date of the underlying financial index (exchange or interest rate or commodity price) according to the contractual terms of the instrument. Future expected cash flows are discounted at an interest rate reflecting both the maturity of each flow and the credit risk of the party to the contract for which it represents a liability (subject to the application of relevant credit support enhancements). The fair value of derivative financial instruments that represent options is established utilizing similar methods that reflect the impact of the potential volatility of the financial index underlying the option on future expected cash flows.

The table below shows the effect of changes in the price of virgin pulp, brown grades, natural gas and electricity as of December 31, 2025 and 2024. The calculation includes the effect of price hedges of these commodities and assumes that no changes occurred other than a single change in price.

The exposures used in the calculations are the commodity consumption and the hedging level as of December 31, 2025 and 2024, with the hedging instruments being derivative commodity contracts.

Consolidated commodity consumption: Price change effect before tax:

(in millions of Canadian dollars ¹)	2025			2024		
	BEFORE HEDGES	HEDGES	NET IMPACT	BEFORE HEDGES	HEDGES	NET IMPACT
US\$25/s.t. change in virgin pulp price	7	—	7	6	—	6
US\$25/s.t. change in brown grades (OCC and others)	58	—	58	61	—	61
US\$1/mmBtu. change in natural gas price	10	3	7	10	4	6
US\$1/MWh change in electricity price	2	—	2	2	—	2

¹ Sensitivity calculated with an exchange rate of 1.35 CAN\$/US\$ for 2025 and 1.35 CAN\$/US\$ for 2024.

iii. Interest rate risk

The Corporation has no significant interest-bearing assets.

The Corporation's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Corporation to cash flow interest rate risk. Borrowings issued at fixed rates expose the Corporation to fair value interest rate risk.

When appropriate, the Corporation analyzes its interest rate risk exposure. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions, alternative financing and hedging. Based on these scenarios, the Corporation calculates the impact on earnings of a defined interest rate shift. For each simulation, the same interest rate shift is used for all currencies. The scenarios are run only for liabilities that represent the major interest-bearing positions. As of December 31, 2025, approximately 26% of the Corporation's long-term debt was at variable rates (December 31, 2024 - 35%).

The Corporation had the following outstanding interest rate option contracts:

				2025
	LOW - HIGH RANGE	MATURITY	MAXIMUM MONTHLY NOTIONAL AMOUNT (IN MILLIONS)	FAIR VALUE (IN MILLIONS OF CANADIAN DOLLARS)
Variable interest payments				
Derivatives at fair value through profit or loss and classified in "Financing expenses"				
Monthly interest collar	1.60% - 5.35%	2026 to 2028	US\$250	1
				2024
	LOW - HIGH RANGE	MATURITY	MAXIMUM MONTHLY NOTIONAL AMOUNT (IN MILLIONS)	FAIR VALUE (IN MILLIONS OF CANADIAN DOLLARS)
Variable interest payments				
Derivatives at fair value through profit or loss and classified in "Financing expenses"				
Monthly interest collar	1.60% - 5.35%	2025 to 2028	US\$250	1

Based on the outstanding long-term debt as of December 31, 2025, the impact on interest expense of a 1% change in rate would be approximately \$5 million (impact on net earnings is approximately \$4 million).

iv. Gain on derivative financial instruments is as follows:

(in millions of Canadian dollars)	2025	2024
Gain on derivative financial instruments	(5)	(5)

Please refer to the "Segmented Information" section of the Consolidated Financial Statements for the years ended December 31, 2025 and 2024, for more information.

B. CREDIT RISK

Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions. The Corporation reduces this risk by dealing with credit-worthy financial institutions.

The Corporation is exposed to credit risk on the accounts receivable from its customers. In order to reduce this risk, the Corporation's credit policies include the analysis of the financial position of its customers and the regular review of their credit limits. In addition, the Corporation believes there is no particular concentration of credit risk due to the geographic diversity of customers and the procedures for the management of commercial risks. Derivative financial instruments include an element of credit risk should the counterparty be unable to meet its obligations.

Trade receivables are recognized initially at fair value and are subsequently measured at amortized cost using the effective interest method, less loss allowance. An expected credit loss allowance of trade receivables is established when there is objective evidence that the Corporation will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy or financial reorganization, and default or delinquency in payments are considered indicators that the trade receivable is impaired. Each trade receivables is evaluated considering the collection history to identify impairment. The amount of the expected credit loss allowance represents the estimated credit loss. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recorded in the consolidated statements of earnings (loss) in "Other operational costs". When a trade receivable is not collectible, it is written off against the loss allowance. Subsequent recoveries of amounts previously written off are credited against "Other operational costs" in the consolidated statements of earnings (loss).

Loans and notes receivables from business disposals are recognized at fair value. There were no past due amounts as of December 31, 2025.

C. LIQUIDITY RISK

Liquidity risk is the risk that the Corporation will not be able to meet its obligations as they fall due. The following are the contractual maturities of financial liabilities as of December 31, 2025 and 2024:

	2025					
(in millions of Canadian dollars)	CARRYING AMOUNT	CONTRACTUAL CASH FLOWS	LESS THAN ONE YEAR	BETWEEN ONE AND TWO YEARS	BETWEEN TWO AND FIVE YEARS	MORE THAN FIVE YEARS
Non-derivative financial liabilities:						
Trade and other payables	697	697	697	—	—	—
Revolving credit facility	2	3	—	—	3	—
Unsecured senior notes	1,160	1,396	70	70	1,256	—
Term loan	357	398	21	377	—	—
Lease obligations with recourse to the Corporation	207	244	67	47	69	61
Other debts with recourse to the Corporation	14	16	—	12	4	—
Lease obligations without recourse to the Corporation	53	57	14	14	28	1
Revolving credit facility without recourse to the Corporation	156	177	8	8	161	—
Derivative financial liabilities	9	9	1	—	2	6
	2,655	2,997	878	528	1,523	68

	2024					
(in millions of Canadian dollars)	CARRYING AMOUNT	CONTRACTUAL CASH FLOWS	LESS THAN ONE YEAR	BETWEEN ONE AND TWO YEARS	BETWEEN TWO AND FIVE YEARS	MORE THAN FIVE YEARS
Non-derivative financial liabilities:						
Trade and other payables	748	748	748	—	—	—
Revolving credit facility	275	320	18	18	284	—
Unsecured senior notes	1,111	1,232	225	331	676	—
Term loan	374	446	24	24	398	—
Lease obligations with recourse to the Corporation	233	279	66	52	85	76
Other debts with recourse to the Corporation	16	19	2	1	15	1
Lease obligations without recourse to the Corporation	20	22	9	3	7	3
Revolving credit facility without recourse to the Corporation	85	100	5	5	90	—
Derivative financial liabilities	3	3	3	—	—	—
	2,865	3,169	1,100	434	1,555	80

As of December 31, 2025, the Corporation and its subsidiaries had unused credit facilities of \$924 million (December 31, 2024 - \$594 million), net of outstanding letters of credit of \$11 million (December 31, 2024 - \$12 million).

D. OTHER RISKS

MONETIZATION OF ACCOUNTS RECEIVABLE

In the fourth quarter of 2023, the Corporation entered into an agreement for an \$82 million (US\$60 million) monthly rolling receivables' monetization facility without recourse which was increased to \$110 million (US\$80 million) in the fourth quarter of 2025. Under this agreement the Corporation considers the receivables transferred and accounts for as a sale. The Corporation's continuing involvement in the transferred assets is limited to servicing the receivables.

As of December 31, 2025, the Corporation had unrecognized receivables of \$107 million (\$86 million as of December 31, 2024) related to this facility, of which the Corporation received a net amount of \$8 million (\$20 million as of December 31, 2024) as the collection agent and recorded the same amount to the transferred assets purchaser. The Corporation recorded \$4 million in interest expenses for the year ended December 31, 2025 (\$4 million for the year ended December 31, 2024). The interest is charged monthly and paid on the settlement date.

STOCK-BASED COMPENSATION

The Corporation entered into an agreement to hedge the share price volatility related to its Deferred Share Units and Performance Share Unit plans. As of December 31, 2025, the agreement's notional amount was 1,516,000 shares at a price of \$12.60 (December 31, 2024, the agreement's notional amount was 1,516,000 shares at a price of \$12.12). The fair value as of December 31, 2025 was a payable of less than one million dollars (December 31, 2024 - payable of less than one million dollars).

NOTE 17 OTHER LIABILITIES

(in millions of Canadian dollars)	NOTE	2025	2024
Employee future benefits	18	71	88
Stock-based compensation	21	27	29
Other		3	3
		101	120
Less: Current portion		(27)	(40)
		74	80

NOTE 18 EMPLOYEE FUTURE BENEFITS

The Corporation operates various post-employment plans, including both defined benefit and defined contribution pension plans and post-employment benefit plans, such as retirement allowance, group life insurance and medical and dental plans. The table below outlines where the Corporation's post-employment amounts and activity are included in the Consolidated Financial Statements.

(in millions of Canadian dollars)	NOTE	2025	2024
Consolidated balance sheet obligations for			
Defined pension benefits - Assets (Surplus)		(46)	(48)
Defined pension benefits - Liabilities		25	25
	18 A	(21)	(23)
Post-employment benefits other than defined benefit pension plans (short-term and long-term)	18 B	46	63
Net short-term and long-term liabilities on consolidated balance sheet		25	40
Expenses recorded in consolidated statements of earnings (loss) for			
Defined pension benefits		2	2
Defined contribution benefits		38	38
Post-employment benefits other than defined benefit pension plans		4	3
		44	43
Consolidated other comprehensive income remeasurements for			
Defined pension benefits	18 A	(1)	(5)
Post-employment benefits other than defined benefit pension plans	18 B	(1)	(1)
		(2)	(6)

A. DEFINED BENEFIT PENSION PLANS

The Corporation offers funded and unfunded defined benefit pension plans, defined contribution pension plans and group RRSPs that provide retirement benefit payments for most of its employees. The defined benefit pension plans are usually contributory and are based on the number of years of service and, in most cases, the average salary or compensation at the end of a career. Retirement benefits are not partially adjusted based on inflation.

The majority of benefit payments are payable from trustee administered funds; however, for the unfunded plans, the Corporation meets the benefit payment obligation as it falls due. Plan assets held in trusts are governed by local regulations and practices in each country.

Responsibility for governance of the plans - overseeing all aspects of the plans, including investment decisions and contribution schedules - lies with the Corporation. The Corporation has established Investment Committees to assist in the management of the plans and has also appointed experienced, independent professional experts such as investment managers, investment consultants, actuaries and custodians.

The movement in the net defined benefit obligation and fair value of plan assets of defined benefit pension plans over the year was as follows:

(in millions of Canadian dollars)	PRESENT VALUE OF OBLIGATION	FAIR VALUE OF PLAN ASSETS	TOTAL	IMPACT OF MINIMUM FUNDING REQUIREMENT (ASSET CEILING)	TOTAL
As of January 1, 2024	164	(189)	(25)	6	(19)
Current service cost	2	—	2	—	2
Interest expense (income)	8	(8)	—	—	—
Impact on consolidated profit or loss	10	(8)	2	—	2
Remeasurements					
Return on plan assets, excluding amounts included in interest income	—	(7)	(7)	—	(7)
Gain from change in financial assumptions	(2)	—	(2)	—	(2)
Experience loss	1	—	1	—	1
Change in asset ceiling, excluding amounts included in interest expense	—	—	—	3	3
Impact of remeasurements on consolidated other comprehensive income (loss)	(1)	(7)	(8)	3	(5)
Contributions					
Employers	—	(1)	(1)	—	(1)
Plan participants	1	(1)	—	—	—
Benefit payments	(10)	10	—	—	—
As of December 31, 2024	164	(196)	(32)	9	(23)
Current service cost	2	—	2	—	2
Interest expense (income)	8	(8)	—	—	—
Impact on consolidated profit or loss	10	(8)	2	—	2
Remeasurements					
Return on plan assets, excluding amounts included in interest income	—	(5)	(5)	—	(5)
Gain from change in financial assumptions	(3)	—	(3)	—	(3)
Change in asset ceiling, excluding amounts included in interest expense	—	—	—	7	7
Impact of remeasurements on consolidated other comprehensive income (loss)	(3)	(5)	(8)	7	(1)
Contributions					
Employers	—	1	1	—	1
Plan participants	1	(1)	—	—	—
Benefit payments	(9)	9	—	—	—
As of December 31, 2025	163	(200)	(37)	16	(21)

The defined benefit obligation and plan assets are composed by country as follows:

	2025	2024
(in millions of Canadian dollars)	CANADA	CANADA
Present value of funded obligations	139	139
Fair value of plan assets	200	196
Deficit (surplus) of funded plans	(61)	(57)
Impact of minimum funding requirement (asset ceiling)	16	9
Present value of unfunded obligations	24	25
Liabilities (assets) on consolidated balance sheet	(21)	(23)

In 2024, the defined benefit obligation was terminated in the United States.

The significant actuarial assumptions are as follows:

	2025	2024
	CANADA	CANADA
Discount rate obligation (ending period)	4.90%	4.70%
Discount rate obligation (beginning period)	4.70%	4.60%
Discount rate (current service cost)	5.00%	4.70%
Salary growth rate	Between 2.00% and 2.50%	Between 2.00% and 2.50%
Inflation rate	2.00%	2.00%

Assumptions regarding future mortality are set based on actuarial advice in accordance with published statistics and experience in each territory. For pension plans, these assumptions translate into an average life expectancy in years for a pensioner retiring at age 65:

	2025	2024
Retiring at the end of the reporting period		
Male	22.2	22.1
Female	24.5	24.5
Retiring 20 years after the end of the reporting period		
Male	23.2	23.1
Female	25.4	25.4

The sensitivity of the Canadian defined benefit obligation to changes in assumptions is set out below. The effects on each plan of a change in an assumption are weighted proportionately to the total plan obligations to determine the total impact for each assumption presented.

	IMPACT ON DEFINED BENEFIT OBLIGATION		
	CHANGE IN ASSUMPTION	INCREASE IN ASSUMPTION	DECREASE IN ASSUMPTION
Discount rate	0.25%	(2.60%)	2.70%
Salary growth rate	0.25%	0.40%	(0.40%)

	INCREASE / DECREASE BY ONE YEAR IN ASSUMPTION
Life expectancy	1.60%

Plan assets, which are funding the Corporation's defined pension plans, are comprised as follows:

	2025				
(in millions of Canadian dollars)	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL	%
Cash and short-term investments	7	—	—	7	3.5%
Bonds					
Canadian bonds	57	24	—	81	
Foreign bonds	—	1	—	1	
	57	25	—	82	41.0%
Shares					
Canadian shares	6	—	—	6	
Foreign shares	1	—	—	1	
	7	—	—	7	3.5%
Mutual funds					
Foreign equity mutual funds	—	58	—	58	
Alternative investment funds	—	31	—	31	
	—	89	—	89	44.5%
Other					
Insured annuities	—	15	—	15	
	—	15	—	15	7.5%
	71	129	—	200	

	2024				
(in millions of Canadian dollars)	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL	%
Cash and short-term investments	6	—	—	6	3.1%
Bonds					
Canadian bonds	49	26	—	75	
Foreign bonds	—	1	—	1	
	49	27	—	76	38.8%
Shares					
Canadian shares	17	—	—	17	
Foreign shares	2	—	—	2	
	19	—	—	19	9.7%
Mutual funds					
Foreign equity mutual funds	—	48	—	48	
Alternative investment funds	—	31	—	31	
	—	79	—	79	40.3%
Other					
Insured annuities	—	16	—	16	
	—	16	—	16	8.1%
	74	122	—	196	

The plan assets do not include any shares of the Corporation. The Corporation has purchased annuity contracts to fulfill future benefits payments. In 2023, the Corporation filed for a statutory discharge for all annuity contracts, resulting in a full settlement of benefits for pensioners covered by those contracts. This discharge does not apply to contracts for which it is not allowed under their provincial pension legislation, which represented a value of \$15 million in 2025 (\$16 million in 2024).

B. POST-EMPLOYMENT BENEFITS OTHER THAN DEFINED BENEFIT PENSION PLANS

The Corporation also offers its employees some post-employment benefit plans, such as retirement allowance, group life insurance, and medical and dental plans. However, these benefits, other than pension plans, are not funded. Furthermore, the medical and dental plans upon retirement are being phased out and are no longer offered to the majority of new retirees and the retirement allowance is not offered to employees hired after 2002.

The amounts recognized in the consolidated balance sheet composed by country are determined as follows:

	2025		
(in millions of Canadian dollars)	CANADA	UNITED STATES	TOTAL
Present value of unfunded obligations	43	3	46
Liabilities on consolidated balance sheet (short-term and long-term)	43	3	46

	2024		
(in millions of Canadian dollars)	CANADA	UNITED STATES	TOTAL
Present value of unfunded obligations	60	3	63
Liabilities on consolidated balance sheet	60	3	63

The movement in the net defined benefit obligation for post-employment benefits over the year was as follows:

(in millions of Canadian dollars)	PRESENT VALUE OF OBLIGATION	FAIR VALUE OF PLAN ASSET	TOTAL
As of January 1, 2024	65	—	65
Current service cost	1	—	1
Interest expense	3	—	3
Post-employment variation	(1)	—	(1)
Impact on consolidated profit or loss	3	—	3
Remeasurements			
Gain from change in financial assumptions	(1)	—	(1)
Impact of remeasurements on consolidated other comprehensive income (loss)	(1)	—	(1)
Benefit payments	(4)	—	(4)
As of December 31, 2024	63	—	63
Current service cost	2	—	2
Interest expense	2	—	2
Impact on consolidated profit or loss	4	—	4
Remeasurements			
Gain from change in financial assumptions	(1)	—	(1)
Impact of remeasurements on consolidated other comprehensive income (loss)	(1)	—	(1)
Benefit payments	(20)	—	(20)
As of December 31, 2025	46	—	46

The method of accounting, assumptions relating to discount rate and life expectancy, and the frequency of valuations for post-employment benefits are similar to those used for defined benefit pension plans, with the addition of actuarial assumptions relating to the long-term increase in health care costs of 4.52% a year on average in 2025 (2024 - 4.62%).

The sensitivity of the defined benefit obligation to changes in assumptions is set out below. The effects on each plan of a change in an assumption are weighted proportionately to the total plan obligations to determine the total impact for each assumption presented.

	IMPACT ON OBLIGATION FOR POST-EMPLOYMENT BENEFITS		
	CHANGE IN ASSUMPTION	INCREASE IN ASSUMPTION	DECREASE IN ASSUMPTION
Discount rate	0.25%	(2.10%)	2.20%
Salary growth rate	0.25%	0.50%	(0.50%)
Health care cost increase	1.00%	1.40%	(1.30%)

	INCREASE / DECREASE BY ONE YEAR IN ASSUMPTION
Life expectancy	0.50%

C. RISKS AND OTHER CONSIDERATIONS RELATED TO POST-EMPLOYMENT BENEFITS

Through its defined benefit plans, the Corporation is exposed to a number of risks, the most significant of which are detailed below.

Assets volatility

The plan liabilities are calculated using a discount rate set with reference to corporate bond yields and if plan assets underperform this yield, it will create an experience loss. Most of the pension plans hold a proportion of equities, which are expected to outperform corporate bonds in the long term while contributing volatility and risk in the short term.

The Corporation has reduced the level of investment risk by investing more in assets that better match the liabilities and by purchasing annuities.

As of December 31, 2025, 61% of the plan's invested assets were in fixed income. As of December 31, 2025, the total value of insured annuities was \$15 million.

However, the Corporation believes that due to the long-term nature of the plan liabilities and the strength of the supporting group, a level of continuing equity investment is an appropriate element of the Corporation's long-term strategy to manage the plans efficiently. Plan assets are diversified, so the failure of an individual stock would not have a big impact on the plan assets taken as a whole. The pension plans do not face a significant currency risk.

Changes in bond yields

A decrease in corporate bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the plans' bond holdings.

Inflation risk

The benefits paid are not indexed. Only future benefits for active members are based on salaries. Therefore, this risk is not significant.

Life expectancy

The majority of plan obligations are to provide benefits for the member's lifetime, so increases in life expectancy will result in an increase in plan liabilities.

Each sensitivity analysis disclosed in this note is based on changing one assumption while holding all other assumptions constant. In practice, this is unlikely to occur and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to variations in significant actuarial assumptions, the same method (present value of the defined benefit obligation calculated using the projected unit credit method at the end of the reporting period) has been applied as for calculating the liability recognized in the consolidated balance sheet.

As of December 31, 2025, the aggregate net surplus of the Corporation's funded pension plans amounted to \$61 million (a surplus of \$57 million as of December 31, 2024). Current agreed expected service contributions amount to \$2 million and will be made in the normal course of business. As for the cash flow requirement, these pension plans are expected to require a net contribution of less than one million dollars in 2026, since \$1 million of the employer service contribution will be paid from the plan surplus. Plan surplus has also been used to pay a portion of employer contributions to the defined contribution portion of these pension plans.

The weighted average duration of the defined benefit obligation is 11 years in 2025 (2024 - 10 years).

Expected maturity analysis of undiscounted pension and other post-employment benefits:

(in millions of Canadian dollars)	ONE YEAR	TWO YEARS	BETWEEN THREE AND FIVE YEARS	BETWEEN SIX AND TEN YEARS	TOTAL
Pension benefits	9	10	31	333	383
Post-employment benefits other than defined benefit pension plans	4	6	13	73	96
As of December 31, 2025	13	16	44	406	479

These amounts represent all the benefits payable to current members during the following years and thereafter without limitations. The majority of benefit payments are payable from trustee administered funds. The difference will come from future investment returns expected on plan assets and future contributions that will be made by the Corporation for services rendered after December 31, 2025.

NOTE 19 INCOME TAXES

a. The provision for (recovery of) income taxes is as follows:

(in millions of Canadian dollars)	2025	2024
Current taxes	6	10
Deferred taxes	16	(24)
	22	(14)

b. The provision for (recovery of) income taxes based on the effective income tax rate differs from the provision for (recovery of) income taxes based on the combined basic rate for the following reasons:

(in millions of Canadian dollars)	2025	2024
Provision for (recovery of) income taxes based on the combined basic Canadian and provincial income tax rate	31	(8)
Adjustment for income taxes arising from the following:		
Difference in statutory income tax rate of foreign operations	(1)	1
Prior years reassessment	—	(1)
Reversal of deferred income tax assets related to prior year losses	1	—
Permanent differences	(9)	(6)
	(9)	(6)
Provision for (recovery of) income taxes	22	(14)

The weighted average income tax rate for the year ended December 31, 2025 was 23.84% (December 31, 2024 - 23.79%).

c. The provision for (recovery of) income taxes relating to components of consolidated other comprehensive income (loss) is as follows:

(in millions of Canadian dollars)	2025	2024
Foreign currency translation related to hedging activities	4	(5)
Actuarial gain on post-employment benefit obligations	—	2
Provision for (recovery of) income taxes in comprehensive income (loss)	4	(3)

d. The analysis of deferred tax assets and deferred tax liabilities, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

(in millions of Canadian dollars)	2025	2024
Deferred income tax assets:		
Deferred income tax assets to be recovered	525	557
Jurisdiction legal entities reclassification	(351)	(389)
	174	168
Deferred income tax liabilities:		
Deferred income tax liabilities to be recovered	448	470
Jurisdiction legal entities reclassification	(351)	(389)
	97	81
	77	87

e. The variance of the deferred income tax account is as follows:

(in millions of Canadian dollars)	2025	2024
Balance at beginning of the year	87	24
Through consolidated statements of earnings (loss)	(16)	24
Variance of income tax credit	15	29
Through consolidated statements of comprehensive income (loss)	(4)	3
Exchange differences	(5)	7
Balance at end of the year	77	87

- f. The variance in deferred income tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

DEFERRED INCOME TAX ASSET

(in millions of Canadian dollars)	RECOGNIZED TAX BENEFIT ARISING FROM INCOME TAX LOSSES	EMPLOYEE FUTURE BENEFITS	EXPENSE ON RESEARCH	UNUSED TAX CREDITS	FINANCIAL INSTRUMENTS	LONG-TERM DEBT	LONG-TERM DEBT FINANCE LEASES	OTHERS	TOTAL
As of January 1, 2024	240	24	34	85	2	—	47	75	507
Through consolidated statements of earnings (loss)	(55)	(1)	27	(13)	(7)	5	(18)	22	(40)
Variance of income tax credit	—	—	—	29	—	—	—	—	29
Through consolidated statements of comprehensive income (loss)	—	—	—	—	5	—	—	—	5
Others	—	—	—	—	—	—	28	(3)	25
Exchange differences	15	—	4	4	—	—	3	5	31
As of December 31, 2024	200	23	65	105	—	5	60	99	557
Through consolidated statements of earnings (loss)	15	(5)	(29)	(25)	6	(5)	(21)	16	(48)
Variance of income tax credit	—	—	—	15	—	—	—	—	15
Through consolidated statements of comprehensive income (loss)	—	—	—	—	(4)	—	—	—	(4)
Others	—	—	—	—	—	—	23	—	23
Exchange differences	(8)	—	(3)	(3)	—	—	(1)	(3)	(18)
As of December 31, 2025	207	18	33	92	2	—	61	112	525

DEFERRED INCOME TAX LIABILITIES

(in millions of Canadian dollars)	EMPLOYEE FUTURE BENEFITS	PROPERTY, PLANT AND EQUIPMENT	LONG-TERM DEBT	INTANGIBLE ASSETS	FINANCIAL INSTRUMENTS	INVESTMENTS	TOTAL
As of January 1, 2024	14	421	10	15	—	23	483
Through consolidated statements of earnings (loss)	(1)	(65)	7	(3)	—	(2)	(64)
Through consolidated statements of comprehensive income (loss)	2	—	—	—	—	—	2
Others	—	25	—	—	—	—	25
Exchange differences	—	22	—	—	—	2	24
As of December 31, 2024	15	403	17	12	—	23	470
Through consolidated statements of earnings (loss)	(2)	(39)	8	2	2	(3)	(32)
Others	—	23	—	—	—	—	23
Exchange differences	—	(11)	—	(1)	—	(1)	(13)
As of December 31, 2025	13	376	25	13	2	19	448

- g. The Corporation has recognized accumulated losses for income tax purposes amounting to approximately \$855 million, which may be carried forward to reduce taxable income in future years. The future tax benefit of \$207 million resulting from the deferral of these losses has been recognized in the accounts as a deferred income tax asset. Deferred income tax assets are recognized for tax loss carry forward to the extent that the realization of the related tax benefits through future taxable profits is probable.

NOTE 20 CAPITAL STOCK

A. CAPITAL MANAGEMENT

Capital is defined as long-term debt, bank loans and advances net of cash and cash equivalents and Shareholders' equity, which includes capital stock.

(in millions of Canadian dollars)	2025	2024
Cash and cash equivalents	(48)	(27)
Bank loans and advances	—	10
Long-term debt, including current portion	1,944	2,113
Net debt	1,896	2,096
Total equity	1,755	1,771
Total capital	3,651	3,867

The Corporation's objectives when managing capital are:

- to safeguard the Corporation's ability to continue as a going concern in order to provide returns to Shareholders;
- to maintain an optimal capital structure and reduce the cost of capital;
- to make proper capital investments that are significant to ensure that the Corporation remains competitive;
- to maintain annual dividend payments; and
- to redeem common shares based on an annual redemption program.

The Corporation sets the amount of capital in proportion to risk. The Corporation manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Corporation may adjust the amount of dividends paid to Shareholders, return capital to Shareholders, issue new shares and acquire or sell assets to improve its financial performance and flexibility.

The Corporation monitors capital on a monthly and quarterly basis based on different financial ratios and non-financial performance indicators. Also, the Corporation must conform to certain financial ratios under its various credit agreements. These ratios are calculated on an adjusted consolidated basis of restricted subsidiaries only. These are a maximum ratio of funded debt to capitalization of 65% and a minimum interest coverage ratio of 2.25x. The Corporation must also comply with a consolidated interest coverage ratio to incur additional debt. Funded debt is defined as liabilities as per the consolidated balance sheet, including guarantees and liens granted in respect of funded debt of another person but excluding other long-term liabilities, trade accounts payable, obligations under operating leases and other accrued obligations (2025 - \$1,718 million; 2024 - \$2,024 million). The capitalization ratio is calculated as "Shareholders' equity" as shown in the consolidated balance sheet plus the funded debt. Shareholders' equity is adjusted to add back the effect of IFRS Accounting Standards adjustments as of December 31, 2010 in the amount of \$208 million. The interest coverage ratio is defined as earnings before interest, taxes, depreciation and amortization (EBITDA) to financing expenses. The EBITDA is defined as net earnings of the last four quarters plus financing expenses, income taxes, amortization and depreciation, expenses for stock options and dividends received from a person who is not a credit party (2025 - \$612 million; 2024 - \$446 million). Excluded from net earnings are the share of results of equity investments and gains or losses from non-recurring items. Financing expenses are calculated as interest and financial charges determined in accordance with IFRS Accounting Standards plus any capitalized interest, but excluding the amortization of deferred financing expenses, up-front and financing expenses, and unrealized gains or losses arising from hedging agreements. It also excludes any gains or losses on the translation of long-term debt denominated in a foreign currency. The consolidated interest coverage ratio to incur additional debt is calculated as defined in the senior notes indentures dated November 26, 2019.

As of December 31, 2025, the funded debt-to-capitalization ratio stood at 47.09% and the interest coverage ratio was 5.01x. The Corporation is in compliance with the ratio requirements of its lenders.

The Corporation's credit facility is subject to terms and conditions for loans of this nature, including limits on incurring additional indebtedness and granting liens or selling assets without the consent of the lenders.

The unsecured senior notes are subject to customary covenants restricting the Corporation's ability to, among other things, incur additional debt, pay dividends, and make other restricted payments as defined in the Indentures dated November 26, 2019.

On a yearly basis, the Corporation has invested between \$125 million and \$200 million on purchases of property, plant and equipment, excluding major strategic projects. These amounts are carefully reviewed during the course of the year in relation to operating results and strategic actions approved by the Board of Directors. These investments, combined with annual maintenance, enhance the stability of the Corporation's business units and improve cost competitiveness through new technology and improved process procedures.

The Corporation can elect to enter into an annual share redemption program to redeem its outstanding common shares when the market price is judged appropriate by Management. In addition to limitations on the normal course issuer bid, the Corporation's ability to redeem common shares is limited by its senior notes indenture.

B. ISSUED AND OUTSTANDING

The authorized capital stock of the Corporation consists of an unlimited number of common shares without nominal value and an unlimited number of Class A and B shares issuable in series without nominal value. Over the past two years, the common shares have fluctuated as follows:

	NOTE	2025		2024	
		NUMBER OF COMMON SHARES	IN MILLIONS OF CANADIAN DOLLARS	NUMBER OF COMMON SHARES	IN MILLIONS OF CANADIAN DOLLARS
Balance at beginning of the year		100,991,007	616	100,695,370	613
Common shares issued on exercise of stock options	20 C	277,738	3	295,637	3
Balance at end of the year		101,268,745	619	100,991,007	616

C. COMMON SHARE ISSUANCE

In 2025, the Corporation issued 277,738 common shares upon the exercise of options for an amount of \$2 million (2024 - \$2 million for 295,637 common shares issued).

D. REDEMPTION OF COMMON SHARES

The Corporation did not renew its normal course issuer bid program since its expiry on March 18, 2023.

E. NET EARNINGS (LOSS) PER COMMON SHARE

The basic and diluted net earnings (loss) per common share is calculated as follows:

	2025	2024
Net earnings (loss) attributable to Shareholders (in millions of Canadian dollars)	70	(31)
Weighted average number of basic common shares outstanding (in millions)	101	101
Weighted average number of diluted common shares outstanding (in millions)	101	101
Basic net earnings (loss) per common share (in Canadian dollars)	\$0.70	(\$0.31)
Diluted net earnings (loss) per common share (in Canadian dollars)	\$0.69	(\$0.31)

As of December 31, 2025, 545,341 stock options have an antidilutive effect (December 31, 2024 - 877,902 stock options).

F. DETAILS OF DIVIDENDS DECLARED PER COMMON SHARE ARE AS FOLLOWS:

	2025	2024
Dividends declared per common share (in Canadian dollars)	\$0.48	\$0.48

NOTE 21 STOCK-BASED COMPENSATION

A. OPTIONS

Under the terms of a share option plan adopted on December 15, 1998, amended on February 22, 2023, and approved by Shareholders on May 11, 2023, a remaining balance of 8,392,882 common shares is specifically reserved for issuance to officers and key employees of the Corporation. Each option will expire at a date not to exceed 10 years following the grant date of the option. The exercise price of an option shall not be lower than the market value of the share at the date of grant, determined as the average of the closing price of the share on the Toronto Stock Exchange on the five trading days preceding the date of grant. The terms for exercising the options are 25% of the number of shares under option within twelve months after the first anniversary date of grant and up to an additional 25% every twelve months after the second, third and fourth anniversaries of the grant date. Options cannot be exercised if the market value of the share at the exercise date is lower than the book value at the grant date. Options exercised are settled in shares. The stock-based compensation cost related to these options amounted to \$2 million in 2025 (2024 - \$2 million).

Changes in the number of options outstanding as of December 31, 2025 and 2024 were as follows:

	2025		2024	
	NUMBER OF OPTIONS	WEIGHTED AVERAGE EXERCISE PRICE (\$)	NUMBER OF OPTIONS	WEIGHTED AVERAGE EXERCISE PRICE (\$)
Balance at beginning of the year	3,852,520	10.76	3,172,527	10.75
Granted	744,205	8.78	1,020,319	9.48
Exercised	(277,738)	7.82	(295,637)	6.27
Forfeited	(14,551)	10.95	(44,689)	10.48
Balance at end of the year	4,304,436	10.61	3,852,520	10.76
Options exercisable - at end of the year	2,269,544	11.52	1,888,793	11.32

The weighted average share price at the time of exercise of the options was \$9.60 in 2025 (2024 - \$9.77).

The following options were outstanding as of December 31, 2025:

YEAR GRANTED	OPTIONS OUTSTANDING		OPTIONS EXERCISABLE		EXPIRATION DATE
	NUMBER OF OPTIONS	WEIGHTED AVERAGE EXERCISE PRICE (\$)	NUMBER OF OPTIONS	WEIGHTED AVERAGE EXERCISE PRICE (\$)	
2016	233,664	9.75	233,664	9.75	2026
2017	186,533	14.28	186,533	14.28	2027
2018	144,061	12.39	144,061	12.39	2028
2019	184,826	11.97	184,826	11.97	2029
2020	175,858	13.95	175,858	13.95	2030
2021	182,950	14.67	182,950	14.67	2030 - 2031
2022	750,812	10.26	561,274	10.26	2030 - 2032
2023	707,614	11.20	353,805	11.20	2030 - 2033
2024	993,913	9.48	246,573	9.48	2031 - 2034
2025	744,205	8.78	—	8.78	2032 - 2035
	4,304,436	10.61	2,269,544	11.52	

FAIR VALUE OF THE SHARE OPTIONS GRANTED

Options were priced using the Black-Scholes option pricing model. Expected volatility is based on the historical share price volatility over the past six years. The following weighted average assumptions were used to estimate the fair value of \$1.80 in 2025 (2024 - \$2.25) as of the grant date of each option issued to employees:

	2025	2024
Weighted average grant date share price	\$8.80	\$9.56
Weighted average exercise price	\$8.78	\$9.48
Risk-free interest rate	3.06%	3.76%
Weighted average expected dividend yield	5.45%	5.02%
Expected life of options	6.25 years	6.25 years
Expected volatility	34%	35%

B. SHARE PURCHASE PLAN

The Corporation offers its Canadian employees a share purchase plan for its common shares. Employees can voluntarily contribute up to a maximum of 5% of their salary and, if certain conditions are met, the Corporation will contribute 25% of the employee's contribution to the plan.

The shares are purchased on the market on a predetermined date each month. For the year ended December 31, 2025, the Corporation's contribution to the plan amounted to \$3 million (December 31, 2024 - \$2 million).

C. PERFORMANCE SHARE UNIT PLAN

The Corporation has a Performance Share Unit (PSU) Plan for the benefit of officers and key employees, allowing them to receive a portion of their annual compensation in the form of PSUs. A PSU is a notional unit equivalent in value to the Corporation's common share. Periodically, the number of PSUs forming part of the award shall be adjusted depending upon the three-year average return on capital employed (ROCE) of the Corporation, for 2023 grants and after, a greenhouse gas emissions indicator (the expected average on three years of greenhouse gas emissions reduction in kg of CO₂ per produced ton) and for 2024 grants and after, a total shareholders return indicator (the three-year return compared to its peers as approved by the Board of Directors). Such an adjusted number shall be obtained by multiplying the number of PSUs forming part of the award by the applicable multiplier based on the ROCE level, and by the applicable multiplier based on greenhouse gas emission indicator level, and by the applicable multiplier based on the total shareholders return indicator. Participants are entitled to receive the payment of their PSUs in the form of cash based on the average price of the Corporation's common shares as traded on the open market during the five days before the vesting date.

The PSUs vest over a period of two years starting on the award date. The expense and the related liability are recorded during the vesting period. The liability is periodically adjusted to reflect any variation in the market value of the common shares, the expected average ROCE, the expected average greenhouse gas emission indicator, the expected total shareholders return indicator and the passage of time. As of December 31, 2025, the Corporation had a total of 741,272 PSUs outstanding (December 31, 2024 - 798,270 PSUs) for a fair value of \$3 million (December 31, 2024 - \$4 million). In 2025, the Corporation made payment of \$2 million in relation to PSUs (2024 - \$3 million).

D. DEFERRED SHARE UNIT PLAN

The Corporation has a Deferred Share Unit (DSU) Plan for the benefit of its external directors, officers and key employees, allowing them to receive all or a portion of their annual compensation in the form of DSUs. A DSU is a notional unit equivalent in value to the Corporation's common share. Upon the resignation from the Board of Directors or the Corporation, participants are entitled to receive the payment of their cumulated DSUs in the form of cash based on the average price of the Corporation's common shares as traded on the open market during the five days before the date of the participant's resignation.

The DSU expense and the related liability are recorded at the grant date. The liability is periodically adjusted to reflect any variation in the market value of the common shares. As of December 31, 2025, the Corporation had a total of 1,507,757 DSUs outstanding (December 31, 2024 - 1,769,876 DSUs). On January 15, 2026, the Corporation issued 142,647 DSUs related to the prior year. As of December 31, 2025, the liability amounted to \$22 million (December 31, 2024 - \$24 million). In 2025, the Corporation made payment of \$6 million in relation to DSUs (2024 - \$1 million).

E. RESTRICTED SHARE UNIT PLAN

The Corporation has a Restricted Share Unit (RSU) Plan for the benefit of officers and key employees, allowing them to receive a portion of their annual compensation in the form of RSUs. A RSU is a notional unit equivalent in value to the Corporation's common share. Participants are entitled to receive the payment of their RSUs in the form of cash based on the average price of the Corporation's common shares as traded on the open market during the five days before the vesting date.

The RSUs vest over a period of three years starting on the award date. The expense and the related liability are recorded during the vesting period. The liability is periodically adjusted to reflect any variation in the market value of the common shares and the passage of time. As of December 31, 2025, the Corporation had a total of 183,990 RSUs outstanding (December 31, 2024 - 119,887 RSUs) for a fair value of \$2 million (December 31, 2024 - \$1 million).

NOTE 22 SALES

Sales by country are shown in the following table:

(in millions of Canadian dollars)	2025		2024	
Sales				
Operations located in Canada				
Within Canada	2,240	83%	2,153	81%
To the United States	469	17%	504	19%
Other countries	4	—%	5	—%
	2,713	100%	2,662	100%
Operations located in the United States				
Within the United States	1,933	94%	1,898	93%
To Canada	127	6%	138	7%
Other countries	3	—%	3	—%
	2,063	100%	2,039	100%
	4,776		4,701	
Sales from:				
Canada	2,713	57%	2,662	57%
United States	2,063	43%	2,039	43%
	4,776	100%	4,701	100%
Sales to:				
Canada	2,367	50%	2,291	49%
United States	2,402	50%	2,402	51%
Other countries	7	—%	8	—%
	4,776	100%	4,701	100%

NOTE 23 EMPLOYEE BENEFIT EXPENSES

(in millions of Canadian dollars)	NOTE	2025	2024
Wages and employee benefit expenses		1,051	1,041
Share options granted to directors and employees	21 A	2	2
Pension costs - defined benefit plans	18	2	2
Pension costs - defined contribution plans	18	38	38
Post-employment benefits other than defined benefit pension plans	18	4	3
		1,097	1,086

KEY MANAGEMENT COMPENSATION

Key management includes the members of the Board of Directors, President and Vice Presidents of the Corporation. The compensation expenses paid or payable to key management for their services are shown below:

(in millions of Canadian dollars)	2025	2024
Salaries and other short-term benefits	11	11
Post-employment benefits	1	1
Share-based compensation	10	8
	22	20

NOTE 24 IMPAIRMENT

2025

(in millions of Canadian dollars)	PACKAGING PRODUCTS	TISSUE PAPERS	CORPORATE, RECOVERY AND RECYCLING ACTIVITIES	TOTAL
Property, plant and equipment	16	12	1	29

2024

(in millions of Canadian dollars)	PACKAGING PRODUCTS	TISSUE PAPERS	CORPORATE, RECOVERY AND RECYCLING ACTIVITIES	TOTAL
Property, plant and equipment	34	21	—	55

IMPAIRMENT TEST OF GOODWILL AND OTHER INDEFINITE USEFUL LIFE INTANGIBLE ASSETS

As of December 31, 2025, allocation of goodwill and other indefinite useful life intangible assets is as follows:

- Goodwill of \$490 million is allocated to the Packaging Products segment.
- Other indefinite useful life intangible assets of \$1 million are allocated to the Tissue Papers segment.

Annually, the Corporation must test all of its goodwill for impairment. However, reliance can be put on the quantitative calculation previously done if following criteria are met:

- the assets and liabilities making up the unit have not changed significantly since the most recent recoverable amount calculation;
- the most recent recoverable amount calculation resulted in an amount that exceeded the carrying amount of the unit by a substantial margin; and
- based on an analysis of events that have occurred and circumstances that have changed since the most recent recoverable amount calculation, the likelihood that a current recoverable amount determination would be less than the current carrying amount of the unit is remote.

All three conditions were met for the Packaging Products segment.

NOTE 25 ADDITIONAL INFORMATION

A. CHANGES IN NON-CASH WORKING CAPITAL COMPONENTS ARE DETAILED AS FOLLOWS:

(in millions of Canadian dollars)	2025	2024
Accounts receivable	26	—
Current income tax assets	—	(2)
Inventories	(19)	(55)
Trade and other payables	(31)	34
	(24)	(23)

B. FINANCING EXPENSES

(in millions of Canadian dollars)	NOTE	2025	2024
Interest on long-term debt (including lease obligations interest 2025 - \$12 million; 2024 - \$10 million)		127	130
Amortization of financing expenses		3	4
Other interest and banking fees		3	5
Interest expense on employee future benefits		2	3
Loss on repurchase of long-term debt	12	1	—
Unrealized gain on interest rate hedge instruments		—	(1)
Foreign exchange loss on long-term debt and financial instruments		—	1
		136	142

FOREIGN EXCHANGE LOSS ON LONG-TERM DEBT AND FINANCIAL INSTRUMENTS

In 2025, the Corporation had an effective hedge related to a hedging item, represented by the designated portion of the US denominated Canadian long-term debt and related financial instruments, over the US net investment. In 2024, the Corporation recorded a foreign exchange loss on long-term debt and financial instruments of \$1 million.

C. TOTAL NET DEBT FROM FINANCING ACTIVITIES

(in millions of Canadian dollars)	NOTE	CASH AND CASH EQUIVALENT	BANK LOANS AND ADVANCES	LONG-TERM DEBT	NET DEBT
As of January 1, 2024		(54)	—	1,936	1,882
Cash flow					
Change in cash and cash equivalents		27	—	—	27
Bank loans and advances		—	10	—	10
Change in credit facilities		—	—	(4)	(4)
Change in credit facilities without recourse to the Corporation	13	—	—	(16)	(16)
Payments of other long-term debt, including lease obligations (2024 - \$67 million)	13	—	—	(75)	(75)
Non-cash changes					
Right-of-use assets acquisitions		—	—	121	121
Right-of-use assets disposals		—	—	(2)	(2)
Amortization of financing expenses in long-term debt		—	—	3	3
Other		—	—	1	1
Foreign exchange translation on long-term debt		—	—	44	44
Exchange differences		—	—	105	105
As of December 31, 2024		(27)	10	2,113	2,096
Cash flow					
Change in cash and cash equivalents		(22)	—	—	(22)
Bank loans and advances		—	(10)	—	(10)
Change in credit facilities		—	—	(251)	(251)
Change in credit facilities without recourse to the Corporation	13	—	—	74	74
Issuance of unsecured senior notes, net of financing expenses	13	—	—	541	541
Repurchase of unsecured senior notes	13	—	—	(456)	(456)
Payments of other long-term debt, including lease obligations (2025 - \$78 million)	13	—	—	(80)	(80)
Non-cash changes					
Right-of-use assets acquisitions		—	—	100	100
Right-of-use assets disposals		—	—	(9)	(9)
Amortization of financing expenses in long-term debt		—	—	2	2
Write off of unamortized financing expenses following repurchase of unsecured senior notes		—	—	1	1
Other		—	—	1	1
Foreign exchange translation on long-term debt		—	—	(29)	(29)
Exchange differences		1	—	(63)	(62)
As of December 31, 2025		(48)	—	1,944	1,896

NOTE 26 COMMITMENTS

PROPERTY, PLANT AND EQUIPMENT, OTHER OPERATIONAL COSTS, MAINTENANCE AND REPAIR, SUPPLY CHAIN AND LOGISTIC

Property, plant and equipment, other operational costs, maintenance and repair, supply chain and logistic contracted at the end of the reporting period but not yet incurred are presented in the following table:

(in millions of Canadian dollars)	2025				2024			
	PROPERTY, PLANT AND EQUIPMENT	OTHER OPERATIONAL COSTS	MAINTENANCE AND REPAIR	SUPPLY CHAIN AND LOGISTIC ¹	PROPERTY, PLANT AND EQUIPMENT	OTHER OPERATIONAL COSTS	MAINTENANCE AND REPAIR	SUPPLY CHAIN AND LOGISTIC ¹
No later than one year	19	7	6	190	23	8	7	148
Later than one year but no later than five years	—	3	1	131	—	4	3	156
More than five years	—	—	—	—	—	—	—	—
	19	10	7	321	23	12	10	304

¹ During the year, certain contractual terms were clarified, resulting in an adjustment to the 2024 disclosures of \$213 million, allocated over a 29-month period.

Supply chain and logistic commitments include an amount of \$8 million in 2025 (\$14 million in 2024) spread over two years with an associate.

NOTE 27 RELATED PARTY TRANSACTIONS

The Corporation entered into the following transactions with related parties:

(in millions of Canadian dollars)	JOINT VENTURES	ASSOCIATES
For the year ended December 31, 2025		
Sales to related parties	252	78
Purchases from related parties	196	50
For the year ended December 31, 2024		
Sales to related parties ²	246	76
Purchases from related parties ²	185	48

² During the year, following the reconsideration of certain transactions the sales and purchases to / from joint ventures were adjusted for 2024 to align with current year.

These transactions occurred in the normal course of operations and are measured at fair value.

The following balances were outstanding at the end of the reporting period:

(in millions of Canadian dollars)	December 31, 2025	December 31, 2024
Receivables from related parties		
Joint ventures	18	19
Associates	15	17
Payables to related parties		
Joint ventures	9	12
Associates	2	2

The receivables from related parties arise mainly from sale transactions. The receivables are unsecured in nature and bear no interest. There are no provisions held against receivables from related parties. The payables to related parties arise mainly from purchase transactions. The payables bear no interest.

NOTE 28

EVENTS AFTER THE REPORTING PERIOD

Closure of activities in the honeycomb paperboard and partition packaging products sectors

On February 5, 2026, the Corporation announced the closure of its activities in the honeycomb paperboard and partition packaging products sectors. As a result, the closure of the Berthierville honeycomb packaging plant in Québec, Canada, was effective immediately. Certain assets were sold for \$9 million generating a gain of less than one million dollars. The York, Pennsylvania, United States, facility was closed permanently on February 19, 2026. The Saint-Césaire facility in Québec, Canada, will cease no later than April 17, 2026. Closure costs, including severance, are expected to total between \$1 million to \$2 million and will be recorded in the coming periods.

Sale of corrugated packaging plant located in Richmond, British Columbia, Canada

On January 29, 2026, the Corporation announced the sale of its corrugated packaging plant located in Richmond, British Columbia, Canada, for \$65.5 million, which is net of adjustments agreed upon signature and is settled by \$60 million received on February 2, 2026 and by the assumption of certain liabilities. The gain before taxes is estimated at \$34 million subject to closing adjustments as per the sale agreement.

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