

*For Immediate Release*

## **Transcontinental Inc. Announces Results for the First Quarter of Fiscal 2024**

### **Highlights**

- Growth in adjusted operating earnings before depreciation and amortization<sup>(1)</sup> of 14.3% for the quarter, including an increase of 29.6% in the Packaging Sector.
- Revenues of \$680.4 million for the quarter ended January 28, 2024; operating earnings of \$27.8 million; and net earnings attributable to shareholders of the Corporation of \$13.9 million (\$0.16 per share).
- Adjusted operating earnings before depreciation and amortization<sup>(1)</sup> of \$96.1 million for the quarter ended January 28, 2024; adjusted operating earnings<sup>(1)</sup> of \$59.0 million; and adjusted net earnings attributable to shareholders of the Corporation<sup>(1)</sup> of \$37.4 million (\$0.43 per share).
- Announced, on February 1, 2024, the closure of the Saint-Hyacinthe plant in April 2024 and the transfer of its operations to the other plants in the network.

(1) Please refer to the section entitled "Non-IFRS Financial Measures" in this press release for a definition of these measures.

**Montréal, March 12, 2024** - Transcontinental Inc. (TSX: TCL.A TCL.B) announces its results for the first quarter of fiscal 2024, which ended January 28, 2024.

"We had a solid first quarter despite persistently challenging market conditions," said Thomas Morin, President and Chief Executive Officer of TC Transcontinental. "This performance is largely attributable to cost reductions in line with our priorities and the profitability and financial position improvement program announced in December.

"The Packaging Sector had an excellent start with a 29.6% growth in adjusted operating earnings before depreciation and amortization for the quarter compared to last year, as the initiatives implemented to reduce our costs and a more favourable product mix more than offset the softer demand across the market. While there are still uncertainties surrounding short-term demand, we are satisfied with the progress made with the deployment of new equipment related to our strategic investments and the market interest in that respect.

"In our Printing Sector, our cost reduction initiatives allowed us to mitigate the persistent challenges facing our book printing activities. We are encouraged by the opportunities in our retail related services, in particular the continued roll-out of *raddar*<sup>TM</sup> as well as our in-store marketing activities.

"I'm pleased that our two-year program aimed at improving our earnings per share and our financial position has already started to show results. By the end of the second quarter, we will have reduced our overall workforce by 6%. We also achieved significant cost of goods sold savings, and our solid earnings and free cash flows enabled us to reduce our indebtedness ratio to 2.00x at the end of the first quarter."

"Our financial position is solid, and we expect to generate significant cash flows by the end of fiscal 2024 that will enable us to pursue our debt reduction objective," concluded Donald LeCavalier, Executive Vice President and Chief Financial Officer of TC Transcontinental.

## Financial Highlights

(in millions of dollars, except per share amounts)	Q1-2024	Q1-2023	Variation in %
Revenues	\$680.4	\$707.0	(3.8) %
Operating earnings before depreciation and amortization	82.7	75.9	9.0
Adjusted operating earnings before depreciation and amortization <sup>(1)</sup>	96.1	84.1	14.3
Operating earnings	27.8	15.0	85.3
Adjusted operating earnings <sup>(1)</sup>	59.0	41.8	41.1
Net earnings attributable to shareholders of the Corporation	13.9	1.0	N/A
Net earnings attributable to shareholders of the Corporation per share	0.16	0.01	N/A
Adjusted net earnings attributable to shareholders of the Corporation <sup>(1)</sup>	37.4	21.1	77.3
Adjusted net earnings attributable to shareholders of the Corporation per share <sup>(1)</sup>	0.43	0.24	79.2

(1) Please refer to the section entitled "Reconciliation of Non-IFRS Financial Measures" in this Press release for adjusted data presented above.

## Results of the First Quarter of Fiscal 2024

Revenues decreased by \$26.6 million, or 3.8%, from \$707.0 million in the first quarter of 2023 to \$680.4 million in the corresponding period of 2024. This decrease is mainly due to lower volume in the Printing Sector and, to a lesser extent, in the Packaging Sector.

Operating earnings before depreciation and amortization increased by \$6.8 million, or 9.0%, from \$75.9 million in the first quarter of 2023 to \$82.7 million in the first quarter of 2024. Adjusted operating earnings before depreciation and amortization increased by \$12.0 million, or 14.3%, from \$84.1 million in the first quarter of 2023 to \$96.1 million in the first quarter of 2024. These increases are mainly attributable to our cost reduction initiatives, partially offset by lower volume. In addition, the increase in restructuring and other costs and, to a lesser extent, asset impairment charges had an adverse impact on operating earnings before depreciation and amortization.

Net earnings attributable to shareholders of the Corporation increased by \$12.9 million, from \$1.0 million in the first quarter of 2023 to \$13.9 million in the first quarter of 2024. This increase is mainly attributable to the previously explained increase in operating earnings before depreciation and amortization and the decrease in depreciation and amortization and financial expenses, partially offset by higher income taxes. On a per share basis, net earnings attributable to shareholders of the Corporation went from \$0.01 to \$0.16, respectively.

Adjusted net earnings attributable to shareholders of the Corporation increased by \$16.3 million, or 77.3%, from \$21.1 million in the first quarter of 2023 to \$37.4 million in the first quarter of 2024. This increase is mainly attributable to the previously explained increase in adjusted operating earnings before depreciation and amortization and the decrease in depreciation and amortization and financial expenses, partially offset by higher income taxes. On a per share basis, adjusted net earnings attributable to shareholders of the Corporation went from \$0.24 to \$0.43, respectively.

For more detailed financial information, please see the Management's Discussion and Analysis for the first quarter ended January 28, 2024, as well as the financial statements in the "Investors" section of our website at [www.tc.tc](http://www.tc.tc).

## Outlook

In the Packaging Sector, our investments in sustainable packaging solutions position us well for the future and should be a key driver of our long-term growth. The economic environment should however continue to affect short-term demand. In terms of profitability, despite the pressure on volume, we expect an increase in adjusted operating earnings before depreciation and amortization for fiscal 2024 compared to fiscal 2023.

In the Printing Sector, we expect lower volume in our traditional activities. This anticipated volume reduction should result in lower adjusted operating earnings before depreciation and amortization for fiscal 2024 compared to fiscal 2023. We expect this decrease to be mostly offset by cost reduction initiatives and the continued roll-out of *raddar*<sup>TM</sup>.

Finally, given the economic environment and the early impact of our profitability and financial position improvement program, we expect consolidated adjusted operating earnings before depreciation and amortization to remain at the very least stable for fiscal 2024 compared to fiscal 2023. In addition, we expect to continue generating significant cash flows from operating activities, which will enable us to reduce our net indebtedness while continuing our strategic investments.

## Non-IFRS Financial Measures

In this document, unless otherwise indicated, all financial data are prepared in accordance with International Financial Reporting Accounting Standards ("IFRS") and the term "dollar", as well as the symbol "\$" designate Canadian dollars.

In addition, in this press release, we also use certain non-IFRS financial measures for which a complete definition is presented below and for which a reconciliation to financial information in accordance with IFRS is presented in the section entitled "Reconciliation of Non-IFRS Financial Measures" and in Note 3, "Segmented Information", to the condensed interim consolidated financial statements for the first quarter ended January 28, 2024.

Terms Used	Definitions
Adjusted operating earnings before depreciation and amortization	Operating earnings before depreciation and amortization as well as restructuring and other costs (revenues) and impairment of assets.
Adjusted operating earnings	Operating earnings before restructuring and other costs (revenues), amortization of intangible assets arising from business combinations and impairment of assets.
Adjusted income taxes	Income taxes before income taxes on restructuring and other costs (revenues), impairment of assets and amortization of intangible assets arising from business combinations.
Adjusted net earnings attributable to shareholders of the Corporation	Net earnings attributable to shareholders of the Corporation before restructuring and other costs (revenues), amortization of intangible assets arising from business combinations and impairment of assets, net of related income taxes.
Net indebtedness	Total of long-term debt, of current portion of long-term debt, of lease liabilities and of current portion of lease liabilities, less cash.
Net indebtedness ratio	Net indebtedness divided by the last 12 months' adjusted operating earnings before depreciation and amortization.

## Reconciliation of Non-IFRS Financial Measures

The financial information has been prepared in accordance with IFRS. However, financial measures used, namely adjusted operating earnings before depreciation and amortization, adjusted operating earnings, adjusted income taxes, adjusted net earnings attributable to shareholders of the Corporation, adjusted net earnings attributable to shareholders of the Corporation per share, net indebtedness and net indebtedness ratio, for which a reconciliation is presented in the following table, do not have any standardized meaning under IFRS and could be calculated differently by other companies. We believe that many of our readers analyze the financial performance of the Corporation's activities based on these non-IFRS financial measures as such measures may allow for easier comparisons between periods. These measures should be considered as a complement to financial performance measures in accordance with IFRS. They do not substitute and are not superior to them.

The Corporation also believes that these measures are useful indicators of the performance of its operations and its ability to meet its financial obligations. Furthermore, management also uses some of these non-IFRS financial measures to assess the performance of its activities and managers.

### Reconciliation of operating earnings - First quarter

(in millions of dollars)	Three months ended	
	January 28, 2024	January 29, 2023
<b>Operating earnings</b>	<b>\$27.8</b>	\$15.0
Restructuring and other costs	11.3	8.2
Amortization of intangible assets arising from business combinations <sup>(1)</sup>	17.8	18.6
Impairment of assets	2.1	—
<b>Adjusted operating earnings</b>	<b>\$59.0</b>	\$41.8
Depreciation and amortization <sup>(2)</sup>	37.1	42.3
<b>Adjusted operating earnings before depreciation and amortization</b>	<b>\$96.1</b>	\$84.1

(1) Amortization of intangible assets arising from business combinations includes our customer relationships, non-compete agreements, rights of first refusal and educational book titles.

(2) Depreciation and amortization excludes the amortization of intangible assets arising from business combinations.

### Reconciliation of operating earnings - First quarter for the Packaging Sector

(in millions of dollars)	Three months ended	
	January 28, 2024	January 29, 2023
<b>Operating earnings</b>	<b>\$22.4</b>	\$4.2
Restructuring and other costs	3.6	4.0
Amortization of intangible assets arising from business combinations <sup>(1)</sup>	16.1	16.0
Impairment of assets	0.3	—
<b>Adjusted operating earnings</b>	<b>\$42.4</b>	\$24.2
Depreciation and amortization <sup>(2)</sup>	18.0	22.4
<b>Adjusted operating earnings before depreciation and amortization</b>	<b>\$60.4</b>	\$46.6

(1) Amortization of intangible assets arising from business combinations includes our customer relationships.

(2) Depreciation and amortization excludes the amortization of intangible assets arising from business combinations.

### Reconciliation of operating earnings - First quarter for the Printing Sector

(in millions of dollars)	Three months ended	
	January 28, 2024	January 29, 2023
<b>Operating earnings</b>	<b>\$17.6</b>	\$22.0
Restructuring and other costs	6.1	3.2
Amortization of intangible assets arising from business combinations <sup>(1)</sup>	1.3	2.1
Impairment of assets	1.8	—
<b>Adjusted operating earnings</b>	<b>\$26.8</b>	\$27.3
Depreciation and amortization <sup>(2)</sup>	12.7	13.3
<b>Adjusted operating earnings before depreciation and amortization</b>	<b>\$39.5</b>	\$40.6

(1) Amortization of intangible assets arising from business combinations includes our customer relationships.

(2) Depreciation and amortization excludes the amortization of intangible assets arising from business combinations.

### Reconciliation of operating earnings - First quarter for the Other Sector

(in millions of dollars)	Three months ended	
	January 28, 2024	January 29, 2023
<b>Operating earnings</b>	<b>(\$12.2)</b>	<b>(\$11.2)</b>
Restructuring and other costs	1.6	1.0
Amortization of intangible assets arising from business combinations <sup>(1)</sup>	0.4	0.5
<b>Adjusted operating earnings</b>	<b>(\$10.2)</b>	<b>(\$9.7)</b>
Depreciation and amortization <sup>(2)</sup>	6.4	6.6
<b>Adjusted operating earnings before depreciation and amortization</b>	<b>(\$3.8)</b>	<b>(\$3.1)</b>

(1) Amortization of intangible assets arising from business combinations includes non-compete agreements, rights of first refusal and educational book titles.

(2) Depreciation and amortization excludes the amortization of intangible assets arising from business combinations.

### Reconciliation of net earnings attributable to shareholders of the Corporation - First quarter

(in millions of dollars, except per share amounts)	Three months ended	
	January 28, 2024	January 29, 2023
<b>Net earnings attributable to shareholders of the Corporation</b>	<b>\$13.9</b>	<b>\$1.0</b>
Restructuring and other costs	11.3	8.2
Tax on restructuring and other costs	(2.8)	(2.1)
Amortization of intangible assets arising from business combinations <sup>(1)</sup>	17.8	18.6
Tax on amortization of intangible assets arising from business combinations	(4.4)	(4.6)
Impairment of assets	2.1	—
Tax on impairment of assets	(0.5)	—
<b>Adjusted net earnings attributable to shareholders of the Corporation</b>	<b>\$37.4</b>	<b>\$21.1</b>
<b>Net earnings attributable to shareholders of the Corporation per share</b>	<b>\$0.16</b>	<b>\$0.01</b>
<b>Adjusted net earnings attributable to shareholders of the Corporation per share</b>	<b>\$0.43</b>	<b>\$0.24</b>
Weighted average number of shares outstanding	86.6	86.6

(1) Amortization of intangible assets arising from business combinations includes our customer relationships, non-compete agreements, rights of first refusal and educational book titles.

### Reconciliation of net indebtedness

(in millions of dollars, except ratios)	As at January 28, 2024	As at October 29, 2023
Long-term debt	\$852.5	\$937.8
Current portion of long-term debt	2.8	2.1
Lease liabilities	91.9	94.6
Current portion of lease liabilities	22.6	23.5
Cash	(51.5)	(137.0)
<b>Net indebtedness</b>	<b>\$918.3</b>	<b>\$921.0</b>
Adjusted operating earnings before depreciation and amortization (last 12 months)	\$458.5	\$446.5
<b>Net indebtedness ratio</b>	<b>2.00x</b>	<b>2.06x</b>

## **Dividend**

The Corporation's Board of Directors declared a quarterly dividend of \$0.225 per share on Class A Subordinate Voting Shares and Class B Shares. This dividend is payable on April 22, 2024, to shareholders of record at the close of business on April 3, 2024.

## **Additional information**

### **Conference Call**

Upon releasing its 2024 first quarter results, the Corporation will hold a conference call for the financial community on March 13, 2024, at 8:00 a.m. The dial-in numbers are 1-289-514-5100 or 1-800-717-1738. Media may hear the call in listen-only mode or tune in to the simultaneous audio broadcast on TC Transcontinental's website, which will then be archived for 30 days. For media requests or interviews, please contact Nathalie St-Jean, Senior Advisor, Corporate Communications of TC Transcontinental, at 514-954-3581.

## **Profile**

TC Transcontinental is a leader in flexible packaging in North America, and Canada's largest printer. The Corporation is also the leading Canadian French-language educational publishing group. For over 45 years, TC Transcontinental's mission has been to create quality products and services that allow businesses to attract, reach and retain their target customers.

Respect, teamwork, performance and innovation are the strong values held by the Corporation and its employees. TC Transcontinental's commitment to its stakeholders is to pursue its business activities in a responsible manner.

Transcontinental Inc. (TSX: TCL.A TCL.B), known as TC Transcontinental, has approximately 8,000 employees, the majority of which are based in Canada, the United States and Latin America. TC Transcontinental generated revenues of \$2.9 billion during the fiscal year ended October 29, 2023. For more information, visit TC Transcontinental's website at [www.tc.tc](http://www.tc.tc).

## Forward-looking Statements

Our public communications often contain oral or written forward-looking statements which are based on the expectations of management and inherently subject to a certain number of risks and uncertainties, known and unknown. By their very nature, forward-looking statements are derived from both general and specific assumptions. The Corporation cautions against undue reliance on such statements since actual results or events may differ materially from the expectations expressed or implied in them. Forward-looking statements may include observations concerning the Corporation's objectives, strategy, anticipated financial results and business outlook. The Corporation's future performance may also be affected by a number of factors, many of which are beyond the Corporation's will or control. These factors include, but are not limited to the impact of digital product development and adoption as well as regulations or legislation regarding door-to-door distribution on the printing and distribution of paper flyers, inflation and recession risks, economic conditions and geopolitical uncertainty, environmental risks as well as adoption of new regulations or amendments and changes to consumption habits, risk of an operational disruption that could be harmful to its ability to meet deadlines, the worldwide outbreak of a disease, a virus or any other contagious disease could have an adverse impact on the Corporation's operations, the ability to generate organic long-term growth and face competition, a significant increase in the cost of raw materials, the availability of those materials and energy consumption could have an adverse impact on the Corporation's activities, the ability to complete acquisitions and properly integrate them, cybersecurity, data protection, warehousing and usage, the impact of digital product development and adoption on the demand for printed products other than flyers, the failure of patents, trademarks and confidentiality agreements to protect intellectual property, a difficulty to attract and retain employees in the main operating sectors, the safety and quality of packaging products used in the food industry, bad debts from certain customers, import and export controls, duties, tariffs or taxes, exchange rate fluctuations, increase in market interest rates with respect to our financial instruments as well as availability of capital at a reasonable cost, the legal risks related to its activities and the compliance of its activities with applicable regulations, the impact of major market fluctuations on the solvency of defined benefit pensions plans, changes in tax legislation and disputes with tax authorities or amendments to statutory tax rates in force, the impact of impairment tests on the value of assets and a conflict of interest between the controlling shareholder and other shareholders. The main risks, uncertainties and factors that could influence actual results are described in the *Management's Discussion and Analysis* for the year ended October 29, 2023 and in the latest *Annual Information Form*.

Unless otherwise indicated by the Corporation, forward-looking statements do not take into account the potential impact of non-recurring or other unusual items, nor of disposals, business combinations, mergers or acquisitions which may be announced or entered into after the date of March 12, 2024. The forward-looking statements in this press release are made pursuant to the "safe harbour" provisions of applicable Canadian securities legislation. The forward-looking statements in this release are based on current expectations and information available as at March 12, 2024. Such forward-looking information may also be found in other documents filed with Canadian securities regulators or in other communications. The Corporation's management disclaims any intention or obligation to update or revise these statements unless otherwise required by the securities authorities.

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For information:

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# Management's Discussion and Analysis

For the period ended January 28, 2024

## MANAGEMENT'S DISCUSSION AND ANALYSIS

For the first quarter ended January 28, 2024

The purpose of this *Management's Discussion and Analysis* is to help the reader better understand the business, development strategy, and future outlook of Transcontinental Inc., how we manage risk, as well as to analyze the Corporation's results and financial position for the first quarter ended January 28, 2024. It should be read in conjunction with the information in the unaudited condensed interim consolidated financial statements and the accompanying notes. Additional information relating to the Corporation, including its *Annual Report* and *Annual Information Form*, may also be obtained on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca).

In this document, unless otherwise indicated, all financial data are prepared in accordance with International Financial Reporting Accounting Standards ("IFRS") and the term "dollar", as well as the symbol "\$" designate Canadian dollars.

In addition, in this *Management's Discussion and Analysis*, we also use non-IFRS financial measures for which a complete definition is presented below and for which a reconciliation to financial information in accordance with IFRS is presented in Table #2 in the section entitled "Reconciliation of Non-IFRS Financial Measures" and in Note 3 "Segmented Information" to the unaudited condensed interim consolidated financial statements for the first quarter ended January 28, 2024. These measures should be considered as a complement to financial performance measures in accordance with IFRS. They do not substitute and are not superior to them.

Terms Used	Definitions
Adjusted operating earnings before depreciation and amortization	Operating earnings before depreciation and amortization as well as restructuring and other costs (revenues) and impairment of assets.
Adjusted operating earnings margin before depreciation and amortization	Adjusted operating earnings before depreciation and amortization divided by revenues.
Adjusted operating earnings	Operating earnings before restructuring and other costs (revenues), amortization of intangible assets arising from business combinations and impairment of assets.
Adjusted operating earnings margin	Adjusted operating earnings divided by revenues.
Adjusted income taxes	Income taxes before income taxes on restructuring and other costs (revenues), impairment of assets and amortization of intangible assets arising from business combinations.
Adjusted net earnings attributable to shareholders of the Corporation	Net earnings attributable to shareholders of the Corporation before restructuring and other costs (revenues), amortization of intangible assets arising from business combinations and impairment of assets, net of related income taxes.
Net indebtedness	Total of long-term debt, of current portion of long-term debt, of lease liabilities and of current portion of lease liabilities, less cash.
Net indebtedness ratio	Net indebtedness divided by the last 12 months' adjusted operating earnings before depreciation and amortization.

Finally, to facilitate the reading of this report, the terms "TC Transcontinental", "Transcontinental", "Corporation", "we", "our" and "us" all refer to Transcontinental Inc. together with its subsidiaries and joint ventures.

## CAUTION REGARDING FORWARD-LOOKING STATEMENTS

Our public communications often contain oral or written forward-looking statements which are based on the expectations of Management and inherently subject to a certain number of risks and uncertainties, known and unknown. By their very nature, forward-looking statements are derived from both general and specific assumptions. The Corporation cautions against undue reliance on such statements since actual results or events may differ materially from the expectations expressed or implied in them. Forward-looking statements include, among others, statements with respect to our objectives, our outlook, our strategies to achieve these objectives, as well as statements with respect to our beliefs, plans, expectations, anticipations, estimates and intentions. The words "may", "could", "should", "would", "assumptions", "plan", "strategy", "outlook", "believe", "anticipate", "estimate", "expect", "intend", "objective", the use of the future and conditional tenses, and words and expressions of similar nature are intended to identify forward-looking statements. Such forward-looking statements may also include observations concerning the Corporation's anticipated financial results and business outlooks and the economies in which it operates. The Corporation's future performance may also be affected by a number of factors, many of which are beyond its will or control. The main risks, uncertainties and factors that could influence actual results are described in this *Management's Discussion and Analysis for the year ended October 29, 2023* and in the latest *Annual Information Form*.

Unless otherwise indicated by the Corporation, forward-looking statements do not take into account the potential impact of non-recurring or other unusual items, nor of disposals, business combinations, mergers or acquisitions which may be announced or concluded after the date of March 12, 2024.

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The forward-looking statements in this *Management's Discussion and Analysis* are based on current expectations and information available as at March 12, 2024. Such forward-looking statements may also be found in other documents filed with Canadian securities regulators or in other communications. The Corporation's Management disclaims any intention or obligation to update or revise these statements unless otherwise required by the securities authorities.

## PROFILE OF TC TRANSCONTINENTAL

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## HIGHLIGHTS

Table #1:

(in millions of dollars, except per share amounts)	Q1-2024	Q1-2023	Variation in %
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Operating earnings	27.8	15.0	85.3
Adjusted operating earnings <sup>(1)</sup>	59.0	41.8	41.1
Net earnings attributable to shareholders of the Corporation	13.9	1.0	N/A
Net earnings attributable to shareholders of the Corporation per share	0.16	0.01	N/A
Adjusted net earnings attributable to shareholders of the Corporation <sup>(1)</sup>	37.4	21.1	77.3
Adjusted net earnings attributable to shareholders of the Corporation per share <sup>(1)</sup>	0.43	0.24	79.2

(1) Please refer to Table #2 in the section entitled "Reconciliation of Non-IFRS Financial Measures" in this Management's Discussion and Analysis for adjusted data presented above.

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- Revenues of \$680.4 million for the quarter ended January 28, 2024; operating earnings of \$27.8 million; and net earnings attributable to shareholders of the Corporation of \$13.9 million (\$0.16 per share).
- Adjusted operating earnings before depreciation and amortization of \$96.1 million for the quarter ended January 28, 2024; adjusted operating earnings of \$59.0 million; and adjusted net earnings attributable to shareholders of the Corporation of \$37.4 million (\$0.43 per share).
- Announced, on February 1, 2024, the closure of the Saint-Hyacinthe plant in April 2024 and the transfer of its operations to the other plants in the network.

## RECONCILIATION OF NON-IFRS FINANCIAL MEASURES

(Unaudited)

The financial information has been prepared in accordance with IFRS. However, financial measures used, namely adjusted operating earnings before depreciation and amortization, adjusted operating earnings margin before depreciation and amortization, adjusted operating earnings, adjusted operating earnings margin, adjusted income taxes, adjusted net earnings attributable to shareholders of the Corporation, adjusted net earnings attributable to shareholders of the Corporation per share, net indebtedness and the net indebtedness ratio, for which a reconciliation is presented in the following table, do not have any standardized meaning under IFRS and could be calculated differently by other companies. We believe that many of our readers analyze the financial performance of the Corporation's activities based on these non-IFRS financial measures as such measures may allow for easier comparisons between periods. These measures should be considered as a complement to financial performance measures in accordance with IFRS. They do not substitute and are not superior to them.

The Corporation also believes that these measures are useful indicators of the performance of its operations and its ability to meet its financial obligations. Furthermore, management also uses some of these non-IFRS financial measures to assess the performance of its activities and managers.

**Table #2:**

### Reconciliation of operating earnings - First quarter

(in millions of dollars)	Three months ended	
	January 28, 2024	January 29, 2023
<b>Operating earnings</b>	<b>\$27.8</b>	\$15.0
Restructuring and other costs	11.3	8.2
Amortization of intangible assets arising from business combinations <sup>(1)</sup>	17.8	18.6
Impairment of assets	2.1	—
<b>Adjusted operating earnings</b>	<b>\$59.0</b>	\$41.8
Depreciation and amortization <sup>(2)</sup>	37.1	42.3
<b>Adjusted operating earnings before depreciation and amortization</b>	<b>\$96.1</b>	\$84.1

(1) Amortization of intangible assets arising from business combinations include our customer relationships, non-compete agreements, rights of first refusal and educational book titles.

(2) Depreciation and amortization excludes the amortization of intangible assets arising from business combinations.

### Reconciliation of operating earnings - First quarter for the Packaging Sector

(in millions of dollars)	Three months ended	
	January 28, 2024	January 29, 2023
<b>Operating earnings</b>	<b>\$22.4</b>	\$4.2
Restructuring and other costs	3.6	4.0
Amortization of intangible assets arising from business combinations <sup>(1)</sup>	16.1	16.0
Impairment of assets	0.3	—
<b>Adjusted operating earnings</b>	<b>\$42.4</b>	\$24.2
Depreciation and amortization <sup>(2)</sup>	18.0	22.4
<b>Adjusted operating earnings before depreciation and amortization</b>	<b>\$60.4</b>	\$46.6

(1) Amortization of intangible assets arising from business combinations includes our customer relationships.

(2) Depreciation and amortization excludes the amortization of intangible assets arising from business combinations.

### Reconciliation of operating earnings - First quarter for the Printing Sector

(in millions of dollars)	Three months ended	
	January 28, 2024	January 29, 2023
<b>Operating earnings</b>	<b>\$17.6</b>	<b>\$22.0</b>
Restructuring and other costs	6.1	3.2
Amortization of intangible assets arising from business combinations <sup>(1)</sup>	1.3	2.1
Impairment of assets	1.8	—
<b>Adjusted operating earnings</b>	<b>\$26.8</b>	<b>\$27.3</b>
Depreciation and amortization <sup>(2)</sup>	12.7	13.3
<b>Adjusted operating earnings before depreciation and amortization</b>	<b>\$39.5</b>	<b>\$40.6</b>

(1) Amortization of intangible assets arising from business combinations includes our customer relationships.

(2) Depreciation and amortization excludes the amortization of intangible assets arising from business combinations.

### Reconciliation of operating earnings - First quarter for the Other Sector

(in millions of dollars)	Three months ended	
	January 28, 2024	January 29, 2023
<b>Operating earnings</b>	<b>(\$12.2)</b>	<b>(\$11.2)</b>
Restructuring and other costs	1.6	1.0
Amortization of intangible assets arising from business combinations <sup>(1)</sup>	0.4	0.5
<b>Adjusted operating earnings</b>	<b>(\$10.2)</b>	<b>(\$9.7)</b>
Depreciation and amortization <sup>(2)</sup>	6.4	6.6
<b>Adjusted operating earnings before depreciation and amortization</b>	<b>(\$3.8)</b>	<b>(\$3.1)</b>

(1) Amortization of intangible assets arising from business combinations includes our non-compete agreements, rights of first refusal and educational book titles.

(2) Depreciation and amortization excludes the amortization of intangible assets arising from business combinations.

### Reconciliation of operating earnings - Last eight quarters

(in millions of dollars)	2024	2023			2022			
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
<b>Operating earnings</b>	<b>\$27.8</b>	\$66.7	\$39.2	\$43.8	<b>\$15.0</b>	\$85.3	\$52.1	\$46.1
Restructuring and other costs (revenues)	11.3	(2.9)	12.6	3.8	8.2	(4.6)	3.0	0.8
Amortization of intangible assets arising from business combinations <sup>(1)</sup>	17.8	18.3	18.4	18.6	18.6	18.4	17.5	17.2
Impairment of assets	2.1	25.2	—	—	—	—	—	—
<b>Adjusted operating earnings</b>	<b>\$59.0</b>	\$107.3	\$70.2	\$66.2	<b>\$41.8</b>	\$99.1	\$72.6	\$64.1
Depreciation and amortization <sup>(2)</sup>	37.1	38.2	37.7	42.8	42.3	42.0	40.4	39.5
<b>Adjusted operating earnings before depreciation and amortization</b>	<b>\$96.1</b>	\$145.5	\$107.9	\$109.0	<b>\$84.1</b>	\$141.1	\$113.0	\$103.6

(1) Amortization of intangible assets arising from business combinations includes our customer relationships, non-compete agreements, rights of first refusal and educational book titles.

(2) Depreciation and amortization excludes the amortization of intangible assets arising from business combinations.

### Reconciliation of net earnings attributable to shareholders of the Corporation - First quarter

(in millions of dollars, except per share amounts)	Three months ended	
	January 28, 2024	January 29, 2023
<b>Net earnings attributable to shareholders of the Corporation</b>	<b>\$13.9</b>	\$1.0
Restructuring and other costs	11.3	8.2
Tax on restructuring and other costs	(2.8)	(2.1)
Amortization of intangible assets arising from business combinations <sup>(1)</sup>	17.8	18.6
Tax on amortization of intangible assets arising from business combinations	(4.4)	(4.6)
Impairment of assets	2.1	—
Tax on impairment of assets	(0.5)	—
<b>Adjusted net earnings attributable to shareholders of the Corporation</b>	<b>\$37.4</b>	\$21.1
<b>Net earnings attributable to shareholders of the Corporation per share</b>	<b>\$0.16</b>	\$0.01
<b>Adjusted net earnings attributable to shareholders of the Corporation per share</b>	<b>\$0.43</b>	\$0.24
Weighted average number of shares outstanding	86.6	86.6

(1) Amortization of intangible assets arising from business combinations includes our customer relationships, non-compete agreements, rights of first refusal and educational book titles.

### Reconciliation of net earnings attributable to shareholders of the Corporation - Last eight quarters

(in millions of dollars, except per share amounts)	2024		2023			2022		
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
<b>Net earnings attributable to shareholders of the Corporation</b>	<b>\$13.9</b>	\$41.7	\$20.9	\$22.2	<b>\$1.0</b>	\$60.4	\$34.1	\$28.3
Restructuring and other costs (revenues)	11.3	(2.9)	12.6	3.8	8.2	(4.6)	3.0	0.8
Tax on restructuring and other costs (revenues)	(2.8)	0.3	(3.3)	(0.9)	(2.1)	(1.3)	(0.7)	(0.4)
Amortization of intangible assets arising from business combinations <sup>(1)</sup>	17.8	18.3	18.4	18.6	18.6	18.4	17.5	17.2
Tax on amortization of intangible assets arising from business combinations	(4.4)	(4.3)	(4.6)	(4.6)	(4.6)	(4.5)	(4.3)	(4.2)
Impairment of assets	2.1	25.2	—	—	—	—	—	—
Tax on impairment of assets	(0.5)	(6.5)	—	—	—	—	—	—
<b>Adjusted net earnings attributable to shareholders of the Corporation</b>	<b>\$37.4</b>	\$71.8	\$44.0	\$39.1	<b>\$21.1</b>	\$68.4	\$49.6	\$41.7
<b>Net earnings attributable to shareholders of the Corporation per share</b>	<b>\$0.16</b>	\$0.48	\$0.24	\$0.26	<b>\$0.01</b>	\$0.70	\$0.39	\$0.33
<b>Adjusted net earnings attributable to shareholders of the Corporation per share</b>	<b>\$0.43</b>	\$0.83	\$0.51	\$0.45	<b>\$0.24</b>	\$0.79	\$0.57	\$0.48
Weighted average number of shares outstanding	86.6	86.6	86.6	86.6	86.6	86.6	86.6	86.8

(1) Amortization of intangible assets arising from business combinations includes our customer relationships, non-compete agreements, rights of first refusal and educational book titles.

### Reconciliation of net indebtedness

(in millions of dollars, except ratios)	As at January 28, 2024	As at October 29, 2023
Long-term debt	\$852.5	\$937.8
Current portion of long-term debt	2.8	2.1
Lease liabilities	91.9	94.6
Current portion of lease liabilities	22.6	23.5
Cash	(51.5)	(137.0)
<b>Net indebtedness</b>	<b>\$918.3</b>	<b>\$921.0</b>
Adjusted operating earnings before depreciation and amortization (last 12 months)	\$458.5	\$446.5
<b>Net indebtedness ratio</b>	<b>2.00x</b>	2.06x

## ANALYSIS OF CONSOLIDATED RESULTS - FIRST QUARTER

### Revenues

Revenues decreased by \$26.6 million, or 3.8%, from \$707.0 million in the first quarter of 2023 to \$680.4 million in the corresponding period of 2024. This decrease is mainly due to the organic decline largely caused by lower volume in the Printing Sector and, to a lesser extent, in the Packaging Sector. A more detailed analysis of revenues is presented in the section "Analysis of Sector Results - First Quarter".

### Operating and Other Expenses

Operating expenses decreased by \$38.6 million in the first quarter of 2024, or 6.2%, compared to the corresponding period of 2023. This decrease results mainly from lower costs of goods sold and fixed costs related to the profitability and financial position improvement program announced in December 2023, and, to a lesser extent, lower volume.

Restructuring and other costs increased by \$3.1 million, from \$8.2 million in the first quarter of 2023 to \$11.3 million in the first quarter of 2024. This increase is mainly due to higher workforce reduction costs resulting from actions taken to adjust our cost structure, partially mitigated by the decrease in business integration costs.

During the first quarter of 2024, impairment charges of \$2.1 million were recognized following the revision of estimates for the expected future economic benefits of equipment, mainly in the Printing Sector.

### Operating earnings before depreciation and amortization

Operating earnings before depreciation and amortization increased by \$6.8 million, or 9.0%, from \$75.9 million in the first quarter of 2023 to \$82.7 million in the first quarter of 2024. This increase is mainly attributable to cost reduction initiatives, partially offset by lower volume, increase in restructuring and other costs and, to a lesser extent, asset impairment charges.

Adjusted operating earnings before depreciation and amortization increased by \$12.0 million, or 14.3%, from \$84.1 million in the first quarter of 2023 to \$96.1 million in the first quarter of 2024. The increase in adjusted operating earnings before depreciation and amortization is mainly attributable to cost reduction initiatives, partially offset by lower volume. A more detailed analysis of adjusted operating earnings is presented in the section "Analysis of Sector Results - First Quarter".

### Depreciation and Amortization

Depreciation and amortization decreased by \$6.0 million, from \$60.9 million in the first quarter of 2023 to \$54.9 million in the first quarter of 2024. This decrease is mostly attributable to the end of the depreciation period for some equipment, partially offset by acquisitions of property, plant and equipment in the Packaging Sector.

### Net Financial Expenses

Net financial expenses decreased by \$2.8 million, from \$16.7 million in the first quarter of 2023 to \$13.9 million in the first quarter of 2024. This favourable change is mainly explained by the decrease in net indebtedness and the effect of exchange rate fluctuations, partially offset by higher interest rates on floating-rate debt.

### Income Taxes

Income taxes increased by \$2.7 million, from a recovery of \$2.9 million in the first quarter of 2023 to a recovery of \$0.2 million in the first quarter of 2024. This increase is mainly attributable to higher earnings before income taxes.

Adjusted income taxes increased by \$3.7 million, from \$3.8 million in the first quarter of 2023, for an effective tax rate of 15.1%, to \$7.5 million in the first quarter of 2024, for an effective tax rate of 16.6%. This increase in income tax expense is explained by the increase in adjusted operating earnings before income taxes and the increase in the tax rate related to the geographic distribution of earnings before income taxes.



## Net Earnings Attributable to Shareholders of the Corporation

Net earnings attributable to shareholders of the Corporation increased by \$12.9 million, from \$1.0 million in the first quarter of 2023 to \$13.9 million in the first quarter of 2024. This increase is mainly attributable to the previously explained increase in operating earnings before depreciation and amortization and the decrease in depreciation and amortization and financial expenses, partially offset by higher income taxes. On a per share basis, net earnings attributable to shareholders of the Corporation went from \$0.01 to \$0.16, respectively.

Adjusted net earnings attributable to shareholders of the Corporation increased by \$16.3 million, or 77.3%, from \$21.1 million in the first quarter of 2023 to \$37.4 million in the first quarter of 2024. This increase is mainly attributable to the previously explained increase in adjusted operating earnings before depreciation and amortization and the decrease in depreciation and amortization and financial expenses, partially offset by higher income taxes. On a per share basis, adjusted net earnings attributable to shareholders of the Corporation went from \$0.24 to \$0.43, respectively.

## ANALYSIS OF SECTOR RESULTS - FIRST QUARTER

(Unaudited)

Table #3:

(in millions of dollars)	Packaging	Printing	Other	Consolidated results
<b>Revenues - First quarter of 2023</b>	<b>\$405.7</b>	<b>\$286.2</b>	<b>\$15.1</b>	<b>\$707.0</b>
Exchange rate effect	1.9	(1.3)	—	0.6
Organic growth (decline)	(9.4)	(19.8)	2.0	(27.2)
<b>Revenues - First quarter of 2024</b>	<b>\$398.2</b>	<b>\$265.1</b>	<b>\$17.1</b>	<b>\$680.4</b>
<b>Adjusted operating earnings before depreciation and amortization<sup>(1)</sup> - First quarter of 2023</b>	<b>\$46.6</b>	<b>\$40.6</b>	<b>(\$3.1)</b>	<b>\$84.1</b>
Exchange rate effect	0.5	(1.5)	—	(1.0)
Stock-based compensation	—	—	(0.8)	(0.8)
Organic growth (decline)	13.3	0.4	0.1	13.8
<b>Adjusted operating earnings before depreciation and amortization<sup>(1)</sup> - First quarter of 2024</b>	<b>\$60.4</b>	<b>\$39.5</b>	<b>(\$3.8)</b>	<b>\$96.1</b>

(1) Please refer to Table #2 in the section entitled "Reconciliation of Non-IFRS Financial Measures" in this Management's Discussion and Analysis for adjusted data presented above.

### Packaging Sector

Packaging Sector revenues decreased by \$7.5 million, or 1.8%, from \$405.7 million in the first quarter of 2023 to \$398.2 million in the first quarter of 2024. This decrease is mainly due to lower volume caused by a slowdown in demand, in particular in the industrial and medical markets, chiefly related to the economic conditions, partially mitigated by the favourable exchange rate effect.

Adjusted operating earnings before depreciation and amortization increased by \$13.8 million, or 29.6%, from \$46.6 million in the first quarter of 2023 to \$60.4 million in the first quarter of 2024. This increase is mainly attributable to cost reduction initiatives and a more favourable product mix, partially offset by the previously explained lower volume. The sector's adjusted operating earnings margin before depreciation and amortization increased from 11.5% in the first quarter of 2023 to 15.2% in the first quarter of 2024, mainly as a result of the above-mentioned items.

### Printing Sector

Printing Sector revenues decreased by \$21.1 million, or 7.4%, from \$286.2 million in the first quarter of 2023 to \$265.1 million in the first quarter of 2024. This decrease is mostly due to lower volume, notably in magazine and book printing activities.

Adjusted operating earnings before depreciation and amortization decreased by \$1.1 million, or 2.7%, from \$40.6 million in the first quarter of 2023 to \$39.5 million in the first quarter of 2024. This slight decrease is mostly caused by the unfavourable exchange rate effect. The previously explained lower volume was more than mitigated by cost reduction initiatives. The sector's adjusted operating earnings margin before depreciation and amortization increased slightly from 14.2% in the first quarter of 2023 to 14.9% in the first quarter of 2024.

## Other

Revenues increased by \$2.0 million, from \$15.1 million in the first quarter of 2023 to \$17.1 million in the first quarter of 2024, mostly as a result of a decrease in inter-sector eliminations and higher volume in the Media Sector.

Adjusted operating earnings before depreciation and amortization decreased by \$0.7 million, from \$-3.1 million in the first quarter of 2023 to \$-3.8 million in the first quarter of 2024, mainly as a result of the unfavourable impact of the stock-based compensation expense.

## SUMMARY OF QUARTERLY RESULTS

(Unaudited)

Table #4 summarizes selected consolidated financial information derived from the Corporation's audited annual consolidated financial statements and some non-IFRS financial measures for each of the last eight quarters.

**Table #4:**

	2024	2023			2022			
(in millions of dollars, unless otherwise indicated and per share amounts)	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Revenues	\$ 680.4	\$ 779.7	\$ 706.7	\$ 747.2	\$ 707.0	\$ 802.2	\$ 747.8	\$ 715.5
Operating earnings before depreciation and amortization	82.7	123.2	95.3	105.2	75.9	145.7	110.0	102.8
Adjusted operating earnings before depreciation and amortization <sup>(1)</sup>	96.1	145.5	107.9	109.0	84.1	141.1	113.0	103.6
Adjusted operating earnings margin before depreciation and amortization <sup>(1)</sup>	14.1%	18.7%	15.3%	14.6%	11.9%	17.6%	15.1%	14.5%
Operating earnings	\$ 27.8	\$ 66.7	\$ 39.2	\$ 43.8	\$ 15.0	\$ 85.3	\$ 52.1	\$ 46.1
Adjusted operating earnings <sup>(1)</sup>	59.0	107.3	70.2	66.2	41.8	99.1	72.6	64.1
Adjusted operating earnings margin <sup>(1)</sup>	8.7%	13.8%	9.9%	8.9%	5.9%	12.4%	9.7%	9.0%
Net earnings attributable to shareholders of the Corporation	\$ 13.9	\$ 41.7	\$ 20.9	\$ 22.2	\$ 1.0	\$ 60.4	\$ 34.1	\$ 28.3
Net earnings attributable to shareholders of the Corporation per share	0.16	0.48	0.24	0.26	0.01	0.70	0.39	0.33
Adjusted net earnings attributable to shareholders of the Corporation <sup>(1)</sup>	37.4	71.8	44.0	39.1	21.1	68.4	49.6	41.7
Adjusted net earnings attributable to shareholders of the Corporation per share <sup>(1)</sup>	0.43	0.83	0.51	0.45	0.24	0.79	0.57	0.48
% of fiscal year	—%	41%	25%	22%	12%	36%	26%	22%

(1) Please refer to Table #2 in the section entitled "Reconciliation of Non-IFRS Financial Measures" in this Management's Discussion and Analysis for adjusted data presented above.

The variability of financial information for interim periods is influenced by many factors, such as:

- The impact of acquisitions;
- The effect of exchange rate fluctuations;
- The effect of interest rate fluctuations;
- The impact of the change in the share price on the stock-based compensation expense;
- The impact of changes in price of raw materials, including resin and paper; and
- The impact of inflation on costs.

## FINANCIAL POSITION, LIQUIDITY AND CAPITAL STRUCTURE

(Unaudited)

**Table #5:**

(in millions of dollars)	Three months ended	
	January 28, 2024	January 29, 2023
<b>Operating activities</b>		
Cash flows generated by operating activities before changes in non-cash operating items and income taxes paid	\$83.5	\$76.4
Changes in non-cash operating items	(20.0)	(51.8)
Income taxes paid	(6.1)	(12.6)
Cash flows from operating activities	\$57.4	\$12.0
<b>Investing activities</b>		
Business combinations, net of acquired cash	\$—	\$(0.3)
Acquisitions of property, plant and equipment	(30.1)	(43.9)
Disposals of property, plant and equipment and other	1.4	—
Increase in intangible assets	(6.5)	(7.3)
Cash flows from investing activities	\$(35.2)	\$(51.5)
<b>Financing activities</b>		
Reimbursement of long-term debt	\$(1.2)	\$(0.7)
Net (decrease) increase in credit facilities	(75.4)	55.4
Financial expenses paid on long-term debt and credit facilities	(7.4)	(9.4)
Repayment of principal on lease liabilities	(5.9)	(6.1)
Interest paid on lease liabilities	(0.8)	(0.8)
Dividends	(19.5)	(19.5)
Cash flows from financing activities	\$(110.2)	\$18.9
Effect of exchange rate changes on cash denominated in foreign currencies	\$2.5	\$0.1
Net change in cash	\$(85.5)	\$(20.5)

<b>Financial position</b>	<b>As at January 28, 2024</b>	<b>As at October 29, 2023</b>
Net indebtedness <sup>(1)</sup>	\$918.3	\$921.0
Net indebtedness ratio <sup>(1)</sup>	2.00x	2.06x
Credit rating		
DBRS	BBB (low)	BBB (low)
Outlook	Stable	Stable
Standard and Poor's	BBB-	BBB-
Outlook	Stable	Stable
<b>Consolidated Statements of Financial Position</b>		
	<b>As at January 28, 2024</b>	<b>As at October 29, 2023</b>
Current assets	\$947.1	\$1,100.4
Current liabilities	437.5	526.3
Total assets	3,468.2	3,700.3
Total liabilities	1,591.5	1,794.1

(1) Please refer to Table #2 in the section entitled "Reconciliation of Non-IFRS Financial Measures" in this Management's Discussion and Analysis for adjusted data presented above.

## ANALYSIS OF FINANCIAL POSITION AND LIQUIDITY - FIRST QUARTER

### Cash Flows from Operating Activities

Cash flows from operating activities increased from \$12.0 million in the first quarter of 2023 to \$57.4 million in the first quarter of 2024. This increase is explained by favourable changes in non-cash operating items, which are mainly attributable to a favourable change in timing of accounts payable and accrued liabilities, higher operating earnings before depreciation and amortization as well as lower income taxes paid during the period.

### Cash Flows from Investing Activities

Cash flows from investing activities went from a cash outflow of \$51.5 million in the first quarter of 2023 to a cash outflow of \$35.2 million in the first quarter of 2024. This change is mainly attributable to a decrease in investments in property, plant and equipment.

### Cash Flows from Financing Activities

Cash flows from financing activities went from a cash inflow of \$18.9 million in the first quarter of 2023 to a cash outflow of \$110.2 million in the first quarter of 2024. This change is mainly due to repayments on the credit facilities.

### Debt Instruments

The Corporation has a credit facility amounting to \$400.0 million or the U.S. dollar equivalent, which matures in February 2028. The interest rate on the credit facility is based on the Corporation's credit rating. Based on the current credit rating, the applicable rate is the bankers' acceptance rate plus 1.675%, or Secured Overnight Financing Rate ("SOFR") plus 1.775%, or the Canadian prime rate or the U.S. prime rate plus 0.675%.

The Corporation has another credit facility with a maximum amount of US\$25.0 million (\$33.6 million), which matures in March 2024. The applicable interest rate for this credit facility is SOFR plus 1.05%. On February 21, 2024, this credit facility was extended for an additional year, until March 2025, for a maximum amount of US\$15.0 million (\$20.2 million), and will bear interest at SOFR plus 1.45%.

As at January 28, 2024, no amount was drawn on the credit facilities, and the unused amount under the credit facilities was \$433.6 million.

As at January 28, 2024, the floating-rate portion of the Corporation's long-term debt represented approximately 41.0% of total debt.

### Net Indebtedness

Net indebtedness remained relatively stable, from \$921.0 million as at October 29, 2023 to \$918.3 million as at January 28, 2024. The net indebtedness ratio stood at 2.00x as at January 28, 2024 compared to 2.06x as at October 29, 2023, as a result of higher adjusted operating earnings before depreciation and amortization.

## CAPITAL STRUCTURE

### Share Capital

Table #6:

Shares Issued and Outstanding	As at January 28, 2024	As at February 29, 2024
Class A (Subordinate Voting Shares)	73,259,342	73,259,342
Class B (Multiple Voting Shares)	13,364,828	13,364,828
Total Class A and Class B	86,624,170	86,624,170

## INTERNAL CONTROL OVER FINANCIAL REPORTING

Management is responsible for establishing and maintaining adequate internal control. The purpose of internal control over financial reporting ("ICFR") is to provide reasonable assurance regarding the reliability of the Corporation's financial reporting and the preparation of condensed interim consolidated financial statements in accordance with IFRS. Management certifies 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 first quarter ended January 28, 2024, no change that has materially affected or is reasonably likely to affect the ICFR was brought to the attention of management, including the President and Chief Executive Officer and the Executive Vice President and Chief Financial Officer of the Corporation.

## SUBSEQUENT EVENT

On February 1, 2024, the Corporation announced that it will be phasing out operations at its Saint-Hyacinthe, Quebec, printing plant in anticipation of the complete closure of the facility in April 2024. Operations will gradually be transferred to other Printing Sector plants to optimize the return on its assets, reduce its costs and improve operational efficiency.

In connection with this initiative, additional expenses of approximately \$9.0 million, resulting mainly from workforce reductions, will be recognized in the second quarter or 2024.

## OUTLOOK

In the Packaging Sector, our investments in sustainable packaging solutions position us well for the future and should be a key driver of our long-term growth. The economic environment should however continue to affect short-term demand. In terms of profitability, despite the pressure on volume, we expect an increase in adjusted operating earnings before depreciation and amortization for fiscal 2024 compared to fiscal 2023.

In the Printing Sector, we expect lower volume in our traditional activities. This anticipated volume reduction should result in lower adjusted operating earnings before depreciation and amortization for fiscal 2024 compared to fiscal 2023. We expect this decrease to be mostly offset by cost reduction initiatives and the continued roll-out of *raddar*<sup>TM</sup>.

Finally, given the economic environment and the early impact of our profitability and financial position improvement program, we expect consolidated adjusted operating earnings before depreciation and amortization to remain at the very least stable for fiscal 2024 compared to fiscal 2023. In addition, we expect to continue generating significant cash flows from operating activities, which will enable us to reduce our net indebtedness while continuing our strategic investments.

On behalf of Management,

(s) Donald LeCavalier  
Executive Vice President and Chief Financial Officer

March 12, 2024



# Condensed interim Consolidated Financial Statements

For the periods ended January 28, 2024 and January 29, 2023

## CONSOLIDATED STATEMENTS OF EARNINGS

Unaudited

(in millions of Canadian dollars, unless otherwise indicated and per share data)

	Notes	Three months ended	
		January 28, 2024	January 29, 2023
Revenues	3	\$ 680.4	\$ 707.0
Operating expenses	4	584.3	622.9
Restructuring and other costs	5	11.3	8.2
Impairment of assets		2.1	—
Operating earnings before depreciation and amortization		82.7	75.9
Depreciation and amortization	6	54.9	60.9
Operating earnings		27.8	15.0
Net financial expenses	7	13.9	16.7
Earnings (loss) before income taxes		13.9	(1.7)
Income tax recovery	8	(0.2)	(2.9)
<b>Net earnings</b>		<b>14.1</b>	<b>1.2</b>
Non-controlling interests		0.2	0.2
<b>Net earnings attributable to shareholders of the Corporation</b>		<b>\$ 13.9</b>	<b>\$ 1.0</b>
Net earnings attributable to shareholders of the Corporation per share - basic and diluted		\$ 0.16	\$ 0.01
Weighted average number of shares outstanding - basic and diluted (in millions)		86.6	86.6

The notes are an integral part of these condensed interim consolidated financial statements.

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

Unaudited  
(in millions of Canadian dollars)

	Notes	Three months ended	
		January 28, 2024	January 29, 2023
<b>Net earnings</b>		\$ 14.1	\$ 1.2
<b>Other comprehensive loss</b>			
<b>Items that may be subsequently reclassified to net earnings</b>			
<b>Net change related to cash flow hedges</b>			
Net change in the fair value of designated derivatives - foreign exchange risk		9.2	6.4
Net change in the fair value of designated derivatives - interest rate risk		(4.4)	0.2
Reclassification of the net change in the fair value of designated derivatives recognized in net earnings during the period		(0.8)	2.8
Related income taxes		1.0	2.5
	13	3.0	6.9
<b>Cumulative translation differences</b>			
Net unrealized exchange losses on the translation of the financial statements of foreign operations		(40.9)	(24.3)
Net gains on hedge of the net investment in foreign operations		15.2	9.7
Related income taxes (recovery)		(0.7)	1.7
	13	(25.0)	(16.3)
<b>Items that will not be reclassified to net earnings</b>			
<b>Changes related to defined benefit plans</b>			
Actuarial losses on defined benefit plans		(2.9)	(5.2)
Related income tax recovery		(0.8)	(1.4)
	13	(2.1)	(3.8)
<b>Other comprehensive loss</b>	13	(24.1)	(13.2)
<b>Comprehensive loss</b>		\$ (10.0)	\$ (12.0)

The notes are an integral part of these condensed interim consolidated financial statements.



## CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Unaudited  
(in millions of Canadian dollars)

	Notes	Share capital	Contributed surplus	Retained earnings	Accumulated other comprehensive income	Total	Non-controlling interests	Total equity
<b>Balance as at October 29, 2023</b>		\$ 636.6	\$ 0.9	\$ 1,226.8	\$ 37.0	\$ 1,901.3	\$ 4.9	\$ 1,906.2
<b>Net earnings</b>		—	—	13.9	—	13.9	0.2	14.1
<b>Other comprehensive loss</b>	13	—	—	—	(24.1)	(24.1)	—	(24.1)
<b>Shareholders' contributions and distributions to shareholders</b>								
Dividends	11	—	—	(19.5)	—	(19.5)	—	(19.5)
<b>Balance as at January 28, 2024</b>		\$ 636.6	\$ 0.9	\$ 1,221.2	\$ 12.9	\$ 1,871.6	\$ 5.1	\$ 1,876.7
Balance as at October 30, 2022		\$ 636.6	\$ 0.9	\$ 1,219.0	\$ 20.7	\$ 1,877.2	\$ 4.8	\$ 1,882.0
Net earnings		—	—	1.0	—	1.0	0.2	1.2
Other comprehensive loss	13	—	—	—	(13.2)	(13.2)	—	(13.2)
Shareholders' contributions and distributions to shareholders								
Dividends	11	—	—	(19.5)	—	(19.5)	—	(19.5)
Balance as at January 29, 2023		\$ 636.6	\$ 0.9	\$ 1,200.5	\$ 7.5	\$ 1,845.5	\$ 5.0	\$ 1,850.5

The notes are an integral part of these condensed interim consolidated financial statements.

## CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

Unaudited  
(in millions of Canadian dollars)

	Notes	As at January 28, 2024	As at October 29, 2023
<b>Current assets</b>			
Cash		\$ 51.5	\$ 137.0
Accounts receivable		453.1	514.7
Income taxes receivable		39.6	37.0
Inventories		383.4	391.1
Prepaid expenses and other current assets		19.5	20.6
		<b>947.1</b>	<b>1,100.4</b>
<b>Property, plant and equipment</b>		<b>772.4</b>	<b>796.5</b>
<b>Right-of-use assets</b>		<b>95.5</b>	<b>98.6</b>
<b>Intangible assets</b>		<b>421.3</b>	<b>447.1</b>
<b>Goodwill</b>		<b>1,175.6</b>	<b>1,194.9</b>
<b>Deferred taxes</b>		<b>28.4</b>	<b>30.4</b>
<b>Other assets</b>		<b>27.9</b>	<b>32.4</b>
		<b>\$ 3,468.2</b>	<b>\$ 3,700.3</b>
<b>Current liabilities</b>			
Accounts payable and accrued liabilities		\$ 366.3	\$ 465.5
Income taxes payable		28.1	24.8
Deferred revenues and deposits		17.7	10.4
Current portion of long-term debt	9	2.8	2.1
Current portion of lease liabilities		22.6	23.5
		<b>437.5</b>	<b>526.3</b>
<b>Long-term debt</b>	9	<b>852.5</b>	<b>937.8</b>
<b>Lease liabilities</b>		<b>91.9</b>	<b>94.6</b>
<b>Deferred taxes</b>		<b>80.6</b>	<b>89.8</b>
<b>Other liabilities</b>	10	<b>129.0</b>	<b>145.6</b>
		<b>1,591.5</b>	<b>1,794.1</b>
<b>Equity</b>			
Share capital	11	636.6	636.6
Contributed surplus		0.9	0.9
Retained earnings		1,221.2	1,226.8
Accumulated other comprehensive income	13	12.9	37.0
Attributable to shareholders of the Corporation		<b>1,871.6</b>	<b>1,901.3</b>
Non-controlling interests		5.1	4.9
		<b>1,876.7</b>	<b>1,906.2</b>
		<b>\$ 3,468.2</b>	<b>\$ 3,700.3</b>

The notes are an integral part of these condensed interim consolidated financial statements.

## CONSOLIDATED STATEMENTS OF CASH FLOWS

Unaudited  
(in millions of Canadian dollars)

	Notes	Three months ended	
		January 28, 2024	January 29, 2023
<b>Operating activities</b>			
Net earnings		\$ 14.1	\$ 1.2
Adjustments to reconcile net earnings and cash flows from operating activities:			
Impairment of assets		2.1	—
Depreciation and amortization	6	54.9	60.9
Financial expenses on long-term debt and lease liabilities	7	12.0	13.4
Net (gains) losses on disposal of assets		(0.1)	0.5
Income taxes	8	(0.2)	(2.9)
Net foreign exchange differences and other		0.7	3.3
Cash flows generated by operating activities before changes in non-cash operating items and income taxes paid			
		83.5	76.4
Changes in non-cash operating items		(20.0)	(51.8)
Income taxes paid		(6.1)	(12.6)
Cash flows from operating activities		57.4	12.0
<b>Investing activities</b>			
Business combinations, net of acquired cash		—	(0.3)
Acquisitions of property, plant and equipment		(30.1)	(43.9)
Disposals of property, plant and equipment and other		1.4	—
Increase in intangible assets		(6.5)	(7.3)
Cash flows from investing activities		(35.2)	(51.5)
<b>Financing activities</b>			
Reimbursement of long-term debt		(1.2)	(0.7)
Net (decrease) increase in credit facilities		(75.4)	55.4
Financial expenses paid on long-term debt and credit facilities		(7.4)	(9.4)
Repayment of principal on lease liabilities		(5.9)	(6.1)
Interest paid on lease liabilities		(0.8)	(0.8)
Dividends	11	(19.5)	(19.5)
Cash flows from financing activities		(110.2)	18.9
Effect of exchange rate changes on cash denominated in foreign currencies			
		2.5	0.1
Net change in cash		(85.5)	(20.5)
Cash at beginning of the period		137.0	45.7
Cash at end of period		\$ 51.5	\$ 25.2
<b>Non-cash investing activities</b>			
Net change in capital asset acquisitions financed by accounts payable		\$ (11.2)	\$ 0.5

The notes are an integral part of these condensed interim consolidated financial statements.

# NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Unaudited

(in millions of Canadian dollars, unless otherwise indicated and per share data)

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## 1 GENERAL INFORMATION

Transcontinental Inc. (the "Corporation") is incorporated under the Canada Business Corporations Act. Its Class A Subordinate Voting Shares and Class B Shares are traded on the Toronto Stock Exchange. The Corporation's head office is located at 1 Place Ville Marie, Suite 3240, Montreal, Quebec, Canada, H3B 0G1.

The Corporation is a leader in flexible packaging in North America and Canada's largest printer. The Corporation mainly conducts business in Canada, the United States, Latin America and the United Kingdom in three separate sectors: the Packaging Sector, the Printing Sector and the Media Sector. The Corporation's main activities are described in Note 3 "Segmented Information".

The operating results for interim periods are not necessarily indicative of expected full-year results due to the seasonal nature of certain activities of the Corporation. Operating results of the Printing Sector are influenced by the advertising market, which is stronger in the fourth quarter.

The Corporation's Board of Directors approved these condensed interim consolidated financial statements on March 12, 2024.

## 2 SIGNIFICANT ACCOUNTING POLICIES

### Basis of presentation

These condensed interim consolidated financial statements were prepared in accordance with International Financial Reporting Accounting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"). In particular, these interim consolidated financial statements were prepared in accordance with IAS 34 "Interim Financial Reporting", and therefore, are condensed consolidated financial statements since they do not contain all disclosures required by IFRS for annual consolidated financial statements. These condensed interim consolidated financial statements were prepared using the same accounting policies than those used in the audited annual consolidated financial statements for the year ended October 29, 2023 and should be read in conjunction with them.

## 3 SEGMENTED INFORMATION

The Corporation's operating segments are aggregated by management into three separate sectors: Packaging, Printing and Media.

The Packaging Sector, which specializes in extrusion, lamination, printing, and converting packaging solutions, generates revenues from the manufacturing of flexible plastic, including rollstock, labels, die cut lids, shrink films, bags and pouches and advanced coatings. Its facilities are mainly located in the United States, Canada, Latin America and the United Kingdom.

The Printing Sector generates revenues from an integrated service offering for retailers, including premedia services, flyer printing and distribution, in-store marketing products as well as an array of innovative print solutions for newspapers, magazines, 4-colour books and personalized and mass marketing products. Its facilities are located in Canada.

The "Other" column includes the Media Sector, certain head office costs as well as the elimination of inter-sector sales. The Media Sector generates revenues from print and digital publishing products, in French and English, of the following types: educational books, supplemental educational books and specialized publications for professionals. Inter-sector sales of the Corporation are recognized at agreed transfer prices, which approximate fair value. Transactions other than sales are recognized at carrying amount.

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Unaudited

(in millions of Canadian dollars, unless otherwise indicated and per share data)

### 3 SEGMENTED INFORMATION (CONTINUED)

The following tables present the various sectorial components of the Consolidated Statements of Earnings:

For the three-month period ended January 28, 2024	Packaging	Printing	Other	Consolidated results
Revenues	\$ 398.2	\$ 265.1	\$ 17.1	\$ 680.4
Operating expenses	337.8	225.6	20.9	584.3
Restructuring and other costs	3.6	6.1	1.6	11.3
Impairment of assets	0.3	1.8	—	2.1
Operating earnings before depreciation and amortization	56.5	31.6	(5.4)	82.7
Depreciation and amortization	34.1	14.0	6.8	54.9
Operating earnings <sup>(1)</sup>	\$ 22.4	\$ 17.6	\$ (12.2)	\$ 27.8
Adjusted operating earnings before depreciation and amortization <sup>(2)</sup>	\$ 60.4	\$ 39.5	\$ (3.8)	\$ 96.1
Adjusted operating earnings <sup>(1) &amp; (2)</sup>	42.4	26.8	(10.2)	59.0
Amortization of intangible assets arising from business combinations <sup>(2)</sup>	16.1	1.3	0.4	17.8
Acquisitions of non-current assets <sup>(3)</sup>	15.2	4.2	6.0	25.4

  

For the three-month period ended January 29, 2023	Packaging	Printing	Other	Consolidated results
Revenues	\$ 405.7	\$ 286.2	\$ 15.1	\$ 707.0
Operating expenses	359.1	245.6	18.2	622.9
Restructuring and other costs	4.0	3.2	1.0	8.2
Operating earnings before depreciation and amortization	42.6	37.4	(4.1)	75.9
Depreciation and amortization	38.4	15.4	7.1	60.9
Operating earnings <sup>(1)</sup>	\$ 4.2	\$ 22.0	\$ (11.2)	\$ 15.0
Adjusted operating earnings before depreciation and amortization <sup>(2)</sup>	\$ 46.6	\$ 40.6	\$ (3.1)	\$ 84.1
Adjusted operating earnings <sup>(1) &amp; (2)</sup>	24.2	27.3	(9.7)	41.8
Amortization of intangible assets arising from business combinations <sup>(2)</sup>	16.0	2.1	0.5	18.6
Acquisitions of non-current assets <sup>(3)</sup>	32.6	12.0	7.2	51.8

<sup>(1)</sup> Net financial expenses and income tax expense are managed on a centralized basis and, consequently, these line items are not allocated between the various sectors. As a result, the line items "Earnings before income taxes" and "Net earnings" are not presented by sector.

<sup>(2)</sup> The Corporation's officers mainly make decisions and assess sector performance based on adjusted operating earnings before depreciation and amortization. Adjusted operating earnings before depreciation and amortization and adjusted operating earnings exclude restructuring and other costs and impairment of assets, if any. Adjusted operating earnings also excludes amortization of intangible assets arising from business combinations, which include customer relationships, non-compete agreements, rights of first refusal and educational book titles.

<sup>(3)</sup> These amounts include internally generated intangible assets and acquisitions of property, plant and equipment and intangible assets, excluding those acquired in business combinations, whether they were paid or not.

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Unaudited

(in millions of Canadian dollars, unless otherwise indicated and per share data)

### 3 SEGMENTED INFORMATION (CONTINUED)

#### Additional information on revenues

The table below presents information on revenues by sector disaggregated by type of products and geographical area:

	Three months ended	
	January 28, 2024	January 29, 2023
<b>Packaging products</b>		
Revenues generated from plants located in Canada	\$ 31.9	\$ 33.8
Revenues generated from plants located in the United States	290.6	290.8
Revenues generated from plants located outside Canada and the United States	75.7	81.1
	<b>398.2</b>	<b>405.7</b>
<b>Printing services <sup>(1)</sup></b>		
Retailer-related services <sup>(2)</sup>	135.8	143.4
Marketing products	70.0	70.1
Magazines and books	37.2	51.0
Newspapers	22.1	21.7
	<b>265.1</b>	<b>286.2</b>
<b>Media <sup>(1)</sup></b>	<b>19.1</b>	<b>18.5</b>
<b>Inter-sector sales</b>	<b>(2.0)</b>	<b>(3.4)</b>
	<b>\$ 680.4</b>	<b>\$ 707.0</b>

<sup>(1)</sup> Revenues from printing services and media are mainly generated in Canada.

<sup>(2)</sup> Revenues from retailer-related services include printing, premedia and distribution services.

#### Assets by sector

The Corporation's total assets by sector are as follows:

	As at January 28, 2024	As at October 29, 2023
Packaging	\$ 2,306.0	\$ 2,399.3
Printing	844.8	894.5
Other <sup>(1)</sup>	317.4	406.5
	<b>\$ 3,468.2</b>	<b>\$ 3,700.3</b>

<sup>(1)</sup> This heading notably includes cash, income taxes receivable, property, plant and equipment, intangible assets, right-of-use assets, deferred taxes and defined benefit asset not allocated to sectors.

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Unaudited

(in millions of Canadian dollars, unless otherwise indicated and per share data)

### 4 OPERATING EXPENSES

	Three months ended	
	January 28, 2024	January 29, 2023
Employee-related costs	\$ 195.7	\$ 200.1
Supply chain and logistics <sup>(1)</sup>	355.6	388.9
Other goods and services <sup>(2)</sup>	33.0	33.9
	\$ 584.3	\$ 622.9

<sup>(1)</sup> Includes mainly production, other than employee-related costs, and distribution costs related to external suppliers.

<sup>(2)</sup> Includes mainly promotion, advertising and telecommunications costs, office supplies, real estate expenses and professional fees.

### 5 RESTRUCTURING AND OTHER COSTS

	Three months ended	
	January 28, 2024	January 29, 2023
Workforce reductions <sup>(1)</sup>	\$ 8.6	\$ 4.7
Costs related to plant closures and restructuring <sup>(1)</sup>	1.0	1.0
Business acquisition and integration costs	—	1.0
Configuration and customization costs in cloud computing arrangements	1.1	1.0
Other elements	0.6	0.5
	\$ 11.3	\$ 8.2

<sup>(1)</sup> Includes termination payments to employees as part of workforce restructuring in the Printing Sector, Packaging Sector and Other, as well as related costs associated with such restructuring.

#### Subsequent event

On February 1, 2024, subsequent to the end of the three-month period ended January 28, 2024, the Corporation announced that it will be phasing out operations at its Saint-Hyacinthe, Quebec, printing plant in anticipation of the complete closure of the facility in April 2024. Operations will gradually be transferred to other Printing Sector plants to optimize the return on its assets, reduce its costs and improve operational efficiency. In connection with this initiative, additional expenses of approximately \$9.0 million, resulting mainly from workforce reductions, will be recognized in the second quarter of 2024.

### 6 DEPRECIATION AND AMORTIZATION

	Three months ended	
	January 28, 2024	January 29, 2023
Property, plant and equipment	\$ 25.2	\$ 29.7
Right-of-use assets	5.6	6.2
Intangible assets	24.1	25.0
	\$ 54.9	\$ 60.9

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Unaudited

(in millions of Canadian dollars, unless otherwise indicated and per share data)

### 7 NET FINANCIAL EXPENSES

	Three months ended	
	January 28, 2024	January 29, 2023
Financial expenses on long-term debt	\$ 11.2	\$ 12.6
Interest on lease liabilities	0.8	0.8
Net interest on defined benefit asset and liability	1.0	0.8
Other expenses	1.8	1.6
Net foreign exchange (gains) losses	(0.9)	0.9
	<b>\$ 13.9</b>	<b>\$ 16.7</b>

### 8 INCOME TAXES

The following table presents a reconciliation of income taxes at the Canadian statutory tax rate and at the effective tax rate:

	Three months ended	
	January 28, 2024	January 29, 2023
Earnings before income taxes	\$ 13.9	\$ (1.7)
Canadian statutory tax rate <sup>(1)</sup>	26.50 %	26.50 %
Income taxes (recovery) at the statutory tax rate	3.7	(0.5)
Effect of differences in tax rates and additional income taxes in other jurisdictions	(2.3)	(2.5)
Income taxes on non-deductible expenses and non-taxable revenues	(0.7)	0.1
Change in deferred tax assets on tax losses or temporary differences not previously recognized	(0.8)	0.2
Other	(0.1)	(0.2)
Income tax recovery at the effective tax rate	<b>\$ (0.2)</b>	<b>\$ (2.9)</b>
Income taxes before the following items:	\$ 7.5	\$ 3.8
Income taxes on amortization of intangible assets arising from business combinations	(4.4)	(4.6)
Income taxes on impairment of assets	(0.5)	—
Income taxes on restructuring and other costs	(2.8)	(2.1)
Income tax recovery at the effective tax rate	<b>\$ (0.2)</b>	<b>\$ (2.9)</b>

<sup>(1)</sup> The Corporation's applicable tax rate corresponds to the combined Canadian tax rates applicable in the provinces where the Corporation operates.

The Corporation is present in countries that have adopted the new Pillar Two model rules on global minimum tax during the fiscal year, which will be effective as of its fiscal year ending October 26, 2025. The Corporation is currently assessing the impact of these rules on income taxes. In addition, the Corporation has applied the mandatory temporary exemption to recognizing deferred tax assets and liabilities related to income taxes resulting from the Pillar Two global minimum tax rules and has therefore not recognized any deferred income tax assets and liabilities that would result from such rules.



## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Unaudited

(in millions of Canadian dollars, unless otherwise indicated and per share data)

### 9 LONG-TERM DEBT

	Effective Interest Rate as at January 28, 2024	Maturity	As at January 28, 2024	As at October 29, 2023
Unsecured notes (issued in 2021)	2.41 %	2026	\$ 250.0	\$ 250.0
Unsecured notes (issued in 2022)	2.84 %	2025	194.3	192.2
U.S. dollar term loan (issued in 2021)	7.38 %	2028	157.4	163.1
U.S. dollar term loan (extended in 2022)	7.20 %	2027	151.3	156.0
Unified Debenture	4.84 %	2028	100.0	100.0
Credit facilities		2024-2028	—	76.3
Other loans		2026-2031	4.9	5.2
			\$ 857.9	\$ 942.8
Issuance costs on long-term debt at amortized cost			(2.6)	(2.9)
<b>Total long-term debt</b>			<b>\$ 855.3</b>	<b>\$ 939.9</b>
Current portion of long-term debt			\$ 2.8	\$ 2.1
Non-current portion of long-term debt			\$ 852.5	\$ 937.8

#### Credit facilities

The Corporation has a credit facility amounting to \$400.0 million or the U.S. dollar equivalent, which matures in February 2028. The interest rate on the credit facility is based on the Corporation's credit rating. Based on the current credit rating, the applicable rate is the bankers' acceptance rate plus 1.675%, or the Secured Overnight Financing Rate ("SOFR") plus 1.775%, or the Canadian prime rate or the U.S. prime rate plus 0.675%.

The Corporation has another credit facility with a maximum amount of US\$25.0 million (\$33.6 million), which matures in March 2024. The applicable interest rate for this credit facility is SOFR plus 1.05%. On February 21, 2024, this credit facility was extended for an additional year, until March 2025, for a maximum amount of US\$15.0 million (\$20.2 million), and will bear interest at SOFR plus 1.45%.

As at January 28, 2024, no amount was drawn on the credit facilities and the unused amount under the credit facilities was \$433.6 million.

The Corporation must comply with certain restrictive covenants, including maintaining certain financial ratios. During the three-month period ended January 28, 2024, the Corporation has not been in default under any covenants.

### 10 OTHER LIABILITIES

	Notes	As at January 28, 2024	As at October 29, 2023
Accrued liabilities and other liabilities		\$ 2.4	\$ 3.9
Stock-based compensation	12	7.6	8.1
Defined benefit liability		85.0	82.8
Derivative financial instruments	14	33.7	50.5
Long-term provisions		0.3	0.3
		\$ 129.0	\$ 145.6

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Unaudited

(in millions of Canadian dollars, unless otherwise indicated and per share data)

### 11 SHARE CAPITAL

	As at January 28, 2024		As at October 29, 2023	
	Number of shares	Amount	Number of shares	Amount
Class A Subordinate Voting Shares	73,259,342	\$ 618.4	73,259,342	\$ 618.4
Class B Shares	13,364,828	18.2	13,364,828	18.2
	<b>86,624,170</b>	<b>\$ 636.6</b>	<b>86,624,170</b>	<b>\$ 636.6</b>

#### Net earnings per share

For the three-month periods ended January 28, 2024 and January 29, 2023, there were no dilutive items.

#### Dividends

Dividends of \$0.225 per share were declared and paid to the holders of shares for each of the three-month periods ended January 28, 2024 and January 29, 2023.

### 12 STOCK-BASED COMPENSATION

#### Share unit plans

The Corporation offers a share unit plan for certain officers and senior executives under which deferred share units ("DSUs") and restricted share units ("RSUs") are granted. Vested DSUs and RSUs will be paid, at the Corporation's discretion, in cash or with Class A Subordinate Voting Shares of the Corporation purchased on the open market.

The Corporation also offers a DSU plan for its directors. Under this plan, directors may elect to receive as compensation either cash, DSUs, or a combination of both.

The following table presents the changes in the plans' status for the three-month period ended January 28, 2024:

	Number of units	
	DSUs	RSUs
Balance as at October 29, 2023	851,001	1,180,654
Units granted	71,881	555,882
Units cancelled	—	(63,911)
Units paid	(13,829)	(319,946)
Incentive compensation paid in units	8,986	—
Dividends paid in units	13,692	12,513
Balance as at January 28, 2024	<b>931,731</b>	<b>1,365,192</b>

As at January 28, 2024, the liability related to the share unit plans was \$19.4 million, of which \$7.6 million was presented under Other liabilities (\$16.9 million as at October 29, 2023, of which \$8.1 million was presented under Other liabilities) and the remaining balance was presented under Accounts payable and accrued liabilities. Expenses recorded in the Consolidated Statements of Earnings for the three-month periods ended January 28, 2024 and January 29, 2023 were \$7.0 million and \$2.2 million, respectively. Amounts of \$4.5 million and \$18.0 million were paid under these plans for the three-month periods ended January 28, 2024 and January 29, 2023, respectively.

#### Total return swap

The Corporation uses total return swaps to hedge a portion of the stock-based compensation expenses (gains) that vary based on the price of the Corporation's shares. These swaps have a term of 12 months each. During the three-month period ended January 28, 2024, the Corporation renewed, at maturity, the contract covering 900,000 units at a weighted average price of \$15.12 per unit, with similar terms. During the three-month period ended January 29, 2023, the Corporation settled, at maturity, the total return swap covering 1,200,000 units at a weighted average price of \$20.01 per unit for a consideration paid of \$5.9 million.

During the three-month periods ended January 28, 2024 and January 29, 2023, amounts recognized in the Consolidated Statements of Earnings under Operating expenses, corresponding to the change in fair value of the total return swap for hedged units, before taking into account dividends received and interest paid, were a gain of \$3.3 million and an expense of \$0.6 million, respectively.

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Unaudited

(in millions of Canadian dollars, unless otherwise indicated and per share data)

### 13 ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

	Cash flow hedges	Net investment hedges	Cumulative translation differences	Actuarial gains and losses related to defined benefit plans	Accumulated other comprehensive income (loss)
<b>Balance as at October 29, 2023</b>	\$ (3.6)	\$ (25.4)	\$ 99.5	\$ (33.5)	\$ 37.0
Net change in gains (losses), net of income taxes	3.0	15.9	(40.9)	(2.1)	(24.1)
<b>Balance as at January 28, 2024</b>	\$ (0.6)	\$ (9.5)	\$ 58.6	\$ (35.6)	\$ 12.9
Balance as at October 30, 2022	\$ (11.6)	\$ (11.3)	\$ 66.3	\$ (22.7)	\$ 20.7
Net change in gains (losses), net of income taxes	6.9	8.0	(24.3)	(3.8)	(13.2)
Balance as at January 29, 2023	\$ (4.7)	\$ (3.3)	\$ 42.0	\$ (26.5)	\$ 7.5

As at January 28, 2024, the amounts expected to be reclassified to net earnings in future years are as follows:

	2024	2025	2026	2027	Total
Net change in the fair value of derivatives designated as cash flow hedges	\$ (2.3)	\$ (0.9)	\$ 0.2	\$ 2.2	\$ (0.8)
Income taxes (recovery)	(0.6)	(0.2)	0.1	0.5	(0.2)
	\$ (1.7)	\$ (0.7)	\$ 0.1	\$ 1.7	\$ (0.6)

#### Actuarial gains and losses on defined benefit plans

The actuarial gains and losses on defined benefit plans recognized in other comprehensive income (loss) reflect the following items:

	Three months ended	
	January 28, 2024	January 29, 2023
Actuarial losses on obligation - change in discount rate	\$ (29.6)	\$ (37.8)
Actuarial gains on plan assets - excluding interest income	25.3	32.6
Effect of the asset ceiling	1.4	—
Related income tax recovery	(0.8)	(1.4)
	\$ (2.1)	\$ (3.8)

Actuarial gains and losses on obligation recognized in the Statements of Comprehensive Income for the three-month period ended January 28, 2024 are explained by the change in the discount rate, which decreased from 5.60% as at October 29, 2023 to 5.10% as at January 28, 2024 in Canada, and from 6.20% as at October 29, 2023 to 5.30% as at January 28, 2024 in the United States. Actuarial gains and losses on plan assets are attributable to the fact that actual rates of return on assets were higher than expected returns for the three-month period ended January 28, 2024.

Actuarial gains and losses on obligation recognized in the Statements of Comprehensive Income for the three-month period ended January 29, 2023 are explained by the change in the discount rate, which decreased from 5.40% as at October 30, 2022 to 4.70% as at January 29, 2023 in Canada, and from 5.70% as at October 30, 2022 to 4.80% as at January 29, 2023 in the United States. Actuarial gains and losses on plan assets are attributable to the fact that actual rates of return on assets were higher than expected returns for the three-month period ended January 29, 2023.

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Unaudited

(in millions of Canadian dollars, unless otherwise indicated and per share data)

### 14 FINANCIAL INSTRUMENTS

#### Fair value of financial instruments

The fair value represents the amount that would be received for the sale of an asset or paid for the transfer of a liability in an orderly transaction between market participants at the measurement date. The fair value estimates are calculated at a specific date taking into consideration assumptions regarding the amounts, the timing of estimated future cash flows and discount rates. Therefore, due to its estimated and subjective nature, the fair value must not be interpreted as being realizable in an immediate settlement of the financial instruments.

The carrying amount of cash, accounts receivable, accounts payable and accrued liabilities approximate their fair value due to their short term maturities.

The fair value of long-term debt is determined using the discounted future cash flows method and management's estimates for market interest rates for identical or similar issuances.

The only financial instruments of the Corporation that are measured at fair value on a recurring basis subsequent to their initial recognition are derivative financial instruments, including foreign exchange forward contracts, interest rate swaps, cross-currency interest rate swaps, total return swaps and contingent considerations payable related to business combinations, if any. The fair value of derivative financial instruments is determined using an evaluation of the estimated market value, adjusted for the credit quality of the counterparty or the Corporation. The valuation model for contingent considerations considers the present value of expected payments, discounted using a risk-adjusted discount rate. The expected payment is determined by considering various scenarios of achievement of pre-established financial performance thresholds, the amount to be paid under each scenario and the probability of occurrence of each scenario.

The Corporation presents a fair value hierarchy with three levels that reflects the significance of inputs used in determining the fair value assessments. The fair value of financial assets and liabilities classified in these three levels is evaluated as follows:

- Level 1 - Unadjusted prices on active markets for identical assets or liabilities
- Level 2 - Inputs other than the prices included within Level 1, that are observable for the asset or liability, directly (prices) or indirectly (derived from prices)
- Level 3 - Inputs for the asset or liability that are not based on observable market data

The following table presents the fair value and the carrying amount of other financial instruments and derivative financial instruments:

	Fair value hierarchy	As at January 28, 2024		As at October 29, 2023	
		Fair value	Carrying amount	Fair value	Carrying amount
<b>Prepaid expenses and other current assets</b>					
Foreign exchange forward contracts	Level 2	\$ 0.1	\$ 0.1	\$ 0.1	\$ 0.1
<b>Other assets</b>					
Foreign exchange forward contracts	Level 2	0.6	0.6	—	—
Interest rate swaps	Level 2	2.2	2.2	5.8	5.8
<b>Accounts payable and accrued liabilities</b>					
Total return swap	Level 2	(1.0)	(1.0)	(4.3)	(4.3)
Foreign exchange forward contracts	Level 2	(2.9)	(2.9)	(7.4)	(7.4)
<b>Long-term debt</b>					
Long-term debt	Level 2	(860.0)	(855.3)	(920.5)	(939.9)
<b>Other liabilities</b>					
Cross-currency fixed interest rate swaps	Level 2	(32.8)	(32.8)	(47.0)	(47.0)
Foreign exchange forward contract	Level 2	(0.9)	(0.9)	(3.5)	(3.5)

During the three-month period ended January 28, 2024, no financial instruments were transferred between Levels 1, 2 and 3.