2024 Annual Report

Cascades

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Cascades Inc's, 2024 Annual Information Form
will be available, upon request, from the Corporation's
head office as of March 28, 2025

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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Table of contents

Message from the President and Chief Executive Officer.... 4
Management's Discussion & Analysis
Financial snapshot.... 7
Our business.... 8
Business highlights.... 9
Business drivers.... 12
Operational performance indicators.... 14
Historical market prices of main products and raw materials.... 15
Sensitivity table.... 16
Financial overview - 2024.... 17
Business segment review.... 20
Corporate, Recovery and Recycling activities.... 27
Liquidity and capital resources.... 27
Consolidated financial position as of December 31, 2024, 2023 and 2022.... 29
Employee future benefits.... 30
Comments on the fourth quarter of 2024.... 31
2025 first quarter outlook.... 32
Capital stock information.... 33
Contractual obligations and other commitments.... 34
Transactions with related parties.... 34
Change in accounting policies and disclosures.... 34
Critical accounting estimates and judgments.... 35
Controls and procedures.... 37
Risk factors.... 37
Contingencies.... 47
Supplemental information on non-IFRS Accounting Standards measures and other financial measures.... 48
Historical financial information.... 55
Audited Consolidated Financial Statements
Management report.... 56
Independent auditor report.... 57
Consolidated balance sheets.... 62
Consolidated statements of earnings (loss).... 63
Consolidated statements of comprehensive income (loss).... 63
Consolidated statements of equity.... 64
Consolidated statements of cash flows.... 65
Segmented information.... 66
Notes to consolidated financial statements.... 70

Hugues Simon

President and Chief Executive Officer

Dear fellow shareholders,

Cascades celebrated its 60th anniversary this past year and, in this regard, the timing of my appointment as President and CEO in June 2024 was opportune. My first weeks coincided with the celebrations, which allowed me to meet many employees in person and learn a great deal about the Company's deeply engrained culture. This culture remains vibrant today and has been fundamental to the Company's growth over the years. The fact that Cascades is considered by our customers across North America to be a supplier of choice for industry-leading eco-friendly packaging and tissue solutions is testament to this and the Company's unwavering commitment to sustainability since 1964.

I am honoured to lead Cascades as it embarks on its next chapter and to build on the strong growth momentum created under the stewardship of my predecessor, Mario Plourde. The significant modernization, repositioning and optimization initiatives completed during his tenure have equipped the Company with a strong, agile and competitive foundation that is well positioned in markets that offer excellent opportunities to generate meaningful value in the future.

Two prominent topics have outweighed any other amidst the many questions I have received from employees and shareholders. When I first began, the focus was on my initial impressions of Cascades as someone who arrived from outside. My answer to this was simple: The high level of commitment and dedication of the employees is what stood out from day one and remains true today. Many of them are long-term employees, a clear testament to the strength of the Company's culture and increasingly rare given the elevated workplace mobility that is commonplace today.

As the December 2024 end date of the Company's most recent Strategic Plan approached, questions understandably shifted toward future objectives. In this regard, the timing of my appointment proved advantageous once again. As we laid out our priorities, vision and strategy for the future, I had the opportunity to visit most of the Company's facilities, meet with many employees and plan extensively with our management team. At the center of these plans is an unwavering commitment to optimize how we operate internally and a clear focus on enhancing our commercial approach and the customer experience. The announced combination of our Containerboard and Specialty Products packaging segments does just this by increasing agility and synergies while simplifying decision making.

With this important first step as the foundation, we are targeting three key strategic areas for the next 24 months to accelerate value creation.

The first of these is cementing the culture of excellence throughout our company to drive important improvements in profitability. At the operations level, this starts with best-in-class safety and security at our facilities. Excellence in this regard coupled with optimal preventive maintenance are non-negotiable objectives in manufacturing efficiency and performance. While efficiency at the production level is multi-faceted by nature, at its core it involves increasing output per machine and product profitability. This is a significant priority for our Bear Island facility, started in May 2023, where we are intensely focused on targeted daily average production levels to drive profitability. 2024 was a year marked by several operational challenges that are common during the ramp-up of a new facility. With these challenges mostly behind us, we are confident Bear Island will reach the potential projected for this facility in the coming years.

More broadly, there is no one step to achieving greater efficiency throughout our network. Rather it is the culmination of a multitude of initiatives both small and large, not the least of which is ensuring that we are producing the right product for the right customer on the right equipment and aligning this with our commercial approach, product pricing and service to ensure that Cascades is the supplier of choice for our customers. To put it simply, it is ensuring that a culture of excellence is the practiced standard every day, on every machine, for every customer.

Improving efficiency throughout our existing operating base has the advantage of growing profitability levels with minimal to no capital outlay, the benefits of which flow directly into our second strategic focus area for the next 24 months, namely, generating sustainably stronger free cash flow[1] levels.

We are prioritizing alignment, execution and control to drive performance. At the center of each is benchmarking, implementing steadfast best practices and applying an approach of consistent measurement, evaluation and adaptation based on feedback from our operational and sales teams and our valued customers. These initiatives will accelerate profitability and build greater financial flexibility while creating meaningful, long-term and sustainable growth and value for the Company and our shareholders.

A central part of this value creation is our firm commitment to balance sheet management, with a specific focus on debt reduction within the next 24 months. The path to achieving this has been clearly laid out internally, encompassing accelerated margin expansion from efficiency gains, limiting capital expenditures to approximately $175 million in 2025 and directly paying down debt from expanded cash flow and the divestiture of assets to simplify our platform and increase profitability. We conservatively expect the sale of these assets to generate $80 million in the next two years.

The recent prospect of bilateral tariffs between Canada and the United States has the potential to add both challenges and opportunities for Cascades. Multiple work streams and initiatives have been identified to both minimize the impacts and cultivate advantages that may arise in the event they are enacted, and we will be measured, thorough and unwavering in our commitment to strengthen the resilience of our businesses.

As I reflect on my first months with Cascades, I am struck by the many opportunities ahead for the Company. We are equipped with a competitively positioned asset base and an incredibly knowledgeable and dedicated group of employees who are an invaluable source of expertise that will continue to be the driving force behind the Company's future success.

On behalf of myself and the Cascades management team, thank you for your continued support.

Hugues Simon
President and Chief Operating 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)	**2024**	2023	2022
Sales	**4,701**	4,638	4,466
Operating income	**95**	40	33
EBITDA (A)[1]	**501**	558	376
EBITDA (A) as a percentage of sales[1]	**10.7%**	12.0%	8.4%
Net earnings (loss)			
As reported	**(31)**	(76)	(34)
Adjusted[1]	**60**	109	37
Net earnings (loss) per common share (basic) (in Canadian dollars)			
As reported	**($0.31)**	($0.76)	($0.34)
Adjusted[1]	**$0.60**	$1.08	$0.37
Capital expenditures, net of disposals	**127**	343	482
Dividends declared per common share (in Canadian dollars)	**$0.48**	$0.48	$0.48
FINANCIAL POSITION (as of December 31)			
Total assets	**5,000**	4,772	5,053
Net debt[1]	**2,096**	1,882	1,966
Net debt / EBITDA (A) ratio[1]	**4.2x**	3.4x	5.2x
Equity attributable to Shareholders	**1,724**	1,739	1,871
per common share (in Canadian dollars)	**$17.07**	$17.27	$18.64
Working capital as a percentage of sales[1, 2]	**9.6%**	9.9%	10.5%
KEY INDICATORS			
Total shipments (in '000 of s.t.)[3]	**2,143**	2,125	2,027
US$/CAN$ - Average exchange rate	**$0.730**	$0.741	$0.768

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, 2024 and 2023. Information contained herein includes any significant developments as of February 19, 2025, 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 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 industry conditions generally. 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 the 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.*

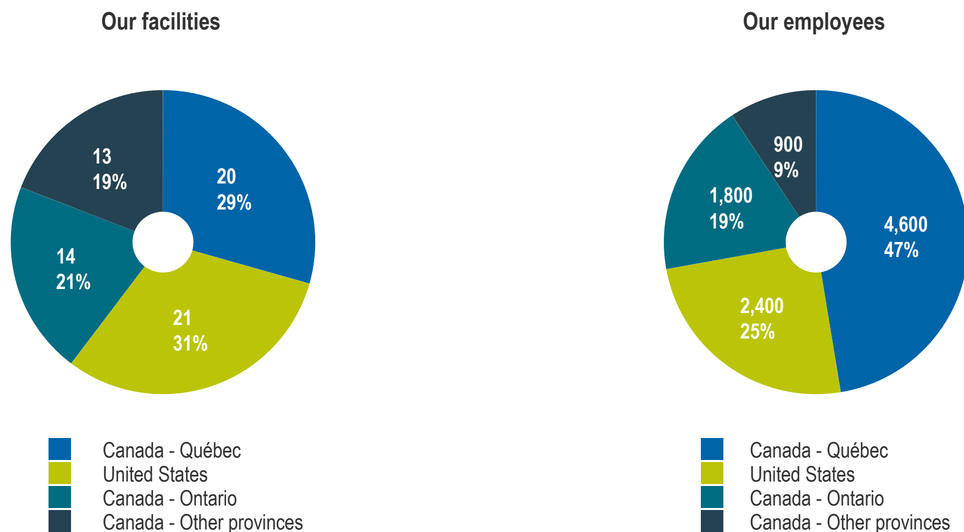
3 *Shipments do not take into account the elimination of business sector inter-segment shipments. Shipments from our Specialty Products segment are not shown, as different units of measure are used.*

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 68 operating facilities, including 18 Recovery and Recycling facilities which are part of Corporate Activities, and approximately 9,700 employees across Canada and the United States[1]. The Corporation operates three business segments:

(Business segments) (unaudited)	Number of facilities[1]	2024 Sales[2] (in $M)	% of sales	2024 Operating income (in $M)	2024 EBITDA (A)[2, 3] (in $M)	2024 EBITDA (A) Margin[2, 3] (%)	% of EBITDA (A)[3]
PACKAGING PRODUCTS							
Containerboard	23	2,364	51.6%	101	304	12.9%	50.5%
Specialty Products	17	671	14.6%	44	106	15.8%	17.6%
TISSUE PAPERS	10	1,548	33.8%	97	192	12.4%	31.9%

Locations of our facilities[4] and employees by geographic segment within North America:



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

2 *Excluding associates and joint ventures not included in consolidated results. Refer to Note 7 of the 2024 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

2022 - 2024 STRATEGIC PLAN

As part of the annual review of its strategy, the Corporation analyzes its overall business and the environment in which it competes, sets objectives for the following year and the years ahead and approves its annual plans, all with a view to enhancing shareholder value. On February 24, 2022, Management and the Board of Directors disclosed the Corporation's 2022 to 2024 Strategic Plan, and subsequently provided an update of the plan in conjunction with the Q1 2023 results on May 11, 2023. The presentation is available on the SEDAR+ website at www.sedarplus.ca and on the Corporation's website at www.cascades.com/en/investors.

The following is a summary of the 2024 financial targets set out in the Corporation's 2022 to 2024 Strategic Plan announced in February 2022, and of the subsequent update made to these targets in May 2023. Given prevailing market conditions since 2023, most notably in the Containerboard segment, we fell short of our $5.0 billion consolidated sales objective and targeted ranges for both EBITDA (A) margin[1] and free cash flow[1]. Given this, our net debt to EBITDA (A) ratio[1] at the end of 2024 was higher than our targeted range of between 2.5x to 3.0x. Ongoing profitability improvement initiatives in all business segments and recent price increases announced in the Containerboard segment will support our future financial performance.

			2024 Financial Targets Presented February 2022	Updated 2024 Financial Targets May 2023	Actual results as of December 31, 2024
Financial Targets	1	**Sales:**	~$5.0B+ in 2024	**~$5.0B**	**$4.7B**
	2	**EBITDA (A) Margin[1]:**	~13% - 15% in 2024	**~12% - 14%**	**10.7%**
	3	**Capital expenditures (Capex):**	~4% of sales in 2023-2024[2]	**~$175M in 2024 (3.5% of sales)**	**$161M (3.4% of sales)**
	4	**Free cash flow[1, 3, 4]:**	~9% - 11% of sales	**~9% - 10% of sales**	**7.2%**
	5	**Net debt / EBITDA (A)[1]:**	2.0x - 2.5x by the end of 2024	**2.5x - 3.0x**	**4.2x**

TISSUE PAPERS SEGMENT PROFITABILITY PLAN

In April 2023, the Corporation announced the repositioning of its Tissue Papers operating platform, which included the closure of underperforming assets. These actions simplified operations by concentrating the majority of tissue operating activities at core, geographically well-positioned sites with opportunities for future development, while also consolidating the Corporation's position as a leading manufacturer of private label tissue products in North America, and strengthening the operational, financial and environmental performance of this business.

BEAR ISLAND PROJECT

On May 2, 2023, we announced the production of the first roll of 100% lightweight recycled containerboard at the Bear Island, Virginia mill.

After the commissioning of the Greenpac mill nearly 10 years ago, the start-up of Bear Island marks another historic milestone in the strategic modernization of our containerboard manufacturing network, allowing us to pursue long-term growth in packaging and enhance our portfolio of sustainable packaging solutions for our customers on a North American scale.

The cost of the project amounted to approximately $690 million (~US$525 million). The ramp-up of the Bear Island mill is progressing but lower than our expectations. However, performance at the end of 2024 was in line with expected productivity levels.

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

2 Excluding strategic projects.

3 Defined as EBITDA (A)[1] less Capex.

4 Interests, tax paid, working capital, lease payments, dividends paid to non-controlling interests and other cash flow item requirements are estimated at $225M - $250M/year.

NEW PRESIDENT AND CHIEF EXECUTIVE OFFICER

On May 16, 2024, the Corporation announced the appointment of Mr. Hugues Simon as its new President and CEO. He was previously President of the Wood Products business at Resolute Forest Products. The appointment follows an extensive succession planning and recruitment process, supported by an international firm, in anticipation of Mario Plourde's planned retirement. After more than 11 years at the helm of the Company, Mr. Plourde will support the new President and CEO during a transition period lasting until December 2024, after which he will act as a Special Advisor for an additional 18-month period.

BUSINESS DEVELOPMENTS

The following transactions should be taken into consideration when reviewing the overall and segmented analysis of the Corporation's 2024 and 2023 results.

ORGANIZATIONAL CHANGES

- On October 30, 2024, the Corporation announced organizational changes designed to support the Company's strategic growth by strengthening alignment, increasing agility, improving execution and accelerating decision making within the organization. These changes involve 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 were made to our organizational structure and workforce. These changes resulted in a reduction of approximately 50 employees.

CONTAINERBOARD PACKAGING

- 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 has been moved to other plants with available capacity and more modern equipment. In 2024, the Containerboard Packaging segment received $30 million from the sale of the assets related to Newtown and Belleville as well as a land parcel in Canada.

- On May 2, 2023, the Corporation announced the permanent closure of the paper machine no. 2 at the plant located in Niagara Falls. The paper machine previously ceased its operations in November 2022.

SPECIALTY PRODUCTS

- On September 22, 2023, the Corporation announced the consolidation of its isotherm packaging operations, resulting in the closure of its facilities in Tacoma, Washington in October 2023 and Grand Rapids, Michigan in December 2023.

TISSUE PAPERS

- On April 25, 2023, the Corporation announced an important repositioning of its Tissue Papers operating platform to enhance the performance of the business. In June 2023 and July 2023, Cascades closed its underperforming plants in Barnwell, South Carolina, and Scappoose, Oregon, as well as the virgin paper tissue machine at its St. Helens plant, also in Oregon. On August 10, 2023, the Corporation announced the closing of the second paper machine at its St. Helens plant, resulting in the complete shutdown of the facility. Operations ceased at the beginning of October 2023.

RECOVERY AND RECYCLING ACTIVITIES

- On February 4, 2025, the Corporation announced the closure of its Recovery and Recycling site in Lachine, Québec, effective on April 11, 2025. Closure costs, including severance, are expected to total $1 million to $2 million and will be recorded in the coming periods.

SIGNIFICANT FACTS

2024

- The Corporation repaid its $175 million unsecured senior notes on January 15, 2025 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 were received from the facility. This facility will mature on December 31, 2026 and will bear interest at a variable rate.

- 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.

2023

- In the fourth quarter of 2023, the Corporation entered into an agreement for an $86 million (US$60 million) monthly rolling receivables' monetization facility without recourse. Please refer to Note 15 of the 2024 Audited Consolidated Financial Statements.

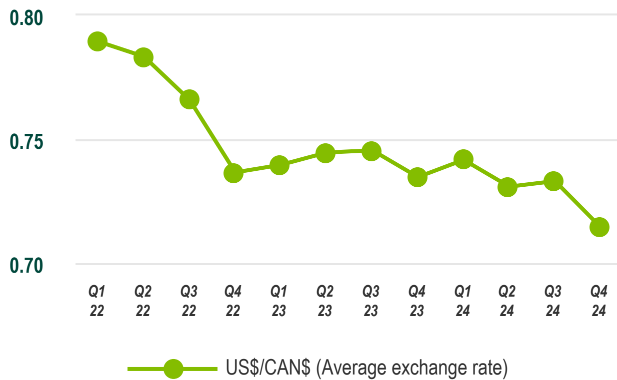
- On September 15, 2023, the Corporation's subsidiary, Greenpac, entered into a three-year credit agreement with a banking syndicate securing a revolving credit facility authorized at US$150 million which bears interest at a variable rate based on the level of leverage ratio of the subsidiary. Transaction fees amounting to US$2 million ($2 million) were capitalized in other assets.

BUSINESS DRIVERS

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

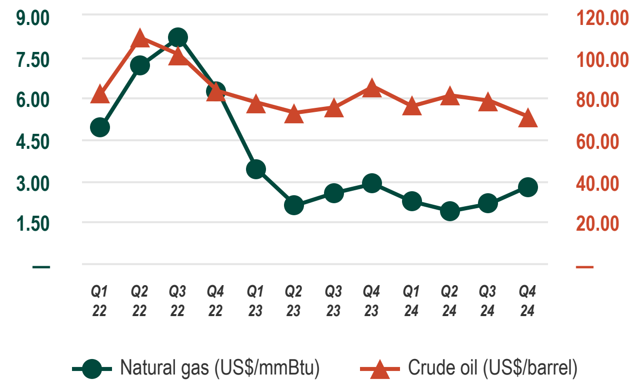
EXCHANGE RATES[1]

On a year-over-year basis, the average exchange rate of the Canadian dollar decreased by 1.5% compared to the US dollar in 2024.



ENERGY COSTS[1]

On a year-over-year basis, the average price of natural gas decreased by 17% in 2024. In the case of crude oil, the average price was 2% lower in 2024 than in 2023.



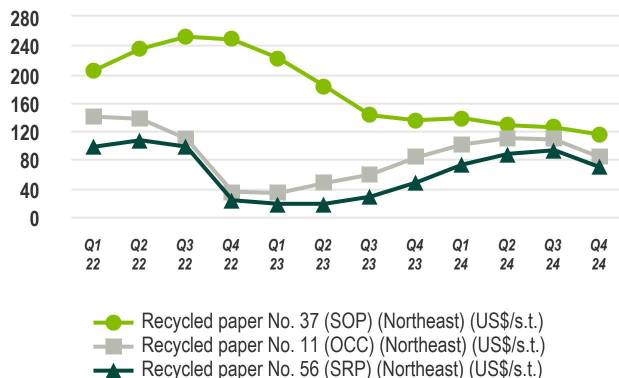
	2022					2023					**2024**
(unaudited)	YEAR	Q1	Q2	Q3	Q4	YEAR	**Q1**	**Q2**	**Q3**	**Q4**	**YEAR**
US$/CAN$ (Average exchange rate)	$0.768	$0.740	$0.745	$0.746	$0.735	$0.741	**$0.742**	**$0.731**	**$0.733**	**$0.714**	**$0.730**
US$/CAN$ (End of the period exchange rate)	$0.738	$0.740	$0.755	$0.737	$0.755	$0.755	**$0.739**	**$0.731**	**$0.740**	**$0.695**	**$0.695**
Natural Gas Henry Hub (US$/mmBtu)	$6.64	$3.42	$2.10	$2.55	$2.88	$2.74	**$2.24**	**$1.89**	**$2.16**	**$2.79**	**$2.27**
Crude oil (US$/barrel)	$94.04	$77.85	$72.87	$75.49	$85.54	$77.94	**$76.07**	**$81.26**	**$78.66**	**$70.96**	**$76.74**

1 *Source: Bloomberg*

RAW MATERIALS

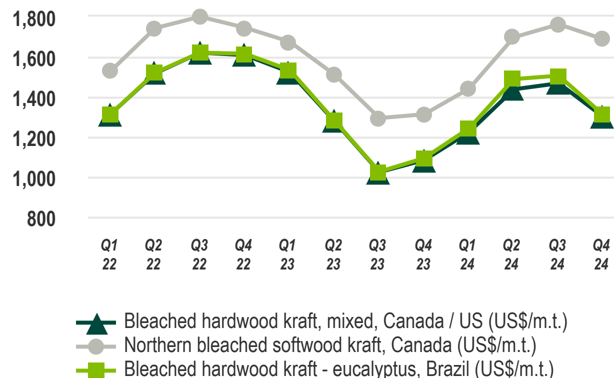
Reference prices - recycled fibre costs in North America[1]

The brown recycled grade paper No. 11 (old corrugated containers, OCC) annual index price increased by 82% while the recycled paper No. 56 (sorted residential papers, SRP) annual index price increased by 186% in 2024 compared to 2023. The white recycled paper grade No. 37 (sorted office papers, SOP) annual index price decreased by 25% in 2024 compared to 2023.



Reference prices - virgin pulp in North America[1]

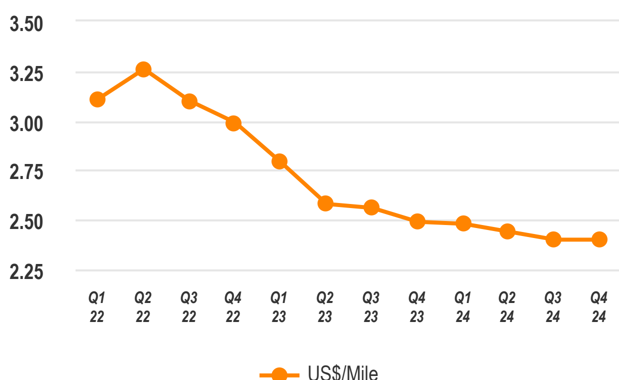
In 2024, the reference prices for NBSK, NBHK and eucalyptus increased by 14%, 11% and 12%, respectively, compared to 2023, reflecting global demand supply dynamics.



FREIGHT

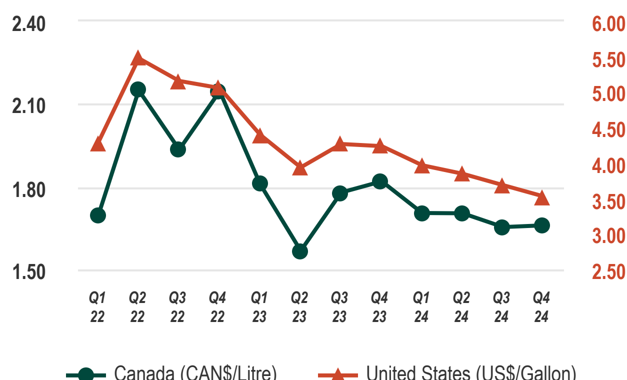
US national van rates[2]

In 2024, the average national van rate decreased by 7% compared to 2023.



Diesel[3]

In 2024, the average price of diesel decreased by 4% in Canada and decreased by 11% in the United States compared to 2023.



	2022	2023					2024				
(unaudited)	YEAR	Q1	Q2	Q3	Q4	YEAR	**Q1**	**Q2**	**Q3**	**Q4**	**YEAR**
US national van rates (US$/Mile)	$3.11	$2.79	$2.58	$2.56	$2.49	$2.61	**$2.48**	**$2.44**	**$2.40**	**$2.40**	**$2.43**
Diesel Canada (CAN$/Litre)	$1.98	$1.81	$1.57	$1.78	$1.82	$1.74	**$1.70**	**$1.70**	**$1.65**	**$1.66**	**$1.68**
Diesel United States (US$/Gallon)	$5.00	$4.40	$3.94	$4.27	$4.24	$4.21	**$3.97**	**$3.85**	**$3.69**	**$3.53**	**$3.76**

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. These indicators include the following:

	2022					2023					**2024**
(unaudited)	YEAR	Q1	Q2	Q3	Q4	YEAR	**Q1**	**Q2**	**Q3**	**Q4**	**YEAR**
OPERATIONAL											
Total shipments (in ’000 short tons (s.t.))[1]											
Packaging Products											
Containerboard	1,506	383	398	429	402	1,612	**412**	**415**	**421**	**415**	**1,663**
Tissue Papers	521	124	134	134	121	513	**115**	**122**	**122**	**121**	**480**
Total	2,027	507	532	563	523	2,125	**527**	**537**	**543**	**536**	**2,143**
Integration rate[2]											
Containerboard	56%	51%	52%	51%	56%	53%	**54%**	**53%**	**54%**	**53%**	**54%**
Tissue Papers	83%	84%	83%	87%	94%	87%	**94%**	**94%**	**94%**	**94%**	**94%**
Manufacturing capacity utilization rate[3]											
Containerboard	91%	91%	93%	91%	84%	90%	**93%**	**88%**	**91%**	**88%**	**90%**
Tissue Papers	83%	81%	86%	92%	96%	91%	**95%**	**93%**	**93%**	**98%**	**95%**
FINANCIAL											
Working capital											
In millions of CAN$, at the end of the period[4]	397	487	514	512	318		**460**	**474**	**460**	**406**	
As a percentage of sales[4, 5]	10.5%	10.6%	10.6%	10.3%	9.9%		**9.8%**	**9.5%**	**9.2%**	**9.6%**	

1 Shipments do not take into account the elimination of business sector inter-segment shipments. Shipments from our Specialty Products segment are not shown, as different units of measure are used.

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 Containerboard Packaging segment.

3 Defined as: Manufacturing internal and external shipments/practical capacity. Calculated according to Bear Island’s capacity ramp-up plan. Excluding Specialty Products segment manufacturing activities.

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

	2022					2023					**2024**	**2024 vs. 2023**	
These indexes should only be used as trend indicators. They may differ from our actual selling prices and purchasing costs. (unaudited)	YEAR	Q1	Q2	Q3	Q4	YEAR	**Q1**	**Q2**	**Q3**	**Q4**	**YEAR**	**Change**	**%**
Selling prices (average)													
PACKAGING PRODUCTS													
Containerboard (US$/short ton)													
Linerboard 42-lb. unbleached kraft, Eastern US (open market)	920	872	852	845	832	850	**852**	**878**	**905**	**905**	**885**	**35**	**4%**
Corrugating medium 26-lb. semichemical, Eastern US (open market)	845	762	728	715	702	727	**735**	**768**	**795**	**795**	**773**	**46**	**6%**
Specialty Products (US$/short ton)													
Uncoated recycled boxboard - bending chip, 20-pt. (series B)	1,073	1,053	1,040	1,040	1,020	1,038	**1,020**	**1,040**	**1,063**	**1,070**	**1,048**	**10**	**1%**
TISSUE PAPERS (US$/short ton)													
Parent rolls, recycled fibres (transaction)	1,266	1,269	1,233	1,196	1,190	1,222	**1,194**	**1,188**	**1,180**	**1,150**	**1,178**	**(44)**	**(4%)**
Parent rolls, virgin fibres (transaction)	1,594	1,572	1,489	1,394	1,404	1,465	**1,449**	**1,530**	**1,544**	**1,487**	**1,503**	**38**	**3%**
Raw material prices (average)													
RECYCLED PAPER													
North America (US$/short ton)													
Sorted residential papers, No. 56 (SRP - Northeast average)	81	18	18	28	48	28	**73**	**88**	**93**	**69**	**80**	**52**	**186%**
Old corrugated containers, No. 11 (OCC - Northeast average)	105	33	47	59	83	55	**101**	**110**	**108**	**83**	**100**	**45**	**82%**
Sorted office papers, No. 37 (SOP - Northeast average)	235	222	183	142	135	170	**138**	**128**	**125**	**115**	**127**	**(43)**	**(25%)**
VIRGIN PULP (US$/metric ton)													
Northern bleached softwood kraft, Canada	1,704	1,675	1,510	1,293	1,312	1,448	**1,440**	**1,697**	**1,762**	**1,687**	**1,646**	**198**	**14%**
Bleached hardwood kraft, mixed, Canada/US	1,514	1,523	1,277	1,023	1,083	1,227	**1,223**	**1,437**	**1,467**	**1,298**	**1,356**	**129**	**11%**
Bleached hardwood kraft - eucalyptus, Brazil	1,517	1,533	1,280	1,025	1,093	1,233	**1,242**	**1,488**	**1,505**	**1,308**	**1,386**	**153**	**12%**

Sources: RISI and Cascades

SENSITIVITY TABLE[1]

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' 2024 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 2024 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			
Linerboard 42-lb. unbleached kraft, Eastern US	450	US$25/s.t.	**16**
Corrugating medium 26-lb. semichemical, Eastern US	365	US$25/s.t.	**13**
Uncoated recycled boxboard - bending chip, 20-pt., Eastern US	140	US$25/s.t.	**5**
Converting products (cartonboard based only)	840	US$25/s.t.	**30**
	1,795		**64**
Tissue Papers	480	US$25/s.t.	**17**
	2,275		**81**
RAW MATERIALS[3]			
Packaging			
Brown grades (OCC and others)	1,705	US$25/s.t.	**(61)**
Groundwood grades (SRP and others)	35	US$25/s.t.	**(1)**
Recycled deinked pulp	30	US$25/s.t.	**(1)**
	1,770		**(63)**
Tissue Papers			
Virgin pulp	175	US$25/s.t.	**(6)**
Brown grades (OCC and others)	115	US$25/s.t.	**(4)**
White grades (SOP and others)	220	US$25/s.t.	**(8)**
	510		**(18)**
NATURAL GAS			
Packaging	4,000	US$1.00/mmBtu	**(6)**
Tissue Papers	3,000	US$1.00/mmBtu	**(4)**
	7,000		**(10)**
EXCHANGE RATE[4]			
U.S. subsidiaries translation and sales less purchases in US$ from Canadian operations		CAN$/US$ 0.01 change	**2**

1 Sensitivity calculated according to 2024 volumes or consumption with year-end closing exchange rate of CAN$/US$ 1.44, 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 2024 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$/US$ 1.43 to CAN$/US$ 1.44

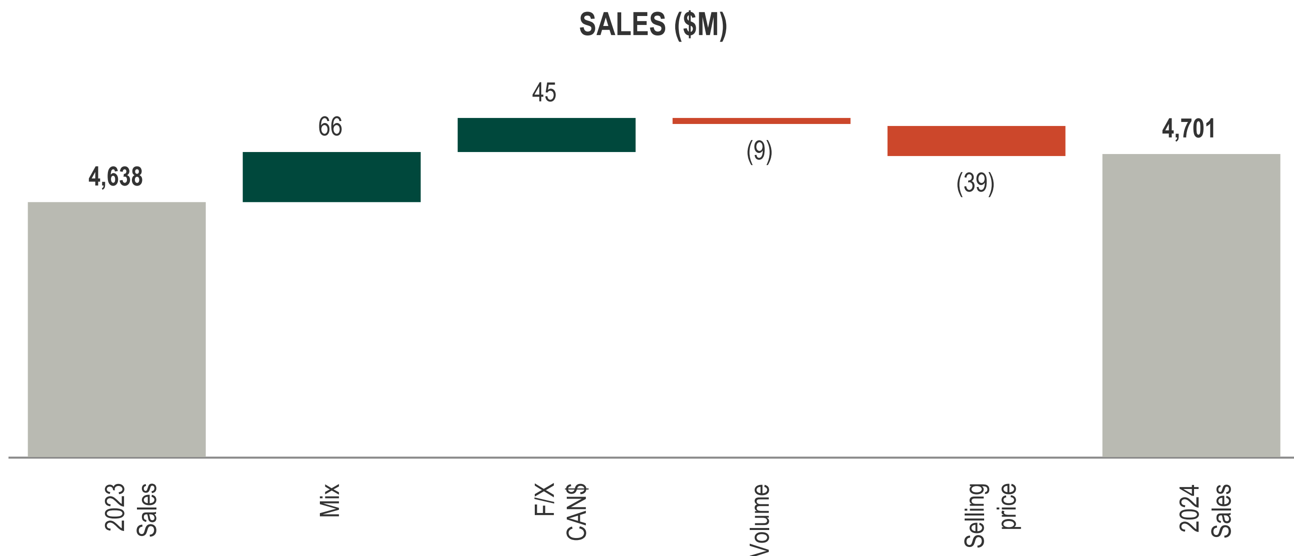
FINANCIAL OVERVIEW - 2024

SALES

For the year ended December 31, 2024, consolidated sales totaled $4,701 million, an increase of $63 million, or 1%, compared to $4,638 million in 2023. Sales levels benefited from higher volumes in both segments of Packaging Products and from a favourable foreign exchange rate in all segments, as well as from higher selling prices in the Specialty Products segment. However, these benefits were offset by slightly lower selling prices in the Containerboard Packaging segment and by lower volumes and selling prices net of a favourable sales mix in the Tissue Papers segment.

Sales, in 2024, by geographic segment are as follows:
For further details, please refer to Note 21 of the 2024 Audited Consolidated Financial Statements.

The main variances in sales in 2024, compared to 2023, are shown below:
(in millions of Canadian dollars)

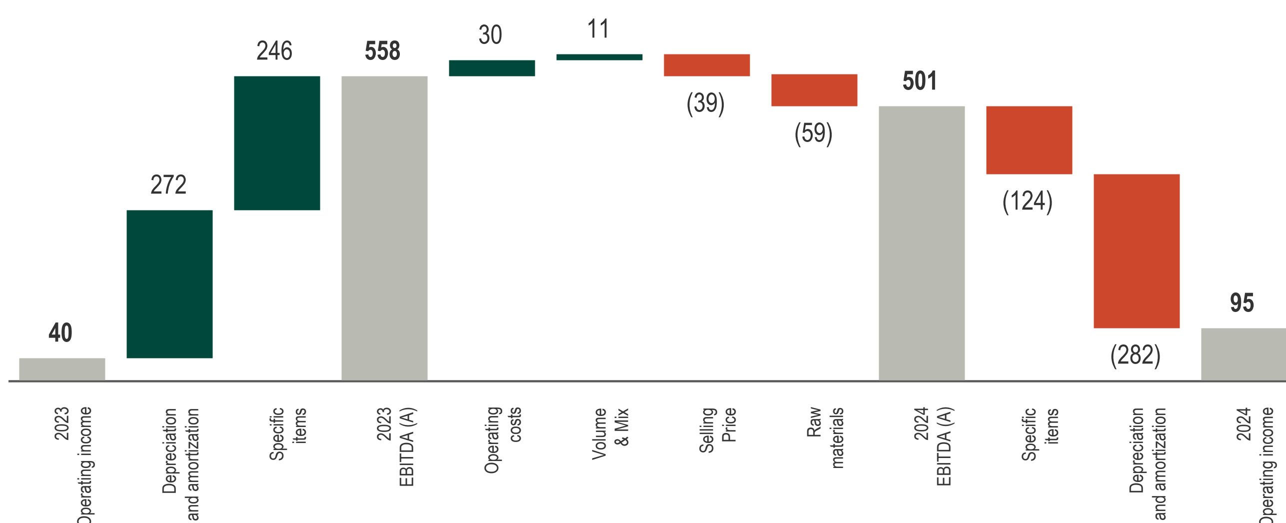


OPERATING INCOME AND EBITDA (A)[1]

For the year ended December 31, 2024, the Corporation recorded an operating income of $95 million, compared to an operating income of $40 million in 2023. The operating income variance is explained by the specific items loss of $124 million in 2024, compared to the significant specific items loss of $246 million in 2023, in addition to a lower operational performance. For more details on specific items please refer to the "Segmented Information" section of the 2024 Audited Consolidated Financial Statements.

The Corporation recorded an EBITDA (A)[1] of $501 million in 2024, compared to $558 million in 2023. The results of the Tissue Papers and Specialty Products segments were higher, while the Containerboard Packaging segment contribution was significantly lower. On a consolidated basis, the negative impact of lower selling prices combined with increased raw material costs more than offset the positive impact of volumes, mix and lower operating costs.

The main variances in operating income and in EBITDA (A)[1] in 2024, compared to 2023, are shown below:
(in millions of Canadian dollars)



Raw materials (EBITDA (A)[1])	*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.*
F/X CAN$ (EBITDA (A)[1])	*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 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 charts of EBITDA (A)[1]. It excludes indirect sensitivity (please refer to the "Sensitivity Table" section of our 2024 Annual Report for further details).*
Operating costs (EBITDA (A)[1])	*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.*
Recovery and Recycling activities (Sales and EBITDA (A)[1])	*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 and other items in the charts of sales and for raw materials in the charts of EBITDA (A)[1].*

The 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

The depreciation and amortization expense increased by $10 million to $282 million in 2024, compared to $272 million in 2023. The increase reflected the depreciation of the Canadian dollar which increased the depreciation cost by $2 million in 2024, compared to $5 million in 2023. The variance was also explained by the start-up of the Bear Island mill in May 2023 which contributed to the increase in the depreciation and amortization expense along with the other investments. The increase was partly offset by a reduction in the depreciation and amortization expense resulting from the plant closures.

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

FINANCING EXPENSE

(in millions of Canadian dollars) (unaudited)	2024	2023
Interest on long-term debt (including lease obligations interest 2024 - $10 million; 2023 - $8 million)	130	113
Amortization of financing costs	4	3
Other interest and banking fees	5	7
Interest expense on employee future benefits	3	4
Unrealized loss (gain) on interest rate hedge instruments	(1)	1
Foreign exchange loss (gain) on long-term debt and financial instruments	1	—
	142	128

The financing expense was $142 million in 2024, compared to $128 million in 2023, an increase of $14 million.

Higher level of the variable debt resulted in a variance of $17 million, including the monthly rolling receivables' monetization facility without recourse interest of $4 million in 2024 (less than a million dollars for the year ended December 31, 2023). The variance was also impacted by the capitalization of the financing expense related to the qualifying assets during the construction of the Bear Island mill, which ended in the second quarter of 2023 and amounted to $9 million in 2023. The increase also reflects the depreciation of the Canadian dollar which increased the financing expense by $2 million in 2024, compared to $3 million in 2023. The Corporation also recorded an unrealized gain on interest rate hedge instruments of $1 million in 2024, compared to an unrealized loss of $1 million in 2023.

The variance was also affected by the foreign exchange loss (gain) on long-term debt and financial instruments. In 2024, the Corporation recorded a loss of $1 million, compared to a gain of less than a million dollars in 2023.

The average interest rate on our revolving credit facility decreased to 6.45% as of December 31, 2024 compared to 7.16% at the same period in 2023. As of December 31, 2024, 35% of the Corporation's total long-term debt was at a variable rate and 65% was at a fixed rate. As of December 31, 2024, the Corporation's consolidated debt denominated in US dollar totaled US$1,252 million.

SHARE OF RESULTS OF ASSOCIATES AND JOINT VENTURES

Share of results of associates and joint ventures amounted to $19 million in 2024, compared to $22 million in 2023. In 2023, it included a gain of $10 million on the disposal of non-significant joint ventures. For more information on the share of results of associates and joint ventures, please refer to Note 7 of the 2024 Audited Consolidated Financial Statements.

RECOVERY OF INCOME TAXES

In 2024, the Corporation recorded a recovery of income taxes of $14 million, compared to a recovery of income taxes of $13 million in 2023.

(in millions of Canadian dollars) (unaudited)	2024	2023
Recovery of income taxes based on the combined basic Canadian and provincial income tax rate	(8)	(17)
Adjustment for income taxes arising from the following:		
Difference in statutory income tax rate of foreign operations	1	3
Prior years reassessment	(1)	5
Reversal of deferred income tax assets related to prior year losses	—	1
Permanent differences	(6)	(5)
	(6)	4
Recovery of income taxes	(14)	(13)

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 2024.

NET EARNINGS (LOSS)

For the year ended December 31, 2024, the Corporation posted a net loss of $(31) million, or ($0.31) per common share, compared to a net loss of $(76) million, or ($0.76) per common share, in 2023. On an adjusted basis[1], the Corporation posted net earnings of $60 million in 2024, or $0.60 per common share, compared to net earnings of $109 million, or $1.08 per common share, in 2023.

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

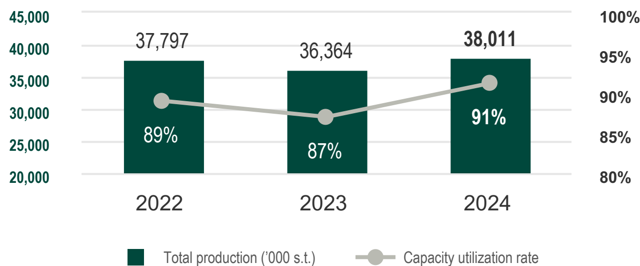
BUSINESS SEGMENT REVIEW

PACKAGING PRODUCTS - CONTAINERBOARD

Our Industry

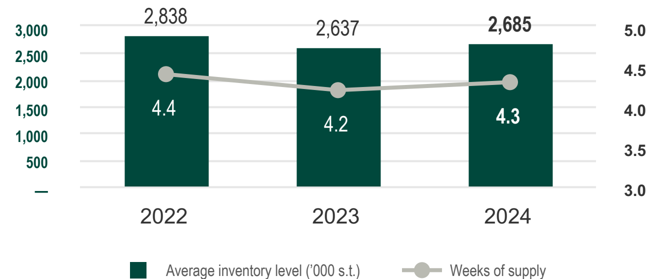
U.S. containerboard industry production and capacity utilization rate[1]

Total U.S. containerboard production amounted to 38.0 million short tons in 2024, an increase of 5% compared to 2023. As a result, the industry's capacity utilization rate increased to 91% in 2024 from 87% in 2023.



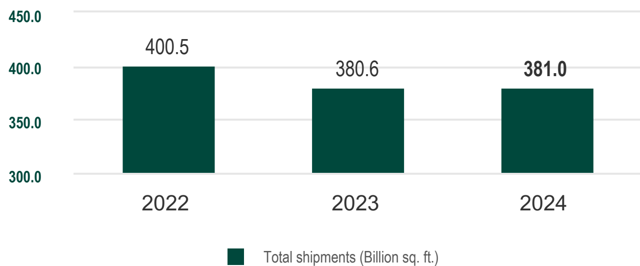
U.S. containerboard inventories at box plants and mills[2]

The average inventory level increased by 2% year-over-year in 2024. The number of weeks of supply in inventory averaged 4.3x for the year, up from 4.2x in 2023.



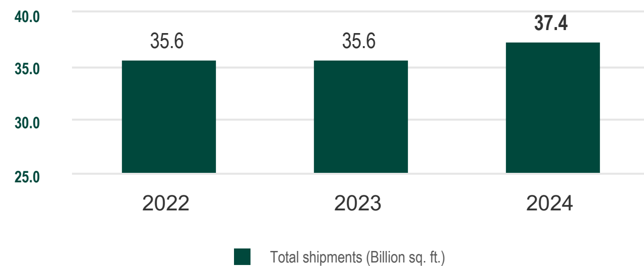
U.S corrugated box industry shipments[2]

Total U.S. corrugated box shipments were stable in 2024 compared to 2023.



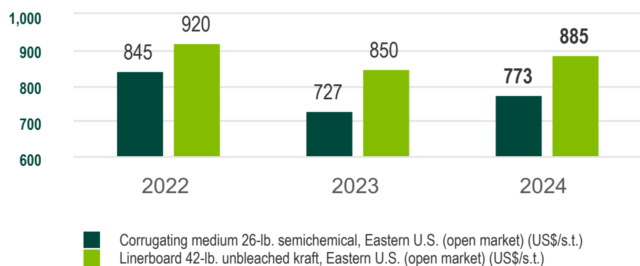
Canadian corrugated box industry shipments[3]

Canadian corrugated box shipments increased by 5% in 2024 compared to 2023.



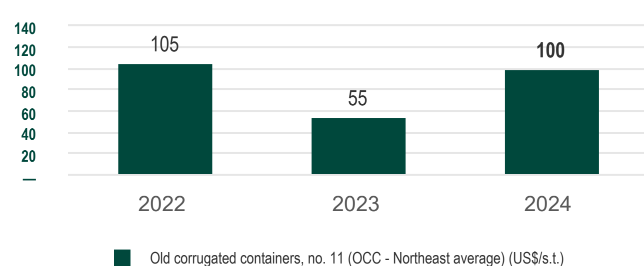
Reference prices - containerboard[1]

2024 reference prices for linerboard and corrugating medium increased by 4% and 6%, respectively, compared to 2023.



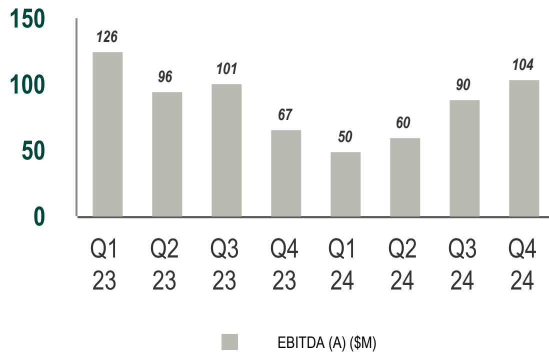
Reference prices - recovered papers (brown grade)[1]

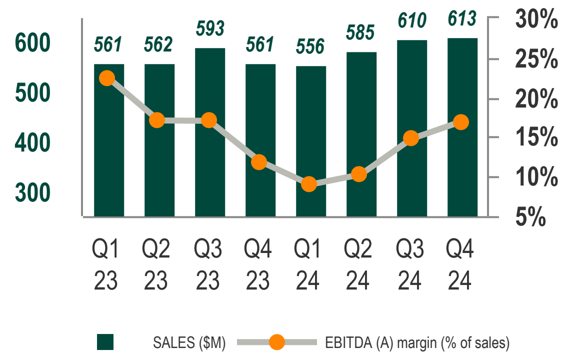
The average reference price of old corrugated containers no.11 ("OCC") increased by 82% in 2024 compared to 2023.

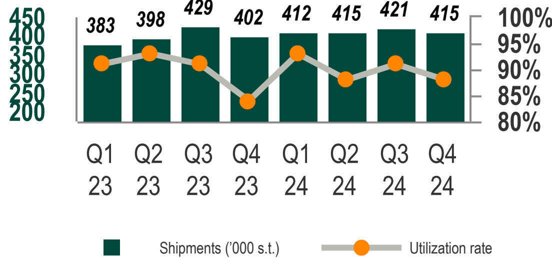


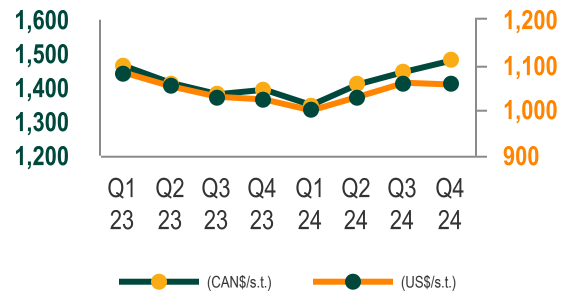
1 Source: RISI
2 Source: Fibre Box Association
3 Source: Canadian Corrugated and Containerboard Association

Our Performance

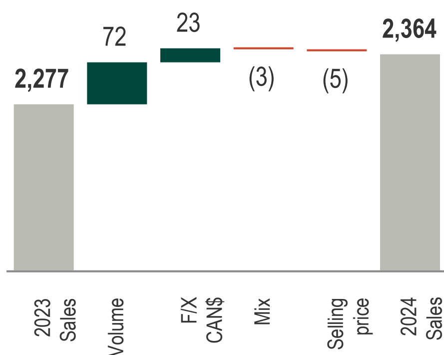


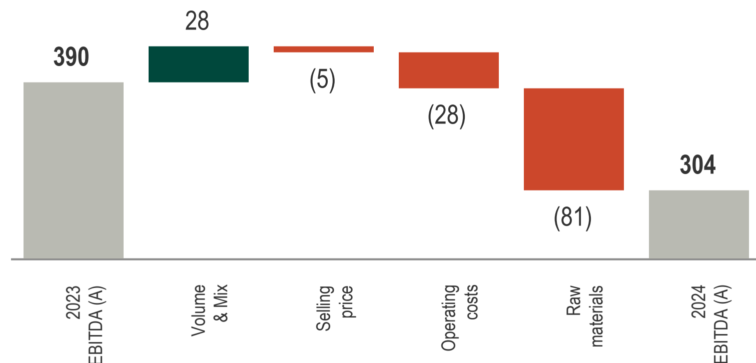






The main variances[2] in sales and EBITDA (A)[1] for the Containerboard Packaging segment in 2024, compared to 2023, are shown below: (in millions of Canadian dollars)





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.*

	2023	2024	Change in %
Shipments[2] ('000 s.t.)	1,612	1,663	3%
Average Selling Price (CAN$/unit)	1,412	1,421	1%
Sales ($M)	2,277	2,364	4%
EBITDA (A)[1] ($M)	390	304	-22%
% of sales	17%	13%	

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.

Total shipments increased by 51,000 s.t., or 3%, in 2024 compared to 2023.

Parent roll shipments increased by 29,000 s.t., or 3%, in 2024 compared to 2023. This reflects the added volume associated with the Bear Island facility ramping up production, net of the negative impact of the closure of the Trenton, Ontario mill. Higher volumes in our converting platform increased the mill integration[3] rate by 1% to 54%. Including sales to other partners, the integration rate was 68% in 2024, unchanged from 2023. The manufacturing utilization rate was stable to 90%, which includes the impact of the start-up of Bear Island.

Shipments from converting activities increased by 22,000 s.t., or 3%, compared to 2023. In square feet, volume increased by 4% from 14.2 billion in 2023 to 14.8 billion in 2024. This reflects a 4% increase in Canadian converted product shipments, which is slightly less than the 5% increase for the Canadian industry. US converted product shipments increased by 4% year-over-year in 2024, outperforming the stable market performance.

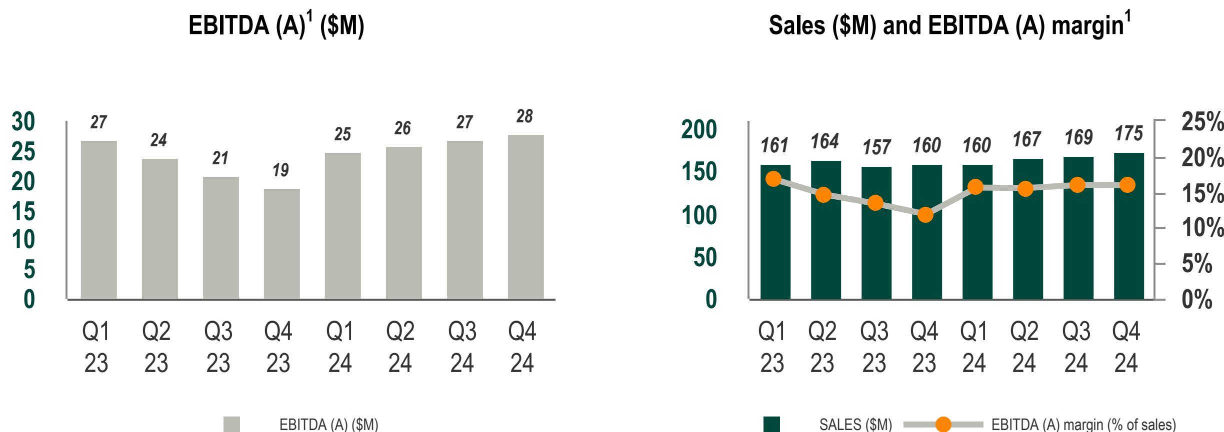
The average selling price increased by 1% in 2024, reflecting a 5% increase for parent rolls and a 1% decrease for converted products. This reflects the timing of realization of selling price decreases that occurred in 2023 before the positive impact of market price increases that were implemented in 2024 and the impact of the 1.5% average depreciation of the Canadian dollar compared to the US dollar.

Sales increased by $87 million, or 4%, in 2024 compared to 2023. Higher volume and the depreciation of the Canadian dollar compared to the US dollar added $72 million and $23 million to sales, respectively. These positive impacts were offset by lower selling prices for converted products and a less favourable sales mix which subtracted $5 million and $3 million from sales, respectively.

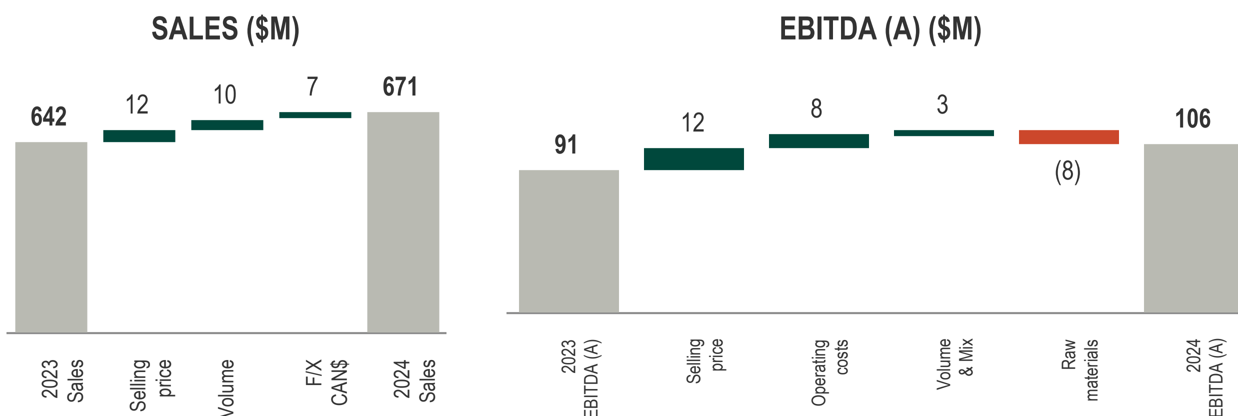
EBITDA (A)[1] decreased by $86 million, or 22%, compared to 2023. This reflects negative impacts of $81 million from higher raw material costs, mainly OCC recycled fibre, and $28 million due to higher production costs, including a $7 million variance resulting from an insurance settlement related revenue received during the first quarter of 2023. Results also include costs associated with the Bear Island mill commissioning and start-up in May 2023, and extended downtime at the Greenpac and Bear Island mills following a prolongation of planned maintenance at these facilities in the second quarter of 2024. In addition, lower selling prices had a $5 million negative impact on results. These headwinds were partially offset by a net positive impact of $28 million from volumes and sales mix.

PACKAGING PRODUCTS - SPECIALTY PRODUCTS

Our Performance



The main variances[2] in sales and EBITDA (A)[1] for the Specialty Products segment in 2024, compared to 2023, are shown below:
(in millions of Canadian dollars)



	2023	2024	Change in %
Sales ($M)	642	671	5%
EBITDA (A)[1] ($M)	91	106	16%
% of sales	14%	16%	

Sales increased by $29 million, or 5%, in 2024 compared to 2023. Total volume increased, driven by higher shipment levels in plastic products, partially offset by lower levels in cardboard products. The benefit from higher selling prices in moulded pulp products were partially offset by lower average selling prices for cardboard and plastic products, resulting in a net positive $12 million benefit on sales. In addition, the 1.5% average depreciation of the Canadian dollar compared to the US dollar added $7 million to sales.

EBITDA (A)[1] increased by $15 million, or 16%, in 2024 compared to 2023. This performance reflects the beneficial impacts from lower labour, energy and freight costs as well as higher production efficiency, which had a combined positive benefit of $8 million. Higher realized spreads (selling price less raw materials) in almost all of our production segments increased EBITDA (A)[1] levels by $4 million. In addition, higher volume increased results by $3 million.

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.

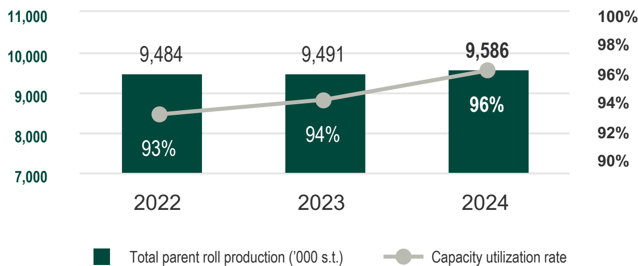
BUSINESS SEGMENT REVIEW

TISSUE PAPERS

Our Industry

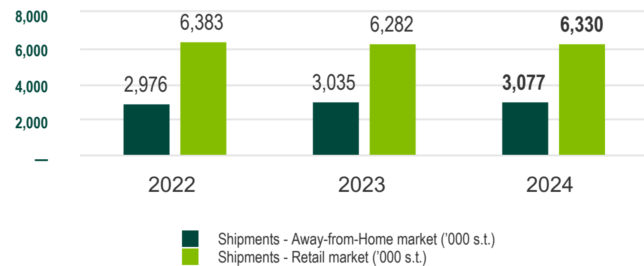
U.S. tissue paper industry production (parent rolls) and capacity utilization rate[1]

Total parent roll production increased by 1% in 2024. The average capacity utilization rate of 96% in 2024 increased by 2% compared to 94% in 2023.



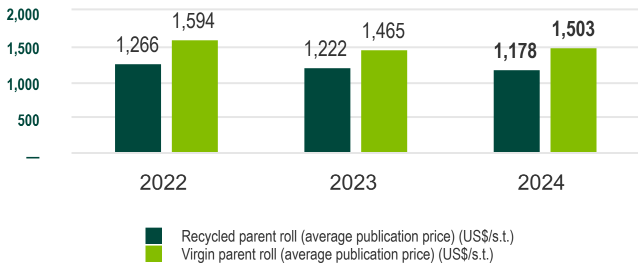
U.S. tissue paper industry converted product shipments[1]

In 2024, shipments for the Retail and the Away-from-Home markets increased by 1% and 1%, respectively, compared to 2023.



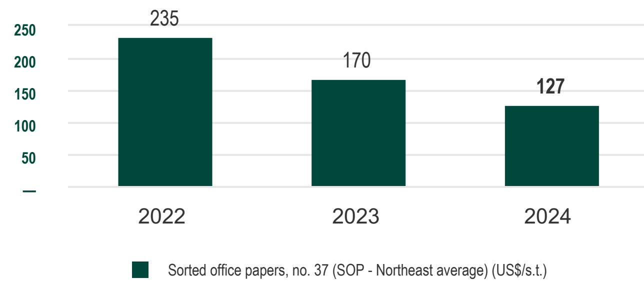
Reference prices - parent rolls[1]

In 2024, the reference price for recycled and virgin parent rolls decreased by 4% and increased by 3%, respectively, compared to 2023.



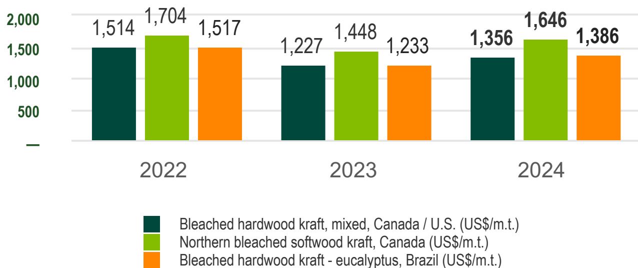
Reference prices - recovered papers (white grade)[1]

The reference price of sorted office papers no.37 ("SOP") decreased by 25% in 2024 compared to 2023.



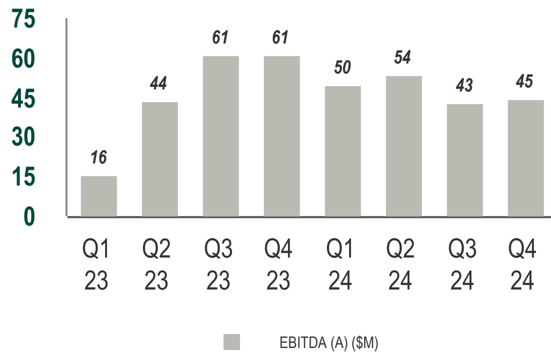
Reference prices - market pulp[1]

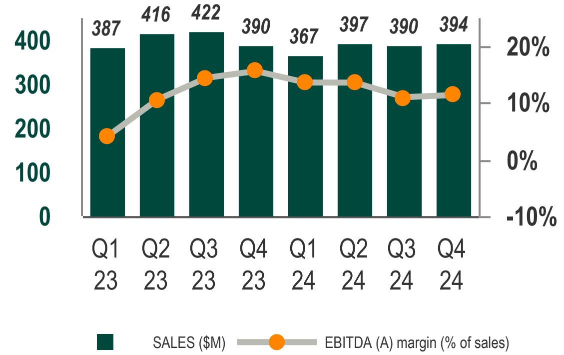
In 2024, the reference price for NBSK, NBHK and eucalyptus increased by 14%, 11% and 12%, respectively, compared to 2023.

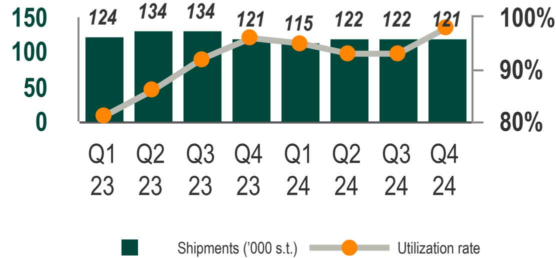


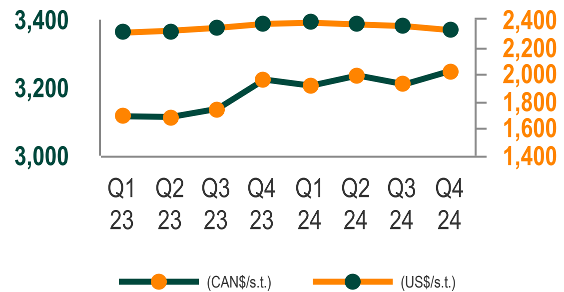
1 Source: RISI

Our Performance

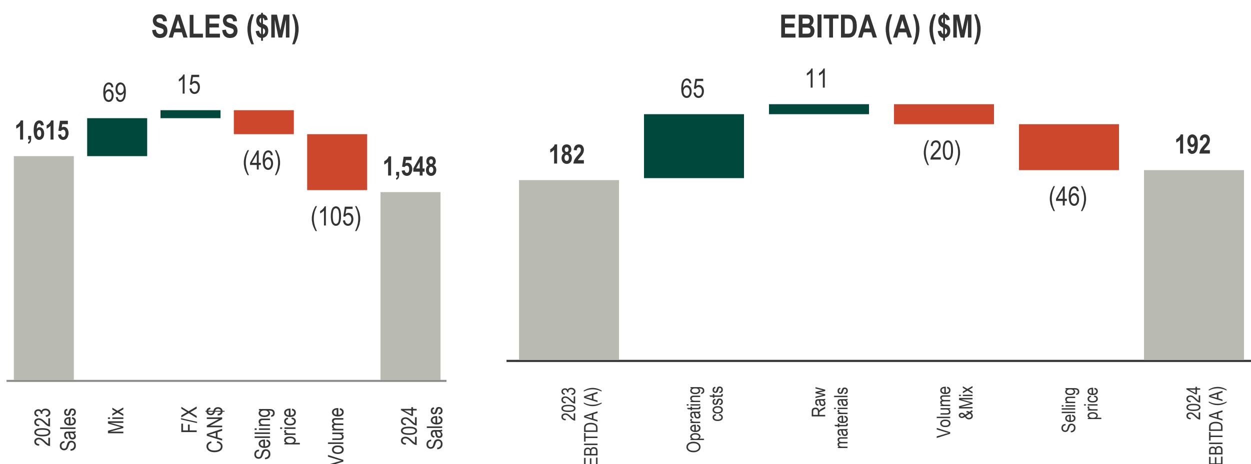








The main variances[2] in sales and EBITDA (A)[1] for the Tissue Papers segment in 2024, compared to 2023, are shown below:
(in millions of Canadian dollars)



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.

2023	2024	Change in %
Shipments[2] ('000 s.t.)		
513	480	-6%
Average Selling Price (CAN$/unit)		
3,147	3,226	3%
Sales ($M)		
1,615	1,548	-4%
EBITDA (A)[1] ($M)		
182	192	5%
% of sales		
11%	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.

Shipments decreased by 33,000 s.t., or 6%, in 2024 compared to 2023.

Converted product shipments increased by 4,000 s.t., or 1%. This reflects a 5% increase for Consumer Products, partially offset by a 4% decrease for Away-from-Home products following plant closures in 2023. In cases, 2024 shipments increased by 0.6 million, or 1%, to 63.0 million from the prior year period. Parent roll shipments decreased by 37,000 s.t., or 59%, in 2024 compared to 2023. This is primarily due to mill closures in 2023 and network optimization which resulted in the integration rate increasing to 94% during the year from 87% in 2023.

The 3% increase in the average selling price was primarily due to a favourable mix of products sold due to a lower proportion of parent rolls, and the depreciation of the Canadian dollar compared to the US dollar. These benefits were partly offset by lower selling prices due to contracted pricing models based on input costs with key customers.

Sales decreased by $67 million, or 4%, in 2024 compared to 2023. This decrease was driven by impacts of $36 million from lower volume net of benefits from a favourable sales mix related to paper machine closures and higher integration, and $46 million from lower selling prices. These impacts were partially offset by $15 million related to a more favourable exchange rate.

EBITDA (A)[1] increased by $10 million due to the combined $76 million positive benefits from plant closures, and lower raw material, energy and transportation costs partly offset by higher fixed costs on a same plants basis. These benefits were partly offset by a $46 million negative impact from lower selling prices and a net negative impact of $20 million from lower volume partially offset by a favourable sales mix.

CORPORATE, RECOVERY AND RECYCLING ACTIVITIES

Corporate, Recovery and Recycling activities recorded an EBITDA (A)[1] of $(101) million in 2024, compared to $(105) million in 2023. The Recovery and Recycling activities reduced their negative contribution due to improved EBITDA (A)[1] by $19 million in 2024, as a result of rising prices for recycled fibre. The Corporate activities had largely stable recurring operating costs, an unfavourable foreign exchange variance of $10 million in 2024 and a one-time compensation expense of $5 million. The compensation expense consists of an 18-month consulting agreement with Mr. Mario Plourde, commencing January 1, 2025, and a grant of deferred share units (DSUs) to Mr. Hugues Simon following his appointment as President and CEO effective June 17, 2024. The DSUs are provided to Mr. Hugues Simon in order to mitigate cash incentive opportunities and long-term remuneration benefits he forfeited upon leaving his previous employer.

STOCK-BASED COMPENSATION EXPENSE

The stock-based compensation expense recognized in Corporate activities amounted to $10 million in 2024, the same amount as 2023. For more details on stock-based compensation, please refer to Note 20 of the 2024 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)	2024	2023
Operating activities		
Net loss attributable to Shareholders for the year	**(31)**	(76)
Adjustments for:		
Financing expense	**142**	128
Depreciation and amortization	**282**	272
Impairment charges	**64**	209
Other loss (gain)	**19**	12
Restructuring costs	**46**	23
Unrealized loss (gain) on derivative financial instruments	**(5)**	2
Recovery of income taxes	**(14)**	(13)
Share of results of associates and joint ventures	**(19)**	(22)
Net earnings attributable to non-controlling interests	**17**	23
Net financing expense paid	**(135)**	(129)
Net income taxes paid	**(4)**	(9)
Dividends received	**17**	9
Provisions for charges and other liabilities	**(84)**	(32)
	295	397
Changes in non-cash working capital components	**(23)**	113
Cash flows from operating activities	**272**	510

Cash flows from operating activities, excluding changes in non-cash working capital components, stood at $295 million in 2024, compared to $397 million in 2023. 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 $272 million in liquidity in 2024, compared to $510 million generated in 2023. The decrease is driven by lower EBITDA (A)[1], higher payments of restructuring costs and higher working capital requirements compared to 2023. The Corporation paid $135 million in financing expense in 2024, compared to $129 million in 2023. The Corporation also paid $4 million in income taxes in 2024, compared to $9 million paid in 2023. Provisions for charges and other liabilities include mainly payments totaling $61 million in 2024 for severances and other restructuring costs related to closures, compared to $24 million in 2023.

Changes in non-cash working capital components used $23 million in liquidity in 2024, compared to $113 million generated in 2023. The increase comes from higher inventories due to increased direct and indirect production costs, as well as higher prices and quantities of supplies. As of December 31, 2024, average quarterly LTM working capital as a percentage of LTM sales[1] stood at 9.6% compared to 9.9% as of December 31, 2023.

The Corporation's use of its receivable monetization agreement contributed additional liquidity of $33 million to working capital in 2024. For further details, please refer to Note 15 of the 2024 Audited Consolidated Financial Statements.

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)	2024	2023
Investing activities		
Disposals in associates and joint ventures	—	12
Payments for property, plant and equipment	(161)	(350)
Proceeds from disposals of property, plant and equipment	34	7
Change in intangible and other assets	(23)	(1)
Cash flows used by investing activities	**(150)**	(332)

Investing activities used $150 million in liquidity in 2024, compared to $332 million used in 2023.

DISPOSALS IN ASSOCIATES AND JOINT VENTURES

In 2023, the Corporation received $12 million from the sale of investments in non-significant joint ventures.

PAYMENTS FOR PROPERTY, PLANT AND EQUIPMENT

(in millions of Canadian dollars) (unaudited)	2024	2023
Total additions during the year	270	343
Variation of payments of acquisitions for property, plant and equipment included in “Trade and other payables”	13	61
Right-of-use assets acquisitions and provisions (non-cash)	(122)	(54)
Payments for property, plant and equipment	**161**	350
Proceeds from disposals of property, plant and equipment	**(34)**	(7)
Payments for property, plant and equipment net of proceeds from disposals	**127**	343

New capital expenditure projects, including right-of-use assets and provisions, by segment in 2024 were as follows:
(in millions of Canadian dollars)

No major capital projects were initiated in 2024. Additions relate to smaller projects and to maintenance capital expenditures.

PROCEEDS FROM DISPOSALS OF PROPERTY, PLANT AND EQUIPMENT

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

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

In 2023, the Tissue Papers segment received $4 million from the sale of a building and some machinery and equipment related to a previously closed plant in the United States.

RIGHT-OF-USE ASSETS ACQUISITIONS AND PROVISIONS

In 2024, lease contract additions include 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. $94 million of these investments are allocated to buildings, $25 million to automotive equipment, and $2 million to equipment or IT equipment ($29 million, $19 million and $2 million, respectively, in 2023). Also, $1 million in 2024 ($4 million in 2023) was added in provisions.

CHANGE IN INTANGIBLE AND OTHER ASSETS

In 2024, the Corporation acquired US$15 million ($21 million) of non-participating fixed interest bearing preferred shares of a converting paper company. The preferred shares are redeemable at the issuer's option and interest payable starting 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 10 of the 2024 Audited Consolidated Financial Statements.

In 2024, the Corporation invested $5 million, compared to $1 million in 2023, in its information technology system and other software developments.

FINANCING ACTIVITIES

Financing activities are shown in the following table:

(in millions of Canadian dollars) (unaudited)	**2024**	2023
Financing activities		
Bank loans and advances	**10**	(3)
Change in credit facilities	**(4)**	(92)
Change in credit facilities without recourse to the Corporation	**(16)**	92
Payments of other long-term debt, including lease obligations (2024 - $67 million; 2023 - $59 million)	**(75)**	(137)
Issuance of common shares upon exercise of stock options	**2**	2
Dividends paid to non-controlling interests	**(15)**	(36)
Acquisition of non-controlling interests	**(3)**	(3)
Dividends paid to the Corporation's Shareholders	**(48)**	(48)
Cash flows used by financing activities	**(149)**	(225)

Financing activities used $149 million in total liquidity in 2024, compared to $225 million used in 2023, including $48 million in dividend payments to the Corporation's Shareholders in 2024 and in 2023.

PAYMENTS OF OTHER LONG-TERM DEBT

The Corporation repaid lease obligations of $67 million in 2024, compared to $59 million in 2023. In 2023, the Corporation also repaid $67 million of other long-term debt.

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

The Corporation issued 295,637 common shares at an average price of $6.27 as a result of the exercise of stock options in 2024, which represents an aggregate amount of $2 million (in 2023 - $2 million for 333,743 common shares issued at an average price of $5.40).

The Corporation purchased no common shares for cancellation in 2024 (in 2023 - nil).

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

Dividends paid to non-controlling interests in Greenpac and Falcon Packaging (distributor in the Specialty Products segment) amounted to $15 million in 2024 ($36 million in 2023). In 2024, the Corporation also increased its participation in Falcon Packaging for a contribution of $3 million ($3 million in 2023).

CONSOLIDATED FINANCIAL POSITION

AS OF DECEMBER 31, 2024, 2023 AND 2022

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

(in millions of Canadian dollars, unless otherwise noted) (unaudited)	**December 31, 2024**	December 31, 2023	December 31, 2022
Cash and cash equivalents	**27**	54	102
Total assets	**5,000**	4,772	5,053
Total debt[1]	**2,123**	1,936	2,068
Net debt[1]	**2,096**	1,882	1,966
Equity attributable to Shareholders	**1,724**	1,739	1,871
Non-controlling interests	**47**	42	57
Total equity	**1,771**	1,781	1,928
Total equity and net debt[1]	**3,867**	3,663	3,894
Ratio of net debt / (total equity and net debt)[1]	**54.2%**	51.4%	50.5%
Shareholders' equity per common share (in Canadian dollars)	**$17.07**	$17.27	$18.64

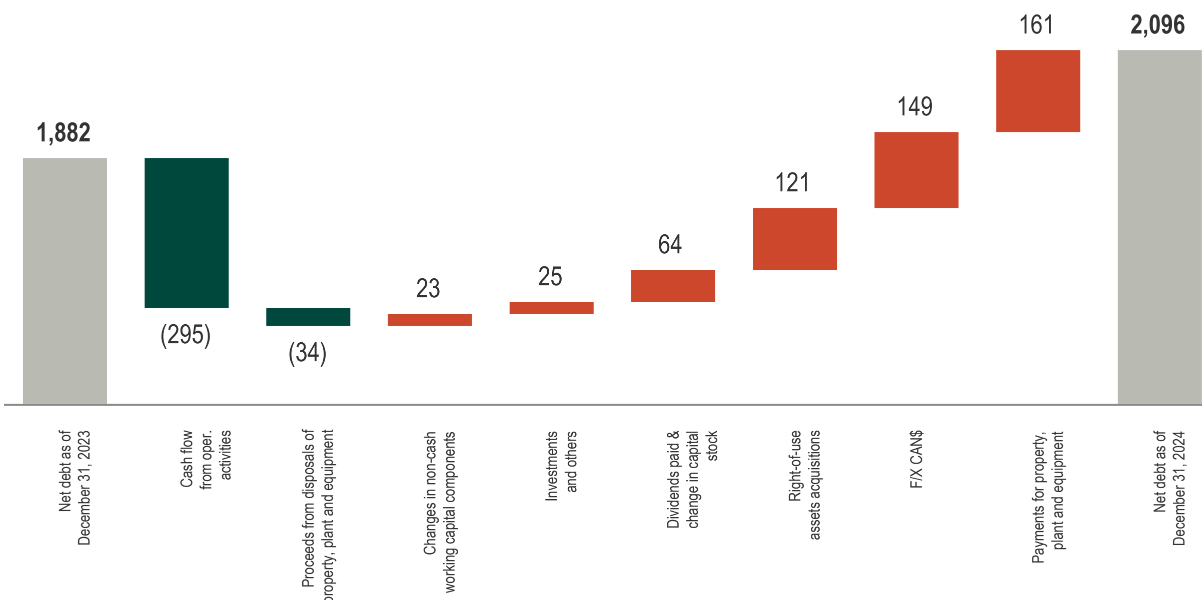
1 *Some information represents non-IFRS Accounting Standards financial measures, other financial measures or non-IFRS Accounting Standards ratios which are not standardized under IFRS Accounting Standards and therefore might not be comparable to similar financial measures disclosed by other corporations.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

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, 2023	Baa3/Ba2/Ba3 (stable)	BB+/BB-/BB- (stable)
December 31, 2024	**Baa3/Ba2/Ba3 (stable)**	**BB+/BB-/BB- (stable)**

NET DEBT[1] RECONCILIATION

The variance in the net debt[1] (total debt[1] less cash and cash equivalents) in 2024 are shown below, with the applicable financial ratios included:
(in millions of Canadian dollars)



558	EBITDA (A)[1] (last twelve months) ($M)	**501**
3.4x	Net debt / EBITDA (A) ratio[1]	**4.2x**

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 2025 are forecasted to be approximately $175 million. As of December 31, 2024, the Corporation had $463 million (net of letters of credit in the amount of $12 million) available on its $750 million credit facility (excluding the credit facility of our subsidiary Greenpac). Cash and cash equivalents as of December 31, 2024 consisted of $4 million in the parent company and restricted subsidiaries (as defined in the credit agreement) and $23 million in unrestricted subsidiaries.

EMPLOYEE FUTURE BENEFITS

The Corporation's employee future benefits assets and liabilities amounted to $196 million and $227 million, respectively, as of December 31, 2024, compared to $189 million and $229 million, respectively, in 2023, including an amount of $63 million ($65 million in 2023) for post-employment benefits other than pension plans. The pension plans include an amount of $25 million ($26 million in 2023), 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 5% 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).

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, 2024, 20% of the Corporation's plans had been evaluated on December 31, 2023 (94% in 2022).

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

Considering the assumptions used and the asset ceiling limit, the surplus status for accounting purposes of its pension plans amounted to $23 million as of December 31, 2024, compared to a surplus of $19 million in 2023. The 2024 pension plan expense was $2 million and the cash outflow was $1 million. Due to the investment returns in 2024 and the change in the impact of the minimum funding requirement (asset ceiling), the expected expense for these pension plans is $1 million in 2025. As for the cash flow requirements, these pension plans are expected to require a net contribution less than a million dollars in 2025. Finally, on a consolidated basis, the solvency ratio of the Corporation's funded pension plans has increased to approximately 138%.

COMMENTS ON THE FOURTH QUARTER OF 2024

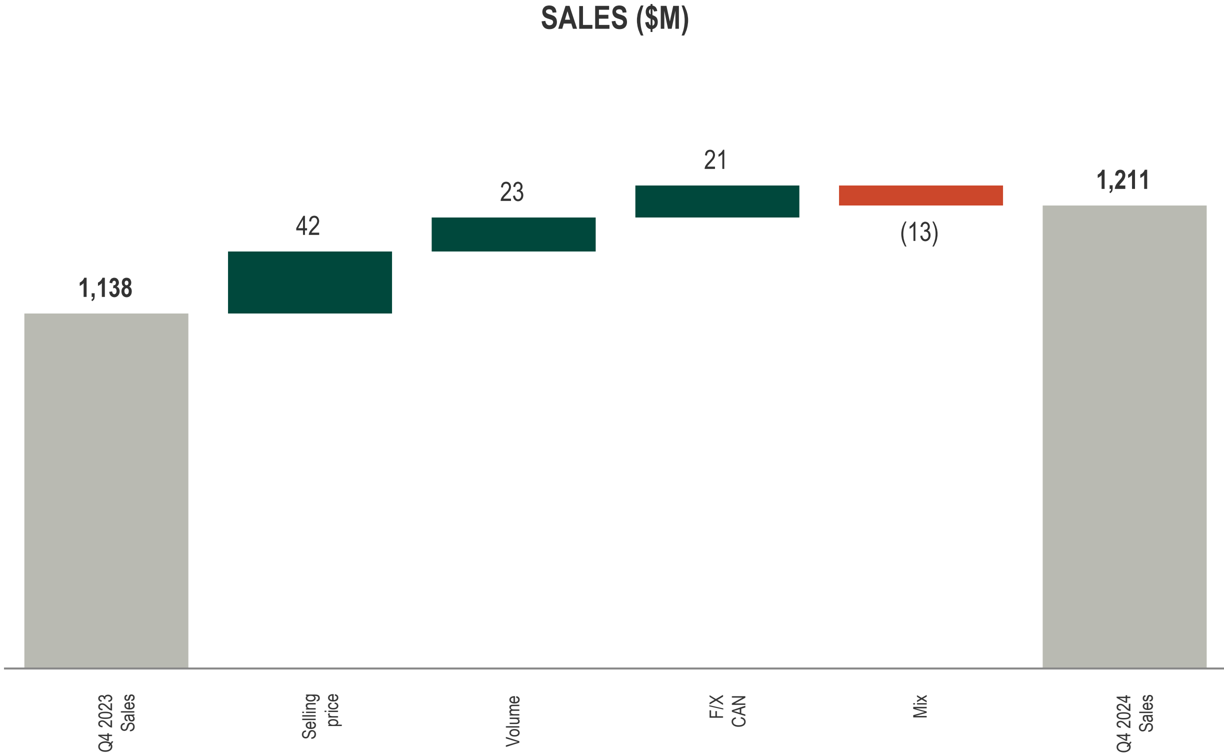
SALES

Sales of $1,211 million increased by $73 million in the fourth quarter of 2024, compared to $1,138 million in the same period of 2023. Higher volume and a favourable foreign exchange rate in all segments as well as higher selling prices in both of the Packaging Products segments had a positive impact on sales. These factors were partially offset by less favourable sales mix in the Containerboard Packaging segment and by lower selling prices and sales mix in the Tissue Papers segment.

OPERATING INCOME (LOSS) AND EBITDA (A)[1]

The Corporation generated an operating income of $16 million in the fourth quarter of 2024, compared to an operating loss of $(24) million in the same period of 2023. The Corporation recorded an EBITDA (A)[1] of $146 million in the fourth quarter of 2024, compared to $122 million in the same period of 2023, an increase of $24 million. The increase reflects the positive impact from higher selling prices in both Packaging Products segments. This positive impact was partially offset by lower selling prices in the Tissue Papers segment combined with increased raw material costs and higher operating costs in all segments.

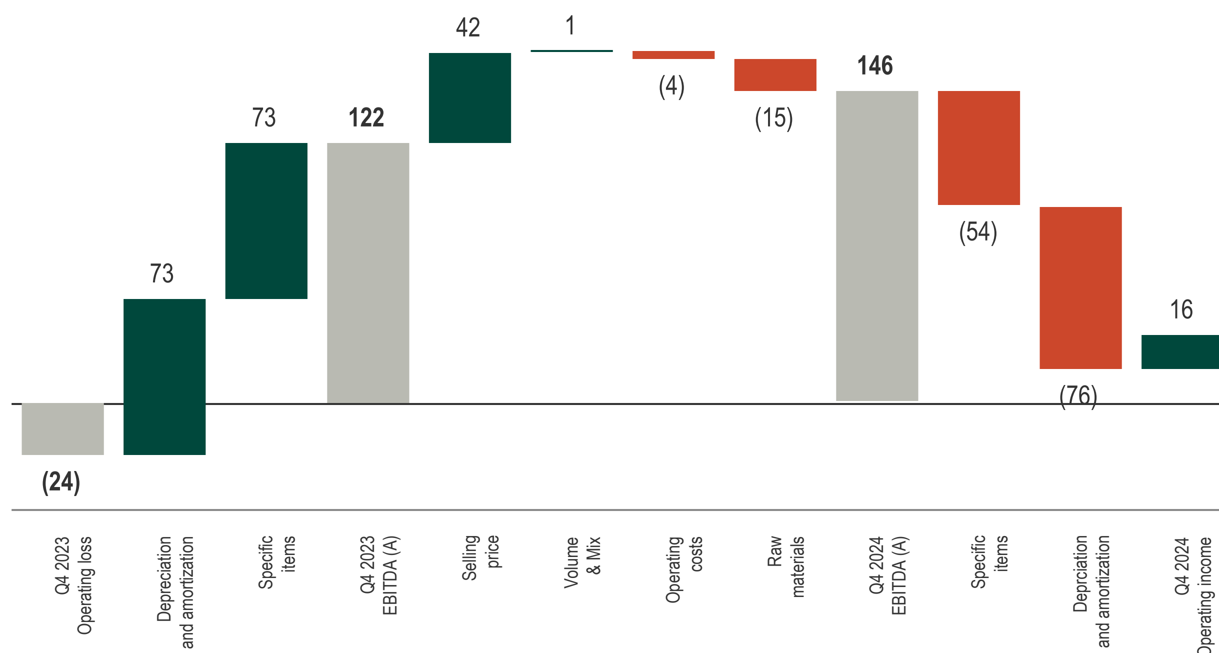
The main variances[2] in sales, in operating income (loss) and in EBITDA (A)[1] in the fourth quarter of 2024, compared to the same period of 2023, are shown below:
(in millions of Canadian dollars)



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.

OPERATING INCOME (LOSS) AND EBITDA (A) ($M)



NET EARNINGS (LOSS)

For the three-month period ended December 31, 2024, the Corporation posted a net loss of $(13) million, or ($0.13) per common share, compared to a net loss of $(57) million, or ($0.57) per common share, for the same period in 2023. On an adjusted basis[1], the Corporation generated net earnings of $25 million in the fourth quarter of 2024, or $0.25 per common share, compared to net earnings of $5 million, or $0.05 per common share, in the same period in 2023.

2025 FIRST QUARTER OUTLOOK

Operationally, raw material costs remain a tailwind for our businesses in the first quarter, and we are currently seeing steady seasonal demand levels. We will not be providing an outlook for near-term financial or business-specific performance given the lack of clarity regarding the implementation of bilateral tariffs between Canada and the United States. The continued risk has resulted in significant near-term macro-economic uncertainty, and may disrupt or negatively impact future demand levels, customer buying patterns and the economic performance of both countries.

As we have previously disclosed in our financial filings, approximately 11% of our annual sales are derived from finished products made in Canada and sold to US customers. In addition to this, cross-border inter-company transfers and raw material sourcing increases this potential annual exposure to tariffs to approximately 15% of revenues. Proactive steps to mitigate these impacts have been initiated, and include changes to raw material sourcing, reallocating production to minimize inter country shipping, and adapting our commercial strategies with our customers and our suppliers. We are diligently working on these strategies and have a process in place to minimize potential impacts on our cash flow, our customers and our operations.

This diligence applies equally to the strategic areas of focus we have set for the company for the next 24 months. Capitalizing on our commitment to excellence, we have established wide-ranging initiatives targeting efficiency and productivity improvements while assuring best-in-class health and safety in our operations. Central to these work streams are an enhanced commercial approach and excellent service levels to ensure that Cascades is the supplier of choice for our customers. These key strategic objectives are targeting baseline profitability improvements, stronger sustainable net free cash flow levels and capital deployment focused on debt reduction. Successfully achieving these objectives over the next 24 months will support future growth opportunities and shareholder value creation.

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, 2024 to December 31, 2024, Cascades' common share price fluctuated between $8.91 and $14.94. During the same period, 55.4 million Cascades common shares were traded on the Toronto Stock Exchange. On December 31, 2024, Cascades' common shares closed at $11.91. This compares with a closing price of $12.73 on the same closing day last year.

COMMON SHARES OUTSTANDING

As of December 31, 2024, the Corporation's issued and outstanding capital stock consisted of 100,991,007 common shares (100,695,370 as of December 31, 2023) and 3,852,520 issued and outstanding stock options (3,172,527 as of December 31, 2023). In 2024, the Corporation purchased no common shares for cancellation, while 295,637 stock options were exercised, 1,020,319 stock options were granted and 44,689 stock options were forfeited.

On February 19, 2025, issued and outstanding capital stock consisted of 100,993,776 common shares and 3,835,986 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

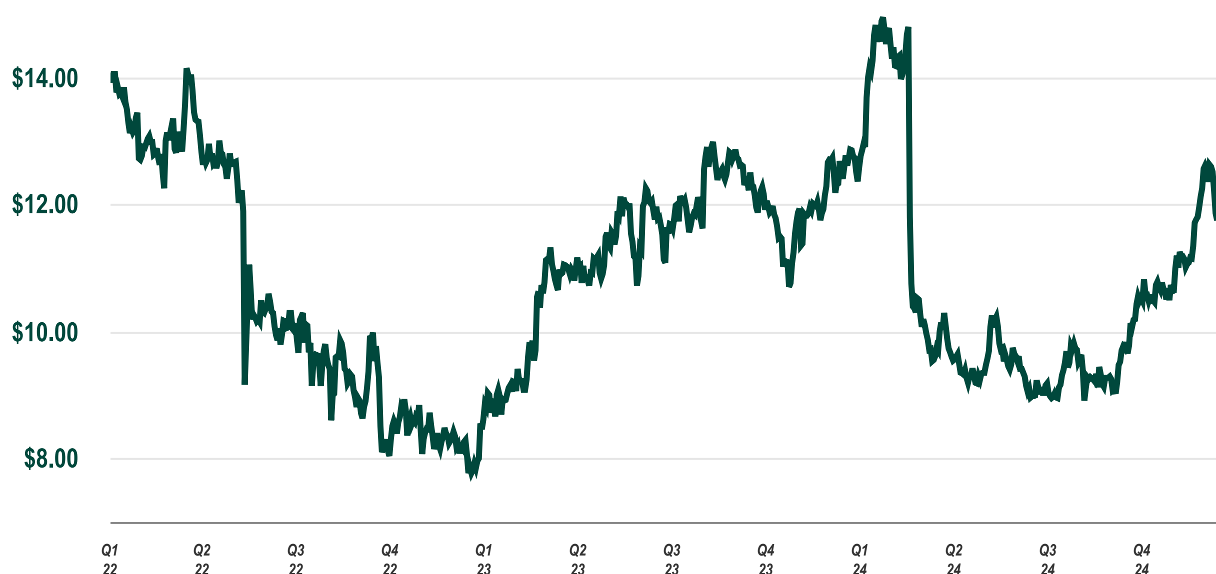
On February 19, 2025, Cascades' Board of Directors declared a quarterly dividend of $0.12 per common share to be paid on March 20, 2025 to shareholders of record at the close of business on March 6, 2025. On February 19, 2025, the dividend yield was 3.8%.

				2022				2023				**2024**
TSX ticker symbol: CAS	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	**Q1**	**Q2**	**Q3**	**Q4**
Common shares outstanding (in millions)[1]	100.5	100.8	100.4	100.4	100.4	100.7	100.7	100.7	**100.7**	**101.0**	**101.0**	**101.0**
Closing price (in Canadian dollars)[1]	$12.82	$10.13	$8.04	$8.46	$10.99	$11.69	$12.27	$12.73	**$9.89**	**$9.03**	**$10.43**	**$11.91**
Average daily volume[2]	250,944	299,332	305,515	259,071	225,154	139,265	121,774	119,877	**291,595**	**194,531**	**222,776**	**172,779**
Dividend yield[1]	3.7%	4.7%	6.0%	5.7%	4.4%	4.1%	3.9%	3.8%	**4.9%**	**5.3%**	**4.6%**	**4.0%**

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, 2022 TO DECEMBER 31, 2024
(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, 2024:

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	2,418	349	1,989	80
Commitments for property, plant and equipment, other operational costs, maintenance and repair	44	39	5	—
Supply chain and logistic	91	54	37	—
Leases not yet commenced but already signed	3	1	2	—
Pension plans and other post-employment benefits[1]	500	15	66	419
Total contractual obligations	**3,056**	**458**	**2,099**	**499**

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, 2024.

TRANSACTIONS WITH RELATED PARTIES

The Corporation has also entered into various agreements with its joint-venture partners, significantly influenced companies and entities that are affiliated with one or more of its directors for the supply of raw materials, including recycled paper, virgin pulp and energy, as well as the supply of unconverted and converted products and other agreements entered into in the normal course of business. Aggregate sales by the Corporation to its joint-venture partners and other affiliates totaled $320 million and $317 million for 2024 and 2023, respectively. Aggregate purchases by the Corporation from its joint-venture partners and other affiliates came to $189 million and $161 million for 2024 and 2023, respectively.

CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

A. NEW IFRS ACCOUNTING STANDARDS ADOPTED

International Tax Reform—Pillar Two Model Rules, amendments to IAS 12 Income Taxes

On May 23, 2023, the IASB® published an amendment to *IAS 12* to introduce a mandatory temporary exemption to the accounting for deferred taxes arising from jurisdictional tax law enacted or substantively enacted to implement the Pillar Two Model Rules that were published by the Organisation for Economic Co-operation and Development (OECD) and new disclosure requirements for affected entities.

The Global Anti-Base Erosion Rules (GloBE) are a key component of the Pillar Two Model Rules and ensure large multinational enterprises pay a minimum level of tax on the income arising in each of the jurisdictions where they operate. On June 20, 2024, legislation was enacted in Canada to implement the Pillar Two Model rules, including GloBE, effective January 1, 2024. Accordingly, the Corporation is applying the *IAS 12* exception to recognizing and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes. In addition, the Corporation has estimated that the weighted average effective tax rate for its operations in the United States exceeds 15%. Therefore, no current tax expense related to Pillar Two income taxes has been recognized in the year ended December 31, 2024.

IAS 7 and IFRS 7 Amendments Relating to Supplier Finance Arrangements

Effective for annual reporting periods beginning on or after January 1, 2024, *IAS 7 and IFRS 7 Amendments Relating to Supplier Finance Arrangements* require disclosures to enhance the transparency of supplier finance arrangements and their effects on an entity's liabilities, cash flows and exposure to liquidity risk. These amendments had no impact on the Corporation's accounts receivable monetization arrangement disclosure as all required items are already presented in Note 15 of the 2024 Audited Consolidated Financial Statements.

Amendment to IAS 1 – Non-current liabilities with covenants

Effective for annual reporting periods beginning on or after January 1, 2024, these amendments to *IAS 1* clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. These amendments did not result in a change in the classification of the Corporation's borrowings.

Agenda decision relating to IFRS 8 - Operating segments
In July 2024, IFRIC® published an agenda decision that addresses which items listed in *IFRS 8* must be disclose even when they are not presented to the chief operation decision maker. The agenda decision also highlights how to identify the additional material items that *IFRS 8* requires to present. Following this agenda decision, for each reportable segment, the Corporation modified the segment sales presentation to disclose both external and inter-segment sales and, as material items, added the total of the "Supply chain and logistic" and "Wage and employee benefits expenses".

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.

IFRS 19 Subsidiaries without Public Accountability: Disclosures
On May 9, 2024, the IASB issued a new standard - *IFRS 19 Subsidiaries without Public Accountability: Disclosures. IFRS 19* specifies reduced disclosure requirements that an eligible entity is permitted to apply instead of the disclosure requirements in other IFRS Accounting Standards.

The new standard will be effective for annual reporting periods beginning on or after January 1, 2027. The Corporation is currently evaluating the impact of this standard on its Consolidated Financial Statements.

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 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 and intangible assets. 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
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[1], 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.

DESCRIPTION OF SIGNIFICANT IMPAIRMENT TESTING ASSUMPTIONS
(see Note 23 of the 2024 Audited Consolidated Financial Statements)

REVENUES, ADJUSTED EARNINGS BEFORE INTEREST, TAXES, DEPRECIATION AND AMORTIZATION (EBITDA (A)) MARGINS[1], 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[1] 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.

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

CONTROLS AND PROCEDURES

EVALUATION OF THE 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, 2024, there were no changes in the Corporation's ICFR that materially affected or are 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 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. We use 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 phenomena of inflation, the control of which is the focus of all regulatory institutions around the world. Towards the end of the year 2024, the inflation came down while the benchmark interest rate is being cut, however there is a lag effect for the impact. Inflation represents a significant risk to macroeconomic stability, it results in rising energy and commodity costs, 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 political, 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, in concert with numerous Canadian enterprises, the Corporation is actively engaging with both provincial and federal governments to articulate the potential ramifications of these tariffs and to explore avenues for preserving the competitiveness of the Canadian manufacturing sector.

Cascades has customers and operations located outside Canada. In 2024, approximately 51% of the Corporation’s consolidated sales were in the United States. In 2024, 19% of sales from Canadian operations were made to the United States. In 2024, 7% of sales from the United States operations were made to Canada. For further details, please refer to Note 21 of the 2024 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. A depreciation of the Canadian dollar against the US dollar could adversely affect the Corporation’s operating results and financial condition. As of December 31, 2024, the Corporation’s consolidated debt denominated in US dollar totaled US$1,252 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. The adverse effects described above may also apply to other epidemics, pandemics and other public health emergencies.

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 its 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 CO_2 emissions. Each unit has been allocated emission rights ("CO_2 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, 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, 2024, the Corporation had approximately 9,700 employees, with approximately 30% of its workforce unionized. The Corporation's inability to negotiate acceptable contracts with its unions upon 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 28 collective bargaining agreements, 5 have expired and are currently under negotiation, 8 will expire in 2025 and 5 will expire in 2026.

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 7 of the 2024 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 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 requires 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, 2024, it had $2,096 million of net debt[1] outstanding on a consolidated basis, including lease obligations of $253 million and net cash and cash equivalents of $27 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, 2024, the Corporation had $463 million (net of letters of credit in the amount of $12 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.

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 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.

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 following the discussions with the regulatory authorities regarding the disposition of sludge from the ponds and the 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.

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, 2024 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, 2024 for this environmental liability.

SUPPLEMENTAL INFORMATION ON NON-IFRS ACCOUNTING STANDARDS MEASURES AND OTHER FINANCIAL MEASURES

SPECIFIC ITEMS

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

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

RECONCILIATION AND USES OF NON-IFRS ACCOUNTING STANDARDS MEASURES AND OTHER FINANCIAL MEASURES

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

Non-IFRS Accounting Standards measures

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

Other financial measures

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

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 IFRS Accounting Standards measure, namely operating income (loss), and is shown in the following table:

	For the 3-month period ended December 31, 2024				
(in millions of Canadian dollars) (unaudited)	**Containerboard**	**Specialty Products**	**Tissue Papers**	**Corporate, Recovery and Recycling activities**	**Consolidated**
Operating income (loss)	**69**	**(11)**	**4**	**(46)**	**16**
Depreciation and amortization	**41**	**7**	**14**	**14**	**76**
Impairment charges	**—**	**32**	**23**	**—**	**55**
Other gain	**(7)**	**—**	**—**	**(1)**	**(8)**
Restructuring costs	**2**	**—**	**4**	**2**	**8**
Unrealized gain on derivative financial instruments	**(1)**	**—**	**—**	**—**	**(1)**
EBITDA (A)	**104**	**28**	**45**	**(31)**	**146**
Supply chain and logistic and Wage and employee benefits expenses included in operating income (loss)	**473**	**142**	**325**	**58**	**998**

	For the 3-month period ended December 31, 2023				
(in millions of Canadian dollars) (unaudited)	Containerboard	Specialty Products	Tissue Papers	Corporate, Recovery and Recycling activities	Consolidated
Operating income (loss)	(33)	13	34	(38)	(24)
Depreciation and amortization	39	5	17	12	73
Impairment charges	43	1	4	—	48
Other loss (gain)	18	(1)	(4)	—	13
Restructuring costs	1	1	10	—	12
Unrealized loss (gain) on derivative financial instruments	(1)	—	—	1	—
EBITDA (A)	67	19	61	(25)	122
Supply chain and logistic and Wage and employee benefits expenses included in operating income (loss)	455	136	311	48	950

	For the year ended December 31, 2024				
(in millions of Canadian dollars) (unaudited)	**Containerboard**	**Specialty Products**	**Tissue Papers**	**Corporate, Recovery and Recycling activities**	**Consolidated**
Operating income (loss)	**101**	**44**	**97**	**(147)**	**95**
Depreciation and amortization	**154**	**25**	**56**	**47**	**282**
Impairment charges	**2**	**36**	**26**	**—**	**64**
Other loss (gain)	**20**	**—**	**—**	**(1)**	**19**
Restructuring costs	**29**	**1**	**13**	**3**	**46**
Unrealized gain on derivative financial instruments	**(2)**	**—**	**—**	**(3)**	**(5)**
EBITDA (A)	**304**	**106**	**192**	**(101)**	**501**
Supply chain and logistic and Wage and employee benefits expenses included in operating income (loss)	**1,916**	**546**	**1,267**	**204**	**3,933**

(in millions of Canadian dollars) (unaudited)	Containerboard	Specialty Products	Tissue Papers	Corporate, Recovery and Recycling activities	Consolidated
	For the year ended December 31, 2023				
Operating income (loss)	128	66	(2)	(152)	40
Depreciation and amortization	141	21	67	43	272
Impairment charges	104	2	103	—	209
Other loss (gain)	18	—	(6)	—	12
Restructuring costs	1	2	20	—	23
Unrealized loss (gain) on derivative financial instruments	(2)	—	—	4	2
EBITDA (A)	390	91	182	(105)	558
Supply chain and logistic and Wage and employee benefits expenses included in operating income (loss)	1,734	531	1,353	205	3,823

The following table reconciles net loss and net 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,**	
	2024	2023	**2024**	2023	**2024**	2023	**2024**	2023
As reported	**(13)**	(57)	**(31)**	(76)	**($0.13)**	($0.57)	**($0.31)**	($0.76)
Specific items:								
Impairment charges	**55**	48	**64**	209	**$0.41**	$0.35	**$0.48**	$1.56
Other loss (gain)	**(8)**	13	**19**	12	**($0.07)**	$0.10	**$0.13**	$0.09
Restructuring costs	**8**	12	**46**	23	**$0.06**	$0.10	**$0.34**	$0.18
Unrealized loss (gain) on derivative financial instruments	**(1)**	—	**(5)**	2	**($0.01)**	—	**($0.04)**	$0.01
Unrealized loss (gain) on interest rate hedge instruments	**(2)**	1	**(1)**	1	**($0.02)**	$0.01	**($0.01)**	$0.01
Foreign exchange loss (gain) on long-term debt and financial instruments	**1**	1	**1**	—	**$0.01**	—	**$0.01**	—
Share of results of associates and joint ventures	**—**	(1)	**—**	(10)	**—**	($0.01)	**—**	($0.08)
Tax effect on specific items, other tax adjustments and attributable to non-controlling interests[1]	**(15)**	(12)	**(33)**	(52)	**—**	$0.07	**—**	$0.07
	38	62	**91**	185	**$0.38**	$0.62	**$0.91**	$1.84
Adjusted	**25**	5	**60**	109	**$0.25**	$0.05	**$0.60**	$1.08
Weighted average basic number of common shares outstanding					**100,988,040**	100,685,574	**100,865,833**	100,542,206

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,**	
	2024	2023	**2024**	2023
Cash flow from operating activities	**154**	240	**272**	510
Changes in non-cash working capital components	**(45)**	(149)	**23**	(113)
Net income taxes paid	**—**	—	**4**	9
Net financing expense paid	**22**	20	**135**	129
Provisions for charges and other liabilities, net of dividends received	**15**	11	**67**	23
EBITDA (A)	**146**	122	**501**	558

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 "Recovery of income taxes" section for more details.*

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

	For the 3-month periods ended December 31,		For the years ended December 31,	
(in millions of Canadian dollars, except per common share amounts or as otherwise noted) (unaudited)	**2024**	2023	**2024**	2023
Cash flow from operating activities	**154**	240	**272**	510
Changes in non-cash working capital components	**(45)**	(149)	**23**	(113)
Cash flow from operating activities (excluding changes in non-cash working capital components)	**109**	91	**295**	397
Restructuring costs paid	**20**	12	**61**	24
Adjusted cash flow from operating activities	**129**	103	**356**	421
Payments for property, plant and equipment	**(45)**	(47)	**(161)**	(350)
Change in intangible and other assets	**(3)**	—	**(23)**	(1)
Lease obligation payments	**(17)**	(15)	**(67)**	(59)
Proceeds from disposals of property, plant and equipment	**16**	1	**34**	7
	80	42	**139**	18
Dividends paid to non-controlling interests	**(3)**	(3)	**(15)**	(36)
Dividends paid to the Corporation's Shareholders	**(12)**	(12)	**(48)**	(48)
Adjusted cash flow generated (used)	**65**	27	**76**	(66)
Adjusted cash flow generated (used) per common share (in Canadian dollars)	**$0.64**	$0.27	**$0.75**	($0.66)
Weighted average basic number of common shares outstanding	**100,988,040**	100,685,574	**100,865,833**	100,542,206

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

(in millions of Canadian dollars) (unaudited)	**December 31, 2024**	December 31, 2023
Sales	**4,701**	4,638
EBITDA (A)	**501**	558
Payments for property, plant and equipment	**161**	350
Less: strategic projects included above[1]	**—**	(205)
Payments for property, plant and equipment, excluding strategic projects	**161**	145
Free cash flow: EBITDA (A) less payments for property, plant and equipment, excluding strategic projects	**340**	413
Free cash flow / Sales	**7.2%**	8.9%
Payments for property, plant and equipment, excluding strategic projects / Sales	**3.4%**	3.1%

The following table reconciles working capital as reported:

(in millions of Canadian dollars) (unaudited)	**December 31, 2024**	December 31, 2023	December 31, 2022
Accounts receivable	**469**	453	556
Inventories	**685**	568	587
Trade and other payables	**(748)**	(703)	(746)
Working capital	**406**	318	397

1 *Strategic projects include the investment in the Bear Island construction project until December 31, 2023.*

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, 2024**	December 31, 2023	December 31, 2022
Long-term debt	**1,871**	1,869	1,931
Current portion of Unsecured senior notes of $175 million to be refinanced	**175**	—	—
Current portion of long-term debt	**67**	67	134
Bank loans and advances	**10**	—	3
Total debt	**2,123**	1,936	2,068
Less: Cash and cash equivalents	**(27)**	(54)	(102)
Net debt as reported	**2,096**	1,882	1,966
Last twelve months EBITDA (A)	**501**	558	376
Net debt / EBITDA (A) ratio	**4.2x**	3.4x	5.2x

SPECIFIC ITEMS

The Corporation incurred the following specific items in 2024 and in 2023:

IMPAIRMENT CHARGES

2024

The Containerboard Packaging segment recorded an additional impairment charge of $2 million on inventories related to the closure of a plant in Ontario, Canada.

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

The Specialty Products segment also recorded an impairment charge in the fourth quarter of $2 million on inventories and $30 million on 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 an impairment charge of $1 million on spare parts in the fourth quarter and $3 million on some equipment related to a decision to discontinue a product line in Canada.

The Tissue Papers segment also recorded an impairment charge in the fourth quarter of $4 million on spare parts and $18 million on building ($4 million) and equipment ($14 million) following the change in the exit strategy for a previously closed plant in the United States, from sale of a business to sales 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.

2023

The Containerboard Packaging segment recorded an impairment charge of $2 million on spare parts and $59 million on some land ($3 million), building ($22 million) and equipment ($34 million) of a CGU (cash generating unit) subsequent to the permanent closure of one paper machine in the United States. The decision was the result of competitive market conditions, which make the CGU less profitable. The recoverable amount of the assets in operation, totaling $39 million, was determined using fair value less the cost of disposal based on the market approach of comparable assets on the market.

The Containerboard Packaging segment also recorded an impairment charge in the fourth quarter of $8 million on spare parts and $35 million on some land ($1 million), building ($12 million) and equipment ($22 million) related to closure of plants announced in February 2024 in Ontario, Canada and in Connecticut, United States. The recoverable amount of the assets totaling $35 million, was determined using fair value less cost of disposal based on the market approach of comparable assets on the market.

The Specialty Products segment recorded an impairment charge of $1 million on spare parts in the fourth quarter and $1 million on some equipment related to a closed plant in the United States. The recoverable amount was determined using fair value less the cost of disposal based on the market approach of comparable assets on the market.

The Tissue Papers segment recorded an impairment charge of $23 million on spare parts ($4 million in the fourth quarter) and $80 million on some buildings ($10 million) and equipment ($70 million) following the strategic repositioning of its operating platform. The decision includes the permanent closure of three plants in the United States. The recoverable amount of $130 million for these three CGUs was determined using fair value less cost of disposal based on the market approach of comparable assets on the market, as well, for one of the plants, the recoverable amount of the real estate was established using the income method over a period of 20 years and a capitalization rate of 7.25%, no impairment recognized for the latest.

OTHER LOSS (GAIN)
2024
The Containerboard Packaging 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 14 of the 2024 Audited Consolidated Financial Statements.

The Containerboard Packaging 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 Containerboard Packaging 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.

2023
The Containerboard Packaging segment recorded an environmental obligation of $18 million in the fourth quarter related to the closure of a plant announced in February 2024 in Ontario, Canada. For further details, please refer to Note 14 of the 2024 Audited Consolidated Financial Statements.

The Specialty Products segment recorded a $1 million loss on a contract of a closed plant in the United States.

The Specialty Products segment also recorded a $1 million gain in the fourth quarter from the sale of some machinery and equipment related to a closed plant in the United States.

The Tissue Papers segment recorded a $2 million gain from the sale of some machinery and equipment related to a previously closed plant in the United States.

The Tissue Papers segment also recorded a $4 million gain in the fourth quarter on a contract related to a closed plant in the United States.

RESTRUCTURING COSTS
2024
The Containerboard Packaging segment recorded costs totaling $29 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 Specialty Products segment recorded costs totaling $1 million related to closed plants in the United States.

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.

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

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

2023
The Containerboard Packaging segment recorded costs totaling $1 million in the fourth quarter related to closed plants in Canada.

The Specialty Products segment recorded costs totaling $2 million ($1 million in the fourth quarter) related to closed plants in the United States.

The Tissue Papers segment recorded costs totaling $20 million ($10 million in the fourth quarter) related to the closures of the plants in the United States and severances.

UNREALIZED LOSS (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.

	For the 3-month periods ended December 31,		For the years ended December 31,	
(in millions of Canadian dollars) (unaudited)	**2024**	2023	**2024**	2023
Containerboard Packaging segment				
Steam contract embedded derivatives related to our Niagara Falls containerboard complex	**(1)**	(1)	**(2)**	(2)
Corporate activities				
Financial hedging contracts for natural gas purchases.	**—**	1	**(3)**	4
Unrealized loss (gain) on derivative financial instruments	**(1)**	—	**(5)**	2

UNREALIZED LOSS (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:

	For the 3-month periods ended December 31,		For the years ended December 31,	
(in millions of Canadian dollars) (unaudited)	**2024**	2023	**2024**	2023
Unrealized loss (gain) on interest rate hedge instruments	**(2)**	1	**(1)**	1

FOREIGN EXCHANGE LOSS (GAIN) ON LONG-TERM DEBT AND FINANCIAL INSTRUMENTS

The foreign exchange loss (gain) on long-term debt and financial instruments is composed of foreign exchange forward contracts not designated for hedge accounting.

	For the 3-month periods ended December 31,		For the years ended December 31,	
(in millions of Canadian dollars) (unaudited)	**2024**	2023	**2024**	2023
Foreign exchange loss (gain) on long-term debt and financial instruments	**1**	1	**1**	—

SHARE OF RESULTS OF ASSOCIATES AND JOINT VENTURES

In 2023, the Corporation recorded a $10 million gain ($1 million in the fourth quarter) on line item “Share of results of associates and joint ventures” of the consolidated statements of earnings (loss) from the sale of investments in non-significant joint ventures.

SPECIFIC ITEMS INCLUDED IN RECOVERY OF INCOME TAXES

In 2023, the Corporation recorded the following specific items related to its recovery of income taxes:

- $4 million of deferred tax expense as a result of the settlement of tax assessments of previous years;
- provision of $2 million in relation to a tax audit that is expected to result in an increase of the tax expense previously recorded on the gain from the sale of discontinued operations in 2021;
- $1 million of deferred tax expense as a result of the expected changes to applicable effective state tax rates following the repositioning of its Tissue Papers operating platform in the United States.

HISTORICAL FINANCIAL INFORMATION

(in millions of Canadian dollars, unless otherwise noted) (unaudited)	2022	2023					2024				
	YEAR	Q1	Q2	Q3	Q4	YEAR	**Q1**	**Q2**	**Q3**	**Q4**	**YEAR**
Sales											
Packaging Products											
Containerboard	2,265	561	562	593	561	2,277	**556**	**585**	**610**	**613**	**2,364**
Specialty Products	654	161	164	157	160	642	**160**	**167**	**169**	**175**	**671**
Inter-segment sales	(36)	(7)	(9)	(7)	(8)	(31)	**(7)**	**(7)**	**(6)**	**(6)**	**(26)**
	2,883	715	717	743	713	2,888	**709**	**745**	**773**	**782**	**3,009**
Tissue Papers	1,422	387	416	422	390	1,615	**367**	**397**	**390**	**394**	**1,548**
Inter-segment sales, Corporate, Recovery and Recycling activities	161	32	35	33	35	135	**33**	**38**	**38**	**35**	**144**
Total	4,466	1,134	1,168	1,198	1,138	4,638	**1,109**	**1,180**	**1,201**	**1,211**	**4,701**
Operating income (loss)	33	(80)	64	80	(24)	40	**9**	**34**	**36**	**16**	**95**
EBITDA (A)[1]											
Packaging Products											
Containerboard	401	126	96	101	67	390	**50**	**60**	**90**	**104**	**304**
Specialty Products	92	27	24	21	19	91	**25**	**26**	**27**	**28**	**106**
	493	153	120	122	86	481	**75**	**86**	**117**	**132**	**410**
Tissue Papers	(13)	16	44	61	61	182	**50**	**54**	**43**	**45**	**192**
Corporate, Recovery and Recycling activities	(104)	(35)	(23)	(22)	(25)	(105)	**(22)**	**(28)**	**(20)**	**(31)**	**(101)**
Total	376	134	141	161	122	558	**103**	**112**	**140**	**146**	**501**
Margin (EBITDA (A) / Sales) (%)[1]	8.4%	11.8%	12.1%	13.4%	10.7%	12.0%	**9.3%**	**9.5%**	**11.7%**	**12.1%**	**10.7%**
Net earnings (loss)	(34)	(75)	22	34	(57)	(76)	**(20)**	**1**	**1**	**(13)**	**(31)**
Adjusted[1]	37	33	26	45	5	109	**—**	**8**	**27**	**25**	**60**
Net earnings (loss) per common share (in Canadian dollars)											
Basic	($0.34)	($0.75)	$0.22	$0.34	($0.57)	($0.76)	**($0.20)**	**$0.01**	**$0.01**	**($0.13)**	**($0.31)**
Diluted	($0.34)	($0.75)	$0.22	$0.34	($0.57)	($0.76)	**($0.20)**	**$0.01**	**$0.01**	**($0.13)**	**($0.31)**
Basic, adjusted[1]	$0.37	$0.32	$0.27	$0.44	$0.05	$1.08	**$—**	**$0.08**	**$0.27**	**$0.25**	**$0.60**
Cash flow from operating activities (excluding changes in non-cash working capital components)	260	89	117	100	91	397	**32**	**78**	**76**	**109**	**295**
Payments for property, plant and equipment	(501)	(140)	(104)	(59)	(47)	(350)	**(41)**	**(40)**	**(35)**	**(45)**	**(161)**
Net debt[1]	1,966	2,070	2,076	2,088	1,882	1,882	**2,020**	**2,093**	**2,039**	**2,096**	**2,096**
Net debt / EBITDA (A) (LTM) ratio[1]	5.2x	4.6x	4.1x	3.8x	3.4x	3.4x	**3.8x**	**4.2x**	**4.3x**	**4.2x**	**4.2x**

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

MANAGEMENT REPORT
TO THE SHAREHOLDERS OF CASCADES INC.

February 19, 2025

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, CANADA

/s/ Allan Hogg
ALLAN HOGG

VICE-PRESIDENT AND CHIEF FINANCIAL OFFICER
KINGSEY FALLS, 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, 2024 and 2023, 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, 2024 and 2023;
- 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.

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.

PricewaterhouseCoopers LLP
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T.: +1 514 205 5000, F.: +1 514 876 1502, Fax to mail: ca_montreal_main_fax@pwc.com

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

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, 2024. 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
Impairment assessment of goodwill – Containerboard Packaging segment *Refer to the Segmented Information, note 2 – Summary of material accounting policies, note 4 – Critical accounting estimates and judgments and note 23 – Impairment charges to the consolidated financial statements.* Management performs an impairment assessment of goodwill annually, or more frequently if events or circumstances indicate that the carrying value may be impaired. Goodwill is allocated to CGUs for the purpose of impairment assessment based on the level at which management monitors it, which is not higher than an operating segment. An impairment loss is recognized if the carrying amount of a CGU or group of CGUs exceeds its recoverable amount. The recoverable amount is the higher of fair value less cost of disposal and value in use. Total net book value of goodwill as at December 31, 2024 amounted to $503 million and was allocated to the Containerboard Packaging segment. Management performed its annual goodwill impairment test for the Containerboard Packaging segment as at December 31, 2024. The recoverable amount of the Containerboard Packaging segment was determined using the fair value less cost of disposal based on the income approach.	Our approach to addressing the matter included the following procedures, among others: • Tested how management determined the recoverable amount of the Containerboard Packaging segment as at December 31, 2024, which included the following: – Tested the appropriateness of the method and approach used and the mathematical accuracy of the recoverable amount calculation. – Tested the underlying data used in the recoverable amount calculation. – Tested the reasonableness of the assumptions related to estimated shipment levels, foreign exchange rates, revenue growth rates, EBITDA (A) margins and capital expenditures by considering (i) the budget approved by the Board of Directors, (ii) the current and past performance of the segment and (iii) external market and industry data, and whether these assumptions were consistent with evidence obtained in other areas of the audit, as applicable. – Professionals with specialized skill and knowledge in the field of valuation assisted in testing the reasonableness of the discount rate applied by management based on available data of comparable companies.

Key audit matter	How our audit addressed the key audit matter
In determining the fair value less cost of disposal, management applied a high degree of judgment in developing several key assumptions, including estimated shipment levels, foreign exchange rates, revenue growth rates, adjusted earnings before interest, taxes, depreciation and amortization (EBITDA) (A) margins, the discount rate and capital expenditures. No impairment was recognized as a result of the 2024 impairment assessment. We considered this a key audit matter due to the significance of the goodwill balance of the Containerboard Packaging segment and the high degree of judgment required by management in determining the recoverable amount of the Containerboard Packaging segment as at December 31, 2024, including the use of key assumptions. This has resulted in significant audit effort and a high degree of subjectivity and complexity in performing procedures to test the recoverable amount. Professionals with specialized skill and knowledge in the field of valuation assisted us in performing the procedures.	

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 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, 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, related safeguards.

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 LLP[1]

Montréal, Quebec
February 19, 2025

[1] FCPA auditor, public accountancy permit No. A116853

CONSOLIDATED BALANCE SHEETS

(in millions of Canadian dollars)	NOTE	December 31, 2024	December 31, 2023
Assets			
Current assets			
Cash and cash equivalents	24	**27**	54
Accounts receivable	5	**469**	453
Current income tax assets		**4**	12
Inventories	2 and 6	**685**	568
Current portion of financial assets	15	**1**	1
		1,186	1,088
Long-term assets			
Investments in associates and joint ventures	7	**97**	94
Property, plant and equipment	2, 8 and 13	**2,847**	2,808
Intangible assets with finite useful life	9	**41**	55
Other assets	10 and 15	**105**	78
Deferred income tax assets	18	**220**	167
Goodwill and other intangible assets with indefinite useful life	9	**504**	482
		5,000	4,772
Liabilities and Equity			
Current liabilities			
Bank loans and advances	24	**10**	—
Trade and other payables	11	**748**	703
Current income tax liabilities		**2**	6
Current portion of Unsecured senior notes of $175 million to be refinanced	12 and 24	**175**	—
Current portion of long-term debt	12 and 24	**67**	67
Current portion of provisions for charges	14	**42**	14
Current portion of financial liabilities and other liabilities	15 and 16	**43**	29
		1,087	819
Long-term liabilities			
Long-term debt	12 and 24	**1,871**	1,869
Provisions for charges	14	**58**	61
Financial liabilities	15	**—**	5
Other liabilities	16 and 17	**80**	94
Deferred income tax liabilities	18	**133**	143
		3,229	2,991
Equity			
Capital stock	19	**616**	613
Contributed surplus	20	**16**	15
Retained earnings		**1,019**	1,096
Accumulated other comprehensive income		**73**	15
Equity attributable to Shareholders		**1,724**	1,739
Non-controlling interests	7	**47**	42
Total equity		**1,771**	1,781
		5,000	4,772

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	2024	2023
Sales	21	**4,701**	4,638
Supply chain and logistic		**2,847**	2,741
Wages and employee benefits expenses	22	**1,086**	1,082
Depreciation and amortization		**282**	272
Maintenance and repair		**244**	236
Other operational costs		**23**	21
Impairment charges	23	**64**	209
Other loss (gain)		**19**	12
Restructuring costs		**46**	23
Unrealized loss (gain) on derivative financial instruments	15.4 A (iv)	**(5)**	2
Operating income		**95**	40
Financing expense	12 and 24	**142**	128
Share of results of associates and joint ventures	7	**(19)**	(22)
Loss before income taxes		**(28)**	(66)
Recovery of income taxes	18	**(14)**	(13)
Net loss including non-controlling interests for the year		**(14)**	(53)
Net earnings attributable to non-controlling interests	7	**17**	23
Net loss attributable to Shareholders for the year		**(31)**	(76)
Net loss per common share			
Basic		**($0.31)**	($0.76)
Diluted		**($0.31)**	($0.76)
Weighted average basic number of common shares outstanding		**100,865,833**	100,542,206
Weighted average number of diluted common shares		**101,119,887**	100,964,908

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	2024	2023
Net loss including non-controlling interests for the year		**(14)**	(53)
Other comprehensive income (loss)			
Items that may be reclassified subsequently to earnings			
Translation adjustments			
Change in foreign currency translation of foreign subsidiaries		**98**	(25)
Change in foreign currency translation related to net investment hedging activities		**(43)**	11
Cash flow hedges			
Change in fair value of commodity derivative financial instruments		**1**	(6)
Recovery of income taxes	18	**5**	—
		61	(20)
Items that are not released to earnings			
Actuarial gain on employee future benefits	17	**6**	9
Provision for income taxes	18	**(2)**	(2)
		4	7
Other comprehensive income (loss)		**65**	(13)
Comprehensive income (loss) including non-controlling interests for the year		**51**	(66)
Comprehensive income attributable to non-controlling interests for the year		**20**	22
Comprehensive income (loss) attributable to Shareholders for the year		**31**	(88)

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

CONSOLIDATED STATEMENTS OF EQUITY

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**
		—	**—**	**(27)**	**58**	**31**	**20**	**51**
Dividends		**—**	**—**	**(48)**	**—**	**(48)**	**(15)**	**(63)**
Stock options expense		**—**	**2**	**—**	**—**	**2**	**—**	**2**
Issuance of common shares upon exercise of stock options	19	**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**

For the year ended December 31, 2023

(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		611	14	1,212	34	1,871	57	1,928
Comprehensive income (loss)								
Net earnings (loss)		—	—	(76)	—	(76)	23	(53)
Other comprehensive income (loss)		—	—	7	(19)	(12)	(1)	(13)
		—	—	(69)	(19)	(88)	22	(66)
Dividends		—	—	(48)	—	(48)	(36)	(84)
Stock options expense		—	1	—	—	1	—	1
Issuance of common shares upon exercise of stock options	19	2	—	—	—	2	—	2
Acquisitions of non-controlling interests		—	—	1	—	1	(1)	—
Balance - End of year		613	15	1,096	15	1,739	42	1,781

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	2024	2023
Operating activities			
Net loss attributable to Shareholders for the year		**(31)**	(76)
Adjustments for:			
Financing expense	12 and 24	**142**	128
Depreciation and amortization		**282**	272
Impairment charges	23	**64**	209
Other loss (gain)		**19**	12
Restructuring costs		**46**	23
Unrealized loss (gain) on derivative financial instruments	15.4 A (iv)	**(5)**	2
Recovery of income taxes	18	**(14)**	(13)
Share of results of associates and joint ventures	7	**(19)**	(22)
Net earnings attributable to non-controlling interests	7	**17**	23
Net financing expense paid		**(135)**	(129)
Net income taxes paid		**(4)**	(9)
Dividends received	7	**17**	9
Provisions for charges and other liabilities	14, 16 and 17	**(84)**	(32)
		295	397
Changes in non-cash working capital components	12 and 24	**(23)**	113
		272	510
Investing activities			
Disposals in associates and joint ventures	7	**—**	12
Payments for property, plant and equipment		**(161)**	(350)
Proceeds from disposals of property, plant and equipment		**34**	7
Change in intangible and other assets	10 and 15	**(23)**	(1)
		(150)	(332)
Financing activities			
Bank loans and advances	24	**10**	(3)
Change in credit facilities	12 and 24	**(4)**	(92)
Change in credit facilities without recourse to the Corporation	12 and 24	**(16)**	92
Payments of other long-term debt, including lease obligations (2024 - $67 million; 2023 - $59 million)	12, 13 and 24	**(75)**	(137)
Issuance of common shares upon exercise of stock options	19	**2**	2
Dividends paid to non-controlling interests	7	**(15)**	(36)
Acquisition of non-controlling interests	7	**(3)**	(3)
Dividends paid to the Corporation's Shareholders		**(48)**	(48)
		(149)	(225)
Net change in cash and cash equivalents during the year		**(27)**	(47)
Currency translation on cash and cash equivalents		**—**	(1)
Cash and cash equivalents - Beginning of the year		**54**	102
Cash and cash equivalents - End of the year		**27**	54

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

SEGMENTED INFORMATION

The Corporation's operations are managed in three segments: Containerboard and Specialty Products (these two segments constitute 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® 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:

	TOTAL ASSETS	
(in millions of Canadian dollars)	**December 31, 2024**	December 31, 2023
Packaging Products		
Containerboard	**2,904**	2,740
Specialty Products	**371**	362
	3,275	3,102
Tissue Papers	**985**	954
Corporate, Recovery and Recycling activities	**694**	678
Inter-segment eliminations	**(54)**	(59)
	4,900	4,675
Investments in associates and joint ventures	**97**	94
Other investments	**3**	3
	5,000	4,772

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

	PROPERTY, PLANT AND EQUIPMENT	
(in millions of Canadian dollars)	**December 31, 2024**	December 31, 2023
Canada	**1,010**	961
United States	**1,837**	1,847
	2,847	2,808

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

	GOODWILL, CUSTOMER RELATIONSHIPS AND CLIENT LISTS, AND OTHER FINITE AND INDEFINITE USEFUL LIFE INTANGIBLE ASSETS	
(in millions of Canadian dollars)	**December 31, 2024**	December 31, 2023
Canada	**234**	262
United States	**311**	275
	545	537

Sales by business segment are shown in the following table:

For the years ended December 31 (in millions of Canadian dollars)	2024 Total	2024 Inter-segment Packaging Products	2024 Inter-segment All	2024 External	2023 Total	2023 Inter-segment Packaging Products	2023 Inter-segment All	2023 External
Packaging Products								
Containerboard	**2,364**	**(23)**	**(27)**	**2,314**	2,277	(27)	(29)	2,221
Specialty Products	**671**	**(3)**	**(24)**	**644**	642	(4)	(19)	619
	3,035	**(26)**	**(51)**	**2,958**	2,919	(31)	(48)	2,840
Tissue Papers	**1,548**	**—**	**(1)**	**1,547**	1,615	—	(2)	1,613
Corporate, Recovery and Recycling activities	**345**	**—**	**(149)**	**196**	321	—	(136)	185
	4,928	**(26)**	**(201)**	**4,701**	4,855	(31)	(186)	4,638

SALES

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

For the year ended December 31, 2024

(in millions of Canadian dollars)	NOTE	Containerboard	Specialty Products	Tissue Papers	Corporate, Recovery and Recycling activities	Consolidated
Operating income (loss)		**101**	**44**	**97**	**(147)**	**95**
Depreciation and amortization		**154**	**25**	**56**	**47**	**282**
Impairment charges	23	**2**	**36**	**26**	**—**	**64**
Other loss (gain)		**20**	**—**	**—**	**(1)**	**19**
Restructuring costs		**29**	**1**	**13**	**3**	**46**
Unrealized gain on derivative financial instruments		**(2)**	**—**	**—**	**(3)**	**(5)**
EBITDA (A)		**304**	**106**	**192**	**(101)**	**501**
Supply chain and logistic and Wage and employee benefits expenses included in operating income (loss)		**1,916**	**546**	**1,267**	**204**	**3,933**

For the year ended December 31, 2023

(in millions of Canadian dollars)	NOTE	Containerboard	Specialty Products	Tissue Papers	Corporate, Recovery and Recycling activities	Consolidated
Operating income (loss)		128	66	(2)	(152)	40
Depreciation and amortization		141	21	67	43	272
Impairment charges	23	104	2	103	—	209
Other loss (gain)		18	—	(6)	—	12
Restructuring costs		1	2	20	—	23
Unrealized loss (gain) on derivative financial instruments		(2)	—	—	4	2
EBITDA (A)		390	91	182	(105)	558
Supply chain and logistic and Wage and employee benefits expenses included in operating income (loss)		1,734	531	1,353	205	3,823

IMPAIRMENT CHARGES

2024

The Containerboard Packaging segment recorded an additional impairment charge of $2 million on inventories related to the closure of a plant in Ontario, Canada.

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

The Specialty Products segment also recorded an impairment charge of $2 million on inventories and $30 million on 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 an impairment charge of $1 million on spare parts and $3 million on some equipment related to a decision to discontinue a product line in Canada.

The Tissue Papers segment also recorded an impairment charge of $4 million on spare parts and $18 million on building ($4 million) and equipment ($14 million) following the change in the exit strategy for a previously closed plant in the United States, from sale of a business to sales 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.

2023

The Containerboard Packaging segment recorded an impairment charge of $2 million on spare parts and $59 million on some land ($3 million), building ($22 million) and equipment ($34 million) of a CGU (cash generating unit) subsequent to the permanent closure of one paper machine in the United States. The decision was the result of competitive market conditions, which make the CGU less profitable. The recoverable amount of the assets in operation, totaling $39 million, was determined using fair value less the cost of disposal based on the market approach of comparable assets on the market.

The Containerboard Packaging segment also recorded an impairment charge of $8 million on spare parts and $35 million on some land ($1 million), building ($12 million) and equipment ($22 million) related to closure of plants announced in February 2024 in Ontario, Canada and in Connecticut, United States. The recoverable amount of the assets totaling $35 million, was determined using fair value less cost of disposal based on the market approach of comparable assets on the market.

The Specialty Products segment recorded an impairment charge of $1 million on spare parts and $1 million on some equipment related to a closed plant in the United States. The recoverable amount was determined using fair value less the cost of disposal based on the market approach of comparable assets on the market.

The Tissue Papers segment recorded an impairment charge of $23 million on spare parts and $80 million on some buildings ($10 million) and equipment ($70 million) following the strategic repositioning of its operating platform. The decision includes the permanent closure of three plants in the United States. The recoverable amount of $130 million for these three CGUs was determined using fair value less cost of disposal based on the market approach of comparable assets on the market, as well, for one of the plants, the recoverable amount of the real estate was established using the income method over a period of 20 years and a capitalization rate of 7.25%, no impairment recognized for the latest.

OTHER LOSS (GAIN)

2024

The Containerboard Packaging 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 14.

The Containerboard Packaging 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 Containerboard Packaging 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.

2023

The Containerboard Packaging segment recorded an environmental obligation of $18 million related to the closure of a plant announced in February 2024 in Ontario, Canada. For further details, please refer to Note 14.

The Specialty Products segment recorded a $1 million loss on a contract of a closed plant in the United States.

The Specialty Products segment also recorded a $1 million gain from the sale of some machinery and equipment related to a closed plant in the United States.

The Tissue Papers segment recorded a $2 million gain from the sale of some machinery and equipment related to a previously closed plant in the United States.

The Tissue Papers segment also recorded a $4 million gain on a contract related to a closed plant in the United States.

RESTRUCTURING COSTS

2024

The Containerboard Packaging segment recorded costs totaling $29 million related to closed plants in Canada and in the United States, severances and the redeployment of equipment within the network.

The Specialty Products segment recorded costs totaling $1 million related to closed plants in the United States.

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.

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

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

2023

The Containerboard Packaging segment recorded costs totaling $1 million related to closed plants in Canada.

The Specialty Products segment recorded costs totaling $2 million related to closed plants in the United States.

The Tissue Papers segment recorded costs totaling $20 million related to the closures of the plants in the United States and severances.

UNREALIZED LOSS (GAIN) ON DERIVATIVE FINANCIAL INSTRUMENTS

The Containerboard Packaging segment recorded an unrealized gain of $2 million in 2024 and an unrealized gain of $2 million in 2023, from a steam contract embedded derivatives related to our Niagara Falls containerboard complex.

Corporate activities recorded an unrealized gain of $3 million in 2024 and an unrealized loss of $4 million in 2023 due to the financial hedging contracts for natural gas purchases.

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

	PAYMENTS FOR PROPERTY, PLANT AND EQUIPMENT	
For the years ended December 31 (in millions of Canadian dollars)	**2024**	2023
Packaging Products		
Containerboard	**136**	223
Specialty Products	**31**	32
	167	255
Tissue Papers	**54**	39
Corporate, Recovery and Recycling activities	**49**	49
Total acquisitions	**270**	343
Right-of-use assets acquisitions and provisions (non-cash)	**(122)**	(54)
	148	289
Acquisitions for property, plant and equipment included in “Trade and other payables”		
Beginning of the year	**45**	106
End of the year	**(32)**	(45)
Payments for property, plant and equipment	**161**	350
Proceeds from disposals of property, plant and equipment	**(34)**	(7)
Payments for property, plant and equipment net of proceeds from disposals	**127**	343

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 19, 2025.

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 7 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 costs 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 costs paid on establishment of the revolving credit facility are recognized as deferred financing costs 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, 2024, 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 expense". 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, 2024, 20% of the Corporation's plans had been evaluated on December 31, 2023 (94% in 2022).

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 PER COMMON SHARE

Basic earnings per common share are determined using the weighted average number of common shares outstanding during the period. Diluted earnings 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

International Tax Reform—Pillar Two Model Rules, amendments to IAS 12 Income Taxes

On May 23, 2023, the IASB® published an amendment to *IAS 12* to introduce a mandatory temporary exemption to the accounting for deferred taxes arising from jurisdictional tax law enacted or substantively enacted to implement the Pillar Two Model Rules that were published by the Organisation for Economic Co-operation and Development (OECD) and new disclosure requirements for affected entities.

The Global Anti-Base Erosion Rules (GloBE) are a key component of the Pillar Two Model Rules and ensure large multinational enterprises pay a minimum level of tax on the income arising in each of the jurisdictions where they operate. On June 20, 2024, legislation was enacted in Canada to implement the Pillar Two Model rules, including GloBE, effective January 1, 2024. Accordingly, the Corporation is applying the *IAS 12* exception to recognizing and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes. In addition, the Corporation has estimated that the weighted average effective tax rate for its operations in the United States exceeds 15%. Therefore, no current tax expense related to Pillar Two income taxes has been recognized in the year ended December 31, 2024.

IAS 7 and IFRS 7 Amendments Relating to Supplier Finance Arrangements

Effective for annual reporting periods beginning on or after January 1, 2024, *IAS 7 and IFRS 7 Amendments Relating to Supplier Finance Arrangements* require disclosures to enhance the transparency of supplier finance arrangements and their effects on an entity's liabilities, cash flows and exposure to liquidity risk. These amendments had no impact on the Corporation's accounts receivable monetization arrangement disclosure as all required items are already presented in Note 15.

Amendment to IAS 1 – Non-current liabilities with covenants

Effective for annual reporting periods beginning on or after January 1, 2024, these amendments to *IAS 1* clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. These amendments did not result in a change in the classification of the Corporation's borrowings.

Agenda decision relating to IFRS 8 - Operating segments

In July 2024, IFRIC® published an agenda decision that addresses which items listed in *IFRS 8* must be disclose even when they are not presented to the chief operation decision maker. The agenda decision also highlights how to identify the additional material items that *IFRS 8* requires to present. Following this agenda decision, for each reportable segment, the Corporation modified the segment sales presentation to disclose both external and inter-segment sales and, as material items, added the total of the "Supply chain and logistic" and "Wage and employee benefits expenses".

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.

IFRS 19 Subsidiaries without Public Accountability: Disclosures

On May 9, 2024, the IASB issued a new standard - *IFRS 19 Subsidiaries without Public Accountability: Disclosures. IFRS 19* specifies reduced disclosure requirements that an eligible entity is permitted to apply instead of the disclosure requirements in other IFRS Accounting Standards.

The new standard will be effective for annual reporting periods beginning on or after January 1, 2027. The Corporation is currently evaluating the impact of this standard on its Consolidated Financial Statements.

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 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 and intangible assets. 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

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.

DESCRIPTION OF SIGNIFICANT IMPAIRMENT TESTING ASSUMPTIONS (see Note 23)

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
ACCOUNTS RECEIVABLE

(in millions of Canadian dollars)	NOTE	**2024**	2023
Accounts receivable - Trade		**414**	417
Receivables from related parties	26	**36**	21
Less: expected credit loss allowance		**(4)**	(7)
Trade receivables - net		**446**	431
Other		**23**	22
		469	453

As of December 31, 2024, trade receivables of $103 million, including $63 million within 30 days (December 31, 2023 - $93 million, including $47 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 11.

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

(in millions of Canadian dollars)	**2024**	2023
Balance at beginning of the year	**7**	4
Provision for expected credit loss allowance	**1**	5
Receivables written off during the year as uncollectable	**(4)**	(2)
Balance at end of the year	**4**	7

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 6
INVENTORIES

(in millions of Canadian dollars)	**2024**	2023
Finished goods	**267**	246
Raw materials	**131**	111
Supplies and spare parts	**287**	211
	685	568

As of December 31, 2024, finished goods, raw materials and supplies and spare parts inventories have been adjusted to their net realizable value (NRV) requiring a provision of $9 million, $2 million and $27 million, respectively (December 31, 2023 - $10 million, $2 million and $18 million).

In 2024, the cost of raw materials and supplies and spare parts included in "Supply chain and logistic" amounted to $1,702 million (2023 - $1,597 million).

The supplies and spare parts inventories have increased in 2024 following the accounting policy refinements addressing the classification of spare parts, as a result a one-time transfer from "Property, plant and equipment" to "Inventories" in the amount of $43 million was recorded. For further details, please refer to Note 2.

NOTE 7
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)	**2024**	2023
Investments in associates	**28**	26
Investments in joint ventures	**69**	68
	97	94

B. INVESTMENTS IN ASSOCIATES

The Corporation did not hold any significant participation in associates in 2024 and 2023.

C. INVESTMENTS IN JOINT VENTURES

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

	2024-2023 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, is as follows:

				2024
(in millions of Canadian dollars)	CASCADES SONOCO US INC.	CASCADES SONOCO INC.	MARITIME PAPER PRODUCTS LIMITED PARTNERSHIP	TENCORR HOLDINGS CORPORATION
Condensed balance sheet				
Cash and cash equivalents	**4**	**2**	**3**	**8**
Current assets (other than cash and cash equivalents and current financial assets)	**28**	**24**	**36**	**29**
Long-term assets (other than long-term financial assets)	**33**	**15**	**43**	**10**
Current liabilities (other than current financial liabilities)	**11**	**7**	**13**	**26**
Current financial liabilities	**2**	**1**	**—**	**5**
Long-term liabilities (other than long-term financial liabilities)	**4**	**2**	**—**	**3**
Long-term financial liabilities	**3**	**—**	**3**	**—**
Condensed statement of earnings				
Sales	**95**	**93**	**128**	**173**
Depreciation and amortization	**5**	**2**	**4**	**1**
Financing expense	**1**	**—**	**—**	**—**
Provision for income taxes	**3**	**4**	**—**	**—**
Net earnings (net loss)	**10**	**13**	**6**	**(1)**
Other comprehensive income (loss)				
Translation adjustment	**4**	**—**	**—**	**—**
Total comprehensive income (loss)	**14**	**13**	**6**	**(1)**
Dividends received from joint ventures	**6**	**8**	**1**	**—**

(in millions of Canadian dollars)	CASCADES SONOCO US INC.	CASCADES SONOCO INC.	MARITIME PAPER PRODUCTS LIMITED PARTNERSHIP	TENCORR HOLDINGS CORPORATION
				2023
Condensed balance sheet				
Cash and cash equivalents	4	7	15	16
Current assets (other than cash and cash equivalents and current financial assets)	23	24	27	23
Long-term assets (other than long-term financial assets)	34	15	30	10
Current liabilities (other than current financial liabilities)	7	8	8	29
Current financial liabilities	2	1	—	4
Long-term liabilities (other than long-term financial liabilities)	4	2	—	3
Long-term financial liabilities	4	1	—	—
Condensed statement of earnings				
Sales	82	90	127	166
Depreciation and amortization	5	2	4	1
Provision for (recovery of) income taxes	1	4	—	(1)
Net earnings	5	11	6	—
Other comprehensive income (loss)				
Translation adjustment	(1)	—	—	—
Total comprehensive income	4	11	6	—
Dividends received from joint ventures	1	5	—	—

Commitments of the joint ventures are less than a million dollars in 2024 and 2023.

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 is as follows:

(in millions of Canadian dollars)	**2024**	2023
Non-significant associates	**28**	26
Non-significant joint ventures	**5**	5
	33	31

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

(in millions of Canadian dollars)	**2024**	2023
Non-significant associates	**3**	1
Non-significant joint ventures	**2**	1
Gain from the sale of investments in non-significant joint ventures	**—**	10
	5	12

The Corporation received dividends of $2 million from these associates and joint ventures as of December 31, 2024 (December 31, 2023 - $3 million).

In 2023, the Corporation recorded a gain in the consolidated statements of earnings (loss) in the line item “Share of results of associates and joint ventures” of $10 million from the sale of investments in non-significant joint ventures. The Corporation received $12 million from these sales.

E. SUBSIDIARIES WITH NON-CONTROLLING INTERESTS

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

	2024		2023	
(in millions of Canadian dollars, unless otherwise noted)	FALCON PACKAGING LLC	GREENPAC HOLDING LLC	FALCON PACKAGING LLC	GREENPAC HOLDING LLC
Principal establishment	Ohio, United States	New York, United States	Ohio, United States	New York, United States
Percentage of shares held by non-controlling interests (accounting basis)	**5.75%**	**13.65%**	11.00%	13.65%
Net earnings attributable to non-controlling interests	**1**	**16**	1	22
Non-controlling interests accumulated at the end of the year	**1**	**46**	2	40
Dividends paid to non-controlling interests	**1**	**14**	1	35
Condensed balance sheet				
Cash and cash equivalents	**17**	**1**	8	3
Current assets (other than cash and cash equivalents and current financial assets)	**26**	**139**	19	103
Long-term assets (other than long-term financial assets)	**36**	**492**	31	483
Current liabilities (other than current financial liabilities)	**32**	**56**	15	52
Current financial liabilities	**1**	**9**	—	9
Long-term liabilities (other than long-term financial liabilities)	**—**	**1**	—	1
Long-term financial liabilities	**4**	**93**	2	102
Condensed statement of earnings				
Sales	**249**	**540**	224	532
Depreciation and amortization	**2**	**39**	1	38
Net earnings	**17**	**119**	11	167
Condensed cash flow				
Cash flows from operating activities	**27**	**143**	14	228
Cash flows used for investing activities	**—**	**(12)**	—	(8)
Cash flows used for financing activities	**(18)**	**(133)**	(13)	(250)

In 2024, the Corporation increased its participation in Falcon Packaging LLC in the Specialty Products segment for a contribution of $3 million. In 2023, the Corporation increased its participation for a contribution of $3 million representing the last tranche of a call option.

NOTE 8
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 13)	TOTAL
As of January 1, 2023							
Cost		135	1,134	3,849	143	359	5,620
Accumulated depreciation and impairment		12	417	1,975	96	175	2,675
Net book amount		123	717	1,874	47	184	2,945
Year ended December 31, 2023							
Opening net book amount		123	717	1,874	47	184	2,945
Additions		1	86	189	17	50	343
Disposals		(1)	(1)	—	—	(3)	(5)
Depreciation		(2)	(26)	(153)	(11)	(60)	(252)
Impairment charges	23	(4)	(44)	(127)	—	—	(175)
Others		5	(10)	—	1	(1)	(5)
Exchange differences		(2)	(10)	(28)	(1)	(2)	(43)
Closing net book amount		120	712	1,755	53	168	2,808
As of December 31, 2023							
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
Year ended December 31, 2024							
Opening 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 charges	23	**—**	**(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**

As of December 31, 2024, property, plant and equipment includes assets in the process of construction or installation with a book value of $69 million (December 31, 2023 - $67 million). As of December 31, 2024, deposits on purchases of machinery and equipment represent $4 million (December 31, 2023 - $1 million).

In 2024, $1 million of interest incurred on qualifying assets was capitalized (2023 - $10 million). The weighted average capitalization rate on funds borrowed in 2024 was 6.02% (2023 - 5.68%).

The Corporation recorded impairment charges of $55 million in 2024 (2023 - $175 million). For further details, please refer to Note 23.

The movement in the machinery and equipment category on line “Others” is mainly due to accounting policy refinements addressing the classification of spare parts, that resulted in a one-time transfer from “Property, plant and equipment” to “Inventories” in the amount of $43 million. For further details, please refer to Note 2 and Note 6.

NOTE 9
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, 2023							
Cost	163	134	4	301	487	1	488
Accumulated amortization and impairment	124	101	3	228	—	—	—
Net book amount	39	33	1	73	487	1	488
Year ended December 31, 2023							
Opening net book amount	39	33	1	73	487	1	488
Additions	1	—	—	1	—	—	—
Amortization	(15)	(4)	—	(19)	—	—	—
Exchange differences	—	—	—	—	(6)	—	(6)
Closing net book amount	25	29	1	55	481	1	482
As of December 31, 2023							
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
Year ended December 31, 2024							
Opening 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**

NOTE 10
OTHER ASSETS

(in millions of Canadian dollars)	NOTE	**2024**	2023
Long-term notes receivable	10 A	**33**	9
Other investments		**3**	3
Deferred charges and financing costs		**21**	20
Employee future benefits	17	**48**	46
		105	78

An amortization expense of $1 million was booked against deferred charges and financing costs in 2024 (2023 - $1 million).

A. PREFERRED SHARES

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

NOTE 11
TRADE AND OTHER PAYABLES

(in millions of Canadian dollars)	NOTE	2024	2023
Trade payables		540	502
Payables to related parties	26	14	6
Customers contracts liabilities		92	60
Accrued expenses		102	135
		748	703

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

(in millions of Canadian dollars)	2024	2023
Balance at beginning of the year	60	72
Provision for customers contracts liabilities	174	151
Customers deposits	30	—
Customers contracts liabilities payments	(174)	(162)
Exchange differences	2	(1)
Balance at end of the year	92	60

NOTE 12
LONG-TERM DEBT

(in millions of Canadian dollars)	NOTE	MATURITY	2024	2023
Revolving credit facility, weighted average interest rate of 6.45% as of December 31, 2024 and consists of $6 million and US$187 million (December 31, 2023 - US$190 million)	12(a)	2027	275	252
5.125% Unsecured senior notes of $175 million	12(b)	2025	175	175
5.125% Unsecured senior notes of US$206 million	12 (b)	2026	296	272
5.375% Unsecured senior notes of US$445 million and $4 million of unamortized premium as of December 31, 2024 (December 31, 2023 - US$445 million and $5 million of unamortized premium)		2028	644	595
Term loan of US$260 million, interest rate of 6.46% as of December 31, 2024		2027	374	344
Lease obligations with recourse to the Corporation	12(c)		233	174
Other debts with recourse to the Corporation			16	23
Lease obligations without recourse to the Corporation	12(c)		20	15
Revolving credit facility without recourse to the Corporation, weighted average interest rate of 6.07% as of December 31, 2024 and consists of US$59 million (December 31, 2023 - US$70 million)	12(d)	2027	85	93
			2,118	1,943
Less: Unamortized financing costs			5	7
Total long-term debt			2,113	1,936
Less:				
Current portion of Unsecured senior notes	12(b)		175	—
Current portion of lease obligations with recourse to the Corporation			57	51
Current portion of other debts with recourse to the Corporation			2	8
Current portion of lease obligations without recourse to the Corporation			8	8
			67	67
			1,871	1,869

a. 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.

   As of December 31, 2024, accounts receivable and inventories totaling approximately $941 million (December 31, 2023 - $869 million) and property, plant and equipment having a net book value of $265 million (December 31, 2023 - $241 million) were pledged as collateral for the Corporation's revolving credit facility.

b. The Corporation repaid its $175 million unsecured senior notes on January 15, 2025 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. If drawn, this facility will mature on December 31, 2026 and will bear interest at a variable rate.

c. 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 15.4 C.

d. In the third quarter of 2023, the loan scheduled to mature on December 11, 2023 was fully repaid. On September 15, 2023, the Corporation's subsidiary, Greenpac, entered into a three-year credit agreement with a banking syndicate securing a revolving credit facility authorized at US$150 million which bears interest at a variable rate based on the level of leverage ratio of the subsidiary. Transaction fees amounting to US$2 million ($2 million) were capitalized in other assets. 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.

NOTE 13
LEASES

a. The consolidated balance sheet includes, in "Property, plant and equipment", the amounts hereunder as right-of-use assets relating to leases. 2024 and 2023 right-of-use assets under *IFRS 16* are as follows:

(in millions of Canadian dollars)	**2024**	2023
Land	**2**	2
Buildings	**176**	119
Machinery and equipment	**2**	2
Automotive equipment	**46**	44
Others	**1**	1
Net book amount	**227**	168

Additions to the right-of-use assets during the 2024 financial year were $121 million (2023 - $50 million).

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

(in millions of Canadian dollars)	**2024**	2023
Depreciation and amortization of right-of-use assets		
Buildings	**40**	38
Machinery and equipment	**1**	1
Automotive equipment	**24**	21
	65	60
Financing expense	**10**	8

Expenses relating to short-term leases, low-value assets and variable lease payments not included in the lease obligation were less than a million dollars in 2024 (2023 - less than a million dollars).

c. The total cash outflow for leases, including the interest, in 2024 was $77 million (2023 - $67 million).

d. Refer to Note 12 for liabilities and to Note 15.4 C for future contractual payments of lease obligations.

e. The future cash flows arising from leases not yet commenced but already signed are the following as of December 31, 2024 and 2023:

	2024	2023
(in millions of Canadian dollars)	BUILDINGS	AUTOMOTIVE EQUIPMENT
No later than one year	**1**	—
Later than one year but no later than five years	**2**	2
More than five years	**—**	—
	3	2

NOTE 14
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, 2023	15	20	3	2	—	9	49
Additional provision	18	1	1	7	—	3	30
Payments	—	(3)	(2)	(7)	—	—	(12)
Revaluation	—	—	—	—	—	(1)	(1)
Unwinding of discount	1	—	—	—	—	—	1
Other	—	—	8	—	—	—	8
As of December 31, 2023	34	18	10	2	—	11	75
Additional provision	**38**	**1**	**1**	**14**	**1**	**1**	**56**
Payments	**(20)**	**(1)**	**(1)**	**(11)**	**—**	**(2)**	**(35)**
Unwinding of discount	**2**	**—**	**—**	**—**	**—**	**—**	**2**
Exchange differences	**—**	**—**	**1**	**—**	**—**	**1**	**2**
As of December 31, 2024	**54**	**18**	**11**	**5**	**1**	**11**	**100**

Analysis of total provisions:

(in millions of Canadian dollars)	**2024**	2023
Long-term	**58**	61
Current	**42**	14
	100	75

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 following the discussions with the regulatory authorities regarding the disposition of sludge from the ponds and the 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.

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, 2024 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.

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, 2024 for this environmental liability.

NOTE 15
FINANCIAL INSTRUMENTS

15.1 FAIR VALUE OF FINANCIAL INSTRUMENTS

The classification of financial instruments as of December 31, 2024 and 2023, along with the respective carrying amounts and fair values, is as follows:

			2024		2023
(in millions of Canadian dollars)	NOTE	CARRYING AMOUNT	FAIR VALUE	CARRYING AMOUNT	FAIR VALUE
Financial assets at fair value through profit or loss					
Derivatives	15.4	**1**	**1**	1	1
Equity investments		**3**	**3**	3	3
Financial assets at amortized cost					
Preferred shares	15.1 A	**23**	**23**	—	—
Financial liabilities at fair value through profit or loss					
Derivatives	15.4	**(3)**	**(3)**	(9)	(9)
Financial liabilities at amortized cost					
Long-term debt		**(2,113)**	**(2,093)**	(1,936)	(1,918)
Derivatives designated as hedge					
Liability derivatives	15.4	**—**	**—**	(1)	(1)

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 10.

15.2 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.

15.3 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, 2024 and 2023 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.

				2024
(in millions of Canadian dollars)	CARRYING AMOUNT	QUOTED PRICES IN ACTIVE MARKETS FOR IDENTICAL ASSETS (LEVEL1)	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)**	**—**

				2023
(in millions of Canadian dollars)	CARRYING AMOUNT	QUOTED PRICES IN ACTIVE MARKETS FOR IDENTICAL ASSETS (LEVEL1)	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	(10)	—	(10)	—
	(10)	—	(10)	—

15.4 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

2024

(in millions of Canadian dollars)		ASSETS			LIABILITIES		
RISK	NOTE	SHORT-TERM	LONG-TERM	TOTAL	SHORT-TERM	LONG-TERM	TOTAL
Price risk	15.4 A (ii)	—	—	—	(3)	—	(3)
Interest rate risk	15.4 A (iii)	1	—	1	—	—	—
		1	—	1	(3)	—	(3)

2023

(in millions of Canadian dollars)		ASSETS			LIABILITIES		
RISK	NOTE	SHORT-TERM	LONG-TERM	TOTAL	SHORT-TERM	LONG-TERM	TOTAL
Price risk	15.4 A (ii)	—	—	—	(5)	(4)	(9)
Interest rate risk	15.4 A (iii)	—	—	—	—	(1)	(1)
Other risk	15.4 A (iv)	1	—	1	—	—	—
		1	—	1	(5)	(5)	(10)

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 expense 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 2024, approximately 19% of sales from Canadian operations were made to third parties in the United States.

The Corporation's outstanding foreign exchange contracts totaled less than a million dollars as of December 31, 2024 (less than a million dollars as of December 31, 2023).

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 2024, 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 $4 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, 2024 and 2023. 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, 2024 and 2023, with the hedging instruments being the long-term debt denominated in US dollars.

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

			2024			2023
(in millions of Canadian dollars)	BEFORE HEDGES	HEDGES	NET IMPACT	BEFORE HEDGES	HEDGES	NET IMPACT
10% change in the CAN$/US$ rate	**79**	**50**	**29**	78	46	32

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:

			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)**
			(1)
Derivatives designated as cash flow hedges and reclassified in "Supply chain and logistic" (effective portion)			
Natural gas:			
US portfolio	**684,000 mmBtu**	**2025 to 2026**	**—**
			(1)

			2023
	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	4,475,000 mmBtu	2024 to 2026	(4)
			(4)
Derivatives designated as cash flow hedges and reclassified in "Supply chain and logistic" (effective portion)			
Natural gas:			
US portfolio	2,161,000 mmBtu	2024 to 2025	(1)
			(5)

The Corporation has an agreement to purchase steam that includes an embedded derivative with a negative value of $2 million as of December 31, 2024 (as of December 31, 2023 - negative value of $4 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, 2024 and 2023. 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, 2024 and 2023, with the hedging instruments being derivative commodity contracts.

Consolidated commodity consumption: Price change effect before tax:

			2024			2023
(in millions of Canadian dollars[1])	BEFORE HEDGES	HEDGES	NET IMPACT	BEFORE HEDGES	HEDGES	NET IMPACT
US$25/s.t. change in virgin pulp price	**6**	**—**	**6**	6	—	6
US$25/s.t. change in brown grades (OCC and others)	**61**	**—**	**61**	57	—	57
US$1/mmBtu. change in natural gas price	**10**	**4**	**6**	11	4	7
US$1/MWh change in electricity price	**2**	**—**	**2**	2	—	2

1 Sensitivity calculated with an exchange rate of 1.35 CAN$/US$ for 2024 and 1.30 CAN$/US$ for 2023.

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, 2024, approximately 35% of the Corporation's long-term debt was at variable rates (December 31, 2023 - 36%).

The Corporation had the following outstanding interest rate option contracts:

				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 expense"				
Monthly interest collar	**1.60% - 5.35%**	**2025 to 2028**	**US$250**	**1**

				2023
	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 expense"				
Monthly interest collar	1.60% - 5.35%	2025 to 2027	US$150	(1)

Based on the outstanding long-term debt as of December 31, 2024, the impact on interest expense of a 1% change in rate would be approximately $7 million (impact on net earnings is approximately $5 million).

iv. Unrealized loss (gain) on derivative financial instruments is as follows:

(in millions of Canadian dollars)	2024	2023
Unrealized loss (gain) on derivative financial instruments	(5)	2

Please refer to the "Segmented Information" section of the Consolidated Financial Statements for the years ended December 31, 2024 and 2023, 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 are no past due amounts as of December 31, 2024.

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, 2024 and 2023:

						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

(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
						2023
Non-derivative financial liabilities:						
Trade and other payables	703	703	703	—	—	—
Revolving credit facility	252	315	18	18	279	—
Unsecured senior notes	1,037	1,250	55	229	966	—
Term loan	344	447	26	26	395	—
Lease obligations with recourse to the Corporation	174	211	57	37	56	61
Other debts with recourse to the Corporation	23	26	8	2	13	3
Lease obligations without recourse to the Corporation	15	16	9	6	1	—
Revolving credit facility without recourse to the Corporation	93	110	6	6	98	—
Derivative financial liabilities	10	10	5	4	1	—
	2,651	3,088	887	328	1,809	64

As of December 31, 2024, the Corporation and its subsidiaries had unused credit facilities of $594 million (December 31, 2023 - $591 million), net of outstanding letters of credit of $12 million (December 31, 2023 - $13 million).

D. OTHER RISKS

MONETIZATION OF ACCOUNTS RECEIVABLE

In the fourth quarter of 2023, the Corporation entered into an agreement for an $86 million (US$60 million) monthly rolling receivables' monetization facility without recourse. 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, 2024, the Corporation had unrecognized receivables of $86 million ($53 million in the fourth quarter of 2023) related to this facility, of which the Corporation received a net amount of $20 million ($20 million in the fourth quarter of 2023) 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, 2024 (less than a million dollars for the year ended December 31, 2023). 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, 2024, the agreement's notional amount was 1,516,000 shares at a price of $12.12 (December 31, 2023, the agreement's notional amount was 1,066,000 shares at a price of $12.28). The fair value as of December 31, 2024 was a payable of less than a million dollars (December 31, 2023 - receivable of less than a million dollars).

NOTE 16 OTHER LIABILITIES

(in millions of Canadian dollars)	NOTE	**2024**	2023
Employee future benefits	17	**88**	92
Stock-based compensation	20	**29**	25
Other		**3**	1
		120	118
Less: Current portion		**(40)**	(24)
		80	94

NOTE 17
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	2024	2023
Consolidated balance sheet obligations for			
Defined pension benefits - Assets (Surplus)		**(48)**	(46)
Defined pension benefits - Liabilities		**25**	27
	17 A	**(23)**	(19)
Post-employment benefits other than defined benefit pension plans (short-term and long-term)	17 B	**63**	65
Net short-term and long-term liabilities on consolidated balance sheet		**40**	46
Expenses recorded in consolidated statements of earnings (loss) for			
Defined pension benefits		**2**	3
Defined contribution benefits		**38**	35
Post-employment benefits other than defined benefit pension plans		**3**	4
		43	42
Consolidated other comprehensive income remeasurements for			
Defined pension benefits	17 A	**(5)**	(8)
Post-employment benefits other than defined benefit pension plans	17 B	**(1)**	(1)
		(6)	(9)

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 is 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, 2023	372	(399)	(27)	17	(10)
Current service cost	2	—	2	—	2
Interest expense (income)	19	(19)	—	1	1
Settlement (annuity discharge)	(210)	210	—	—	—
Impact on consolidated profit or loss	(189)	191	2	1	3
Remeasurements					
Return on plan assets, excluding amounts included in interest income	—	(4)	(4)	—	(4)
Loss from change in financial assumptions	10	—	10	—	10
Experience gain	(2)	—	(2)	—	(2)
Change in asset ceiling, excluding amounts included in interest expense	—	—	—	(12)	(12)
Impact of remeasurements on consolidated other comprehensive income (loss)	8	(4)	4	(12)	(8)
Contributions					
Employers	—	(4)	(4)	—	(4)
Plan participants	1	(1)	—	—	—
Benefit payments	(28)	28	—	—	—
As of December 31, 2023	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)**
Loss from change in financial assumptions	**(2)**	**—**	**(2)**	**—**	**(2)**
Experience gain	**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)**

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

			2024
(in millions of Canadian dollars)	CANADA	UNITED STATES	TOTAL
Present value of funded obligations	**139**	**—**	**139**
Fair value of plan assets	**196**	**—**	**196**
Deficit (surplus) of funded plans	**(57)**	**—**	**(57)**
Impact of minimum funding requirement (asset ceiling)	**9**	**—**	**9**
Present value of unfunded obligations	**25**	**—**	**25**
Liabilities (assets) on consolidated balance sheet	**(23)**	**—**	**(23)**

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

			2023
(in millions of Canadian dollars)	CANADA	UNITED STATES	TOTAL
Present value of funded obligations	136	2	138
Fair value of plan assets	188	1	189
Deficit (surplus) of funded plans	(52)	1	(51)
Impact of minimum funding requirement (asset ceiling)	6	—	6
Present value of unfunded obligations	26	—	26
Liabilities (assets) on consolidated balance sheet	(20)	1	(19)

The significant actuarial assumptions are as follows:

	2024		2023	
	CANADA	UNITED STATES	CANADA	UNITED STATES
Discount rate obligation (ending period)	**4.70%**	**N/A**	4.60%	4.70%
Discount rate obligation (beginning period)	**4.60%**	**4.70%**	5.20%	4.90%
Discount rate (current service cost)	**4.70%**	**N/A**	4.60%	4.70%
Salary growth rate	**Between 2.00% and 2.50%**	**N/A**	Between 2.00% and 2.50%	N/A
Inflation rate	**2.00%**	**N/A**	2.00%	N/A

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:

	2024	2023
Retiring at the end of the reporting period		
Male	**22.1**	22.1
Female	**24.5**	24.4
Retiring 20 years after the end of the reporting period		
Male	**23.1**	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%)**	**2.80%**
Salary growth rate	**0.25%**	**0.50%**	**(0.50%)**

	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:

(in millions of Canadian dollars)	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL	2024 %
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**	

(in millions of Canadian dollars)	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL	2023 %
Cash and short-term investments	6	—	—	6	3.2%
Bonds					
Canadian bonds	47	33	—	80	
Foreign bonds	—	1	—	1	
	47	34	—	81	42.9%
Shares					
Canadian shares	13	—	—	13	
Foreign shares	2	—	—	2	
	15	—	—	15	7.9%
Mutual funds					
Foreign bond mutual funds	—	1	—	1	
Foreign equity mutual funds	—	40	—	40	
Alternative investment funds	—	30	—	30	
	—	71	—	71	37.5%
Other					
Insured annuities	—	16	—	16	
	—	16	—	16	8.5%
	68	121	—	189	

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 represent a value of $16 million in 2024 ($16 million in 2023).

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:

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

			2023
(in millions of Canadian dollars)	CANADA	UNITED STATES	TOTAL
Present value of unfunded obligations	62	3	65
Liabilities on consolidated balance sheet	62	3	65

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

(in millions of Canadian dollars)	PRESENT VALUE OF OBLIGATION	FAIR VALUE OF PLAN ASSET	TOTAL
As of January 1, 2023	65	—	65
Current service cost	1	—	1
Interest expense	3	—	3
Impact on consolidated profit or loss	4	—	4
Remeasurements			
Loss from change in financial assumptions	2	—	2
Experience gain	(3)	—	(3)
Impact of remeasurements on consolidated other comprehensive income (loss)	(1)	—	(1)
Benefit payments	(3)	—	(3)
As of December 31, 2023	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			
Loss 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**

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 4.62% a year on average in 2024 (2023 - 4.71%).

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%**	**(1.60%)**	**1.70%**
Salary growth rate	**0.25%**	**0.40%**	**(0.30%)**
Health care cost increase	**1.00%**	**1.00%**	**(1.00%)**

	INCREASE / DECREASE BY ONE YEAR IN ASSUMPTION
Life expectancy	**0.40%**

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, 2024, 59% of the plan's invested assets are in fixed income. As of December 31, 2024, the total value of insured annuities is $16 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, 2024, the aggregate net surplus of the Corporation's funded pension plans amounted to $57 million (a surplus of $51 million as of December 31, 2023). 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 a million dollars in 2025, since $2 million of the employer service contribution will be paid from the plan surplus.

The weighted average duration of the defined benefit obligation is 10 years in 2024 (2023 - 11 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	**8**	**8**	**29**	**343**	**388**
Post-employment benefits other than defined benefit pension plans	**7**	**12**	**17**	**76**	**112**
As of December 31, 2024	**15**	**20**	**46**	**419**	**500**

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, 2024.

NOTE 18
INCOME TAXES

a. The recovery of income taxes is as follows:

(in millions of Canadian dollars)	**2024**	2023
Current taxes	**10**	12
Deferred taxes	**(24)**	(25)
	(14)	(13)

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

(in millions of Canadian dollars)	**2024**	2023
Recovery of income taxes based on the combined basic Canadian and provincial income tax rate	**(8)**	(17)
Adjustment for income taxes arising from the following:		
Difference in statutory income tax rate of foreign operations	**1**	3
Prior years reassessment	**(1)**	5
Reversal of deferred income tax assets related to prior year losses	**—**	1
Permanent differences	**(6)**	(5)
	(6)	4
Recovery of income taxes	**(14)**	(13)

The weighted average income tax rate for the year ended December 31, 2024 was 23.79% (December 31, 2023 - 24.25%).

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)	**2024**	2023
Foreign currency translation related to hedging activities	**(5)**	1
Cash flow hedge	**—**	(1)
Actuarial gain on post-employment benefit obligations	**2**	2
Provision for (recovery of) income taxes in comprehensive income (loss)	**(3)**	2

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)	2024	2023
Deferred income tax assets:		
Deferred income tax assets to be recovered	557	507
Jurisdiction legal entities reclassification	(337)	(340)
	220	167
Deferred income tax liabilities:		
Deferred income tax liabilities to be recovered	470	483
Jurisdiction legal entities reclassification	(337)	(340)
	133	143
	87	24

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

(in millions of Canadian dollars)	2024	2023
Balance at beginning of the year	24	(18)
Through consolidated statements of earnings (loss)	24	25
Variance of income tax credit	29	21
Through consolidated statements of comprehensive income (loss)	3	(2)
Exchange differences	7	(2)
Balance at end of the year	87	24

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, 2023	153	12	30	88	3	—	49	37	372
Through consolidated statements of earnings (loss)	89	—	5	(23)	(1)	—	(12)	29	87
Variance of income tax credit	—	—	—	21	—	—	—	—	21
Others	—	12	—	—	—	—	11	10	33
Exchange differences	(2)	—	(1)	(1)	—	—	(1)	(1)	(6)
As of December 31, 2023	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

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, 2023	—	355	—	14	3	18	390
Through consolidated statements of earnings (loss)	—	57	2	1	(3)	5	62
Through consolidated statements of comprehensive income (loss)	2	—	—	—	—	—	2
Others	12	13	8	—	—	—	33
Exchange differences	—	(4)	—	—	—	—	(4)
As of December 31, 2023	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**

g. The Corporation has recognized accumulated losses for income tax purposes amounting to approximately $823 million, which may be carried forward to reduce taxable income in future years. The future tax benefit of $200 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 19
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)	**2024**	2023
Cash and cash equivalents	**(27)**	(54)
Bank loans and advances	**10**	—
Long-term debt, including current portion	**2,113**	1,936
Net debt	**2,096**	1,882
Total equity	**1,771**	1,781
Total capital	**3,867**	3,663

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 (2024 - $2,024 million; 2023 - $1,796 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 expense. The EBITDA is defined as net earnings of the last four quarters plus financing expense, income taxes, amortization and depreciation, expense for stock options and dividends received from a person who is not a credit party (2024 - $446 million; 2023 - $584 million). Excluded from net earnings are the share of results of equity investments and gains or losses from non-recurring items. Financing expense is calculated as interest and financial charges determined in accordance with IFRS Accounting Standards plus any capitalized interest, but excluding the amortization of deferred financing costs, up-front and financing costs, 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, 2024, the funded debt-to-capitalization ratio stood at 51.16% and the interest coverage ratio was 3.46x. 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:

		2024		2023	
	NOTE	NUMBER OF COMMON SHARES	IN MILLIONS OF CANADIAN DOLLARS	NUMBER OF COMMON SHARES	IN MILLIONS OF CANADIAN DOLLARS
Balance at beginning of the year		**100,695,370**	**613**	100,361,627	611
Common shares issued on exercise of stock options	19 C	**295,637**	**3**	333,743	2
Balance at end of the year		**100,991,007**	**616**	100,695,370	613

C. COMMON SHARE ISSUANCE

In 2024, the Corporation issued 295,637 common shares upon the exercise of options for an amount of $2 million (2023 - $2 million for 333,743 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 LOSS PER COMMON SHARE

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

	2024	2023
Net loss attributable to Shareholders (in millions of Canadian dollars)	(31)	(76)
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 loss per common share (in Canadian dollars)	($0.31)	($0.76)
Diluted net loss per common share (in Canadian dollars)	($0.31)	($0.76)

As of December 31, 2024, 877,902 stocks options have an antidilutive effect (December 31, 2023 - 549,582 stocks options).

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

	2024	2023
Dividends declared per common share (in Canadian dollars)	$0.48	$0.48

NOTE 20
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 8,670,620 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 2024 (2023 - $1 million).

Changes in the number of options outstanding as of December 31, 2024 and 2023 are as follows:

	2024		2023	
	NUMBER OF OPTIONS	WEIGHTED AVERAGE EXERCISE PRICE ($)	NUMBER OF OPTIONS	WEIGHTED AVERAGE EXERCISE PRICE ($)
Balance at beginning of the year	3,172,527	10.75	2,794,344	10.01
Granted	1,020,319	9.48	730,876	11.20
Exercised	(295,637)	6.27	(333,743)	5.40
Forfeited	(44,689)	10.48	(18,950)	12.92
Balance at end of the year	3,852,520	10.76	3,172,527	10.75
Options exercisable - at end of the year	1,888,793	11.32	1,724,381	10.43

The weighted average share price at the time of exercise of the options was $9.77 in 2024 (2023 - $11.58).

The following options were outstanding as of December 31, 2024:

	OPTIONS OUTSTANDING		OPTIONS EXERCISABLE		
YEAR GRANTED	NUMBER OF OPTIONS	WEIGHTED AVERAGE EXERCISE PRICE ($)	NUMBER OF OPTIONS	WEIGHTED AVERAGE EXERCISE PRICE ($)	EXPIRATION DATE
2015	**260,628**	**7.66**	**260,628**	**7.66**	**2025**
2016	**235,309**	**9.75**	**235,309**	**9.75**	**2026**
2017	**187,032**	**14.28**	**187,032**	**14.28**	**2025 - 2027**
2018	**144,444**	**12.39**	**144,444**	**12.39**	**2025 - 2028**
2019	**185,449**	**11.97**	**185,449**	**11.97**	**2029**
2020	**176,414**	**13.95**	**176,414**	**13.95**	**2025 - 2030**
2021	**184,563**	**14.67**	**138,553**	**14.67**	**2025 - 2031**
2022	**763,199**	**10.26**	**382,305**	**10.26**	**2030 - 2032**
2023	**712,487**	**11.20**	**178,659**	**11.20**	**2030 - 2033**
2024	**1,002,995**	**9.48**	**—**	**9.48**	**2031 - 2034**
	3,852,520		**1,888,793**		

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 $2.25 in 2024 (2023 - $2.50) as of the grant date of each option issued to employees:

	2024	2023
Weighted average grant date share price	**$9.56**	$10.87
Weighted average exercise price	**$9.48**	$11.20
Risk-free interest rate	**3.76%**	2.83%
Weighted average expected dividend yield	**5.02%**	4.42%
Expected life of options	**6.25 years**	6.25 years
Expected volatility	**35%**	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, 2024, the Corporation's contribution to the plan amounted to $2 million (December 31, 2023 - $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 CO_2 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, 2024, the Corporation had a total of 798,270 PSUs outstanding (December 31, 2023 - 1,061,212 PSUs) for a fair value of $4 million (December 31, 2023 - $4 million). In 2024, the Corporation made payment of $3 million in relation to PSUs (2023 - less than a million dollars).

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 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, 2024, the Corporation had a total of 1,769,876 DSUs outstanding (December 31, 2023 - 1,344,392 DSUs). On January 15, 2025, the Corporation issued 138,720 DSUs related to prior year. As of December 31, 2024, the liability amounts to $24 million (December 31, 2023 - $20 million). In 2024, the Corporation made payment of $1 million in relation to DSUs (2023 - less than a million dollars).

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, 2024, the Corporation had a total of 119,887 RSUs outstanding (December 31, 2023 - 68,694 RSUs) for a fair value of $1 million (December 31, 2023 - $1 million).

NOTE 21
SALES

Sales by country are shown in the following table:

(in millions of Canadian dollars)	2024		2023	
Sales				
Operations located in Canada				
Within Canada	**2,153**	**81%**	2,060	79%
To the United States	**504**	**19%**	544	21%
Other countries	**5**	**—%**	12	—%
	2,662	**100%**	2,616	100%
Operations located in the United States				
Within the United States	**1,898**	**93%**	1,900	94%
To Canada	**138**	**7%**	120	6%
Other countries	**3**	**—%**	2	—%
	2,039	**100%**	2,022	100%
	4,701		4,638	
Sales from:				
Canada	**2,662**	**57%**	2,616	56%
United States	**2,039**	**43%**	2,022	44%
	4,701	**100%**	4,638	100%
Sales to:				
Canada	**2,291**	**49%**	2,180	47%
United States	**2,402**	**51%**	2,444	53%
Other countries	**8**	**—%**	14	—%
	4,701	**100%**	4,638	100%

NOTE 22
EMPLOYEE BENEFIT EXPENSES

(in millions of Canadian dollars)	NOTE	2024	2023
Wages and employee benefit expenses		1,041	1,039
Share options granted to directors and employees	20 A	2	1
Pension costs - defined benefit plans	17	2	3
Pension costs - defined contribution plans	17	38	35
Post-employment benefits other than defined benefit pension plans	17	3	4
		1,086	1,082

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 is shown below:

(in millions of Canadian dollars)	2024	2023
Salaries and other short-term benefits	11	11
Post-employment benefits	1	1
Share-based compensation	8	5
	20	17

NOTE 23
IMPAIRMENT CHARGES

	PACKAGING PRODUCTS					2024
(in millions of Canadian dollars)	CONTAINER-BOARD	SPECIALTY PRODUCTS	SUB-TOTAL	TISSUE PAPERS	CORPORATE, RECOVERY AND RECYCLING ACTIVITIES	TOTAL
Spare parts	2	2	4	5	—	9
Property, plant and equipment	—	34	34	21	—	55
	2	36	38	26	—	64

	PACKAGING PRODUCTS					2023
(in millions of Canadian dollars)	CONTAINER-BOARD	SPECIALTY PRODUCTS	SUB-TOTAL	TISSUE PAPERS	CORPORATE, RECOVERY AND RECYCLING ACTIVITIES	TOTAL
Spare parts	10	1	11	23	—	34
Property, plant and equipment	94	1	95	80	—	175
	104	2	106	103	—	209

IMPAIRMENT TEST OF GOODWILL AND OTHER INDEFINITE USEFUL LIFE INTANGIBLE ASSETS

As of December 31, 2024, allocation of goodwill and other indefinite useful life intangible assets is as follows:

- Goodwill of $503 million is allocated to the Containerboard Packaging segment.
- Other indefinite useful life intangible assets of $1 million are allocated to the Tissue Papers segment.

Annually, the Corporation must assess its goodwill and other indefinite useful life intangible assets for impairment.

The Corporation concluded that the recoverable amount of the other indefinite useful life intangible assets exceeded its carrying amount, thus no impairment charge was necessary.

The Corporation tested its Containerboard Packaging segment goodwill for impairment. As a result of this impairment test, the Corporation concluded that the recoverable amount of the segment exceeded its carrying amount, and so no impairment charge was necessary. The key assumptions used by the Corporation are the adjusted earnings before interest, taxes, depreciation and amortization margin (EBITDA (A) margin), capital expenditures, the foreign exchange rate and shipments based on historical and expected levels.

The Corporation applied the income approach in determining fair value less cost of disposal (level 2 inputs).

With all other variables held constant, a rise in the discounting rate of 3.9% would reduce the excess to nil.

	CONTAINERBOARD PACKAGING
Discounting rate	**10.0%**

NOTE 24
ADDITIONAL INFORMATION

A. CHANGES IN NON-CASH WORKING CAPITAL COMPONENTS ARE DETAILED AS FOLLOWS:

(in millions of Canadian dollars)	**2024**	2023
Accounts receivable	**—**	95
Current income tax assets	**(2)**	(1)
Inventories	**(55)**	(15)
Trade and other payables	**34**	35
Current income tax liabilities	**—**	(1)
	(23)	113

B. FINANCING EXPENSE

(in millions of Canadian dollars)	**2024**	2023
Interest on long-term debt (including lease obligations interest 2024 - $10 million; 2023 - $8 million)	**130**	113
Amortization of financing costs	**4**	3
Other interest and banking fees	**5**	7
Interest expense on employee future benefits	**3**	4
Unrealized loss (gain) on interest rate hedge instruments	**(1)**	1
Foreign exchange loss (gain) on long-term debt and financial instruments	**1**	—
	142	128

UNREALIZED LOSS (GAIN) ON INTEREST RATE HEDGE INSTRUMENTS

In 2024, the Corporation recorded an unrealized gain on interest rate hedge instruments of $1 million (unrealized loss of $1 million in 2023).

FOREIGN EXCHANGE LOSS (GAIN) ON LONG-TERM DEBT AND FINANCIAL INSTRUMENTS

In 2024, the Corporation recorded a loss of $1 million on its US$ denominated debt and related financial instruments, compared to a gain of less than a million dollars in 2023. The foreign exchange loss (gain) on long-term debt and financial instruments is composed of foreign exchange forward contracts not designated for hedge accounting.

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, 2023		(102)	3	2,065	1,966
Cash flow					
Change in cash and cash equivalents		47	—	—	47
Bank loans and advances		—	(3)	—	(3)
Change in credit facilities		—	—	(92)	(92)
Change in credit facilities without recourse to the Corporation	12	—	—	94	94
Payments of other long-term debt, including lease obligations (2023 - $59 million)	12	—	—	(137)	(137)
Non-cash changes					
Right-of-use assets acquisitions		—	—	50	50
Right-of-use assets disposals		—	—	(5)	(5)
Amortization of financing costs in long-term debt		—	—	2	2
Other		—	—	(1)	(1)
Foreign exchange translation on long-term debt		—	—	(11)	(11)
Exchange differences		1	—	(29)	(28)
As of December 31, 2023		(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	12	**—**	**—**	**(16)**	**(16)**
Payments of other long-term debt, including lease obligations (2024 - $67 million)	12	**—**	**—**	**(75)**	**(75)**
Non-cash changes					
Right-of-use assets acquisitions		**—**	**—**	**121**	**121**
Right-of-use assets disposals		**—**	**—**	**(2)**	**(2)**
Amortization of financing costs 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**

NOTE 25 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:

	2024				2023			
(in millions of Canadian dollars)	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
No later than one year	**23**	**9**	**7**	**54**	21	10	16	50
Later than one year but no later than five years	**—**	**1**	**4**	**37**	—	—	7	37
More than five years	**—**	**—**	**—**	**—**	—	—	—	—
	23	**10**	**11**	**91**	21	10	23	87

Supply chain and logistic commitments include an amount of $14 million in 2024 ($18 million in 2023) spread over three years with an associate.

NOTE 26
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, 2024		
Sales to related parties	**244**	**76**
Purchases from related parties	**141**	**48**
For the year ended December 31, 2023		
Sales to related parties	237	80
Purchases from related parties	120	41

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, 2024**	December 31, 2023
Receivables from related parties		
Joint ventures	**19**	9
Associates	**17**	12
Payables to related parties		
Joint ventures	**12**	4
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 27
EVENTS AFTER THE REPORTING PERIOD

Unsecured term loan credit facility

The Corporation signed a delayed draw unsecured term loan credit facility of US$121 million on January 31, 2025. For further details, please refer to Note 12. On January 31, 2025, US$25 million were received from the facility. This facility will mature on December 31, 2026 and will bear interest at a variable rate.

Risk of tariffs.

In the event that bilateral tariffs between Canada and the United States are not fully averted and are enacted the trade flow could be disrupted and the competitiveness of the Corporation could be hindered for the 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.

The Corporation is currently evaluating the impact of the potential tariffs on its Consolidated Financial Statements.

Transformation of Recovery and Recycling activities in Québec

On February 4, 2025, the Corporation announced the closure of its Recovery and Recycling site in Lachine, Québec, effective on April 11, 2025. Closure costs, including severance, are expected to total $1 million to $2 million and will be recorded in the coming periods.

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