

PRESS RELEASE



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Cascades Reports Results for the First Quarter of 2023 *Starting the year with solid results*

Kingsey Falls, Québec, May 11, 2023 - Cascades Inc. (TSX: CAS) reports its unaudited financial results for the three-month period ended March 31, 2023.

Q1 2023 Highlights

- Sales of \$1,134 million (compared with \$1,135 million in Q4 2022 and \$1,038 million in Q1 2022)
- Operating loss of \$(80) million (compared with \$(20) million in Q4 2022 and \$(4) million in Q1 2022)
- Net loss per common share of (\$0.75) (compared with a net loss per common share of (\$0.27) in Q4 2022 and a net loss per common share of (\$0.15) in Q1 2022)
- Adjusted earnings before interest, taxes, depreciation and amortization (EBITDA (A)¹) of \$134 million (compared with \$116 million in Q4 2022 and \$58 million in Q1 2022)
- Adjusted net earnings per common share¹ of \$0.32 (compared with adjusted net earnings per common share¹ of \$0.22 in Q4 2022 and a adjusted net loss per common share¹ of (\$0.15) in Q1 2022)
- Net debt¹ of \$2,070 million as of March 31, 2023 (compared with \$1,966 million as of December 31, 2022). Net debt to EBITDA (A) ratio¹ of 4.6x, down from 5.2x as of December 31, 2022.
- Total capital expenditures, net of disposals, of \$137 million in Q1 2023, compared to \$149 million in Q4 2022 and to \$96 million in Q1 2022. The Corporation's 2023 forecasted net capital expenditures of approximately \$325 million, including \$175 million (\$100 million of which was paid in Q1) for the Bear Island containerboard conversion project in Virginia, USA, is unchanged.

Mario Plourde, President and CEO, commented: "We had a solid first quarter. All three businesses contributed to topline growth year-over-year, as benefits from higher selling prices and an advantageous exchange rate more than offset the impacts of a less favourable mix in Containerboard and lower volumes in Tissue Papers and Specialty Products. Higher sales, notably in Tissue, and lower raw material costs in our packaging businesses drove higher consolidated profitability levels. Sequentially, sales were stable, with stronger volumes in all businesses counterbalancing the impacts of less favourable sales mixes in Containerboard and Tissue and lower selling prices in our packaging businesses. Containerboard results include the final insurance settlement payment of \$7 million related to water effluent treatment issues that occurred at our Niagara Falls, NY complex in mid-2021, bringing the insurance settlement total to \$12 million.

We announced an important repositioning of our Tissue Papers operational platform at the end of April. This decision, which was not taken lightly due to its impact on our work force, is the culmination of an in-depth evaluation of the long-term positioning, competitiveness and performance potential of our tissue operations following disappointing results in recent years. Market conditions in this business have changed significantly, and the closure of these underperforming assets will strengthen not only the operational performance of this business, but its financial and environmental performance as well. In our Containerboard segment, we are very pleased to have announced that the Bear Island facility produced its first containerboard roll at the beginning of May. We provide more details on these positive announcements and what they mean for Cascades' longer-term objectives in our updated 2022 - 2024 Strategic Plan released today. From a consolidated perspective, our 2024 revenue target of approximately \$5 billion remains unchanged, and our EBITDA (A) and free cash flow objectives have been slightly modified to reflect the announced changes to our operational platform and updated market forecasts. As a result of the lower cash generation levels of 2022 and higher Bear Island project cost, the Corporation has adjusted its leverage ratio objective to 2.5x to 3.0x by year-end 2024. The Corporation's capital allocation priorities will focus on debt repayment while limiting capital expenditures to 4% of revenues through 2024. Combined, this focus will support the Company's mid-term leverage ratio objective of 2.0x to 2.5x."

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

Discussing near-term outlook, Mr. Plourde commented, “On a consolidated basis, we are expecting slightly lower results in the second quarter, with lower results in our packaging businesses to offset forecasted stronger results in our Tissue Papers business. In Containerboard, this outlook reflects slightly softer demand, changes in index prices for raw materials and selling prices, and the non-recurrence of the \$7 million final insurance settlement received in Q1. We are expecting similar results for our Specialty Products segment, with relatively stable volume, pricing and raw material costs. Lastly, we expect results in our Tissue Papers segment to improve sequentially driven by the additional benefits from profitability initiatives, higher selling prices, lower raw material costs and stable demand.”

Financial Summary

Selected consolidated information

(in millions of Canadian dollars, except amounts per common share) (unaudited)	Q1 2023	Q4 2022	Q1 2022
Sales	1,134	1,135	1,038
As Reported			
Operating loss	(80)	(20)	(4)
Net loss	(75)	(27)	(15)
per common share (basic)	(\$0.75)	(\$0.27)	(\$0.15)
Adjusted¹			
Earnings before interest, taxes, depreciation and amortization (EBITDA (A))	134	116	58
Net earnings (loss)	33	22	(15)
per common share (basic)	\$0.32	\$0.22	(\$0.15)
Margin EBITDA (A)	11.8%	10.2%	5.6%

Segmented sales

(in millions of Canadian dollars) (unaudited)	Q1 2023	Q4 2022	Q1 2022
Packaging Products			
Containerboard	561	567	534
Specialty Products	161	161	157
Inter-segment sales	(7)	(7)	(8)
	715	721	683
Tissue Papers	387	384	314
Inter-segment sales, Corporate Activities, Recovery and Recycling	32	30	41
Sales	1,134	1,135	1,038

Segmented operating income (loss)

(in millions of Canadian dollars) (unaudited)	Q1 2023	Q4 2022	Q1 2022
Packaging Products			
Containerboard	38	85	44
Specialty Products	21	22	24
Tissue Papers	(92)	(86)	(35)
Corporate Activities, Recovery and Recycling	(47)	(41)	(37)
Operating income (loss)	(80)	(20)	(4)

Segmented EBITDA (A)¹

(in millions of Canadian dollars) (unaudited)	Q1 2023	Q4 2022	Q1 2022
Packaging Products			
Containerboard	126	119	80
Specialty Products	27	20	22
Tissue Papers	16	8	(17)
Corporate Activities, Recovery and Recycling	(35)	(31)	(27)
EBITDA (A)¹	134	116	58

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

Analysis of results for the three-month period ended March 31, 2023 (compared to the same period last year)

Sales of \$1,134 million increased by \$96 million compared with the same period last year. This reflects a net benefit of \$76 million that was driven by higher selling prices in all business segments, partially offset by a slightly negative consolidated sales mix impact. The Canadian dollar - US dollar exchange rate was favourable for all businesses, contributing \$47 million to total sales levels. These factors were partially offset by a \$19 million impact related to lower volumes in the Tissue Papers and Specialty Products business segments.

The first quarter EBITDA (A)¹ totaled \$134 million, an increase of \$76 million, or 131%, from the \$58 million generated in the same period last year. This increase reflects the net benefits of \$72 million related to price increases and changes in sales volumes and product assortment sold, and \$44 million from more favourable raw material and FX. These benefits outweighed a net impact of \$28 million related to production, logistics and energy costs and a \$12 million negative contribution from Recovery and Recycling operations as a result of lower volume and recycled paper prices.

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

- \$152 million of impairment charges on US assets (operating loss and net loss);
- \$2 million gain from the sale of some machinery and equipment and \$1 million of restructuring costs related to previously closed Tissue Papers plants in the US (operating loss and net loss);
- \$1 million unrealized loss on financial instruments (operating loss and net loss);
- \$9 million gain from the sale of an investment in a non-significant joint venture in the Tissue Papers segment (net loss).

For the three-month period ended March 31, 2023, the Corporation posted a net loss of \$(75) million, or \$(0.75) per common share, compared to a net loss of \$(15) million, or \$(0.15) per common share, in the same period of 2022. On an adjusted basis¹, the Corporation generated net earnings of \$33 million in the first quarter of 2023, or \$0.32 per common share, compared to a net loss of \$(15) million, or \$(0.15) per common share, in the same period of 2022.

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

Dividend on common shares and normal course issuer bid

The Board of Directors of Cascades declared a quarterly dividend of \$0.12 per common share to be paid on June 8, 2023 to shareholders of record at the close of business on May 26, 2023. This dividend is an "eligible dividend" as per the Income Tax Act (R.C.S. (1985), Canada). During the first quarter of 2023, Cascades purchased no common shares for cancellation.

2023 First Quarter Results Conference Call Details

Management will discuss the 2023 first quarter financial results during a conference call today at 9:00 a.m. EDT. The call can be accessed by dialing 1-888-390-0620 (international 1-416-764-8651). The conference call, including the investor presentation, will be broadcast live on the Cascades website (www.cascades.com) under the "Investors" section. A replay of the call will be available on the Cascades website and may also be accessed by phone until June 11, 2023 by dialing 1-888-390-0541 (international 1-416-764-8677), access code 690640.

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

CONSOLIDATED BALANCE SHEETS

(in millions of Canadian dollars) (unaudited)	March 31, 2023	December 31, 2022
Assets		
Current assets		
Cash and cash equivalents	64	102
Accounts receivable	546	556
Current income tax assets	10	11
Inventories	614	587
Current portion of financial assets	5	9
	1,239	1,265
Long-term assets		
Investments in associates and joint ventures	95	94
Property, plant and equipment	2,857	2,945
Intangible assets with finite useful life	69	73
Financial assets	3	4
Other assets	72	70
Deferred income tax assets	147	114
Goodwill and other intangible assets with indefinite useful life	488	488
	4,970	5,053
Liabilities and Equity		
Current liabilities		
Bank loans and advances	2	3
Trade and other payables	673	746
Current income tax liabilities	4	4
Current portion of long-term debt	88	134
Current portion of provisions for contingencies and charges	7	8
Current portion of financial liabilities and other liabilities	26	22
	800	917
Long-term liabilities		
Long-term debt	2,044	1,931
Provisions for contingencies and charges	41	41
Financial liabilities	9	7
Other liabilities	98	97
Deferred income tax liabilities	136	132
	3,128	3,125
Equity		
Capital stock	611	611
Contributed surplus	15	14
Retained earnings	1,126	1,212
Accumulated other comprehensive income	28	34
Equity attributable to Shareholders	1,780	1,871
Non-controlling interests	62	57
Total equity	1,842	1,928
	4,970	5,053

CONSOLIDATED STATEMENTS OF EARNINGS (LOSS)

For the 3-month periods ended
March 31,

(in millions of Canadian dollars, except per common share amounts and number of common shares) (unaudited)	2023	2022
Sales	1,134	1,038
Supply chain and logistic	663	667
Wages and employee benefits expenses	273	241
Depreciation and amortization	62	60
Maintenance and repair	58	56
Other	6	16
Impairment charges	152	—
Gain on acquisitions, disposals and others	(2)	(6)
Restructuring costs	1	1
Unrealized loss on derivative financial instruments	1	7
Operating loss	(80)	(4)
Financing expense	23	15
Share of results of associates and joint ventures	(12)	(4)
Loss before income taxes	(91)	(15)
Recovery of income taxes	(24)	(4)
Net loss including non-controlling interests for the period	(67)	(11)
Net earnings attributable to non-controlling interests	8	4
Net earnings (loss) attributable to Shareholders for the period	(75)	(15)
Net loss per common share		
Basic	(\$0.75)	(\$0.15)
Diluted	(\$0.75)	(\$0.15)
Weighted average basic number of common shares outstanding	100,361,627	100,822,921
Weighted average number of diluted common shares	100,701,239	101,608,760

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

For the 3-month periods ended
March 31,

(in millions of Canadian dollars) (unaudited)	2023	2022
Net loss including non-controlling interests for the period	(67)	(11)
Other comprehensive income (loss)		
Items that may be reclassified subsequently to earnings		
Translation adjustments		
Change in foreign currency translation of foreign subsidiaries	(2)	(11)
Change in foreign currency translation related to net investment hedging activities	1	3
Cash flow hedges		
Change in fair value of commodity derivative financial instruments	(6)	6
Recovery of (provision for) income taxes	1	(2)
	(6)	(4)
Items that are not released to earnings		
Actuarial gain on employee future benefits	1	19
Provision for income taxes	—	(5)
	1	14
Other comprehensive income (loss)	(5)	10
Comprehensive loss including non-controlling interests for the period	(72)	(1)
Comprehensive income attributable to non-controlling interests for the period	8	4
Comprehensive loss attributable to Shareholders for the period	(80)	(5)

CONSOLIDATED STATEMENTS OF EQUITY

For the 3-month period ended March 31, 2023

(in millions of Canadian dollars) (unaudited)	CAPITAL STOCK	CONTRIBUTED SURPLUS	RETAINED EARNINGS	ACCUMULATED OTHER COMPREHENSIVE INCOME	TOTAL EQUITY ATTRIBUTABLE TO SHAREHOLDERS	NON- CONTROLLING INTERESTS	TOTAL EQUITY
Balance - Beginning of period	611	14	1,212	34	1,871	57	1,928
Comprehensive income (loss)							
Net earnings (loss)	—	—	(75)	—	(75)	8	(67)
Other comprehensive income (loss)	—	—	1	(6)	(5)	—	(5)
Dividends	—	—	(74)	(6)	(80)	8	(72)
Stock options expense	—	1	—	—	1	(3)	(15)
Balance - End of period	611	15	1,126	28	1,780	62	1,842

For the 3-month period ended March 31, 2022

(in millions of Canadian dollars) (unaudited)	CAPITAL STOCK	CONTRIBUTED SURPLUS	RETAINED EARNINGS	ACCUMULATED OTHER COMPREHENSIVE LOSS	TOTAL EQUITY ATTRIBUTABLE TO SHAREHOLDERS	NON- CONTROLLING INTERESTS	TOTAL EQUITY
Balance - Beginning of period	614	14	1,274	(23)	1,879	48	1,927
Comprehensive income (loss)							
Net earnings (loss)	—	—	(15)	—	(15)	4	(11)
Other comprehensive income (loss)	—	—	14	(4)	10	—	10
Dividends	—	—	(1)	(4)	(5)	4	(1)
Redemption of common shares	(2)	—	(3)	—	(5)	(4)	(16)
Balance - End of period	612	14	1,258	(27)	1,857	48	1,905

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the 3-month periods ended
March 31,

(in millions of Canadian dollars) (unaudited)	2023	2022
Operating activities		
Net loss attributable to Shareholders for the period	(75)	(15)
Adjustments for:		
Financing expense	23	15
Depreciation and amortization	62	60
Impairment charges	152	—
Gain on acquisitions, disposals and others	(2)	(6)
Restructuring costs	1	1
Unrealized loss on derivative financial instruments	1	7
Recovery of income taxes	(24)	(4)
Share of results of associates and joint ventures	(12)	(4)
Net earnings attributable to non-controlling interests	8	4
Net financing expense paid	(44)	(30)
Net income taxes paid	(2)	(1)
Dividends received	1	—
Provisions for contingencies and charges and other liabilities	—	(8)
	89	19
Changes in non-cash working capital components	(46)	(92)
	43	(73)
Investing activities		
Disposals in associates and joint ventures	10	—
Payments for property, plant and equipment	(140)	(102)
Proceeds from disposals of property, plant and equipment	3	6
Change in intangible and other assets	(2)	(1)
	(129)	(97)
Financing activities		
Bank loans and advances	(1)	6
Change in credit facilities	122	57
Payments of other long-term debt, including lease obligations	(57)	(9)
Redemption of common shares	—	(5)
Dividends paid to non-controlling interests	(3)	(4)
Dividends paid to the Corporation's Shareholders	(12)	(12)
	49	33
Net change in cash and cash equivalents during the period	(37)	(137)
Currency translation on cash and cash equivalents	(1)	—
Cash and cash equivalents - Beginning of the period	102	174
Cash and cash equivalents - End of the period	64	37

SEGMENTED INFORMATION

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

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

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

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

	SALES TO							
	For the 3-month periods ended March 31,							
	Canada		United States		Other countries		Total	
(in millions of Canadian dollars) (unaudited)	2023	2022	2023	2022	2023	2022	2023	2022
Packaging Products								
Containerboard	329	328	231	206	1	—	561	534
Specialty Products	56	57	104	100	1	—	161	157
Inter-segment sales	(4)	(4)	(3)	(4)	—	—	(7)	(8)
Tissue Papers								
Tissue Papers	126	95	261	219	—	—	387	314
Inter-segment sale, Corporate Activities, Recovery and Recycling								
Inter-segment sale, Corporate Activities, Recovery and Recycling	25	37	6	4	1	—	32	41
	532	513	599	525	3	—	1,134	1,038

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

	For the 3-month period ended March 31, 2023				
	Containerboard	Specialty Products	Tissue Papers	Corporate Activities, Recovery and Recycling	Consolidated
(in millions of Canadian dollars) (unaudited)					
Operating income (loss)	38	21	(92)	(47)	(80)
Depreciation and amortization	30	5	17	10	62
Impairment charges	59	1	92	—	152
Gain on acquisitions, disposals and others	—	—	(2)	—	(2)
Restructuring costs	—	—	1	—	1
Unrealized loss (gain) on derivative financial instruments	(1)	—	—	2	1
EBITDA (A)	126	27	16	(35)	134

	For the 3-month period ended March 31, 2022				
	Containerboard	Specialty Products	Tissue Papers	Corporate Activities, Recovery and Recycling	Consolidated
(in millions of Canadian dollars) (unaudited)					
Operating income (loss)	44	24	(35)	(37)	(4)
Depreciation and amortization	28	4	17	11	60
Gain on acquisitions, disposals and others	—	(6)	—	—	(6)
Restructuring costs	—	—	1	—	1
Unrealized loss (gain) on derivative financial instruments	8	—	—	(1)	7
EBITDA (A)	80	22	(17)	(27)	58

PAYMENTS FOR PROPERTY, PLANT
AND EQUIPMENT

For the 3-month periods ended
March 31,

(in millions of Canadian dollars) (unaudited)	2023	2022
Packaging Products		
Containerboard	89	75
Specialty Products	4	11
	93	86
Tissue Papers	9	5
Corporate Activities, Recovery and Recycling	3	8
Total acquisitions	105	99
Right-of-use assets acquisitions	(8)	(21)
	97	78
Acquisitions for property, plant and equipment included in "Trade and other payables"		
Beginning of the period	106	75
End of the period	(63)	(51)
Payments for property, plant and equipment	140	102
Proceeds from disposals of property, plant and equipment	(3)	(6)
Payments for property, plant and equipment net of proceeds from disposals	137	96

SUPPLEMENTAL INFORMATION ON NON-IFRS MEASURES AND OTHER FINANCIAL MEASURES

SPECIFIC ITEMS

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

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

RECONCILIATION AND USES OF NON-IFRS AND OTHER FINANCIAL MEASURES

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

Non-IFRS measures

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

Other financial measures

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

Non-IFRS ratios

- Net debt to EBITDA (A) ratio: Used to assess the Corporation's ability to pay its debt and evaluate financial leverage.
- EBITDA (A) margin: Used to assess operating performance and the contribution of each segment on a comparable basis calculated as a percentage of sales.
- Adjusted net earnings per common share: Used to assess the Corporation's consolidated financial performance on a comparable basis.
- Net debt / Net debt + Shareholders' equity: Used to evaluate the Corporation's financial leverage and thus the risk to Shareholders.
- Working capital as a percentage of sales: Used to assess the Corporation's operating liquidity performance.
- Adjusted cash flow per common share: Used to assess the Corporation's financial flexibility.
- Free cash flow ratio: Used to measure the liquidity and efficiency of how much more cash the Corporation generates than it uses to run the business by subtracting capital expenditures (excluding strategic projects) from the EBITDA (A) calculated as a percentage of sales.

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

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

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

	Q1 2023				
(in millions of Canadian dollars) (unaudited)	Containerboard	Specialty Products	Tissue Papers	Corporate Activities, Recovery and Recycling	Consolidated
Operating income (loss)	38	21	(92)	(47)	(80)
Depreciation and amortization	30	5	17	10	62
Impairment charges	59	1	92	—	152
Gain on acquisitions, disposals and others	—	—	(2)	—	(2)
Restructuring costs	—	—	1	—	1
Unrealized loss (gain) on derivative financial instruments	(1)	—	—	2	1
EBITDA (A)¹	126	27	16	(35)	134

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

	Q1 2022				
(in millions of Canadian dollars) (unaudited)	Containerboard	Specialty Products	Tissue Papers	Corporate Activities, Recovery and Recycling	Consolidated
Operating income (loss)	44	24	(35)	(37)	(4)
Depreciation and amortization	28	4	17	11	60
Gain on acquisitions, disposals and others	—	(6)	—	—	(6)
Restructuring costs	—	—	1	—	1
Unrealized loss (gain) on derivative financial instruments	8	—	—	(1)	7
EBITDA (A)¹	80	22	(17)	(27)	58

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

The following table reconciles net loss and net loss per common share, as reported, with adjusted net earnings (loss)¹ and adjusted net earnings (loss)¹ per common share:

	NET EARNINGS (LOSS)			NET EARNINGS (LOSS) PER COMMON SHARE ²		
	Q1 2023	Q4 2022	Q1 2022	Q1 2023	Q4 2022	Q1 2022
(in millions of Canadian dollars, except per common share amounts and number of common shares) (unaudited)						
As reported	(75)	(27)	(15)	(\$0.75)	(\$0.27)	(\$0.15)
Specific items:						
Impairment charges	152	86	—	\$1.14	\$0.64	—
Gain on acquisitions, disposals and others	(2)	(10)	(6)	(\$0.01)	(\$0.09)	(\$0.05)
Restructuring costs	1	2	1	\$0.01	\$0.02	\$0.01
Unrealized loss (gain) on derivative financial instruments	1	(4)	7	—	(\$0.03)	\$0.05
Foreign exchange gain on long-term debt and financial instruments	—	(3)	(1)	—	(\$0.02)	(\$0.01)
Share of results of associates and joint ventures	(9)	—	—	(\$0.07)	—	—
Tax effect on specific items, other tax adjustments and attributable to non-controlling interest ²	(35)	(22)	(1)	—	(\$0.03)	—
	108	49	—	\$1.07	\$0.49	—
Adjusted¹	33	22	(15)	\$0.32	\$0.22	(\$0.15)
Weighted average basic number of common shares outstanding				100,361,627	100,361,627	100,822,921

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

	Q1 2023	Q4 2022	Q1 2022
(in millions of Canadian dollars) (unaudited)			
Cash flow from (used by) operating activities	43	196	(73)
Changes in non-cash working capital components	46	(96)	92
Net income taxes paid	2	—	1
Net financing expense paid	44	15	30
Provisions for contingencies and charges and other liabilities, net of dividends received	(1)	1	8
EBITDA (A)¹	134	116	58

The following table reconciles cash flow from (used by) operating activities with cash flow from operating activities (excluding changes in non-cash working capital components) and adjusted cash flow from operating activities. It also reconciles adjusted cash flow from operating activities¹ to adjusted cash flow used¹, which is also calculated on a per common share basis:

	Q1 2023	Q4 2022	Q1 2022
(in millions of Canadian dollars, except per common share amounts or otherwise noted) (unaudited)			
Cash flow from (used by) operating activities	43	196	(73)
Changes in non-cash working capital components	46	(96)	92
Cash flow from operating activities (excluding changes in non-cash working capital components)	89	100	19
Restructuring costs paid	1	3	7
Adjusted cash flow from operating activities¹	90	103	26
Payments for property, plant and equipment	(140)	(160)	(102)
Change in intangible and other assets	(2)	(2)	(1)
Lease obligation payments	(14)	(15)	(13)
Proceeds from disposals of property, plant and equipment	3	11	6
	(63)	(63)	(84)
Dividends paid to non-controlling interests	(3)	(4)	(4)
Dividends paid to the Corporation's Shareholders and to non-controlling interests	(12)	(12)	(12)
Adjusted cash flow used¹	(78)	(79)	(100)
Adjusted cash flow used¹ per common share (in Canadian dollars)	(\$0.78)	(\$0.79)	(\$0.99)
Weighted average basic number of common shares outstanding	100,361,627	100,361,627	100,822,921

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

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

The following table reconciles total debt¹ and net debt¹ with the ratio of net debt to adjusted earnings before interest, taxes, depreciation and amortization (EBITDA (A))¹:

(in millions of Canadian dollars) (unaudited)	March 31, 2023	December 31, 2022	March 31, 2022
Long-term debt	2,044	1,931	1,510
Current portion of long-term debt	88	134	69
Bank loans and advances	2	3	7
Total debt¹	2,134	2,068	1,586
Less: Cash and cash equivalents	(64)	(102)	(37)
Net debt¹ as reported	2,070	1,966	1,549
Last twelve months EBITDA (A) ¹	452	376	325
Net debt / EBITDA (A) ratio¹	4.6x	5.2x	4.8x

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

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