TRANSCONTINENTAL

Press Release

For Immediate Release

Transcontinental Inc. Announces Results for the Third Quarter of Fiscal 2022

Highlights

- Significant increase in revenues and net earnings, including organic revenue growth in all three operating sectors.
- Revenues of $747.8 million for the quarter ended July 31, 2022; operating earnings of $52.1 million; and net earnings attributable to shareholders of the Corporation of $34.1 million ($0.39 per share).
- Adjusted operating earnings before depreciation and amortization(1) of $113.0 million for the quarter ended July 31, 2022; adjusted operating earnings(1) of $72.6 million; and adjusted net earnings attributable to shareholders of the Corporation(1) of $49.6 million ($0.57 per share).
- Acquired ERPI (Éditions du renouveau pédagogique inc.), an educational publisher, on June 13, 2022, to pursue the growth strategy for educational products, both print and digital.
- Acquired Banaplast S.A.S., a flexible packaging company based in Armenia, Colombia, on June 22, 2022, which enables the Corporation to pursue its growth strategy with an expanded offering, in particular with banana tree bags and agro-mulches.
- Unveiled the 2025 Corporate Social Responsibility Plan, on June 15, 2022, which includes ambitious targets, in particular with respect to the creation of a circular economy, the reduction of greenhouse gases and diversity.
- Retirement of Brian Reid, President of TC Transcontinental Printing, after 41 years with the company, effective at the end of fiscal year 2022.

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

Montréal, September 7, 2022 - Transcontinental Inc. (TSX: TCL.A TCL.B) announces its results for the third quarter of fiscal 2022, which ended July 31, 2022.

"Despite continued inflationary pressures, supply chain challenges and a tight labour market, we increased both revenues and profits in the quarter," said Peter Brues, President and Chief Executive Officer of TC Transcontinental. "I am proud of the actions taken by the team to improve our performance.

"In our Packaging Sector, we recorded significant growth in revenues mainly as a result of the impact of the pass-through of raw materials costs, acquisitions and higher volume. This additional volume is the result of our investments in new equipment and innovative projects as well as the relentless work by our teams to support our customers. Combined with our initiatives to offset cost increases, the increase in volume contributed to a 15% organic growth in the sector's adjusted operating earnings before depreciation and amortization.

"Our Printing Sector produced year-on-year revenue growth for the sixth consecutive quarter. Consistent with previous quarters, this growth was mainly driven by our in-store marketing, book printing and premedia activities. This demonstrates the positive evolution of our portfolio of activities.

"I am very pleased with the acquisition of ERPI in our Media Sector as it complements our educational products and services offering, both print and digital. The timing of the transaction, combined with the seasonality of the educational publishing business, contributed to an increase in both revenues and profit in the sector for the quarter.

"Our financial position remains solid, with no major debt maturities until 2025, giving us the flexibility to pursue our disciplined approach to profitable growth."

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Financial Highlights

(in millions of dollars, except per share amounts)	Q3-2022	Q3-2021	Variation in %
Revenues	**$747.8**	**$621.6**	**20.3 %**
Operating earnings before depreciation and amortization (1)	**110.0**	**103.4**	**6.4**
Adjusted operating earnings before depreciation and amortization (1) (2)	**113.0**	**104.2**	**8.4**
Operating earnings	**52.1**	**50.2**	**3.8**
Adjusted operating earnings (2)	**72.6**	**67.4**	**7.7**
Net earnings attributable to shareholders of the Corporation	**34.1**	**28.1**	**21.4**
Net earnings attributable to shareholders of the Corporation per share	**0.39**	**0.32**	**21.9**
Adjusted net earnings attributable to shareholders of the Corporation (2)	**49.6**	**44.2**	**12.2**
Adjusted net earnings attributable to shareholders of the Corporation per share (2)	**0.57**	**0.51**	**11.8**

(1) Operating earnings before depreciation and amortization and Adjusted operating earnings before depreciation and amortization for the comparative period have been restated to conform to the presentation adopted in the current period.
(2) Please refer to the section entitled "Reconciliation of Non-IFRS Financial Measures" in this press release for adjusted data presented above.
Note: The above results include $9.2 million in Canada Emergency Wage Subsidy for the third quarter of 2021.

2022 Third Quarter Results

Revenues increased by $126.2 million, or 20.3%, from $621.6 million in the third quarter of 2021 to $747.8 million in the corresponding period of 2022. This increase is mainly attributable to the impact of the transfer of the rise in raw materials prices, the acquisitions of H.S. Crocker Company, Inc., ERPI, BGI Retail Inc. Scolab Inc., and Banaplast S.A.S., as well as higher volume.

Operating earnings before depreciation and amortization increased by $6.6 million, or 6.4%, from $103.4 million in the third quarter of 2021 to $110.0 million in the third quarter of 2022. Adjusted operating earnings before depreciation and amortization increased by $8.8 million, or 8.4%, from $104.2 million in the third quarter of 2021 to $113.0 million in the third quarter of 2022. These increases are mainly attributable to the acquisitions, higher volume, the positive impact of the transfer of higher raw materials prices in the Packaging Sector as well as the favourable exchange rate variation effect. These factors were partially offset by the end of the Canada Emergency Wage Subsidy which the Corporation received in the previous year and the unfavourable impact of inflationary pressures.

Net earnings attributable to shareholders of the Corporation increased by $6.0 million, from $28.1 million in the third quarter of 2021 to $34.1 million in the third quarter of 2022. This increase is mainly attributable to the previously explained growth in operating earnings before depreciation and amortization. On a per share basis, net earnings attributable to shareholders of the Corporation went from $0.32 to $0.39, respectively.

Adjusted net earnings attributable to shareholders of the Corporation increased by $5.4 million, or 12.2%, from $44.2 million in the third quarter of 2021 to $49.6 million in the third quarter of 2022. This increase is attributable to higher adjusted operating earnings before depreciation and amortization. On a per share basis, adjusted net earnings attributable to shareholders of the Corporation went from $0.51 to $0.57, respectively.

Outlook

In the Packaging Sector, as a result of signing new contracts, introducing new products to the market and investing in new production equipment, we expect organic volume growth in fiscal year 2022 compared to fiscal 2021, excluding the impact of the 53^{rd} week on the results for fiscal year 2021. In addition, we expect an increase in adjusted operating earnings before depreciation and amortization for fiscal year 2022 compared to the prior fiscal year.

In the Printing Sector, with the significant volume in our in-store marketing activities and other growth activities, we expect revenue growth for fiscal year 2022, excluding the impact of the 53^{rd} week on the results for fiscal year 2021. In terms of profitability, we expect that adjusted operating earnings before depreciation and amortization for fiscal year 2022 will be similar to fiscal 2021, excluding amounts related to the Canada Emergency Wage Subsidy and the impact of the 53^{rd} week on the results for fiscal year 2021.

Finally, we expect to continue generating significant cash flows from operating activities. In addition, with the proactive refinancing transactions of recent years, we have no major debt maturities until 2025. This, combined with our solid financial position, should provide us with the flexibility needed to pursue our profitable growth strategy.

Non-IFRS Financial Measures

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

In addition, in this press release, we also use certain non-IFRS financial measures for which a complete definition is presented below and for which a reconciliation to financial information in accordance with IFRS is presented in the section entitled "Reconciliation of Non-IFRS Financial Measures" and in Note 3, "Segmented Information", to the unaudited interim condensed consolidated financial statements for the third quarter ended July 31, 2022.

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, amortization of intangible assets arising from business combinations as well as the adjustment on additional income taxes in other jurisdictions resulting from a prior year and the tax impact of an internal reorganization.
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 as well as the adjustment on additional income taxes in other jurisdictions resulting from a prior year and the tax impact of an internal reorganization.
Net indebtedness	Total of long-term debt, of current portion of long-term debt, of lease liabilities and of current portion of lease liabilities, less cash.
Net indebtedness ratio	Net indebtedness divided by the last 12 months' adjusted operating earnings before depreciation and amortization.

Reconciliation of Non-IFRS Financial Measures

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

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

Reconciliation of operating earnings - Third quarter

	Three months ended	
(in millions of dollars)	**July 31, 2022**	July 25, 2021
Operating earnings	**$52.1**	$50.2
Restructuring and other costs	**3.0**	0.8
Amortization of intangible assets arising from business combinations (1)	**17.5**	16.4
Adjusted operating earnings	**$72.6**	$67.4
Depreciation and amortization (2) (3)	**40.4**	36.8
Adjusted operating earnings before depreciation and amortization (3)	**$113.0**	$104.2

(1) Intangible assets arising from business combinations include our customer relationships, trademarks and non-compete agreements.
(2) Depreciation and amortization excludes the amortization of intangible assets arising from business combinations.
(3) Depreciation and amortization and Adjusted operating earnings before depreciation and amortization have been restated to conform to the presentation adopted in the current period.

Reconciliation of operating earnings - Third quarter for the Packaging Sector

	Three months ended	
(in millions of dollars)	**July 31, 2022**	July 25, 2021
Operating earnings	**$12.9**	$11.3
Restructuring and other costs (revenues)	**2.7**	(1.2)
Amortization of intangible assets arising from business combinations (1)	**15.4**	14.7
Adjusted operating earnings	**$31.0**	$24.8
Depreciation and amortization (2)	**21.4**	17.5
Adjusted operating earnings before depreciation and amortization	**$52.4**	$42.3

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

Reconciliation of operating earnings - Third quarter for the Printing Sector

	Three months ended	
(in millions of dollars)	**July 31, 2022**	July 25, 2021
Operating earnings	**$36.7**	$42.5
Restructuring and other costs	**0.1**	1.6
Amortization of intangible assets arising from business combinations (1)	**2.1**	1.7
Adjusted operating earnings	**$38.9**	$45.8
Depreciation and amortization (2)	**13.4**	14.3
Adjusted operating earnings before depreciation and amortization	**$52.3**	$60.1

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

Reconciliation of operating earnings - Third quarter for the Other Sector

	Three months ended	
(in millions of dollars)	**July 31, 2022**	July 25, 2021
Operating earnings	**$2.5**	($3.6)
Restructuring and other costs	**0.2**	0.4
Amortization of intangible assets arising from business combinations (1)	**—**	—
Adjusted operating earnings	**$2.7**	($3.2)
Depreciation and amortization (2) (3)	**5.6**	5.0
Adjusted operating earnings before depreciation and amortization (3)	**$8.3**	$1.8

(1) Intangible assets arising from business combinations include our customer relationships, trademarks and non-compete agreements.
(2) Depreciation and amortization excludes the amortization of intangible assets arising from business combinations.
(3) Depreciation and amortization and Adjusted operating earnings before depreciation and amortization have been restated to conform to the presentation adopted in the current period.

Reconciliation of net earnings attributable to shareholders of the Corporation - Third quarter

	Three months ended	
(in millions of dollars, except per share amounts)	**July 31, 2022**	July 25, 2021
Net earnings attributable to shareholders of the Corporation	**$34.1**	$28.1
Restructuring and other costs	**3.0**	0.8
Tax on restructuring and other costs	**(0.7)**	(0.4)
Amortization of intangible assets arising from business combinations (1)	**17.5**	16.4
Tax on amortization of intangible assets arising from business combinations	**(4.3)**	(4.0)
Adjustment on additional taxes in other jurisdictions	**—**	3.3
Adjusted net earnings attributable to shareholders of the Corporation	**$49.6**	$44.2
Net earnings attributable to shareholders of the Corporation per share	**$0.39**	$0.32
Adjusted net earnings attributable to shareholders of the Corporation per share	**$0.57**	$0.51
Weighted average number of shares outstanding	**86.6**	87.0

(1) Intangible assets arising from business combinations include our customer relationships, trademarks and non-compete agreements.

Reconciliation of net indebtedness

(in millions of dollars, except ratios)	**As at July 31, 2022**	As at October 31, 2021
Long-term debt	**$971.8**	$778.2
Current portion of long-term debt	**16.1**	187.3
Lease liabilities	**139.3**	137.3
Current portion of lease liabilities	**24.4**	23.1
Cash	**(26.4)**	(231.1)
Net indebtedness	**$1,125.2**	$894.8
Adjusted operating earnings before depreciation and amortization (last 12 months)	**$448.8**	$464.8
Net indebtedness ratio	**2.51 x**	1.93 x

Dividend

The Corporation's Board of Directors declared a quarterly dividend of $0.225 per share on Class A Subordinate Voting Shares and Class B Shares. This dividend is payable on October 24, 2022 to shareholders of record at the close of business on October 3, 2022.

Normal Course Issuer Bid

The Corporation was authorized to repurchase, for cancellation on the open market, or subject to the approval of any securities authority by private agreements, between October 1, 2021 and September 30, 2022, 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 190,300 of its Class B Shares.

During the three-month period ended July 31, 2022, the Corporation redeemed and cancelled 63,000 of its Class A Subordinate Voting Shares at a weighted average price of $15.86 per share, for a total cash consideration of $1.0 million. During the nine-month period ended July 31, 2022, the Corporation redeemed and cancelled 400,800 of its Class A Subordinate Voting Shares at a weighted average price of $17.43 per share, for a total cash consideration of $7.0 million.

Additional information

Conference Call

Upon releasing its 2022 third quarter results, the Corporation will hold a conference call for the financial community on September 7, 2022 at 4:15 p.m. The dial-in numbers are 1-416-764-8646 or 1-888-396-8049. Media may hear the call in listen-only mode or tune in to the simultaneous audio broadcast on the Corporation's website, which will then be archived for 30 days. For media requests or interviews, please contact Nathalie St-Jean, Senior Advisor, Corporate Communications of TC Transcontinental, at 514-954-3581.

Profile

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

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

Transcontinental Inc. (TSX: TCL.A TCL.B), known as TC Transcontinental, has approximately 8,300 employees, the majority of which are based in Canada, the United States and Latin America. TC Transcontinental had revenues of more than C$2.6 billion for the fiscal year ended October 31, 2021. For more information, visit TC Transcontinental's website at www.tc.tc.

Forward-looking Statements

Our public communications often contain oral or written forward-looking statements which are based on the expectations of management and inherently subject to a certain number of risks and uncertainties, known and unknown. By their very nature, forward-looking statements are derived from both general and specific assumptions. The Corporation cautions against undue reliance on such statements since actual results or events may differ materially from the expectations expressed or implied in them. Forward-looking statements may include observations concerning the Corporation's objectives, strategy, anticipated financial results and business outlook. The Corporation's future performance may also be affected by a number of factors, many of which are beyond the Corporation's will or control. These factors include, but are not limited to, the economic situation in the world, structural changes in the industries in which the Corporation operates, the impact of digital product development and adoption on the demand for retailer-related services and other printed products, the Corporation's ability to generate organic growth in highly competitive industries, the Corporation's ability to complete acquisitions and properly integrate them, the inability to maintain or improve operational efficiency and avoid disruptions that could affect its ability to meet deadlines, cybersecurity and data protection, the political and social environment as well as regulatory and legislative changes, in particular with regard to the environment and door-to-door distribution, changes in consumption habits related, in particular, to issues involving sustainable development and the use of certain products or services such as door-to-door distribution, change in consumption habits or loss of a major customer, customer consolidation, the safety and quality of its packaging products used in the food industry, the protection of its intellectual property rights, the exchange rate, availability of capital at a reasonable cost, bad debts from certain customers, import and export controls, raw materials, transportation and consumed energy costs, availability of raw materials, recruiting and retaining qualified personnel, taxation, interest rates and the impact of the COVID-19 pandemic on its operations, facilities and financial results, changes in consumption habits from consumers and changes in the operations and financial position of the Corporation's customers due to the COVID-19 pandemic and the effectiveness of plans and measures implemented in response thereto. 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 31, 2021 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 September 7, 2022. The forward-looking statements in this press release are made pursuant to the "safe harbour" provisions of applicable Canadian securities legislation. The forward-looking statements in this release are based on current expectations and information available as at September 7, 2022. Such forward-looking information may also be found in other documents filed with Canadian securities regulators or in other communications. The Corporation's management disclaims any intention or obligation to update or revise these statements unless otherwise required by the securities authorities.

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For information:

Media

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MANAGEMENT’S DISCUSSION AND ANALYSIS

For the third quarter ended July 31, 2022

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 third quarter ended July 31, 2022. It should be read in conjunction with the information in the unaudited condensed interim consolidated financial statements and the accompanying notes. Additional information relating to the Corporation, including its *Annual Report* and *Annual Information Form*, may also be obtained on SEDAR at www.sedar.com.

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

In addition, in this *Management’s Discussion and Analysis*, we also use non-IFRS financial measures for which a complete definition is presented below and for which a reconciliation to financial information in accordance with IFRS is presented in Table #2 in the section entitled "Reconciliation of Non-IFRS Financial Measures" and in Note 3 "Segmented Information" to the unaudited condensed interim consolidated financial statements for the third quarter ended July 31, 2022. 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.

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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 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", "strategy", "outlook", "believe", "plan", "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 the *Management's Discussion and Analysis for the year ended October 31, 2021* and in the latest *Annual Information Form*.

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PROFILE OF TC TRANSCONTINENTAL

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HIGHLIGHTS

Table #1:

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- Retirement of Brian Reid, President of TC Transcontinental Printing, after 41 years with the company, effective at the end of fiscal year 2022.

PREAMBLE

Economic environment

The economic environment remains tied to the impacts of the COVID-19 pandemic and to geopolitical events following the invasion of Ukraine by Russia. Consumers and businesses around the world have been affected by rising energy and the raw material, as well as by supply chain disruptions. In order to reduce the inflation, several central banks are now tightening their monetary policies which has an impact on interest rates and foreign currency exchange rates.

The Corporation's activities are exposed to a variety of market risks which may adversely impact the Corporation's results of operations and financial condition, including economic cycles, inflation, and changes in interest and foreign currency exchange rates. A potential recession could exert pressure on the Corporation's investment activities, its customers as well as product demand by its customers. These items could have an adverse impact on the Corporation's net earnings. Management takes an active role in the risk management process, but these actions may not fully insulate the Corporation from adverse impacts of market risks.

The Corporation monitors the developments of the COVID-19 pandemic and government recommendations and is acting quickly by adapting security measures as required. Despite the progress of the vaccination campaign, the Omicron variant had a significant adverse impact on our operations during the first six months of fiscal 2022, especially in terms of labour availability.

Analysis of adjusted operating earnings before depreciation and amortization

Adjusted operating earnings before depreciation and amortization is analyzed in the Corporation's sector analysis. We believe that many of our readers analyze the financial performance of the Corporation's activities based on this measure and that such a measure allows for better comparability within the financial community. In addition, management puts greater emphasis on this measure to assess the performance of its operations and their ability to generate cash flows as well as to make better period-to-period comparisons and analyze trends.

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 - Third quarter and cumulative

	Three months ended		Nine months ended	
(in millions of dollars)	**July 31, 2022**	July 25, 2021	**July 31, 2022**	July 25, 2021
Operating earnings	**$52.1**	$50.2	**$132.0**	$153.3
Restructuring and other costs	**3.0**	0.8	**2.1**	6.1
Amortization of intangible assets arising from business combinations (1)	**17.5**	16.4	**51.9**	49.2
Adjusted operating earnings	**$72.6**	$67.4	**$186.0**	$208.6
Depreciation and amortization (2) (3)	**40.4**	36.8	**119.6**	113.1
Adjusted operating earnings before depreciation and amortization (3)	**$113.0**	$104.2	**$305.6**	$321.7

(1) Intangible assets arising from business combinations include our customer relationships, trademarks and non-compete agreements.
(2) Depreciation and amortization excludes the amortization of intangible assets arising from business combinations.
(3) Depreciation and amortization and Adjusted operating earnings before depreciation and amortization have been restated to conform to the presentation adopted in the current period.

Reconciliation of operating earnings - Third quarter and cumulative for the Packaging Sector

	Three months ended		Nine months ended	
(in millions of dollars)	**July 31, 2022**	July 25, 2021	**July 31, 2022**	July 25, 2021
Operating earnings	**$12.9**	$11.3	**$30.0**	$44.7
Restructuring and other costs (revenues)	**2.7**	(1.2)	**5.4**	(3.0)
Amortization of intangible assets arising from business combinations (1)	**15.4**	14.7	**45.7**	45.0
Adjusted operating earnings	**$31.0**	$24.8	**$81.1**	$86.7
Depreciation and amortization (2)	**21.4**	17.5	**62.6**	54.9
Adjusted operating earnings before depreciation and amortization	**$52.4**	$42.3	**$143.7**	$141.6

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

Reconciliation of operating earnings - Third quarter and cumulative for the Printing Sector

	Three months ended		Nine months ended	
(in millions of dollars)	**July 31, 2022**	July 25, 2021	**July 31, 2022**	July 25, 2021
Operating earnings	**$36.7**	$42.5	**$113.8**	$134.9
Restructuring and other costs	**0.1**	1.6	**1.9**	6.6
Amortization of intangible assets arising from business combinations (1)	**2.1**	1.7	**6.1**	4.1
Adjusted operating earnings	**$38.9**	$45.8	**$121.8**	$145.6
Depreciation and amortization (2)	**13.4**	14.3	**42.0**	42.9
Adjusted operating earnings before depreciation and amortization	**$52.3**	$60.1	**$163.8**	$188.5

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

Reconciliation of operating earnings - Third quarter and cumulative for the Other Sector

	Three months ended		Nine months ended	
(in millions of dollars)	**July 31, 2022**	July 25, 2021	**July 31, 2022**	July 25, 2021
Operating earnings	**$2.5**	($3.6)	**($11.8)**	($26.3)
Restructuring and other costs (revenues)	**0.2**	0.4	**(5.2)**	2.5
Amortization of intangible assets arising from business combinations (1)	**—**	—	**0.1**	0.1
Adjusted operating earnings	**$2.7**	($3.2)	**($16.9)**	($23.7)
Depreciation and amortization (2) (3)	**5.6**	5.0	**15.0**	15.3
Adjusted operating earnings before depreciation and amortization (3)	**$8.3**	$1.8	**($1.9)**	($8.4)

(1) Intangible assets arising from business combinations include our customer relationships, trademarks and non-compete agreements.
(2) Depreciation and amortization excludes the amortization of intangible assets arising from business combinations.
(3) Depreciation and amortization and Adjusted operating earnings before depreciation and amortization have been restated to conform to the presentation adopted in the current period.

Reconciliation of operating earnings - Last eight quarters

	2022			2021				2020
(in millions of dollars)	**Q3**	Q2	Q1	Q4	**Q3**	Q2	Q1	Q4
Operating earnings	**$52.1**	$46.1	$33.8	$80.5	**$50.2**	$55.9	$47.2	$81.2
Restructuring and other costs (revenues)	**3.0**	0.8	(1.7)	6.6	**0.8**	0.5	4.8	11.9
Amortization of intangible assets arising from business combinations (1)	**17.5**	17.2	17.2	17.1	**16.4**	16.2	16.6	17.0
Impairment of assets	**—**	—	—	0.7	**—**	—	**—**	—
Adjusted operating earnings	**$72.6**	$64.1	$49.3	$104.9	**$67.4**	$72.6	$68.6	$110.1
Depreciation and amortization (2) (3)	**40.4**	39.5	39.7	38.2	**36.8**	36.8	39.5	39.2
Adjusted operating earnings before depreciation and amortization (3)	**$113.0**	$103.6	$89.0	$143.1	**$104.2**	$109.4	$108.1	$149.3

(1) Intangible assets arising from business combinations include our customer relationships, trademarks and non-compete agreements.
(2) Depreciation and amortization excludes the amortization of intangible assets arising from business combinations.
(3) Depreciation and amortization and Adjusted operating earnings before depreciation and amortization have been restated to conform to the presentation adopted in the current period.

Reconciliation of net earnings attributable to shareholders of the Corporation - Third quarter

	Three months ended	
(in millions of dollars, except per share amounts)	**July 31, 2022**	July 25, 2021
Net earnings attributable to shareholders of the Corporation	**$34.1**	$28.1
Restructuring and other costs	**3.0**	0.8
Tax on restructuring and other costs	**(0.7)**	(0.4)
Amortization of intangible assets arising from business combinations (1)	**17.5**	16.4
Tax on amortization of intangible assets arising from business combinations	**(4.3)**	(4.0)
Adjustment on additional taxes in other jurisdictions	**—**	3.3
Adjusted net earnings attributable to shareholders of the Corporation	**$49.6**	$44.2
Net earnings attributable to shareholders of the Corporation per share	**$0.39**	$0.32
Adjusted net earnings attributable to shareholders of the Corporation per share	**$0.57**	$0.51
Weighted average number of shares outstanding	**86.6**	87.0

(1) Intangible assets arising from business combinations include our customer relationships, trademarks and non-compete agreements.

Reconciliation of net earnings attributable to shareholders of the Corporation - Cumulative

	Nine months ended	
(in millions of dollars, except per share amounts)	**July 31, 2022**	July 25, 2021
Net earnings attributable to shareholders of the Corporation	**$80.8**	$91.4
Restructuring and other costs	**2.1**	6.1
Tax on restructuring and other costs	**(0.7)**	(2.3)
Amortization of intangible assets arising from business combinations (1)	**51.9**	49.2
Tax on amortization of intangible assets arising from business combinations	**(12.8)**	(11.9)
Adjustment on additional taxes in other jurisdictions	**—**	3.3
Adjusted net earnings attributable to shareholders of the Corporation	**$121.3**	$135.8
Net earnings attributable to shareholders of the Corporation per share	**$0.93**	$1.05
Adjusted net earnings attributable to shareholders of the Corporation per share	**$1.40**	$1.56
Weighted average number of shares outstanding	**86.8**	87.0

(1) Intangible assets arising from business combinations include our customer relationships, trademarks and non-compete agreements.

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

	2022			2021				2020
(in millions of dollars, except per share amounts)	**Q3**	Q2	Q1	Q4	**Q3**	Q2	Q1	Q4
Net earnings attributable to shareholders of the Corporation	**$34.1**	$28.3	$18.4	$39.2	**$28.1**	$35.6	$27.7	$51.3
Restructuring and other costs	**3.0**	0.8	(1.7)	6.6	**0.8**	0.5	4.8	11.9
Tax on restructuring and other costs	**(0.7)**	(0.4)	0.4	(1.4)	**(0.4)**	(0.6)	(1.3)	(3.7)
Amortization of intangible assets arising from business combinations (1)	**17.5**	17.2	17.2	17.1	**16.4**	16.2	16.6	17.0
Tax on amortization of intangible assets arising from business combinations	**(4.3)**	(4.2)	(4.3)	(1.8)	**(4.0)**	(3.9)	(4.0)	(4.1)
Impairment of assets	**—**	—	—	0.7	**—**	—	—	—
Tax on impairment of assets	**—**	—	—	(0.2)	**—**	—	—	—
Adjustment on additional taxes in other jurisdictions	**—**	—	—	(0.3)	**3.3**	—	—	—
Tax impact of a reorganization (2)	**—**	—	—	10.7	**—**	—	—	—
Adjusted net earnings attributable to shareholders of the Corporation	**$49.6**	$41.7	$30.0	$70.6	**$44.2**	$47.8	$43.8	$72.4
Net earnings attributable to shareholders of the Corporation per share	**$0.39**	$0.33	$0.21	$0.45	**$0.32**	$0.41	$0.32	$0.59
Adjusted net earnings attributable to shareholders of the Corporation per share	**$0.57**	$0.48	$0.35	$0.81	**$0.51**	$0.55	$0.50	$0.84
Weighted average number of shares outstanding	**86.6**	86.8	86.9	87.0	**87.0**	87.0	87.0	87.0

(1) Intangible assets arising from business combinations include our customer relationships, trademarks and non-compete agreements.
(2) During the three-month period ended October 31, 2021, the Corporation carried out an internal reorganization which generated a deferred tax expense of $10.7 million.

Reconciliation of net indebtedness

(in millions of dollars, except ratios)	**As at July 31, 2022**	As at October 31, 2021
Long-term debt	**$971.8**	$778.2
Current portion of long-term debt	**16.1**	187.3
Lease liabilities	**139.3**	137.3
Current portion of lease liabilities	**24.4**	23.1
Cash	**(26.4)**	(231.1)
Net indebtedness	**$1,125.2**	$894.8
Adjusted operating earnings before depreciation and amortization (last 12 months)	**$448.8**	$464.8
Net indebtedness ratio	**2.51 x**	1.93 x

ANALYSIS OF CONSOLIDATED RESULTS - THIRD QUARTER

Revenues

Revenues increased by $126.2 million, or 20.3%, from $621.6 million in the third quarter of 2021 to $747.8 million in the corresponding period of 2022. This increase is mainly attributable to the impact of the transfer of the rise in raw materials prices, the recent acquisitions of H.S. Crocker Company, Inc., ERPI, BGI Retail Inc., Scolab Inc. and Banaplast S.A.S., as well as higher volume in the two main operating sectors. A more detailed analysis of revenues is presented in the section "Analysis of Sector Results - Third Quarter".

Operating and Other Expenses

Operating expenses increased by $117.4 million, or 22.7%, in the third quarter of 2022 compared to the corresponding period of 2021. This increase results mainly from the rise in raw materials prices, the impact of inflation on the cost structure, higher volume in the operating sectors, the recent acquisitions, as well as the unfavourable change caused by the end of the Canada Emergency Wage Subsidy which the Corporation received in the previous year.

Restructuring and other costs increased by $2.2 million, from an expense of $0.8 million in the third quarter of 2021 to an expense of $3.0 million in the third quarter of 2022. This unfavourable change is mainly related to an increase in acquisition costs.

Operating Earnings before Depreciation and Amortization

Operating earnings before depreciation and amortization increased by $6.6 million, or 6.4%, from $103.4 million in the third quarter of 2021 to $110.0 million in the third quarter of 2022. The increase in operating earnings before depreciation and amortization is mainly attributable to the recent acquisitions, higher volume in the operating sectors as well as the favourable exchange rate effect. These factors were partially mitigated by the end of the Canada Emergency Wage Subsidy which the Corporation received in the previous year and the unfavourable impact of inflationary pressures.

Adjusted operating earnings before depreciation and amortization increased by $8.8 million, or 8.4%, from $104.2 million in the third quarter of 2021 to $113.0 million in the third quarter of 2022. A more detailed analysis of adjusted operating earnings is presented in the section "Analysis of Sector Results - Third Quarter".

Depreciation and Amortization

Depreciation and amortization increased by $4.7 million, from $53.2 million in the third quarter of 2021 to $57.9 million in the third quarter of 2022. This increase is mostly due to the recent acquisitions in the Packaging Sector and the Media Sector and an increase in property, plant and equipment, mainly in the Packaging Sector.

Net Financial Expenses

Net financial expenses slightly decreased by $0.3 million, from $10.1 million in the third quarter of 2021 to $9.8 million in the third quarter of 2022. This favourable change is explained by operating cash flows, which were partiallyt mitigated by cash outflows related to recent acquisitions.

Income Taxes

Income taxes decreased by $4.2 million, from $12.4 million in the third quarter of 2021, for an effective tax rate of 31.0%, to $8.2 million in the third quarter of 2022, for an effective tax rate of 19.1%. This decrease in tax rate is mainly attributable to an adjustment on additional taxes in other jurisdictions in 2021 and, to a lesser extent, the geographic distribution of revenues.

Adjusted income taxes decreased by $0.3 million, from $13.5 million in the third quarter of 2021, for an effective tax rate of 23.6%, to $13.2 million in the third quarter of 2022, for an effective tax rate of 20.9%. This decrease in tax rate is related to the geographic distribution of revenues.

Net Earnings Attributable to Shareholders of the Corporation

Net earnings attributable to shareholders of the Corporation increased by $6.0 million, from $28.1 million in the third quarter of 2021 to $34.1 million in the third quarter of 2022. This increase is mainly attributable to the previously explained rise in operating earnings. On a per share basis, net earnings attributable to shareholders of the Corporation went from $0.32 to $0.39, respectively.

Adjusted net earnings attributable to shareholders of the Corporation increased by $5.4 million, or 12.2%, from $44.2 million in the third quarter of 2021 to $49.6 million in the third quarter of 2022. This increase is due to the rise in adjusted operating earnings. On a per share basis, adjusted net earnings attributable to shareholders of the Corporation went from $0.51 to $0.57, respectively.

ANALYSIS OF CONSOLIDATED RESULTS - CUMULATIVE

Revenues

Revenues increased by $286.3 million, or 15.3%, from $1,867.6 million in the first nine months of fiscal 2021 to $2,153.9 million in the corresponding period of 2022. This increase is mainly explained by the impact of transfer of the rise in raw materials prices, the recent acquisitions as well as well as higher volume in the two main operating sectors. A more detailed analysis of revenues is presented in the "Analysis of Sector Results - Cumulative" section.

Operating and Other Expenses

Operating expenses increased by $302.4 million in the first nine months of fiscal 2022, or 19.6%, compared to the corresponding period of 2021. This increase results mainly from the rise in raw materials prices, the impact of inflation on the cost structure, the acquisitions of H.S. Crocker Company, BGI Retail, ERPI, Scolab and Banaplast and the unfavourable change caused by the end of the Canada Emergency Wage Subsidy which the Corporation received in the previous year.

Restructuring and other costs decreased by $4.0 million, from an expense of $6.1 million in the first nine months of fiscal 2021 to an expense of $2.1 million in the corresponding period of 2022. This favourable variance is mainly explained by a $6.1 million net gain on the disposal of a building, a net gain related to insurance proceeds in the Packaging Sector as well as a decrease in workforce reduction costs in the Printing Sector. These factors were partially mitigated by the configuration and customization costs under a cloud computing arrangement of $6.1 million.

Operating Earnings before depreciation and amortization

Operating earnings before depreciation and amortization decreased by $12.1 million, or 3.8%, from $315.6 million in the first nine months of fiscal 2021 to $303.5 million in the corresponding period of 2022. The decline in operating earnings before depreciation and amortization is mainly explained by the negative impact of the pandemic on production capacity at several plants during the first months of the current fiscal year, due in particular to a labour shortage, as well as the end of the Canada Emergency Wage Subsidy which the Corporation received in the previous year. These factors were partially offset by higher volume in the two main operating sectors, the recent acquisitions, the decrease in the stock-based compensation expense related to the share price and, to a lesser extent, the decrease in restructuring costs.

Adjusted operating earnings before depreciation and amortization decreased by $16.1 million, or 5.0%, from $321.7 million in the first nine months of fiscal 2021 to $305.6 million in the corresponding period of 2022. A more detailed analysis of adjusted operating earnings is presented in the "Analysis of Sector Results - Cumulative" section.

Depreciation and Amortization

Depreciation and amortization increased by $9.2 million, from $162.3 million in the first nine months of fiscal 2021 to $171.5 million in the corresponding period of 2022. This increase is mostly explained by the recent acquisitions and an increase in property, plant and equipment, mainly in the Packaging Sector.

Net Financial Expenses

Net financial expenses decreased by $0.9 million, from $30.4 million in the first nine months of fiscal 2021 to $29.5 million in the corresponding period of fiscal 2022. This favourable change is explained mainly by operating cash flows, which were partially mitigated by cash outflows related to acquisitions.

Income Taxes

Income taxes decreased by $10.0 million, from $31.8 million in the first nine months of fiscal 2021, for an effective tax rate of 38.4%, to $21.8 million in the corresponding period of 2022, for an effective tax rate of 21.2%. This decrease is mainly explained by lower earnings before income taxes and an adjustment on additional taxes in other jurisdictions in 2021.

Adjusted income taxes decreased from $42.7 million in the first nine months of fiscal 2021, for an effective tax rate of 24.0%, to $35.3 million in the corresponding period of 2022, for an effective tax rate of 22.5%. This decrease in income tax expense is explained by lower adjusted operating earnings before income taxes and a decrease in tax rate related to the geographic distribution of revenues.

Net Earnings Attributable to Shareholders of the Corporation

Net earnings attributable to shareholders of the Corporation decreased by $10.6 million, or 11.6%, from $91.4 million in the first nine months of fiscal 2021 to $80.8 million in the corresponding period of 2022. This decrease is mainly due to the decline in operating earnings, partially offset by lower income taxes. On a per share basis, net earnings attributable to shareholders of the Corporation went from $1.05 to $0.93, respectively, due to the above-mentioned items.

Adjusted net earnings attributable to shareholders of the Corporation decreased by $14.5 million, or 10.7%, from $135.8 million in the first nine months of fiscal 2021 to $121.3 million in the corresponding period of 2022, mostly as a result of the decline in adjusted operating earnings, partially offset by lower adjusted income taxes. On a per share basis, adjusted net earnings attributable to shareholders of the Corporation went from $1.56 to $1.40, respectively.

ANALYSIS OF SECTOR RESULTS - THIRD QUARTER

(unaudited)

Table #3:

(in millions of dollars)	Packaging	Printing	Other	Consolidated results
Revenues - Third quarter of 2021	**$347.0**	**$257.2**	**$17.4**	**$621.6**
Acquisitions	20.1	3.7	11.3	**35.1**
Existing operations				
Exchange rate effect	11.4	1.2	—	**12.6**
Organic growth	47.7	27.9	2.9	**78.5**
Revenues - Third quarter of 2022	**$426.2**	**$290.0**	**$31.6**	**$747.8**
Adjusted operating earnings before depreciation and amortization (1) (2) - Third quarter of 2021	**$42.3**	**$60.1**	**$1.8**	**$104.2**
Acquisitions	2.1	0.5	3.8	**6.4**
Existing operations				
Exchange rate effect	1.6	0.6	0.1	**2.3**
Stock-based compensation	—	—	1.1	**1.1**
Organic growth (decline) (3)	6.4	(8.9)	1.5	**(1.0)**
Adjusted operating earnings before depreciation and amortization (1) - Third quarter of 2022	**$52.4**	**$52.3**	**$8.3**	**$113.0**

(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.
(2) Adjusted operating earnings before depreciation and amortization has been restated to conform to the presentation adopted in the period.
(3) The above results include the unfavourable impact of $9.2 million in Canada Emergency Wage Subsidy for the third quarter of 2021.

Packaging Sector

Packaging Sector revenues increased by $79.2 million, or 22.8%, from $347.0 million in the third quarter of 2021 to $426.2 million in the third quarter of 2022. This increase is mainly attributable to the impact of the transfer of the rise in raw materials prices, the recent acquisitions of H.S. Crocker Company and Banaplast, higher volume as well as the favourable exchange rate variation effect.

Adjusted operating earnings before depreciation and amortization increased by $10.1 million, or 23.9%, from $42.3 million in the third quarter of 2021 to $52.4 million in the third quarter of 2022. This increase is mainly explained by the positive impact of the contractual transfer of raw materials prices, higher volume in plants and the recent acquisitions.

The sector's adjusted operating earnings margin before depreciation and amortization remained relatively stable, from 12.2% in the third quarter of 2021 to 12.3% in the third quarter of 2022, mainly due to the above-mentioned items.

Printing Sector

Printing Sector revenues increased by $32.8 million, or 12.8%, from $257.2 million in the third quarter of 2021 to $290.0 million in the third quarter of 2022. The increase is related to the impact of new contracts within the in-store marketing group, higher book printing volume as well as the impact of the transfer of the rise in raw materials prices to customers and, to a lesser extent, the acquisition of BGI Retail.

Adjusted operating earnings before depreciation and amortization decreased by $7.8 million, or 13.0%, from $60.1 million in the third quarter of 2021 to $52.3 million in the third quarter of 2022. This decrease is mostly caused by the end of the Canada Emergency Wage Subsidy which the Corporation received in the previous year. Excluding this subsidy, the sector reported stable organic growth as a result of new contracts within the in-store marketing and book printing groups, which offset the impact of inflation in particular in the distribution group. The sector's adjusted operating earnings margin before depreciation and amortization decreased from 23.4% in the third quarter of 2021 to 18.0% in the third quarter of 2022, mostly due to the end of the Canada Emergency Wage Subsidy and the impact of inflation on the cost structure. Excluding the Canada Emergency Wage Subsidy, the margin would have been 19.8% in the third quarter of 2021.

Other

Other Sector revenues increased by $14.2 million, from $17.4 million in the third quarter of 2021 to $31.6 million in the third quarter of 2022, mostly as a result of the recent acquisitions of ERPI and Scolab and higher educational book volumes in the Media Sector.

Adjusted operating earnings before depreciation and amortization increased by $6.5 million, from $1.8 million in the third quarter of 2021 to $8.3 million in the third quarter of 2022, mainly as a result of the recent acquisitions in the Media Sector.

ANALYSIS OF SECTOR RESULTS - CUMULATIVE

(unaudited)

Table #4:

(in millions of dollars)	Packaging	Printing	Other	Consolidated results
Revenues - Nine months ended July 25, 2021	**$1,032.3**	**$799.9**	**$35.4**	**$1,867.6**
Acquisitions	54.4	24.1	11.8	90.3
Existing operations				
Exchange rate effect	2.6	0.9	—	3.5
Organic growth (decline)	142.4	52.4	(2.3)	192.5
Revenues - Nine months ended July 31, 2022	**$1,231.7**	**$877.3**	**$44.9**	**$2,153.9**
Adjusted operating earnings before depreciation and amortization (1) (2) - Nine months ended July 25, 2021	**$141.6**	**$188.5**	**($8.4)**	**$321.7**
Acquisitions	4.2	5.3	4.0	13.5
Existing operations				
Exchange rate effect	0.6	0.7	—	1.3
Stock-based compensation	—	—	5.2	5.2
Organic growth (decline) (3)	(2.7)	(30.7)	(2.7)	(36.1)
Adjusted operating earnings before depreciation and amortization (1) - Nine months ended July 31, 2022	**$143.7**	**$163.8**	**($1.9)**	**$305.6**

(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.
(2) Adjusted operating earnings before depreciation and amortization has been restated to conform to the presentation adopted in the period.
(3) The above results include the unfavourable impact of $25.7 million in Canada Emergency Wage Subsidy for the nine months ended July 25, 2021.

Packaging Sector

Packaging Sector revenues increased by $199.4 million, from $1,032.3 million in the first nine months of fiscal 2021 to $1,231.7 million in the corresponding period of 2022. This increase is mostly attributable to the rise in raw materials prices, the acquisition of H.S. Crocker Company and higher volume.

Adjusted operating earnings before depreciation and amortization increased by $2.1 million, from $141.6 million in the first nine months of fiscal 2021 to $143.7 million in the corresponding period of 2022. This increase is mainly attributable to the favourable effect of the rise in raw materials prices compared to the corresponding period of the prior year and, to a lesser extent, the acquisition of H.S. Crocker Company. Excluding these items, adjusted operating earnings before depreciation and amortization were lower despite higher volume, and this is related to the current inflationary situation and the various external factors resulting from the pandemic that negatively impacted production capacity at several plants, especially during the first part of fiscal 2022. The sector's adjusted operating earnings margin before depreciation and amortization decreased from 13.7% in the first nine months of fiscal 2021 to 11.7% in the corresponding period of 2022, mainly due to the above-mentioned items.

Printing Sector

Printing Sector revenues increased by $77.4 million, from $799.9 million in the first nine months of fiscal 2021 to $877.3 million in the corresponding period of 2022. This increase is mostly related to higher book printing volume, the impact of new contracts within the in-store marketing group, the acquisition of BGI Retail and the impact of the transfer of the rise in raw materials prices.

Adjusted operating earnings before depreciation and amortization decreased by $24.7 million, from $188.5 million in the first nine months of fiscal 2021 to $163.8 million in the corresponding period of 2022. This decrease is mostly related to the end of the Canada Emergency Wage Subsidy which the Corporation received in the previous year and operational inefficiencies related to the pandemic that negatively impacted production capacity at several plants, especially during the first part of fiscal 2022. These factors were partially offset by the acquisition of BGI Retail and, to a lesser extent, the above-mentioned higher volume. The sector's adjusted operating earnings margin before depreciation and amortization decreased from 23.6% in the first nine months of fiscal 2021 to 18.7% in the corresponding period of 2022, mostly due to the end of the Canada Emergency Wage Subsidy and the inflationary situation. Excluding the Canada Emergency Wage Subsidy, the margin would have been 20.5% in the first nine months of fiscal 2021.

Other

Revenues increased by $9.5 million, from $35.4 million in the first nine months of fiscal 2021 to $44.9 million in the corresponding period of 2022. This increase is mostly attributable to the recent acquisitions of Scolab and ERPI in the Media Sector.

Adjusted operating earnings before depreciation and amortization increased by $6.5 million, from -$8.4 million in the first nine months of 2021 to -$1.9 million in the corresponding period of 2022. This is mainly due to the decrease in the stock-based compensation expense and acquisitions in the Media Sector. These factors were partially offset by additional non-recurring head office costs.

SUMMARY OF QUARTERLY RESULTS

(unaudited)

Table #5 summarizes selected consolidated financial information derived from the Corporation’s annual consolidated financial statements and some non-IFRS financial measures for each of the last eight quarters.

Table #5:

(in millions of dollars, except per share amounts)	2022			2021				2020
	Q3	Q2	Q1	Q4	**Q3**	Q2	Q1	Q4
	13 weeks	13 weeks	13 weeks	14 weeks	**13 weeks**	13 weeks	13 weeks	13 weeks
Revenues	**$747.8**	$715.5	$690.6	$775.8	**$621.6**	$623.3	$622.7	$655.7
Operating earnings before depreciation and amortization (1)	**110.0**	102.8	90.7	135.8	**103.4**	108.9	103.3	137.4
Adjusted operating earnings before depreciation and amortization (1) (2)	**113.0**	103.6	89.0	143.1	**104.2**	109.4	108.1	149.3
Adjusted operating earnings margin before depreciation and amortization (2)	**15.1 %**	14.5 %	12.9 %	18.4 %	**16.8 %**	17.6 %	17.4 %	22.8 %
Operating earnings	**$52.1**	$46.1	$33.8	$80.5	**$50.2**	$55.9	$47.2	$81.2
Adjusted operating earnings (2)	**72.6**	64.1	49.3	104.9	**67.4**	72.6	68.6	110.1
Adjusted operating earnings margin (2)	**9.7 %**	9.0 %	7.1 %	13.5 %	**10.8 %**	11.6 %	11.0 %	16.8 %
Net earnings attributable to shareholders of the Corporation	**$34.1**	$28.3	$18.4	$39.2	**$28.1**	$35.6	$27.7	$51.3
Net earnings attributable to shareholders of the Corporation per share	**0.39**	0.33	0.21	0.45	**0.32**	0.41	0.32	0.59
Adjusted net earnings attributable to shareholders of the Corporation (2)	**49.6**	41.7	30.0	70.6	**44.2**	47.8	43.8	72.4
Adjusted net earnings attributable to shareholders of the Corporation per share (2)	**0.57**	0.48	0.35	0.81	**0.51**	0.55	0.50	0.84
% of fiscal year	**— %**	— %	— %	35 %	**21 %**	23 %	21 %	32 %

(1) Operating earnings before depreciation and amortization and Adjusted operating earnings before depreciation and amortization have been restated to conform to the presentation adopted in the period.
(2) 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;
- The impact of the Canada Emergency Wage Subsidy, which is related to the pandemic;
- The impact of inflation on costs.

Excluding the impact of the above-mentioned items, we can note an organic growth in revenues and an increase in adjusted operating earnings before depreciation and amortization.

FINANCIAL POSITION, LIQUIDITY AND CAPITAL STRUCTURE
(unaudited)

Table #6:

	Three months ended	
(in millions of dollars)	**July 31, 2022**	July 25, 2021
Operating activities		
Cash flows generated by operating activities before changes in non-cash operating items and income taxes paid	**$113.4**	$101.4
Changes in non-cash operating items	**(46.9)**	(36.5)
Income taxes paid	**(17.2)**	(10.3)
Cash flows from operating activities	**$49.3**	$54.6
Investing activities		
Business combinations, net of acquired cash	**($67.3)**	($44.0)
Acquisitions of property, plant and equipment	**(31.6)**	(39.5)
Disposals of property, plant and equipment	**0.4**	0.6
Increase in intangible assets	**(7.6)**	(5.8)
Cash flows from investing activities	**($106.1)**	($88.7)
Financing activities		
Increase in long-term debt, net of issuance costs	**$—**	$394.0
Reimbursement of long-term debt	**(0.4)**	(138.4)
Net increase in credit facilities	**95.8**	—
Financial expenses paid on long-term debt and credit facilities	**(8.8)**	(6.6)
Repayment of principal on lease liabilities	**(5.8)**	(6.1)
Interest paid on lease liabilities	**(1.0)**	(0.8)
Dividends	**(19.5)**	(19.5)
Share redemptions	**(1.0)**	—
Cash flows from financing activities	**$59.3**	$222.6
Effect of exchange rate changes on cash denominated in foreign currencies	**($0.9)**	$3.9
Net change in cash	**$1.6**	$192.4

Financial position	As at July 31, 2022	As at October 31, 2021
Net indebtedness [(1)]	**$1,125.2**	$894.8
Net indebtedness ratio [(1)]	**2.51 x**	1.93 x
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 July 31, 2022	As at October 31, 2021
Current assets	**$1,036.2**	$1,125.5
Current liabilities	**501.1**	692.3
Total assets	**3,635.4**	3,612.9
Total liabilities	**1,812.8**	1,848.6

(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 - THIRD QUARTER

Cash Flows from Operating Activities

Cash flows from operating activities decreased from $54.6 million in the third quarter of 2021 to $49.3 million in the third quarter of 2022. This decrease is mostly due to the change in non-cash items resulting from higher accounts receivable related to the growth in sales as well as an increase in income taxes paid.

Cash Flows from Investing Activities

Cash flows from investing activities went from a cash outflow of $88.7 million in the third quarter of 2021 to a cash outflow of $106.1 million in the third quarter of 2022. This change is mainly explained by the recent business acquisitions.

Cash Flows from Financing Activities

Cash flows from financing activities went from a cash inflow of $222.6 million in the third quarter of 2021 to a cash inflow of $59.3 million in the third quarter of 2022. This change is mostly related to the increase in long-term debt during the third quarter of 2021 resulting from the issuance of a U.S. dollar term loan for an amount of US$120.0 million ($150.8 million). The Corporation had also issued unsecured notes amounting to $250.0 million and repaid an amount of US$112.5 million ($138.1 million) on tranche B of the U.S. term loans that was then maturing, partially offset by the net increase in credit facilities, of which $95.8 million were used to finance acquisitions.

Debt Instruments

As at May 1, 2022, an amount of $149.9 million was presented in Current liabilities, which was mainly comprised of tranche F of the U.S. dollar term loans (issued in 2018) of $144.6 million (US$112.5 million), maturing on May 1, 2023.

On June 30, 2022, the Corporation amended tranche F of the U.S. dollar term loans of $142.7 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. Tranche F now bears interest at a floating rate based on the Secured Overnight Financing Rate ("SOFR") plus 1.70%.

As at July 31, 2022, an amount of $16.1 million was presented in Current liabilities, which was of $14.5 million (US$11.3 million) drawn on the credit facilities and $1.5 million (US$1.2 million) of term loans.

The Corporation has a credit facility amounting to $400.0 million or the U.S. dollar equivalent, which was maturing in February 2026. On February 22, 2022, the maturity was extended until February 2027 on similar terms.

The Corporation has another credit facility with a maximum amount of US$25.0 million ($32.0 million), which matured in March 2022 and for which the maturity was extended until March 2023 on similar terms.

As at July 31, 2022, an amount of $145.6 million had been drawn on the credit facilities, of which $14.5 million (US$11.3 million) maturing on March 31, 2023 was reported in Current liabilities, and the available amount under the credit facilities was $286.4 million.

Net indebtedness went from $894.8 million as at October 31, 2021 to $1,125.2 million as at July 31, 2022. This increase is mostly explained by the acquisitions of H.S. Crocker Company, Banaplast, Scolab and ERPI and investments in property, plant and equipment. Consequently, the net indebtedness ratio stood at 2.51x as at July 31, 2022 compared to 1.93x as at October 31, 2021, due to the above-mentioned items and lower adjusted operating earnings before depreciation and amortization.

Share Capital

Table #7:

Shares Issued and Outstanding	**As at July 31, 2022**	**As at August 31, 2022**
Class A (Subordinate Voting Shares)	**72,711,344**	**72,711,344**
Class B (Multiple Voting Shares)	**13,912,826**	**13,912,826**
Total Class A and Class B	**86,624,170**	**86,624,170**

On September 29, 2021, the Corporation was authorized to repurchase, for cancellation on the open market, or subject to the approval of any securities authority by private agreements, between October 1, 2021 and September 30, 2022, 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 190,300 of its Class B Shares. Repurchases are made in the normal course of business at market prices through the Toronto Stock Exchange.

During the three-month period ended July 31, 2022, the Corporation repurchased and cancelled 63,000 of its Class A Subordinate Voting Shares at a weighted average price of $15.86 per share, for a total cash consideration of $1.0 million.

During the nine-month period ended July 31, 2022, the Corporation repurchased and cancelled 400,800 of its Class A Subordinate Voting Shares at a weighted average price of $17.43 per share, 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.

The Corporation was under no obligation to repurchase its Class A Subordinate Voting Shares and Class B Shares as at July 31, 2022.

During the nine-month period ended July 25, 2021, the Corporation did not repurchase any of its Class A Subordinate Voting Shares or Class B Shares. The Corporation was under no obligation to repurchase its Class A Subordinate Voting Shares and Class B Shares as at July 25, 2021.

INTERNAL CONTROL OVER FINANCIAL REPORTING

Management is responsible for establishing and maintaining adequate internal control. The purpose of internal control over financial reporting ("ICFR") is to provide reasonable assurance regarding the reliability of the Corporation's financial reporting and the preparation of condensed interim consolidated financial statements in accordance with IFRS. Management certifies disclosures in annual and interim filings under Regulation 52-109 using the internal control framework issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO").

As at July 31, 2022, the Corporation's management excluded H.S. Crocker Company, Inc. ("H.S. Crocker"), Scolab Inc. ("Scolab"), Éditions du renouveau pédagogique inc. ("ERPI") and Banaplast S.A.S. ("Banaplast") from its evaluation of internal control over financial reporting. This exclusion is accepted by the Autorité des marchés financiers ("AMF") during the first year after the acquisition of a business, to give a corporation time to integrate the acquisition.

H.S. Crocker is a manufacturer of die cut lids for the food industry and labels for the pharmaceutical industry located in Huntley, Illinois, and Exton, Pennsylvania. Acquired November 1, 2021, H.S. Crocker has generated $53.6 million in revenues during the nine-month period ended July 31, 2022, or 2,5 % of the Corporation's consolidated results.

Scolab is a leader in the development of digital educational products based in Montréal. Acquired March 15, 2022, Scolab has generated $1.6 million in revenues during the nine-month period ended July 31, 2022.

ERPI is a Quebec educational publisher based in Montreal, Quebec. Acquired June 13, 2022, ERPI has generated $10.2 million in revenues, or 0.5% of the Corporation's consolidated results for the nine-month period ended July 31, 2022.

Banaplast is a flexible packaging company based in Armenia, Colombia. Acquired June 22, 2022, Banaplast has generated $0.8 million in revenues during the nine-month period ended July 31, 2022.

Additional information about these acquisitions is presented in Table #8.

Table #8:
(unaudited)

(in millions of dollars)	H.S. Crocker	Scolab Inc.	ERPI	Banaplast
Statements of financial position	**As at July 31, 2022**	**As at July 31, 2022**	**As at July 31, 2022**	**As at July 31, 2022**
Current assets	**$28.7**	**$3.8**	**$24.9**	**$4.0**
Non-current assets	**38.6**	**13.2**	**45.1**	**17.2**
Current liabilities	**10.9**	**2.8**	**12.1**	**2.5**
Non-current liabilities	**0.5**	**0.8**	**0.5**	**2.3**
Statements of earnings	**Nine months ended July 31, 2022**	**Nine months ended July 31, 2022**	**Nine months ended July 31, 2022**	**Nine months ended July 31, 2022**
Revenues	**$53.6**	**$1.6**	**$10.2**	**$0.8**
Operating earnings before depreciation and amortization	**2.1**	**0.9**	**2.9**	**0.4**
Operating earnings	**(1.4)**	**0.1**	**2.3**	**0.3**

During the third quarter ended July 31, 2022, except for the information provided above, 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 Chief Financial Officer of the Corporation.

OUTLOOK

In the Packaging Sector, as a result of signing new contracts, introducing new products to the market and investing in new production equipment, we expect organic volume growth in fiscal year 2022 compared to fiscal 2021, excluding the impact of the 53rd week on the results for fiscal year 2021. In addition, we expect an increase in adjusted operating earnings before depreciation and amortization for fiscal year 2022 compared to the prior fiscal year.

In the Printing Sector, with the significant volume in our in-store marketing activities and other growth activities, we expect revenue growth for fiscal year 2022, excluding the impact of the 53rd week on the results for fiscal year 2021. In terms of profitability, we expect that adjusted operating earnings before depreciation and amortization for fiscal year 2022 will be similar to fiscal 2021, excluding amounts related to the Canada Emergency Wage Subsidy and the impact of the 53rd week on the results for fiscal year 2021.

Finally, we expect to continue generating significant cash flows from operating activities. In addition, with the proactive refinancing transactions of recent years, we have no major debt maturities until 2025. This, combined with our solid financial position, should provide us with the flexibility needed to pursue our profitable growth strategy.

On behalf of Management,

(s) Donald LeCavalier
Chief Financial Officer

September 7, 2022

CONSOLIDATED STATEMENTS OF EARNINGS

Unaudited

(in millions of Canadian dollars, unless otherwise indicated and per share data)	Notes	Three months ended July 31, 2022	Three months ended July 25, 2021 [1]	Nine months ended July 31, 2022	Nine months ended July 25, 2021 [1]
Revenues	3	**$ 747.8**	$ 621.6	**$ 2,153.9**	$ 1,867.6
Operating expenses	5	**634.8**	517.4	**1,848.3**	1,545.9
Restructuring and other costs	6	**3.0**	0.8	**2.1**	6.1
Operating earnings before depreciation and amortization		**110.0**	103.4	**303.5**	315.6
Depreciation and amortization	7	**57.9**	53.2	**171.5**	162.3
Operating earnings		**52.1**	50.2	**132.0**	153.3
Net financial expenses	8	**9.8**	10.1	**29.5**	30.4
Earnings before income taxes		**42.3**	40.1	**102.5**	122.9
Income taxes	9	**8.2**	12.4	**21.8**	31.8
Net earnings		**34.1**	27.7	**80.7**	91.1
Non-controlling interest		**—**	(0.4)	**(0.1)**	(0.3)
Net earnings attributable to the shareholders of the Corporation		**$ 34.1**	$ 28.1	**$ 80.8**	$ 91.4
Net earnings per share - basic and diluted		**$ 0.39**	$ 0.32	**$ 0.93**	$ 1.05
Weighted average number of shares outstanding - basic and diluted (in millions)		**86.6**	87.0	**86.8**	87.0

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

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

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Unaudited

		Three months ended		Nine months ended	
(in millions of Canadian dollars)	Notes	**July 31, 2022**	July 25, 2021	**July 31, 2022**	July 25, 2021
Net earnings		**$ 34.1**	$ 27.7	**$ 80.7**	$ 91.1
Other comprehensive income (loss)					
Items that will be or 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		**1.5**	(4.1)	**(2.6)**	1.3
Net change in the fair value of designated derivatives - interest rate risk	10	**(0.6)**	(0.3)	**2.8**	2.0
Reclassification of the net change in the fair value of designated derivatives recognized in net earnings during the period		**0.1**	2.8	**1.6**	9.0
Related income taxes		**0.3**	(0.4)	**0.5**	3.3
	14	**0.7**	(1.2)	**1.3**	9.0
Cumulative translation differences					
Net unrealized exchange (losses) gains on the translation of the financial statements of foreign operations		**(18.7)**	10.3	**33.7**	(71.8)
Net gains (losses) on hedge of the net investment in foreign operations	10	**1.9**	(7.1)	**(8.3)**	31.7
Related income taxes		**0.1**	(1.3)	**(0.1)**	3.6
	14	**(16.9)**	4.5	**25.5**	(43.7)
Items that will not be reclassified to net earnings					
Changes related to defined benefit plans					
Actuarial gains on defined benefit plans		**0.4**	4.0	**22.4**	16.2
Related income taxes		**0.1**	1.0	**6.0**	3.8
	14	**0.3**	3.0	**16.4**	12.4
Other comprehensive income (loss)	14	**(15.9)**	6.3	**43.2**	(22.3)
Comprehensive income		**$ 18.2**	$ 34.0	**$ 123.9**	$ 68.8

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

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Unaudited

(in millions of Canadian dollars)	Notes	Share capital	Contributed surplus	Retained earnings	Accumulated other comprehensive income (loss)	Total	Non-controlling interest	Total equity
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		**—**	**—**	**80.8**	**—**	**80.8**	**(0.1)**	**80.7**
Other comprehensive income		**—**	**—**	**—**	**43.2**	**43.2**	**—**	**43.2**
Shareholders' contributions and distributions to shareholders								
Share redemptions	12	**(3.4)**	**—**	**(3.6)**	**—**	**(7.0)**	**—**	**(7.0)**
Dividends	12	**—**	**—**	**(58.6)**	**—**	**(58.6)**	**—**	**(58.6)**
Balance as at July 31, 2022		**$ 636.6**	**$ 0.9**	**$ 1,178.1**	**$ 1.9**	**$ 1,817.5**	**$ 5.1**	**$ 1,822.6**
Balance as at October 25, 2020		$ 640.0	$ 0.9	$ 1,107.2	$ (14.8)	$ 1,733.3	$ 5.3	$ 1,738.6
Net earnings		—	—	91.4	—	91.4	(0.3)	91.1
Other comprehensive loss		—	—	—	(22.3)	(22.3)	—	(22.3)
Shareholders' contributions and distributions to shareholders								
Dividends	12	—	—	(58.7)	—	(58.7)	—	(58.7)
Balance as at July 25, 2021		$ 640.0	$ 0.9	$ 1,139.9	$ (37.1)	$ 1,743.7	$ 5.0	$ 1,748.7

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

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

Unaudited

(in millions of Canadian dollars)	Notes	As at July 31, 2022	As at October 31, 2021
Current assets			
Cash		**$ 26.4**	$ 231.1
Accounts receivable		**508.7**	496.1
Income taxes receivable		**9.2**	16.9
Inventories		**465.5**	357.0
Prepaid expenses and other current assets		**26.4**	24.4
		1,036.2	1,125.5
Property, plant and equipment		**727.5**	689.7
Right-of-use assets		**144.3**	140.8
Intangible assets		**499.7**	513.0
Goodwill		**1,154.6**	1,086.6
Deferred taxes		**22.9**	18.6
Other assets		**50.2**	38.7
		$ 3,635.4	$ 3,612.9
Current liabilities			
Accounts payable and accrued liabilities		**$ 433.5**	$ 439.2
Provisions		**0.5**	1.5
Income taxes payable		**11.5**	28.9
Deferred revenues and deposits		**15.1**	12.3
Current portion of long-term debt	10	**16.1**	187.3
Current portion of lease liabilities		**24.4**	23.1
		501.1	692.3
Long-term debt	10	**971.8**	778.2
Lease liabilities		**139.3**	137.3
Deferred taxes		**117.4**	137.3
Provisions		**0.3**	0.6
Other liabilities	11	**82.9**	102.9
		1,812.8	1,848.6
Equity			
Share capital	12	**636.6**	640.0
Contributed surplus		**0.9**	0.9
Retained earnings		**1,178.1**	1,159.5
Accumulated other comprehensive income (loss)	14	**1.9**	(41.3)
Attributable to the shareholders of the Corporation		**1,817.5**	1,759.1
Non-controlling interest		**5.1**	5.2
		1,822.6	1,764.3
		$ 3,635.4	$ 3,612.9

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

CONSOLIDATED STATEMENTS OF CASH FLOWS

Unaudited

(in millions of Canadian dollars)	Notes	Three months ended July 31, 2022	Three months ended July 25, 2021 (1)	Nine months ended July 31, 2022	Nine months ended July 25, 2021 (1)
Operating activities					
Net earnings		**$ 34.1**	$ 27.7	**$ 80.7**	$ 91.1
Adjustments to reconcile net earnings and cash flows from operating activities:					
Depreciation and amortization	7	**57.9**	53.2	**171.5**	162.3
Financial expenses on long-term debt and lease liabilities	8	**8.2**	9.1	**26.4**	27.9
Net losses (gains) on disposal of assets		**0.5**	(0.5)	**(5.4)**	0.1
Income taxes	9	**8.2**	12.4	**21.8**	31.8
Net foreign exchange differences and other		**4.5**	(0.5)	**12.3**	0.6
Cash flows generated by operating activities before changes in non-cash operating items and income taxes paid		**113.4**	101.4	**307.3**	313.8
Changes in non-cash operating items		**(46.9)**	(36.5)	**(128.3)**	(58.2)
Income taxes paid		**(17.2)**	(10.3)	**(61.7)**	(33.0)
Cash flows from operating activities		**49.3**	54.6	**117.3**	222.6
Investing activities					
Business combinations, net of acquired cash		**(67.3)**	(44.0)	**(124.8)**	(44.0)
Acquisitions of property, plant and equipment		**(31.6)**	(39.5)	**(88.5)**	(89.2)
Disposals of property, plant and equipment		**0.4**	0.6	**8.5**	0.9
Increase in intangible assets		**(7.6)**	(5.8)	**(19.7)**	(15.5)
Cash flows from investing activities		**(106.1)**	(88.7)	**(224.5)**	(147.8)
Financing activities					
Increase in long-term debt, net of issuance costs	10	**—**	394.0	**198.6**	394.0
Reimbursement of long-term debt	10	**(0.4)**	(138.4)	**(330.1)**	(221.9)
Net increase in credit facilities	10	**95.8**	—	**145.6**	—
Financial expenses paid on long-term debt and credit facilities	8 & 10	**(8.8)**	(6.6)	**(25.9)**	(23.3)
Repayment of principal on lease liabilities		**(5.8)**	(6.1)	**(18.3)**	(17.5)
Interest paid on lease liabilities		**(1.0)**	(0.8)	**(2.6)**	(2.5)
Dividends	12	**(19.5)**	(19.5)	**(58.6)**	(58.7)
Share redemptions	12	**(1.0)**	—	**(7.0)**	—
Cash flows from financing activities		**59.3**	222.6	**(98.3)**	70.1
Effect of exchange rate changes on cash denominated in foreign currencies		**(0.9)**	3.9	**0.8**	6.1
Net change in cash		**1.6**	192.4	**(204.7)**	151.0
Cash at beginning of period		**24.8**	199.6	**231.1**	241.0
Cash at end of period		**$ 26.4**	$ 392.0	**$ 26.4**	$ 392.0
Non-cash investing activities					
Net change in capital asset acquisitions financed by accounts payable		**$ (0.9)**	$ 0.8	**$ 2.4**	$ 1.2

(1) Certain comparative figures have been reclassified to conform to the presentation adopted in the current period.

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

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 and Latin America in three separate sectors: the Packaging Sector, the Printing Sector and the Media Sector. The Corporation's main activities are described in Note 3 "Segmented Information".

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

The Corporation's Board of Directors approved these condensed interim consolidated financial statements on September 7, 2022.

2 SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

These interim consolidated financial statements were prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"). In particular, these interim consolidated financial statements were prepared in accordance with IAS 34 "Interim Financial Reporting", and therefore, are condensed consolidated financial statements since they do not contain all disclosures required by IFRS for annual consolidated financial statements. These condensed interim consolidated financial statements should be read in conjunction with the audited annual consolidated financial statements for the year ended October 31, 2021, which include the significant accounting policies used by the Corporation except as noted below.

The accounting policies adopted in these condensed interim consolidated financial statements are based on IFRS issued, in force and which were adopted by the Corporation as at July 31, 2022. Any subsequent changes to the accounting policies that will take effect in the Corporation's annual consolidated financial statements for the year ending October 30, 2022 or after could result in a restatement of these condensed interim consolidated financial statements.

Configuration or customization costs under a cloud computing arrangement (IAS 38 "Intangible Assets")

In March 2021, the International Financial Reporting Interpretations Committee ("IFRIC") issued a final agenda decision on Configuration or customization costs in a cloud computing arrangement (IAS 38 "Intangible Assets"), which clarifies how to account for certain configuration or customization costs under cloud computing arrangements. As a result, configuration or customization costs were expensed in the three-month and nine-month periods ended July 31, 2022 under Restructuring and other costs (Note 6).

Derivative financial instruments and hedge accounting

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.

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

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 and recycling of flexible plastic, including rollstock, bags and pouches, coextruded films, shrink films and bags and advanced coatings. Its facilities are mainly located in the United States, Canada and Latin America.

The Printing Sector generates revenues from an integrated service offering to retailers, including premedia services, flyer and in-store marketing products printing, and door-to-door distribution, 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-segment sales. The Media sector generates revenues from print and digital publishing products, in French and English, of the following types: educational books and specialized publications for professionals. Inter-segment sales of the Corporation are recognized at agreed transfer prices, which approximate fair value. Transactions other than sales are recognized at carrying amount.

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

For the three-month period ended July 31, 2022	Packaging	Printing	Other	Consolidated Results
Revenues	**$ 426.2**	**$ 290.0**	**$ 31.6**	**$ 747.8**
Operating expenses	**373.8**	**237.7**	**23.3**	**634.8**
Restructuring and other costs	**2.7**	**0.1**	**0.2**	**3.0**
Operating earnings before depreciation and amortization	**49.7**	**52.2**	**8.1**	**110.0**
Depreciation and amortization	**36.8**	**15.5**	**5.6**	**57.9**
Operating earnings (2)	**$ 12.9**	**$ 36.7**	**$ 2.5**	**$ 52.1**
Adjusted operating earnings before depreciation and amortization (3)	**$ 52.4**	**$ 52.3**	**$ 8.3**	**$ 113.0**
Adjusted operating earnings (2) & (3)	**31.0**	**38.9**	**2.7**	**72.6**
Acquisitions of non-current assets (4)	**$ 23.8**	**$ 9.7**	**$ 7.2**	**$ 40.7**

For the three-month period ended July 25, 2021 (1)	Packaging	Printing	Other	Consolidated Results
Revenues	$ 347.0	$ 257.2	$ 17.4	$ 621.6
Operating expenses	304.7	197.1	15.6	517.4
Restructuring and other costs (revenues)	(1.2)	1.6	0.4	0.8
Operating earnings before depreciation and amortization	43.5	58.5	1.4	103.4
Depreciation and amortization	32.2	16.0	5.0	53.2
Operating earnings (2)	$ 11.3	$ 42.5	$ (3.6)	$ 50.2
Adjusted operating earnings before depreciation and amortization (3)	$ 42.3	$ 60.1	$ 1.8	$ 104.2
Adjusted operating earnings (2) & (3)	24.8	45.8	(3.2)	67.4
Acquisitions of non-current assets (4)	$ 35.1	$ 5.5	$ 5.4	$ 46.0

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

3 SEGMENTED INFORMATION (CONTINUED)

For the nine-month period ended July 31, 2022	Packaging	Printing	Other	Consolidated results
Revenues	**$ 1,231.7**	**$ 877.3**	**$ 44.9**	**$ 2,153.9**
Operating expenses	**1,088.0**	**713.5**	**46.8**	**1,848.3**
Restructuring and other costs (revenues)	**5.4**	**1.9**	**(5.2)**	**2.1**
Operating earnings before depreciation and amortization	**138.3**	**161.9**	**3.3**	**303.5**
Depreciation and amortization	**108.3**	**48.1**	**15.1**	**171.5**
Operating earnings [2]	**$ 30.0**	**$ 113.8**	**$ (11.8)**	**$ 132.0**
Adjusted operating earnings before depreciation and amortization [3]	**$ 143.7**	**$ 163.8**	**$ (1.9)**	**$ 305.6**
Adjusted operating earnings [2] & [3]	**81.1**	**121.8**	**(16.9)**	**186.0**
Acquisitions of non-current assets [4]	**$ 72.9**	**$ 19.9**	**$ 21.0**	**$ 113.8**

For the nine-month period ended July 25, 2021 [1]	Packaging	Printing	Other	Consolidated results
Revenues	$ 1,032.3	$ 799.9	$ 35.4	$ 1,867.6
Operating expenses	890.7	611.4	43.8	1,545.9
Restructuring and other costs (revenues)	(3.0)	6.6	2.5	6.1
Operating earnings before depreciation and amortization	144.6	181.9	(10.9)	315.6
Depreciation and amortization	99.9	47.0	15.4	162.3
Operating earnings [2]	$ 44.7	$ 134.9	$ (26.3)	$ 153.3
Adjusted operating earnings before depreciation and amortization [3]	$ 141.6	$ 188.5	$ (8.4)	$ 321.7
Adjusted operating earnings [2] & [3]	86.7	145.6	(23.7)	208.6
Acquisitions of non-current assets [4]	$ 76.3	$ 14.0	$ 15.6	$ 105.9

(1) Certain comparative figures have been reclassified to conform to the presentation adopted in the current period.

(2) 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.

(3) The Corporation's officers mainly make decisions and assess segment performance based on adjusted operating earnings. Adjusted operating earnings before depreciation and amortization and adjusted operating earnings exclude restructuring and other costs (revenues), impairment of assets and amortization of intangible assets arising from business combinations (only for adjusted operating earnings as it relates to amortization of intangible assets arising from business combinations).

(4) These amounts exclude acquisitions of property, plant and equipment and intangible assets arising from business combinations, whether 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 disaggregated by type of products and geographical area, as well as a reconciliation with revenues by segment:

	Three months ended		Nine months ended	
	July 31, 2022	July 25, 2021 [1]	**July 31, 2022**	July 25, 2021 [1]
Packaging products				
Revenues generated from plants located in Canada	**$ 33.0**	$ 32.7	**$ 115.0**	$ 100.4
Revenues generated from plants located in the United States	**344.0**	268.9	**961.4**	780.6
Revenues generated from plants located outside Canada and the United States	**49.2**	45.4	**155.3**	151.3
	426.2	347.0	**1,231.7**	1,032.3
Printing services [2]				
Retailer-related services [3]	**140.2**	134.2	**433.8**	429.8
Marketing products	**76.9**	58.0	**230.1**	173.5
Magazines and books	**51.1**	42.5	**148.5**	128.8
Newspapers	**21.8**	22.5	**64.9**	67.8
	290.0	257.2	**877.3**	799.9
Media [2]	**36.7**	23.7	**61.6**	48.4
Inter-segment sales	**(5.1)**	(6.3)	**(16.7)**	(13.0)
	$ 747.8	$ 621.6	**$ 2,153.9**	$ 1,867.6

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

	As at July 31, 2022	As at October 31, 2021
Packaging	**$ 2,356.3**	$ 2,200.7
Printing	**970.5**	1,000.4
Other [4]	**308.6**	411.8
	$ 3,635.4	$ 3,612.9

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

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

[3] Revenues from retailer-related services include printing, premedia and distribution services.

[4] 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 segments.

4 BUSINESS COMBINATIONS

Transactions for the nine-month period ended July 31, 2022

- **Banaplast**
  On June 22, 2022, the Corporation acquired all the shares of Banaplast S.A.S. ("Banaplast"), a flexible packaging company based in Armenia, Colombia. The transaction was completed for a total consideration of $18.4 million, subject to adjustments, including a purchase price holdback of $2.9 million, of which $0.8 million is payable upon finalization of working capital and $2.1 million is payable 18 months after the closing date of the transaction provided no compensation for damages is claimed by the Corporation during the reference period. This acquisition allows the Corporation to pursue its growth strategy with an expanded offering, namely with banana tree bags and agro-mulches.

- **Éditions du Renouveau Pédagogique Inc.**
  On June 13, 2022, the Corporation acquired all the shares of Éditions du Renouveau Pédagogique Inc. ("ERPI"), a Quebec educational publisher based in Montreal, Quebec, for a total consideration of $57.2 million, subject to adjustments. This acquisition allows the Corporation to pursue its growth strategy with an offering that complements its educational products offering, for both print and digital.

- **Scolab**
  On March 14, 2022, the Corporation acquired all the shares of Scolab Inc. ("Scolab"), a leader in the development of digital educational products. The transaction was completed for a purchase price of $12.5 million, subject to adjustments, including a purchase price holdback of $0.1 million payable 12 months after the closing date of the transaction provided no compensation for damages is claimed by the Corporation during the reference period. 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.

- **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, subject to adjustments. 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.

As at July 31, 2022, the accounting for Banaplast, ERPI, Scolab and H.S. Crocker business combinations was not completed and was based on information available as of the date of these Interim Consolidated Financial Statements. The provisional accounting for these acquisitions resulted in the recognition of goodwill totaling $58.5 million. The recognized goodwill is not deductible for tax purposes. The accounting for these business combinations remains provisional as at July 31, 2022 and will be finalized in the coming quarters.

The Corporation's Consolidated Statement of Earnings for the nine-month period ended July 31, 2022 includes the operating results of Banaplast, ERPI, Scolab and H.S. Crocker since their acquisition dates, namely additional revenues of $66.2 million and operating earnings before depreciation and amortization of $6.3 million, including adjustments related to the accounting for these acquisitions and excluding transaction costs. If the Corporation had acquired these entities at the beginning of the nine-month period ended July 31, 2022, revenues would have increased by $20.2 million and operating earnings before depreciation and amortization would have increased by $3.0 million.

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

4 BUSINESS COMBINATIONS (CONTINUED)

The following table presents the fair value of the assets acquired and liabilities assumed at the acquisition date for the above-mentioned transactions:

	2022 acquisitions
	Provisional allocation
Assets acquired	
Cash acquired	$ **13.0**
Current assets	**39.2**
Property, plant and equipment	**26.8**
Right-of-use assets	**1.6**
Intangible assets	**23.8**
Goodwill	**58.5**
Deferred taxes	**0.6**
	163.5
Liabilities assumed	
Current liabilities	**18.3**
Long-term debt (including current portion) and other debt items assumed	**0.3**
Lease liabilities (including current portion)	**1.5**
Deferred revenues	**1.7**
Deferred taxes	**0.9**
	22.7
	140.8
Total consideration	
Cash paid	**137.8**
Current consideration payable	**0.9**
Long-term consideration payable	**2.1**
	$ **140.8**

Transactions for the nine-month period ended July 25, 2021

- **BGI Retail**
  As at July 31, 2022, the Corporation has finalized the purchase equation for the acquisition of BGI Retail Inc., which was completed on June 1, 2021. The finalization of the purchase equation resulted in the recognition of a goodwill of $24.0 million, down $4.7 million compared to the provisional allocation. The decrease in goodwill was caused by a decrease in deferred tax liabilities of $4.9 million and a decrease in the fair value of property, plant and equipment of $0.2 million.

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

5 OPERATING EXPENSES

	Three months ended		Nine months ended	
	July 31, 2022	July 25, 2021 [1]	**July 31, 2022**	July 25, 2021 [1]
Employee-related costs [2]	**$ 188.9**	$ 161.5	**$ 565.0**	$ 492.0
Supply chain and logistics [3]	**410.2**	327.2	**1,190.7**	973.4
Other goods and services [4]	**35.7**	28.7	**92.6**	80.5
	$ 634.8	$ 517.4	**$ 1,848.3**	$ 1,545.9

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

[2] During the three-month periods ended July 31, 2022 and July 25, 2021, the Corporation recognized against eligible salary expenses amounts claimed under the Canada Emergency Wage Subsidy of nil and $9.2 million. During the nine-month periods ended July 31, 2022 and July 25, 2021, the Corporation recognized against eligible salary expenses amounts claimed under the Canada Emergency Wage Subsidy of $0.2 million and $25.7 million, respectively.

[3] Includes mainly production and distribution costs related to external suppliers.

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

6 RESTRUCTURING AND OTHER COSTS

		Three months ended		Nine months ended	
	Note	**July 31, 2022**	July 25, 2021	**July 31, 2022**	July 25, 2021
Business acquisition and integration costs [1]		**$ 1.9**	$ 0.2	**$ 2.4**	$ 0.4
Configuration or customization costs under cloud computing arrangements	2	**0.4**	—	**6.1**	—
Workforce reductions [2]		**0.2**	1.2	**1.5**	5.4
Net gains on sale of buildings		**—**	—	**(6.1)**	—
Costs related to plant closures and restructuring [2]		**—**	0.6	**—**	2.2
Onerous contracts		**—**	0.1	**—**	1.3
Fair value remeasurement of contingent considerations related to business combinations		**—**	—	**—**	(3.4)
Other elements [3]		**0.5**	(1.3)	**(1.8)**	0.2
		$ 3.0	$ 0.8	**$ 2.1**	$ 6.1

[1] Business acquisition costs include transaction costs, primarily legal fees, success fees related to the acquisition and other professional fees, for potential or realized business combinations, as well as integration costs related to acquired companies.

[2] For the three-month and nine-month periods ended July 31, 2022 and July 25, 2021, amounts presented under these captions include termination payments to employees as part of plant closures or workforce reorganizations, mainly in the Printing Sector, as well as related costs associated with such restructuring.

[3] For the nine-month period ended July 31, 2022, amounts presented under this caption include mainly a net gain of $4.2 million related to insurance proceeds receivable for the replacement of equipment destroyed by fire, less the loss on derecognition of such asset.

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

7 DEPRECIATION AND AMORTIZATION

	Three months ended		Nine months ended	
	July 31, 2022	July 25, 2021 [1]	**July 31, 2022**	July 25, 2021 [1]
Property, plant and equipment	**$ 28.8**	$ 27.0	**$ 87.1**	$ 83.4
Right-of-use assets	**6.2**	5.7	**18.4**	16.8
Intangible assets	**22.9**	20.5	**66.0**	62.1
	$ 57.9	$ 53.2	**$ 171.5**	$ 162.3

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

8 NET FINANCIAL EXPENSES

	Three months ended		Nine months ended	
	July 31, 2022	July 25, 2021	**July 31, 2022**	July 25, 2021
Financial expenses on long-term debt	**$ 7.4**	$ 8.3	**$ 24.0**	$ 25.4
Interest on lease liabilities	**0.8**	0.8	**2.4**	2.5
Net interest on defined benefit asset and liability	**0.3**	0.5	**1.1**	1.5
Other expenses	**0.9**	0.5	**2.4**	1.0
Net foreign exchange losses (gains)	**0.4**	—	**(0.4)**	—
	$ 9.8	$ 10.1	**$ 29.5**	$ 30.4

9 INCOME TAXES

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

	Three months ended		Nine months ended	
	July 31, 2022	July 25, 2021	**July 31, 2022**	July 25, 2021
Earnings before income taxes	**$ 42.3**	$ 40.1	**$ 102.5**	$ 122.9
Canadian statutory tax rate [1]	**26.50 %**	26.50 %	**26.50 %**	26.50 %
Income taxes at the statutory tax rate	**11.2**	10.6	**27.2**	32.6
Effect of differences in tax rates and additional income taxes in other jurisdictions	**(3.4)**	2.0	**(6.9)**	(0.8)
Income taxes on non-deductible expenses and non-taxable revenues	**0.1**	0.8	**0.8**	1.7
Income taxes on non-deductible restructuring and other costs and non-taxable revenues	**—**	(0.2)	**(0.3)**	(0.7)
Change in deferred tax assets on tax losses or temporary differences not previously recognized	**0.1**	(0.1)	**0.2**	(0.3)
Adjustment for previous years' balances	**0.2**	—	**1.2**	—
Other	**—**	(0.7)	**(0.4)**	(0.7)
Income taxes at effective tax rate	**$ 8.2**	$ 12.4	**$ 21.8**	$ 31.8
Income taxes before the following items:	**$ 13.2**	$ 13.5	**$ 35.3**	$ 42.7
Income taxes on amortization of intangible assets arising from business combinations	**(4.3)**	(4.0)	**(12.8)**	(11.9)
Income taxes on restructuring and other costs	**(0.7)**	(0.4)	**(0.7)**	(2.3)
Adjustment on additional income taxes in other jurisdictions [2]	**—**	3.3	**—**	3.3
Income taxes at effective tax rate	**$ 8.2**	$ 12.4	**$ 21.8**	$ 31.8

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

[2] Adjustment on additional income taxes in other jurisdictions related to a previous year.

10 LONG-TERM DEBT

On June 30, 2022, the Corporation amended tranche F of the U.S. dollar term loans of $142.7 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. Tranche F now bears interest at a floating rate based on the Secured Overnight Financing Rate ("SOFR") plus 1.70%.

New financing
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.

Repayment of term loans
On November 1, 2021, the Corporation repaid early the balance of $185.8 million (US$150.0 million) of tranche D of the U.S. dollar term loans (issued in 2018) that was maturing on May 1, 2022.

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

Credit facilities
The Corporation has a credit facility amounting to $400.0 million or the U.S. dollar equivalent, which was maturing in February 2026. On February 22, 2022, the maturity was extended until February 2027 on similar terms.

The Corporation has another credit facility with a maximum amount of US$25.0 million ($32.0 million), which was maturing in March 2022 and for which maturity was extended until March 2023 on similar terms.

As at July 31, 2022, an amount of $145.6 million had been drawn on the credit facilities, of which $14.5 million (US$11.3 million) maturing on March 31, 2023 was reported in current liabilities. The unused amount under the credit facilities was $286.4 million.

Hedging instruments
During the three-month period ended July 31, 2022, concurrently with the issuance of the private offering of unsecured notes amounting to $200.0 million and bearing interest at a fixed rate of 2.667%, 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 in February 2025, to convert into U.S. dollars the proceeds of the private offering received in Canadian dollars and fix the exchange rate that will be applicable upon repaying the private offering at maturity.

As at July 31, 2022, for hedges of its net investment in foreign operations, the Corporation had designated an amount of $60.4 million (US$47.2 million) of existing U.S. dollar term loans and credit facilities in addition to the notional amount of $250.0 million (US$200.4 million) of its cross-currency fixed interest rate swaps and the notional amount of $200.0 million (US$157.1 million) of the portion of its cross-currency fixed-to-floating interest rate swaps related to the floating interest rate and currencies (CAD floating/USD floating portion). Consequently, during the three-month and nine-month periods ended July 31, 2022, a foreign exchange gain of $1.9 million and a foreign exchange loss of $8.3 million were recognized in other comprehensive income (loss), respectively. For comparison purposes, during the three-month and nine-month periods ended July 25, 2021, a foreign exchange loss of $7.1 and a foreign exchange gain of $31.7 million were recognized in other comprehensive income (loss), respectively.

For fair value hedges related to the private offering, the Corporation had designated as hedging instrument a notional amount of $200.0 million of the portion of its cross-currency fixed-to-floating interest rate swaps related to the fixed-to-floating interest rate (CAD fixed/CAD floating portion) to hedge the change in fair value of the private offering resulting from fluctuations in the benchmark rate. Consequently, during the three-month period ended July 31, 2022, a net gain of nil was recognized in the Consolidated Statements of Earnings, which corresponds to a loss of $0.4 million recognized against the fair value adjustment of hedged items attributable to hedged risks presented under Long-term debt in the Consolidated Statement of Financial Position, offset by a gain of $0.4 million on designated hedging instruments presented under Other liabilities in the Consolidated Statement of Financial Position. During the nine-month period ended July 31, 2022, a gain of $0.1 million was recognized in the Consolidated Statements of Earnings, which corresponds to a gain of $5.5 million recognized against the fair value adjustment of hedged items attributable to hedged risks presented under Long-term debt in the Consolidated Statement of Financial Position, offset by a loss of $5.4 million on designated hedging instruments presented under Other liabilities in the Consolidated Statement of Financial Position.

As at July 31, 2022, for cash flow hedges related to interest rate risk, the Corporation had also designated as hedging instruments its interest rate swaps amounting to US$112.5 million. During the three-month and nine-month periods ended July 31, 2022, the change in fair value of these hedging instruments, namely a loss of $0.6 million and a gain of $2.8 million, respectively, were recognized in other comprehensive income (loss). For comparison purposes, during the three-month and nine-month periods ended July 25, 2021, a loss of $0.3 million and a gain of $2.0 million were recognized in other comprehensive income (loss), respectively.

The Corporation must comply with certain restrictive covenants, including maintaining certain financial ratios. During the three-month and nine-month periods ended July 31, 2022, the Corporation has not been in default under any covenants.

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

11 OTHER LIABILITIES

	Note	As at July 31, 2022	As at October 31, 2021
Deferred revenues		**$ 0.2**	$ 1.1
Accrued liabilities and other liabilities		**8.4**	14.2
Stock-based compensation	13	**9.1**	15.5
Defined benefit liability		**52.8**	62.2
Derivative financial instruments		**12.4**	9.9
		$ 82.9	$ 102.9

12 SHARE CAPITAL

	Number of shares	Amount
Class A Subordinate Voting Shares		
Balance as at October 31, 2021	73,112,144	$ 621.1
Shares redeemed and cancelled	(400,800)	(3.4)
Balance as at July 31, 2022	72,711,344	617.7
Class B Shares		
Balance as at October 31, 2021	13,912,826	18.9
Balance as at July 31, 2022	13,912,826	18.9
	86,624,170	$ 636.6

Share redemptions

On September 29, 2021, 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 1, 2021 and September 30, 2022, 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 190,300 of its Class B Shares. Repurchases are made in the normal course of business at market prices through the Toronto Stock Exchange.

During the nine-month period ended July 31, 2022, the Corporation redeemed and cancelled 400,800 of its Class A Subordinate Voting Shares at a weighted average price of $17.43 per share, 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. The Corporation was under no obligation to repurchase its Class A Subordinate Voting Shares and Class B Shares as at July 31, 2022.

During the nine-month period ended July 25, 2021, the Corporation did not repurchase any of its Class A Subordinate Voting Shares or Class B Shares. The Corporation was under no obligation to repurchase its Class A Subordinate Voting Shares and Class B Shares as at July 25, 2021.

Dividends

Dividends of $0.225 per share were declared and paid to holders of shares for the three-month periods ended July 31, 2022 and July 25, 2021. Dividends of $0.675 per share were declared and paid to holders of shares for the nine-month periods ended July 31, 2022 and July 25, 2021.

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

13 STOCK-BASED COMPENSATION

Share unit plan for certain officers and senior executives

The Corporation offers a share unit plan for certain officers and senior executives under which deferred share units ("DSU") and restricted share units ("RSU") 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 following table presents the changes in the plan's status for the nine-month period ended July 31, 2022:

	Number of units	
	DSU	RSU
Balance as at October 31, 2021	**566,250**	**1,441,170**
Units granted	**97,026**	**564,683**
Units cancelled	**(4,270)**	**(24,536)**
Units paid	**—**	**(318,615)**
Units converted	**7,157**	**—**
Dividends paid in units	**26,825**	**59,845**
Balance as at July 31, 2022	**692,988**	**1,722,547**

As at July 31, 2022, the liability related to the share unit plan for certain officers and senior executives was $28.5 million ($31.5 million as at October 31, 2021). The expenses recorded in the Consolidated Statements of Earnings for the three-month and nine-month periods ended July 31, 2022 were $2.8 million and $3.8 million, respectively. The expenses recorded in the Consolidated Statements of Earnings for the three-month and nine-month periods ended July 25, 2021 were $4.3 million and $17.2 million, respectively. Amounts of $1.5 million and $6.8 million were paid under this plan for the three-month and nine-month periods ended July 31, 2022, respectively. Amounts of nil and $2.4 million were paid under this plan for the three-month and nine-month periods ended July 25, 2021, respectively.

Share unit plan for directors

The Corporation offers a deferred share unit plan for its directors. Under this plan, directors may elect to receive as compensation either cash, deferred share units, or a combination of both.

The following table presents the changes in the plan's status for the nine-month period ended July 31, 2022:

	Number of units
Balance as at October 31, 2021	308,012
Directors' compensation	38,721
Units paid	(5,000)
Dividends paid in units	12,402
Balance as at July 31, 2022	354,135

As at July 31, 2022, the liability related to the share unit plan for directors was $6.0 million ($6.3 million as at October 31, 2021). The amounts recorded in the Consolidated Statements of Earnings for the three-month and nine-month periods ended July 31, 2022 were an expense of $0.4 million and a gain of $0.2 million, respectively. The expenses recorded in the Consolidated Statements of Earnings for the three-month and nine-month periods ended July 25, 2021 were $0.4 million and $3.1 million, respectively. An amount of $0.1 million was paid under this plan during the three-month and nine-month periods ended July 31, 2022. Amounts of nil and $2.2 million were paid under this plan during the three-month and nine-month periods ended July 25, 2021, respectively.

Total return swap

As at July 31, 2022, the total return swap, which enables the Corporation to hedge a portion of stock-based compensation that varies based on the price of the Corporation's shares, covered 1,200,000 units purchased at a weighted average price of $20.01 per unit. The amounts recognized in the Consolidated Statements of Earnings for the three-month and nine-month periods ended July 31, 2022 were a gain of $0.1 million and an expense of $4.0 million, respectively. Gains recognized in the Consolidated Statements of Earnings for the three-month and nine-month periods ended July 25, 2021 were $0.7 million and 7.5 million, respectively. An amount of $0.1 million was received and an amount of $0.4 million was paid under the total return swap during the three-month and nine-month periods ended July 31, 2022, respectively. Amounts of $0.2 million and $4.8 million were received under the total return swap during the three-month and nine-month periods ended July 25, 2021, respectively.

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

14 ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

	Cash flow hedges	Net investment hedges	Cumulative translation differences	Actuarial gains and losses related to defined benefit plans	Accumulated other comprehensive income (loss)
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	**1.3**	**(8.2)**	**33.7**	**16.4**	**43.2**
Balance as at July 31, 2022	**$ —**	**$ 16.9**	**$ (19.2)**	**$ 4.2**	**$ 1.9**
Balance as at October 25, 2020	$ (16.4)	$ (10.1)	$ 40.3	$ (28.6)	$ (14.8)
Net change in gains (losses), net of income taxes	9.0	28.1	(71.8)	12.4	(22.3)
Balance as at July 25, 2021	$ (7.4)	$ 18.0	$ (31.5)	$ (16.2)	$ (37.1)

As at July 31, 2022, the amounts expected to be reclassified to net earnings in future years are as follows:

	2022	2023	2024	Total
Net change in the fair value of derivatives designated as cash flow hedges	$ (0.1)	$ 0.3	$ (0.2)	$ —
Related income taxes	—	0.1	(0.1)	—
	$ (0.1)	$ 0.2	$ (0.1)	$ —

Actuarial gains (losses) on defined benefit plans

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

	Three months ended		Nine months ended	
	July 31, 2022	July 25, 2021	**July 31, 2022**	July 25, 2021
Actuarial gains (losses) on obligation - change in discount rate	**$ 5.6**	$ (19.5)	**$ 125.6**	$ 21.6
Actuarial (losses) gains on plan assets - excluding interest income	**(1.2)**	25.2	**(83.8)**	(5.5)
Effect of the asset ceiling	**(4.0)**	(1.7)	**(19.4)**	0.1
Related income taxes	**0.1**	1.0	**6.0**	3.8
	$ 0.3	$ 3.0	**$ 16.4**	$ 12.4

Actuarial gains and losses on obligation recognized in the Statements of Comprehensive Income for the three-month and nine-month periods ended July 31, 2022 are explained by the change in the discount rate, which increased from 3.40% as at October 31, 2021 to 5.00% as at July 31, 2022 in Canada, and from 2.90% as at October 31, 2021 to 4.40% as at July 31, 2022 in the United States. Actuarial gains and losses on plan assets are due to the fact that actual rates of return on assets were lower than expected returns for the three-month and nine-month periods ended July 31, 2022.

Actuarial gains and losses on obligation recognized in the Statements of Comprehensive Income for the three-month and nine-month periods ended July 25, 2021 are explained by the change in the discount rate, which increased from 2.89% as at October 25, 2020 to 3.10% as at July 25, 2021 in Canada, and from 2.70% as at October 25, 2020 to 2.80% as at July 25, 2021 in the United States. Actuarial gains and losses on plan assets are attributable to the fact that actual rates of return on assets were overall lower than expected returns for the three-month and nine-month periods ended July 25, 2021.

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

15 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. Accordingly, due to its approximative 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, and accounts payable and accrued liabilities approximates their fair value due to their short term maturities.

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

The only financial instruments of the Corporation that are measured at fair value on a recurring basis subsequent to their initial recognition are derivative financial instruments, including foreign exchange forward contracts, interest rate swaps, cross-currency interest rate swaps, total return swaps and contingent considerations payable related to business combinations. 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. 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 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 July 31, 2022		As at October 31, 2021	
	Fair value	**Carrying amount**	Fair value	Carrying amount
Assets				
Foreign exchange forward contracts	**$ 3.1**	**$ 3.1**	$ 7.2	$ 7.2
Liabilities				
Contingent considerations	**(10.0)**	**(10.0)**	(10.0)	(10.0)
Long-term debt	**(943.8)**	**(987.9)**	(962.1)	(965.5)
Interest rate swaps	**—**	**—**	(9.5)	(9.5)
Cross-currency interest rate swaps	**(11.7)**	**(11.7)**	(2.5)	(2.5)
Total return swaps	**(4.5)**	**(4.5)**	(1.4)	(1.4)
Foreign exchange forward contract	**(3.0)**	**(3.0)**	(0.7)	(0.7)

These financial instruments are classified in Level 2 of the fair value hierarchy, except for contingent considerations payable related to business combinations, which are classified in Level 3. During the nine-month period ended July 31, 2022, no financial instruments were transferred between Levels 1, 2 and 3.

Sensitivity analysis of Level 3 financial instruments

During the nine-month period ended July 31, 2022, there were no changes in the fair value of Level 3 financial instruments. As at July 31, 2022, all other things being equal, a 10% increase in projected financial performance thresholds for acquired businesses would have had no impact on net earnings. A 10% decrease in projected financial performance thresholds would have increased net earnings by $10.0 million.

Credit risk

The Corporation recognizes a loss allowance for credit losses using a probability-weighted estimate of credit losses. The Corporation establishes the loss allowance for credit losses on a collective and individual assessment basis, by considering past events, current conditions and forecasts of future economic conditions. Collective assessment is carried out by grouping together trade accounts receivable with similar characteristics, mainly by geographic area, the industry in which they operate and the number of days past due. In its assessment, management estimates the expected credit losses based on actual credit loss experience and informed credit assessment, taking into consideration forward-looking information. If actual credit losses differ from estimates, future earnings would be affected.