2023 Annual Report

OPTIMIZE
PERFORM
EVOLVE

TRANSCONTINENTAL

ABOUT

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 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 C$2.9 billion for the fiscal year ended October 29, 2023. For more information, visit TC Transcontinental's website at **www.tc.tc**

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$2.9 B

Revenues for the fiscal year ended October 29, 2023 with 57% from the Packaging Sector

$472 M

Cash flows from operating activities for the fiscal year ended October 29, 2023

Investment grade credit rating
DBRS : BBB (low), stable
S&P : BBB-, stable
As at October 29, 2023

FINANCIAL **highlights**

REVENUES
(in millions of dollars)

2023	2,940.6
2022	2,956.1

OPERATING EARNINGS BEFORE DEPRECIATION AND AMORTIZATION (in millions of dollars)

	IFRS	Adjusted[2]
2023	399.6	446.5
2022	449.2	446.7

OPERATING EARNINGS
(in millions of dollars)

	IFRS	Adjusted[2]
2023	164.7	285.5
2022	217.3	285.1

NET EARNINGS PER SHARE
(in dollars)

	IFRS	Adjusted[2]
2023	0.99	2.03
2022	1.63	2.19

CASH FLOWS FROM OPERATING ACTIVITIES
(in millions of dollars)

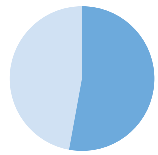
2023	472.3
2022	220.8

NET INDEBTEDNESS RATIO[2]

2023	2.06x
2022	2.47x

CONSOLIDATED[1] REVENUE COMPOSITION FOR FISCAL 2023

$2.9 B



57%

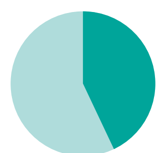
tc • TRANSCONTINENTAL PACKAGING

A leader in flexible packaging in North America

Approximately 3,800 employees

Network of 27 packaging plants

Variety of flexible plastic products, including rollstocks, bags and pouches, shrink films and bags, and advanced coatings.



39%

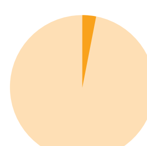
tc • TRANSCONTINENTAL PRINTING

Largest printer in Canada

Approximately 3,500 employees

Network of 13 printing plants

Integrated service offering for retailers, publishers and advertisers, including printing, in-store marketing (ISM), premedia and distribution services.



4%

tc • MEDIA

The leading Canadian French-language educational publishing group and the leader in strategic information for the different players in Québec's construction sector.

Over 300 employees

[1] The percentage by sector excludes inter-segment eliminations.
[2] Non-IFRS financial measure. A complete definition of the non-IFRS financial measures and reconciliation to IFRS financial measures is presented in the Management's Discussion and Analysis of this annual report on page 6.

Message from the EXECUTIVE CHAIR OF THE BOARD

OUR FOUR PRIORITIES:

Grow organically and profitably
Deliver strong return on assets
Reduce our debt
Commercialize sustainability

WE FACED MANY CHALLENGES IN 2023. AFTER THE PANDEMIC YEARS, THE IMPACT OF INFLATION AND RISING INTEREST RATES, ALONG WITH SIGNIFICANT PRESSURES ON VOLUMES IN OUR TWO MAIN SECTORS, PACKAGING AND PRINTING, SLOWED OUR GROWTH. OUR TEAMS REACTED QUICKLY, ADJUSTING OUR PRICES AND PRODUCTION COSTS TO PROTECT OUR PROFITABILITY.

We also reassessed our priorities and made changes to our executive team to help us deliver on them. In June, our Board of Directors announced the appointment of Thomas Morin as President and Chief Executive Officer. As a respected and focused leader with a strong track record leading our Packaging Sector and integrating our numerous acquisitions, he was a natural choice to implement these priorities. The Board also gave me and Donald LeCavalier expanded responsibilities.

In addition, we continued to evolve our offering through innovation, notably with the launch of raddar™, the reinvented flyer, and by announcing a major investment to accelerate the commercialization of recyclable flexible packaging. In our Media Sector, the results for the fiscal year were once again solid, as we achieved our objectives and successfully integrated the Scolab and ERPI acquisitions. The theme of our 2023 annual report is therefore: **Optimize – Perform – Evolve**.

Our managers are rigorous in managing the Company's businesses. I am pleased that our consolidated results are in line with the previous year, despite the challenges. Higher profits in Packaging offset the decline in Printing, while our cost-cutting initiatives had a quick impact that will be recurrent.

Looking ahead to the next years, we expect the increase in Packaging profits to continue to be offset by a decline in Printing unless decisive action is taken. We have a duty to create more value for our shareholders, and we need to do better with the assets we have. This is why we have put into action an ambitious program to improve our profitability and the Company's balance sheet. This program should enable us to sustain increased growth in profitability over the next years.

We are also continuing our efforts to build a sustainable future. In our annual Corporate Social Responsibility Report, published in June, we disclosed for the first time our complete Scope 3 greenhouse gas (GHG) emissions, addressing our supply chain impacts. We are also making progress on our Science-Based Targets Initiative (SBTi) roadmap.

Furthermore, we were very proud to be honoured last spring by the Québec Federation of Chambers of Commerce with the Mercuriades "Company of the Year - Large Business" award, in recognition of our successful entry into the packaging sector, which began in 2014 with the acquisition of our first plant in Missouri. This recognition is heartening for me, and I am glad to share this honour with all our colleagues who made this happen.

In closing, I would like to thank our loyal customers for their trust. We constantly go above and beyond to ensure their success. I would also like to recognize the essential role played by each member of our Board of Directors in the evolution of TC Transcontinental. Their contribution is exceptional. And last but not least, we thank you, our shareholders, for whom we work every day to create long-term value. **Optimize, perform, evolve**: this is our call to action for the coming years.

Executive Chair of the Board,

Isabelle Marcoux

Isabelle Marcoux
December 12, 2023

Message from the PRESIDENT and CHIEF EXECUTIVE OFFICER

THE HEALTH AND SAFETY OF OUR EMPLOYEES IS OUR TOP PRIORITY. AFTER REDUCING OUR INJURY RATE BY MORE THAN 20% IN 2022, OUR TEAMS REDUCED IT BY ANOTHER 17% IN 2023. THIS IS QUITE AN ACCOMPLISHMENT, AND I THANK THEM FOR THEIR HARD WORK BEHIND THIS PERFORMANCE. WE ARE MOVING IN THE RIGHT DIRECTION TO ACHIEVE OUR "NO INJURIES" TARGET.

Our focus is now on improving our performance along our four priorities as listed on the previous page. We have already made progress on this in 2023. The measures we rapidly implemented led to a recurring improvement in our cost structure, offsetting some of the impact of lower volumes on our profitability.

We are determined to continue on this path with an ambitious program designed to improve our earnings per share and our financial position. This two-year program is expected to generate between $20 and $40 million in recurring savings, and includes four main action categories: 1) reductions in fixed costs across the organization; 2) decisive measures targeting under-performing businesses, through turnaround or consolidation; 3) a reduction in the cost of materials used; and 4) the sale of certain real estate assets valued at approximately $100 million as a first step.

Several actions have already been taken as part of this program, namely the closure of the Montréal recycling plant and the Tomah (Wisconsin) packaging plant, as well as the sale of a building in Québec City.

Despite major investments during the fiscal year, we reduced our net indebtedness by more than $180 million thanks to our cash flows, which benefited from stable profits and tighter inventory management as supply issues subsided.

In the Printing Sector, we made significant strides with *raddar™*, which successfully launched in areas of Québec, Ontario and British Columbia, and has a promising future. It also offers considerable environmental benefits. Being recyclable with a reduction in paper volume of up to 60%, it contributes to the circular economy.

In Packaging, we announced an $80 million investment to produce biaxially oriented polyethylene (BOPE), a first in North America. Our new equipment will be operational at our Spartanburg plant in South Carolina in 2024. This will be a game changer for recyclability, demonstrating our commitment to distinguish ourselves and gain market share with innovative sustainable solutions for our customers.

To deliver on our four priorities, we must work together as one team. There are more similarities between our Printing and Packaging sectors than differences. To reflect that, I quickly made changes to the senior management team that simplify our management structure and make us more agile, more collaborative, and closer to operations. The team's energy, engagement and enthusiasm levels are high!

Optimize, perform, evolve – this is our focus on all fronts, in both Printing and Packaging. The Printing Sector continues to show resilience and to reinvent itself. The quality of our customer relationships is an asset we will continue to build on. In Packaging, our efforts will specifically target profitable and organic growth for our businesses, delivering strong return on assets, and advancing on our journey to develop sustainable packaging.

In closing, I would like to thank the Board of Directors and the Marcoux family for their trust. The collaboration between the Board and the senior management team is solid and helps us execute on the actions aimed at achieving our four priorities. TC Transcontinental's unique culture and entrepreneurial spirit are a strong source of inspiration for our teams. We thank our customers for inspiring us to be better. And finally, I thank our shareholders for their support.

President and Chief Executive Officer,

Thomas Morin
December 12, 2023

2023 overview

Research and DEVELOPMENT

November 2022: Inauguration of our recycling technology laboratory in Menasha (Wisconsin), the 4th laboratory in the ASTRA Center. This laboratory enables testing of packaging recyclability in accordance with industry standards.

Recognized DIVERSITY

March: Once again, the Company is featured in *The Globe and Mail*'s annual *Report on Business*, ***Women Lead Here***, demonstrating the importance of diversity within TC Transcontinental.

WE'VE GOT IT MADE

June: Launch of our new employer brand, highlighting the team behind our products and our strong corporate culture.

"COMPANY OF THE YEAR" award

May: Recognition of our important strategic move into the flexible packaging sector at the Mercuriades competition of the Québec Federation of Chambers of Commerce, as "Company of the Year - Large Business".

raddar™ launch

May: Unveiling of our reinvented flyer, raddar™, a leaflet that combines flyers from various retailers along with its raddar.ca digital platform. This innovation also represents a considerable environmental gain.

Appointment of THOMAS MORIN

June: Thomas Morin is named President and Chief Executive Officer. He previously held the position of President of TC Transcontinental Packaging since 2019.

At the heart OF OUR COMMUNITIES

Long-standing participation in the Centraide (United Way) of Greater Montréal campaign, raising **$410,292** in 2023.

Innovation in FLEXIBLE PACKAGING

August: Investment of **US$60 million** to develop cutting-edge single-material recyclable flexible packaging solutions, offering higher-performance, heat-resistant polyethylene films. The investment includes an innovative new film line and the expansion of our Spartanburg (South Carolina) plant.

"No Injuries" TARGET

17% reduction in our injury rate in 2023. With this performance, we are continuing on the path towards our "No Injuries" target.

Management's DISCUSSION **and** ANALYSIS

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the year ended October 29, 2023

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 year ended October 29, 2023. It should be read in conjunction with the information in the audited annual 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.

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 audited annual consolidated financial statements for the year ended October 29, 2023. 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 medium-term 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 December 12, 2023.

These forward-looking statements are made pursuant to the "safe harbour" provisions of applicable Canadian securities legislation.

The forward-looking statements in this *Management's Discussion and Analysis* are based on current expectations and information available as at December 12, 2023. 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

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.

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Packaging Sector

TC Transcontinental Packaging, the Packaging Sector of TC Transcontinental, is a leader in flexible packaging with operations mainly in the United States, as well as in Canada, Latin America and the United Kingdom. This sector has approximately 3,800 employees. Its platform is comprised of 27 production plants specializing in extrusion, printing, lamination and converting. TC Transcontinental Packaging offers a variety of flexible plastic products, including rollstock, labels, die cut lids, shrink films, bags and pouches and advanced coatings. It services a variety of markets, including dairy, coffee, meat and poultry, pet food, agriculture, beverage, home and personal care products, industrial, consumer and medical products.

Printing Sector

TC Transcontinental Printing, the Printing Sector of TC Transcontinental, is the largest printer in Canada and one of the largest in North America. This sector has approximately 3,500 employees and possesses a network of 13 plants. TC Transcontinental Printing provides an integrated service offering for retailers, including premedia services, flyer printing and distribution as well as in-store marketing products. This sector also offers an array of innovative print solutions for newspapers, magazines, 4-colour books and personalized and mass marketing products.

Media Sector

TC Media, the Media Sector of TC Transcontinental, employs over 300 people at TC Media Books and Groupe Constructo. TC Media Books is the leading Canadian French-language educational publishing group as well as a trade book publisher, the leader in the supplemental educational material market in Québec and a leading distributor of French-language specialized books in Canada. Groupe Constructo is the leader in strategic information for Québec's construction industry and is also a partner of CGI Inc. in operating Québec's electronic tendering system (SEAO).

HIGHLIGHTS

Table #1:

(in millions of dollars, except per share amounts)	Q4-2023	Q4-2022	Variation in %	Fiscal 2023	Fiscal 2022	Variation in %
Revenues	$779.7	$802.2	(2.8)%	$2,940.6	$2,956.1	(0.5)%
Operating earnings before depreciation and amortization	123.2	145.7	(15.4)	399.6	449.2	(11.0)
Adjusted operating earnings before depreciation and amortization (1)	145.5	141.1	3.1	446.5	446.7	—
Operating earnings	66.7	85.3	(21.8)	164.7	217.3	(24.2)
Adjusted operating earnings (1)	107.3	99.1	8.3	285.5	285.1	0.1
Net earnings attributable to shareholders of the Corporation	41.7	60.4	(31.0)	85.8	141.2	(39.2)
Net earnings attributable to shareholders of the Corporation per share	0.48	0.70	(31.4)	0.99	1.63	(39.3)
Adjusted net earnings attributable to shareholders of the Corporation (1)	71.8	68.4	5.0	176.0	189.7	(7.2)
Adjusted net earnings attributable to shareholders of the Corporation per share (1)	0.83	0.79	5.1	2.03	2.19	(7.3)

(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.

- Growth in adjusted operating earnings before depreciation and amortization of 3.1% for the quarter.
- Revenues of $779.7 million for the quarter ended October 29, 2023; operating earnings of $66.7 million; and net earnings attributable to shareholders of the Corporation of $41.7 million ($0.48 per share).
- Adjusted operating earnings before depreciation and amortization of $145.5 million for the quarter ended October 29, 2023; adjusted operating earnings of $107.3 million; and adjusted net earnings attributable to shareholders of the Corporation of $71.8 million ($0.83 per share).
- Improved net indebtedness ratio from 2.47x as at October 30, 2022 to 2.06x as at October 29, 2023.
- Announced, on November 3, 2023, the end of Publisac and its gradual replacement by *raddar*TM across Quebec, as well as the roll-out of *raddar*TM in Ontario and British Columbia.

- Launched an ambitious program including costs reductions, measures aimed at less-performing activities and the sale of real estate assets to improve the Corporation's earnings per share and balance sheet. Actions already undertaken:
  - Closed the Montreal recycling plant and integrated recycling into packaging plants.
  - Announced, on November 24, 2023, the closure of the Tomah, Wisconsin, packaging plant in February 2024.
  - Sold a building in Quebec City for $12.0 million.

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 - Fourth quarter and fiscal year

	Three months ended		Year ended	
(in millions of dollars)	**October 29, 2023**	October 30, 2022	**October 29, 2023**	October 30, 2022
Operating earnings	**$66.7**	$85.3	**$164.7**	$217.3
Restructuring and other costs (revenues)	**(2.9)**	(4.6)	**21.7**	(2.5)
Amortization of intangible assets arising from business combinations (1)	**18.3**	18.4	**73.9**	70.3
Impairment of assets	**25.2**	—	**25.2**	—
Adjusted operating earnings	**$107.3**	$99.1	**$285.5**	$285.1
Depreciation and amortization (2)	**38.2**	42.0	**161.0**	161.6
Adjusted operating earnings before depreciation and amortization	**$145.5**	$141.1	**$446.5**	$446.7

(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 - Fourth quarter and fiscal year for the Packaging Sector

	Three months ended		Year ended	
(in millions of dollars)	**October 29, 2023**	October 30, 2022	**October 29, 2023**	October 30, 2022
Operating earnings	**$14.4**	$20.6	**$62.8**	$50.6
Restructuring and other costs	**3.9**	3.7	**11.3**	9.1
Amortization of intangible assets arising from business combinations (1)	**16.1**	15.6	**64.1**	61.3
Impairment of assets	**8.8**	—	**8.8**	—
Adjusted operating earnings	**$43.2**	$39.9	**$147.0**	$121.0
Depreciation and amortization (2)	**18.5**	21.8	**82.5**	84.4
Adjusted operating earnings before depreciation and amortization	**$61.7**	$61.7	**$229.5**	$205.4

(1) Amortization of intangible assets arising from business combinations includes our customer relationships and non-compete agreements.
(2) Depreciation and amortization excludes the amortization of intangible assets arising from business combinations.

Reconciliation of operating earnings - Fourth quarter and fiscal year for the Printing Sector

	Three months ended		Year ended	
(in millions of dollars)	**October 29, 2023**	October 30, 2022	**October 29, 2023**	October 30, 2022
Operating earnings	**$26.0**	$57.4	**$108.8**	$171.2
Restructuring and other costs (revenues)	**3.8**	(8.5)	**11.0**	(6.6)
Amortization of intangible assets arising from business combinations (1)	**1.8**	2.0	**7.8**	8.1
Impairment of assets	**16.4**	—	**16.4**	—
Adjusted operating earnings	**$48.0**	$50.9	**$144.0**	$172.7
Depreciation and amortization (2)	**13.1**	13.7	**52.9**	**55.7**
Adjusted operating earnings before depreciation and amortization	**$61.1**	$64.6	**$196.9**	$228.4

(1) Amortization of intangible assets arising from business combinations includes our customer relationships and non-compete agreements.
(2) Depreciation and amortization excludes the amortization of intangible assets arising from business combinations.

Reconciliation of operating earnings - Fourth quarter and fiscal year for the Other Sector

	Three months ended		Year ended	
(in millions of dollars)	**October 29, 2023**	October 30, 2022	**October 29, 2023**	October 30, 2022
Operating earnings	**$26.3**	$7.3	**($6.9)**	($4.5)
Restructuring and other costs (revenues)	**(10.6)**	0.2	**(0.6)**	(5.0)
Amortization of intangible assets arising from business combinations (1)	**0.4**	0.8	**2.0**	0.9
Adjusted operating earnings	**$16.1**	$8.3	**($5.5)**	($8.6)
Depreciation and amortization (2)	**6.6**	6.5	**25.6**	21.5
Adjusted operating earnings before depreciation and amortization	**$22.7**	$14.8	**$20.1**	$12.9

(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 operating earnings - Last eight quarters

	2023				**2022**			
(in millions of dollars)	**Q4**	Q3	Q2	Q1	**Q4**	Q3	Q2	Q1
Operating earnings	**$66.7**	$39.2	$43.8	$15.0	**$85.3**	$52.1	$46.1	$33.8
Restructuring and other costs (revenues)	**(2.9)**	12.6	3.8	8.2	**(4.6)**	3.0	0.8	(1.7)
Amortization of intangible assets arising from business combinations (1)	**18.3**	18.4	18.6	18.6	**18.4**	17.5	17.2	17.2
Impairment of assets	**25.2**	—	—	—	**—**	—	—	—
Adjusted operating earnings	**$107.3**	$70.2	$66.2	$41.8	**$99.1**	$72.6	$64.1	$49.3
Depreciation and amortization (2)	**38.2**	37.7	42.8	42.3	**42.0**	40.4	39.5	39.7
Adjusted operating earnings before depreciation and amortization	**$145.5**	$107.9	$109.0	$84.1	**$141.1**	$113.0	$103.6	$89.0

(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 net earnings attributable to shareholders of the Corporation - Fourth quarter and fiscal year

	Three months ended		Year ended	
(in millions of dollars, except per share amounts)	**October 29, 2023**	October 30, 2022	**October 29, 2023**	October 30, 2022
Net earnings attributable to shareholders of the Corporation	**$41.7**	$60.4	**$85.8**	$141.2
Restructuring and other costs (revenues)	**(2.9)**	(4.6)	**21.7**	(2.5)
Tax on restructuring and other costs (revenues)	**0.3**	(1.3)	**(6.0)**	(2.0)
Amortization of intangible assets arising from business combinations (1)	**18.3**	18.4	**73.9**	70.3
Tax on amortization of intangible assets arising from business combinations	**(4.3)**	(4.5)	**(18.1)**	(17.3)
Impairment of assets	**25.2**	—	**25.2**	—
Tax on impairment of assets	**(6.5)**	—	**(6.5)**	—
Adjusted net earnings attributable to shareholders of the Corporation	**$71.8**	$68.4	**$176.0**	$189.7
Net earnings attributable to shareholders of the Corporation per share	**$0.48**	$0.70	**$0.99**	$1.63
Adjusted net earnings attributable to shareholders of the Corporation per share	**$0.83**	$0.79	**$2.03**	$2.19
Weighted average number of shares outstanding	**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 earnings attributable to shareholders of the Corporation - Last eight quarters

	2023				**2022**			
(in millions of dollars, except per share amounts)	**Q4**	Q3	Q2	Q1	**Q4**	Q3	Q2	Q1
Net earnings attributable to shareholders of the Corporation	**$41.7**	$20.9	$22.2	$1.0	**$60.4**	$34.1	$28.3	$18.4
Restructuring and other costs (revenues)	**(2.9)**	12.6	3.8	8.2	**(4.6)**	3.0	0.8	(1.7)
Tax on restructuring and other costs (revenues)	**0.3**	(3.3)	(0.9)	(2.1)	**(1.3)**	(0.7)	(0.4)	0.4
Amortization of intangible assets arising from business combinations (1)	**18.3**	18.4	18.6	18.6	**18.4**	17.5	17.2	17.2
Tax on amortization of intangible assets arising from business combinations	**(4.3)**	(4.6)	(4.6)	(4.6)	**(4.5)**	(4.3)	(4.2)	(4.3)
Impairment of assets	**25.2**	—	—	—	**—**	—	—	—
Tax on impairment of assets	**(6.5)**	—	—	—	**—**	—	—	—
Adjusted net earnings attributable to shareholders of the Corporation	**$71.8**	$44.0	$39.1	$21.1	**$68.4**	$49.6	$41.7	$30.0
Net earnings attributable to shareholders of the Corporation per share	**$0.48**	$0.24	$0.26	$0.01	**$0.70**	$0.39	$0.33	$0.21
Adjusted net earnings attributable to shareholders of the Corporation per share	**$0.83**	$0.51	$0.45	$0.24	**$0.79**	$0.57	$0.48	$0.35
Weighted average number of shares outstanding	**86.6**	86.6	86.6	86.6	**86.6**	86.6	86.8	86.9

(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 October 29, 2023**	As at October 30, 2022
Long-term debt	**$937.8**	$979.3
Current portion of long-term debt	**2.1**	10.7
Lease liabilities	**94.6**	135.0
Current portion of lease liabilities	**23.5**	25.3
Cash	**(137.0)**	(45.7)
Net indebtedness	**$921.0**	$1,104.6
Adjusted operating earnings before depreciation and amortization (fiscal year)	**$446.5**	$446.7
Net indebtedness ratio	**2.06x**	2.47x

ANALYSIS OF CONSOLIDATED RESULTS - FISCAL YEAR

Revenues

Revenues decreased by $15.5 million, or 0.5%, from $2,956.1 million in fiscal 2022 to $2,940.6 million in the corresponding period of 2023. This decrease is mainly explained by the organic decline largely caused by lower volume, partially mitigated by the favourable exchange rate effect, the net impact of price increases due to the inflationary situation and the acquisitions. A more detailed analysis of revenues is presented in the section "Analysis of Sector Results - Cumulative".

Operating and Other Expenses

Operating expenses decreased by $15.3 million in fiscal 2023, or 0.6%, compared to the corresponding period of 2022. This decrease results mainly from lower costs related to lower volume as well as our cost reduction initiatives, partially offset by the unfavourable exchange rate effect and the acquisitions.

Restructuring and other costs (revenues) increased by $24.2 million, from a revenue of $2.5 million in fiscal 2022 to an expense of $21.7 million in the corresponding period of 2023. This unfavourable variance is mainly due to the increase in workforce reduction costs in 2023 related to changes in senior management and actions implemented to adjust the cost structure in the Printing Sector and, to a lesser extent, in the Packaging Sector, and the unfavourable effect of the remeasurement, in 2022, of a contingent consideration related to an acquisition in the Printing Sector. These factors were partially mitigated by the decrease in configuration and customization costs in a cloud computing arrangement and the favourable effect of net gains realized on the disposal of buildings.

During fiscal 2023, impairment charges of $25.2 million were recognized following the revision of estimates for the expected future economic benefits of customer relationships in the Printing Sector and equipment in the Printing and Packaging Sectors as well as in connection with a restructuring initiative in the Packaging Sector.

Operating earnings before depreciation and amortization

Operating earnings before depreciation and amortization decreased by $49.6 million, or 11.0%, from $449.2 million in fiscal 2022 to $399.6 million in the corresponding period of 2023. This decrease is mainly due to asset impairment charges, the increase in restructuring and other costs and the organic decline largely caused by lower volume, partially mitigated by cost reduction initiatives and, to a lesser extent, the favourable exchange rate effect and our acquisitions.

Adjusted operating earnings before depreciation and amortization remained stable and went from $446.7 million in fiscal 2022 to $446.5 million in the corresponding period of 2023. The organic decline largely caused by lower volume was mostly mitigated by cost reduction initiatives and, to a lesser extent, the favourable exchange rate effect and our acquisitions. A more detailed analysis of adjusted operating earnings is presented in the section "Analysis of Sector Results - Cumulative".

Depreciation and Amortization

Depreciation and amortization increased by $3.0 million, from $231.9 million in fiscal 2022 to $234.9 million in the corresponding period of 2023. This increase is mostly due to the exchange rate effect, the acquisitions in the Media Sector and acquisitions of property, plant and equipment in the Packaging Sector. These factors were partially mitigated by the end of the depreciation period for some items of property, plant and equipment.

Net Financial Expenses

Net financial expenses increased by $26.3 million, from $40.0 million in fiscal 2022 to $66.3 million in the corresponding period of 2023. This unfavourable change is mainly explained by the increase in interest rates on floating-rate debt and by the effects of exchange rate fluctuations.

Income Taxes

Income taxes decreased by $24.0 million, from $36.5 million in fiscal 2022 to $12.5 million in the corresponding period of 2023. This decrease is mainly attributable to lower earnings before income taxes.

Adjusted income taxes decreased from $55.8 million in fiscal 2022, for an effective tax rate of 22.8%, to $43.1 million in the corresponding period of 2023, for an effective tax rate of 19.7%. This decrease in the effective tax rate is explained by the geographic distribution of earnings before income taxes and a favourable adjustment relating to prior years.

Net Earnings Attributable to Shareholders of the Corporation

Net earnings attributable to shareholders of the Corporation decreased by $55.4 million, or 39.2%, from $141.2 million in fiscal 2022 to $85.8 million in the corresponding period of 2023. This decrease is mainly due to asset impairment charges as well as the increase in restructuring and other costs, depreciation and amortization and financial expenses, partially mitigated by lower income taxes. On a per share basis, net earnings attributable to shareholders of the Corporation went from $1.63 to $0.99, respectively.

Adjusted net earnings attributable to shareholders of the Corporation decreased by $13.7 million, or 7.2%, from $189.7 million in fiscal 2022 to $176.0 million in the corresponding period of 2023, mostly as a result of the increase in financial expenses, partially mitigated by lower income taxes. On a per share basis, adjusted net earnings attributable to shareholders of the Corporation went from $2.19 to $2.03, respectively.

ANALYSIS OF CONSOLIDATED RESULTS - FOURTH QUARTER

Revenues

Revenues decreased by $22.5 million, or 2.8%, from $802.2 million in the fourth quarter of 2022 to $779.7 million in the corresponding period of 2023. This decrease is mainly due to the organic decline largely caused by lower volume, partially mitigated by the favourable exchange rate effect mainly in the Packaging Sector. A more detailed analysis of revenues is presented in the section "Analysis of Sector Results - Fourth Quarter".

Operating and Other Expenses

Operating expenses decreased by $26.9 million, or 4.1%, in the fourth quarter of 2023 compared to the corresponding period of 2022. This decrease is mainly due to lower volume as well as lower costs related to cost reduction initiatives, partially mitigated by the unfavourable exchange rate effect.

Restructuring and other costs (revenues) decreased by $1.7 million, from a revenue of $4.6 million in the fourth quarter of 2022 to a revenue of $2.9 million in the fourth quarter of 2023. This unfavourable change is mainly due to the unfavourable effect of the remeasurement, in 2022, of a contingent consideration related to an acquisition in the Printing Sector and the increase in workforce reduction costs in connection with actions implemented to adjust the cost structure in the Printing Sector and, to a lesser extent, in the Packaging Sector. These factors were partially mitigated by a net gain on the disposal of a building.

During the fourth quarter of 2023, impairment charges of $25.2 million were recognized following the revision of estimates for the expected future economic benefits of customer relationships in the Printing Sector and equipment in the Printing and Packaging Sectors as well as in connection with a restructuring initiative in the Packaging Sector.

Operating Earnings before Depreciation and Amortization

Operating earnings before depreciation and amortization decreased by $22.5 million, or 15.4%, from $145.7 million in the fourth quarter of 2022 to $123.2 million in the fourth quarter of 2023. The decrease in operating earnings before depreciation and amortization is mainly due to asset impairment charges and the organic decline largely caused by lower volume, partially mitigated by cost reduction initiatives and, to a lesser extent, the favourable impact of the change in stock-based compensation expense.

Adjusted operating earnings before depreciation and amortization increased by $4.4 million, or 3.1%, from $141.1 million in the fourth quarter of 2022 to $145.5 million in the fourth quarter of 2023. The increase in adjusted operating earnings before depreciation and amortization is mainly attributable to the favourable impact of the change in stock-based compensation expense, the organic growth in the Media Sector and cost reduction initiatives, partially offset by the organic decline in the Printing Sector largely caused by lower volume. A more detailed analysis of adjusted operating earnings is presented in the section "Analysis of Sector Results - Fourth Quarter".

Depreciation and Amortization

Depreciation and amortization decreased by $3.9 million, from $60.4 million in the fourth quarter of 2022 to $56.5 million in the fourth quarter of 2023. This decrease is mostly attributable to the end of the depreciation period for some items of property, plant and equipment, partially offset by the exchange rate effect and acquisitions of property, plant and equipment in the Packaging Sector.

Net Financial Expenses

Net financial expenses increased by $7.8 million, from $10.5 million in the fourth quarter of 2022 to $18.3 million in the fourth quarter of 2023. The unfavourable change is mainly explained by the increase in interest rates on floating-rate debt and by the effects of exchange rate fluctuations.

Income Taxes

Income taxes decreased by $7.8 million, from $14.7 million in the fourth quarter of 2022 to $6.9 million in the fourth quarter of 2023. This decrease is mainly attributable to lower earnings before income taxes.

Adjusted income taxes decreased by $3.1 million, from $20.5 million in the fourth quarter of 2022, to $17.4 million in the fourth quarter of 2023, for an effective tax rate of 19.6% compared to 23.1%. This decrease in income tax expense is explained by lower adjusted operating earnings before income taxes and the decrease in the tax rate resulting from the geographic distribution of earnings before income taxes.

Net Earnings Attributable to Shareholders of the Corporation

Net earnings attributable to shareholders of the Corporation decreased by $18.7 million, from $60.4 million in the fourth quarter of 2022 to $41.7 million in the fourth quarter of 2023. This decrease is mainly due to asset impairment charges and the increase in financial expenses, partially mitigated by lower depreciation and amortization, and income taxes. On a per share basis, net earnings attributable to shareholders of the Corporation went from $0.70 to $0.48, respectively.

Adjusted net earnings attributable to shareholders of the Corporation increased by $3.4 million, or 5.0%, from $68.4 million in the fourth quarter of 2022 to $71.8 million in the fourth quarter of 2023. This increase is mainly attributable to the previously explained increase in adjusted operating earnings before depreciation and amortization as well as lower depreciation and amortization, and income taxes, partially offset by the increase in financial expenses. On a per share basis, adjusted net earnings attributable to shareholders of the Corporation went from $0.79 to $0.83, respectively.

ANALYSIS OF SECTOR RESULTS - FISCAL YEAR

(Unaudited)

Table #3:

(in millions of dollars)	Packaging	Printing	Other	Consolidated results
Revenues - Year ended October 30, 2022	**$1,665.2**	**$1,204.3**	**$86.6**	**$2,956.1**
Acquisitions, disposals and closures	4.1	(0.7)	14.3	**17.7**
Existing operations				
Exchange rate effect	73.3	(0.1)	—	**73.2**
Organic growth (decline)	(68.6)	(33.8)	(4.0)	**(106.4)**
Revenues - Year ended October 29, 2023	**$1,674.0**	**$1,169.7**	**$96.9**	**$2,940.6**
Adjusted operating earnings before depreciation and amortization (1) - Year ended October 30, 2022	**$205.4**	**$228.4**	**$12.9**	**$446.7**
Acquisitions, disposals and closures	1.2	(0.2)	2.2	**3.2**
Existing operations				
Exchange rate effect	11.8	(3.2)	0.6	**9.2**
Stock-based compensation	—	—	4.1	**4.1**
Organic growth (decline)	11.1	(28.1)	0.3	**(16.7)**
Adjusted operating earnings before depreciation and amortization (1) - Year ended October 29, 2023	**$229.5**	**$196.9**	**$20.1**	**$446.5**

(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 increased by $8.8 million, from $1,665.2 million in fiscal 2022 to $1,674.0 million in the corresponding period of 2023. This increase is mainly attributable to the favourable exchange rate effect and the positive impact of price increases caused by inflation, partially offset by lower volume due to customer destocking, as well as a slowdown in demand caused by the economic conditions.

Adjusted operating earnings before depreciation and amortization increased by $24.1 million, from $205.4 million in fiscal 2022 to $229.5 million in the corresponding period of 2023. This increase is mainly attributable to the impact of price increases due to the current inflationary situation, the favourable exchange rate effect and the favourable impact of cost reduction initiatives, partially mitigated by lower volume. The sector's adjusted operating earnings margin before depreciation and amortization increased from 12.3% in fiscal 2022 to 13.7% in the corresponding period of 2023, due to the above-mentioned items.

Printing Sector

Printing Sector revenues decreased by $34.6 million, from $1,204.3 million in fiscal 2022 to $1,169.7 million in the corresponding period of 2023. This decrease is due to organic decline mainly caused by lower volume, notably in retail flyer and book printing activities and distribution activities, partially mitigated by the positive impact of price increases caused by inflation.

Adjusted operating earnings before depreciation and amortization decreased by $31.5 million, from $228.4 million in fiscal 2022 to $196.9 million in the corresponding period of 2023. This decrease is mostly caused by lower volume, notably in retail flyer and book printing activities and distribution activities, partially mitigated by lower costs related to cost reduction initiatives. The sector's adjusted operating earnings margin before depreciation and amortization decreased from 19.0% in fiscal 2022 to 16.8% in the corresponding period of 2023, mostly due to lower volume.

Other

Revenues increased by $10.3 million, from $86.6 million in fiscal 2022 to $96.9 million in the corresponding period of 2023. This increase is mostly attributable to the acquisitions of Éditions du renouveau pédagogique ("ERPI"), in June 2022, and Scolab Inc. ("Scolab"), in March 2022, partially offset by lower volume in the Media Sector.

Adjusted operating earnings before depreciation and amortization increased by $7.2 million, from $12.9 million in fiscal 2022 to $20.1 million in the corresponding period of 2023. This increase is mainly attributable to the favourable impact of the change in stock-based compensation expense and the acquisitions of ERPI and Scolab.

ANALYSIS OF SECTOR RESULTS - FOURTH QUARTER

(Unaudited)

Table #4:

(in millions of dollars)	Packaging	Printing	Other	Consolidated results
Revenues - Fourth quarter of 2022	**$433.5**	**$327.0**	**$41.7**	**$802.2**
Acquisitions, disposals and closures	—	(0.2)	—	**(0.2)**
Existing operations				
Exchange rate effect	9.5	(1.1)	—	**8.4**
Organic growth (decline)	(22.2)	(14.4)	5.9	**(30.7)**
Revenues - Fourth quarter of 2023	**$420.8**	**$311.3**	**$47.6**	**$779.7**
Adjusted operating earnings before depreciation and amortization (1) - Fourth quarter of 2022	**$61.7**	**$64.6**	**$14.8**	**$141.1**
Acquisitions, disposals and closures	—	(0.2)	—	**(0.2)**
Existing operations				
Exchange rate effect	1.4	(1.3)	0.3	**0.4**
Stock-based compensation	—	—	3.0	**3.0**
Organic growth (decline)	(1.4)	(2.0)	4.6	**1.2**
Adjusted operating earnings before depreciation and amortization (1) - Fourth quarter of 2023	**$61.7**	**$61.1**	**$22.7**	**$145.5**

(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 $12.7 million, or 2.9%, from $433.5 million in the fourth quarter of 2022 to $420.8 million in the fourth quarter of 2023. This decrease is mainly explained by lower volume due to a slowdown in demand related to the economic conditions and, to a lesser extent, customer destocking, partially mitigated by the favourable exchange rate effect.

Adjusted operating earnings before depreciation and amortization remained stable at $61.7 million in the fourth quarter of 2023. The impact of price increases due to the current inflationary situation, the favourable exchange rate effect as well as cost reduction measures were mitigated by lower volume. The sector's adjusted operating earnings margin before depreciation and amortization increased from 14.2% in the fourth quarter of 2022 to 14.7% in the fourth quarter of 2023, mainly as a result of the above-mentioned items.

Printing Sector

Printing Sector revenues decreased by $15.7 million, or 4.8%, from $327.0 million in the fourth quarter of 2022 to $311.3 million in the fourth quarter of 2023. This decrease is mostly due to lower volume, notably in retail flyer and book printing activities.

Adjusted operating earnings before depreciation and amortization decreased by $3.5 million, or 5.4%, from $64.6 million in the fourth quarter of 2022 to $61.1 million in the fourth quarter of 2023. This decrease is mostly caused by lower volume, notably in retail flyer and book printing activities, partially mitigated by cost reduction measures. The sector's adjusted operating earnings margin before depreciation and amortization remained relatively stable at 19.8% in the fourth quarter of 2022 compared to 19.6% in the fourth quarter of 2023.

Other

Revenues increased by $5.9 million, from $41.7 million in the fourth quarter of 2022 to $47.6 million in the fourth quarter of 2023, mostly as a result of higher volume in the Media Sector.

Adjusted operating earnings before depreciation and amortization increased by $7.9 million, from $14.8 million in the fourth quarter of 2022 to $22.7 million in the fourth quarter of 2023, mainly as a result of the favourable impact of higher volume in the Media Sector and the change in stock-based compensation expense.

SUMMARY OF QUARTERLY RESULTS

(Unaudited)

Table #5 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 #5:

	2023				2022			
(in millions of dollars, unless otherwise indicated and per share amounts)	**Q4**	Q3	Q2	Q1	**Q4**	Q3	Q2	Q1
Revenues	**$ 779.7**	$ 706.7	$ 747.2	$ 707.0	**$ 802.2**	$ 747.8	$ 715.5	$690.6
Operating earnings before depreciation and amortization	**123.2**	95.3	105.2	75.9	**145.7**	110.0	102.8	90.7
Adjusted operating earnings before depreciation and amortization (1)	**145.5**	107.9	109.0	84.1	**141.1**	113.0	103.6	89.0
Adjusted operating earnings margin before depreciation and amortization (1)	**18.7%**	15.3%	14.6%	11.9%	**17.6%**	15.1%	14.5%	12.9%
Operating earnings	**$ 66.7**	$ 39.2	$ 43.8	$ 15.0	**$ 85.3**	$ 52.1	$ 46.1	$ 33.8
Adjusted operating earnings (1)	**107.3**	70.2	66.2	41.8	**99.1**	72.6	64.1	49.3
Adjusted operating earnings margin (1)	**13.8%**	9.9%	8.9%	5.9%	**12.4%**	9.7%	9.0%	7.1%
Net earnings attributable to shareholders of the Corporation	**$ 41.7**	$ 20.9	$ 22.2	$ 1.0	**$ 60.4**	$ 34.1	$ 28.3	$ 18.4
Net earnings attributable to shareholders of the Corporation per share	**0.48**	0.24	0.26	0.01	**0.70**	0.39	0.33	0.21
Adjusted net earnings attributable to shareholders of the Corporation (1)	**71.8**	44.0	39.1	21.1	**68.4**	49.6	41.7	30.0
Adjusted net earnings attributable to shareholders of the Corporation per share (1)	**0.83**	0.51	0.45	0.24	**0.79**	0.57	0.48	0.35
% of fiscal year	**41%**	25%	22%	12%	**36%**	26%	22%	16%

(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 #6:

(in millions of dollars)	Three months ended **October 29, 2023**	Three months ended October 30, 2022	Year ended **October 29, 2023**	Year ended October 30, 2022
Operating activities				
Cash flows generated by operating activities before changes in non-cash operating items and income taxes paid	**$138.7**	$127.9	**$409.9**	$435.2
Changes in non-cash operating items	**113.2**	(1.2)	**110.8**	(129.5)
Income taxes paid	**(5.7)**	(23.2)	**(48.4)**	(84.9)
Cash flows from operating activities	**$246.2**	$103.5	**$472.3**	$220.8
Investing activities				
Business combinations, net of acquired cash	**$—**	$—	**$0.3**	$(124.8)
Acquisitions of property, plant and equipment	**(21.6)**	(28.6)	**(145.3)**	(117.1)
Disposals of property, plant and equipment	**12.0**	1.3	**12.0**	9.8
Increase in intangible assets	**(7.4)**	(5.6)	**(32.2)**	(25.3)
Cash flows from investing activities	**$(17.0)**	$(32.9)	**$(165.2)**	$(257.4)
Financing activities				
Increase in long-term debt	**$—**	$—	**$—**	$200.0
Reimbursement of long-term debt	**(0.4)**	(0.5)	**(2.6)**	(330.6)
Net (decrease) increase in credit facilities	**(88.7)**	(18.6)	**(58.1)**	127.0
Financial expenses paid on long-term debt and credit facilities	**(15.2)**	(7.4)	**(49.5)**	(34.7)
Repayment of principal on lease liabilities	**(6.2)**	(6.0)	**(24.8)**	(24.3)
Interest paid on lease liabilities	**(0.8)**	(0.6)	**(3.3)**	(3.2)
Dividends	**(19.5)**	(19.5)	**(78.0)**	(78.1)
Share redemptions	**—**	—	**—**	(7.0)
Cash flows from financing activities	**$(130.8)**	$(52.6)	**$(216.3)**	$(150.9)
Effect of exchange rate changes on cash denominated in foreign currencies	**$0.1**	$1.3	**$0.5**	$2.1
Net change in cash	**$98.5**	$19.3	**$91.3**	$(185.4)

Financial position	**As at October 29, 2023**	As at October 30, 2022
Net indebtedness (1)	**$921.0**	$1,104.6
Net indebtedness ratio (1)	**2.06x**	2.47x
Credit rating		
DBRS	**BBB (low)**	BBB (low)
Outlook	**Stable**	Stable
Standard and Poor's	**BBB-**	BBB-
Outlook	**Stable**	Stable

Consolidated Statements of Financial Position	**As at October 29, 2023**	As at October 30, 2022
Current assets	**$1,100.4**	$1,134.7
Current liabilities	**526.3**	547.0
Total assets	**3,700.3**	3,801.0
Total liabilities	**1,794.1**	1,919.0

(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 - FISCAL YEAR

Cash Flows from Operating Activities

Cash flows from operating activities increased from $220.8 million in fiscal 2022 to $472.3 million in fiscal 2023. This increase is mostly explained by changes in non-cash operating items, which are notably attributable to a decrease in inventories in the Packaging Sector and the favourable impact of the sale of receivables through the implementation of a trade receivables purchase agreement, and lower income taxes paid during the year.

Cash Flows from Investing Activities

Cash flows from investing activities went from a cash outflow of $257.4 million in fiscal 2022 to a cash outflow of $165.2 million in fiscal 2023. This change is mainly explained by the business acquisitions completed in the previous year, partially mitigated by an increase in investments in property, plant and equipment.

Cash Flows from Financing Activities

Cash flows from financing activities increased from a cash outflow of $150.9 million in fiscal 2022 to a cash outflow of $216.3 million in fiscal 2023. This unfavourable change is mainly explained by repayments on the credit facilities.

Debt Instruments

On February 1, 2022, the Corporation issued a private offering of Canadian dollar senior unsecured notes bearing interest at a fixed rate of 2.667%, amounting to $200.0 million and maturing on February 3, 2025. Issuance costs of $1.1 million were recognized against long-term debt and are amortized using the effective interest method over the duration of the private offering. Concurrently with the issuance of this private offering, the Corporation entered into cross-currency fixed-to-floating interest rate swaps (CAD fixed/USD floating) amounting to $200.0 million (US$157.1 million) and maturing on February 3, 2025, to convert into U.S. dollars the private offering proceeds received in Canadian dollars and fix the exchange rate applicable upon repayment of the private offering at maturity.

On February 1, 2022, the Corporation repaid early the balance of tranche E of the U.S. dollar term loans (issued in 2018) of $142.7 million (US$112.5 million) that was expiring on November 1, 2022.

On June 30, 2022, the Corporation amended the U.S. dollar term loan of $156.0 million (US$112.5 million), which was maturing on May 1, 2023 and was bearing interest at floating LIBOR plus 1.70%, to extend its maturity to June 30, 2027. This loan now bears interest at a floating rate based on the Secured Overnight Financing Rate ("SOFR") plus 1.70% and an adjustment ranging from 0.10% to 0.25%. Concurrently with extending this U.S. dollar term loan, the Corporation settled a floating-to-fixed interest rate swap for a consideration received of $0.7 million.

The Corporation has a credit facility amounting to $400.0 million or the U.S. dollar equivalent, which was maturing in February 2027. On February 22, 2023, the maturity was extended for an additional year, until February 2028, on similar terms. 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 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 ($34.7 million), which was maturing in March 2023. On January 30, 2023, the maturity of the credit facility was extended for an additional year, until March 2024, with similar terms. The applicable interest rate for this credit facility is SOFR plus 1.05%.

As at October 29, 2023, an amount of $76.3 million had been drawn on the credit facilities, and the unused amount under the credit facilities was $358.4 million.

As at October 29, 2023, the floating-rate portion of the Corporation's long-term debt represented approximately 45.8% of total debt.

As at October 29, 2023, letters of credit amounting to $22.4 million ($20.0 million as at October 30, 2022) were issued, mainly to secure unpaid contributions with respect to the solvency deficiency of the Corporation's defined benefit plans. The Corporation has revolving letters of credit facilities for an aggregate amount of $40.0 million, of which $16.0 million ($20.0 million as at October 30, 2022) had been issued on these facilities. Fees applicable to the issued portion of these letters of credit facilities are 0.80% annually.

Net Indebtedness

Net indebtedness went from $1,104.6 million as at October 30, 2022 to $921.0 million as at October 29, 2023. This decrease is mostly explained by cash flows from operating activities and the favourable changes in non-cash operating items, partially mitigated by investments in property, plant and equipment. Consequently, the net indebtedness ratio stood at 2.06x as at October 29, 2023 compared to 2.47x as at October 30, 2022.

ANALYSIS OF FINANCIAL POSITION - FOURTH QUARTER

Cash Flows from Operating Activities

Cash flows from operating activities increased from $103.5 million in the fourth quarter of 2022 to $246.2 million in the fourth quarter of 2023. This increase is mostly explained by changes in non-cash operating items, which are notably attributable to a decrease in inventories in the Packaging Sector and the favourable impact of the sale of receivables through the implementation of a trade receivables purchase agreement.

Cash Flows from Investing Activities

Cash flows from investing activities decreased from a cash outflow of $32.9 million in the fourth quarter of 2022 to a cash outflow of $17.0 million in the fourth quarter of 2023. This change is mainly attributable to disposals of property, plant and equipment and a decrease in investments in property, plant and equipment.

Cash Flows from Financing Activities

Cash flows from financing activities increased from a cash outflow of $52.6 million in the fourth quarter of 2022 to a cash outflow of $130.8 million in the fourth quarter of 2023. This change is mostly attributable to repayment on the credit facilities.

CONTRACTUAL OBLIGATIONS AND BUSINESS COMMITMENTS

Table #7:

Type of contract (in millions of dollars)	Carrying amount	Contractual cash flows	Less than 1 year	1-3 years	3-5 years	Over 5 years
Non-derivative financial liabilities						
Accounts payable and accrued liabilities	$446.4	$446.4	$446.4	$—	$—	$—
Long-term debt	939.9	1,112.4	47.9	532.5	187.6	344.5
Lease liabilities	118.1	127.8	25.9	43.5	28.1	30.3
Other monetary liabilities	9.6	9.6	—	9.6	—	—
Total non-derivative financial liabilities	**$1,514.0**	**$1,696.2**	**$520.2**	**$585.6**	**$215.7**	**$374.8**
Derivative financial instruments						
Cross-currency interest rate swaps	$47.0	$59.3	$9.0	$50.3	$—	$—
Foreign exchange forward contracts	10.9	10.9	7.4	3.5	—	—
Total return swaps	4.3	4.3	4.3	—	—	—
Total contractual obligation	**$1,576.2**	**$1,770.7**	**$540.9**	**$639.4**	**$215.7**	**$374.8**

The Corporation expects to contribute an estimated amount of $6.9 million to its defined benefit plans during the year ending October 27, 2024. The actual amount paid may differ from the estimate based on the results of the actuarial valuations, investment returns, volatility in discount rates, regulatory requirements and other factors.

CAPITAL STRUCTURE

Share Capital

Table #8:

Shares Issued and Outstanding	As at October 29, 2023	As at November 30, 2023
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**

During the year ended October 30, 2022, the Corporation repurchased and cancelled 400,800 of its Class A Subordinate Voting Shares at a weighted average price of $17.43, for a total cash consideration of $7.0 million. The excess of the total consideration over the carrying amount of the shares, amounting to $3.6 million, was applied against retained earnings.

On September 29, 2022, the Corporation has been authorized to repurchase, for cancellation on the open market, or subject to the approval of any securities authority by private agreements, between October 3, 2022 and October 2, 2023, or at an earlier date if the Corporation concludes or cancels the offer, up to 1,000,000 of its Class A Subordinate Voting Shares and up to 191,343 of its Class B Shares. The repurchases are made in the normal course of business at market prices through the Toronto Stock Exchange.

During the year ended October 29, 2023, the Corporation did not repurchase any of its Class A Subordinate Voting Shares or Class B Shares. As at October 29, 2023, the Corporation had no share repurchase program in effect.

RISKS AND UNCERTAINTIES

The main risks and uncertainties to which the Corporation is exposed are described hereinafter. These risks and uncertainties are strategic, operational or financial in nature, and may have a material impact on our operations, our financial results, our financial position, our cash flows or our reputation. Readers are cautioned that this list is not necessarily exhaustive.

Risk management plays an important role in the Corporation's decisions with regards to acquisitions; capital investments, especially in research and development, asset disposals, plant consolidation and efforts to create synergies among operating sectors or other operating activities. It also guides decisions regarding cost reduction measures, product diversification, new market penetration and certain cash movements.

In addition to periodically re-examining current risks and the effectiveness of control and preventive measures already in place, management assesses new risk factors. It determines the likelihood that these will occur and their potential effect, and implements strategies and processes to proactively manage them. Each risk is owned by a member of the Management Committee.

A report on the risk management program is reviewed regularly at the Management Committee and presented to the Audit Committee and Board of Directors.

Printing and Distribution of Paper Flyers – Impact of digital product development and adoption and impact of regulations or legislation regarding door-to-door distribution

Printing and distribution of paper flyers represent a significant portion of the Corporation’s revenues and earnings. Over the past few years, certain Canadian retailers increased their use of digital flyers, digital campaigns and loyalty programs. A major change in consumer habits or in the Corporation’s retail customers' marketing strategy could result in a significant decrease in the number of pages and/or frequency for the paper flyers printed and distributed by the Corporation. An acceleration in adopting and producing digital products at the expense of paper flyers would have an adverse impact on the Corporation’s financial results. In addition, the increase in raw materials costs for the Corporation resulting from higher paper prices and inflation and assumed, in whole or in part, by the Corporation's customers, could also cause a decrease in volume of printed flyers.

The Corporation offers a full range of distribution services, from preparation to door-to-door distribution, optimal order management and distribution list creation. Due to its significance, the success of the Printing Sector depends in part on the strength of the Corporation’s distribution network and other systems implemented in Canada. Several cities in Quebec have amended their by-laws to prohibit or limit the opt-out model for door-to-door distribution of printed advertising material and the use of plastic bags. Other cities amended or are contemplating amending their by-laws in a similar manner. The Corporation sought to have these by-laws declared null and void on the grounds that they are discriminatory and also infringe the right to freedom of expression guaranteed by the Canadian Charter of Rights and Freedoms and the

Quebec Charter of Human Rights and Freedoms and, with respect to the distribution of local weekly newspapers in addition to printed flyers, the right to information protected by the Quebec Charter. The adverse decision on the by-law adopted by the City of Mirabel, in Québec, was first appealed before the Court of Appeal of Quebec, without success. An application for leave to appeal to the Supreme Court of Canada has been filed. In May 2023, the Corporation initiated the launch of *raddar*™ a leaflet that combines flyers from various retailers into a single printed product, which is distributed via Canada Post in the Montreal area, in other cities in Quebec and in other areas of Ontario and British Columbia. *raddar*™ will gradually be rolled out across Quebec by May 2024. Unlike the printed flyer distributed via Publisac, *raddar*™ is subject to weight and dimension limits to meet Canada Post's requirements. Consumers and the Corporation's customers are adapting to this new product. All these factors could have an impact on the Corporation's net earnings, financial position and cash flows.

Lastly, the Corporation relies on independent suppliers to distribute its products from door to door. If any subcontractor fails to adequately and timely distribute them, this could have an adverse impact on net earnings. Delays in printed flyers distribution, including *raddar*™, strikes, transportation disruptions, such as severe weather, and slowdowns could also disrupt the Corporation's printed flyer and printed flyer distribution operations and have an adverse impact on its net earnings, financial position, cash flows and reputation.

Economic Environment - Inflation and recession risks

The Corporation operates in a volatile economic environment. The Corporation operates in many countries, and the economic risks specific to each country may have an adverse impact on its results of operations and net earnings. As a result, if unemployment, interest or inflation rates fluctuate substantially or increase to significant levels, they could have an impact on customers' consuming trends and, consequently, on our operating activities, financial position and profitability. In addition, the Corporation is exposed to market risk related to the current global inflationary situation, as the various environmental, social, political, economic and health factors had significant consequences on the world economy. In order to reduce inflation, several central banks may tighten their monetary policies, which has an impact on interest rates, foreign currency exchange rates and economic development. The risks of recession in one or several of the countries where the Corporation operates could have an adverse impact on the Corporation's net earnings, financial position and cash flows.

Economic Conditions - Geopolitical uncertainty

The economic conditions remain affected by the geopolitical environment, which puts more pressure and increases disruptions in supply chains. The combined effects of a limited supply and a strong demand generated shortages in consumer goods and inputs, delays in delivering equipment and spare parts and increases in energy and raw materials prices, which could have an adverse impact on the Corporation's operating results and operations.

The Corporation's operations are exposed to these market risks that may have an adverse impact on the Corporation's operating results and financial position resulting from a current and future lack of flexibility and adaptability in the supply chain for key materials. In addition, this risk could create raw materials shortages and lead to an inability to complete orders.

Environmental Risks – Amendments to regulations or adoption of new regulations and changes to consumption habits

Future legislation and initiatives, for instance more restrictive air emissions limits, the implementation of carbon taxes, stricter water quality regulations or additional requirements for soil decontamination, could increase operating costs. In addition, changes in laws and regulations relating to packaging composition or recyclability could impact operations if they were implemented on a large scale and too quickly in the Corporation's main markets. These changes could require significant investments. Voluntary actions by the Corporation's customers or their customers aimed at reducing the use of plastic could also reduce the demand for certain plastic packaging and increase manufacturing costs. The advent of regulations on the extended producer responsibility (EPR) policies in several Canadian provinces also influenced the printing and packaging industries. This regulation make businesses that put on the market printed materials, containers and packaging responsible for the costs associated with the end-of-life management of their products and could decrease demand. Lastly, there is a trend toward phasing out single-use plastic bags in many jurisdictions around the world, although the products manufactured by TC Transcontinental are, in general, currently excluded from these initiatives. Changes in laws and regulations laying down restrictions on, and conditions for use of, food, beverage, pharmaceutical, agricultural or other products and the materials in contact with them, or on the use of materials and agents in the production of the Corporation's products could also adversely affect business.

The Corporation's printing and publishing operations require the daily use of large quantities of paper. The flexible packaging and distribution operations via Publisac require the use of large quantities of plastic. Certain consumers and certain of the Corporation's customers could be concerned by the possible impact of significant utilization of paper and plastic on the environment and could become more vocal advocates of environment protection and sustainability promotion. Such concerns could result in damage to the Corporation's reputation, revisions and adjustments to its practices and additional operating costs.

The environmental, social or governance (ESG) expectations and requirements of our stakeholders, in particular investors, customers, consumers and governments, are constantly evolving. The fast-paced evolution of these expectations and requirements could expose the Corporation to reputational, market and operational risks. In the last few years, the governments of many jurisdictions have adopted laws requiring, among other things, ESG reporting, calculating carbon emissions, including the value chain, and monitoring the supply chain for issues related to deforestation, forest degradation, forced labour or child labour. These regulations may impact us directly or indirectly, including via our customers. These obligations would lead to rapid growth in the level of monitoring by governments, customers or investors. In addition, customers may voluntarily adopt high ESG standards that are not limited to their operations or production sites, but could also include their supply chain. If we are unable to meet their expectations, they could turn to competitors. Consequently, the level of monitoring by these stakeholders would also lead to a greater number of disclosure and reporting requests, for which the Corporation must put in place rigorous processes to collect and analyze data and information that are increasingly detailed. The expectations for the rapid implementation of initiatives related to ESG themes, and in particular those related to climate change, are increasingly high, and the inability to put in place action plans with tangible results enabling us to meet our ESG objectives could represent a disadvantage and a reputation and business risk.

Compliance with Governmental Regulations – Amendments to regulations or adoption of new regulations

The Corporation operates facilities throughout the world and is exposed to risks associated with different legal, political, tax, social, cultural, environmental and regulatory frameworks. It is subject to many regulations that may be amended by governmental authorities. Complying with amendments to regulations or stricter new regulations could result in a material decrease, both permanent and temporary, in revenues or a material cost increase for the Corporation. The Corporation benefited from certain government assistance programs. Any change in the application rules could have an impact on the Corporation’s net earnings.

Operational Disruption – An operational disruption could affect the ability to meet deadlines

The Corporation increasingly concentrates the production of certain products in its most productive plants and, in the event of a disaster at one of these facilities, it could miss production deadlines. In addition, global climate change could increase the frequency of natural catastrophes, enhancing the risk of disruption, and could have an adverse impact on our operations, causing damages to our facilities, as well as increasing operating costs and capital expenditures. The ability to meet deadlines could also be affected by major equipment failure, human error, supply problems for certain equipment parts, labour disputes, attacks or transportation problems. Higher absenteeism in one plant due to illness, work accidents or other causes could also adversely impact the ability to meet deadlines and contractual obligations. Certain customers of the Corporation are more reluctant to a situation of dependence to single site for the supply chain. This could have an adverse impact on the Corporation if it would cause a significant transfer of volume from these customers to a competitor. The magnitude of the impact of these risks on results will depend on certain factors, including the nature of the disruption, its duration and the plant affected by the disrupting event. However, the Corporation has implemented contingency plans for some facilities and holds insurance policies that could indemnify it against a portion of direct and indirect costs or losses related to certain disasters. In addition, the presence of a North American packaging and printing network enables the Corporation to qualify new plants for certain key products to ensure redundancy within its network.

Pandemic, Epidemic or Outbreak of an Infectious Disease

The worldwide outbreak of a disease, a virus, including a type of virus such as the one that caused the COVID-19 pandemic, or any other contagious disease could have an adverse impact on the Corporation's operations, operating results and financial position. While it is sudden, its impact on economic cycles can give rise to unfavourable temporary disruptions in the market where the Corporation operates as well as on its internal structure, such as plant closures, shortages of raw materials and labour, and in supply chains and distribution channels.

Long-term Organic Growth – Ability to generate organic growth and face competition

The long sales cycle characterizing certain niches in which the Corporation operates represents a significant challenge to the ability to generate organic growth, especially in the Packaging Sector. In addition, the packaging industry is highly competitive. Competition is based on price, quality of products and services, innovation and product development, delivery times and the range of services offered. Some competitors may have greater experience and technical know-how, more technically advanced production facilities, a larger sales force and more resources dedicated to product development, especially in terms of formats, types of packaging and environmental responsibility. The need to evolve with technological changes and make appropriate research and development investments could result in significant costs and have an adverse impact on the Corporation’s growth rate in this industry. In the Printing Sector, the increased competition in the Canadian market, not to mention the presence of US-based competitors that could increase in Canada, through acquisition or organic growth, could have an adverse impact on the Corporation’s market share and financial results.

A few of the Corporation's customers may individually represent a significant portion of its revenues. It is the case, for instance, in flyer printing, where a few Canadian retailers may individually represent a significant portion of the Printing Sector's revenues. Certain customers in the Packaging Sector may also represent a significant portion of this Sector's revenues. A change in consumption habits of a major customer or the loss of a major customer could have an adverse impact on the Corporation's ability to generate organic growth and, consequently, an adverse impact on net earnings. The Corporation's current or potential customers could be acquired, and the acquirer might start to procure certain products from its current supplier. Customer consolidation could therefore also have an adverse impact on organic growth.

The Corporation must continue to improve its operational efficiency to remain competitive, which enhances its ability to generate organic growth. Regardless of the efficiency level it has already reached, there can be no assurance that the Corporation will be able to do this on an ongoing basis. As well, the need to reduce operating expenses could result in costs to downsize the workforce, close or consolidate facilities, or upgrade equipment and technology. Over the years, the Corporation significantly reduced its manufacturing assets in the Printing Sector to maximize efficiency at its most productive plants. Although there are always opportunities to improve operational efficiency within the production platforms and the Corporation has experienced managers to develop and implement such improvement plans, the initiatives available to react to a volume decrease could be insufficient and have a less favourable impact on the fixed cost structure.

Raw Materials, Energy and Transportation Costs – A significant increase in the cost of raw materials, the availability of raw materials and consumed energy

Paper, resin, plastic film, ink and plates are the primary raw materials used by the Printing Sector and the Packaging Sector, and they represent a significant portion of the Corporation's costs. In addition, these sectors consume energy, more specifically electricity, natural gas and oil. A significant increase in raw materials prices, energy prices or transportation costs could have an adverse impact on operations. However, several agreements with the Corporation's customers provide for sales price indexation based on fluctuations in raw materials costs, usually with a delayed effect. The impact on net earnings will be influenced by the Corporation's ability to rapidly adjust prices and improve its operational efficiency to offset the increases in raw materials prices or in transportation costs. In addition, the increase in these prices could have an adverse impact if it changes the purchasing habits of customers.

Accordingly, the Corporation could also be exposed to a supply risk if some of its suppliers would experience financial instability or disruptions in their own operations or in their ability to provide raw materials.

Acquisitions – Ability to complete acquisitions and properly integrate them

The Corporation's growth is partially based on its ability to complete acquisitions, especially in the Packaging Sector. The Corporation must be able to target attractive opportunities, at a reasonable value, and compete with private equity companies and other companies that are actively seeking acquisitions. The inability to properly identify opportunities and complete acquisitions could have an adverse impact on the Corporation's development.

Integrating acquisitions generally involves risks, and these risks may increase with the size, sector and type of acquisition. Integrating businesses could give rise to temporary disruptions in production, cause the Corporation to lose major contracts, influence its personnel retention or have an adverse impact on customer relationships. In addition, the identified synergies may not be fully realized or may take longer to materialize.

Cybersecurity and Data Protection - An intrusion into information systems could disrupt operating activities, damage reputation and result in court actions

In the normal course of its activities, the Corporation relies on the continuous and uninterrupted operation of its systems, data hosting centers, cloud computing systems and computer hardware. In addition, it receives, processes and transfers sensitive data, including confidential information about the Corporation, its employees, its customers and its suppliers. If the Corporation were to experience cyber threats, cyberattacks, breaches, unauthorized accesses, viruses or other security breaches, human errors, sabotage or other similar events, it could have an adverse impact on its activities, including system disruptions or breakdowns. This could also negatively impact results, cause considerable damage to the Corporation's reputation, and potentially result in court actions.

In addition, it is possible that such an event might not be detected quickly enough to limit the extent of the breach or the damages. Furthermore, government and customer requirements with respect to protection against potential intrusions and breach of sensitive data are becoming stricter. The obligation to comply with new requirements could also have a financial impact on the Corporation as well as an impact on its reputation. Customers' confidence in the security of the information held by the Corporation and transactions is crucial to maintain its reputation and competitiveness on the market.

The nature and volume of cyberattacks evolve quickly and continuously get more sophisticated, which increases the risk that the Corporation's operations are disrupted and its data are compromised. This risk has significantly increased over the past years as a result of the pandemic, and with the increase in the number of people working from home, the vulnerability of all businesses has grown. Home Wi-Fi, off-site work and remote connections to servers and software increase the number of threat points.

Data Confidentiality – Warehousing, using and protecting personal data

Warehousing, using and protecting personal data are increasingly critical and the responsibilities of entities that process such information are expanding. Mismanagement of personal data could cause considerable damage to the Corporation’s reputation, and potentially result in court actions, fines and other claims. The multiplication of data protection regulatory frameworks in jurisdictions where the Corporation operates also increases regulatory compliance risk. The Corporation could have to incur significant costs to enhance its systems and thus prevent future events related to confidential data, which would have an impact on its earnings.

The Canadian anti-spam legislation, and other privacy laws, require businesses to obtain the consent of the recipient before sending commercial electronic messages and/or collecting and providing personal information. However, there could be situations in which some of the Corporation’s activities would infringe on the privacy of users and others. While the Corporation has implemented strict controls in these areas, any breach with respect to the collection, use, disclosure or security of personal information, protection of copyright or other confidentiality issues could damage its reputation and adversely affect its net earnings.

Digital Product Adoption – Impact of digital product development and adoption on the demand for printed products other than flyers

Digital platforms have become an essential means to reach consumers, and advertisers have a diverse selection of media channels in which to spend their advertising dollars. A decline in the share of printed products in aggregate advertising spending and in the number of readers of printed products towards digital products could result in a decrease in the demand for printed products. This lower demand could have an adverse impact on the financial results of the newspaper, magazine, books and commercial product printing activities.

Protection of Intellectual Property Rights – Failure of patents, trademarks and confidentiality agreements to protect intellectual property could adversely affect operations

Protection of the Corporation’s proprietary processes, equipment and other technology is important. Following its innovation-focused strategy, it is all the more crucial to protect its intellectual property rights, failing that, the Corporation’s competitive position may suffer, as competitors imitating its products and/or processes could offer them at lower prices than the Corporation’s and significant costs might have to be incurred.

The Corporation also relies upon unpatented proprietary know-how and technological innovation as well as other trade secrets to develop and maintain its competitive position. There can be no assurance that confidentiality agreements would not be breached or would provide meaningful protection for trade secrets or proprietary know-how and adequate remedies in the event of an unauthorized use or disclosure of these trade secrets and proprietary know-how. In addition, there can be no assurance that others will not obtain knowledge of these trade secrets through independent research or other access by legal means.

In addition, the Corporation's patents, trademarks and other intellectual property rights may not provide it a competitive advantage. The Corporation may need to spend significant resources monitoring its intellectual property rights. Its competitive position may be harmed if it cannot detect infringement and enforce its intellectual property rights quickly or not. Competitors might avoid infringement by designing around our intellectual property rights or by developing non-infringing competing technologies. Intellectual property rights and our ability to enforce them may be unavailable or limited in some countries which could make it easier for competitors to capture market share and could result in lost revenues.

Recruiting and Retaining Talent – Difficulty to attract and retain employees in the main operating sectors

Social and demographic trends observed on a global basis, such as changes in employees' habits and expectations, are making it more challenging to hire and retain personnel in most industries. The Corporation notices a labour shortage, increased competition in the labour market, and a higher turnover that result in an increase in operating costs as well as growing use of technology and a high demand for emerging skillsets. Over the last few years, absenteeism has progressed, which had a significant impact on productivity and performance at the plants.

In addition, our ability to reward our employees through bonuses and other incentive programs depends on our financial performance. If such performance decreases, employee turnover may increase and be more significant in sectors that have already experienced a decrease in bonuses and other incentive programs due to their past performance.

Regulations – Safety and quality of packaging products for the food industry

The Corporation is a supplier of flexible packaging products that are mainly used in the food industry. It is therefore exposed to this industry's risks, such as labelling errors and presence of foreign bodies, as well as certain hygiene and cleanliness problems, including food contamination by organisms that cause illness, or pathogens, such as the E.coli bacteria, Salmonella and Listeria. The Corporation could thus be involved in a possible product recall. Such a situation could expose the Corporation to civil liability claims, negative publicity, investigations or governmental intervention, which would have a material adverse impact on its financial position, net earnings and reputation.

Credit – Bad debts from certain customers

Certain factors, such as economic conditions and changes within certain industries, could expose the Corporation to credit risk with respect to receivables from certain of its customers, thereby negatively affecting its ability to collect in accordance with the established terms of payment. Senior management regularly analyzes and examines the financial position of customers and applies rigorous evaluation procedures to all new customers. The Corporation establishes a specific credit limit for each customer and periodically reviews the limits for major customers or customers that are considered at risk. As well, the Corporation believes that it is protected against any concentration of credit through its products, customer base and geographic diversity. The Corporation also has a credit insurance policy covering certain customers for aggregated losses of up to $15.0 million per year in Canada and up to US$15.0 million per year in the United States. The policy contains the usual clauses and limits regarding the amounts that can be claimed by event and year of coverage.

Imports and Exports – Import and export controls, duties, tariffs or taxes

Some of the Corporation's products are subject to export controls and may be exported only with the required export license or through an export license exemption. If it were to fail to comply with export licensing, customs regulations, economic sanctions or other laws, the Corporation could be subject to substantial civil and criminal penalties, including fines and incarceration for responsible employees and managers, and the possible loss of export or import privileges. In addition, if distributors of the corporation fail to obtain required import, export or re-export licenses or permits, the Corporation may also be adversely affected through sanctions and reputational harm. Obtaining the necessary export license for a particular sale may be time-consuming and may result in loss of sales opportunities.

Furthermore, export control laws prohibit the shipment of certain products to embargoed countries, governments and persons. The Corporation cannot assure that any such shipment will not occur, which could have negative consequences including government investigations, penalties, fines, civil and criminal sanctions, and reputational harm. In addition, the Corporation's global business can be negatively affected by import and export duties, tariff barriers, and related local government protectionist measures, and the unpredictability with which these can occur. Any change in export or import regulations, economic sanctions or related legislation, shift in the enforcement or scope of existing regulations, or change in the countries, governments, persons or technologies targeted by such regulations, could decrease the Corporation's ability to export or sell its products to its existing or potential customers with international operations and limit its ability to import or source from foreign suppliers. Considering the extent of the Corporation's operations, border crossing limitations or border closures could have an adverse impact on the supply and distribution chain of certain plants. Any limitation on the Corporation's ability to export or sell its products could adversely affect its business, financial position and results of operations.

Exchange Rates – Exchange rate fluctuations

The Corporation is exposed to the fluctuations in the exchange rate of various foreign currencies, and these fluctuations could have an impact on earnings. The depreciation of the Canadian dollar against the U.S. dollar may increase the value of sales in the United States and create certain business opportunities. The appreciation of the U.S. dollar provides the Corporation with some protection against foreign competition in the Printing Sector. However, a potential recovery in the value of the Canadian dollar would have an adverse impact on net earnings. To reduce the risk of short-term foreign currency fluctuations, the Corporation attempts to match cash inflows and outflows in the same currency and has in place a currency hedging program that uses derivatives.

Interest Rates – Increase in market interest rates with respect to our financial instruments

The Corporation is exposed to risks of increases in interest rates. The Corporation maintains a combination of fixed-rate and floating-rate debt and monitors relevant interest rates and may, if applicable, hedge the exposure to floating interest rates with various derivative instruments. Floating-rate debt bears interest at rates based on the SOFR or bankers' acceptance rates, which significantly increased over the past few quarters as a result of the tightening of monetary policies by the main central banks. As it has floating-rate debt, an increase in interest rates could have an impact on the Corporation's earnings.

Liquidity - Availability of capital at a reasonable cost

The Corporation is exposed to liquidity risk, which is the risk that it will not be able to meet its financial obligations as they become due, or that it will be able to meet them, but at an excessive cost. The net indebtedness level could have important consequences, including the following:

- It may limit the Corporation's ability to obtain additional financing for working capital, capital expenditures, debt service requirements, acquisition and general corporate purposes;
- It may limit the Corporation's ability to adjust to changing market conditions and place it at a competitive disadvantage compared to its competitors that are less leveraged;
- It may increase financial expenses and reduce profitability;
- The Corporation may not be able to pay dividends on its Class A Subordinate Voting Shares and its Class B Shares;
- The Corporation may be vulnerable in a downturn in general economic conditions;
- It may be more difficult for the Corporation to satisfy its covenants with respect to its indebtedness.

If any of these circumstances arise in the future, this could have a material adverse effect on the Corporation's business, financial position, prospects and/or results of operations. Moreover, the Corporation may not be able to achieve its strategic growth objectives where the required capital resources are not available to fund both its organic and acquisition growth strategy. In addition, non-compliance with financial covenants set out by the lenders in new credit facilities could lead to financial losses, increased costs or cross defaults, which in turn could have a material adverse impact on the Corporation's business, financial position, prospects and/or results of operations. Under the terms of the credit facilities, the Corporation is permitted to incur additional debt in certain circumstances, but the credit facilities could contain financial covenants which may limit its discretion in the operation of our business.

Litigation – The Corporation is subject to legal risks related to its activities

The Corporation could be involved in litigation or lawsuits resulting from its activities. In addition, in connection with its efforts to align the capacity and costs of the printing platform with business volumes, the Corporation may be involved in litigation regarding labour relations cases. In the Printing Sector and the Packaging Sector, the printing of incorrect information by the Corporation and non-compliance with customer specifications could lead to claims. In addition, in its acquisition activities, unidentified liabilities and significant legal obligations also represent a risk to the Corporation as the successor. Although the Corporation establishes provisions for such litigation, it cannot be ensured that the provisions for all claims correspond to the settlement amount and, as a result, this could potentially have an adverse impact on net earnings.

Pension Plans – Impact of major market fluctuations on the solvency of defined benefit pensions plans

As at October 29, 2023, almost all of the Corporation's active employees were participating in defined contribution pension plans. However, the risks related to the defined benefit pension plans, which are currently closed, are still assumed by the Corporation. Funding for defined benefit plans is based on actuarial estimates and is subject to limitations under applicable income tax and other relevant regulations. Actuarial estimates prepared during the year were based on assumptions related to projected employee compensation levels to the time of retirement and the expected long-term rate of return on pension plan assets. The defined benefit obligation, fair value of plan assets and plan asset composition are measured at the date of the annual financial statements. The Corporation continues to apply its investment strategy to limit the exposure of its assets to major fluctuations that would affect pension plan solvency.

Taxation – Changes in tax legislation could adversely affect profitability

The Corporation is subject to income taxes in many jurisdictions. Its tax exposures could be adversely affected in the future as a result of a number of factors, including changes in the mix of earnings in countries with differing statutory tax rates. The Corporation regularly assesses these matters to determine the adequacy of its assessment of its tax liability. To the extent that its assessments would be incorrect, its business, financial position, prospects and/or results of operations could be materially affected. The Corporation is susceptible to possible changes of law or to possible changes in interpretation of existing law, sometimes with a retroactive impact, by the tax authorities may have consequences. For example, the imposition of additional taxes or increases in the rate of income and other taxes or the removal of any tax incentives, from which it currently benefits in any of the jurisdictions in which it operates, may increase its effective tax rate and have a material adverse effect on its profitability. Any such changes in tax legislation, interpretation of the laws by the tax authorities, or any changes to accounting rules may have a material adverse effect on the amount of tax payable in regard to past and future periods. Finally, adverse outcomes from tax audits that it may be subject to in any of the jurisdictions in which it operates could result in an adverse change in its effective tax rate, which in turn could adversely affect its business, financial position, prospects and/or results of operations.

Taxation – Disputes with tax authorities or amendments to statutory tax rates in force

The Corporation believes that expenses claimed by the various group entities are reasonable and deductible and the cost and capital cost deduction used for the depreciable properties of these entities have been calculated correctly. In the normal course of the Corporation’s business, tax authorities conduct ongoing audits and, in that respect, there can be no assurance that tax authorities will not dispute the Corporation’s position regarding certain tax issues. If rulings in such disputes favour the tax authorities, it could have a material adverse impact on the Corporation, its activities, its net earnings, its financial position and shareholders’ returns.

If income tax rates increase or decrease in future periods in a jurisdiction, the provision for income taxes for future periods will increase or decrease accordingly. Furthermore, deferred tax assets and liabilities will increase or decrease as income tax rates increase or decrease, respectively, and will result in an income tax impact. In addition, a reduction or an increase in the tax rate is expected to increase or decrease annual net earnings from what it would have otherwise been.

Impairment Tests – Impact of impairment tests on the value of assets

Under IFRS, the Corporation must test long-term assets for impairment if there is any indication that an asset or group of assets may be impaired. Any asset write-downs from impairment testing would have an adverse impact on the Corporation’s net earnings, but it would not have any major impact on the Corporation’s compliance with the indebtedness ratio it must meet under the terms of its current credit facilities or on its borrowing capacity.

Control Held – Conflict of interest between the controlling shareholder and other shareholders

As at October 29, 2023, Capinabel inc. directly or indirectly held 14.62% of shares outstanding and 73.81% of voting rights attached to the participating shares outstanding of the Corporation. All the shares of Capinabel inc. are held by by Mr. Rémi Marcoux, Ms. Nathalie Marcoux, Ms. Isabelle Marcoux and Mr. Pierre Marcoux, companies that they control and trusts of which they are beneficiaries. Given the controlling stake of this shareholder, it is possible that in some situations the interests of the controlling shareholder might not correspond to the interests of other holders of participating shares of the Corporation.

DISCLOSURE CONTROLS AND PROCEDURES

The President and Chief Executive Officer and the Executive Vice President and Chief Financial Officer of the Corporation are responsible for establishing and maintaining the Corporation's disclosure controls and procedures.

Our disclosure controls and procedures are designed to provide reasonable assurance that information required to be disclosed by us is recorded, processed, summarized and reported within the time periods specified under Canadian securities laws, and include controls and procedures that are designed to ensure that information is accumulated and communicated to management to allow timely decisions regarding required disclosure.

The effectiveness of the design and operation of the Corporation's disclosure controls and procedures was evaluated as defined by *Regulation 52-109 respecting Certification of Disclosure in Issuers' Annual and Interim Filings* ("Regulation 52-109") as at October 29, 2023. Based on this evaluation, the President and Chief Executive Officer and the Executive Vice President and Chief Financial Officer of the Corporation concluded that the design and operation of disclosure controls and procedures were effective as at October 29, 2023.

INTERNAL CONTROL OVER FINANCIAL REPORTING

The President and Chief Executive Officer and the Executive Vice President and Chief Financial Officer of the Corporation are 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 consolidated financial statements in accordance with IFRS.

The effectiveness of the design and operation of the Corporation's ICFR was evaluated as at October 29, 2023, in accordance with the framework and criteria set out in the document entitled "Internal Control - Integrated Framework" issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") in 2013, a recognized control model, and the requirement of Regulation 52-109. Based on this evaluation, the President and Chief Executive Officer and the Executive Vice President and Chief Financial Officer of the Corporation concluded that the design and operation of ICFR were effective as at October 29, 2023.

All internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial reporting and the preparation of financial statements.

During the year ended October 29, 2023, 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 EVENTS

On November 3, 2023, the Corporation announced that *raddar*™ will be gradually rolled out between February and May 2024 across Quebec, thereby ending the Publisac distribution activities, as well as in certain areas of Ontario and British Columbia. *raddar*™ is a leaflet that combines flyers from various retailers into a single printed product, which greatly reduces the volume of paper used. In addition, with *raddar*™, consumers can benefit from the raddar.ca digital platform.

On November 17, 2023, the Corporation announced that it will be phasing out operations at its Tomah, Wisconsin, packaging plant in anticipation of the complete closure of the facility in February 2024. Operations will gradually be transferred to other Packaging Sector plants to optimize the return on its assets, reduce its costs and improve operational efficiency.

In addition, the Corporation announces the implementation of a program to improve our earnings per share and balance sheet. This two-year program, which should generate recurring savings from $20.0 million to $40.0 million, comprises four main action categories: significant reductions in fixed costs across the organization; decisive actions aimed at less-performing activities, through turnaround or consolidation; a reduction of the cost of goods sold; and the sale of certain real estate assets for an expected value of approximately $100.0 million.

Some of these initiatives have led to the recognition of impairment charges in fiscal 2023. Additional charges of approximately $9.0 million, mainly workforce reduction costs, will be recognized in the first quarter of 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 the majority of our 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 offset by cost reduction initiatives and the continued deployment of *raddar*™ which allows us to secure our retail flyer printing activities.

Finally, given the economic environment and the early impact of our profitability improvement program, we expect consolidated adjusted operating earnings before depreciation and amortization to remain at 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

December 12, 2023

Consolidated financial STATEMENTS and notes

MANAGEMENT'S RESPONSIBILITY FOR CONSOLIDATED FINANCIAL STATEMENTS

The accompanying consolidated financial statements of Transcontinental Inc. are the responsibility of Management and have been approved by the Board of Directors of the Corporation. The consolidated financial statements include some amounts that are based on Management's best estimates using reasonable judgment. The consolidated financial statements have been prepared by Management in accordance with International Financial Reporting Accounting Standards ("IFRS").

In fulfilling their responsibilities, Management of Transcontinental Inc. and its subsidiaries develop and aim to improve accounting and management systems designed to provide reasonable assurance that assets are safeguarded from loss or unauthorized use and that the financial records are reliable for preparing the consolidated financial statements.

The Board of Directors of the Corporation fulfills its responsibility for the consolidated financial statements principally through its Audit Committee. The Audit Committee meets with management and the independent auditors every quarter to discuss the results of the audit, internal controls and financial reporting matters. The independent auditors appointed by the shareholders have unrestricted access to the Audit Committee, with or without the presence of management.

The consolidated financial statements have been audited by KPMG LLP, whose report is presented on the following page.

(s) Thomas Morin

President and Chief Executive Officer

(s) Donald LeCavalier

Executive Vice President and Chief Financial Officer

KPMG LLP
Tour KPMG
600 de Maisonneuve Blvd West, Suite 1500
Montréal, QC H3A 0A3
Canada
Telephone 514 840 2100
Fax 514 840 2187

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Transcontinental Inc.

Opinion

We have audited the consolidated financial statements of Transcontinental Inc. (the "Entity"), which comprise:

- The consolidated statements of financial position as at October 29, 2023 and October 30, 2022
- The consolidated statements of earnings for the years then ended
- The consolidated statements of comprehensive income for the years then ended
- The consolidated statements of changes in equity for the years then ended
- The consolidated statements of cash flows for the years then ended
- And notes to the consolidated financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements")

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at October 29, 2023 and October 30, 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB").

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 Financial Statements***" section of our auditor's report.

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

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

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Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended October 29, 2023. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matter described below to be the key audit matter to be communicated in our auditor's report.

Assessment of the recoverable amount of groups of cash-generating units to which a goodwill is allocated

Description of the matter

We draw attention to notes 2 (m), (n) and (v), 7 and 16 to the financial statements. The goodwill balance is $1,194.9 million. Goodwill acquired in a business combination is allocated to cash-generating units ("CGUs") or group of CGUs that will benefit from the synergies of the combination.

A CGU (or group of CGUs) to which goodwill has been allocated is tested for impairment annually, or more frequently if changes in circumstances indicate a potential impairment. An impairment loss is recognized if the carrying amount of a CGU (or group of CGUs) exceeds its estimated recoverable amount. Impairment losses are recognized in net earnings.

The recoverable amount of a CGU (or group of CGUs) is the higher of its value in use and its fair value less costs of disposal. In determining value in use, the Entity uses significant assumptions including the discount rate and estimated future cash flows. In determining fair value less costs of disposal, the Entity uses significant assumptions including capitalization multiples and budgeted projections of operating earnings before depreciation and amortization.

Why the matter is a key audit matter

We identified the assessment of the recoverable amount of groups of CGUs as a key audit matter. This matter represented an area of significant risk of material misstatement for certain CGUs (or group of CGUs) due to the magnitude of the goodwill and the high degree of estimation uncertainty in determining the recoverable amount. In addition, significant auditor judgment and specialized skills and knowledge were required in evaluating the results of our audit procedures due to the sensitivity of the Entity's determination of the recoverable amount of certain CGUs (or group of CGUs) to minor changes to significant assumptions.

How the matter was addressed in the audit

The following are the primary procedures we performed to address this key audit matter.

We evaluated the appropriateness of estimated future cash flows and budgeted projections of operating earnings before depreciation and amortization used to establish the recoverable amount of the CGUs (or group of CGUs) by comparing them to the Entity's actual historical cash flows and operating earnings before depreciation and amortization. We took into account the changes in conditions and events affecting the CGUs (or group of CGUs) to assess the adjustments, or lack of adjustments, made by the Entity in arriving at estimated future cash flows and budgeted projections of operating earnings before depreciation and amortization to be generated by the CGUs (or group of CGUs).

We compared the historical forecasts of estimated future cash flows and budgeted projections of operating earnings before depreciation and amortization with actual results to assess the Entity's ability to accurately predict estimated future cash flows and budgeted projections of operating earnings before depreciation and amortization.

We involved valuation professionals with specialized skills and knowledge, who assisted in:

- evaluating the appropriateness of the discount rates by comparing them to discount rate ranges that were independently developed using publicly available market data for comparable entities.
- evaluating the appropriateness of capitalization multiples by comparing them to publicly available market data for comparable entities.
- evaluating the reasonableness of the estimate of the recoverable amount of all CGUs (or group of CGUs) of the Entity by comparing the sum of all recoverable amounts to the Entity's market capitalization and by comparing the sum of the budgeted projections of operating earnings before depreciation and amortization multiple to published operating earnings before depreciation and amortization multiples for comparable entities.

Other information

Management is responsible for the other information. Other information comprises:

- the information included in Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions.
- the information, other than the financial statements and the auditor's report thereon, included in a document likely to be entitled "2023 Annual Report".

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

In connection with our audit of the 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 financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

We obtained the information included in Management’s Discussion and Analysis filed with the relevant Canadian Securities Commissions as at the date of this auditor’s report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditor’s report.

We have nothing to report in this regard.

The information, other than the financial statements and the auditor’s report thereon, included in a document likely to be entitled "2023 Annual Report" is expected to be made available to us after the date of this auditor’s report. If, based on the work we will perform on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Entity’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 Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity’s financial reporting process.

Auditor’s Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 the 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 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 Entity'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 Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors’ report to the related disclosures in the 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 auditors’ report. However, future events or conditions may cause the Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represents the underlying transactions and events in a manner that achieves fair presentation.

- 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.

- Provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group Entity to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.
- Determine, from the matters communicated with those charged with governance, those matters that were of most significance in the audit of the 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 auditor's 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 auditor's report is Dominique Hamel.

KPMG LLP*

Montréal, Canada

December 12, 2023

*CPA auditor, public accountancy permit No. A119178

CONSOLIDATED STATEMENTS OF EARNINGS

Years ended October 29, 2023 and October 30, 2022
(in millions of Canadian dollars, unless otherwise indicated and per share data)

	Notes	**October 29, 2023**	October 30, 2022
Revenues		**$ 2,940.6**	$ 2,956.1
Operating expenses	5	**2,494.1**	2,509.4
Restructuring and other costs (revenues)	6	**21.7**	(2.5)
Impairment of assets	13 & 15	**25.2**	—
Operating earnings before depreciation and amortization		**399.6**	449.2
Depreciation and amortization	8	**234.9**	231.9
Operating earnings		**164.7**	217.3
Net financial expenses	9	**66.3**	40.0
Earnings before income taxes		**98.4**	177.3
Income taxes	10	**12.5**	36.5
Net earnings		**85.9**	140.8
Non-controlling interests		**0.1**	(0.4)
Net earnings attributable to shareholders of the Corporation		**$ 85.8**	$ 141.2
Net earnings attributable to shareholders of the Corporation per share - basic and diluted		**$ 0.99**	$ 1.63
Weighted average number of shares outstanding - basic and diluted (in millions)		**86.6**	86.8

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

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Years ended October 29, 2023 and October 30, 2022
(in millions of Canadian dollars)

	Notes	October 29, 2023	October 30, 2022
Net earnings		**$ 85.9**	$ 140.8
Other comprehensive income			
Items that may be subsequently reclassified to net earnings			
Net change related to cash flow hedges			
Net change in the fair value of designated derivatives - foreign exchange risk	28	**8.1**	(17.5)
Net change in the fair value of designated derivatives - interest rate risk	28	**4.1**	2.5
Reclassification of the net change in the fair value of designated derivatives recognized in net earnings during the year		**(1.3)**	1.0
Related income taxes (recovery)		**2.9**	(3.7)
	23	**8.0**	(10.3)
Cumulative translation differences			
Net unrealized exchange gains on the translation of the financial statements of foreign operations		**33.2**	119.2
Net losses on hedge of the net investment in foreign operations	28	**(14.0)**	(35.3)
Related income taxes		**0.1**	1.1
	23	**19.1**	82.8
Items that will not be reclassified to net earnings			
Changes related to defined benefit plans			
Actuarial losses on defined benefit plans	26	**(14.7)**	(14.2)
Income taxes recovery		**(3.9)**	(3.7)
	23	**(10.8)**	(10.5)
Other comprehensive income	23	**16.3**	62.0
Comprehensive income		**$ 102.2**	$ 202.8

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

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Years ended October 29, 2023 and October 30, 2022
(in millions of Canadian dollars)

	Notes	Share capital	Contributed surplus	Retained earnings	Accumulated other comprehensive income (loss)	Total	Non-controlling interests	Total equity
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		**—**	**—**	**85.8**	**—**	**85.8**	**0.1**	**85.9**
Other comprehensive income	23	**—**	**—**	**—**	**16.3**	**16.3**	**—**	**16.3**
Shareholders' contributions and distributions to shareholders								
Dividends	21	**—**	**—**	**(78.0)**	**—**	**(78.0)**	**—**	**(78.0)**
Balance as at October 29, 2023		**$ 636.6**	**$ 0.9**	**$ 1,226.8**	**$ 37.0**	**$ 1,901.3**	**$ 4.9**	**$ 1,906.2**
Balance as at October 31, 2021		$ 640.0	$ 0.9	$ 1,159.5	$ (41.3)	$ 1,759.1	$ 5.2	$ 1,764.3
Net earnings		—	—	141.2	—	141.2	(0.4)	140.8
Other comprehensive income	23	—	—	—	62.0	62.0	—	62.0
Shareholders' contributions and distributions to shareholders								
Share redemptions	21	(3.4)	—	(3.6)	—	(7.0)	—	(7.0)
Dividends	21	—	—	(78.1)	—	(78.1)	—	(78.1)
Balance as at October 30, 2022		$ 636.6	$ 0.9	$ 1,219.0	$ 20.7	$ 1,877.2	$ 4.8	$ 1,882.0

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

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As at October 29, 2023 and October 30, 2022
(in millions of Canadian dollars)

	Notes	As at October 29, 2023	As at October 30, 2022
Current assets			
Cash		**$ 137.0**	$ 45.7
Accounts receivable	11	**514.7**	575.7
Income taxes receivable		**37.0**	12.2
Inventories	12	**391.1**	479.3
Prepaid expenses and other current assets		**20.6**	21.8
		1,100.4	1,134.7
Property, plant and equipment	13	**796.5**	756.0
Right-of-use assets	14	**98.6**	140.8
Intangible assets	15	**447.1**	519.6
Goodwill	16	**1,194.9**	1,181.7
Deferred taxes	10	**30.4**	37.5
Other assets	17	**32.4**	30.7
		$ 3,700.3	$ 3,801.0
Current liabilities			
Accounts payable and accrued liabilities	18	**$ 465.5**	$ 492.2
Income taxes payable		**24.8**	7.0
Deferred revenues and deposits		**10.4**	11.8
Current portion of long-term debt	19	**2.1**	10.7
Current portion of lease liabilities	24	**23.5**	25.3
		526.3	547.0
Long-term debt	19	**937.8**	979.3
Lease liabilities	24	**94.6**	135.0
Deferred taxes	10	**89.8**	126.0
Other liabilities	20	**145.6**	131.7
		1,794.1	1,919.0
Equity			
Share capital	21	**636.6**	636.6
Contributed surplus		**0.9**	0.9
Retained earnings		**1,226.8**	1,219.0
Accumulated other comprehensive income	23	**37.0**	20.7
Attributable to shareholders of the Corporation		**1,901.3**	1,877.2
Non-controlling interests		**4.9**	4.8
		1,906.2	1,882.0
		$ 3,700.3	$ 3,801.0

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

CONSOLIDATED STATEMENTS OF CASH FLOWS

Years ended October 29, 2023 and October 30, 2022
(in millions of Canadian dollars)

	Notes	**October 29, 2023**	October 30, 2022
Operating activities			
Net earnings		**$ 85.9**	$ 140.8
Adjustments to reconcile net earnings and cash flows from operating activities:			
Impairment of assets	13 & 15	**25.2**	—
Depreciation and amortization	8	**234.9**	231.9
Financial expenses on long-term debt and lease liabilities	9	**55.5**	36.8
Net gains on disposal of assets		**(8.2)**	(6.0)
Income taxes	10	**12.5**	36.5
Net foreign exchange differences and other		**4.1**	(4.8)
Cash flows generated by operating activities before changes in non-cash operating items and income taxes paid		**409.9**	435.2
Changes in non-cash operating items	24	**110.8**	(129.5)
Income taxes paid		**(48.4)**	(84.9)
Cash flows from operating activities		**472.3**	220.8
Investing activities			
Business combinations, net of acquired cash		**0.3**	(124.8)
Acquisitions of property, plant and equipment		**(145.3)**	(117.1)
Disposals of property, plant and equipment		**12.0**	9.8
Increase in intangible assets		**(32.2)**	(25.3)
Cash flows from investing activities		**(165.2)**	(257.4)
Financing activities			
Increase in long-term debt	24	**—**	200.0
Reimbursement of long-term debt	24	**(2.6)**	(330.6)
Net (decrease) increase in credit facilities	24	**(58.1)**	127.0
Financial expenses paid on long-term debt and credit facilities	24	**(49.5)**	(34.7)
Repayment of principal on lease liabilities	24	**(24.8)**	(24.3)
Interest paid on lease liabilities	24	**(3.3)**	(3.2)
Dividends	21	**(78.0)**	(78.1)
Share redemptions	21	**—**	(7.0)
Cash flows from financing activities		**(216.3)**	(150.9)
Effect of exchange rate changes on cash denominated in foreign currencies		**0.5**	2.1
Net change in cash		**91.3**	(185.4)
Cash at beginning of year		**45.7**	231.1
Cash at end of year		**$ 137.0**	$ 45.7
Non-cash investing activities			
Net change in capital asset acquisitions financed by accounts payable		**$ 6.9**	$ 3.7

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

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

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 Corporation's Board of Directors approved these annual consolidated financial statements on December 12, 2023.

2 SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation
These consolidated financial statements were prepared in accordance with International Financial Reporting Accounting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

The consolidated IFRS financial statements have been prepared in accordance with the following significant accounting policies:

a) Basis of measurement
The consolidated financial statements have been prepared on a historical cost basis, except for the following items:
- derivative financial instruments and contingent considerations which have been measured at their fair value;
- the liability related to stock-based compensation which has been measured under IFRS 2 *Share-based payments*,
- defined benefit liabilities, which are measured at the net amount of the fair value of defined benefit plan assets and the present value of the obligations related to these plans; and
- lease liabilities, which are measured at the present value of future lease payments.

b) Basis of consolidation
The consolidated financial statements include the accounts of the Corporation and its subsidiaries. The accounting policies described have been applied consistently by all the subsidiaries for all periods presented in these consolidated financial statements.

Subsidiaries are all entities controlled by the Corporation. There is control when the Corporation is exposed or has rights to variable returns from its involvement with the investee, and has the ability to use its power over the investee to significantly affect the amount of the returns it obtains. Subsidiaries are fully consolidated from the date the Corporation obtains control, and cease to be consolidated from the date that control ceases. Where necessary, adjustments are made to the financial statements of subsidiaries so that their accounting policies are consistent with those of the Corporation. An entity that is fully consolidated but that is not wholly owned by the Corporation results in a non-controlling interest, which is presented separately in the Consolidated Statement of Earnings and the Consolidated Statement of Financial Position. All inter-company balances and transactions have been eliminated upon consolidation.

The Corporation holds the following main subsidiaries:

	Holding (in %)
Transcontinental Printing Inc. (Canada)	100.0
Transcontinental Printing 2007 Inc. (Quebec)	100.0
Transcontinental Printing 2005 G.P. (Quebec)	100.0
Transcontinental Printing Corporation (Delaware)	100.0
Transcontinental Media Inc. (Quebec)	100.0
Transcontinental Media G.P. (Quebec)	100.0
TC Transcontinental Packaging Inc. (Delaware)	100.0
Transcontinental Holding Corp (Delaware)	100.0
Transcontinental US LLC (Delaware)	100.0

c) Business combinations
Business combinations are accounted for using the acquisition method, and their operating results are included in the consolidated financial statements as of the acquisition date. The consideration transferred is the sum of the fair value of the assets acquired, equity instruments issued, liabilities incurred or assumed by the Corporation and contingent considerations, on the acquisition date, in exchange for control of the acquired entity. In the case of a business combination involving less than 100% of ownership interests, a non-controlling interest is measured either at fair value or at the non-controlling interest's proportionate share in the identifiable net assets of the acquiree. The basis of measurement is determined on a transaction-by-transaction basis.

The excess of the consideration transferred and the amount of any non-controlling interest in the acquiree over the fair value of the identifiable assets acquired and liabilities assumed is recognized as goodwill. If the fair value of the net assets acquired exceeds the cost of the business combination, the excess ("negative goodwill") is recognized directly in net earnings as gain from a bargain purchase. The transaction costs attributable to the acquisition are recognized in net earnings when they are incurred.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

c) Business combinations (continued)
If the agreement includes a contingent consideration, such contingent consideration is measured at fair value as of the acquisition date and added to the consideration transferred, and a liability for the same amount is recognized. Any subsequent change to the fair value of the contingent consideration will be recognized in net earnings under "Restructuring and other costs (revenues)".

If the initial accounting for the business combination is incomplete when the financial statements are issued for the period during which the acquisition occurred, the Corporation records provisional amounts for the items for which measurement is incomplete. Adjustments resulting from the completion of the measurement will be reflected as adjustments to the assets acquired and liabilities assumed during the measurement period, and the adjustments must be applied retroactively. The measurement period is the period from the acquisition date to the date on which the Corporation has received complete information on the facts and circumstances that existed as of the acquisition date.

If a business combination is achieved in stages, the Corporation remeasures the interest it held previously in the acquiree at fair value at the acquisition date and recognizes any resulting gain or loss in net earnings.

d) Revenue recognition
The Corporation recognizes revenues from the sale of goods or services when control over a good or service is transferred to the customer.

The Corporation determines revenues to be recognized using the following steps: 1) Identifying the contract with the customer; 2) Identifying the performance obligations in the contract; 3) Determining the transaction price; 4) Allocating the transaction price to performance obligations; and 5) Recognizing revenue when the Corporation satisfies a performance obligation.

The Corporation has established that, for purposes of applying IFRS 15 *Revenues from contracts with customers*, a contract is usually a purchase order, including the related sales terms and conditions, or a combination of a purchase order and a contract. In the Printing Sector, certain contracts include more than one performance obligation, in particular when the contract provides for printing services as well as distribution and premedia services. In the Packaging Sector, contracts usually include only one performance obligation, namely the sale of finished goods. Several of the Corporation's contracts contain a variable consideration, which may take the form of an incentive program, a program providing for discounts based on quantities purchased or other rebates granted to customers. The Corporation estimates variable considerations using the most likely amount method and reduces revenues by the estimated amount. Given the nature of custom products sold by the Corporation, returns are not significant.

In the Packaging Sector and the Printing Sector, revenues are recognized as follows:

- Packaging products
  Revenues are recognized when control over the products is transferred to the customer, which is usually when the products are shipped or delivered in accordance with the customer agreement.

- Printing services
  Revenues from the sale of printing services are recognized when control over the products is transferred to the customer, which is usually when the products are shipped or delivered in accordance with the customer agreement.

- Distribution revenues
  Door-to-door distribution revenues are recognized over time during the delivery of the advertising material.

- Premedia revenues
  Premedia revenues are recognized at a point in time, when services are provided.

- For certain contracts related to the sale of packaging products and printing services under which the Corporation provides custom products or services and for which it has an enforceable right to payment for performance completed, the criteria for revenue recognition over time are met and, consequently, revenues have to be recognized under that method. However, the Corporation has determined that the value of such contracts is not significant.

In the Media Sector, revenues are recognized as follows:

- Advertising and book revenues
  Revenues are recognized at the publication date in the case of advertising revenues, and at the time of delivery, net of a provision for returns, in the case of book revenues.

e) Income taxes
The Corporation records income taxes using the liability method of accounting. Income tax expense represents the sum of current and deferred taxes. It is recognized in net earnings, except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

i) Current tax
Current tax is the expected tax payable or receivable on the period's taxable income, using tax rates that have been enacted or substantively enacted at the date of the financial statements, and any adjustment to tax expense or recovery in respect of previous years. Taxable income differs from earnings reported on the Consolidated Statement of Earnings due to items of income and expense that are taxable or deductible during other periods, or items that will never be taxable, or deductible.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

e) Income taxes (continued)

ii) Deferred tax

Deferred tax is determined on the basis of temporary differences between the carrying amounts and the tax bases of assets and liabilities, and is measured at the tax rates that are expected to apply in the period when the asset is realized or the liability is settled, based on tax rates that have been enacted or substantively enacted at the date of the financial statements.

Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognized for temporary differences arising on the initial recognition of goodwill. The carrying amount of deferred tax assets is reviewed at the end of each period and a reduction of the carrying amount is recognized when it is probable that these assets will not be realized.

f) Government assistance

Government assistance is recognized when there is reasonable assurance that the Corporation will comply with the requirements of the approved grant or subsidy program and the Corporation, based on management's judgment, is reasonably certain that the government assistance will be received. Government assistance related to operating expenses, including salary grants, is recorded as a reduction of such expenses. Investment tax credits related to the purchase of property, plant and equipment or intangible assets are recorded as a reduction of the cost of the underlying asset. Investment tax credits related to operating expenses are recorded as a reduction of such expenses. Government assistance related to publishing activities is recorded as a reduction of publishing costs.

g) Cash and cash equivalents

Cash and cash equivalents include cash and highly liquid investments with original maturities of less than three months.

h) Inventories

Inventories are valued at the lower of cost and net realizable value. Cost is determined using the first in, first out method, and includes the acquisition costs of raw materials and manufacturing costs, such as direct labor and a portion of manufacturing overhead. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

i) Supplier rebates

The Corporation records supplier rebates as a reduction of the price of products or services received and reduces operating expenses in the Consolidated Statements of Earnings and related inventory in the Consolidated Statements of Financial Position. These rebates are estimated based on anticipated purchases.

j) Property, plant, equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. The cost includes expenditures directly attributable to the acquisition of property, plant and equipment.

The costs, such as borrowing costs, incurred directly for the acquisition or construction of property, plant and equipment, are capitalized until the asset is ready for its intended use, and are depreciated over the useful life of the related asset. Property, plant and equipment under construction are not depreciated as long as they have not been put in service.

Property, plant, equipment are depreciated on a straight-line basis over the following estimated useful lives:

Buildings	20-40 years
Leasehold improvements	Term of the lease
Machinery and equipment	3-15 years
Other equipment	2-5 years

Major parts of an item of property, plant and equipment with different useful lives are accounted for as separate components of the asset, and depreciated over their respective useful lives.

Depreciation methods, useful lives and residual values are reviewed and adjusted prospectively, if applicable, at each reporting date.

Gains and losses on the disposal of an item of property, plant and equipment are determined as the difference between the fair value of net disposal proceeds and the carrying amount of the item of property, plant and equipment that is disposed of. They are recognized directly in net earnings under Restructuring and other costs (revenues) (Note 6).

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

k) Leases
The Corporation must assess, at inception of a contract, whether the contract is, or contains, a lease by determining whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

At the commencement date of a lease, the Corporation must recognize a right-of-use asset and a lease obligation.

The right-of-use asset is initially measured at the cost of the corresponding lease liability, adjusted by any lease payments made at or before the commencement date, less any lease incentives received, plus if applicable, any initial direct costs incurred and an estimate of costs to be incurred for dismantling and removing the underlying asset and for restoring the site where it is located. The right-of-use asset is subsequently measured at cost less any accumulated depreciation and any accumulated impairment losses, if applicable. The right-of-use asset is depreciated on a straight-line basis from the commencement date until the end of the lease term, except if the lease transfers ownership of the underlying asset to the Corporation by the end of the lease term or if the cost of the right-to-use asset reflects that the Corporation will exercise a purchase option. In such case, the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses and adjusted for any remeasurements of the lease liability. Right-of-use assets are tested for impairment at each reporting date if there is any indication that they may be impaired.

The lease liability is initially measured at the present value of future lease payments using the Corporation's incremental borrowing rate at the inception date, except when it is possible to determine the interest rate implicit in the lease. Lease payments are discounted over the lease term, which includes the fixed term and the renewal and termination options that the Corporation is reasonably certain to exercise.

The main payments included in the initial measurement of the lease liability are fixed payments, less lease incentives receivable, and variable lease payments that depend on an index or a rate. The lease liability is subsequently measured at amortized cost using the effective rate method, which results in an increase in the carrying amount of the lease obligation to reflect interest and a reduction of the carrying amount to reflect the lease payments made.

The lease liability is remeasured, with a corresponding adjustment to the right-of-use asset, in the following cases:

- There is a change in the lease term and/or the assessment of the exercise of a purchase, extension or termination option, in which case the Corporation remeasures the lease liability by discounting the new future lease payments using a revised discount rate;
- A change is expected in future lease payments as a result of a change in an index or a rate used to determine variable payments, in which case the Corporation remeasures the lease liability by discounting the new future lease payments using the discount rate used for the initial measurement; and
- Any other modification that does not lead to the recognition of a separate lease, in which case the Corporation remeasures the lease liability by discounting the revised lease payments using a revised discount rate.

Variable lease payments that do not depend on an index or a rate, and that the Corporation elected to exclude from the definition of lease components under IFRS 16, are not taken into account in the initial measurement of neither the right-of-use asset nor the lease liability. These non-lease components continue to be recognized as expenses in the Consolidated Statement of Earnings, under "Operating expenses", when incurred.

As permitted by IFRS 16, the Corporation also elected to not recognize a right-of-use asset and a lease liability to all new short-term leases (defined as having a lease term of less than 12 months) or for new leases for which the underlying asset is of low value. These leases are recognized on a straight-line basis over the lease term with the corresponding expense reported in the Consolidated Statement of Earnings under "Operating expenses" when incurred.

In the Consolidated Statement of Cash Flows, cash outflows related to the interest expense on the lease liability and those related to the principal of the lease liability are presented in financing activities. Lease payments for short-term leases, leases for which the underlying asset is of low value and non-lease components are presented in operating activities.

l) Intangible assets

i) Identifiable intangible assets acquired in a business combination
Identifiable intangible assets acquired in a business combination are recorded at fair value at acquisition date, and subsequently recognized at cost less any accumulated amortization and accumulated impairment losses.

ii) Internally generated intangible assets
Internally generated intangible assets consist of book prepublication costs, technology project costs, other than configuration or customization costs in a cloud computing arrangement, and new product development and creation costs. The cost of an internally generated intangible asset includes all the directly attributable costs necessary to create, produce and prepare the asset to be capable of operating in the manner intended by management.

Expenses incurred in research activities are expensed in the period in which they are incurred. Expenses incurred in development activities are also expensed in the period in which they are incurred, except if they meet all the criteria for capitalization. The initial amount recognized as an internally generated intangible asset is equal to the sum of expenses incurred from the date when the intangible asset first meets the criteria for capitalization.

Configuration and customization costs in cloud computing arrangements that do not meet asset recognition criteria are recognized as expenses in the period in which they are incurred.

Subsequent to initial recognition, internally generated intangible assets are stated at cost less accumulated amortization and accumulated impairment losses.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

l) Intangible assets (continued)

ii) Internally generated intangible assets (continued)

Intangible assets with finite useful lives are amortized according to the following methods and estimated useful lives:

	Term / Rate	Method
Customer relationships	4-12 years	Straight-line
Book prepublication costs	Maximum 7 years	Based on the estimated life of the book
Educational book titles	6-9 years	Based on the estimated life of the book
Acquired printing contracts	Term of the contract	Straight-line
Right of first refusal	Term of the contract	Straight-line
Non-compete agreements	2-5 years	Straight-line
Technology project costs	3-7 years	Straight-line
Development costs	3 years	Straight-line

Amortization methods, useful lives and residual values are reviewed and adjusted prospectively, if applicable, at each reporting date.

Intangible assets with indefinite useful lives are not amortized. They mainly consist of trade names acquired in business combinations for book publication activities. The value allocated to trade names is based on the reputation that a publication has built historically. Given that this value is not affected by the passage of time, it is impossible to allocate it systematically over time. Intangible assets with indefinite useful lives are tested for impairment annually or more frequently if changes in circumstances indicate a potential impairment.

iii) Goodwill

Goodwill is recognized at cost, which represents the amount by which the consideration transferred and any non-controlling interest in the acquiree exceed the fair value of the identifiable net assets of the acquiree, and at cost less accumulated impairment losses thereafter. Goodwill has an indefinite useful life and is not amortized. Goodwill is tested for impairment annually or more frequently if events indicate that it might be impaired.

m) Impairment of non-financial assets

The Corporation reviews the carrying amount of its non-financial assets, other than inventories and deferred tax assets, at each reporting date in order to determine whether there is an indication of potential impairment.

Intangible assets with indefinite useful lives acquired in business combinations are allocated to cash generating units ("CGU"), and assessed for impairment annually, or more frequently if changes in circumstances indicate potential impairment. In the presence of such changes, an estimate is made of the asset's recoverable amount.

Goodwill acquired in a business combination is allocated, beginning on the acquisition date, to the group of CGUs that will benefit from the synergies of the combination. For the purpose of impairment testing, non-financial assets that cannot be tested individually for impairment are aggregated to form the smallest group of assets that generates, through continuing use, cash flows that are largely independent of the cash flows from other assets. Each group of CGUs to which goodwill is allocated may not be larger than an operating segment, and represents the lowest level at which goodwill is monitored as part of internal management.

The recoverable amount of a CGU (or group of CGUs) is the higher of its value in use and its fair value less costs of disposal. Value in use is determined by discounting estimated future cash flows, using a discount rate that reflects current market assessments, the time value of money and the risks specific to the CGU (or group of CGUs).

The fair value less costs of disposal is determined using capitalization multiples applied to the budgeted fiscal 2024 operating earnings before depreciation and amortization (earnings before taxes, interest, depreciation and amortization - "EBITDA") for the group of CGUs concerned.

The Corporation’s corporate assets do not generate separate cash inflows. They are tested for impairment at the lowest CGU aggregation level to which the corporate assets can be reasonably and consistently allocated. If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the CGU (or group of CGUs) to which the corporate asset has been allocated.

Except in the case of an impairment indicator identified earlier during the fiscal year which would require the Corporation to perform an impairment test at that date, the Corporation performs its annual test of impairment during the last quarter of its fiscal year, based on the Corporation's net carrying amount of assets as at the first day of the last quarter of each fiscal year.

The most recent detailed calculation made in a preceding period of the recoverable amount of a CGU (or group of CGUs) to which goodwill has been allocated may be used in the impairment test of that CGU (of group of CGUs) in the current period provided all of the following criteria are met:

- the assets and liabilities making up the CGU (or group of CGUs) have not changed significantly since the most recent recoverable amount calculation;
- the most recent recoverable amount calculation resulted in an amount that exceeded the carrying amount of the CGU (or group of CGUs) by a substantial margin; and
- based on an analysis of events that have occurred and circumstances that have changed since the most recent recoverable amount calculation, the likelihood that a current recoverable amount determination would be less than the current carrying amount of the CGU (or group of CGUs) is remote.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

m) Impairment of non-financial assets (continued)
An impairment loss is recognized if the carrying amount of an asset, a CGU (or group of CGUs) exceeds its estimated recoverable amount. Impairment losses are recognized in net earnings. Impairment losses recognized are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (or group of CGUs), and then to reduce the carrying amounts of the other assets in the CGU (or group of CGUs) on a pro rata basis. An impairment loss in respect of goodwill is not reversed. Previously impaired non-financial assets are reassessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there have been changes to the estimates used to determine the recoverable amount, and that these changes will be supported in the future. An impairment loss is reversed only to the extent that the asset’s carrying amount does not exceed the carrying amount that would have been determined, net of amortization, if no impairment loss had been recognized.

n) Contract acquisition costs
Contract acquisition costs are amortized using the straight-line method over the related contract term, as reduction of revenues. Whenever significant changes occur that impact the related contract, including declines in anticipated profitability, the Corporation evaluates the realizable value of the contract acquisition costs to determine whether an impairment has occurred. These costs are included in other assets in the Consolidated Statement of Financial Position.

o) Provisions
Provisions are liabilities of uncertain timing or amount. Provisions are recognized when the Corporation has a present legal or constructive obligation arising from past events, when it is probable that an outflow of funds will be required to settle the obligation, and when a reliable estimate can be made of the amount of the obligation. The amount recognized as a provision is the Corporation's best estimate of the present obligation at the end of the reporting period. When the effect of discounting is significant, the amount of the provision is determined by discounting the expected cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The Corporation's main provisions are related to restructuring costs and onerous contracts. Provisions are reviewed at each reporting date and any changes to estimates are reflected in the Consolidated Statement of Earnings.

i) Restructuring
A restructuring provision is recorded when the Corporation has a formal and detailed restructuring plan, and a valid expectation has been raised in those affected, either by starting to implement the plan or by announcing its main characteristics. Future operating losses are not subject to a provision.

ii) Onerous contracts
An onerous contract provision is recorded when the Corporation has a contract under which it is more likely than not that the unavoidable costs of meeting the contractual obligations will be greater than the economic benefits that the Corporation expects to receive under the contract. An onerous contract provision represents the lesser of the cost of exiting from the contract and the cost of fulfilling it.

p) Employee benefits
The Corporation offers various contributory and non-contributory defined benefit pension plans and other post-employment defined benefit plans, defined contribution pension plans and registered group savings plans to its employees. Since June 1, 2010, most employees participate only in defined contribution pension plans. The Corporation also offers other long-term employee benefit plans that provide for continued dental and health care benefits in case of long-term disability.

The Corporation participates in multi-employer pension plans accounted for as defined contribution plans. The Corporation's contributions to these plans are limited to the amounts established under the collective agreements. Contributions to the plans are recognized in net earnings when services are provided by employees.

i) Defined benefit plans
The cost of defined benefit pension plans and other post-employment defined benefit plans is established with the assistance of independent actuaries on each reporting date, using the Projected Unit Cost Method and based on the Corporation’s best estimates regarding the discount rate, expected rate of return of the plans’ investments, salary increases, changes in health care costs, the retirement age of employees and life expectancies. The discount rate is based on applicable market interest rates for investment-grade corporate bonds with maturities consistent with the timing of payment of benefits provided under the plans.

The defined benefit asset (liability) recognized in the Consolidated Statement of Financial Position is the present value of the defined benefit obligation, less the fair value of plan assets. The value of plan assets is limited to the total of unrecognized past service cost and the present value of the economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan ("effect of the asset ceiling"). Any surplus is immediately recognized in other comprehensive income ("OCI"). In addition, a minimum liability is recognized when the statutory minimum funding requirement for past service exceeds the economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

Net cumulative actuarial gains or losses related to plan assets and the defined benefit obligation, as well as the change in the effect of the asset ceiling and any minimum liability, are recognized in OCI during the period in which they occur, except for actuarial gains or losses on other post-employment benefits, which are recognized immediately in net earnings.

Past service cost is recognized as an expense in the Consolidated Statement of Earnings during the period in which it occurs. Current service cost and the interest cost on the net defined benefit obligation or asset are recognized in net earnings during the period in which they occur, under Operating expenses and Net financial expenses, respectively.

Gains or losses on the curtailment or settlement of a defined benefit plan are recognized when the curtailment or settlement occurs. When the restructuring of a defined benefit plan gives rise to the curtailment or settlement of obligations, the curtailment is recognized before the settlement.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

p) Employee benefits (continued)

ii) Defined contribution pension plans, group registered savings plans and state plans

Under the defined contribution pension plans, group registered savings plans and state plans, the Corporation makes contributions to the participating employees' plans using a predetermined percentage of the employee's salary and has no legal or constructive obligation to pay additional amounts. The cost for these plans is recorded when services are rendered by employees, which is generally at the same time the contributions are made. The Corporation's contributions that are paid to state plans are managed by government bodies.

q) Stock-based compensation

The Corporation has share unit plans for certain officers, senior executives and directors.

i) Share unit plan for certain officers and senior executives

Compensation costs related to share unit plans for certain officers and senior executives are recognized in net earnings on a straight-line basis over the vesting period, either on the achievement of performance targets for the units related to performance, or on tenure for other units. The liability for these units is measured at fair value based on the trading price of Class A Subordinate Voting Shares of the Corporation, and are remeasured on each reporting date, until settlement. Any changes in fair value are recognized in net earnings. On each reporting date, the Corporation revises its estimate of the number of units expected to vest and recognizes any impact of this revision in net earnings, under Operating expenses.

ii) Share unit plan for directors

Compensation costs related to share units for directors are recognized in net earnings at the time they are granted. These units are initially measured at fair value based on the trading price of Class A Subordinate Voting Shares of the Corporation, and are remeasured on each reporting date, until settlement. Any changes in fair value are recognized in net earnings, under operating expenses.

r) Foreign currency translation

The consolidated financial statements are presented in Canadian dollars, which is the functional currency of the Corporation. The functional currency is the currency of the primary economic environment in which the Corporation operates. The functional currency of the operating foreign subsidiaries is mainly the U.S dollar.

Transactions denominated in a currency other than the functional currency of the Corporation or of a foreign subsidiary are accounted for using the exchange rate prevailing on the transaction date. On each reporting date, monetary items denominated in a foreign currency are translated using the exchange rate prevailing on that date, and non-monetary items that are measured at historical cost are not adjusted. Exchange differences are recognized in net earnings in the period during which they occur.

The assets and liabilities of foreign subsidiaries whose functional currency is not the Canadian dollar are translated into Canadian dollars using the exchange rate prevailing as at the reporting date. Revenue and expense items are translated at the average exchange rate for the period.

Exchange differences are recognized in OCI under "Cumulative translation differences" and are accumulated in equity. The accumulated amount of exchange differences is reclassified to net earnings upon disposal or partial disposal of an interest in a foreign operation.

The Corporation designates certain foreign exchange forward contracts denominated in U.S. dollars and certain financial liabilities denominated in U.S. dollars as hedging instruments for an equivalent portion of its net investment in certain foreign operations that have the U.S. dollar as their functional currency. Thus, the effective portion of changes in the fair value of foreign exchange contracts as well as the foreign exchange fluctuation of financial liabilities denominated in U.S. dollars, net of related income taxes, is recognized in OCI and the ineffective portion is recognized in net earnings. Cumulative gains and losses recognized in accumulated OCI are reclassified to net earnings in the period in which the related net investment in a foreign operation is subject to a total or partial disposal.

s) Financial instruments

i) Classification and measurement of financial assets and financial liabilities

Financial assets and liabilities are initially recognized at fair value and their subsequent measurement depends on their classification.

Financial assets and liabilities are classified and subsequently measured as follows:

	Category	Subsequent measurement
Cash	Amortized cost	Amortized cost, at the effective interest rate
Accounts receivable	Amortized cost	Amortized cost, at the effective interest rate
Accounts payable, other accrued liabilities and other financial liabilities	Amortized cost	Amortized cost, at the effective interest rate
Contingent consideration	Fair value through profit or loss	Fair value
Long-term debt	Amortized cost	Amortized cost, at the effective interest rate
Derivative financial instruments	Fair value through profit or loss	Fair value

Upon initial recognition, a financial asset is measured at amortized cost if the following two criteria are met: 1) it is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and 2) its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. A financial liability is measured at amortized cost unless it is held for trading, it is a derivative or it is designated as such upon its initial recognition.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

s) Financial instruments (continued)

i) Classification and measurement of financial assets and financial liabilities (continued)

Transaction costs directly related to the acquisition or issuance of financial assets or liabilities are capitalized to the cost of financial assets and liabilities that are not classified as instruments at fair value through profit or loss. Thus, long-term debt issuance costs are classified as a reduction of long-term debt, and are amortized using the effective interest method.

Changes in fair value of financial instruments measured at fair value through profit or loss are recorded in the Consolidated Statement of Earnings in the appropriate period. Changes in fair value of derivative financial instruments designated as cash flow hedges are recorded, for the effective portion, in the Consolidated Statement of Comprehensive Income in the appropriate period until their realization, after which they are recorded in the Consolidated Statement of Earnings.

ii) Impairment of financial assets

The Corporation recognizes expected credit losses on financial assets, and changes in such losses, at each reporting date to reflect changes in credit risk since the initial recognition of the financial assets. For accounts receivable, the Corporation applies the simplified approach permitted by IFRS 9, under which lifetime expected credit losses must be recognized upon initial recognition. For loans classified under Accounts receivable, the Corporation measures credit risk based on the 12- month expected credit risk if there has not been a significant increase in credit risk since initial recognition.

t) Derivative financial instruments and hedge accounting

The Corporation identifies, evaluates and manages financial risks related to changes in interest rates and foreign exchange rates in order to minimize the effect on its results and financial position, using derivative financial instruments for which parameters have been defined and approved by the Board of Directors. If the Corporation did not use derivative financial instruments, exposure to market volatility would be greater.

When applying hedge accounting, the Corporation formally documents the relationship between the derivative financial instruments and the hedged items, as well as its objective and risk management strategy underlying its hedging activities, as well as the methods that will be used to assess hedge effectiveness. This process includes linking all derivative financial instruments designated as a hedge item to specific assets and liabilities, firm commitments or specific forecast transactions.

At the inception of the hedging relationship and throughout its duration, the Corporation must have reasonable assurance that the relationship will remain effective and in accordance with its risk management objective and strategy as initially documented.

For derivative financial instruments designated as cash flow hedges, the effective portion of the hedging relationship is recognized in OCI and the ineffective portion is recognized in the Consolidated Statement of Earnings. The effective portion of an interest rate risk hedging relationship is reclassified to net earnings during the period in which the hedged interest payments are recognized in net earnings. The effective portion of a currency risk hedging relationship related to foreign currency sales is reclassified to net earnings during the period in which the sales are recognized in net earnings.

Derivative financial instruments designated as a hedge of the net investment in foreign operations are accounted for similarly to cash flow hedges. For cross-currency interest rate swaps, only the spot element is included in the hedging relationship, and the change in fair value is recognized in other comprehensive income. The forward element and the foreign currency basis spread are excluded from the hedging relationship. They are recognized in other comprehensive income as a hedge-related transaction cost and are then amortized to net earnings based on the settlement of interest payments on the cross-currency interest rate swaps. The effective portion of the net investment hedging relationship is reclassified to net earnings on the disposal or partial disposal of the foreign operation.

For derivative financial instruments designated as fair value hedges, the change in fair value of hedging derivative financial instruments is recognized in the Consolidated Statements of Earnings, along with changes in the fair value of hedged assets or liabilities attributable to the hedged risk. The amount of the gain or loss attributable to the hedged risk is applied to the carrying amount of the hedged item. When the changes in the fair value of the hedging derivative financial instruments and the hedged item do not fully offset, the resulting amount, which represents the ineffective portion of the relationship, is recognized under Net financial expenses in the Consolidated Statements of Earnings.

The Corporation may also use total return swaps to hedge the market risk related to the change in the price of Class A Shares for purposes of measuring the stock-based compensation liability. In accordance with the requirements of IFRS 9, total return swaps are classified in the "Fair value through profit or loss" category with subsequent measurement at fair value.

The Corporation does not designate these derivative financial instruments as cash flow hedging instruments and, consequently, changes in fair value are recognized in the Consolidated Statement of Earnings for the period under "Operating expenses" against stock-based compensation expenses (revenues).

When hedging instruments mature before maturity, any gains or losses, revenues or expenses associated with the hedging instrument that had previously been recognized in OCI as a result of applying hedge accounting are deferred and recognized in net earnings in the period during which the hedged item affects net earnings. If the hedged item ceases to exist due to its maturity, expiry, cancellation or exercise, any gains or losses, revenues or expenses associated with the hedging instrument that had previously been recognized in OCI as a result of applying hedge accounting are recognized in the reporting period's net earnings.

Other derivative financial instruments offering economic hedging without being qualified for hedge accounting are recognized at fair value with changes in fair value recorded in net earnings. The Corporation does not use derivative financial instruments for speculative or trading purposes.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

u) Critical judgments and sources of estimation uncertainty

The preparation of financial statements in accordance with IFRS requires the Corporation's management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and contingent liabilities on the reporting date, and amounts of revenues and expenses for the relevant period. Although management regularly reviews its estimates, actual results may differ. The impact of changes to accounting estimates is recognized in the period during which the change occurs, and in the affected future periods, when applicable. Areas in which the estimates and assumptions are significant or which are complex, are as follows:

i) Business combinations

The determination of fair value associated with identifiable property, plant and equipment and intangible assets following a business combination requires management to make assumptions. More specifically, this is the case when the Corporation calculates fair values using appropriate valuation techniques, which are generally based on a forecast of expected future cash flows for intangible assets, and on a replacement cost approach, an income-based approach and/or a market-based approach for property, plant and equipment.

These valuations are closely related to the assumptions made by management about the future return on the related assets and the discount rate applied. Significant changes to these assumptions could significantly change the fair values associated with identifiable intangible assets following a business combination, which would impact the amortization expense.

ii) Impairment of non-financial assets

As part of assessing goodwill, property, plant and equipment and intangible assets for impairment, the recoverable amount of a CGU is determined using a complex valuation method that requires the use of a number of methods, including the discounted future cash flow method and the market-based method.

When the discounted future cash flow method is used, estimated cash flow are established based on past experience, certain economic trends as well as industry and market trends, and represent management's best estimates of future results. The recoverable amount of a CGU is also influenced by the discount rate used in the model, by the growth rate used to make the extrapolation and by the weighted average cost of capital.

When a market-based method is used, the Corporation estimates the fair value of the CGU by multiplying operating earnings before depreciation and amortization by a capitalization multiple that is based on market data.

These methods rely on numerous assumptions and estimates that may have a significant impact on the recoverable amount of a CGU, and thereby, on the amount of impairment, if any. The impact of significant changes in assumptions and the revision of estimates, if any, is recognized in net earnings in the period in which the changes occur or the estimates are revised.

iii) Income taxes

The Corporation determines its income tax expense and its income tax assets and liabilities based on its interpretation of applicable tax legislation, including tax treaties between the various countries in which it operates, as well as underlying rules and regulations. Such interpretations involve judgments and estimates that may be challenged in government tax audits, to which the Corporation is regularly subject. New information may also become available, which would cause the Corporation to change its judgment regarding the adequacy of existing income tax assets and liabilities. Any such changes will have an impact on net earnings for the period in which they occur.

In the calculation of income taxes and deferred tax assets and liabilities, estimates must be used to determine the appropriate rates and amounts, and to take into account the probability of realization of tax assets. Deferred tax assets also reflect the benefit of unused tax losses and deductions that can be carried forward to reduce current income taxes in future years. This assessment requires the Corporation to make significant estimates in determining whether or not it is probable that the deferred tax assets can be recovered from future taxable income and therefore, that they can be recognized in the Corporation's consolidated financial statements. The Corporation relies, among other things, on its past experience to make this assessment.

Once the final amounts have been determined, they may result in adjustments to current and deferred tax assets and liabilities.

iv) Employee benefits

The costs of defined benefit pension plans and the defined pension benefit assets (liabilities) are measured using actuarial methods. Actuarial valuations are based on assumptions such as discount rates, expected rates of return on assets, compensation growth rates and mortality rates. Due to the long-term nature of these obligations, these estimates are subject to significant uncertainty. Management revises these assumptions annually and the impact of the revision, if any, is recognized in the Statement of Financial Position and in comprehensive income in the period in which the estimates are revised.

The preparation of financial statements in accordance with IFRS also requires management to make judgments, other than those involving estimates, in the process of applying the Corporation's accounting policies. Areas in which judgments are significant are as follows:

v) Goodwill

Goodwill acquired in a business combination is allocated, beginning on the acquisition date, to the group of CGUs that will benefit from the synergies of the combination. During this process, the Corporation makes judgments based on the objectives sought in the business combination and on how it manages its operations. Making a different judgment could lead to a different result in regards with the annual impairment test of non-financial assets.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

v) New accounting standards, amendments and interpretations issued but not yet adopted

i) Amendments to IAS 1 *Presentation of Financial Statements*

In January 2020, the IASB amended IAS 1, "Classification of Liabilities as Current or Non-current", which only affects the presentation of liabilities in the statement of financial position. For purposes of classifying non-current liabilities, the 2020 amendments eliminate the requirement under which the right to defer the settlement or the transfer of a liability for at least twelve months has to be unconditional. The 2020 amendments also clarify how an entity classifies a liability that includes a conversion option at the discretion of the other party. The amendments are effective for annual reporting periods beginning on or after January 1, 2023. The Corporation is assessing the impact of its adoption on its financial statements.

ii) IFRS2 Practice Statement *Making Materiality Judgments*, and amendments to IAS 1 *Presentation of Financial Statements*

In February 2021, the IASB issued amendments to IAS 1 *Disclosure of Accounting Policies.* The amendments are intended to help entities in disclosing useful accounting policy information. The main amendments:

– require entities to disclose their material accounting policies rather than their significant accounting policies;
– specify that accounting policies that relate to immaterial transactions, other events or conditions are themselves immaterial, and need not to be disclosed;
– specify that not all accounting policies that relate to material transactions, other events or conditions are material to the Corporation's financial statements.

The amendments are effective for annual reporting periods beginning on or after January 1, 2023. The Corporation is assessing the impact on disclosures of accounting policies.

iii) Amendments to IAS 8 *Accounting Policies, Changes in Accounting Estimate and Errors*

In February 2021, the IASB issued amendments to IAS 8 *Definition of Accounting Estimates*, to help entities make a distinction between accounting policies and accounting estimates. The amendments present a new definition of accounting estimates, which specifies that they are monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also specify the relationship between accounting policies and accounting estimates by stating that an entity develops an accounting estimate to achieve the objective set out by the accounting policy. The amendments are effective for annual reporting periods beginning on or after January 1, 2023. Their adoption should not have a significant impact on the Corporation's financial statements.

iv) Amendments to IAS 12 *Income Taxes*

In May 2021, the IASB issued amendments to IAS 12 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction.* The amendments limit the scope of the initial recognition exemption so that it does not apply to transactions that give rise to offsetting and equal temporary differences. As a result, entities will have to recognize deferred tax assets and liabilities for temporary differences arising from the initial recognition of a lease and a decommissioning provision. The amendments are effective for annual reporting periods beginning on or after January 1, 2023. Their adoption should not have a significant impact on the Corporation's financial statements

In May 2023, the IASB issued *International Tax Reform – Pillar Two Model Rules (Amendments to IAS 12)* on the mandatory exemption to recognizing deferred taxes related to global minimum tax. The amendments provide a temporary exception to the requirement to recognize deferred taxes arising from a tax law enacted or substantively enacted to implement the Pillar Two model rules published by the Organisation for Economic Co-operation and Development ("OECD") and to disclose information about them, including the tax regulations that implement qualified domestic minimum top-up taxes described in such rules. The amendments also provide targeted note disclosure requirements for the concerned entities to enable the users of the financial statements to understand to what extent the entity will be affected by the minimum tax, in particular before the regulation becomes effective. The amendments to IAS 12 are effective for annual reporting periods beginning on or after January 1, 2023. The Corporation is assessing the impact of these amendments on its financial statements.

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 type: educational books, specialized publications for professionals and newspapers. 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.

(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 year ended October 29, 2023	Packaging	Printing	Other	Consolidated results
Revenues	**$ 1,674.0**	**$ 1,169.7**	**$ 96.9**	**$ 2,940.6**
Operating expenses	**1,444.5**	**972.8**	**76.8**	**2,494.1**
Restructuring and other costs (revenues)	**11.3**	**11.0**	**(0.6)**	**21.7**
Impairment of assets	**8.8**	**16.4**	**—**	**25.2**
Operating earnings before depreciation and amortization	**209.4**	**169.5**	**20.7**	**399.6**
Depreciation and amortization	**146.6**	**60.7**	**27.6**	**234.9**
Operating earnings [1]	**$ 62.8**	**$ 108.8**	**$ (6.9)**	**$ 164.7**
Adjusted operating earnings before depreciation and amortization [2]	**$ 229.5**	**$ 196.9**	**$ 20.1**	**$ 446.5**
Adjusted operating earnings [1] & [2]	**147.0**	**144.0**	**(5.5)**	**285.5**
Amortization of intangible assets arising from business combinations [2]	**64.1**	**7.8**	**2.0**	**73.9**
Acquisitions of non-current assets [3]	**127.1**	**34.1**	**26.3**	**187.5**

For the year ended October 30, 2022	Packaging	Printing	Other	Consolidated results
Revenues	$ 1,665.2	$ 1,204.3	$ 86.6	$ 2,956.1
Operating expenses	1,459.8	975.9	73.7	2,509.4
Restructuring and other costs (revenues)	9.1	(6.6)	(5.0)	(2.5)
Operating earnings before depreciation and amortization	196.3	235.0	17.9	449.2
Depreciation and amortization	145.7	63.8	22.4	231.9
Operating earnings [1]	$ 50.6	$ 171.2	$ (4.5)	$ 217.3
Adjusted operating earnings before depreciation and amortization [2]	$ 205.4	$ 228.4	$ 12.9	$ 446.7
Adjusted operating earnings [1] & [2]	121.0	172.7	(8.6)	285.1
Amortization of intangible assets arising from business combinations [2]	61.3	8.1	0.9	70.3
Acquisitions of non-current assets [3]	100.6	26.4	25.9	152.9

[1] 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.

[2] 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.

[3] 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.

(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:

	October 29, 2023	October 30, 2022
Packaging products [1]		
Revenues generated from plants located in Canada	**$ 134.4**	$ 149.8
Revenues generated from plants located in the United States	**1,216.0**	1,194.8
Revenues generated from plants located outside Canada and the United States	**323.6**	320.6
	1,674.0	1,665.2
Printing services [2]		
Retailer-related services [3]	**554.2**	593.2
Marketing products	**314.1**	318.8
Magazines and books	**207.4**	205.1
Newspapers	**94.0**	87.2
	1,169.7	1,204.3
Media [2]	**118.1**	106.1
Inter-sector sales	**(21.2)**	(19.5)
	$ 2,940.6	$ 2,956.1

[1] For the year ended October 30, 2022, intercompany sales of $102.3 million were reclassified in revenues generated from plants located outside Canada and the United States. These revenues were previously presented within revenues generated from plants located in Canada and in the United States.

[2] Revenues from printing services and media are mainly generated in Canada.

[3] 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 October 29, 2023	As at October 30, 2022
Packaging	**$ 2,399.3**	$ 2,476.0
Printing	**894.5**	1,020.3
Other [1]	**406.5**	304.7
	$ 3,700.3	$ 3,801.0

[1] 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.

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

3 SEGMENTED INFORMATION (CONTINUED)

Non-current assets
The following table presents non-current assets disaggregated by geographic area :

	As at October 29, 2023	As at October 30, 2022 [1]
Non-current assets [2]		
Canada	**$ 975.1**	$ 1,057.9
United States	**1,319.9**	1,288.7
Other	**266.1**	275.3
	$ 2,561.1	$ 2,621.9

[1] For the year ended October 30, 2022, non-current assets of $206.4 million were reclassified in non-current assets of Canada and of Other. These non-current assets were previously presented within non-current assets of the United States.

[2] These amounts include property, plant and equipment, intangible assets, right-of-use assets, goodwill and other non-current assets, and exclude derivative financial instruments, deferred taxes and defined benefit asset.

4 BUSINESS COMBINATIONS

During the year ended October 29, 2023, the Corporation finalized the accounting of the business combinations for the acquisitions of Scolab Inc. ("Scolab"), Éditions du renouveau pédagogique Inc ("ERPI"), and Banaplast S.A.S. ("Banaplast"). The finalization of the accounting of these business combinations did not give rise to any material changes compared to the provisional accounting.

Transactions for the year ended October 30, 2022

- **H.S. Crocker**
  On November 1, 2021, the Corporation acquired all the shares of H.S. Crocker Co., Inc. ("H.S. Crocker"), a manufacturer of die cut lids for the food industry and labels for the pharmaceutical industry located in Huntley, Illinois, and Exton, Pennsylvania, for a total consideration of $52.7 million. This acquisition enables the Corporation to broaden its packaging solutions portfolio as well as expand its pharmaceutical and medical expertise in the specialized coating products offering.

- **Scolab**
  On March 14, 2022, the Corporation acquired all the shares of Scolab, a leader in the development of digital educational products. The transaction was completed for a total consideration of $12.4 million. Scolab is known for Netmath, distributed in Canada in both French and English, and Buzzmath, distributed in the United States. These products are used by thousands of students and teachers across North America. This acquisition allows the Corporation to expand and diversify its digital educational product offering for elementary and secondary schools.

- **ERPI**
  On June 13, 2022, the Corporation acquired all the shares of ERPI, a Quebec educational publisher based in Montreal, Quebec, for a total consideration of $56.5 million. This acquisition allows the Corporation to pursue its growth strategy with an offering that complements its educational products offering, for both print and digital.

- **Banaplast**
  On June 22, 2022, the Corporation acquired all the shares of Banaplast, a flexible packaging company based in Armenia, Colombia. The transaction was completed for a total consideration of $18.0 million, including a purchase price holdback of $2.2 million whose payment will be due in the next fiscal year. This acquisition allows the Corporation to pursue its growth strategy with an expanded offering, namely with banana tree bags and agro-mulches.

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

5 OPERATING EXPENSES

		October 29, 2023		October 30, 2022
Employee-related costs	**$**	**773.6**	$	746.3
Supply chain and logistics [(1)]		**1,585.2**		1,632.5
Other goods and services [(2)]		**135.3**		130.6
	$	**2,494.1**	$	2,509.4

[(1)] Includes mainly production, other than employee-related costs, and distribution costs related to external suppliers.

[(2)] Includes mainly promotion, advertising and telecommunications costs, office supplies, real estate expenses and professional fees.

The cost of goods sold recognized in operating expenses for the year ended October 29, 2023 was $2,004.8 million ($2,029.7 million for the year ended October 30, 2022). An amount of $7.6 million was recognized as inventory obsolescence expense for the year ended October 29, 2023 ($3.8 million for the year ended October 30, 2022).

6 RESTRUCTURING AND OTHER COSTS (REVENUES)

	Note		**October 29, 2023**		October 30, 2022
Workforce reductions [(1)]		**$**	**20.8**	$	2.5
Costs related to plant closures and restructuring [(1)]			**6.1**		3.2
Net gains on sale of buildings			**(11.2)**		(7.5)
Business acquisition and integration costs			**2.8**		3.5
Configuration and customization costs in cloud computing arrangements			**3.6**		8.4
Fair value remeasurement of contingent considerations related to business combinations	28		**—**		(10.0)
Other elements			**(0.4)**		(2.6)
		$	**21.7**	$	(2.5)

[(1)] 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 events
On November 3, 2023, subsequent to the year ended October 29, 2023, the Corporation announced that *raddar*™ will be gradually rolled out between February and May 2024 across Quebec, thereby ending the Publisac distribution activities, as well as in certain areas of Ontario and British Columbia. *raddar*™ is a leaflet that combines flyers from various retailers into a single printed product, which greatly reduces the volume of paper used. In addition, to *raddar*™, consumers can benefit from the raddar.ca digital platform.

On November 17, 2023, subsequent to the year ended October 29, 2023, the Corporation announced that it will be phasing out operations at its Tomah, Wisconsin, packaging plant in anticipation of the complete closure of the facility in February 2024. Operations will gradually be transferred to other Packaging Sector plants to optimize the return on its assets, reduce its costs and improve operational efficiency.

Expenses of approximately $9.0 million related to these initiatives, mainly workforce reduction expenses, will be recognized in the first quarter of 2024.

7 IMPAIRMENT OF ASSETS

Goodwill and intangible assets with indefinite useful life
The Corporation performed its annual goodwill impairment test for all its groups of CGUs. In performing the annual goodwill impairment test, the carrying amount of groups of CGUs, including goodwill and intangible assets with an indefinite useful life, was compared to their recoverable amount. The Corporation concluded that the recoverable amount of groups of CGUs tested for impairment exceeded their carrying amount. As a result, no impairment charges was recognized for the year ended October 29, 2023 and the same conclusion had been reached for the impairment test performed during the year ended October 30, 2022.

The recoverable amount of groups of CGUs, established for the annual impairment test of goodwill, has been determined based on the higher of fair value less costs of disposal and value in use.

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

7 IMPAIRMENT OF ASSETS (CONTINUED)

Goodwill and intangible assets with indefinite useful life (continued)

The fair value less costs of disposal was determined using capitalization multiples applied to the budgeted 2024 operating earnings before depreciation and amortization (earnings before taxes, interest, depreciation and amortization ("EBITDA")) for the group of CGUs concerned. The budget is sensitive to the main assumptions used in this model, such as expected sales volumes, the impact of inflation on operating expenses, mainly raw materials and the ability to adjust the sales prices needed to establish operating earnings before depreciation and amortization. In addition, the evolution of current economic conditions and interest rates may have an impact on capitalization multiples, which are derived from comparable companies whose activities are similar to the group of CGUs concerned. The values applied to these main assumptions are derived from a combination of external and internal factors, based on past experience, as well as management's future expectations of the Corporation's performance. There is a series of factors affecting such supply and demand, including competing products, the availability of materials and other general market conditions.

The value in use was determined using the estimated future cash flow approach based on discounted cash flows over a five-year period and taking into account past experience, but also the business strategy and market or industry economic trends. Beyond the five-year period, cash flows were extrapolated using estimated perpetual growth or decline rates, which do not exceed those forecasted for the specific markets in which the group of CGUs operates. The assumptions used by the Corporation in the discounted expected future cash flows model are categorized within Level 3 of the fair value hierarchy, which means that they are not based on observable market data..

The discount rate used by the Corporation in calculating value in use is the weighted-average cost of capital ("WACC") of comparable companies with operations that are similar to those of the group of CGUs. The WACC is an estimated unified rate of return that holders of equity and debt securities require on their investments, and it reflects the assessment of the current market, the time value of money and the specific risk applicable to the group of CGUs.

The following table presents the main groups of CGUs subject to a goodwill impairment test, the basis used for the recoverable amount and key assumptions used as at the date of the impairment test for the year ended October 29, 2023:

	Carrying amount of goodwill	Basis used for the recoverable amount	Capitalization multiple	Perpetual growth (decline) rate	Pre-tax discount rate
Packaging Sector					
Americas Group	$ 749.9	Fair value	8.6x	N/A	N/A
Coatings Group	69.5	Fair value	11.0x	N/A	N/A
Printing Sector					
Printing Group	289.4	Value in use	N/A	(6.4)%	13.6%
Marketing Product Group	29.8	Value in use	N/A	2.5 %	13.6%

The Corporation performed a sensitivity analysis on the most significant assumptions used to determine the recoverable amount for groups of CGUs subject to the impairment test. For the Americas Group a decrease in capitalization multiples of 0.5 x or a decrease in operating earnings before depreciation and amortization of 6.1% taken individually, would make the recoverable amount for the group of CGUs equal to the carrying amount.

For the groups of CGUs for which the recoverable amount was determined based on the value in use model, the sensitivity analysis shows that a 1.0% increase in the discount rate before taxes or a 1.0% decrease in the perpetual growth rate would not changed the conclusions of the test when these changes are taken individually.

The Book Publishing Group and Business Solutions Group CGUs were validated as part of the impairment test as at October 29, 2023. The carrying amount of goodwill related to these CGUs is not significant compared to the total carrying amount of the Corporation's goodwill (Note 16).

Intangible assets with an indefinite useful life

The Corporation performed its annual impairment test for intangible assets with an indefinite useful life, which mainly comprise trade names acquired in book publishing business combinations. No impairment charges were recognized for the year ended October 29, 2023 and the same conclusions had been reached for the impairment test performed during the year ended October 30, 2022.

8 DEPRECIATION AND AMORTIZATION

	Notes	**October 29, 2023**	October 30, 2022
Property, plant and equipment	13	**$ 111.2**	$ 116.7
Right-of-use assets	14	**24.5**	24.4
Intangible assets	15	**99.2**	90.8
		$ 234.9	$ 231.9

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

9 NET FINANCIAL EXPENSES

	Notes	**October 29, 2023**	October 30, 2022
Financial expenses on long-term debt		**$ 52.2**	$ 33.6
Interest on lease liabilities	24	**3.3**	3.2
Net interest on defined benefit asset and liability	26	**2.9**	1.5
Other expenses		**7.7**	3.6
Net foreign exchange losses (gains)		**0.2**	(1.9)
		$ 66.3	$ 40.0

10 INCOME TAXES

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

	October 29, 2023	October 30, 2022
Earnings before income taxes	**$ 98.4**	$ 177.3
Canadian statutory tax rate [1]	**26.50 %**	26.50 %
Income taxes at the statutory tax rate	**26.1**	47.0
Effect of differences in tax rates and additional income taxes in other jurisdictions	**(10.6)**	(7.5)
Income taxes on non-deductible expenses and non-taxable revenues	**0.6**	(3.0)
Change in deferred tax assets on tax losses or temporary differences not previously recognized	**4.2**	0.6
Adjustment for previous years' balances	**(6.4)**	0.4
Other	**(1.4)**	(1.0)
Income taxes at effective tax rate	**$ 12.5**	$ 36.5
Income taxes before the following items:	**$ 43.1**	$ 55.8
Income taxes on amortization of intangible assets arising from business combinations	**(18.1)**	(17.3)
Income taxes on impairment of assets	**(6.5)**	—
Income taxes on restructuring and other costs	**(6.0)**	(2.0)
Income taxes at effective tax rate	**$ 12.5**	$ 36.5

[1] The Corporation's applicable tax rate corresponds to the combined Canadian tax rates applicable in the provinces where the Corporation operates.

The following table presents components of income tax expense for the years ended:

	October 29, 2023	October 30, 2022
Current taxes		
Current year	**$ 44.6**	$ 63.9
Adjustment for previous years' balances	**(3.3)**	(2.9)
	41.3	61.0
Deferred taxes		
Adjustment for previous years' balances	**(3.1)**	3.3
Origination and reversal of temporary differences	**(29.2)**	(28.8)
Change in deferred tax assets on tax losses or temporary differences not previously recognized	**4.2**	0.6
Impact of tax rate changes	**(0.7)**	0.4
	(28.8)	(24.5)
Income taxes	**$ 12.5**	$ 36.5

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

10 INCOME TAXES (CONTINUED)

The following table presents components of the deferred tax asset and liability:

	As at October 29, 2023		As at October 30, 2022	
	Asset	**Liability**	Asset	Liability
Property, plant and equipment	**$ —**	**$ 83.0**	$ —	$ 89.8
Right-of-use assets, net of lease liabilities	**5.2**	**—**	4.7	—
Intangible assets and goodwill	**—**	**113.1**	—	126.1
Non-deductible provisions for the year	**13.8**	**—**	24.4	—
Defined benefit plans	**19.5**	**—**	14.8	—
Loss carryforwards	**39.8**	**—**	40.4	—
Interest expense	**45.9**	**—**	32.4	—
Experimental research expenditure	**7.1**	**—**	—	—
Other	**5.4**	**—**	10.7	—
	136.7	**196.1**	127.4	215.9
Offsetting of assets and liabilities	**(106.3)**	**(106.3)**	(89.9)	(89.9)
	$ 30.4	**$ 89.8**	$ 37.5	$ 126.0

Loss carryforwards included in deferred tax assets, that have an expiration date, expire between 2025 and 2043.

Changes in deferred tax assets and liabilities for the year ended October 29, 2023 are as follows:

	Balance as at October 30, 2022	Recognized in net earnings	Exchange rate change	Recognized in other comprehensive income	Business combinations	Balance as at October 29, 2023
Property, plant and equipment	**$ (89.8)**	**$ 8.5**	**$ (1.1)**	**$ —**	**$ (0.6)**	**$ (83.0)**
Right-of-use assets, net of lease liabilities	**4.7**	**0.5**	**—**	**—**	**—**	**5.2**
Intangible assets and goodwill	**(126.1)**	**14.4**	**(1.4)**	**—**	**—**	**(113.1)**
Non-deductible provisions for the year	**24.4**	**(11.0)**	**0.1**	**—**	**0.3**	**13.8**
Defined benefit plans	**14.8**	**0.6**	**0.2**	**3.9**	**—**	**19.5**
Loss carryforwards	**40.4**	**(1.3)**	**0.7**	**—**	**—**	**39.8**
Interest expense	**32.4**	**12.5**	**1.0**	**—**	**—**	**45.9**
Experimental research expenditure	**—**	**6.9**	**0.2**			**7.1**
Other	**10.7**	**(2.3)**	**—**	**(3.0)**	**—**	**5.4**
	$ (88.5)	**$ 28.8**	**$ (0.3)**	**$ 0.9**	**$ (0.3)**	**$ (59.4)**

Changes in deferred tax assets and liabilities for the year ended October 30, 2022 are as follows:

	Balance as at October 30, 2021	Recognized in net earnings	Exchange rate change	Recognized in other comprehensive income	Business combinations	Balance as at October 30, 2022
Property, plant and equipment	$ (79.9)	$ (2.7)	$ (4.5)	$ —	$ (2.7)	$ (89.8)
Right-of-use assets, net of lease liabilities	5.6	(0.9)	—	—	—	4.7
Intangible assets and goodwill	(127.0)	16.0	(7.7)	—	(7.4)	(126.1)
Non-deductible provisions for the year	18.6	0.8	0.9	—	4.1	24.4
Defined benefit plans	10.4	0.3	0.4	3.7	—	14.8
Loss carryforwards	34.5	2.8	1.4	—	1.7	40.4
Interest expense	21.5	8.7	2.2	—	—	32.4
Other	5.6	(0.5)	1.9	3.0	0.7	10.7
	$ (110.7)	$ 24.5	$ (5.4)	$ 6.7	$ (3.6)	$ (88.5)

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

10 INCOME TAXES (CONTINUED)

As at October 29, 2023, the Corporation had $4,7 million in capital losses that can be carried forward indefinitely and for which the potential benefits have not been recognized. In addition to losses for which the tax impact was recorded, the Corporation has deductible temporary differences as well as loss carryforwards in various jurisdictions for which, considering that it is unlikely that a sufficient future taxable income will be available to use a portion of those items, the Corporation has not recognized a deferred tax asset totaling $21,1 million. Loss carryforwards related to this unrecognized asset expire for the most part between 2027 and 2034.

As at October 29, 2023, no deferred tax liability was recognized for temporary differences arising from investments in subsidiaries because the Corporation controls the decisions affecting the realization of such liabilities and it is probable that the temporary differences will not reverse in the foreseeable future.

11 ACCOUNTS RECEIVABLE

	As at October 29, 2023	As at October 30, 2022
Trade receivables [1]	**$ 451.7**	$ 499.7
Allowance account for credit losses	**(3.8)**	(3.1)
Other receivables	**66.8**	79.1
	$ 514.7	$ 575.7

[1] As at October 29, 2023, trade receivable totaling $41.7 million (nil as at October 30, 2022) had been sold under a trade receivable purchase agreement. These trade receivables were derecognized upon their sale, as substantially all the risks and rewards were transferred to the acquirer under the terms and conditions of the agreement.

12 INVENTORIES

	As at October 29, 2023	As at October 30, 2022
Raw materials	**$ 218.0**	$ 290.9
Work in progress and finished goods	**191.9**	204.8
Provision for obsolescence	**(18.8)**	(16.4)
	$ 391.1	$ 479.3

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

13 PROPERTY, PLANT AND EQUIPMENT

October 29, 2023	Land	Buildings	Leasehold improvements	Machinery and equipment	Other equipment	Assets under construction and deposits on equipment	Total
Cost							
Balance, beginning of year	**$ 50.7**	**$ 299.6**	**$ 52.3**	**$ 1,407.5**	**$ 85.4**	**$ 102.7**	**$ 1,998.2**
Acquisitions	**—**	**15.6**	**2.5**	**22.9**	**3.2**	**111.1**	**155.3**
Made available for use	**—**	**23.9**	**0.8**	**41.6**	**1.6**	**(67.9)**	**—**
Business combinations	**(0.5)**	**2.2**	**—**	**0.2**	**—**	**—**	**1.9**
Disposals and retirement	**(0.2)**	**(6.6)**	**(1.5)**	**(21.6)**	**(1.4)**	**—**	**(31.3)**
Exchange rate change and other	**0.7**	**9.0**	**(2.2)**	**11.1**	**(0.2)**	**(5.2)**	**13.2**
Balance as at October 29, 2023	**$ 50.7**	**$ 343.7**	**$ 51.9**	**$ 1,461.7**	**$ 88.6**	**$ 140.7**	**$ 2,137.3**
Accumulated depreciation and impairment losses							
Balance, beginning of year	**$ —**	**$ (149.9)**	**$ (32.3)**	**$ (987.5)**	**$ (72.5)**	**$ —**	**$ (1,242.2)**
Depreciation	**—**	**(13.9)**	**(3.0)**	**(88.0)**	**(6.3)**	**—**	**(111.2)**
Disposals and retirement	**—**	**6.0**	**1.3**	**18.6**	**1.5**	**—**	**27.4**
Impairment[(1)]	**—**	**(0.2)**	**(0.3)**	**(11.4)**	**—**	**—**	**(11.9)**
Exchange rate change and other	**—**	**(1.2)**	**(1.1)**	**(0.6)**	**—**	**—**	**(2.9)**
Balance as at October 29, 2023	**$ —**	**$ (159.2)**	**$ (35.4)**	**$ (1,068.9)**	**$ (77.3)**	**$ —**	**$ (1,340.8)**
Net carrying amount	**$ 50.7**	**$ 184.5**	**$ 16.5**	**$ 392.8**	**$ 11.3**	**$ 140.7**	**$ 796.5**

[(1)] During the year ended October 29, 2023, impairment charges of $11.9 million were recognized following the revision of estimates for the expected future economic benefits of machinery in the Printing and Packaging sectors as well as as a result of restructuring initiatives in the Packaging Sector.

October 30, 2022	Land	Buildings	Leasehold improvements	Machinery and equipment	Other equipment	Assets under construction and deposits on equipment	Total
Cost							
Balance, beginning of year	$ 41.0	$ 277.6	$ 57.6	$ 1,342.5	$ 92.3	$ 51.4	$ 1,862.4
Acquisitions	2.1	6.0	2.5	33.1	3.9	80.0	127.6
Made available for use	—	4.9	0.9	29.8	2.4	(38.0)	—
Business combinations	5.4	6.5	0.2	11.2	0.2	3.2	26.7
Disposals and retirement	(0.3)	(8.1)	(8.6)	(42.8)	(13.3)	—	(73.1)
Exchange rate change and other	2.5	12.7	(0.3)	33.7	(0.1)	6.1	54.6
Balance as at October 30, 2022	$ 50.7	$ 299.6	$ 52.3	$ 1,407.5	$ 85.4	$ 102.7	$ 1,998.2
Accumulated depreciation and impairment losses							
Balance, beginning of year	$ —	$ (141.6)	$ (36.6)	$ (915.2)	$ (79.3)	$ —	$ (1,172.7)
Depreciation	—	(11.7)	(4.6)	(93.8)	(6.6)	—	(116.7)
Disposals and retirement	—	6.3	8.6	36.8	13.3	—	65.0
Exchange rate change and other	—	(2.9)	0.3	(15.3)	0.1	—	(17.8)
Balance as at October 30, 2022	$ —	$ (149.9)	$ (32.3)	$ (987.5)	$ (72.5)	$ —	$ (1,242.2)
Net carrying amount	$ 50.7	$ 149.7	$ 20.0	$ 420.0	$ 12.9	$ 102.7	$ 756.0

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

13 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Borrowing costs capitalized to property, plant and equipment
During the year ended October 29, 2023, an amount of $3.1 million was capitalized to property, plant and equipment as borrowing costs (amount of $0.6 million had been capitalized during the year ended October 30, 2022).

14 LEASES

The Corporation leases real estate properties (office or warehousing spaces and buildings for plants) and other assets (production equipment, office equipment and other). Leases for real estate properties usually have a fixed term of 1 to 10 years, while other types of leases usually have a fixed term of 1 to 5 years. Leases may include extension and/or termination options that are taken into account when it is reasonably certain that the option will be exercised. Lease provisions are negotiated on an individual basis and contain a wide variety of terms and conditions.

A number of leases entered into throughout the Corporation include extension and termination options. These options are intended to provide as much flexibility as possible in managing leases. Most extension and termination options may only be exercised by the Corporation and not by the lessor.

The Consolidated Statement of Financial Position presents the following amounts related to leases for the years ended:

			October 29, 2023			October 30, 2022
Right-of-use assets	**Real estate properties**	**Other**	**Total**	Real estate properties	Other	Total
Balance, beginning of year	**$ 138.9**	**$ 1.9**	**$ 140.8**	$ 137.2	$ 3.6	$ 140.8
Additions	**—**	**0.6**	**0.6**	4.4	0.2	4.6
Business combinations	**—**	**—**	**—**	2.2	—	2.2
Initial direct costs	**—**	**—**	**—**	0.3	—	0.3
Remeasurement of contracts	**(17.8)**	**—**	**(17.8)**	14.4	(0.1)	14.3
Depreciation	**(22.8)**	**(1.7)**	**(24.5)**	(22.6)	(1.8)	(24.4)
Exchange rate change and other	**(0.5)**	**—**	**(0.5)**	3.0	—	3.0
Balance, end of year	**$ 97.8**	**$ 0.8**	**$ 98.6**	$ 138.9	$ 1.9	$ 140.8

For the years ended October 29, 2023 and October 30, 2022, the expense related to short-term leases, low-value leases and variable payments not included in lease liabilities was $10.8 million and $6.5 million, respectively.

The Corporation entered into subleasing transactions for some of its locations under leases. For the years ended October 29, 2023 and October 30, 2022, subleasing revenues amounted to $3.4 million and $3.3 million, respectively.

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

15 INTANGIBLE ASSETS

	Finite useful life				Indefinite useful life	
October 29, 2023	Customer relationships	Book prepublication costs	Technology project costs	Others [1]	Trade names and others	Total
Cost						
Balance, beginning of year	**$ 801.8**	**$ 168.7**	**$ 71.7**	**$ 34.8**	**$ 17.6**	**$ 1,094.6**
Additions	**—**	**17.1**	**15.1**	**—**	**—**	**32.2**
Exchange rate change and other	**13.3**	**(0.4)**	**0.5**	**0.7**	**—**	**14.1**
Balance as at October 29, 2023	**$ 815.1**	**$ 185.4**	**$ 87.3**	**$ 35.5**	**$ 17.6**	**$ 1,140.9**
Accumulated amortization and impairment losses						
Balance, beginning of year	**$ (383.5)**	**$ (122.7)**	**$ (45.3)**	**$ (23.5)**	**$ —**	**$ (575.0)**
Amortization	**(71.8)**	**(15.7)**	**(8.6)**	**(3.1)**	**—**	**(99.2)**
Impairment [2]	**(13.0)**	**—**	**(0.3)**	**—**	**—**	**(13.3)**
Exchange rate change and other	**(7.8)**	**0.8**	**0.7**	**—**	**—**	**(6.3)**
Balance as at October 29, 2023	**$ (476.1)**	**$ (137.6)**	**$ (53.5)**	**$ (26.6)**	**$ —**	**$ (693.8)**
Net carrying amount	**$ 339.0**	**$ 47.8**	**$ 33.8**	**$ 8.9**	**$ 17.6**	**$ 447.1**

	Finite useful life				Indefinite useful life	
October 30, 2022	Customer relationships	Book prepublication costs	Technology project costs	Other [1]	Trade names and others	Total
Cost						
Balance, beginning of year	$ 738.8	$ 139.4	$ 64.2	$ 23.7	$ 9.1	$ 975.2
Additions	—	14.6	10.6	0.1	—	25.3
Business combinations	8.9	14.7	—	10.9	8.5	43.0
Retirement	—	(0.1)	(1.9)	—	—	(2.0)
Exchange rate change and other	54.1	0.1	(1.2)	0.1	—	53.1
Balance as at October 30, 2022	$ 801.8	$ 168.7	$ 71.7	$ 34.8	$ 17.6	$ 1,094.6
Accumulated amortization and impairment losses						
Balance, beginning of year	$ (290.7)	$ (109.6)	$ (40.6)	$ (21.3)	$ —	$ (462.2)
Amortization	(69.5)	(13.2)	(6.1)	(2.0)	—	(90.8)
Retirement	—	0.1	1.9	—	—	2.0
Exchange rate change and other	(23.3)	—	(0.5)	(0.2)	—	(24.0)
Balance as at October 30, 2022	$ (383.5)	$ (122.7)	$ (45.3)	$ (23.5)	$ —	$ (575.0)
Net carrying amount	$ 418.3	$ 46.0	$ 26.4	$ 11.3	$ 17.6	$ 519.6

[1] The "Other" category mainly comprises educational book titles, non-compete agreements, development costs and acquired printing contracts.

[2] During the year ended October 29, 2023, an impairment charge of $13.0 million was recorded following the revision of estimates for the expected future economic benefits of customer relationships in the Printing Sector.

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

16 GOODWILL

	October 29, 2023	October 30, 2022
Balance, beginning of year	**$ 1,181.7**	$ 1,086.6
Business combinations	**—**	46.6
Impact of finalizing purchase price allocation calculations	**(2.3)**	(4.7)
Exchange rate change	**15.5**	53.2
Balance, end of year	**$ 1,194.9**	$ 1,181.7

The carrying amount of goodwill is allocated to the groups of CGUs as follows:

Operating sectors	As at October 29, 2023	As at October 30, 2022
Packaging Sector		
Americas Group	**$ 749.9**	$ 738.5
Coatings Group	**69.5**	66.6
	819.4	805.1
Printing Sector		
Printing Group	**289.4**	289.4
Marketing Product Group	**29.8**	29.8
	319.2	319.2
Other		
Book Publishing Group	**50.6**	51.7
Business Solutions Group	**5.7**	5.7
	56.3	57.4
	$ 1,194.9	$ 1,181.7

17 OTHER ASSETS

	Note	As at October 29, 2023	As at October 30, 2022
Contract acquisition costs		**$ 6.0**	$ 7.6
Defined benefit asset	26	**2.6**	6.0
Income tax credit receivable		**11.0**	9.8
Other		**12.8**	7.3
		$ 32.4	$ 30.7

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

18 ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	Notes	As at October 29, 2023	As at October 30, 2022
Accounts payable and other accruals		**$ 273.3**	$ 285.7
Salaries and other benefits payable		**103.4**	97.2
Stock-based compensation	22	**8.8**	26.6
Derivative financial instruments	28	**11.7**	12.8
Financial expenses payable		**7.4**	5.9
Provisions		**6.4**	1.6
Other		**54.5**	62.4
		$ 465.5	$ 492.2

19 LONG-TERM DEBT

	Effective Interest Rate as at October 29, 2023	Maturity	As at October 29, 2023	As at October 30, 2022
Unsecured notes (issued in 2021)	2.41 %	2026	**$ 250.0**	$ 250.0
Unsecured notes (issued in 2022)	2.84 %	2025	**192.2**	190.9
U.S. dollar term loan (issued in 2021)	7.34 %	2028	**163.1**	161.1
U.S. dollar term loan (extended in 2022)	7.16 %	2027	**156.0**	153.0
Credit facilities	7.48 %	2024-2028	**76.3**	132.7
Unified Debenture	4.84 %	2028	**100.0**	100.0
Other loans		2026-2031	**5.2**	6.5
			$ 942.8	$ 994.2
Issuance costs on long-term debt at amortized cost			**(2.9)**	(4.2)
Total long-term debt			**$ 939.9**	$ 990.0
Current portion of long-term debt			**$ 2.1**	$ 10.7
Non-current portion of long-term debt			**937.8**	979.3

Hedging Instruments

During the year ended October 29, 2023, the Corporation entered into two interest rate swaps to hedge itself against future interest rate fluctuations on the U.S. dollar term loan (extended in 2022). The swaps have a notional amount of US$56.3 million each and convert the floating interest rate into a fixed interest rate of 3.35% for one and 3.42% for the other. The Corporation applies cash flow hedge accounting by designating these swaps as hedging items (note 28).

Unsecured Notes

During the year ended October 30, 2022, the Corporation issued a private offering of Canadian dollar senior unsecured notes bearing interest at a fixed rate of 2.667%, amounting to $200.0 million and maturing on February 3, 2025. Issuance costs of $1.1 million were recognized against long-term debt and are amortized using the effective interest method over the duration of the private offering. Concurrently with the issuance of this private offering, the Corporation entered into cross-currency fixed-to-floating interest rate swaps (CAD fixed/USD floating) amounting to $200.0 million (US$157.1 million) and maturing on February 3, 2025, to convert into U.S. dollars the private offering proceeds received in Canadian dollars and fix the exchange rate applicable upon repayment of the private offering at maturity (Note 28).

U.S. dollar Term Loans

During the year ended October 30, 2022, the Corporation amended the U.S. dollar term loan of $156.0 million (US$112.5 million), which was maturing on May 1, 2023 and was bearing interest at floating LIBOR plus 1.70%, to extend its maturity to June 30, 2027. This loan now bears interest at a floating rate based on the Secured Overnight Financing Rate ("SOFR") plus 1.70% and an adjustment ranging from 0.10% to 0.25%. Concurrently with extending this U.S. dollar term loan, the Corporation settled a floating-to-fixed interest rate swap for a consideration received of $0.7 million.

During the year ended October 30, 2022, the Corporation repaid early the balance of tranche E of the U.S. dollar term loans (issued in 2018) of $142.7 million (US$112.5 million) that was expiring on November 1, 2022.

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

19 LONG-TERM DEBT (CONTINUED)

Credit facilities

The Corporation has a credit facility amounting to $400.0 million or the U.S. dollar equivalent, which was maturing in February 2027. On February 22, 2023, the maturity was extended for an additional year, until February 2028, with similar terms. 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 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 ($34.7 million), which was maturing in March 2023. On January 30, 2023, the maturity was extended for an additional year, until March 2024, with similar terms.The applicable interest rate for this credit facility is SOFR plus 1.05%.

As at October 29, 2023, an amount of $76.3 million had been drawn on the credit facilities and the unused amount under the credit facilities was $358.4 million.

As at October 29, 2023, letters of credit amounting to $22.4 million ($20.0 million as at October 30, 2022) were issued, mainly to secure unpaid contributions with respect to the solvency deficiency of the Corporation's defined benefit plans (Note 26). The Corporation has revolving letters of credit facilities for an aggregate amount of $40.0 million, of which $16.0 million ($20.0 million as at October 30, 2022) had been issued on these facilities. Fees applicable to the issued portion of these letters of credit facilities are 0.80% annually.

The Corporation must comply with certain restrictive covenants, including maintaining certain financial ratios. During the year ended October 29, 2023, the Corporation has not been in default under any covenants.

20 OTHER LIABILITIES

	Notes	**As at October 29, 2023**	As at October 30, 2022
Accrued liabilities and other liabilities		**$ 3.9**	$ 7.8
Stock-based compensation	22	**8.1**	10.1
Defined benefit liability	26	**82.8**	68.7
Derivative financial instruments	28	**50.5**	44.8
Long-term provisions		**0.3**	0.3
		$ 145.6	$ 131.7

21 SHARE CAPITAL

Class A Subordinate Voting Shares:	subordinate participating voting shares carrying one vote per share, authorized in unlimited number, no par value.
Class B Shares:	participating voting shares carrying 20 votes per share, convertible into Class A Subordinate Voting Shares, authorized in unlimited number, no par value.

The following table presents changes in the Corporation's share capital for the years ended:

	October 29, 2023		October 30, 2022	
	Number of shares	**Amount**	Number of shares	Amount
Class A Subordinate Voting Shares				
Balance, beginning of year	**72,711,344**	**$ 617.7**	73,112,144	$ 621.1
Conversion of Class B Shares into Class A Subordinate Voting Shares	**547,998**	**0.7**	—	—
Shares redeemed and cancelled	**—**	**—**	(400,800)	(3.4)
Balance, end of year	**73,259,342**	**$ 618.4**	72,711,344	$ 617.7
Class B Shares				
Balance, beginning of year	**13,912,826**	**$ 18.9**	13,912,826	$ 18.9
Conversion of Class B Shares into Class A Subordinate Voting Shares	**(547,998)**	**(0.7)**	—	—
Balance, end of year	**13,364,828**	**18.2**	13,912,826	18.9
	86,624,170	**$ 636.6**	86,624,170	$ 636.6

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

21 SHARE CAPITAL (CONTINUED)

Share redemptions
During the year ended October 30, 2022, the Corporation repurchased and cancelled 400,800 of its Class A Subordinate Voting Shares at a weighted average price of $17.43, for a total cash consideration of $7.0 million. The excess of the total consideration over the carrying amount of the shares, amounting to $3.6 million, was applied against retained earnings.

On September 29, 2022, the Corporation has been authorized to repurchase, for cancellation on the open market, or subject to the approval of any securities authority by private agreements, between October 3, 2022 and October 2, 2023, or at an earlier date if the Corporation concludes or cancels the offer, up to 1,000,000 of its Class A Subordinate Voting Shares and up to 191,343 of its Class B Shares. The repurchases are made in the normal course of business at market prices through the Toronto Stock Exchange.

During the year ended October 29, 2023, the Corporation did not repurchase any of its Class A Subordinate Voting Shares or Class B Shares. As at October 29, 2023, the Corporation had no share repurchase program in effect.

Net earnings per share
For the years ended October 29, 2023 and October 30, 2022, there were no dilutive items.

Dividends
Dividends of $0.90 per share were declared and paid to the holders of shares for each of the years ended October 29, 2023 and October 30, 2022.

22 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 years ended:

Number of units	**October 29, 2023**	October 30, 2022	**October 29, 2023**	October 30, 2022
	DSUs		RSUs	
Balance, beginning of year	**1,056,790**	874,262	**1,715,442**	1,441,170
Units granted	**88,710**	149,772	**667,287**	564,683
Units cancelled	**(71,513)**	(9,930)	**(224,438)**	(53,229)
Units paid	**(283,368)**	(15,000)	**(1,061,492)**	(318,615)
Units converted	**5,465**	7,157	**—**	—
Dividends paid in units	**54,917**	50,529	**83,855**	81,433
Balance, end of year	**851,001**	1,056,790	**1,180,654**	1,715,442

As at October 29, 2023, the liability related to the share unit plans was $16.9 million, of which $8.1 million was presented under Other liabilities ($36.7 million as at October 30, 2022, of which $10.1 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 years ended October 29, 2023 and October 30, 2022 were $3.1 million and $6.0 million, respectively. Amounts of $22.9 million and $7.1 million were paid under these plans for the years ended October 29, 2023 and October 30, 2022, 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 year ended October 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. Concurrently with the settlement, the Corporation entered into a new agreement and 900,000 units at a weighted average price of $15.12 per unit were hedged as at October 29, 2023. During the year ended October 30, 2022, the Corporation settled, at maturity, the total return swap covering 1,200,000 units at a weighted average price of $20.75 per unit for a consideration paid of $0.7 million. During the years ended October 29, 2023 and October 30, 2022, 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 expenses of $5.1 million and $4.4 million, respectively.

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

23 ACCUMULATED OTHER COMPREHENSIVE (LOSS) INCOME

	Cash flow hedges	Net investment hedges	Cumulative translation differences	Actuarial gains and losses related to defined benefit plans	Accumulated other comprehensive income (loss)
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	**8.0**	**(14.1)**	**33.2**	**(10.8)**	**16.3**
Balance as at October 29, 2023	**$ (3.6)**	**$ (25.4)**	**$ 99.5**	**$ (33.5)**	**$ 37.0**
Balance as at October 31, 2021	$ (1.3)	$ 25.1	$ (52.9)	$ (12.2)	$ (41.3)
Net change in gains (losses), net of income taxes	(10.3)	(36.4)	119.2	(10.5)	62.0
Balance as at October 30, 2022	$ (11.6)	$ (11.3)	$ 66.3	$ (22.7)	$ 20.7

As at October 29, 2023, 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	$ (7.1)	$ (3.0)	$ (0.5)	$ 5.8	$ (4.8)
Income taxes	(1.9)	(0.8)	(0.1)	1.6	(1.2)
	$ (5.2)	$ (2.2)	$ (0.4)	$ 4.2	$ (3.6)

24 SUPPLEMENTAL INFORMATION ON THE CONSOLIDATED STATEMENTS OF CASH FLOWS

Changes in non-cash operating items are as follows for the years ended:

	October 29, 2023	October 30, 2022
Accounts receivable	**$ 66.4**	$ (42.7)
Inventories	**93.8**	(78.7)
Prepaid expenses and other current assets	**0.1**	2.6
Accounts payable and accrued liabilities	**(50.1)**	(8.3)
Deferred revenues and deposits	**(1.5)**	(3.3)
Defined benefit plans	**2.1**	0.9
	$ 110.8	$ (129.5)

The following table presents changes in financial liabilities for the year ended October 29, 2023:

			Non-cash changes				
	Opening balance	Cash flows related to financing activities	Fair value adjustments additions[1]	Foreign exchange rate effect	Amortization of deferred financing fees	Financial expenses	**Closing balance**
Long term debts	$ 861.5	$ (2.6)	$ 1.4	$ 6.2	$ —	$ —	**$ 866.5**
Credit facility	132.7	(58.1)	—	1.7	—	—	**76.3**
Lease liabilities	160.3	(28.1)	(18.0)	0.6	—	3.3	**118.1**
Issuance costs	(4.2)	(0.3)	—	—	1.6	—	**(2.9)**
Accrued interest	5.9	(49.2)	—	0.1	—	50.6	**7.4**
	$ 1,156.2	$ (138.3)	$ (16.6)	$ 8.6	$ 1.6	$ 53.9	**$ 1,065.4**

[1] Additions to lease liabilities include additions resulting from signing new contracts and modifying existing contracts.

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

25 RELATED PARTY TRANSACTIONS

Key management personnel compensation

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Corporation, directly or indirectly, including any director (whether executive or otherwise) of the Corporation.

The following table presents key management personnel compensation for the years ended:

	October 29, 2023	October 30, 2022
Salaries and other short-term benefits	**$ 11.3**	$ 11.7
Post-employment benefits	**0.6**	0.1
Stock-based compensation	**(0.3)**	4.4
	$ 11.6	$ 16.2

26 EMPLOYEE BENEFITS

The Corporation offers its employees various contributory and non-contributory defined benefit pension plans and other post-employment defined benefit plans, defined contribution pension plans, group registered savings plans and multi-employer pension plans. Since June 1, 2010, most of the employees participate only in the defined contribution pension plans. For the defined benefit plans, the amount of benefits is generally calculated based on the employees' years of service and salaries. Plan funding is calculated based on actuarial estimates and is subject to limitations under applicable income tax and other regulations. Actuarial estimates prepared during the year were based on assumptions related to projected employee compensation levels up to the time of retirement and the anticipated long-term rate of return on pension plan assets. Certain obligations of the Corporation under the defined benefit plans are secured by letters of credit, drawn on the Corporation's credit facilities, which are pledged as collateral for unpaid contributions with respect to the solvency deficiency of the plans. The assets of the Corporation's defined benefit pension plans are held in a trust. The Corporation recognizes the annual amounts related to its defined benefit pension plans using calculations based on various actuarial assumptions, in particular regarding discount rates, mortality rates and annual rates of return on plan assets. These estimates may vary significantly from period to period based on the return on plan assets, actuarial valuations and market conditions. The Corporation reviews its actuarial assumptions each year and revises them based on prevailing rates and current trends. The Corporation believes that the assumptions used to account for its accrued benefit obligation are reasonable based on its experience, market conditions and data provided by its external actuary and investment advisor.

For defined contribution pension plans, multi-employer pension plans and group registered savings plans, the sole obligation of the Corporation is to make the monthly employer's contribution. The contributions paid by the Corporation to defined contribution pension plans are expensed in the period in which they are earned by employees.

In the United States, the defined benefit pension plans in which the Corporation's employees participated were closed to new participants before January 1, 2014. Consequently, the calculation of final benefits under the U.S. plans represented the benefits earned under the U.S. plans as of the date these plans stopped accepting new participants. Since then, new employees of the Corporation join 401(k)-type defined contribution pension plans. The obligations of the Corporation for this type of plan are limited to making the monthly employer's contribution.

The Board of Directors of the Corporation, with assistance from the pension committee, is responsible for the oversight and governance of the pension plans. The pension committee assists the Board in fulfilling its general oversight responsibilities with respect to pension plans, especially with regards to investment decisions, contributions to defined benefit plans and the selection of investment opportunities for defined contribution plans. Pension plan assets are held in a trust, except insured annuities. The Corporation's pension plans are managed in accordance with laws applicable to pension plans, which have determined minimum and maximum funding requirements for defined benefit pension plans.

The Corporation's funding policy is to make contributions to its pension plans based on various actuarial valuation methods, as permitted by regulatory bodies for pension plans. The Corporation's contributions to its pension plans reflect the most recent actuarial valuations for investment returns, salary projections and benefits related to future services. The funding of pension plans is based on funding measurement bases that are different from the accounting basis and for which the methods and assumptions may differ from those used for accounting purposes.

Defined benefit pension plans and other post-employment plans expose the Corporation to certain risks, including investment returns, changes in the discount rate used to measure the obligation, the mortality rate for plan participants, inflation and health care costs.

The Corporation also offers other long-term employee benefit plans that provide for continued dental and health care benefits in case of long-term disability.

The most recent actuarial valuations of the Corporation's pension plans for funding purposes were done as at December 31, 2021 for plans registered in Quebec, as at December 31, 2022 for plans registered in Ontario and as at December 1, 2022 for plans registered in the United States.

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

26 EMPLOYEE BENEFITS (CONTINUED)

The defined benefit obligation and the fair value of the plan assets are measured on the date of the annual consolidated financial statements. The following table presents the changes in the defined benefit obligation and in the fair value of plan assets for the years ended:

	Pension benefits		Other defined benefit plans		Total	
	October 29, 2023	October 30, 2022	**October 29, 2023**	October 30, 2022	**October 29, 2023**	October 30, 2022
Defined benefit obligation						
Balance, beginning of year	**$ 575.9**	$ 710.3	**$ 16.0**	$ 16.5	**$ 591.9**	$ 726.8
Current service cost [(1)]	**—**	—	**1.0**	1.6	**1.0**	1.6
Interest cost on the defined benefit obligation	**29.8**	22.7	**0.2**	0.6	**30.0**	23.3
Actuarial gains or losses from:						
Plan experience	**2.8**	20.7	**(0.4)**	0.4	**2.4**	21.1
Changes in demographic assumptions	**—**	—	**—**	0.1	**—**	0.1
Changes in financial assumptions	**(10.2)**	(128.1)	**(1.2)**	(2.2)	**(11.4)**	(130.3)
Benefits paid	**(43.9)**	(57.5)	**(1.8)**	(1.2)	**(45.7)**	(58.7)
Exchange rate change and other	**1.5**	7.8	**0.1**	0.2	**1.6**	8.0
Balance, end of year	**$ 555.9**	$ 575.9	**$ 13.9**	$ 16.0	**$ 569.8**	$ 591.9
Fair value of plan assets						
Balance, beginning of year	**$ 531.4**	$ 683.3	**$ —**	$ —	**$ 531.4**	$ 683.3
Interest income on plan assets	**27.3**	21.8	**—**	—	**27.3**	21.8
Actuarial losses on plan assets	**(24.2)**	(123.3)	**—**	—	**(24.2)**	(123.3)
Administrative costs (other than asset management costs)	**(2.7)**	(2.6)	**—**	—	**(2.7)**	(2.6)
Benefits paid	**(43.9)**	(57.5)	**(1.8)**	(1.2)	**(45.7)**	(58.7)
Employer contributions	**2.5**	3.5	**1.8**	1.2	**4.3**	4.7
Exchange rate change and other	**1.1**	6.2	**—**	—	**1.1**	6.2
Balance, end of year	**$ 491.5**	$ 531.4	**$ —**	$ —	**$ 491.5**	$ 531.4
Plan deficit	**$ (64.4)**	$ (44.5)	**$ (13.9)**	$ (16.0)	**$ (78.3)**	$ (60.5)
Effect of the asset ceiling	**(1.9)**	(2.2)	**—**	—	**(1.9)**	(2.2)
Defined benefit liability	**$ (66.3)**	$ (46.7)	**$ (13.9)**	$ (16.0)	**$ (80.2)**	$ (62.7)

[(1)] The current service cost for the other defined benefit plans includes the net change in the long-term disability plan, consisting of current service cost and actuarial gains or losses. The past service cost for this plan, if any, is presented on a separate line.

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

26 EMPLOYEE BENEFITS (CONTINUED)

The defined benefit asset (liability) is included as follows in the Consolidated Statements of Financial Position:

	Notes	**As at October 29, 2023**	As at October 30, 2022
Other assets	17	**$ 2.6**	$ 6.0
Other liabilities	20	**(82.8)**	(68.7)
		$ (80.2)	$ (62.7)

The following table presents the composition of the fair value of the pension plan assets:

	As at October 29, 2023	As at October 30, 2022
Quoted in an active market		
Cash	**$ 1.1**	$ 1.9
Real estate fund	**38.5**	40.2
Fixed-income securities investment funds	**253.1**	266.5
Mortgage securities investment funds	**16.0**	15.1
Canadian and foreign equities investment funds	**41.7**	55.0
	350.4	378.7
Not quoted in an active market		
Insured annuities	**141.1**	152.7
	$ 491.5	$ 531.4

For the years ended October 29, 2023 and October 30, 2022, the plan assets did not include any shares of the Corporation.

The matching strategy for the Corporation's assets and liabilities consists in minimizing risk through the purchase of insured annuities and debt securities. For the years ended October 29, 2023 and October 30, 2022, the plans invested in buy-in insured annuities. Their fair value is considered equal to the defined benefit obligation for participants targeted by the annuities purchases, calculated using assumptions applicable at the reporting date.

The following table presents the funded status of defined benefit plans:

	Pension benefits		Other defined benefit plans		Total	
	As at October 29, 2023	As at October 30, 2022	**As at October 29, 2023**	As at October 30, 2022	**As at October 29, 2023**	As at October 30, 2022
Fair value of plan assets for funded or partially funded plans	**$ 491.5**	$ 531.4	**$ —**	$ —	**$ 491.5**	$ 531.4
Defined benefit obligation of funded or partially funded plans	**537.2**	556.2	**—**	—	**537.2**	556.2
Effect of the asset ceiling	**(1.9)**	(2.2)	**—**	—	**(1.9)**	(2.2)
Funded status of funded or partially funded plans - deficit	**$ (47.6)**	$ (27.0)	**$ —**	$ —	**$ (47.6)**	$ (27.0)
Defined benefit obligation of unfunded plans	**(18.7)**	(19.7)	**(13.9)**	(16.0)	**(32.6)**	(35.7)
Total funded status - deficit	**$ (66.3)**	$ (46.7)	**$ (13.9)**	$ (16.0)	**$ (80.2)**	$ (62.7)

The Corporation expects to contribute an estimated amount of $6.9 million to its defined benefit plans during the year ending October 27, 2024. The actual amount paid may differ from the estimate based on the results of the actuarial valuations, investment returns, volatility in discount rates, regulatory requirements and other factors.

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

26 EMPLOYEE BENEFITS (CONTINUED)

The following table presents the significant assumptions used to calculate the Corporation's defined benefit obligation:

	As at October 29, 2023	As at October 30, 2022
Discount rate, end of year		
Canada	**5.60 %**	5.40 %
United States	**6.20**	5.70
Weighted average rate of compensation increase		
Canada	**2.82**	2.35

As at October 29, 2023, in Canada, the growth rate of health care costs for other post-employment defined benefit plans was estimated at 6.0%, gradually decreasing over 15 years to reach 4.5% and remain at this level afterwards.

The following table presents the impact of changes in the significant assumptions on the defined benefit obligation for the year ended October 29, 2023 and has some limitations. The sensitivities of each significant assumption have been calculated without taking into account any changes in the other assumptions. Actual results could therefore lead to changes in other assumptions simultaneously. Any change in one factor may result in changes in another factor, which could amplify or reduce the impact of changes in significant assumptions.

Increase (decrease)	Defined benefit obligation
Impact of 10 bps increase in discount rate	$ (4.3)
Impact of 10 bps decrease in discount rate	4.5
Impact of 100 bps increase in growth rate of health care costs	0.3
Impact of 100 bps decrease in growth rate of health care costs	(0.3)

The following table presents the composition of the defined benefit plan cost for the years ended:

		Pension benefits		Other defined benefit plans		Total	
	Note	**October 29, 2023**	October 30, 2022	**October 29, 2023**	October 30, 2022	**October 29, 2023**	October 30, 2022
Current service cost		**$ —**	$ —	**$ 1.0**	$ 1.6	**$ 1.0**	$ 1.6
Administrative costs		**2.7**	2.6	**—**	—	**2.7**	2.6
Plan cost recognized in net earnings		**2.7**	2.6	**1.0**	1.6	**3.7**	4.2
Interest cost on the defined benefit obligation		**29.8**	22.7	**0.2**	0.6	**30.0**	23.3
Interest income on plan assets		**(27.3)**	(21.9)	**—**	—	**(27.3)**	(21.9)
Interest on the effect of the asset ceiling		**0.2**	0.1	**—**	—	**0.2**	0.1
Net interest on the defined benefit liability	9	**2.7**	0.9	**0.2**	0.6	**2.9**	1.5
Actuarial losses		**—**	—	**—**	(0.4)	**—**	(0.4)
Remeasurement of the net defined benefit liability (asset)		**—**	—	**—**	(0.4)	**—**	(0.4)
Defined benefit plan cost		**$ 5.4**	$ 3.5	**$ 1.2**	$ 1.8	**$ 6.6**	$ 5.3

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

26 EMPLOYEE BENEFITS (CONTINUED)

The following table presents the costs recognized under Operating expenses in the Consolidated Statement of Earnings for defined contribution pension plans and state plans for the years ended:

	October 29, 2023	October 30, 2022
Defined contribution pension plans	**$ 20.6**	$ 16.9
State plans	**16.4**	15.3
	$ 37.0	$ 32.2

27 COMMITMENTS, GUARANTEES AND CONTINGENT LIABILITIES

Commitments
The Corporation leases real estate properties (office or warehousing spaces and buildings for plants) and other assets (production equipment, office equipment and other). Minimum payments related to most of the Corporation's lease commitments have been recognized as lease liabilities in the Statement of Financial Position. For more details, see Note 28.

As at October 29, 2023, the Corporation had commitments with suppliers for capital expenditures totaling $43.2 million. The Corporation has commitments for rental payments under short-term leases and leases of low-value, that are not included in lease liabilities. In the normal course of business, the Corporation enters from time to time into various goods purchase agreements under which it is required to purchase annually a minimum amount or quantity of raw materials. Any failure to meet these requirements could lead to renegotiating the terms and conditions of the agreements.

Guarantees
In the normal course of business, the Corporation has provided the following significant guarantees to third parties:

a) Indemnification of third parties
Under the terms of debt agreements, the Corporation has agreed to indemnify the holders of such debt instruments against any increase in costs incurred or reduction in the amounts otherwise payable to them resulting from changes in laws and regulations. These indemnification commitments are in effect for the term of the agreements and have no limitations. Given the nature of these indemnification agreements, the Corporation is unable to estimate its maximum potential liability to third parties. Historically, the Corporation has not made any indemnification payments and, as at October 29, 2023, the Corporation had not recorded a liability associated with these indemnification agreements.

b) Business disposals
In connection with the disposal of operations or assets, the Corporation agreed to indemnify against any claims that may result from its previous activities or arise under in-force agreements at the transaction date. Given the nature of these indemnification agreements, the Corporation is unable to estimate its maximum potential liability to guaranteed parties. Historically, the Corporation has not made any significant indemnification payments and, as at October 29, 2023, the Corporation had not recorded any liability associated with these indemnification agreements.

Contingent liabilities
In the normal course of operations, the Corporation is involved in various claims and legal proceedings. Although the outcome of these pending cases as at October 29, 2023, cannot be determined with certainty, the Corporation considers that their outcome is unlikely to have a material adverse effect on its financial position and operating results, given the provisions or insurance coverage with regards to some of these claims and legal proceedings.

28 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.

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

28 FINANCIAL INSTRUMENTS (CONTINUED)

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:

		As at October 29, 2023		As at October 30, 2022	
	Fair value hierarchy	**Fair value**	**Carrying amount**	Fair value	Carrying amount
Prepaid expenses and other current assets					
Foreign exchange forward contracts	Level 2	**$ 0.1**	**$ 0.1**	$ 1.2	$ 1.2
Other assets					
Foreign exchange forward contracts	Level 2	**—**	**—**	1.0	1.0
Interest rate swaps	Level 2	**5.8**	**5.8**	—	—
Accounts payable and accrued liabilities					
Total return swaps	Level 2	**(4.3)**	**(4.3)**	(4.9)	(4.9)
Foreign exchange forward contracts	Level 2	**(7.4)**	**(7.4)**	(7.9)	(7.9)
Long-term debt					
Long-term debt	Level 2	**(920.5)**	**(939.9)**	(935.8)	(990.0)
Other liabilities					
Cross-currency interest rate swaps	Level 2	**(47.0)**	**(47.0)**	(35.3)	(35.3)
Foreign exchange forward contracts	Level 2	**(3.5)**	**(3.5)**	(9.5)	(9.5)

During the years ended October 29, 2023 and October 30, 2022, no financial instruments were transferred between Levels 1, 2 and 3.

Financial risk management
In the normal course of business, the Corporation is exposed to various financial risks: credit risk, liquidity risk and market risk (including foreign currency risk and interest rate risk).

Credit risk
Credit risk is the risk that the Corporation will incur losses arising from the failure of third parties to meet their contractual obligations. The Corporation is exposed to credit risk with regard to its accounts receivable and loans receivable, as well as through its normal activities involving cash. The Corporation's maximum exposure to credit risk for these elements is represented by their carrying amount in the Consolidated Statements of Financial Position. The Corporation is also exposed to credit risk with regard to its derivative financial instrument assets. However, the Corporation estimates this risk as low because it deals only with recognized financial institutions with investment-grade credit ratings. As at October 29, 2023, the Corporation's maximum exposure to credit risk related to derivative financial instrument assets was low.

The Corporation regularly analyzes and examines the financial position of customers and applies rigorous evaluation procedures to all new customers. The Corporation establishes a specific credit limit for each customer and periodically reviews the limits for customers that are significant or considered at risk. As well, the Corporation believes that it is protected against any concentration of risk through its products, customer base and geographic diversity. The Corporation also has a credit insurance policy covering certain customers for aggregated losses of up to $15.0 million per year in Canada and up to US $15.0 million in the United States. The policy contains the usual clauses and limits regarding the amounts that can be claimed by event and year of coverage.

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

28 FINANCIAL INSTRUMENTS (CONTINUED)

Credit risk (continued)
In addition, under the terms and conditions of a trade receivable purchase agreement, the Corporation may sell on an ongoing basis the trade receivables from certain designated customers to a third party financial institution in exchange for a cash payment corresponding to the face value of the trade receivables sold less an applicable discount. The Corporation retains all responsibilities related to servicing the trade receivables, including collection, but does not retain any credit risk related to sold trade receivables. All trade receivables sold under the trade receivables purchase agreement are derecognized from the Consolidated Statements of Financial Position, as the sale of trade receivables qualifies for derecognition.

As at October 29, 2023, no single customer represented 10.0% or more of the revenues of the Corporation, or 10.0% or more of the related accounts receivable.

The Corporation determines whether receivables are past due according to the types of customers, their payment history and the industry in which they conduct business. An allowance account for credit losses is set up based on factors such as the credit risk of specific customers, historical trends and other data. The allowance account for credit losses is reviewed at each reporting date by management. Loss allowances for credit losses are set up, if needed, to reflect credit losses risks.

a) Definition of default
The Corporation considers the following items as a default for internal credit risk management purposes, as past experience indicates that financial assets meeting any of these conditions are generally not recoverable:

- breaches of financial covenants by a debtor;
- information prepared internally or from external sources indicating that it is unlikely that the debtor will fully repay its creditors, including the Corporation (without considering any collateral held by the Corporation).

b) Write-down policy
The Corporation writes down the value of a financial asset when information indicates that the debtor has significant financial difficulties and there are no realistic prospects of recovery, for instance at the earliest of when the debtor is in liquidation or enters into bankruptcy proceedings or, in the case of accounts receivable, when amounts more than 12 months past due. Derecognized financial assets may continue to be subject to measures under the Corporation's recovery procedures, based on legal advice, if applicable. Amounts recovered are recognized in net earnings.

Receivables are detailed as follows:

Trade receivables	**As at October 29, 2023**	As at October 30, 2022
Current balance	**$ 355.4**	$ 413.5
1 - 30 days past due	**55.2**	53.0
31 - 60 days past due	**17.0**	10.7
More than 60 days past due	**24.1**	22.5
	451.7	499.7
Allowance account for credit losses	**(3.8)**	(3.1)
	$ 447.9	$ 496.6

The change in the allowance account for credit losses is as follows for the years ended:

	October 29, 2023	October 30, 2022
Balance, beginning of year	**$ 3.1**	$ 3.1
Loss allowance for credit losses	**0.9**	0.4
Receivables recovered or written off	**(0.2)**	(0.4)
Balance, end of year	**$ 3.8**	$ 3.1

To assess whether the credit risk on a financial instrument has increased significantly since initial recognition, the Corporation compares the risk of default as at the reporting date with the risk of default as at the initial recognition date of the financial instrument. In making this assessment, the Corporation considers reasonable and supportable quantitative and qualitative information, including past experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered include future prospects for the industries in which the Corporation's debtors operate from reports prepared by experts in economics, financial analysts, government agencies, relevant think tanks and other similar organizations, as well as various external sources of economic information and forecasts related to the Corporation's core operations. Based on its analysis, the Corporation is of the opinion that the allowance account for credit losses is adequate to cover risks of non-payment.

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

28 FINANCIAL INSTRUMENTS (CONTINUED)

Liquidity risk
Liquidity risk is the risk that the Corporation will not be able to meet its financial obligations as they mature. The Corporation is exposed to liquidity risk with regard to its accounts payable, long-term debt, lease liabilities, derivative financial instrument liabilities and contractual obligations. The Corporation manages liquidity risk by analyzing on an ongoing basis current and projected cash flows. The Board of Directors reviews and approves the Corporation's operating and investment budgets as well as all material transactions that are not carried out in the normal course of business.

The following table presents the contractual maturities of financial liabilities as at October 29, 2023:

	Carrying amount	Contractual cash flows	Less than 1 year	1-3 years	3-5 years	Over 5 years
Non-derivative financial liabilities						
Accounts payable and accrued liabilities	**$ 446.4**	**$ 446.4**	**$ 446.4**	**$ —**	**$ —**	**$ —**
Long-term debt	**939.9**	**1,112.4**	**47.9**	**532.5**	**187.6**	**344.5**
Lease liabilities	**118.1**	**127.8**	**25.9**	**43.5**	**28.1**	**30.3**
Other monetary liabilities	**9.6**	**9.6**	**—**	**9.6**	**—**	**—**
	$ 1,514.0	**$ 1,696.2**	**$ 520.2**	**$ 585.6**	**$ 215.7**	**$ 374.8**
Derivative financial instruments in liabilities						
Cross-currency interest rate swaps	**$ 47.0**	**$ 59.3**	**$ 9.0**	**$ 50.3**	**$ —**	**$ —**
Foreign exchange forward contracts in liabilities	**10.9**	**10.9**	**7.4**	**3.5**	**—**	**—**
Total return swap	**4.3**	**4.3**	**4.3**	**—**	**—**	**—**
	$ 1,576.2	**$ 1,770.7**	**$ 540.9**	**$ 639.4**	**$ 215.7**	**$ 374.8**

Market risk

The market risk is the risk that the Corporation will incur losses arising from adverse changes in underlying market factors, including interest and exchange rates.

a) Interest rate risk
The Corporation is exposed to market risk related to interest rate fluctuations because a portion of its long-term debt bears interest at floating rates. The Corporation manages this risk by maintaining a mix of fixed and floating rate borrowings in accordance with the Corporation's policies and by entering into interest rate swaps.

For the year ended October 29, 2023, all other things being equal, if interest rates had increased or decreased by 50 basis points, the Corporation's net earnings would have decreased or increased by $3.0 million.

b) Foreign currency risk
The Corporation operates in various countries and is exposed to foreign currency risk resulting from transactions in different foreign currencies. Foreign currency risk arise mainly from future business transactions denominated in currencies other than the functional currency of the Corporation's entity that is party to the transaction, from the recognition of assets and liabilities in currencies other than the functional currency of the Corporation and from investments in foreign operations. The Corporation manages foreign currency risk by entering into various foreign exchange contracts related to future transactions, among other things. The Corporation also manages foreign currency risk by entering into various cross-currency interest rate swaps that are designated as hedges of its net investment in foreign operations having the U.S. dollar as functional currency. In addition to the derivative financial instruments described above, the Corporation may designate a portion of its term loans and credit facilities denominated in U.S. dollars as hedging instruments for its net investment in foreign operations, thereby enabling it to limit its foreign currency risk.

For the year ended October 29, 2023, all other things being equal, a hypothetical 10% appreciation of the U.S. dollar against the Canadian dollar would have increased the Corporation's net earnings by $20.8 million and decreased the Corporation's other comprehensive income (loss) by $0.2 million. A hypothetical 10% depreciation of the U.S. dollar against the Canadian dollar would have the opposite effect on net earnings and other comprehensive income (loss).

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

28 FINANCIAL INSTRUMENTS (CONTINUED)

Hedging relationships

To mitigate the market risks described above, the Corporation uses various derivative financial instruments that are designated as hedging instruments in hedging relationships, in particular interest rate swaps that are detailed as follows:

Derivative financial instruments	Receivable interest rate	Payable interest rate	Maturity date		Notional amount		October 29, 2023 Carrying amount		October 30, 2022 Carrying amount
Floating-to-fixed interest rate swap (1)	SOFR 1 month	3.350%	June 30, 2027	US$	56.3	**$**	**2.9**	$	—
Floating-to-fixed interest rate swap (1)	SOFR 1 month	3.420%	June 30, 2027	US$	56.3		**2.9**		—
Cross-currency fixed interest rate swaps (2)	2.280 %	2.055%	July 13, 2026	$	250.0		**(21.4)**		(12.6)
Cross-currency fixed-to-floating interest rate swaps (3)	2.667 %	SOFR + 1.088%	February 3, 2025	$	200.0		**(25.6)**		(22.7)
						$	**(41.2)**	$	(35.3)

(1) These floating-to-fixed interest rate swaps have been designated as hedging instruments in cash flow hedging relationships to mitigate interest rate risk.

(2) These cross-currency fixed interest rate swaps (CAD/USD) amounting to $250.0 million (US$200.4 million) have been designated as hedging instruments in net investment hedging relationships to mitigate foreign currency risk.

(3) The fixed CAD/variable CAD portion of these cross-currency interest rate swaps amounting to $200.0 million (US$157.1 million) has been designated as a hedging instrument to hedge the change in fair value of the private offering resulting from fluctuations in the benchmark rate. The floating CAD/floating USD portion of these cross-currency interest rate swaps amounting to $200.0 million (US$157.1 million) has been designated in a net investment hedging relationship to mitigate foreign currency risk.

In addition to interest rate swaps, the Corporation may designate a portion of its existing term loans and credit facilities denominated in U.S. dollars as a hedging instrument for its net investment in foreign operations. As at October 29, 2023, the Corporation had designated an amount of $10.3 million (US$7.4 million) of existing term loans and credit facilities denominated in U.S. dollars as net investment hedge.

In addition, the Corporation uses various derivative financial instruments that are designated as hedging instruments in cash flow hedging relationships, in particular foreign exchange forward contracts that are detailed as follows :

October 29, 2023	Maturity		Payable notional amount		Receivable notional amount	Average exchange rate		Carrying amount
Derivative financial instruments in assets								
Foreign exchange contracts	November 2023 - April 2024	US$	1.5	$	1.9	1.286	$	—
Foreign exchange contracts	November 2023 - January 2024	£	0.2	US$	0.3	1.348		—
Derivative financial instruments in liabilities								
Foreign exchange contracts	October 2023 - August 2026	US$	188.3	$	249.8	1.327		(10.6)
Foreign exchange contracts	March 2024	US$	1.6	€	1.5	0.922		—
							$	(10.6)

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

28 FINANCIAL INSTRUMENTS (CONTINUED)

October 30, 2022	Maturity		Payable notional amount		Receivable notional amount	Average exchange rate		Carrying amount
Derivative financial instruments in assets								
Foreign exchange contracts	November 2022 - August 2025	$	4.2	$	6.5	1.304	$	1.5
Foreign exchange contracts	November 2022 - January 2024	£	1.0	US$	1.4	1.349		0.3
Foreign exchange contracts	January 2023 - June 2023	€	1.5	US$	1.8	1.178		—
Derivative financial instruments in liabilities								
Foreign exchange contracts	November 2022 - October 2025	US$	375.2	$	460.1	1.329		(16.6)
Foreign exchange contracts	January 2023 - June 2023	€	0.1	US$	0.1	1.220		(0.8)
							$	(15.6)

Impact of cash flow hedging relationships
The following table summarizes the impact of, and gains (losses) on cash flow hedges on the consolidated financial statements:

Cash flow hedges		**October 29, 2023 Interest rate risk**		**Foreign currency risk**		October 30, 2022 Interest rate risk		Foreign currency risk
Balance, beginning of year	**$**	**(0.1)**	**$**	**(15.6)**	$	(8.3)	$	6.6
Change in fair value recognized in other comprehensive income (loss)		**4.1**		**8.1**		2.5		(17.5)
Amounts from the cash flow hedge reserve recognized in net financial expenses		**1.8**		**(3.1)**		5.7		(4.7)
Balance, end of year	**$**	**5.8**	**$**	**(10.6)**	$	(0.1)	$	(15.6)

For the years ended October 29, 2023 and October 30, 2022, no expenses related to the ineffectiveness of the hedging relationships presented above were recognized in net earnings.

Impact of net investment hedging relationships
The following table summarizes the impact of and gains (losses) on net investment hedges on the consolidated financial statements:

October 29, 2023		**Net investment hedge reserve**		**Cost of hedge reserve**		**Total**
Balance, beginning of year	**$**	**(9.2)**	**$**	**6.1**	**$**	**(3.1)**
Change in fair value recognized in other comprehensive loss		**(10.6)**		**(0.2)**		**(10.8)**
Amounts from the the cost of hedge reserve recognized in net financial expenses		**—**		**(3.2)**		**(3.2)**
Balance, end of year	**$**	**(19.8)**	**$**	**2.7**	**$**	**(17.1)**

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

28 FINANCIAL INSTRUMENTS (CONTINUED)

Impact of net investment hedging relationships (continued)
The following table summarizes the impact of and gains (losses) on net investment hedges on the consolidated financial statements:

October 30, 2022	Net investment hedge reserve [1]	Cost of hedge reserve	Total
Balance, beginning of year	$ 36.0	$ (3.8)	$ 32.2
Change in fair value recognized in other comprehensive income (loss)	(45.2)	9.1	(36.1)
Amounts from the the cost of hedge reserve recognized in net financial expenses	—	0.8	0.8
Balance, end of year	$ (9.2)	$ 6.1	$ (3.1)

[1] Certain comparative figures have been reclassified to conform to the presentation adopted in the current year.

Gains of $0.2 million have been recognized in net earnings as hedging relationships ineffectiveness for each of the years ended October 29, 2023 and October 30, 2022.

Impact of fair value hedging relationships
As at October 29, 2023, the carrying amount of the hedged item, namely a portion of long-term debt, was $192.2 million ($190.9 million as at October 30, 2022) (Note 19). This amount included a cumulative fair value hedge adjustment of $7.8 million ($9.1 million as at October 30, 2022) to the carrying amount of the hedged item. For the years ended October 29, 2023 and October 30, 2022 the amounts recognized in net earnings as hedging relationships ineffectiveness were an expense of $0.1 million and a gain of $0.1 million, respectively.

29 CAPITAL MANAGEMENT

The Corporation's main capital management objectives are as follows:

- Optimize the financial structure by targeting a ratio of net debt to operating earnings before depreciation and amortization excluding restructuring and other costs (revenues) and impairment of assets ("adjusted operating earnings before depreciation and amortization") in order to maintain a high credit rating;
- Preserve its financial flexibility in order to seize strategic investment opportunities.

The Corporation relies on the ratio of net indebtedness to adjusted operating earnings before depreciation and amortization as the main indicator of financial leverage. The net indebtedness ratio is as follows for the years ended:

	October 29, 2023	October 30, 2022
Long-term debt	**$ 937.8**	$ 979.3
Lease liabilities	**94.6**	135.0
Current portion of long-term debt	**2.1**	10.7
Current portion of lease liabilities	**23.5**	25.3
Cash	**(137.0)**	(45.7)
Net indebtedness	**$ 921.0**	$ 1,104.6
Adjusted operating earnings before depreciation and amortization	**$ 446.5**	$ 446.7
Net indebtedness ratio	**2.06x**	2.47x

SHAREHOLDER **information**

Historical financial information

For the years ended October 29, 2023, October 30, 2022, October 31, 2021, October 25, 2020, and October 27, 2019
(unaudited) (in millions of dollars, except ratios)

	2023 **52 weeks**	2022 52 weeks	2021 53 weeks	2020 52 weeks	2019 52 weeks
PROFITABILITY					
Revenues	$2.940.6	$2,956.1	$2.643.4	$2.574.0	$3.038.8
Operating earnings before depreciation and amortization	399.6	449.2	451.4	458.0	511.5
Adjusted operating earnings before depreciation and amortization[1]	446.5	446.7	464.8	499.4	475.8
Operating earnings	164.7	217.3	233.8	241.4	309.5
Adjusted operating earnings[1]	285.5	285.1	313.5	352.8	348.0
Net earnings attributable to shareholders of the Corporation	85.8	141.2	130.6	131.7	166.1
Adjusted net earnings attributable to shareholders of the Corporation[1]	176.0	189.7	206.4	227.0	220.2
LIQUIDITY					
Cash flows from operating activities	472.3	220.8	315.3	427.0	431.6
Acquisitions of property. plant and equipment (PP&E) and intangible assets	177.5	142.4	138.3	97.5	125.6
Free cash flow[1, 2]	294.8	78.4	177.0	329.5	306.0
Dividends on participating shares	78.0	78.1	78.3	77.9	76.0
Participating share redemptions	0.0	7.0	0.0	7.1	0.0
Cash	137.0	45.7	231.1	241.0	213.7
Available liquidities[3]	495.4	347.0	662.1	673.8	646.4
FINANCIAL POSITION					
Total assets	3,700.3	3,801.0	3 612.9	3 598.4	3 781.8
Shareholders' equity	1,906.2	1,882.0	1 764.3	1 738.6	1 691.2
Net indebtedness[1]	921.0	1,104.6	894.8	933.9	1 169.4
Corporate credit rating (DBRS)	BBB (low), stable	BBB (low), stable	BBB (low), stable	BBB (low), negative	BBB (low), stable
Corporate credit rating (Standard & Poor's)	BBB-, stable	BBB-, stable	BBB-, stable	BBB-, negative	BBB-, negative
RATIOS					
Adjusted operating earnings margin before depreciation and amortization[1]	15.2 %	15.1 %	17.6 %	19.4 %	15.7 %
Return on average equity[4]	9.3 %	10.4 %	11.8 %	13.2 %	13.2 %
Net indebtedness ratio[1]	2.06 x	2.47 x	1.93 x	1.87 x	2.46 x

1 Non-IFRS financials measures. A complete definition of the non-IFRS financials measures is presented in the section entitled "Reconciliation of Non-IFRS Financial Measures" in the Management's Discussion and Analysis section of this annual report on page 6.

2 Defined as cash flows from operating activities less acquisitions of PP&E and intangible assets.

3 Defined as cash plus available amounts under the lines of credit.

4 Adjusted net earnings applicable to participating shares1 divided by average beginning and ending shareholders' equity balance for the fiscal year.

Note: Some financial information have been restated to conform to presentation adopted in the current period.

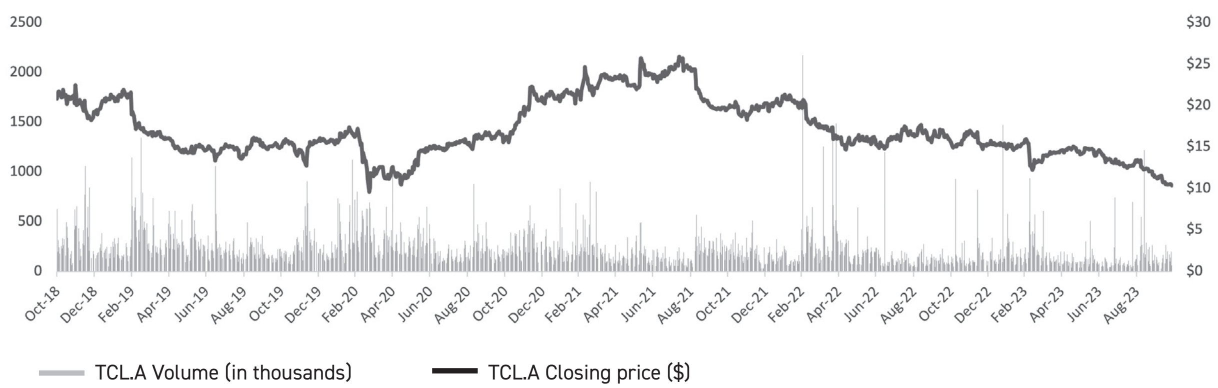
SHARE
information

Historical financial information

For the years ended October 30, 2022, October 31, 2021, October 25, 2020, October 27, 2019, and October 28, 2018
(unaudited)

	2023	2022	2021	2020	2019
TRADING OF CLASS A SUBORDINATE VOTING SHARES (TCL.A ON THE TSX)					
Intraday high	**$17.23**	$21.62	$26.45	$17.60	$22.53
Intraday low	**$10.27**	$14.44	$15.47	$9.50	$13.11
Closing	**$10.40**	$15.97	$19.60	$16.58	$15.05
Total volume	**41,142,917**	50,570,525	54,575,316	67,881,953	71,178,067
TRADING OF CLASS B SHARES (TCL.B ON THE TSX)					
Intraday high	**$17.18**	$21.60	$26.37	$17.71	$22.50
Intraday low	**$10.30**	$15.00	$15.55	$9.49	$13.91
Closing	**$10.68**	$16.23	$19.46	$16.72	$16.38
Total volume	**832,465**	57,617	191,154	226,669	281,311
ADDITIONAL INFORMATION					
Dividends on participating shares (in millions)	**$78.0**	$78.1	$78.3	$77.9	$76.0
Dividends paid per participating share	**$0.90**	$0.90	$0.90	$0.90	$0.87
Dividend yield on participating shares	**8.7 %**	5.6 %	4.6 %	5.4 %	5.8 %
Weighted average number of participating shares outstanding - basic (in millions)	**86.6**	86.8	87.0	87.1	87.3
Public float (in millions)	**73.9**	74.0	74.4	74.2	74.6
Book value per participating share	**$21.95**	$21.67	$20.21	$19.98	$19.37
Market capitalization (in millions)	**$905**	$1,387	$1,704	$1,445	$1,333
Enterprise value (in millions)	**$1,826**	$2,492	$2,599	$2,379	$2,502

CLOSING SHARE PRICE AND VOLUME



CORPORATE Information

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TC Transcontinental Printing
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TC Media
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PO Box 33
Montréal (Québec) H3B 0G7
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OTHER INFORMATION

SHAREHOLDERS, INVESTORS AND ANALYSTS
For further financial information or to order supplementary documentation about the Corporation, please contact the Investor Relations Department or visit the "Investors" section of TC Transcontinental's website at **www.tc.tc**

MEDIA
For general information about the Corporation, please contact the Communications Department t. 514 954-4000 or at **contactmedia@tc.tc**

DONATIONS
For more information about the Transcontinental Inc. Donation Policy, visit the Corporation's website at www.tc.tc under the "Governance – Policies" section. To request a donation, please send an email to **communications@tc.tc** with relevant information regarding your activity, event or campaign.

INFORMATION
This annual report is also available in the "Investors" section of the Corporation's website. The list of Transcontinental Inc. business units is also available on the Corporation's website.

Des exemplaires en français du rapport annuel, de la notice annuelle, des rapports de gestion et des états financiers résumés intermédiaires sont disponibles sur demande en communiquant avec le Service des relations avec les investisseurs et sur **www.tc.tc**

PRODUCTION OF ANNUAL REPORT

Project management: Corporate Communications Department

Graphic design & artistic direction: Transcontinental Premedia

Photography: Transcontinental Premedia

Translation: Corporate Communications Department

ANNUAL MEETING OF SHAREHOLDERS

Transcontinental Inc.'s Annual Meeting of Shareholders will held virtually on March 13, 2024, at 10:00 a.m. All details are available on our website at **www.tc.tc/investors.**

Governance

BOARD OF DIRECTORS

ISABELLE MARCOUX, C.M.
Executive Chair of the Board,
Transcontinental Inc.

JACYNTHE CÔTÉ, ICD.D [2,4]
Chair of the Board, Royal Bank
of Canada and Corporate Director

NELSON GENTILETTI [1,3]
Corporate Director

YVES LEDUC [3]
Co-President and Chief Operating
Officer, XNRGY Climate Systems
and Partner, Idealist Capital

NATHALIE MARCOUX
Vice President, Finance,
Capinabel Inc.

PIERRE MARCOUX
President,
Contex Group Inc.

RÉMI MARCOUX, C.M., O.Q., FCPA, FCA
Founder Emeritus and Director,
Transcontinental Inc.

ANNA MARTINI, FCPA, FCA [1,2]
President and Chief Executive Officer,
Psycho Bunny

MARIO PLOURDE [3]
President and Chief Executive Officer,
Cascades Inc.

JEAN RAYMOND [2]
Vice-Chairman, Managing Director
and Head of CIBC Capital Markets –
Québec, CIBC World Markets Inc.

ANNIE THABET [1,3]
Corporate Director

EXECUTIVE MANAGEMENT TEAM OF THE CORPORATION

ISABELLE MARCOUX, C.M.
Executive Chair of the Board

THOMAS MORIN
President and Chief Executive Officer

DONALD LECAVALIER
Executive Vice President
and Chief Financial Officer

SAM BENDAVID
Chief Corporate Development
and Procurement Officer

PATRICK BRAYLEY
Senior Vice President
TC Transcontinental Printing

REBECCA CASEY
Senior Vice President,
Sales and Strategic Marketing

CHRISTINE DESAULNIERS
Chief Legal Officer
and Corporate Secretary

DUSTIN DYER
Senior Vice President,
Operational Excellence

ALEXANDER HAYDEN
Senior Vice President, R&D,
Innovation, Sustainability and ESG

JEFFERY LASLEY
Senior Vice President, Dairy, Protein
and Pet Food, and Latin America
TC Transcontinental Packaging

PATRICK LUTZY
President,
TC Media

ROOPESH NANGIA
Senior Vice President,
Consumer and Beverage
TC Transcontinental Packaging

LYNDA NEWCOMB
Chief Human Resources Officer

OTHER OFFICERS OF THE CORPORATION

VIKTORYA AKSOY
Assistant General Counsel
and Assistant Secretary

MATHIEU HÉBERT
Treasurer

MANON SIGOUIN
Vice President, Financial Operations
and Corporate Controller

As at December 12, 2023.

[1] Member of the Audit Committee
[2] Member of the Human Resources and Compensation Committee
[3] Member of the Governance and Social Responsibility Committee
[4] Lead Director

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, the 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 December 12, 2023. The forward-looking statements in this report are made pursuant to the "safe harbour" provisions of applicable Canadian securities legislation. The forward-looking statements in this report are based on current expectations and information available as at December 12, 2023. 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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