2022 ANNUAL REPORT

we make products for you

tc • TRANSCONTINENTAL

at a glance

TC TRANSCONTINENTAL IS A LEADER IN FLEXIBLE PACKAGING IN NORTH AMERICA, AND CANADA'S LARGEST PRINTER.

The Corporation is also the leading Canadian French-language educational publishing group. For over 45 years, TC Transcontinental's mission has been to create products and services that allow businesses to attract, reach and retain their target customers.

Respect, teamwork, performance and innovation are the 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 about 8,300 employees, the majority of which are based in Canada, the United States and Latin America. TC Transcontinental generated revenues of $3.0 billion for the fiscal year ended October 30, 2022. For more information, visit TC Transcontinental's website at **www.tc.tc**

3.0B $

Revenues for the fiscal year ended October 30, 2022

221M $

Cash flows from operating activities for the fiscal year ended October 30, 2022

Investment grade credit rating
DBRS: BBB (low), stable
S&P: BBB-, stable
As at October 30, 2022

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financial highlights

REVENUES
(in millions of dollars)

	IFRS
2022	2,956.1
2021	2,643.4

NET EARNINGS PER SHARE
(in dollars)

	IFRS	Adjusted[1]
2022	1.63	2.19
2021	1.50	2.37

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

	IFRS	Adjusted[1]
2022	449.2	446.7
2021	451.4	464.8

CASH FLOWS FROM OPERATING ACTIVITIES
(in millions of dollars)

2022	220.8
2021	315.3

OPERATING EARNINGS
(in millions of dollars)

	IFRS	Adjusted[1]
2022	217.3	285.1
2021	233.8	313.5

NET INDEBTEDNESS RATIO[1]

2022	2.47x
2021	1.93x

TRANSCONTINENTAL PACKAGING

A leader in flexible packaging in North America

About 4,000 employees

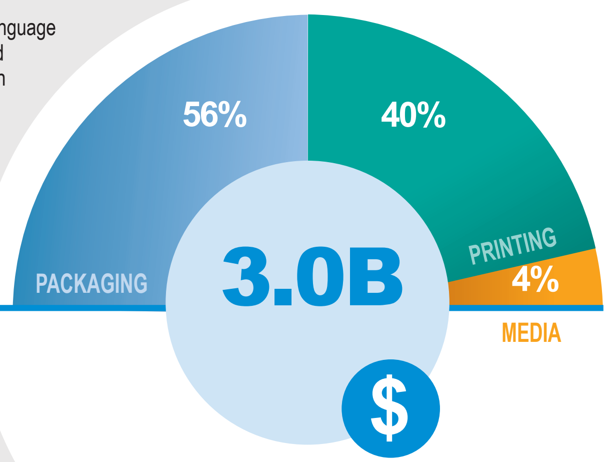
Network of 28 packaging plants

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

MEDIA

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

Over 300 employees



CONSOLIDATED[2] REVENUE COMPOSITION FOR FISCAL 2022

TRANSCONTINENTAL PRINTING

Largest printer in Canada

About 3,700 employees

Network of 13 printing plants

Integrated service offering for retailers, publishers and advertisers, including printing, premedia and distribution services.

[1] Non-IFRS financial measure. A complete definition of the non-IFRS financial measures and reconciliation to IFRS financial measures is presented in the Management's Discussion and Analysis of this annual report on page 6.

[2] Excluding inter-segment eliminations.

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

message from the Chair of the Board

THIS YEAR, LITTLE BY LITTLE, WE HAVE REGAINED A SENSE OF NORMALCY WITH FEWER RESTRICTIONS RELATED TO COVID-19, AND WE HAVE CONTINUED TO MOVE FORWARD. THE THEME OF OUR 2021 ANNUAL REPORT WAS *BUILDING A SUSTAINABLE FUTURE*. IN THE SPIRIT OF CONTINUITY, THIS YEAR'S THEME HIGHLIGHTS THE GREAT SOCIAL AND ECONOMIC PURPOSE OF OUR PRODUCTS – ***WE MAKE PRODUCTS FOR YOU***.

I am proud of how our customers and their consumers benefit from our products. The world has changed over the past three years, and this has only strengthened my conviction that what we do matters.

For our retail customers, we print flyers that help households manage their budget, especially in the current inflationary environment. National retailers and local merchants rely on this tool to drive in-store traffic, supporting regional economies in an era of e-commerce giants. We also print daily and weekly newspapers across Canada, which contribute to democratic life. As a complement to our digital offering, the paper format is still very much appreciated by most of the population and is a pillar of the circular economy. In fact, flyers and newspapers have one of the best recovery rates in Québec, at 86%. No trees are cut down to make newsprint; it is made from sawmill residues.

We also focus on sustainability for our flexible packaging solutions. Our packaging facilitates transport and even, for food packaging, extends the shelf life of perishable goods, thus reducing waste. As a leader in the plastics circular economy, we support our customers in their sustainability journey and meet consumer expectations. We work alongside different stakeholders in the industry, especially as a founding member of the Circular Plastics Taskforce (CPT), to find concrete solutions to improve the end-of-life management of plastics. The ultimate goal: a world where plastics never become waste.

As Canada's largest French-language educational publishing group, our print and digital products play a key role in the education system. We support teachers and equip students, facilitating learning, a fundamental mission of our society.

Our innovative and sustainable products reflect our strategies for greener growth and are an integral part of our engagement towards corporate social responsibility (CSR). Our commitment to sustainability has been in our DNA for over 40 years, as demonstrated by our history of CSR accomplishments.

I am delighted with the results of our 2019-2021 CSR Plan. Our initiatives for an inclusive environment, particularly for women, and our involvement in communities are especially important to me. I personally oversee them. We contributed $400,000 to the Centraide (United Way) fundraising campaign in Québec, in keeping with our long-standing partnership. In terms of diversity and inclusion, we believe that, to reach their full potential, our people must feel safe and accepted for who they are. Three pillars are at the core of our actions: gender diversity, racial diversity, and inclusion of LGBTQ+ communities and their allies. In fact, *True Colors*, an employee-driven LGBTQ+ committee, was launched company-wide this year. Our 2025 CSR Plan focuses on even more ambitious goals.

As I look ahead, I see opportunities to grow, and we have the means to do so. I am proud of our accomplishments in each of our three sectors, and of our colleagues, our greatest asset, who embody our values every day: respect, teamwork, innovation, and performance.

On behalf of my family and the Board of Directors, I would like to thank Brian Reid, one of our great leaders, who has retired as President of TC Transcontinental Printing after more than 40 years of outstanding achievement.

In conclusion, I would like to express my appreciation to our employees and managers for their relentless work. I am also pleased to be able to count on the expertise and advice of our Board of Directors. I thank our customers for their trust in TC Transcontinental. And thank you, dear shareholders, for your loyalty in these volatile and uncertain times, including a looming recession. We have been there before. Our determination and resilience through the challenges of the past decades allow us to look at the future with confidence.

Chair of the Board,

(s) Isabelle Marcoux

December 14, 2022

message from the President and Chief Executive Officer

A YEAR INTO MY ROLE AS PRESIDENT AND CEO, I AM PROUD OF OUR TEAM AND EXCITED BY THE OPPORTUNITIES AHEAD. OUR COWORKERS EXECUTED WELL IN FISCAL 2022 DESPITE A CHALLENGING ENVIRONMENT.

Indeed, we faced the headwinds of inflation, the continued pandemic, supply chain issues, a tight labour market and geopolitical conflict. After a difficult first quarter, the team delivered an improved performance in the latter part of fiscal year 2022.

Safety is our number one priority, and I can report that, in 2022, our injury rate decreased by 21%. This is a significant achievement and I thank our teams for this progress towards our "No injuries" vision.

The Packaging Sector[1], following a disappointing first quarter, took action and demonstrated improved profit in each quarter. Despite a challenging operating environment, we delivered organic volume growth again this year as a result of new contracts, products and equipment. The acquisitions of H.S. Crocker and Banaplast strengthened our offering in the food, pharmaceutical and agro-business verticals.

In the Printing Sector[2], our revenues increased versus fiscal year 2021, driven by significant volume growth in our in-store marketing (ISM) and book printing activities. This was offset by inflationary pressures which affected our volume and cost structure, particularly in our distribution business, and inefficiencies related to the pandemic that had a negative impact on production capacity at several plants during the first part of fiscal 2022. Profits were similar to 2021.

Our Media business had another excellent year. The acquisitions of Scolab and ERPI complement both our print and digital educational offerings, driving our growth in revenues and operating earnings.

Looking ahead, while flexible packaging has a smaller carbon footprint than any other type, its end of life remains a considerable challenge. This is why our R&D team is leading the development of fully recyclable and compostable solutions as well as packaging products made with post-consumer recycled (PCR) content. In doing so, there is significant value to be created for our customers and shareholders. The ASTRA Center, our state-of-the-art Packaging R&D and innovation hub, is at the core of solving the sustainability challenges of our customers. We will continue to leverage our significant investments to build the best sustainable packaging platform in the industry.

In Printing, our scale and manufacturing excellence uniquely position us to create more value. Our in-store marketing, with three acquisitions since 2019, and book printing and premedia activities continue to grow and together now account for about a third of the Sector's revenues. Flyers continue to be important to consumers, especially with inflation, and the most efficient marketing tool for our retail customers. We can also leverage our leading-edge national platform for the Canadian newspapers business for publishers still printing on their own.

Looking to 2023 and beyond, we are well positioned to maintain our momentum. We are a leader in our three sectors, and we see growth prospects in each of them. Our financial position is strong, and we are generating significant free cash flow to invest in our future while continuing to distribute dividends to shareholders. As a result of our proactive refinancing, we have no major debt maturities until 2025 and the flexibility needed to pursue disciplined, profitable growth. That said, we will proceed with caution given the economic uncertainties ahead.

Every day, I see our values of respect, teamwork, performance and innovation in action. Passion drives our entrepreneurial spirit. My focus is on how we can build an even more efficient and innovative organization. By meeting our customers' objectives, nurturing talent and making each other successful, we have what it takes for long-term success.

I want to thank our coworkers for their commitment, as well as the Marcoux family and Board directors for their guidance. I am fully confident in our ability to grow profitably and responsibly, making products which make us proud.

None of our accomplishments would be possible, of course, without the loyalty of our customers and their willingness to partner with us on their business challenges and aspirations. Finally, the entire executive team expresses its gratitude for the ongoing support of our shareholders.

President and Chief Executive Officer,

(s) Peter Brues

December 14, 2022

[1] Excluding the impact of the 53rd week on the results for fiscal year 2021.

[2] Excluding amounts related to the Canada Emergency Wage Subsidy and the impact of the 53rd week on the results for fiscal year 2021.

social responsibility
in action

MAKING OUR PRODUCTS RESPONSIBLY

At TC Transcontinental, our vision is clear: Corporate Social Responsibility (CSR) is not only the right thing to do, but also a collective opportunity to create value for all stakeholders. Together, we have worked tirelessly over the past three years to achieve, even exceed, many of the targets of our 2019-2021 CSR Plan *Acting Together*, as shown in the final progress report which we released in June 2022.

During this period, our health and safety efforts have resulted in a 50% reduction in our incident frequency rate, while our greenhouse gas (GHG) emissions have decreased significantly. We also exceeded our gender diversity goals, including having 33% women in leadership and management positions, and to be more inclusive, we added two pillars to our diversity and inclusion program, ethnic minorities and LGBTQ+ communities. In community engagement, we exceeded our goal, distributing more than $5 million since 2018 to organizations or projects that benefit communities.

TC Transcontinental's leadership in CSR was recognized this year when we placed 16th on the Corporate Knights list of the 100 most sustainable corporations in the world, in addition to ranking first in the packaging industry. Most recently, our packaging sector was recognized by the Pet Sustainability Coalition (PSC) for our environmental performance and our commitment to the UN's Sustainable Development Goals.

Since our first environmental policy in 1993, we have been committed to playing a leadership role in building a more sustainable future. Our successes over the past three years inspire us to go even further and give us confidence as we begin a new chapter in our CSR journey.

Building our future

OUR 2025 CSR PLAN

WE ARE VERY PROUD TO HAVE LAUNCHED OUR 2025 CORPORATE SOCIAL RESPONSIBILITY PLAN, WHICH PRESENTS OUR VISION FOR A FUTURE THAT IS MORE INCLUSIVE, GREENER, AND THRIVING. THIS PLAN WAS DEVELOPED TO ADDRESS THE CONCERNS AND ISSUES OF OUR STAKEHOLDERS, AS IDENTIFIED THROUGH A MATERIALITY ASSESSMENT. OUR TARGETS ARE ALSO ALIGNED WITH MAJOR INDUSTRY TRENDS, INCLUDING CREATING A CIRCULAR ECONOMY AND REDUCING GREENHOUSE GASES. BY 2025, WE HAVE THUS SET AMBITIOUS TARGETS BASED ON FIVE MAJOR THEMES:

1. Greener growth by leveraging our manufacturing expertise to reduce the impact of our operations on the environment, particularly our GHG emissions.
2. An inclusive and safe environment with broad diversity and inclusion goals.
3. Innovative and sustainable products, notably through our commitment to the Ellen MacArthur Foundation for all our plastic packaging to be reusable, recyclable or compostable and to achieve a 10% use of post-consumer recycled content on average by weight.
4. United with our communities, investing primarily in education, health, and local communities.
5. Governance and responsible business practices, including procurement, data security, food safety and quality, business ethics, and risk management.

management's discussion and analysis

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the year ended October 30, 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 year ended October 30, 2022. It should be read in conjunction with the information in the annual 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 annual consolidated financial statements for the year ended October 30, 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.

Unless otherwise specified, all comparative figures from the Consolidated Statement of Earnings for the fourth quarter of 2022 (13-week period ended October 30, 2022) are compared with data for the fourth quarter of 2021 (14-week period ended October 31, 2021), and all comparative figures from the Consolidated Statement of Earnings for full-fiscal 2022 (52-week period ended October 30, 2022) are compared with data for full- fiscal 2021 (53-week period ended October 31, 2021).

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.

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", "plan", "strategy", "outlook", "believe", "anticipate", "estimate", "expect", "intend", "objective", the use of the future and conditional tenses, and words and expressions of similar nature are intended to identify forward-looking statements. Such forward-looking statements may also include observations concerning the Corporation's anticipated financial results and business outlooks and the economies in which it operates. The Corporation's future performance may also be affected by a number of factors, many of which are beyond its will or control. The main risks, uncertainties and factors that could influence actual results are described in this *Management's Discussion and Analysis for the year ended October 30, 2022* and in the latest *Annual Information Form*.

Unless otherwise indicated by the Corporation, forward-looking statements do not take into account the potential impact of non-recurring or other unusual items, nor of disposals, business combinations, mergers or acquisitions which may be announced or concluded after the date of December 13, 2022.

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

The forward-looking statements in this *Management's Discussion and Analysis* are based on current expectations and information available as at December 13, 2022. Such forward-looking statements may also be found in other documents filed with Canadian securities regulators or in other communications. The Corporation's Management disclaims any intention or obligation to update or revise these statements unless otherwise required by the securities authorities.

PROFILE OF TC TRANSCONTINENTAL

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

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 generated revenues of C$3.0 billion during the fiscal year ended October 30, 2022. For more information, visit TC Transcontinental's website at www.tc.tc.

Packaging Sector

TC Transcontinental Packaging, the Packaging Sector of TC Transcontinental, is a leader in flexible packaging with operations mainly in the United States, as well as in Canada, Latin America and the United Kingdom. This sector has approximately 4,000 employees. Its platform is comprised of one premedia studio and 28 production plants specializing in extrusion, printing, lamination, converting and recycling. TC Transcontinental Packaging offers a variety of flexible plastic products, including rollstock, labels, die cut lids, shrink films, bags and pouches and advanced coatings. It services a variety of markets, including dairy, coffee, meat and poultry, pet food, agriculture, beverage, home and personal care products, industrial, consumer and medical products.

Printing Sector

TC Transcontinental Printing, the Printing Sector of TC Transcontinental, is the largest printer in Canada and one of the largest in North America. This sector has approximately 3,700 employees and possesses a network of 13 plants. TC Transcontinental Printing provides an integrated service offering for retailers, including premedia services, flyer printing and distribution as well as in-store marketing products. This sector also offers an array of innovative print solutions for newspapers, magazines, 4-colour books and personalized and mass marketing products.

Media Sector

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

HIGHLIGHTS

Table #1:

(in millions of dollars, except per share amounts)	**Q4-2022** 13 weeks	**Q4-2021** 14 weeks	**Variation in %**	**Fiscal 2022** 52 weeks	**Fiscal 2021** 53 weeks	**Variation in %**
Revenues	$802.2	$775.8	3.4 %	$2,956.1	$2,643.4	11.8 %
Operating earnings before depreciation and amortization (1)	145.7	135.8	7.3	449.2	451.4	(0.5)
Adjusted operating earnings before depreciation and amortization (1) (2)	141.1	143.1	(1.4)	446.7	464.8	(3.9)
Operating earnings	85.3	80.5	6.0	217.3	233.8	(7.1)
Adjusted operating earnings (2)	99.1	104.9	(5.5)	285.1	313.5	(9.1)
Net earnings attributable to shareholders of the Corporation	60.4	39.2	54.1	141.2	130.6	8.1
Net earnings attributable to shareholders of the Corporation per share	0.70	0.45	55.6	1.63	1.50	8.7
Adjusted net earnings attributable to shareholders of the Corporation (2	68.4	70.6	(3.1)	189.7	206.4	(8.1)
Adjusted net earnings attributable to shareholders of the Corporation per share (2)	0.79	0.81	(2.5)	2.19	2.37	(7.6)

(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 Table #2 in the section entitled "Reconciliation of Non-IFRS Financial Measures" in this Management's Discussion and Analysis for adjusted data presented above.
Note 1: The above results include $56.5 million in revenues for the 53rd week with a consequential effect on the other measures presented for the fourth quarter of 2021.
Note 2: The above results include $3.7 million in Canada Emergency Wage Subsidy for the fourth quarter of 2021, and $29.5 million for the year ended October 31, 2021.

- Increase in revenues and earnings in the Packaging Sector and the Media Sector.
- Revenues of $802.2 million for the quarter ended October 30, 2022; operating earnings of $85.3 million; and net earnings attributable to shareholders of the Corporation of $60.4 million ($0.70 per share).
- Adjusted operating earnings before depreciation and amortization of $141.1 million for the quarter ended October 30, 2022; adjusted operating earnings of $99.1 million; and adjusted net earnings attributable to shareholders of the Corporation of $68.4 million ($0.79 per share).
- Significant contributions from the acquisitions completed during the fiscal year to the earnings of the Corporation.

PREAMBLE

Economic environment

The economic environment remains tied to the impacts of the COVID-19 pandemic and geopolitical events. Consumers and businesses around the world have been affected by rising energy and raw materials prices, as well as by supply chain disruptions. In order to control 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 position, 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 - Fourth quarter and fiscal year

	Three months ended		Year ended	
(in millions of dollars)	**October 30, 2022**	October 31, 2021	**October 30, 2022**	October 31, 2021
Operating earnings	**$85.3**	$80.5	**$217.3**	$233.8
Restructuring and other costs (revenues)	**(4.6)**	6.6	**(2.5)**	12.7
Amortization of intangible assets arising from business combinations (1)	**18.4**	17.1	**70.3**	66.3
Impairment of assets	**—**	0.7	**—**	0.7
Adjusted operating earnings	**$99.1**	$104.9	**$285.1**	$313.5
Depreciation and amortization (2) (3)	**42.0**	38.2	**161.6**	151.3
Adjusted operating earnings before depreciation and amortization (3)	**$141.1**	$143.1	**$446.7**	$464.8

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

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

	Three months ended		Year ended	
(in millions of dollars)	**October 30, 2022**	October 31, 2021	**October 30, 2022**	October 31, 2021
Operating earnings	**$20.6**	$19.7	**$50.6**	$64.4
Restructuring and other costs	**3.7**	3.9	**9.1**	0.9
Amortization of intangible assets arising from business combinations (1)	**15.6**	15.0	**61.3**	60.0
Impairment of assets	**—**	0.4	**—**	0.4
Adjusted operating earnings	**$39.9**	$39.0	**$121.0**	$125.7
Depreciation and amortization (2)	**21.8**	18.9	**84.4**	73.8
Adjusted operating earnings before depreciation and amortization	**$61.7**	$57.9	**$205.4**	$199.5

(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 - Fourth quarter and cumulative for the Printing Sector

	Three months ended		Year ended	
(in millions of dollars)	**October 30, 2022**	October 31, 2021	**October 30, 2022**	October 31, 2021
Operating earnings	**$57.4**	$62.8	**$171.2**	$197.7
Restructuring and other costs (revenues)	**(8.5)**	1.5	**(6.6)**	8.1
Amortization of intangible assets arising from business combinations (1)	**2.0**	2.0	**8.1**	6.1
Impairment of assets	**—**	0.3	**—**	0.3
Adjusted operating earnings	**$50.9**	$66.6	**$172.7**	$212.2
Depreciation and amortization (2)	**13.7**	14.5	**55.7**	57.4
Adjusted operating earnings before depreciation and amortization	**$64.6**	$81.1	**$228.4**	$269.6

(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 - Fourth quarter and cumulative for the Other Sector

	Three months ended		Year ended	
(in millions of dollars)	**October 30, 2022**	October 31, 2021	**October 30, 2022**	October 31, 2021
Operating earnings	**$7.3**	($2.0)	**($4.5)**	($28.3)
Restructuring and other costs (revenues)	**0.2**	1.2	**(5.0)**	3.7
Amortization of intangible assets arising from business combinations (1)	**0.8**	0.1	**0.9**	0.2
Adjusted operating earnings	**$8.3**	($0.7)	**($8.6)**	($24.4)
Depreciation and amortization (2) (3)	**6.5**	4.8	**21.5**	20.1
Adjusted operating earnings before depreciation and amortization (3)	**$14.8**	$4.1	**$12.9**	($4.3)

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

Reconciliation of operating earnings - Last eight quarters

	2022				**2021**			
(in millions of dollars)	**Q4**	Q3	Q2	Q1	**Q4**	Q3	Q2	Q1
Operating earnings	**$85.3**	$52.1	$46.1	$33.8	**$80.5**	$50.2	$55.9	$47.2
Restructuring and other costs (revenues)	**(4.6)**	3.0	0.8	(1.7)	**6.6**	0.8	0.5	4.8
Amortization of intangible assets arising from business combinations (1)	**18.4**	17.5	17.2	17.2	**17.1**	16.4	16.2	16.6
Impairment of assets	**—**	—	—	—	**0.7**	—	—	—
Adjusted operating earnings	**$99.1**	$72.6	$64.1	$49.3	**$104.9**	$67.4	$72.6	$68.6
Depreciation and amortization (2) (3)	**42.0**	40.4	39.5	39.7	**38.2**	36.8	36.8	39.5
Adjusted operating earnings before depreciation and amortization (3)	**$141.1**	$113.0	$103.6	$89.0	**$143.1**	$104.2	$109.4	$108.1

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

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

	Three months ended	
(in millions of dollars, except per share amounts)	**October 30, 2022**	October 31, 2021
Net earnings attributable to shareholders of the Corporation	**$60.4**	$39.2
Restructuring and other costs (revenues)	**(4.6)**	6.6
Tax on restructuring and other costs	**(1.3)**	(1.4)
Amortization of intangible assets arising from business combinations (1)	**18.4**	17.1
Tax on amortization of intangible assets arising from business combinations	**(4.5)**	(1.8)
Impairment of assets	**—**	0.7
Tax on impairment of assets	**—**	(0.2)
Adjustment on additional taxes in other jurisdictions	**—**	(0.3)
Tax impact of an internal reorganization	**—**	10.7
Adjusted net earnings attributable to shareholders of the Corporation	**$68.4**	$70.6
Net earnings attributable to shareholders of the Corporation per share	**$0.70**	$0.45
Adjusted net earnings attributable to shareholders of the Corporation per share	**$0.79**	$0.81
Weighted average number of shares outstanding	**86.6**	87.0

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

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

	Year ended	
(in millions of dollars, except per share amounts)	**October 30, 2022**	October 31, 2021
Net earnings attributable to shareholders of the Corporation	**$141.2**	$130.6
Restructuring and other costs (revenues)	**(2.5)**	12.7
Tax on restructuring and other costs	**(2.0)**	(3.7)
Amortization of intangible assets arising from business combinations (1)	**70.3**	66.3
Tax on amortization of intangible assets arising from business combinations	**(17.3)**	(13.7)
Impairment of assets	**—**	0.7
Tax on impairment of assets	**—**	(0.2)
Adjustment on additional taxes in other jurisdictions	**—**	3.0
Tax impact of an internal reorganization	**—**	10.7
Adjusted net earnings attributable to shareholders of the Corporation	**$189.7**	$206.4
Net earnings attributable to shareholders of the Corporation per share	**$1.63**	$1.50
Adjusted net earnings attributable to shareholders of the Corporation per share	**$2.19**	$2.37
Weighted average number of shares outstanding	**86.8**	87.0

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

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

	2022				2021			
(in millions of dollars, except per share amounts)	**Q4**	Q3	Q2	Q1	**Q4**	Q3	Q2	Q1
Net earnings attributable to shareholders of the Corporation	**$60.4**	$34.1	$28.3	$18.4	**$39.2**	$28.1	$35.6	$27.7
Restructuring and other costs (revenues)	**(4.6)**	3.0	0.8	(1.7)	**6.6**	0.8	0.5	4.8
Tax on restructuring and other costs (revenues)	**(1.3)**	(0.7)	(0.4)	0.4	**(1.4)**	(0.4)	(0.6)	(1.3)
Amortization of intangible assets arising from business combinations (1)	**18.4**	17.5	17.2	17.2	**17.1**	16.4	16.2	16.6
Tax on amortization of intangible assets arising from business combinations	**(4.5)**	(4.3)	(4.2)	(4.3)	**(1.8)**	(4.0)	(3.9)	(4.0)
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 an internal reorganization	**—**	—	—	—	**10.7**	—	—	—
Adjusted net earnings attributable to shareholders of the Corporation	**$68.4**	$49.6	$41.7	$30.0	**$70.6**	$44.2	$47.8	$43.8
Net earnings attributable to shareholders of the Corporation per share	**$0.70**	$0.39	$0.33	$0.21	**$0.45**	$0.32	$0.41	$0.32
Adjusted net earnings attributable to shareholders of the Corporation per share	**$0.79**	$0.57	$0.48	$0.35	**$0.81**	$0.51	$0.55	$0.50
Weighted average number of shares outstanding	**86.6**	86.6	86.8	86.9	**87.0**	87.0	87.0	87.0

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

Reconciliation of net indebtedness

(in millions of dollars, except ratios)	**As at October 30, 2022**	As at October 31, 2021
Long-term debt	**$979.3**	$778.2
Current portion of long-term debt	**10.7**	187.3
Lease liabilities	**135.0**	137.3
Current portion of lease liabilities	**25.3**	23.1
Cash	**(45.7)**	(231.1)
Net indebtedness	**$1,104.6**	$894.8
Adjusted operating earnings before depreciation and amortization (last 12 months) (1)	**$446.7**	$464.8
Net indebtedness ratio (1)	**2.47 x**	1.93 x

(1) Adjusted operating earnings before depreciation and amortization has been restated to conform to the presentation adopted during the year.

ANALYSIS OF CONSOLIDATED RESULTS - CUMULATIVE

Revenues

Revenues increased by $312.7 million, or 11.8%, from $2,643.4 million in fiscal 2021 to $2,956.1 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 higher volume in our two main operating sectors. These factors were partially mitigated by the unfavourable impact of the 53rd week in the prior fiscal year. A more detailed analysis of revenues is presented in the "Analysis of Sector Results - Cumulative" section.

Operating and Other Expenses

Operating expenses increased by $330.8 million in fiscal 2022, or 15.2%, compared to the corresponding period of 2021. This increase results mainly from the rise in raw materials costs, the impact of inflation on the cost structure, the acquisitions of H.S. Crocker Company inc. ("H.S. Crocker"), BGI Retail Inc. ("BGI"), Éditions du renouveau pédagogique inc. ("ERPI"), Scolab Inc. ("Scolab") and Banaplast S.A.S. ("Banaplast") and the unfavourable change caused by the end of the Canada Emergency Wage Subsidy which the Corporation received in the prior year.

Restructuring and other costs (revenues) decreased by $15.2 million, from an expense of $12.7 million in fiscal 2021 to a revenue of $2.5 million in the corresponding period of 2022. This favourable variance is mainly explained by the remeasurement of a contingent consideration related to an acquisition in the Printing Sector, a $7.5 million net gain on the disposal of buildings and, to a lesser extent, a decrease in workforce reduction costs in the Printing Sector. These factors were partially mitigated by the configuration and customization costs in a cloud computing arrangement of $8.4 million.

Operating Earnings before depreciation and amortization

Operating earnings before depreciation and amortization decreased by $2.2 million, or 0.5%, from $451.4 million in fiscal 2021 to $449.2 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 fiscal 2022, due in particular to a labour shortage, the end of the Canada Emergency Wage Subsidy which the Corporation received in the prior year and the impact of the 53rd week in the prior fiscal year. These factors were partially offset by the recent acquisitions and the favourable effect of the change in restructuring costs and, to a lesser extent, the decrease in the stock-based compensation expense related to the share price.

Adjusted operating earnings before depreciation and amortization decreased by $18.1 million, or 3.9%, from $464.8 million in fiscal 2021 to $446.7 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 $14.3 million, from $217.6 million in fiscal 2021 to $231.9 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 $2.3 million, from $42.3 million in fiscal 2021 to $40.0 million in the corresponding period of fiscal 2022. This change is explained mainly by a favourable exchange rate effect.

Income Taxes

Income taxes decreased by $24.5 million, from $61.0 million in fiscal 2021, for an effective tax rate of 31.9%, to $36.5 million in the corresponding period of 2022, for an effective tax rate of 20.6%. This decrease is mainly explained by the tax impact of an internal reorganization and the adjustment on additional taxes in other jurisdictions in 2021.

Adjusted income taxes decreased from $64.9 million in fiscal 2021, for an effective tax rate of 23.9%, to $55.8 million in the corresponding period of 2022, for an effective tax rate of 22.8%. 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 increased by $10.6 million, or 8.1%, from $130.6 million in fiscal 2021 to $141.2 million in the corresponding period of 2022. This increase is mainly attributable to lower income taxes, partially mitigated by the decline in operating earnings. On a per share basis, net earnings attributable to shareholders of the Corporation went from $1.50 to $1.63, respectively, due to the above-mentioned items.

Adjusted net earnings attributable to shareholders of the Corporation decreased by $16.7 million, or 8.1%, from $206.4 million in fiscal 2021 to $189.7 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 $2.37 to $2.19, respectively.

ANALYSIS OF CONSOLIDATED RESULTS - FOURTH QUARTER

Revenues

Revenues increased by $26.4 million, or 3.4%, from $775.8 million in the fourth quarter of 2021 to $802.2 million in the corresponding period of 2022. This increase is mainly attributable to the recent acquisitions of H.S. Crocker, ERPI, Banaplast and Scolab, the impact of the transfer of the rise in raw materials prices as well as organic growth in the Printing Sector and, to a lesser extent, the favourable exchange rate effect. These factors were partially mitigated by the unfavourable impact of the 53rd week in the prior fiscal year. A more detailed analysis of revenues is presented in the section "Analysis of Sector Results - Fourth Quarter".

Operating and Other Expenses

Operating expenses increased by $28.4 million, or 4.5%, in the fourth quarter of 2022 compared to the corresponding period of 2021. This increase results mainly from the recent acquisitions, the rise in raw materials prices and the impact of inflation on the cost structure, partially offset by the favourable impact of the 53rd week in the prior fiscal year.

Restructuring and other costs decreased by $11.2 million, from an expense of $6.6 million in the fourth quarter of 2021 to a revenue of $4.6 million in the fourth quarter of 2022. This favourable change results mainly from the fair value remeasurement of a contingent consideration related to acquisitions, mainly in the Printing Sector, as well as a net gain on the sale of a property. These factors were partially mitigated by the configuration and customization costs in a cloud computing arrangement of $2.3 million.

Operating Earnings before Depreciation and Amortization

Operating earnings before depreciation and amortization increased by $9.9 million, or 7.3%, from $135.8 million in the fourth quarter of 2021 to $145.7 million in the fourth quarter of 2022. The increase in operating earnings before depreciation and amortization is mainly attributable to the recent acquisitions, the favourable effect of the change in restructuring costs and, to a lesser extent, the favourable exchange rate effect. These factors were partially mitigated by the impact of the 53rd week in the prior fiscal year, the end of the Canada Emergency Wage Subsidy which the Corporation received in the prior year and, to a lesser extent, the impact of inflation on volume and cost structure.

Adjusted operating earnings before depreciation and amortization decreased by $2.0 million, or 1.4%, from $143.1 million in the fourth quarter of 2021 to $141.1 million in the fourth quarter of 2022. A more detailed analysis of adjusted operating earnings is presented in the section "Analysis of Sector Results - Fourth Quarter".

Depreciation and Amortization

Depreciation and amortization increased by $5.1 million, from $55.3 million in the fourth quarter of 2021 to $60.4 million in the fourth 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, and the unfavourable exchange rate effect.

Net Financial Expenses

Net financial expenses slightly decreased by $1.4 million, from $11.9 million in the fourth quarter of 2021 to $10.5 million in the fourth quarter of 2022. This favourable change is explained by a favourable exchange rate effect in the fourth quarter of 2022 and the impact of the 53rd week in the prior fiscal year, mitigated by higher interest rates and cash outflows related to new acquisitions.

Income Taxes

Income taxes decreased by $14.5 million, from $29.2 million in the fourth quarter of 2021, for an effective tax rate of 42.6%, to $14.7 million in the fourth quarter of 2022, for an effective tax rate of 19.7%. This decrease in tax rate is mainly attributable to an adjustment related to the tax impact of an internal reorganization in 2021.

Adjusted income taxes decreased by $1.7 million, from $22.2 million in the fourth quarter of 2021, for an effective tax rate of 23.7%, to $20.5 million in the fourth quarter of 2022, for an effective tax rate of 23.3%.

Net Earnings Attributable to Shareholders of the Corporation

Net earnings attributable to shareholders of the Corporation increased by $21.2 million, from $39.2 million in the fourth quarter of 2021 to $60.4 million in the fourth quarter of 2022. This increase is mainly attributable to the previously explained rise in operating earnings before depreciation and amortization, lower financial expenses and lower income taxes. On a per share basis, net earnings attributable to shareholders of the Corporation went from $0.45 to $0.70, respectively.

Adjusted net earnings attributable to shareholders of the Corporation decreased by $2.2 million, or 3.1%, from $70.6 million in the fourth quarter of 2021 to $68.4 million in the fourth quarter of 2022. This decrease is due to the previously explained decline in adjusted operating earnings before depreciation and amortization. On a per share basis, adjusted net earnings attributable to shareholders of the Corporation went from $0.81 to $0.79, respectively.

ANALYSIS OF SECTOR RESULTS - CUMULATIVE
(unaudited)

Table #3:

(in millions of dollars)	Packaging	Printing	Other	Consolidated results
Revenues - Year ended October 31, 2021	**$1,449.7**	**$1,132.6**	**$61.1**	**$2,643.4**
Acquisitions	78.1	24.1	27.8	130.0
Existing operations				
Exchange rate effect	11.4	2.3	—	13.7
Organic growth (decline) (4)	126.0	45.3	(2.3)	169.0
Revenues - Year ended October 30, 2022	**$1,665.2**	**$1,204.3**	**$86.6**	**$2,956.1**
Adjusted operating earnings before depreciation and amortization (1) (2) - Year ended October 31, 2021	**$199.5**	**$269.6**	**($4.3)**	**$464.8**
Acquisitions	5.9	5.3	11.3	22.5
Existing operations				
Exchange rate effect	2.2	1.6	0.2	4.0
Stock-based compensation	—	—	6.5	6.5
Organic growth (decline) (3) (4)	(2.2)	(48.1)	(0.8)	(51.1)
Adjusted operating earnings before depreciation and amortization (1) - Year ended October 30, 2022	**$205.4**	**$228.4**	**$12.9**	**$446.7**

(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 current year.
(3) The above results include $29.5 million in Canada Emergency Wage Subsidy for the year ended October 31, 2021.
(4) The above results include $56.5 million in revenues for the 53rd week with a consequential effect on adjusted operating earnings for the year ended October 31, 2021.

Packaging Sector

Packaging Sector revenues increased by $215.5 million, from $1,449.7 million in fiscal 2021 to $1,665.2 million in the corresponding period of 2022. This increase is mostly attributable to the impact of the transfer of the rise in raw materials prices and other costs, the acquisitions of H.S. Crocker and Banaplast and higher volume. These factors were partially mitigated by the unfavourable impact of the 53rd week in the prior fiscal year.

Adjusted operating earnings before depreciation and amortization increased by $5.9 million, from $199.5 million in fiscal 2021 to $205.4 million in the corresponding period of 2022. This increase is mainly attributable to the acquisitions of H.S. Crocker and Banaplast, higher volume, the favourable effect of the transfer of the rise in raw materials prices compared to the corresponding period of the prior year and, to a lesser extent, the favourable exchange rate effect. These factors were partially mitigated by the current inflationary situation and the various external factors resulting from the pandemic that negatively impacted production capacity at several plants during the first part of fiscal 2022, as well as the impact of the 53rd week in the fourth quarter of the prior fiscal year. The sector's adjusted operating earnings margin before depreciation and amortization decreased from 13.8% in fiscal 2021 to 12.3% in the corresponding period of 2022, due to the above-mentioned items.

Printing Sector

Printing Sector revenues increased by $71.7 million, from $1,132.6 million in fiscal 2021 to $1,204.3 million in the corresponding period of 2022. This increase is mostly related to higher book printing volume as well as 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. This increase was partially mitigated by the unfavourable impact of the 53rd week in the fourth quarter of the prior fiscal year.

Adjusted operating earnings before depreciation and amortization decreased by $41.2 million, from $269.6 million in fiscal 2021 to $228.4 million in the corresponding period of 2022. This decrease is mainly related to the end of the Canada Emergency Wage Subsidy which the Corporation received in the prior year and operational inefficiencies related to the pandemic that negatively impacted production capacity at several plants during the first part of fiscal 2022, as well as the unfavourable impact of the 53rd week in the fourth quarter of the prior fiscal year. 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 23.8% in fiscal 2021 to 19.0% 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 21.3% in fiscal 2021.

Other
Revenues increased by $25.5 million, from $61.1 million in fiscal 2021 to $86.6 million in the corresponding period of 2022. This increase is mostly attributable to the recent acquisitions of ERPI and Scolab in the Media Sector.

Adjusted operating earnings before depreciation and amortization increased by $17.2 million, from -$4.3 million in fiscal 2021 to $12.9 million in the corresponding period of 2022. This increase is mainly due to the acquisitions in the Media Sector and the decrease in the stock-based compensation expense.

ANALYSIS OF SECTOR RESULTS - FOURTH QUARTER
(unaudited)

Table #4:

(in millions of dollars)	Packaging	Printing	Other	Consolidated results
Revenues - Fourth quarter of 2021	**$417.4**	**$332.7**	**$25.7**	**$775.8**
Acquisitions	23.7	—	16.0	**39.7**
Existing operations				
Exchange rate effect	8.8	1.4	—	**10.2**
Organic growth (decline) (4)	(16.4)	(7.1)	—	**(23.5)**
Revenues - Fourth quarter of 2022	**$433.5**	**$327.0**	**$41.7**	**$802.2**
Adjusted operating earnings before depreciation and amortization (1) (2) - Fourth quarter of 2021	**$57.9**	**$81.1**	**$4.1**	**$143.1**
Acquisitions	1.7	—	7.3	**9.0**
Existing operations				
Exchange rate effect	1.6	0.9	0.2	**2.7**
Stock-based compensation	—	—	1.3	**1.3**
Organic growth (decline) (3) (4)	0.5	(17.4)	1.9	**(15.0)**
Adjusted operating earnings before depreciation and amortization (1) - Fourth quarter of 2022	**$61.7**	**$64.6**	**$14.8**	**$141.1**

(1) Please refer to Table #2 in the section entitled "Reconciliation of Non-IFRS Financial Measures" in this Management's Discussion and Analysis for adjusted data presented above.
(2) Adjusted operating earnings before depreciation and amortization has been restated to conform to the presentation adopted in the current year.
(3) The above results include $3.7 million in Canada Emergency Wage Subsidy for the fourth quarter of 2021.
(4) The above results include $56.5 million in revenues for the 53rd week with a consequential effect on the adjusted operating earnings for the fourth quarter of 2021.

Packaging Sector
Packaging Sector revenues increased by $16.1 million, or 3.9%, from $417.4 million in the fourth quarter of 2021 to $433.5 million in the fourth quarter of 2022. This increase is mainly attributable to the recent acquisitions of H.S. Crocker and Banaplast, the impact of the transfer of the rise in raw materials prices as well as the favourable exchange rate effect. These factors were partially mitigated by the impact of the 53rd week in the fourth quarter of the prior fiscal year and a slight decrease in volume.

Adjusted operating earnings before depreciation and amortization increased by $3.8 million, or 6.6%, from $57.9 million in the fourth quarter of 2021 to $61.7 million in the fourth quarter of 2022. This increase is mainly explained by the positive impact of the contractual transfer of raw materials prices, the impact of the non-contractual increase in prices due to the current inflationary situation, the recent acquisitions and the favourable exchange rate effect. These factors were partially mitigated by the unfavourable impact of the 53rd week in the fourth quarter of the prior fiscal year. The sector's adjusted operating earnings margin before depreciation and amortization increased slightly from 13.9% in the fourth quarter of 2021 to 14.2% in the fourth quarter of 2022, mainly due to the above-mentioned items.

Printing Sector
Printing Sector revenues decreased by $5.7 million, or 1.7%, from $332.7 million in the fourth quarter of 2021 to $327.0 million in the fourth quarter of 2022. The decrease results from the unfavourable impact of the 53rd week in the fourth quarter of the prior fiscal year, which was partially offset by higher book printing volume and, to a lesser extent, higher volume in in-store marketing, as well as the impact of the transfer of the rise in raw materials prices to customers and, to a lesser extent, the favourable exchange rate effect.
Adjusted operating earnings before depreciation and amortization decreased by $16.5 million, or 20.3%, from $81.1 million in the fourth quarter of 2021 to $64.6 million in the fourth quarter of 2022. This decrease is mostly caused by a decrease in organic growth related to the impact of

inflation on volume and cost structure, the impact of the 53rd week in the fourth quarter of the prior fiscal year and the end of the Canada Emergency Wage Subsidy which the Corporation received in the prior year. The sector's adjusted operating earnings margin before depreciation and amortization decreased from 24.4% in the fourth quarter of 2021 to 19.8% in the fourth quarter of 2022, mostly due to the end of the Canada Emergency Wage Subsidy and the impact of inflation on volume and cost structure. Excluding the Canada Emergency Wage Subsidy, the margin would have been 23.3 % in the fourth quarter of 2021.

Other

Other Sector revenues increased by $16.0 million, from $25.7 million in the fourth quarter of 2021 to $41.7 million in the fourth quarter of 2022, mostly as a result of the recent acquisitions of ERPI and Scolab.

Adjusted operating earnings before depreciation and amortization increased by $10.7 million, from $4.1 million in the fourth quarter of 2021 to $14.8 million in the fourth quarter of 2022, mainly as a result of the recent acquisitions in the Media Sector.

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			
	Q4	Q3	Q2	Q1	**Q4**	Q3	Q2	Q1
	13 weeks	13 weeks	13 weeks	13 weeks	**14 weeks**	13 weeks	13 weeks	13 weeks
Revenues	**$802.2**	$747.8	$715.5	$690.6	**$775.8**	$621.6	$623.3	$622.7
Operating earnings before depreciation and amortization (1)	**145.7**	110.0	102.8	90.7	**135.8**	103.4	108.9	103.3
Adjusted operating earnings before depreciation and amortization (1) (2)	**141.1**	113.0	103.6	89.0	**143.1**	104.2	109.4	108.1
Adjusted operating earnings margin before depreciation and amortization (2)	**17.6 %**	15.1 %	14.5 %	12.9 %	**18.4 %**	16.8 %	17.6 %	17.4 %
Operating earnings	**$85.3**	$52.1	$46.1	$33.8	**$80.5**	$50.2	$55.9	$47.2
Adjusted operating earnings (2)	**99.1**	72.6	64.1	49.3	**104.9**	67.4	72.6	68.6
Adjusted operating earnings margin (2)	**12.4 %**	9.7 %	9.0 %	7.1 %	**13.5 %**	10.8 %	11.6 %	11.0 %
Net earnings attributable to shareholders of the Corporation	**$60.4**	$34.1	$28.3	$18.4	**$39.2**	$28.1	$35.6	$27.7
Net earnings attributable to shareholders of the Corporation per share	**0.70**	0.39	0.33	0.21	**0.45**	0.32	0.41	0.32
Adjusted net earnings attributable to shareholders of the Corporation (2)	**68.4**	49.6	41.7	30.0	**70.6**	44.2	47.8	43.8
Adjusted net earnings attributable to shareholders of the Corporation per share (2)	**0.79**	0.57	0.48	0.35	**0.81**	0.51	0.55	0.50
% of fiscal year	**36 %**	26 %	22 %	16 %	**35 %**	21 %	23 %	21 %

(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 year.
(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;
- The impact of the additional week in 2021.

FINANCIAL POSITION, LIQUIDITY AND CAPITAL STRUCTURE

(unaudited)

Table #6:

(in millions of dollars)	Three months ended **October 30, 2022**	Three months ended October 31, 2021	Year ended **October 30, 2022**	Year ended October 31, 2021
Operating activities				
Cash flows generated by operating activities before changes in non-cash operating items and income taxes paid (1)	**$127.9**	$141.0	**$435.2**	$453.4
Changes in non-cash operating items (1)	**(1.2)**	(21.9)	**(129.5)**	(78.7)
Income taxes paid	**(23.2)**	(26.4)	**(84.9)**	(59.4)
Cash flows from operating activities	**$103.5**	$92.7	**$220.8**	$315.3
Investing activities				
Business combinations, net of acquired cash	**$—**	$0.3	**$ (124.8)**	$ (43.7)
Acquisitions of property, plant and equipment	**(28.6)**	(25.8)	**(117.1)**	(115.0)
Disposals of property, plant and equipment	**1.3**	0.1	**9.8**	1.0
Increase in intangible assets	**(5.6)**	(7.8)	**(25.3)**	(23.3)
Cash flows from investing activities	**($32.9)**	($33.2)	**($257.4)**	($181.0)
Financing activities				
Increase in long-term debt	**$—**	$3.0	**$200.0**	$399.3
Reimbursement of long-term debt	**(0.5)**	(187.1)	**(330.6)**	(409.0)
Net increase (decrease) in credit facilities	**(18.6)**	—	**127.0**	—
Financial expenses paid on long-term debt and credit facilities	**(7.4)**	(9.5)	**(34.7)**	(35.1)
Repayment of principal on lease liabilities	**(6.0)**	(6.2)	**(24.3)**	(23.7)
Interest paid on lease liabilities	**(0.6)**	(0.8)	**(3.2)**	(3.3)
Dividends	**(19.5)**	(19.6)	**(78.1)**	(78.3)
Share redemptions	**—**	—	**(7.0)**	—
Cash flows from financing activities	**($52.6)**	($220.2)	**($150.9)**	($150.1)
Effect of exchange rate changes on cash denominated in foreign currencies	**$1.3**	($0.2)	**$2.1**	$5.9
Net change in cash	**$19.3**	($160.9)	**($185.4)**	($9.9)

(1) Data for the year ended October 31, 2021 have been restated to conform to the presentation adopted in the current year.

Financial position	**As at October 30, 2022**	As at October 31, 2021
Net indebtedness (1)	**$1,104.6**	$894.8
Net indebtedness ratio (1) (2)	**2.47 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 October 30, 2022**	As at October 31, 2021
Current assets	**$1,134.7**	$1,125.5
Current liabilities (3)	**547.0**	700.3
Total assets	**3,801.0**	3,612.9
Total liabilities	**1,919.0**	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.
(2) Adjusted operating earnings before depreciation and amortization have been restated to conform to the presentation adopted in the year.
(3) Data for the year ended October 31, 2021 have been restated to conform to the presentation adopted in the current year.

ANALYSIS OF FINANCIAL POSITION, LIQUIDITY AND CAPITAL STRUCTURE - FISCAL YEAR

Cash Flows from Operating Activities

Cash flows from operating activities decreased from $315.3 million in fiscal 2021 to $220.8 million in fiscal 2022. This decrease is mostly explained by changes in non-cash operating items, which are notably attributable to the unfavourable change in timing of accounts payable and accrued liabilities and an increase in inventories in the Packaging Sector, lower adjusted operating earnings before depreciation and amortization, as well as higher income taxes paid during the year.

Cash Flows from Investing Activities

Cash flows from investing activities went from a cash outflow of $181.0 million in fiscal 2021 to a cash outflow of $257.4 million in fiscal 2022. This change is mainly explained by the recent acquisitions.

Cash Flows from Financing Activities

Cash flows from financing activities remained relatively stable and went from a cash outflow of $150.1 million in fiscal 2021 to a cash outflow of $150.9 million in fiscal 2022. The change is mainly explained by the repayment of debt instruments, mitigated by the issuance of new debt instruments and amounts drawn on the credit facilities.

Debt Instruments

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

On November 1, 2021, concurrently with the repayment of tranche D of the U.S. dollar term loans, the Corporation settled a floating-to-fixed interest rate swap for a paid consideration of $2.2 million.

On February 1, 2022, the Corporation repaid 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.

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.

On February 1, 2022, concurrently with the issuance of the private offering of unsecured notes, the Corporation entered into fixed-to-floating interest rate swaps with a notional amount of $200.0 million. The Corporation also entered into cross-currency floating interest rate swaps with a notional amount of $200.0 million (US$157.1 million).

On June 30, 2022, the Corporation amended tranche F of the U.S. dollar term loans (issued in 2018) of $153.0 million (US$112.5 million), which was maturing on May 1, 2023 and was bearing interest at floating LIBOR plus 1.70%, to extend its maturity to June 30, 2027. Tranche F now bears interest at a floating rate based on the Secured Overnight Financing Rate ("SOFR") plus 1.70%. On June 30, 2022, concurrently with amending tranche F of the U.S. dollar term loans (issued in 2018), the Corporation settled a floating-to-fixed interest rate swap for a consideration received of $0.1 million.

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

The Corporation has another credit facility with a maximum amount of US$25.0 million ($34.0 million), which matured in March 2022 and for which the maturity was extended until March 2023 on similar terms.

As at October 30, 2022, an amount of $132.7 million had been drawn on the credit facilities, of which $9.1 million (US$6.7 million) maturing on March 31, 2023 was reported in Current liabilities, and the available amount under the credit facilities was $301.3 million.

The Corporation has revolving letters of credit facilities for an aggregate amount of $40.0 million. The fees applicable to the issued portion of these letters of credit facilities are 0.80% annually. As at October 30, 2022, letters of credit amounting to $20.0 million ($23.3 million as at October 31, 2021) were issued on these facilities, mainly to secure unpaid contributions with respect to the solvency deficiency of the Corporation's defined benefit plans.

Net indebtedness went from $894.8 million as at October 31, 2021 to $1,104.6 million as at October 30, 2022. This increase is mostly explained by investments in property, plant and equipment, the recent acquisitions, the foreign exchange effect on net indebtedness as well as lower cash flows from operating activities. Consequently, the net indebtedness ratio stood at 2.47x as at October 30, 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.

ANALYSIS OF FINANCIAL POSITION - FOURTH QUARTER

Cash Flows from Operating Activities

Cash flows from operating activities increased from $92.7 million in the fourth quarter of 2021 to $103.5 million in the fourth quarter of 2022. This increase is mostly attributable to the change in working capital, which is largely explained by lower inventory compared to the corresponding period of the prior year, partially offset by the decrease in adjusted operating earnings before depreciation and amortization.

Cash Flows from Investing Activities

Cash flows from investing activities remained relatively stable and went from a cash outflow of $33.2 million in the fourth quarter of 2021 to a cash outflow of $32.9 million in the fourth quarter of 2022.

Cash Flows from Financing Activities

Cash flows from financing activities went from a cash outflow of $220.2 million in the fourth quarter of 2021 to a cash outflow of $52.6 million in the fourth quarter of 2022. This change is mostly explained by the early repayment of long-term debt of $187.1 million (US$150.0 million) on tranche C of the U.S. dollar term loan term loans that was maturing on November 1, 2021.

Contractual Obligations and Business Commitments

Table #7:

Type of contract (in millions of dollars)	Carrying amount	Contractual cash flows	Less than 1 year	1-3 years	3-5 years	Over 5 years
Non-derivative financial liabilities						
Accounts payable and accrued liabilities	$477.8	$477.8	$477.8	$—	$—	$—
Long-term debt	990.0	1,170.9	49.2	275.9	581.2	264.6
Lease liabilities	160.3	174.4	27.7	48.6	36.6	61.5
Other monetary liabilities, excluding contingent considerations	15.0	15.0	—	15.0	—	—
Total non-derivative financial liabilities	**$1,643.1**	**$1,838.1**	**$554.7**	**$339.5**	**$617.8**	**$326.1**
Derivative financial instruments						
Cross-currency interest rate swaps	35.3	44.5	3.4	18.7	22.4	—
Foreign exchange forward contracts	17.4	17.4	7.9	9.5	—	—
Total return swaps	4.9	4.9	4.9	—	—	—
Total contractual obligation	**$1,700.7 $**	**$1,904.9 $**	**$570.9 $**	**$367.7 $**	**$640.2 $**	**$326.1**

The Corporation expects to contribute an amount estimated at $3.3 million to its defined benefit plans during the year ending October 29, 2023, considering that it plans to use letters of credit from its credit facilities to secure unpaid contributions for the solvency deficiency of the defined benefit plans. The actual amount paid may differ from the estimate based on the results of the actuarial valuations, investment returns, volatility in discount rates, regulatory requirements and other factors.

Share Capital

Table #8:

Shares Issued and Outstanding	As at October 30, 2022	As at November 30, 2022
Class A (Subordinate Voting Shares)	**72,711,344**	**72,712,844**
Class B (Multiple Voting Shares)	**13,912,826**	**13,911,326**
Total Class A and Class B	**86,624,170**	**86,624,170**

On September 29, 2022, 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 3, 2022 and October 2, 2023, or at an earlier date if the Corporation concludes or cancels the offer, up to 1,000,000 of its Class A Subordinate Voting Shares and up to 191,343 of its Class B Shares. Repurchases are made in the normal course of business at market prices through the Toronto Stock Exchange.

On September 29, 2021, the Corporation had 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 year ended October 30, 2022, the Corporation repurchased and cancelled 400,800 of its Class A Subordinate Voting Shares at a weighted average price of $17.43 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 October 30, 2022.

During the year ended October 31, 2021, the Corporation repurchased and cancelled 200 of its Class A Subordinate Voting Shares at a weighted average price of $18.39, for a negligible total cash consideration. The excess of the total consideration over the carrying amount of the shares 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 October 31, 2021.

RISKS AND UNCERTAINTIES

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

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

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

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

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

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

The Corporation offers a full range of distribution services, from preparation to door-to-door distribution, optimal order management and distribution list creation. Due to its significance, the success of the Printing Sector depends in part on the strength of the Corporation’s distribution network and other systems implemented in Canada. Some cities in Quebec have amended their by-laws to prohibit or limit the opt-out model for door-to-door distribution of printed advertising material and the use of plastic bags. Other cities are contemplating amending their by-laws in a similar manner. The Corporation is seeking and intends to seek to have these by-laws declared null and void on the grounds that they are discriminatory and also infringe the right to freedom of expression guaranteed by the Canadian Charter of Rights and Freedoms and the Quebec Charter of Human Rights and Freedoms and, with respect to the distribution of local weekly newspapers in addition to printed flyers, the right to information protected by the Quebec Charter. Should the Corporation fail to get such by-laws declared null and void, this could have a significant negative impact on its business model and, consequently, net earnings. In addition to exploring other alternatives, the Corporation continues to work with public bodies to demonstrate the benefits of flyers and the potential negative effect of such regulations on the value chain as a whole, namely households that can save money, stores, the survival of local newspapers, jobs and the Corporation, in particular in a period of inflation. The Corporation is appealing the adverse decision on the by-law adopted by the City of Mirabel, in Québec. To date, when door-to-door distribution is prohibited or limited by these new by-laws, it is carried out by Canada Post instead of the Corporation based on rates that could be different from those of the Corporation.

Although the Corporation continuously works to improve the environmental responsibility of its products, various by-laws have started to impose the gradual reduction of the use of plastic bags used by the Corporation in distributing printed flyers. Other bodies ban recyclable plastic bags for distribution and replace them with compostable plastic bags. Such changes have or would have an impact on the current business model used by the Corporation and, consequently, on the Corporation's net earnings.

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

Economic Environment - Inflation and recession risks

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

Economic Conditions - Disruption in the supply chain

The current situation in which the Corporation operates remains affected by the global outbreak of the pandemic and the geopolitical situation since the invasion of Ukraine by Russia. These factors put more pressure and increase disruptions in supply chains. The combined effects of a limited supply and a strong demand generated shortages in consumer goods and inputs, delays in delivering equipment and spare parts and increases in energy and raw materials prices, which could have an adverse impact on the Corporation's operating results and operations.

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

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

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

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

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

Acquisitions – Ability to complete acquisitions and properly integrate them

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

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

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

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

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

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

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

Resin is one of the main raw materials used by the Packaging Sector. The instability of the market in which the Corporation operates is affected by various external factors such as pandemics and climate disturbances, which are in large part beyond our control. Resin price fluctuations or a resin shortage could have an impact on the Corporation's operations, financial position and net earnings.

A resin shortage or our inability to transfer price increases to customers in due time could have an adverse impact on the Corporation's operations, financial position and net earnings.

Paper is one of the main raw materials used by the Printing Sector. A fluctuation in paper prices could have an impact on our operations, our financial position and our net earnings. In addition, the Corporation could end up being unable to transfer the increase in raw materials prices, which could have an adverse impact on our operations, our financial position and our net earnings.

Pandemic, Epidemic or Outbreak of an Infectious Disease

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

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

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

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

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

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

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

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

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

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

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

Sustainable development requirements also increase disclosure and reporting requests, for which the Corporation has to implement increasingly detailed and solid data gathering and analysis processes on an ongoing basis. The expectations for quickly implementing climate change initiatives are increasingly higher, and the inability to put in place action plans with tangible results in the short term could represent a reputational and business disadvantage and risk.

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

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

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

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

Economic Cycles – Impact of economic cycles on product demand

The Corporation's activities are exposed to economic cycles and difficult market conditions as a significant portion of its printing revenues depends, directly or indirectly, on spending by advertisers. Global economic conditions, changes in consumers' buying habits and significant structural changes, in particular the consolidation in some industries and the adoption of digital platforms, also affect the operations of the Corporation's main customers, which could have an adverse impact on the offered products. The Corporation operates in many countries, and the economic risks specific to each country may have an adverse impact on its results of operations and net earnings.

Data Confidentiality – Warehousing, using and protecting personal data

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

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

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

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

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

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

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

Credit – Bad debts from certain customers

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

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

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

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

Exchange Rates – Exchange rate fluctuations

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

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

The Corporation is exposed to risks of increases in interest rates. The Corporation maintains a combination of fixed-rate and floating-rate debt and monitors relevant interest rates and may, if applicable, hedge the exposure to floating interest rates with various derivative instruments. Floating-rate debt bears interest at rates based on the Secured Overnight Financing Rate ("SOFR"), the London Inter-Bank Offered Rate ("LIBOR") or bankers' acceptance rates, which significantly increased over the past few quarters as a result of the tightening of monetary policies by the main central banks. As it has floating-rate debt, an increase in interest rates could have an impact on the Corporation's earnings. As at November 30, 2022, the floating-rate portion of the Corporation's long-term debt represented approximately 65.0% of total debt.

Liquidity - Availability of capital at a reasonable cost

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

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

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

Litigation, Respect of Privacy – The Corporation is subject to legal risks related to its activities

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

The Canadian anti-spam legislation states that businesses that send commercial electronic messages must obtain the consent of the person to whom the message is sent. However, there could be situations in which some of the Corporation's activities would infringe on the privacy of users and others. While the Corporation has implemented strict controls in these areas, any breach with respect to the collection, use, disclosure or security of personal information, protection of copyright or other confidentiality issues could damage its reputation and adversely affect its net earnings.

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

As at October 30, 2022, almost all of the Corporation's active employees were participating in defined contribution pension plans. However, the risks related to the defined benefit pension plans, which are currently closed, are still assumed by the Corporation. Funding for defined benefit plans is based on actuarial estimates and is subject to limitations under applicable income tax and other relevant regulations. Actuarial estimates prepared during the year were based on assumptions related to projected employee compensation levels to the time of retirement and the expected long-term rate of return on pension plan assets. The defined benefit obligation, fair value of plan assets and plan asset composition are measured at the date of the annual financial statements. The Corporation continues to apply its investment strategy to limit the exposure of its assets to major fluctuations that would affect pension plan solvency.

Taxation – Changes in tax legislation could adversely affect profitability

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

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

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

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

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

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

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

As at October 30, 2022, Capinabel inc., a company controlled by Rémi Marcoux, directly or indirectly held 16.62% of shares outstanding and 71.62% of voting rights attached to the participating shares outstanding of the Corporation. Given the controlling stake of this shareholder, it is possible that in some situations the interests of the controlling shareholder might not correspond to the interests of other holders of participating shares of the Corporation.

DISCLOSURE CONTROLS AND PROCEDURES

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

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

The effectiveness of the design and operation of the Corporation's disclosure controls and procedures was evaluated as defined by *Regulation 52-109 respecting Certification of Disclosure in Issuers' Annual and Interim Filings* ("Regulation 52-109") as at October 30, 2022. Based on this evaluation, the President and Chief Executive Officer and the Chief Financial Officer of the Corporation concluded that the design and operation of disclosure controls and procedures were effective as at October 30, 2022.

INTERNAL CONTROL OVER FINANCIAL REPORTING

The President and Chief Executive Officer and the Chief Financial Officer of the Corporation are responsible for establishing and maintaining adequate internal control. The purpose of internal control over financial reporting ("ICFR") is to provide reasonable assurance regarding the reliability of the Corporation's financial reporting and the preparation of consolidated financial statements in accordance with IFRS.

The effectiveness of the design and operation of the Corporation's ICFR was evaluated as at October 30, 2022, in accordance with the framework and criteria set out in the document entitled "Internal Control - Integrated Framework" issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") in 2013, a recognized control model, and the requirement of Regulation 52-109. Based on this evaluation, the President and Chief Executive Officer and the Chief Financial Officer of the Corporation concluded that the design and operation of ICFR were effective as at October 30, 2022.

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

In accordance with the provisions of Regulation 52-109, management has limited the scope of its design of the Corporation's disclosure controls and procedures and ICFR to exclude the controls, policies and procedures of H.S. Crocker, Scolab, ERPI and Banaplast; 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 $75.6 million in revenues during the year ended October 30, 2022, or 2,6 % of the Corporation's consolidated results during the year ended October 30, 2022.

Scolab is a leader in the development of digital educational products based in Montreal. Acquired March 15, 2022, Scolab has generated $2.6 million in revenues during the year ended October 30, 2022, or 0.1% of the Corporation's consolidated results during the year ended October 30, 2022.

ERPI is a Quebec educational publisher based in Montreal, Quebec. Acquired June 13, 2022, ERPI has generated $25.2 million in revenues, or 0.9% of the Corporation's consolidated results during the year ended October 30, 2022.

Banaplast is a flexible packaging company based in Armenia, Colombia. Acquired June 22, 2022, Banaplast has generated $2.5 million in revenues during the year ended October 30, 2022, or 0.1% of the Corporation's consolidated results during the year ended October 30, 2022.

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

Table #8:
(unaudited)

(in millions of dollars)	H.S. Crocker	Scolab	ERPI	Banaplast
Statements of financial position	**As at October 30, 2022**	**As at October 30, 2022**	**As at October 30, 2022**	**As at October 30, 2022**
Current assets	**$30.5**	**$5.0**	**$23.7**	**$4.1**
Non-current assets	**33.6**	**2.7**	**13.5**	**2.1**
Current liabilities	**11.2**	**3.4**	**10.9**	**1.1**
Non-current liabilities	**0.3**	**0.1**	**3.2**	**—**
Statements of earnings	**Year ended October 30, 2022**	**Year ended October 30, 2022**	**Year ended October 30, 2022**	**Year ended October 30, 2022**
Revenues	**$75.6**	**$2.6**	**$25.2**	**$2.5**
Operating earnings before depreciation and amortization	**3.0**	**1.7**	**9.3**	**0.9**
Operating earnings	**(0.6)**	**0.2**	**7.4**	**0.9**

During the year ended October 30, 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 investing in new production equipment, signing new contracts and introducing new products to the market, we expect organic volume growth. In terms of profitability, we expect an increase in adjusted operating earnings before depreciation and amortization for fiscal year 2023 compared to fiscal year 2022. The economic conditions could however affect short-term demand.

In the Printing Sector, we expect revenue growth for fiscal year 2023 compared to fiscal year 2022 as a result of the growth in volume in our book printing and in-store marketing activities as well as the impact of the transfer of cost increases. This transfer should however have a negative impact on volume in some segments. This anticipated volume decrease, combined to the effect of inflationary pressures, should decrease adjusted operating earnings before depreciation and amortization for fiscal year 2023 compared to fiscal year 2022.

Finally, we expect to continue generating significant cash flows from operating activities, which will enable us to continue our strategic investments while reducing our net indebtedness.

On behalf of Management,

(s) Donald LeCavalier
Chief Financial Officer

December 13, 2022

consolidated financial statements

and notes

MANAGEMENT'S RESPONSIBILITY FOR CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

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

(s) Peter Brues

President and Chief Executive Officer

(s) Donald LeCavalier

Chief Financial Officer

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INDEPENDENT AUDITORS' REPORT

To the Shareholder of Transcontinental Inc.

Opinion

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

- the consolidated statements of financial position as at October 30, 2022 and October 31, 2021
- the consolidated statements of earnings for the years then ended
- the consolidated statements of comprehensive income for the years then ended
- the consolidated statements of changes in equity for the years then ended
- the consolidated statements of cash flows for the years then ended
- and notes to the consolidated financial statements, including a summary of significant accounting policies

(hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at October 30, 2022 and October 31, 2021, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the **"*Auditors' Responsibilities for the Audit of the Financial Statements*"** section of our auditors' report.

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

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended October 30, 2022. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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

Assessment of the recoverable amount of groups of cash generating units ("CGU") to which goodwill has been allocated

Description of the matter

We draw attention to Notes 2(m), (n) and (v), 7 and 16 to the consolidated financial statements. The goodwill balance is $1,181.7 million. Goodwill acquired in a business combination is allocated to CGU (or group of CGUs) that will benefit from the synergies of the combination.

A CGU (or group of CGUs) to which goodwill has been allocated is tested for impairment annually, or more frequently if changes in circumstances indicate a potential impairment. An impairment loss is recognized if the carrying amount of a CGU (or group of CGUs) exceeds its estimated recoverable amount. Impairment losses are recognized in net earnings. Impairment losses recognized are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (or group of CGUs), and then to reduce the carrying amounts of the other assets in the CGU (or group of CGUs) on a pro rata basis.

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

Why the matter is a key audit matter

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

How the matter was addressed in the audit

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

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

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

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

- the appropriateness of capitalization multiples by comparing them to publicly available market data for comparable entities; and
- the reasonableness of the estimate of the recoverable amount of all CGUs (or group of CGUs) by comparing the sum of all recoverable amounts with the Entity's market capitalization and by comparing the budgeted operating earnings before depreciation and amortization multiple to published operating earnings before depreciation and amortization multiples for comparable entities.

Other Information

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

- the information included in Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions.
- the information, other than the financial statements and the auditors' report thereon, included in a document likely to be entitled "2022 Annual Report".

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

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

We have nothing to report in this regard.

The information, other than the financial statements and the auditors' report thereon, included in a document likely to be entitled "2022 Annual Report" is expected to be made available to us after the date of this auditors' report. If, based on the work we will perform on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact to those charged with governance.

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

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

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

  The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- Provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group Entity to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.
- Determine, from the matters communicated with those charged with governance, those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our auditors' report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this auditors' report is Yvon Dupuis.

KPMG LLP*

Montréal, Canada

December 13, 2022

*CPA auditor, public accountancy permit No. A114306

CONSOLIDATED STATEMENTS OF EARNINGS

Years ended October 30, 2022 and October 31, 2021
(in millions of Canadian dollars, except per share data)

	Notes	October 30, 2022	October 31, 2021 [(1)]
Revenues		**$ 2,956.1**	$ 2,643.4
Operating expenses	5	**2,509.4**	2,178.6
Restructuring and other costs (revenues)	6	**(2.5)**	12.7
Impairment of assets		**—**	0.7
Operating earnings before depreciation and amortization		**449.2**	451.4
Depreciation and amortization	8	**231.9**	217.6
Operating earnings		**217.3**	233.8
Net financial expenses	9	**40.0**	42.3
Earnings before income taxes		**177.3**	191.5
Income taxes	10	**36.5**	61.0
Net earnings		**140.8**	130.5
Non-controlling interests		**(0.4)**	(0.1)
Net earnings attributable to shareholders of the Corporation		**$ 141.2**	$ 130.6
Net earnings attributable to shareholders of the Corporation per share - basic and diluted		**$ 1.63**	$ 1.50
Weighted average number of shares outstanding - basic and diluted (in millions)		**86.8**	87.0

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

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

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Years ended October 30, 2022 and October 31, 2021
(in millions of Canadian dollars)

	Notes	**October 30, 2022**	October 31, 2021
Net earnings		**$ 140.8**	$ 130.5
Other comprehensive income (loss)			
Items that will be reclassified to net earnings			
Net change related to cash flow hedges			
Net change in the fair value of designated derivatives - Foreign exchange risk	29	**(17.5)**	5.4
Net change in the fair value of designated derivatives - Interest rate risk	29	**2.5**	3.2
Reclassification of the net change in the fair value of designated derivatives recognized in net earnings during the period		**1.0**	11.9
Related income taxes (recovery)		**(3.7)**	5.4
	24	**(10.3)**	15.1
Cumulative translation differences			
Net unrealized exchange gains (losses) on the translation of the financial statements of foreign operations		**119.2**	(93.2)
Net (losses) gains on hedge of the net investment in foreign operations	29	**(35.3)**	39.3
Related income taxes		**1.1**	4.1
	24	**82.8**	(58.0)
Items that will not be reclassified to net earnings			
Changes related to defined benefit plans			
Actuarial (losses) gains on defined benefit plans	27	**(14.2)**	21.7
Related income taxes (recovery)		**(3.7)**	5.3
	24	**(10.5)**	16.4
Other comprehensive income (loss)	24	**62.0**	(26.5)
Comprehensive income		**$ 202.8**	$ 104.0

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

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Years ended October 30, 2022 and October 31, 2021
(in millions of Canadian dollars)

	Notes	Share capital	Contributed surplus	Retained earnings	Accumulated other comprehensive income (loss)	Total	Non-controlling interests	Total equity
Balance as at October 31, 2021		**$ 640.0**	**$ 0.9**	**$ 1,159.5**	**$ (41.3)**	**$ 1,759.1**	**$ 5.2**	**$ 1,764.3**
Net earnings		**—**	**—**	**141.2**	**—**	**141.2**	**(0.4)**	**140.8**
Other comprehensive income	24	**—**	**—**	**—**	**62.0**	**62.0**	**—**	**62.0**
Shareholders' contributions and distributions to shareholders								
Share redemptions	22	**(3.4)**	**—**	**(3.6)**	**—**	**(7.0)**	**—**	**(7.0)**
Dividends	22	**—**	**—**	**(78.1)**	**—**	**(78.1)**	**—**	**(78.1)**
Balance as at October 30, 2022		**$ 636.6**	**$ 0.9**	**$ 1,219.0**	**$ 20.7**	**$ 1,877.2**	**$ 4.8**	**$ 1,882.0**
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		—	—	130.6	—	130.6	(0.1)	130.5
Other comprehensive loss	24	—	—	—	(26.5)	(26.5)	—	(26.5)
Shareholders' contributions and distributions to shareholders								
Dividends	22	—	—	(78.3)	—	(78.3)	—	(78.3)
Balance as at October 31, 2021		$ 640.0	$ 0.9	$ 1,159.5	$ (41.3)	$ 1,759.1	$ 5.2	$ 1,764.3

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

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

Years ended October 30, 2022 and October 31, 2021
(in millions of Canadian dollars)

	Notes	As at October 30, 2022	As at October 31, 2021 [1]
Current assets			
Cash		**$ 45.7**	$ 231.1
Accounts receivable	11	**575.7**	496.1
Income taxes receivable		**12.2**	16.9
Inventories	12	**479.3**	357.0
Prepaid expenses and other current assets		**21.8**	24.4
		1,134.7	1,125.5
Property, plant and equipment	13	**756.0**	689.7
Right-of-use assets	14	**140.8**	140.8
Intangible assets	15	**519.6**	513.0
Goodwill	16	**1,181.7**	1,086.6
Deferred taxes	10	**37.5**	18.6
Other assets	17	**30.7**	38.7
		$ 3,801.0	$ 3,612.9
Current liabilities			
Accounts payable and accrued liabilities	18	**$ 490.6**	$ 439.2
Provisions	20	**1.6**	1.5
Income taxes payable		**7.0**	36.9
Deferred revenues and deposits		**11.8**	12.3
Current portion of long-term debt	19	**10.7**	187.3
Current portion of lease liabilities	14	**25.3**	23.1
		547.0	700.3
Long-term debt	19	**979.3**	778.2
Lease liabilities	14	**135.0**	137.3
Deferred taxes	10	**126.0**	129.3
Provisions	20	**0.3**	0.6
Other liabilities	21	**131.4**	102.9
		1,919.0	1,848.6
Equity			
Share capital	22	**636.6**	640.0
Contributed surplus		**0.9**	0.9
Retained earnings		**1,219.0**	1,159.5
Accumulated other comprehensive income (loss)	24	**20.7**	(41.3)
Attributable to shareholders of the Corporation		**1,877.2**	1,759.1
Non-controlling interests		**4.8**	5.2
		1,882.0	1,764.3
		$ 3,801.0	$ 3,612.9

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

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

CONSOLIDATED STATEMENTS OF CASH FLOWS

Years ended October 30, 2022 and October 31, 2021
(in millions of Canadian dollars)

	Notes	October 30, 2022	October 31, 2021 [1]
Operating activities			
Net earnings		**$ 140.8**	$ 130.5
Adjustments to reconcile net earnings and cash flows from operating activities:			
Impairment of assets	7	**—**	0.7
Depreciation and amortization	8	**231.9**	217.6
Financial expenses on long-term debt and lease liabilities	9	**36.8**	38.7
Net (gains) losses on disposal of assets		**(6.0)**	0.6
Income taxes	10	**36.5**	61.0
Net foreign exchange differences and other		**(4.8)**	4.3
Cash flows generated by operating activities before changes in non-cash operating items and income taxes paid		**435.2**	453.4
Changes in non-cash operating items	25	**(129.5)**	(78.7)
Income taxes paid		**(84.9)**	(59.4)
Cash flows from operating activities		**220.8**	315.3
Investing activities			
Business combinations, net of acquired cash	4	**(124.8)**	(43.7)
Acquisitions of property, plant and equipment		**(117.1)**	(115.0)
Disposals of property, plant and equipment		**9.8**	1.0
Increase in intangible assets		**(25.3)**	(23.3)
Cash flows from investing activities		**(257.4)**	(181.0)
Financing activities			
Increase in long-term debt	25	**200.0**	399.3
Reimbursement of long-term debt	25	**(330.6)**	(409.0)
Net increase in credit facilities	25	**127.0**	—
Financial expenses paid on long-term debt and credit facilities		**(34.7)**	(35.1)
Repayment of principal on lease liabilities		**(24.3)**	(23.7)
Interest paid on lease liabilities		**(3.2)**	(3.3)
Dividends	22	**(78.1)**	(78.3)
Share redemptions	22	**(7.0)**	—
Cash flows from financing activities		**(150.9)**	(150.1)
Effect of exchange rate changes on cash denominated in foreign currencies		**2.1**	5.9
Net change in cash		**(185.4)**	(9.9)
Cash at beginning of year		**231.1**	241.0
Cash at end of year		**$ 45.7**	$ 231.1
Non-cash investing activities			
Net change in capital asset acquisitions financed by accounts payable		**$ 3.7**	$ (0.5)

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

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

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

1 GENERAL INFORMATION

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

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

The Corporation's Board of Directors approved these consolidated financial statements on December 13, 2022.

2 SIGNIFICANT ACCOUNTING POLICIES

Comparability between fiscal years
The fiscal years ended October 30, 2022 and October 31, 2021 comprise 52 weeks and 53 weeks. respectively.

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

The accounting policies adopted in these annual consolidated financial statements are based on IFRS that were issued, in effect and adopted by the Corporation as at October 30, 2022. Any subsequent changes to the accounting policies that will be in effect in the Corporation's consolidated financial statements after October 30, 2022 could result in a restatement of these annual consolidated financial statements.

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

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

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

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

The Corporation holds the following main subsidiaries:

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

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

c) New or amended accounting standards adopted

i) 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 in a cloud computing arrangement that do not meet capitalization criteria were expensed and presented under Restructuring and other costs (revenues) (Note 6).

ii) Interest rate benchmark reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)
During the fiscal year, the Corporation adopted the amendments of Phase 2 of interest rate benchmark reform (the "Reform") that were issued by the IASB in August 2020. The adoption of these amendments enables the Corporation to reflect the impact of the transition from interbank offered rates to new interest rate benchmark, more specifically with respect to changes made on an economically equivalent basis, hedge accounting changes and required disclosures on the risks arising from the Reform. The Corporation adopted these amendments effective November 1, 2021, and they had no material impact on the consolidated financial statements. The Corporation will continue to monitor the Reform and its related implications, and their impact, if any, will depend on the facts and circumstances related to any future changes in financial instruments and any future changes in benchmark interest rates.

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

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

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

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

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

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

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

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

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

e) Revenue recognition (continued)

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

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

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

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

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

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

In the Media Sector, revenues are recognized as follows:

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

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

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

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

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

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

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

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

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

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

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

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

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

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

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

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

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

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

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

l) Leases (continued)

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

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

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

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

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

m) Intangible assets

i) Identifiable intangible assets acquired in a business combination

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

ii) Internally generated intangible assets

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

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

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

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

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

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

m) Intangible assets (continued)
Amortization methods, useful lives and residual values are reviewed and adjusted prospectively, if applicable, at each reporting date.

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

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

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

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

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

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

Fair value less costs of disposal is determined by using an EBITDA (earnings before interest, taxes, depreciation and amortization) capitalization multiple of comparable companies whose activities are similar to those of each CGU (or group of CGUs).

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

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

The most recent detailed calculation made in a preceding period of the recoverable amount of a CGU (or group of CGUs) to which goodwill has been allocated may be used in the impairment test of that CGU (of group of CGUs) in the current period provided all of the following criteria are met:
- the assets and liabilities making up the CGU (or group of CGUs) have not changed significantly since the most recent recoverable amount calculation;
- the most recent recoverable amount calculation resulted in an amount that exceeded the carrying amount of the CGU (or group of CGUs) by a substantial margin; and
- based on an analysis of events that have occurred and circumstances that have changed since the most recent recoverable amount calculation, the likelihood that a current recoverable amount determination would be less than the current carrying amount of the CGU (or group of CGUs) is remote.

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

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

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

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

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

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

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

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

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

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

q) Employee benefits (continued)

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

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

r) Stock-based compensation

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

i) Stock option plan

Stock options are measured at fair value at the time they are granted using the Black-Scholes model, and are recognized in net earnings on a straight-line basis over the vesting period of the options at a rate of 25% per year, which is the vesting period of the options, and according to the Corporation's estimate of the number of options that will vest. On each reporting date, the Corporation revises its estimates of the number of options that are expected to vest and recognizes any impact of this revision in net earnings with a corresponding adjustment to contributed surplus.

ii) Share unit plan for certain officers and senior executives

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

iii) Share unit plan for directors

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

s) Foreign currency translation

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

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

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

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

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

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

t) Financial instruments

i) Classification and measurement of financial assets and financial liabilities
Financial assets and liabilities are initially recognized at fair value and their subsequent measurement depends on their classification.

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

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

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

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

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

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

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

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

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

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

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

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

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

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

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

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

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

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

When a market-based method is used, the Corporation estimates the fair value of the CGU by multiplying EBITDA by a capitalization multiple that is based on market data.

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

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

v) Critical judgments and sources of estimation uncertainty (continued)

iii) Revenue recognition method

Judgment is required to determine whether revenues should be recognized over time or at a point in time. The Corporation evaluates contracts with customers for whom it manufactures packaging products or to whom it provides custom printing services to determine whether the contract confers upon the Corporation an enforceable right to payment, in which case revenues should be recognized over time rather than at a point in time. For the year ended October 30, 2022, no significant contract met the criteria for recognition over time.

iv) Income taxes

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

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

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

v) Employee benefits

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

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

vi) Impairment of non-financial assets

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

The Corporation also uses its judgment to determine whether an impairment test must be performed due to the existence of potential impairment indicators. In making its judgments, the Corporation relies primarily on its knowledge of its business and the economic environment. The Corporation also uses its judgment to determine the level at which goodwill is monitored for internal management purposes.

vii) Foreign currency translation

In determining the functional currency of its foreign subsidiaries, the Corporation needs to evaluate different factors such as the currency that influences sales prices and costs, the economic environment and the degree of autonomy of the subsidiary. Following the evaluation of the different factors, when the functional currency is not obvious, the Corporation uses its judgment to determine the functional currency that most fairly represents the economic effects of the underlying transactions, events and conditions.

w) New accounting standards, amendments and interpretations issued but not yet effective

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

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

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

w) New accounting standards, amendments and interpretations issued but not yet effective (continued)

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

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

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

The amendments will be effective for annual reporting periods beginning on or after January 1, 2023, but earlier application is permitted. The Corporation is currently assessing the impact on disclosures of accounting policies.

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

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

iv) Amendments to IAS 12 *Income Taxes*

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

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 for retailers, including premedia services, flyer and in-store marketing product 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 type: educational books, specialized publications for professionals and newspapers. 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.

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

3 SEGMENTED INFORMATION (CONTINUED)

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

Year ended October 30, 2022	Packaging	Printing	Other	Consolidated results
Revenues	**$ 1,665.2**	**$ 1,204.3**	**$ 86.6**	**$ 2,956.1**
Operating expenses	**1,459.8**	**975.9**	**73.7**	**2,509.4**
Restructuring and other costs (revenues)	**9.1**	**(6.6)**	**(5.0)**	**(2.5)**
Operating earnings before depreciation and amortization	**196.3**	**235.0**	**17.9**	**449.2**
Depreciation and amortization	**145.7**	**63.8**	**22.4**	**231.9**
Operating earnings [2]	**$ 50.6**	**$ 171.2**	**$ (4.5)**	**$ 217.3**
Adjusted operating earnings before depreciation and amortization [3]	**$ 205.4**	**$ 228.4**	**$ 12.9**	**$ 446.7**
Adjusted operating earnings [2] & [3]	**121.0**	**172.7**	**(8.6)**	**285.1**
Acquisitions of non-current assets [4]	**$ 100.6**	**$ 26.4**	**$ 25.9**	**$ 152.9**

For the year ended October 31, 2021 [1]	Packaging	Printing	Other	Consolidated results
Revenues	$ 1,449.7	$ 1,132.6	$ 61.1	$ 2,643.4
Operating expenses	1,250.2	863.0	65.4	2,178.6
Restructuring and other costs (revenues)	0.9	8.1	3.7	12.7
Impairment of assets	0.4	0.3	—	0.7
Operating earnings before depreciation and amortization	198.2	261.2	(8.0)	451.4
Depreciation and amortization	133.8	63.5	20.3	217.6
Operating earnings [2]	$ 64.4	$ 197.7	$ (28.3)	$ 233.8
Adjusted operating earnings before depreciation and amortization [3]	$ 199.5	$ 269.6	$ (4.3)	$ 464.8
Adjusted operating earnings [2] & [3]	125.7	212.2	(24.4)	313.5
Acquisitions of non-current assets [4]	$ 98.1	$ 19.7	$ 20.0	$ 137.8

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

[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 include internally generated intangible assets and acquisitions of property, plant and equipment and intangible assets, excluding those acquired in business combinations, whether they were paid or not.

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

3 SEGMENTED INFORMATION (CONTINUED)

Additional information on revenues

The table below presents information on revenues disaggregated by type of products and geographical area, as well as a reconciliation with revenues by segment:

	October 30, 2022	October 31, 2021
Packaging products		
Revenues generated from plants located in Canada	**$ 150.1**	$ 148.2
Revenues generated from plants located in the United States	**1,296.8**	1,090.0
Revenues generated from plants located outside Canada and the United States	**218.3**	211.5
	1,665.2	1,449.7
Printing services [1]		
Retailer-related services [2]	**593.2**	597.6
Marketing products	**318.8**	260.5
Magazines and books	**205.1**	181.9
Newspapers	**87.2**	92.6
	1,204.3	1,132.6
Media [1]	**106.1**	78.2
Inter-segment sales	**(19.5)**	(17.1)
	$ 2,956.1	$ 2,643.4

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

	As at October 30, 2022	As at October 31, 2021
Packaging	**$ 2,476.0**	$ 2,200.7
Printing	**1,020.3**	1,000.4
Other [3]	**304.7**	411.8
	$ 3,801.0	$ 3,612.9

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

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

[3] 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.

	As at October 30, 2022	As at October 31, 2021
Non-current assets [1]		
Canada	**$ 908.9**	$ 865.0
United States	**1,495.1**	1,354.7
Other	**217.9**	230.5
	$ 2,621.9	$ 2,450.2

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

4 BUSINESS COMBINATIONS

Transaction for the year ended October 30, 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.

As at October 30, 2022, the accounting for Banaplast, ERPI and Scolab business combinations was not completed and was based on information available as of the date of these consolidated financial statements. The provisional accounting for these acquisitions resulted in the recognition of a goodwill totaling $46.3 million as at October 30, 2022. The recognized goodwill is not deductible for tax purposes. The Corporation will complete the fair value measurement of the main items, in particular intangible assets and the determination of deferred taxes, in the coming fiscal year.

- **H.S. Crocker**
  On November 1, 2021, the Corporation acquired all the shares of H.S. Crocker Co., Inc. ("H.S. Crocker"), a manufacturer of die cut lids for the food industry and labels for the pharmaceutical industry located in Huntley, Illinois, and Exton, Pennsylvania, for a total consideration of $52.7 million. This acquisition enables the Corporation to broaden its packaging solutions portfolio as well as expand its pharmaceutical and medical expertise in the specialized coating products offering. As at October 30, 2022, the final measurement of the fair value of assets acquired and liabilities assumed led to the recognition of a goodwill totaling $0.3 million. The recognized goodwill is not deductible for tax purposes.

The Corporation's Consolidated Statement of Earnings for the year ended October 30, 2022 includes the operating results of Banaplast, ERPI, Scolab and H.S. Crocker since their acquisition dates, namely additional revenues of $105.9 million and operating earnings before depreciation and amortization of $14.9 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 year ended October 30, 2022, revenues would have increased by $20.2 million and operating earnings before depreciation and amortization would have increased by $3.0 million.

Transaction for the year ended October 31, 2021

- **BGI Retail**
  On June 1, 2021, continuing its expansion in the in-store marketing product printing vertical, the Corporation acquired all the shares of BGI Retail Inc. ("BGI"), a full service in-store design and solution partner for retailers and global brands located in Paris, Ontario, for a total consideration of $53.9 million, including a cash contingent consideration having a fair value of $10.0 million, if predetermined financial performance thresholds are met. This acquisition supports the growth objective for the Corporation's in-store marketing product vertical. During the year ended October 30, 2022, the Corporation updated its performance forecasts to remeasure the fair value of the contingent consideration (Note 29). A favorable adjustment of $10.0 million was recognized against the contingent consideration and the resulting gain was recognized in the Consolidated Statement of Earnings under "Restructuring and other costs (revenues)" (Note 6).

  During the year ended October 30, 2022, the Corporation finalized the measurement of the fair value of assets acquired and liabilities assumed as disclosed in the table below. This measurement led to the recognition of a goodwill of $24.0 million. The recognized goodwill is not deductible for tax purposes.

(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 acquired assets and liabilities assumed at the acquisition date for the above-mentioned transactions:

	2022 acquisitions		2021 acquisition
	Provisional allocations	**Final allocation**	Final allocation
Assets acquired			
Cash acquired	**$ 5.6**	**$ 7.4**	$ 0.2
Current assets	**19.9**	**18.2**	8.9
Property, plant and equipment	**2.4**	**24.5**	3.4
Right-of-use assets	**0.7**	**1.5**	14.4
Intangible assets	**34.1**	**8.9**	29.2
Goodwill	**46.3**	**0.3**	24.0
	$ 109.0	**$ 60.8**	$ 80.1
Liabilities assumed			
Current liabilities	**$ 10.5**	**$ 7.7**	$ 8.4
Lease liabilities (including current portion)	**0.7**	**1.5**	14.4
Deferred taxes (net position)	**9.4**	**(1.1)**	3.4
Other liabilities	**0.3**	**—**	—
	20.9	**8.1**	26.2
Identifiable net assets	**$ 88.1**	**$ 52.7**	$ 53.9
Total consideration			
Cash paid	**$ 85.1**	**$ 52.7**	$ 43.9
Current consideration payable	**0.9**	**—**	10.0
Long-term consideration payable	**2.1**	**—**	—
	$ 88.1	**$ 52.7**	$ 53.9

5 OPERATING EXPENSES

	October 30, 2022	October 31, 2021 (1)
Employee-related costs (2)	**$ 746.3**	$ 675.4
Supply chain and logistics (3)	**1,632.5**	1,392.0
Other goods and services (4)	**130.6**	111.2
	$ 2,509.4	$ 2,178.6

(1) Certain comparative figures have been reclassified to conform to the presentation adopted in the current year for amortization of prepublication costs.

(2) During the year ended October 30, 2022, the Corporation recognized under Employee-related costs, against eligible salary expenses, subsidies claimed under the Canada Emergency Wage Subsidy program amounting to $0.2 million. For the year ended October 31, 2021, the amount recognized and claimed was $29.5 million. As at October 30, 2022, the Corporation had received all subsidies claimed.

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

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

The cost of goods sold recognized in operating expenses for the year ended October 30, 2022 was $2,029.7 million ($1,734.6 million for the year ended October 31, 2021). An amount of $3.8 million was recognized as inventory obsolescence expense for the year ended October 30, 2022 ($2.9 million for the year ended October 31, 2021).

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

6 RESTRUCTURING AND OTHER COSTS (REVENUES)

	Notes	**October 30, 2022**	October 31, 2021 [1]
Fair value remeasurement of contingent considerations related to business combinations	4 & 29	**$ (10.0)**	$ (3.4)
Configuration and customization costs in cloud computing arrangements	2	**8.4**	—
Net gains on sale of buildings		**(7.5)**	—
Business acquisition and integration costs [2]		**3.5**	1.5
Costs related to plant closures and restructuring [3]		**3.2**	2.8
Workforce reductions [2]		**2.5**	6.5
Other elements [3]		**(2.6)**	5.3
		$ (2.5)	$ 12.7

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

[2] Includes mainly 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.

[3] Includes 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.

[4] For the year ended October 30, 2022, includes mainly a net gain of $3.9 million related to insurance proceeds receivable for the replacement of equipment destroyed by fire, less the loss on derecognition of such asset.

7 IMPAIRMENT OF ASSETS

Goodwill and intangible assets with indefinite useful life

The Corporation performed its annual goodwill impairment test for all its groups of CGUs. In performing the annual goodwill impairment test, the carrying amount of groups of CGUs, including goodwill and intangible assets with an indefinite useful life, was compared to their recoverable amount. The Corporation concluded that the recoverable amount of groups of CGUs tested for impairment exceeded their carrying amount. As a result, no impairment charges was recognized for the year ended October 30, 2022 and the same conclusion had been reached for the impairment test performed during the year ended October 31, 2021.

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

The fair value less costs of disposal was determined using capitalization multiples applied to the budgeted fiscal 2023 operating earnings before depreciation and amortization for the group of CGUs concerned. The budget is sensitive to the main assumptions used in this model, such as expected sales volumes, the impact of inflation on operating expenses, mainly raw materials and the ability to adjust the sales prices needed to establish operating earnings before depreciation and amortization. In addition, the evolution of current economic conditions and interest rates may have an impact on capitalization multiples, which are derived from comparable companies whose activities are similar to the group of CGUs concerned. The values applied to these main assumptions are derived from a combination of external and internal factors, based on past experience, as well as management's future expectations of the Corporation's performance. There is a series of factors affecting such supply and demand, including competing products, the availability of materials and other general market conditions.

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

7 IMPAIRMENT OF ASSETS (CONTINUED)

The following table presents the main groups of CGUs subject to a goodwill impairment test, the basis used for the recoverable amount and key assumptions used as at the date of the impairment test for the year ended October 30, 2022:

	Carrying amount of goodwill	Basis used for the recoverable amount	Capitalization multiple
Packaging Sector			
Americas Group	$ 738.5	Fair value	9.5 x
Coatings Group	66.6	Fair value	11.5 x
Printing Sector			
Printing Group	289.4	Fair value	4.0 x
Marketing Product Group	29.8	Fair value	5.5 x

The Corporation performed a sensitivity analysis on the most significant assumptions used to determine the recoverable amount for groups of CGUs subject to the impairment test. For some groups of CGUs, a decrease in capitalization multiples of 1,0 x or a decrease in operating earnings before depreciation and amortization of 10.0%, taken individually, would not change the conclusions of the impairment test. However, for three groups of CGUs, a decrease in capitalization multiples of 0.7 x, 0.5 x and 0.5 x or a decrease in operating earnings before depreciation and amortization of 17.9%, 9.4% and 5.8%, taken individually, would make the recoverable amount for the group of CGUs equal to the carrying amount.

The Book Publishing Group and Business Solutions Group CGUs were validated as part of the impairment test as at October 30, 2022. The carrying amount of goodwill related to these CGUs is not significant compared to the total carrying amount of the Corporation's goodwill (Note 16).

Intangible assets with an indefinite useful life
The Corporation performed its annual impairment test for intangible assets with an indefinite useful life, which mainly comprise trade names acquired in book publishing business combinations. No impairment charges were recognized for the year ended October 30, 2022 and the same conclusions had been reached for the impairment test performed during the year ended October 31, 2021.

8 DEPRECIATION AND AMORTIZATION

	October 30, 2022	October 31, 2021 (1)
Property, plant and equipment	**$ 116.7**	$ 110.9
Right-of-use assets	**24.4**	23.0
Intangible assets	**90.8**	83.7
	$ 231.9	$ 217.6

(1) Certain comparative figures have been reclassified to conform to the presentation adopted in the current year to include amortization of book prepublication costs.

9 NET FINANCIAL EXPENSES

	Note	**October 30, 2022**	October 31, 2021
Financial expenses on long-term debt		**$ 33.6**	$ 35.5
Interest on lease liabilities		**3.2**	3.2
Net interest on defined benefit asset and liability	27	**1.5**	2.2
Other expenses		**3.6**	1.0
Net foreign exchange (gains) losses		**(1.9)**	0.4
		$ 40.0	$ 42.3

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

10 INCOME TAXES

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

	October 30, 2022	October 31, 2021
Earnings before income taxes	**$ 177.3**	$ 191.5
Canadian statutory tax rate [1]	**26.50 %**	26.50 %
Income taxes at the statutory tax rate	**47.0**	50.7
Effect of differences in tax rates and additional income taxes in other jurisdictions	**(7.5)**	(5.3)
Income taxes on non-deductible expenses and non-taxable revenues	**(3.0)**	(0.8)
Tax impact of an internal reorganization	**—**	10.7
Change in deferred tax assets on tax losses or temporary differences not previously recognized	**0.6**	(0.3)
Adjustment for previous years' balances	**0.4**	6.2
Other	**(1.0)**	(0.2)
Income taxes at effective tax rate	**$ 36.5**	$ 61.0
Income taxes before the following items (Income taxes on adjusted net earnings):	**$ 55.8**	$ 64.9
Income taxes on amortization of intangible assets arising from business combinations	**(17.3)**	(13.7)
Income taxes on impairment of assets	**—**	(0.2)
Income taxes on restructuring and other costs (revenues)	**(2.0)**	(3.7)
Tax impact of an internal reorganization	**—**	10.7
Adjustment on additional income taxes in other jurisdictions related to a previous year	**—**	3.0
Income taxes at effective tax rate	**$ 36.5**	$ 61.0

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

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

	October 30, 2022	October 31, 2021
Current taxes		
Current year	**$ 63.9**	$ 69.3
Adjustment for previous years' balances	**(2.9)**	2.1
	61.0	71.4
Deferred taxes		
Adjustment for previous years' balances	**3.3**	4.1
Origination and reversal of temporary differences	**(28.8)**	(14.3)
Change in deferred tax assets on tax losses or temporary differences not previously recognized	**0.6**	(0.3)
Impact of tax rate changes	**0.4**	0.1
	(24.5)	(10.4)
Income taxes	**$ 36.5**	$ 61.0

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

10 INCOME TAXES (CONTINUED)

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

	As at October 30, 2022		As at October, 2021 [1]	
	Asset	**Liability**	Asset	Liability
Inventories	**$ 3.4**	**$ —**	$ 2.6	$ —
Property, plant and equipment	**—**	**89.8**	—	79.9
Right-of-use assets, net of lease liabilities	**4.7**	**—**	5.6	—
Intangible assets and goodwill	**—**	**126.1**	—	127.0
Non-deductible provisions for the year	**24.4**	**—**	18.6	—
Long-term debt and derivative financial instruments	**1.5**	**—**	1.1	—
Defined benefit plans	**14.8**	**—**	10.4	—
Loss carryforwards	**40.4**	**—**	34.5	—
Interest expense	**32.4**	**—**	21.5	—
Other	**5.8**	**—**	1.9	—
	127.4	**215.9**	96.2	206.9
Offsetting of assets and liabilities	**(89.9)**	**(89.9)**	(77.6)	(77.6)
	$ 37.5	**$ 126.0**	$ 18.6	$ 129.3

[1] Certain comparative figures have been reclassified to conform to the presentation adopted in the current year of which $8.0 million in deferred taxes have been reclassified into current taxes to better reflect the nature of this liability.

Loss carryforwards included in deferred tax assets expire between 2023 and 2042.

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

	Balance as at October 31, 2021 [1]	Recognized in net earnings	Exchange rate change	Recognized in other comprehensive income	Business combinations	Balance as at October 30, 2022
Inventories	**$ 2.6**	**$ 0.8**	**$ 0.2**	**$ —**	**$ (0.2)**	**$ 3.4**
Property, plant and equipment	**(79.9)**	**(2.7)**	**(4.5)**	**—**	**(2.7)**	**(89.8)**
Right-of-use assets, net of lease liabilities	**5.6**	**(0.9)**	**—**	**—**	**—**	**4.7**
Intangible assets and goodwill	**(127.0)**	**16.0**	**(7.7)**	**—**	**(7.4)**	**(126.1)**
Non-deductible provisions for the year	**18.6**	**0.8**	**0.9**	**—**	**4.1**	**24.4**
Long-term debt and derivative financial instruments	**1.1**	**(3.5)**	**0.9**	**3.0**	**—**	**1.5**
Defined benefit plans	**10.4**	**0.3**	**0.4**	**3.7**	**—**	**14.8**
Loss carryforwards	**34.5**	**2.8**	**1.4**	**—**	**1.7**	**40.4**
Interest expense	**21.5**	**8.7**	**2.2**	**—**	**—**	**32.4**
Other	**1.9**	**2.2**	**0.8**	**—**	**0.9**	**5.8**
	$ (110.7)	**$ 24.5**	**$ (5.4)**	**$ 6.7**	**$ (3.6)**	**$ (88.5)**

[1] Certain comparative figures have been reclassified to conform to the presentation adopted in the current year of which $8.0 million in deferred taxes have been reclassified into current taxes to better reflect the nature of this liability.

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

10 INCOME TAXES (CONTINUED)

Changes in deferred tax assets and liabilities for the year ended October 31, 2021 are as follows:

	Balance as at October 25, 2020 (1)	Recognized in net earnings	Exchange rate change	Recognized in other comprehensive loss	Business combinations	Balance as at October 31, 2021 (1)
Inventories	$ 2.7	$ 0.1	$ (0.2)	$ —	$ —	$ 2.6
Property, plant and equipment	(91.6)	9.7	2.7	—	(0.7)	(79.9)
Right-of-use assets, net of lease liabilities	6.8	(1.1)	(0.1)	—	—	5.6
Intangible assets and goodwill	(134.6)	9.0	6.0	—	(7.4)	(127.0)
Non-deductible provisions for the year	15.8	3.1	(0.3)	—	—	18.6
Long-term debt and derivative financial instruments	7.1	5.6	(0.8)	(10.8)	—	1.1
Defined benefit plans	15.9	0.1	(0.3)	(5.3)	—	10.4
Loss carryforwards	52.1	(15.4)	(2.2)	—	—	34.5
Interest expense	22.0	0.5	(1.0)	—	—	21.5
Other	2.1	(1.2)	1.0	—	—	1.9
	$ (101.7)	$ 10.4	$ 4.8	$ (16.1)	$ (8.1)	$ (110.7)

(1) Certain comparative figures have been reclassified to conform to the presentation adopted in the current year of which $8.0 million in deferred taxes have been reclassified into current taxes to better reflect the nature of this liability.

As at October 30, 2022, the Corporation had $3.8 million in capital losses that can be carried forward indefinitely and for which the potential benefits have not been recognized. In addition to losses for which the tax impact was recorded, the Corporation has deductible temporary differences as well as loss carryforwards in various jurisdictions for which, considering that it is unlikely that a sufficient future taxable income will be available to use a portion of those items, the Corporation has not recognized a deferred tax asset totaling $19.3 million. Loss carryforwards related to this unrecognized asset expire for the most part between 2023 and 2037.

As at October 30, 2022, no deferred tax liability was recognized for temporary differences arising from investments in subsidiaries because the Corporation controls the decisions affecting the realization of such liabilities and it is probable that the temporary differences will not reverse in the foreseeable future.

11 ACCOUNTS RECEIVABLE

	As at October 30, 2022	As at October 31, 2021
Trade receivables	**$ 499.7**	$ 440.6
Allowance account for credit losses	**(3.1)**	(3.1)
Other receivables	**79.1**	58.6
	$ 575.7	$ 496.1

12 INVENTORIES

	As at October 30, 2022	As at October 31, 2021
Raw materials	**$ 290.9**	$ 200.3
Work in progress and finished goods	**204.8**	172.7
Provision for obsolescence	**(16.4)**	(16.0)
	$ 479.3	$ 357.0

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

13 PROPERTY, PLANT AND EQUIPMENT

October 30, 2022	Land	Buildings	Leasehold improvements	Machinery and equipment	Other equipment	Assets under construction and deposits on equipment	Total
Cost							
Balance, beginning of year	**$ 41.0**	**$ 277.6**	**$ 57.6**	**$ 1,342.5**	**$ 92.3**	**$ 51.4**	**$ 1,862.4**
Acquisitions	**2.1**	**6.0**	**2.5**	**33.1**	**3.9**	**80.0**	**127.6**
Made available for use	**—**	**4.9**	**0.9**	**29.8**	**2.4**	**(38.0)**	**—**
Business combinations (Note 4)	**5.4**	**6.5**	**0.2**	**11.2**	**0.2**	**3.2**	**26.7**
Disposals and retirement	**(0.3)**	**(8.1)**	**(8.6)**	**(42.8)**	**(13.3)**	**—**	**(73.1)**
Exchange rate change and other	**2.5**	**12.7**	**(0.3)**	**33.7**	**(0.1)**	**6.1**	**54.6**
Balance as at October 30, 2022	**$ 50.7**	**$ 299.6**	**$ 52.3**	**$ 1,407.5**	**$ 85.4**	**$ 102.7**	**$ 1,998.2**
Accumulated depreciation and impairment losses							
Balance, beginning of year	**$ —**	**$ (141.6)**	**$ (36.6)**	**$ (915.2)**	**$ (79.3)**	**$ —**	**$ (1,172.7)**
Depreciation	**—**	**(11.7)**	**(4.6)**	**(93.8)**	**(6.6)**	**—**	**(116.7)**
Disposals and retirement	**—**	**6.3**	**8.6**	**36.8**	**13.3**	**—**	**65.0**
Exchange rate change and other	**—**	**(2.9)**	**0.3**	**(15.3)**	**0.1**	**—**	**(17.8)**
Balance as at October 30, 2022	**$ —**	**$ (149.9)**	**$ (32.3)**	**$ (987.5)**	**$ (72.5)**	**$ —**	**$ (1,242.2)**
Net carrying amount	**$ 50.7**	**$ 149.7**	**$ 20.0**	**$ 420.0**	**$ 12.9**	**$ 102.7**	**$ 756.0**

October 31, 2021	Land	Buildings	Leasehold improvements	Machinery and equipment	Other equipment	Assets under construction and deposits on equipment	Total
Cost							
Balance, beginning of year	$ 40.7	$ 269.5	$ 54.8	$ 1,320.0	$ 91.1	$ 41.4	$ 1,817.5
Acquisitions	1.6	11.0	3.7	30.4	3.7	64.1	114.5
Made available for use	—	3.9	1.3	43.5	1.6	(50.3)	—
Business combinations (Note 4)	—	—	0.1	3.3	0.2	—	3.6
Disposals and retirement	—	(4.6)	(1.2)	(32.2)	(3.0)	—	(41.0)
Exchange rate change and other	(1.3)	(2.2)	(1.1)	(22.5)	(1.3)	(3.8)	(32.2)
Balance as at October 31, 2021	$ 41.0	$ 277.6	$ 57.6	$ 1,342.5	$ 92.3	$ 51.4	$ 1,862.4
Accumulated depreciation and impairment losses							
Balance, beginning of year	$ —	$ (131.0)	$ (33.5)	$ (863.2)	$ (77.4)	$ —	$ (1,105.1)
Depreciation	—	(12.0)	(4.3)	(89.1)	(5.5)	—	(110.9)
Disposals and retirement	—	1.1	1.2	30.0	2.7	—	35.0
Impairment	—	—	—	(0.7)	—	—	(0.7)
Exchange rate change and other	—	0.3	—	7.8	0.9	—	9.0
Balance as at October 31, 2021	$ —	$ (141.6)	$ (36.6)	$ (915.2)	$ (79.3)	$ —	$ (1,172.7)
Net carrying amount	$ 41.0	$ 136.0	$ 21.0	$ 427.3	$ 13.0	$ 51.4	$ 689.7

Borrowing costs capitalized to property, plant and equipment

For the year ended October 30, 2022, an amount of $0.6 million was capitalized to property, plant and equipment as borrowing costs (a negligible amount had been capitalized as at October 31, 2021).

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

14 LEASES

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

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

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

	As at October 30, 2022	As at October 31, 2021
Right-of-use assets		
Real estate properties	**$ 138.9**	$ 137.3
Other	**1.9**	3.5
	$ 140.8	$ 140.8
Lease liabilities		
Current portion of lease liabilities	**$ 25.3**	$ 23.1
Non-current portion of lease liabilities	**135.0**	137.3
	$ 160.3	$ 160.4

For the years ended October 30, 2022 and October 31, 2021, additions to right-of-use assets totaled $4.8 million and $14.0 million, respectively, and lease modifications totaled $14.3 million and $17.7 million, respectively.

The depreciation of right-of-use assets by class of underlying assets is detailed as follows for the years ended:

	October 30, 2022	October 31, 2021
Real estate properties	**$ 22.6**	$ 21.1
Other	**1.8**	1.9
	$ 24.4	$ 23.0

For the years ended October 30, 2022 and October 31, 2021, the expense relating to short-term leases, leases of low-value assets and variable lease payments not included in lease liabilities was $9.8 million and $6.5 million, respectively.

The Corporation entered into subleasing transactions for some of its spaces under leases. For the years ended October 30, 2022 and October 31, 2021, subleasing revenues totaled $3.4 million and $3.3 million, respectively.

As at October 30, 2022, the average remaining term of leases was 7.9 years (8.3 years as at October 31, 2021) and the weighted average rate applied to lease liabilities was 2.18% (1.93% as at October 31, 2021).

Cash outflows for leases for the years ended October 30, 2022 and October 31, 2021 totaled $27.5 million and $27.0 million, respectively. Future lease payments are presented in Note 29.

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

15 INTANGIBLE ASSETS

	Finite useful life				Indefinite useful life	
October 30, 2022	Customer relationships	Book prepublication costs	Technology project costs	Others [1]	Trade names and others	Total
Cost						
Balance, beginning of year	**$ 738.8**	**$ 139.4**	**$ 64.2**	**$ 23.7**	**$ 9.1**	**$ 975.2**
Additions	**—**	**14.6**	**10.6**	**0.1**	**—**	**25.3**
Business combinations (Note 4)	**8.9**	**14.7**	**—**	**10.9**	**8.5**	**43.0**
Retirement	**—**	**(0.1)**	**(1.9)**	**—**	**—**	**(2.0)**
Exchange rate change and other	**54.1**	**0.1**	**(1.2)**	**0.1**	**—**	**53.1**
Balance as at October 30, 2022	**$ 801.8**	**$ 168.7**	**$ 71.7**	**$ 34.8**	**$ 17.6**	**$ 1,094.6**
Accumulated amortization and impairment losses						
Balance, beginning of year	**$ (290.7)**	**$ (109.6)**	**$ (40.6)**	**$ (21.3)**	**$ —**	**$ (462.2)**
Amortization	**(69.5)**	**(13.2)**	**(6.1)**	**(1.3)**	**(0.7)**	**(90.8)**
Retirement	**—**	**0.1**	**1.9**	**—**	**—**	**2.0**
Exchange rate change and other	**(23.3)**	**—**	**(0.5)**	**(0.2)**	**—**	**(24.0)**
Balance as at October 30, 2022	**$ (383.5)**	**$ (122.7)**	**$ (45.3)**	**$ (22.8)**	**$ (0.7)**	**$ (575.0)**
Net carrying amount	**$ 418.3**	**$ 46.0**	**$ 26.4**	**$ 12.0**	**$ 16.9**	**$ 519.6**

	Finite useful life				Indefinite useful life	
October 31, 2021	Customer relationships	Book prepublication costs	Technology project costs	Other [1]	Trade names	Total
Cost						
Balance, beginning of year	$ 747.3	$ 160.7	$ 54.3	$ 22.7	$ 8.5	$ 993.5
Additions	—	12.5	9.5	0.7	0.6	23.3
Business combinations (Note 4)	29.0	—	0.2	—	—	29.2
Retirement	—	(33.9)	(0.3)	—	—	(34.2)
Exchange rate change and other	(37.5)	0.1	0.5	0.3	—	(36.6)
Balance as at October 31, 2021	$ 738.8	$ 139.4	$ 64.2	$ 23.7	$ 9.1	$ 975.2
Accumulated amortization and impairment losses						
Balance, beginning of year	$ (236.5)	$ (133.6)	$ (34.9)	$ (20.0)	$ —	$ (425.0)
Amortization	(66.2)	(9.9)	(6.2)	(1.4)	—	(83.7)
Retirement	—	33.9	0.3	—	—	34.2
Exchange rate change and other	12.0	—	0.2	0.1	—	12.3
Balance as at October 31, 2021	$ (290.7)	$ (109.6)	$ (40.6)	$ (21.3)	$ —	$ (462.2)
Net carrying amount	$ 448.1	$ 29.8	$ 23.6	$ 2.4	$ 9.1	$ 513.0

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

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

16 GOODWILL

	Notes	**October 30, 2022**	October 31, 2021
Balance, beginning of year		**$ 1,086.6**	$ 1,098.8
Business combinations	4	**46.6**	28.7
Impact of finalizing purchase price allocation calculations	4	**(4.7)**	0.1
Exchange rate change		**53.2**	(41.0)
Balance, end of year		**$ 1,181.7**	$ 1,086.6

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

Operating segments	**As at October 30, 2022**	As at October 31, 2021
Packaging Sector		
Americas Group	**$ 738.5**	$ 669.8
Coatings Group	**66.6**	66.4
	805.1	736.2
Printing Sector		
Printing Group	**289.4**	289.4
Marketing Product Group	**29.8**	34.5
	319.2	323.9
Other		
Book Publishing Group	**51.7**	20.8
Business Solutions Group	**5.7**	5.7
	57.4	26.5
	$ 1,181.7	$ 1,086.6

17 OTHER ASSETS

	Note	**As at October 30, 2022**	As at October 31, 2021
Contract acquisition costs		**$ 7.6**	$ 7.7
Defined benefit asset	27	**6.0**	16.9
Income tax credit receivable		**9.8**	5.5
Other		**7.3**	8.6
		$ 30.7	$ 38.7

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

18 ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	Notes	**As at October 30, 2022**	As at October 31, 2021
Accounts payable and other accruals		**$ 285.7**	$ 255.2
Salaries and other benefits payable		**97.2**	103.8
Stock-based compensation	23	**26.6**	22.3
Derivative financial instruments	29	**12.8**	4.2
Financial expenses payable		**5.9**	4.0
Other		**62.4**	49.7
		$ 490.6	$ 439.2

19 LONG-TERM DEBT

	Note	Effective interest rate as at October 30, 2022	Maturity	**As at October 30, 2022**	As at October 31, 2021 (1)
Unsecured fixed-rate notes (issued in 2021)		2.41 %	2026	**$ 250.0**	$ 250.0
Unsecured fixed-rate notes (issued in 2022)	29	2.84	2025	**190.9**	—
U.S. dollar term loan (issued in 2021)		5.02	2028	**161.1**	148.7
U.S. dollar term loans (issued in 2018)		4.89	2027	**153.0**	464.6
Credit facilities		5.64	2023-2027	**132.7**	—
Unified Debenture		4.84	2028	**100.0**	100.0
Other loans			2026-2031	**6.5**	6.6
				994.2	969.9
Issuance costs on long-term debt at amortized cost				**4.2**	4.4
Total long-term debt				**990.0**	965.5
Current portion of long-term debt				**10.7**	187.3
				$ 979.3	$ 778.2

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

Term loan extension
On June 30, 2022, the Corporation amended tranche F of the U.S. dollar term loans (issued in 2018) of $153.0 million (US$112.5 million), which was maturing on May 1, 2023 and was bearing interest at floating LIBOR plus 1.70%, to extend its maturity to June 30, 2027. Tranche F now bears interest at a floating rate based on the Secured Overnight Financing Rate ("SOFR") plus 1.70% and an adjustment ranging from 0.10% to 0.25%. On June 30, 2022, concurrently with extending tranche F of the U.S. dollar term loans (issued in 2018), the Corporation settled a floating-to-fixed interest rate swap for a consideration received of $0.7 million.

New financings
On February 1, 2022, the Corporation issued a private offering of Canadian dollar senior unsecured notes bearing interest at a fixed rate of 2.667%, amounting to $200.0 million and maturing on February 3, 2025. Issuance costs of $1.1 million were recognized against long-term debt and are amortized using the effective interest method over the duration of the private offering. Concurrently with the issuance of this private offering, the Corporation entered into fixed-to-floating interest rate swaps (CAD fixed/USD floating) amounting to $200.0 million (US$157.1 million) and maturing on February 3, 2025, to convert into U.S. dollars the private offering proceeds received in Canadian dollars and fix the exchange rate applicable upon repayment of the private offering at maturity (Note 29).

During the year ended October 31, 2021, the Corporation issued a U.S. dollar term loan amounting to US$120.0 million ($146.3 million) and maturing in June 2028. This term loan bears interest at the U.S. base rate or LIBOR plus a margin of 0.85% and 1.85%, respectively. An amount of $0.4 million (US$0.3 million) is repayable each quarter until maturity. Issuance costs of $0.8 million were recognized as a reduction of long-term debt, and they will be amortized using the effective interest method over the life of the term loan.

During the year ended October 31, 2021, the Corporation also issued unsecured notes bearing interest at a fixed rate of 2.28%, amounting to $250.0 million and maturing in July 2026. Issuance costs of $1.6 million were recognized as a reduction of long-term debt, and they will be amortized using the effective interest method over the life of the unsecured notes. Concurrently with this issuance, the Corporation entered into cross-currency fixed interest rate swaps amounting to $250.0 million (US$200.4 million) to convert the fixed rate on the unsecured notes of 2.28% into a fixed rate of 2.055% paid in U.S. dollars (Note 29).

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

19 LONG-TERM DEBT (CONTINUED)

Repayments of term loans

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.

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 November 1, 2021, concurrently with the repayment of tranche D of the U.S. dollar term loans, the Corporation settled a floating-to-fixed interest rate swap for a paid consideration of $2.2 million.

Credit facilities extension

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. The interest rate on the credit facility is based on the Corporation's credit rating. Based on the current credit rating, the applicable rate is the bankers' acceptance rate or SOFR plus 1.675% or the Canadian prime rate or the U.S. prime rate plus 0.675%

The Corporation has another credit facility with a maximum amount of US$25.0 million ($34.0 million), which matured in March 2022 and for which the maturity was extended until March 2023. The applicable interest rate for this credit facility bears is SOFR plus 1.05%.

As at October 30, 2022, an amount of $132.7 million had been drawn on the credit facilities, of which $9.1 million (US$6.7 million) maturing on March 31, 2023 was reported in current liabilities. As at October 30, 2022, the unused amount under the credit facilities was $301.3 million.

The Corporation has revolving letters of credit facilities for an aggregate amount of $40.0 million. The fees applicable to the issued portion of these letters of credit facilities are 0.80% annually. As at October 30, 2022, letters of credit amounting to $20.0 million ($23.3 million as at October 31, 2021) were issued on these facilities, mainly to secure unpaid contributions with respect to the solvency deficiency of the Corporation's defined benefit plans (Note 27).

The Corporation must comply with certain restrictive covenants, including maintaining certain financial ratios. During the year ended October 30, 2022, the Corporation has not been in default under any covenants.

20 PROVISIONS

	Restructuring costs	Onerous contracts	Other	**Total**
Balance, beginning of year	$ 1.3	$ 0.3	$ 0.5	**$ 2.1**
Provisions recorded	2.4	0.6	—	**3.0**
Amounts used	—	(0.3)	(0.2)	**(3.4)**
Provisions reversed	—	—	0.2	**0.2**
Balance as at October 30, 2022	$ 0.8	$ 0.6	$ 0.5	**$ 1.9**
Current portion	$ 0.8	$ 0.6	$ 0.2	**$ 1.6**
Non-current portion	—	—	0.3	**0.3**
	$ 0.8	$ 0.6	$ 0.5	**$ 1.9**

Restructuring costs

The Corporation is implementing rationalization measures, including plant closures, in the Printing Sector to consolidate its printing platform.

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

21 OTHER LIABILITIES

	Notes		As at October 30, 2022		As at October 31, 2021 [(1)]
Accrued liabilities and other liabilities		**$**	**7.8**	$	15.3
Stock-based compensation	23		**10.1**		15.5
Defined benefit liability	27		**68.7**		62.2
Derivative financial instruments	29		**44.8**		9.9
		$	**131.4**	$	102.9

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

22 SHARE CAPITAL

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

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

	October 30, 2022			October 31, 2021		
	Number of shares		**Amount**	Number of shares		Amount
Class A Subordinate Voting Shares						
Balance, beginning of year	**73,112,144**	**$**	**621.1**	73,049,344	$	621.0
Conversion of Class B Shares into Class A Subordinate Voting Shares	**—**		**—**	63,000		0.1
Shares redeemed and cancelled	**(400,800)**		**(3.4)**	(200)		—
Balance, end of year	**72,711,344**		**617.7**	73,112,144		621.1
Class B Shares						
Balance, beginning of year	**13,912,826**		**18.9**	13,975,826		19.0
Conversion of Class B Shares into Class A Subordinate Voting Shares	**—**		**—**	(63,000)		(0.1)
Balance, end of year	**13,912,826**		**18.9**	13,912,826		18.9
	86,624,170	**$**	**636.6**	87,024,970	$	640.0

Share redemptions

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

On September 29, 2021, the Corporation had 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. The repurchases are made in the normal course of business at market prices through the Toronto Stock Exchange.

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

During the year ended October 31, 2021, the Corporation repurchased and cancelled 200 of its Class A Subordinate Voting Shares at a weighted average price of \$18.39, for a negligible total cash consideration. The excess of the total consideration over the carrying amount of the shares 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 October 31, 2021.

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

22 SHARE CAPITAL (CONTINUED)

Net earnings per share
For the years ended October 30, 2022 and October 31, 2021, there were no dilutive items.

Dividends
Dividends of $0.9 per share were declared and paid to the holders of shares for each of the years ended October 30, 2022 and October 31, 2021.

23 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 ("DSUs") and restricted share units ("RSUs") are granted. Vested DSUs and RSUs will be paid, at the Corporation's discretion, in cash or with Class A Subordinate Voting Shares of the Corporation purchased on the open market.

The following table presents the changes in the plan's status for the years ended:

Number of units	**October 30, 2022**	October 31, 2021	**October 30, 2022**	October 31, 2021
	DSUs		RSUs	
Balance, beginning of year	**566,250**	547,645	**1,441,170**	1,093,533
Units granted	**97,026**	—	**564,683**	477,219
Units cancelled	**(9,930)**	(5,655)	**(53,229)**	(85,554)
Units paid	**—**	(6,979)	**(318,615)**	(100,068)
Units converted	**7,157**	8,303	**—**	—
Dividends paid in units	**33,454**	22,936	**81,433**	56,040
Balance, end of year	**693,957**	566,250	**1,715,442**	1,441,170

As at October 30, 2022, the liability related to the share unit plan for certain officers and senior executives was $30.7 million, of which $10.1 million was presented under Other liabilities ($31.5 million as at October 31, 2021, of which $15.5 million was presented under Other liabilities). Expenses recorded in the Consolidated Statements of Earnings for the years ended October 30, 2022 and October 31, 2021 were $6.0 million and $17.4 million, respectively. Amounts totaling $6.8 million and $2.4 million were paid under this plan for the years ended October 30, 2022 and October 31, 2021, respectively.

During the year ended October 31, 2021, the Corporation gave an irreversible choice to the participants in the share unit plan for certain officers and senior executives to extend the vesting period of certain plan programs for a maximum of 12 months compared to the original vesting period. The change in the vesting period resulted in a reversal of the liability to the corresponding expense of $0.6 million for the year ended October 31, 2021.

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 years ended:

Number of units	**October 30, 2022**	October 31, 2021
Balance, beginning of year	**308,012**	363,266
Directors' compensation	**52,746**	39,109
Units paid	**(15,000)**	(105,794)
Dividends paid in units	**17,075**	11,431
Balance, end of year	**362,833**	308,012

As at October 30, 2022, the liability related to the share unit plan for directors was $6.0 million ($6.3 million as at October 31, 2021). Expenses recorded in the Consolidated Statements of Earnings for the years ended October 30, 2022 and October 31, 2021 were negligible and $2.2 million, respectively. Under this plan, amounts totaling $0.3 million and $2.2 million were paid for the years ended October 30, 2022 and October 31, 2021.

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

23 STOCK-BASED COMPENSATION (CONTINUED)

Total return swap

During the years ended October 30, 2022 and October 31, 2021, the Corporation has entered into total return swaps, which have a term of 12 months and are renewable annually, on 1,200,000 units purchased at a weighted-average price of $20.01 and 1,200,000 units at a weighted-average price of $20.75, respectively, to hedge a portion of the stock-based compensation expenses (gains) that vary based on the price of the Corporation's shares. During the years ended October 30, 2022 and October 31, 2021, amounts recognized in the Consolidated Statements of Earnings under Operating expenses, corresponding to the change in fair value of the total return swap for hedged units, before taking into account dividends received and interest paid, were an expense of $4.4 million and a gain of $2.5 million, respectively. An amount totaling $0.4 million was paid under the total return swap during the year ended October 30, 2022. An amount totaling $5.0 million was received under the total return swap during the year ended October 31, 2021.

24 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	**(10.3)**	**(36.4)**	**119.2**	**(10.5)**	**62.0**
Balance as at October 30, 2022	**$ (11.6)**	**$ (11.3)**	**$ 66.3**	**$ (22.7)**	**$ 20.7**
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	15.1	35.2	(93.2)	16.4	(26.5)
Balance as at October 31, 2021	$ (1.3)	$ 25.1	$ (52.9)	$ (12.2)	$ (41.3)

As at October 30, 2022, the amounts expected to be reclassified to net earnings in future years are as follows:

	2023	2024	2025	Total
Net change in the fair value of derivatives designated as cash flow hedges	$ (7.3)	$ (7.4)	$ (1.1)	$ (15.8)
Income taxes	(1.9)	(2.0)	(0.3)	(4.2)
	$ (5.4)	$ (5.4)	$ (0.8)	$ (11.6)

25 SUPPLEMENTAL INFORMATION ON THE CONSOLIDATED STATEMENTS OF CASH FLOWS

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

	October 30, 2022	October 31, 2021 (1)
Accounts receivable	**$ (42.7)**	$ (44.8)
Inventories	**(78.7)**	(73.5)
Prepaid expenses and other current assets	**2.6**	(0.1)
Accounts payable and accrued liabilities	**(7.5)**	45.0
Provisions	**(0.8)**	(7.3)
Deferred revenues and deposits	**(3.3)**	1.2
Defined benefit plans	**0.9**	0.8
	$ (129.5)	$ (78.7)

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

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

25 SUPPLEMENTAL INFORMATION ON THE CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)

The following table presents changes in financial liabilities for the year ended October 30, 2022:

			Non-cash changes					
	Opening balance	Cash flows related to financing activities	Business acquisitions and disposals	Fair value adjustments additions[1]	Foreign exchange rate effect	Amortization of deferred financing fees	Financial expenses	**Closing balance**
Long term debts	$ 969.9	$ (130.6)	$ —	$ (9.0)	$ 31.2	$ —	$ —	**$ 861.5**
Credit facility	—	127.0	—	—	5.7	—	—	**132.7**
Lease liabilities	160.4	(27.5)	2.2	18.7	3.3	—	3.2	**160.3**
Issuance costs	(4.4)	(1.7)	—	—	—	1.9	—	**(4.2)**
Accrued interest	4.0	(33.0)	—	—	3.2	—	31.7	**5.9**
	$ 1,129.9	$ (65.8)	$ 2.2	$ 9.7	$ 43.4	$ 1.9	$ 34.9	**$ 1,156.2**

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

26 RELATED PARTY TRANSACTIONS

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

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

	October 30, 2022	October 31, 2021
Salaries and other short-term benefits	**$ 11.7**	$ 8.9
Post-employment benefits	**0.1**	0.8
Stock-based compensation	**4.4**	17.4
	$ 16.2	$ 27.1

27 EMPLOYEE BENEFITS

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

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

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

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

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

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

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

The most recent actuarial valuations of the Corporation's pension plans for funding purposes were done as at December 31, 2021 for plans registered in Quebec, as at December 31, 2019 for plans registered in Ontario and as at December 1, 2019 for plans registered in the United States.

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

27 EMPLOYEE BENEFITS (CONTINUED)

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

	Pension benefits		Other defined benefit plans		Total	
	October 30, 2022	October 31, 2021	**October 30, 2022**	October 31, 2021	**October 30, 2022**	October 31, 2021
Defined benefit obligation						
Balance, beginning of year	**$ 710.3**	$ 805.0	**$ 16.5**	$ 13.4	**$ 726.8**	$ 818.4
Current service cost [1]	**—**	—	**1.6**	0.6	**1.6**	0.6
Past service cost	**—**	0.1	**—**	—	**—**	0.1
Interest cost on the defined benefit obligation	**22.7**	22.0	**0.6**	0.7	**23.3**	22.7
Actuarial gains or losses from:						
Plan experience	**20.7**	(1.7)	**0.4**	0.2	**21.1**	(1.5)
Changes in demographic assumptions	**—**	0.3	**0.1**	—	**0.1**	0.3
Changes in financial assumptions	**(128.1)**	(42.6)	**(2.2)**	(0.7)	**(130.3)**	(43.3)
Defined benefit obligation extinguished on settlement	**—**	(2.7)	**—**	—	**—**	(2.7)
Benefits paid	**(57.5)**	(64.7)	**(1.2)**	(1.4)	**(58.7)**	(66.1)
Exchange rate change and other	**7.8**	(5.4)	**0.2**	3.7	**8.0**	(1.7)
Balance, end of year	**$ 575.9**	$ 710.3	**$ 16.0**	$ 16.5	**$ 591.9**	$ 726.8
Fair value of plan assets						
Balance, beginning of year	**$ 683.3**	$ 758.1	**$ —**	$ —	**$ 683.3**	$ 758.1
Interest income on plan assets	**21.8**	20.6	**—**	—	**21.8**	20.6
Actuarial losses on plan assets	**(123.3)**	(22.8)	**—**	—	**(123.3)**	(22.8)
Administrative costs (other than asset management costs)	**(2.6)**	(2.6)	**—**	—	**(2.6)**	(2.6)
Benefits paid	**(57.5)**	(64.7)	**(1.2)**	(1.4)	**(58.7)**	(66.1)
Employer contributions	**3.5**	3.6	**1.2**	1.4	**4.7**	5.0
Asset distributed on settlement	**—**	(3.2)	**—**	—	**—**	(3.2)
Exchange rate change and other	**6.2**	(5.7)	**—**	—	**6.2**	(5.7)
Balance, end of year	**$ 531.4**	$ 683.3	**$ —**	$ —	**$ 531.4**	$ 683.3
Plan deficit	**$ (44.5)**	$ (27.0)	**$ (16.0)**	$ (16.5)	**$ (60.5)**	$ (43.5)
Effect of the asset ceiling	**(2.2)**	(1.8)	**—**	—	**(2.2)**	(1.8)
Defined benefit liability	**$ (46.7)**	$ (28.8)	**$ (16.0)**	$ (16.5)	**$ (62.7)**	$ (45.3)

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

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

27 EMPLOYEE BENEFITS (CONTINUED)

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

	Notes	**As at October 30, 2022**	As at October 31, 2021
Other assets	17	**$ 6.0**	$ 16.9
Other liabilities	21	**(68.7)**	(62.2)
		$ (62.7)	$ (45.3)

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

	As at October 30, 2022	As at October 31, 2021
Quoted in an active market		
Canadian and foreign equities and investment funds	**$ 95.3**	$ 137.4
Debt securities		
Government and corporate bonds and investment funds	**281.5**	355.7
Cash and cash equivalents and investment funds	**1.9**	2.7
	378.7	495.8
Not quoted in an active market		
Insured annuities	**152.7**	187.5
	$ 531.4	$ 683.3

For the years ended October 30, 2022 and October 31, 2021, the plan assets did not include any shares of the Corporation.

The matching strategy for the Corporation's assets and liabilities consists in minimizing risk through the purchase of insured annuities and debt securities. For the years ended October 30, 2022 and October 31, 2021, the plans invested in buy-in insured annuities. Their fair value is considered equal to the defined benefit obligation for participants targeted by the annuities purchases, calculated using assumptions applicable at the reporting date.

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

	Pension benefits		Other defined benefit plans		Total	
	As at October 30, 2022	As at October 31, 2021	**As at October 30, 2022**	As at October 31, 2021	**As at October 30, 2022**	As at October 31, 2021
Fair value of plan assets for funded or partially funded plans	**$ 531.4**	$ 683.3	**$ —**	$ —	**$ 531.4**	$ 683.3
Defined benefit obligation of funded or partially funded plans	**556.2**	683.8	**—**	—	**556.2**	683.8
Effect of the asset ceiling	**(2.2)**	(1.8)	**—**	—	**(2.2)**	(1.8)
Funded status of funded or partially funded plans - deficit	**$ (27.0)**	$ (2.3)	**$ —**	$ —	**$ (27.0)**	$ (2.3)
Defined benefit obligation of unfunded plans	**(19.7)**	(26.5)	**(16.0)**	(16.5)	**(35.7)**	(43.0)
Total funded status - deficit	**$ (46.7)**	$ (28.8)	**$ (16.0)**	$ (16.5)	**$ (62.7)**	$ (45.3)

The Corporation expects to contribute $3.3 million to its defined benefit plans during the year ending October 29, 2023, considering that it plans to use letters of credit from its credit facilities to secure unpaid contributions for the solvency deficiency of the defined benefit plans. The actual amount paid may differ from the estimate based on the results of the actuarial valuations, investment returns, volatility in discount rates, regulatory requirements and other factors.

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

27 EMPLOYEE BENEFITS (CONTINUED)

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

	As at October 30, 2022	As at October 31, 2021
Discount rate, end of year		
Canada	**5.40 %**	3.39 %
United States	**5.70**	2.90
Weighted average rate of compensation increase		
Canada	**2.35**	2.36

As at October 30, 2022, in Canada, the growth rate of health care costs for other post-employment defined benefit plans was estimated at 6.5%, gradually decreasing over 15 years to reach 4.5% and remain at this level afterwards.

The following table presents the impact of changes in the significant assumptions on the defined benefit obligation for the year ended October 30, 2022 and has some limitations. The sensitivities of each significant assumption have been calculated without taking into account any changes in the other assumptions. Actual results could therefore lead to changes in other assumptions simultaneously. Any change in one factor may result in changes in another factor, which could amplify or reduce the impact of changes in significant assumptions.

Increase (decrease)	Defined benefit obligation
Impact of 10 bps increase in discount rate	$ (4.9)
Impact of 10 bps decrease in discount rate	5.0
Impact of 100 bps increase in growth rate of health care costs	0.6
Impact of 100 bps decrease in growth rate of health care costs	(0.5)

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

		Pension benefits		Other defined benefit plans		Total	
	Note	**October 30, 2022**	October 31, 2021	**October 30, 2022**	October 31, 2021	**October 30, 2022**	October 31, 2021
Current service cost		**$ —**	$ —	**$ 1.6**	$ 0.6	**$ 1.6**	$ 0.6
Past service cost		**—**	0.1	**—**	—	**—**	0.1
Administrative costs		**2.6**	2.6	**—**	—	**2.6**	2.6
Loss on settlement		**—**	0.5	**—**	—	**—**	0.5
Plan cost recognized in net earnings		**2.6**	3.2	**1.6**	0.6	**4.2**	3.8
Interest cost on the defined benefit obligation		**22.7**	22.0	**0.6**	0.7	**23.3**	22.7
Interest income on plan assets		**(21.9)**	(20.6)	**—**	—	**(21.9)**	(20.6)
Interest on ceiling effect		**0.1**	0.1	**—**	—	**0.1**	0.1
Net interest on the defined benefit liability	9	**0.9**	1.5	**0.6**	0.7	**1.5**	2.2
Actuarial losses		**—**	—	**(0.4)**	—	**(0.4)**	—
Remeasurement of the net defined benefit liability (asset)		**—**	—	**(0.4)**	—	**(0.4)**	—
Defined benefit plan cost		**$ 3.5**	$ 4.7	**$ 1.8**	$ 1.3	**$ 5.3**	$ 6.0

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

27 EMPLOYEE BENEFITS (CONTINUED)

The following table presents the defined benefit plan costs recognized in the Consolidated Statements of Earnings for the years ended:

	October 30, 2022	October 31, 2021
Costs recognized under Operating expenses	**$ 4.2**	$ 3.2
Net costs recognized under Restructuring and other costs (revenues)	**—**	0.6
	$ 4.2	$ 3.8

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

	October 30, 2022	October 31, 2021 (1)
Defined contribution pension plans	**$ 16.9**	$ 19.9
State plans	**15.3**	14.2
	$ 32.2	$ 34.1

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

28 COMMITMENTS, GUARANTEES AND CONTINGENT LIABILITIES

Commitments
The Corporation leases real estate properties (office or warehousing spaces and buildings for plants) and other assets (production equipment, office equipment and other). Minimum payments related to most of the Corporation's lease commitments have been recognized as lease liabilities in the Statement of Financial Position. For more details, see Note 14.

As at October 30, 2022, the Corporation had commitments with suppliers for capital expenditures totaling $105.4 million.

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

a) Indemnification of third parties
Under the terms of debt agreements, the Corporation has agreed to indemnify the holders of such debt instruments against any increase in costs incurred or reduction in the amounts otherwise payable to them resulting from changes in laws and regulations. These indemnification commitments are in effect for the term of the agreements and have no limitations. Given the nature of these indemnification agreements, the Corporation is unable to estimate its maximum potential liability to third parties. Historically, the Corporation has not made any indemnification payments and, as at October 30, 2022, the Corporation had not recorded a liability associated with these indemnification agreements.

b) Business disposals
In connection with the disposal of operations or assets, the Corporation agreed to indemnify against any claims that may result from its previous activities or arise under in-force agreements at the transaction date. Given the nature of these indemnification agreements, the Corporation is unable to estimate its maximum potential liability to guaranteed parties. Historically, the Corporation has not made any significant indemnification payments and, as at October 30, 2022, the Corporation had not recorded any liability associated with these indemnification agreements.

Contingent liabilities
In the normal course of operations, the Corporation is involved in various claims and legal proceedings. Although the outcome of these pending cases as at October 30, 2022, cannot be determined with certainty, the Corporation considers that their outcome is unlikely to have a material adverse effect on its financial position and operating results, given the provisions or insurance coverage with regards to some of these claims and legal proceedings.

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

29 FINANCIAL INSTRUMENTS

Fair value of financial instruments

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

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

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

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

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

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

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

		As at October 30, 2022		As at October 31, 2021	
	Fair value hierarchy	**Fair value**	**Carrying amount**	Fair value	Carrying amount
Prepaid expenses and other current assets					
Foreign exchange forward contracts	Level 2	**$ 1.2**	**$ 1.2**	$ 5.2	$ 5.2
Other assets					
Foreign exchange forward contracts	Level 2	**1.0**	**1.0**	2.0	2.0
Accounts payable and accrued liabilities					
Contingent considerations	Level 3	**—**	**—**	(10.0)	(10.0)
Interest rate swaps	Level 2	**—**	**—**	(2.2)	(2.2)
Total return swaps	Level 2	**(4.9)**	**(4.9)**	(1.4)	(1.4)
Foreign exchange forward contracts	Level 2	**(7.9)**	**(7.9)**	(0.6)	(0.6)
Long-term debt					
Long-term debt	Level 2	**(935.8)**	**(990.0)**	(962.1)	(965.5)
Other liabilities					
Interest rate swaps	Level 2	**—**	**—**	(7.3)	(7.3)
Cross-currency interest rate swaps	Level 2	**(35.3)**	**(35.3)**	(2.5)	(2.5)
Foreign exchange forward contracts	Level 2	**(9.5)**	**(9.5)**	(0.1)	(0.1)

During the years ended October 30, 2022 and October 31, 2021, no financial instruments were transferred between Levels 1, 2 and 3.

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

29 FINANCIAL INSTRUMENTS (CONTINUED)

Level 3 financial instruments
The changes in Level 3 financial instruments are as follows for the years ended:

	Notes	**October 30, 2022**	October 31, 2021
Balance, beginning of year		**$ 10.0**	$ 3.5
Business combinations	4	**—**	10.0
Change included under "Restructuring and other costs (revenues)"	6	**(10.0)**	(3.4)
Exchange rate change		**—**	(0.1)
Balance, end of year		**$ —**	$ 10.0

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

Credit risk
Credit risk is the risk that the Corporation will incur losses arising from the failure of third parties to meet their contractual obligations. The Corporation is exposed to credit risk with regard to its accounts receivable and loans receivable, as well as through its normal activities involving cash. The Corporation's maximum exposure to credit risk for these elements is represented by their carrying amount in the Consolidated Statements of Financial Position. The Corporation is also exposed to credit risk with regard to its derivative financial instrument assets. However, the Corporation estimates this risk as low because it deals only with recognized financial institutions with investment-grade credit ratings. As at October 30, 2022, the Corporation's maximum exposure to credit risk related to derivative financial instrument assets was low.

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

As at October 30, 2022, no single customer represented 10.0% or more of the revenues of the Corporation, or 10.0% or more of the related accounts receivable.

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

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

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

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

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

29 FINANCIAL INSTRUMENTS (CONTINUED)

Receivables are detailed as follows:

Trade receivables	As at October 30, 2022	As at October 31, 2021
Current balance	$ 413.5	$ 383.8
1 - 30 days past due	53.0	34.8
31 - 60 days past due	10.7	8.1
More than 60 days past due	22.5	13.9
	499.7	440.6
Allowance account for credit losses	(3.1)	(3.1)
	$ 496.6	$ 437.5

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

	October 30, 2022	October 31, 2021
Balance, beginning of year	$ 3.1	$ 7.4
Loss allowance for credit losses	0.4	(2.0)
Receivables recovered or written off	(0.4)	(2.3)
Balance, end of year	$ 3.1	$ 3.1

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

Based on its analysis, the Corporation is of the opinion that the allowance account for credit losses is adequate to cover risks of non-payment.

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

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

29 FINANCIAL INSTRUMENTS (CONTINUED)

The following table presents the contractual maturities of financial liabilities as at October 30, 2022:

	Carrying amount	Contractual cash flows	Less than 1 year	1-3 years	3-5 years	Over 5 years
Non-derivative financial liabilities						
Accounts payable and accrued liabilities	$ **477.8**	$ **477.8**	$ **477.8**	$ **—**	$ **—**	$ **—**
Long-term debt	**990.0**	**1,170.9**	**49.2**	**275.9**	**581.2**	**264.6**
Lease liabilities	**160.3**	**174.4**	**27.7**	**48.6**	**36.6**	**61.5**
Other monetary liabilities, excluding contingent considerations	**15.0**	**15.0**	**—**	**15.0**	**—**	**—**
	1,643.1	**1,838.1**	**554.7**	**339.5**	**617.8**	**326.1**
Derivative financial instruments in liabilities						
Cross-currency interest rate swaps	**35.3**	**44.5**	**3.4**	**18.7**	**22.4**	**—**
Foreign exchange forward contracts	**17.4**	**17.4**	**7.9**	**9.5**	**—**	**—**
Total return swap	**4.9**	**4.9**	**4.9**	**—**	**—**	**—**
	$ **1,700.7**	$ **1,904.9**	$ **570.9**	$ **367.7**	$ **640.2**	$ **326.1**

Market risk

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

a) Interest rate risk

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

For the year ended October 30, 2022, all other things being equal, if interest rates had increased or decreased by 50 basis points, the Corporation's net earnings would have decreased or increased by $2.0 million.

b) Foreign currency risk

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

For the years ended October 30, 2022 and October 31, 2021, all other things being equal, a hypothetical 10.0% appreciation of the U.S. dollar against the Canadian dollar would have increased the Corporation's net earnings by $21.7 million and decreased the Corporation's other comprehensive income (loss) by $4.6 million. A hypothetical 10.0% depreciation of the U.S. dollar against the Canadian dollar would have the opposite effect on net earnings and other comprehensive income (loss).

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

29 FINANCIAL INSTRUMENTS (CONTINUED)

Hedging relationships

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

Derivative financial instruments	Receivable interest rate	Payable interest rate	Maturity date	Notional amount	October 30, 2022 Carrying amount	October 31, 2021 Carrying amount
Floating-to-fixed interest rate swap (1)	1-month USD LIBOR (4)	2.46 %	May 1, 2022	$ 112.5 USD	$ —	$ (2.2)
Floating-to-fixed interest rate swap (1)	1-month USD LIBOR (4)	2.45 %	November 1, 2022	$ 56.3 USD	—	(1.6)
Floating-to-fixed interest rate swap (1)	1-month USD LIBOR (4)	2.45 %	November 1, 2022	$ 56.3 USD	—	(1.5)
Floating-to-fixed interest rate swap (1)	1-month USD LIBOR (4)	2.41 %	May 1, 2023	$ 112.5 USD	—	(4.2)
Cross-currency fixed interest rate swaps (2)	2.280 %	2.055 %	July 13, 2026	$ 250.0 CAD	**(12.6)**	(2.5)
Cross-currency fixed-to-floating interest rate swaps (3)	2.667 %	SOFR(5) + 1,088%	February 1, 2025	$ 200.0 CAD	**(22.7)**	—
					$ (35.3)	$ (12.0)

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

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

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

(4) LIBOR stands for London Interbank Offer Rate.

(5) SOFR stands for Secured Overnight Financing Rate.

In addition to interest rate swaps, the Corporation may designate a portion of its existing term loans and credit facilities denominated in U.S. dollars as a hedging instrument for its net investment in foreign operations. As at October 30, 2022, the Corporation had designated an amount of $70.4 million (US$51.8 million) of existing term loans and credit facilities denominated in U.S. dollars as net investment hedge.

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

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

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

29 FINANCIAL INSTRUMENTS (CONTINUED)

October 31, 2021	Maturity	Payable notional amount	Payable currency	Receivable notional amount	Receivable currency	Average exchange rate	Carrying amount
Derivative financial instruments in assets							
Foreign exchange contracts	November 2021 - June 2024	$ 27.3	USD	$ 41.7	CAD	1.267	$ 7.2
Derivative financial instruments in liabilities							
Foreign exchange contracts [1]	November 2021 - June 2023	(72.5)	USD	(89.5)	CAD	1.242	(0.2)
Foreign exchange contracts	November 2022	0.1	GBP	1.0	USD	1.308	(0.3)
Foreign exchange contracts	January 2023 - June 2023	4.7	EUR	5.6	USD	1.191	(0.2)
							$ 6.5

[1] Includes foreign exchange contracts to purchase U.S. dollars having a notional amount of US$90.5 million and maturing on November 1, 2021 for the repayment of tranche D of the U.S. dollar term loans (issued in 2018) (note 19).

Impact of cash flow hedging relationships

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

Cash flow hedges	**October 30, 2022** **Interest rate risk**	**October 30, 2022** **Foreign currency risk**	October 31, 2021 Interest rate risk	October 31, 2021 Foreign currency risk
Balance, beginning of year	**$ (8.3)**	**$ 6.6**	$ (24.1)	$ 1.9
Change in fair value recognized in other comprehensive income (loss)	**2.5**	**(17.5)**	3.2	5.4
Amounts from the cash flow hedge reserve recognized in net financial expenses	**5.7**	**(4.7)**	12.6	(0.7)
Balance, end of year	**$ (0.1)**	**$ (15.6)**	$ (8.3)	$ 6.6

For the years ended October 30, 2022 and October 31, 2021, no expenses related to the ineffectiveness of the hedging relationships presented above were recognized in net earnings.

Impact of net investment hedging relationships

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

October 30, 2022	**Net investment hedge reserve**	**Cost of hedge reserve**	**Total**
Balance, beginning of year	**32.0 $**	**(3.8) $**	**28.2 $**
Change in fair value recognized in other comprehensive income (loss)	**(45.2)**	**9.1**	**(36.1)**
Amounts from the the cost of hedge reserve recognized in net financial expenses	**—**	**0.8**	**0.8**
Balance, end of year	**(13.2) $**	**6.1 $**	**(7.1) $**

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

29 FINANCIAL INSTRUMENTS (CONTINUED)

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

October 31, 2021	Net investment hedge reserve	Cost of hedge reserve	Total
Balance, beginning of year	(11.1) $	— $	(11.1) $
Change in fair value recognized in other comprehensive income (loss)	43.1	(3.7)	39.4
Amounts from the the cost of hedge reserve recognized in net financial expenses	—	(0.1)	(0.1)
Balance, end of year	32.0 $	(3.8) $	28.2 $

For the year ended October 31, 2022, an amount of $0.2 million has been recognized in net earnings as hedging relationships ineffectiveness.

Impact of fair value hedging relationships
As at October 30, 2022, the carrying amount of the hedged item, namely a portion of long-term debt, was $190.9 million (Note 19). This amount included a cumulative fair value hedge adjustment of $9.1 million to the carrying amount of the hedged item. For the year ended October 30, 2022, an amount of $0.1 million has been recognized in net earnings as hedging relationships ineffectiveness.

30 CAPITAL MANAGEMENT

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

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

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

	October 30, 2022	October 31, 2021 (1)
Long-term debt	**$ 979.3**	$ 778.2
Lease liabilities	**135.0**	137.3
Current portion of long-term debt	**10.7**	187.3
Current portion of lease liabilities	**25.3**	23.1
Cash	**(45.7)**	(231.1)
Net indebtedness	**$ 1,104.6**	$ 894.8
Adjusted operating earnings before depreciation and amortization	**$ 446.7**	$ 464.8
Net indebtedness ratio	**2.47 x**	1.93 x

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

shareholder information

Historical financial information

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

(unaudited) (in millions of dollars, except ratios)

	2022 52 weeks	2021 53 weeks	2020 52 weeks	2019 52 weeks	2018 52 weeks
PROFITABILITY					
Revenues	**$2,956.1**	$2,643.4	$2,574.0	$3,038.8	$ 2,623.5
Operating earnings before depreciation and amortization	**449.2**	451.4	458.0	511.5	536.8
Adjusted operating earnings before depreciation and amortization[1]	**446.7**	464.8	499.4	475.8	459.4
Operating earnings	**217.3**	233.8	241.4	309.5	367.7
Adjusted operating earnings[1]	**285.1**	313.5	352.8	348.0	356.9
Net earnings applicable to participating shares	**141.2**	130.6	131.7	166.1	213.4
Adjusted net earnings applicable to participating shares[1]	**189.7**	206.4	227.0	220.2	239.4
LIQUIDITY					
Cash flows from operating activities	**220.8**	315.3	427.0	431.6	312.5
Acquisitions of property plant and equipment (PP&E) and intangible assets	**142.4**	138.3	97.5	125.6	80.0
Free Cash Flow[2]	**78.4**	177.0	329.5	306.0	232.5
Dividends on participating shares	**78.1**	78.3	77.9	76.0	68.6
Participating share redemptions	**7.0**	n/a	7.1	n/a	23.6
Cash	**45.7**	231.1	241.0	213.7	40.5
Available liquidities[3]	**347.0**	662.1	673.8	646.4	309.7
FINANCIAL POSITION					
Total assets	**3,801.0**	3,612.9	3,598.4	3,781.8	3,782.2
Shareholders' equity	**1,882.0**	1,764.3	1,738.6	1,691.2	1,634.1
Net indebtedness[1]	**1,104.6**	894.8	933.9	1,169.4	1,420.5
Corporate credit rating (DBRS)	**BBB (low), stable**	BBB (low), stable	BBB (low), negative	BBB (low), stable	BBB (low), stable
Corporate credit rating (Standard & Poor's)	**BBB-, stable**	BBB-, stable	BBB-, negative	BBB-, negative	BBB-, negative
RATIOS					
Adjusted operating earnings margin before depreciation and amortization[1]	**15.1 %**	17.6 %	19.4 %	15.7 %	18.2 %
Return on average equity[4]	**10.4 %**	11.8 %	13.2 %	13.2 %	16.8 %
Net indebtedness ratio (financial leverage) [1, 5]	**2.5 x**	1.9 x	1.9 x	2.5 x	3.1 x

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

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

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

4 Adjusted net earnings applicable to participating shares[1] divided by average beginning and ending shareholders' equity balance for the fiscal year.

5 The net indebtedness and net indebtedness ratios as at October 30, 2022, October 31, 2021 and as at October 25, 2020 include the impact of IFRS 16. Excluding the impact of IFRS 16, the net indebtedness ratios are 2.3x, 1.7 and 1.6x respectively.

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

share information

Historical financial information

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

(unaudited)

	2022	2021	2020	2019	2018
TRADING OF CLASS A SUBORDINATE VOTING SHARES (TCL.A ON THE TSX)					
Intraday high	**$21.62**	$26.45	$17.60	$22.53	$32.89
Intraday low	**$14.44**	$15.47	$9.50	$13.11	$20.08
Closing	**$15.97**	$19.60	$16.58	$15.05	$20.85
Total volume	**50,570,525**	54,575,316	67,881,953	71,178,067	59,199,632
Average daily volume	**202,255**	214,021	271,528	284,712	236,799
TRADING OF CLASS B SHARES (TCL.B ON THE TSX)					
Intraday high	**$21.60**	$26.37	$17.71	$22.50	$32.79
Intraday low	**$15.00**	$15.55	$9.49	$13.91	$20.36
Closing	**$16.23**	$19.46	$16.72	$16.38	$20.74
Total volume	**57,617**	191,154	226,669	281,311	171,144
Average daily volume	**510**	1,341	1,453	1,465	685
ADDITIONAL INFORMATION					
Dividends on participating shares (in millions)	**$78.1**	$78.3	$77.9	$76.0	$68.6
Dividends paid per participating share	**$0.90**	$0.90	$0.90	$0.87	$0.83
Dividend yield on participating shares	**5.6%**	4.6%	5.4%	5.8%	4.0%
Weighted average number of participating shares outstanding - basic (in millions)	**86.8**	87.0	87.1	87.3	82.5
Public float (in millions)	**74.0**	74.4	74.2	74.6	74.6
Book value per participating share	**$21.67**	$20.21	$19.98	$19.37	$19.81
Market capitalization (in millions)	**$1,387**	$1,704	$1,445	$1,333	$1,820
Enterprise value (in millions)	**$ 2,492**	$2,599	$2,379	$2,502	$3,240

CLOSING SHARE PRICE AND VOLUME

corporate information

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OTHER INFORMATION

Shareholders, investors and analysts

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

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

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

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

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

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Printed in Canada

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ANNUAL MEETING OF SHAREHOLDERS

Transcontinental Inc.'s Annual Meeting of Shareholders will held virtually on March 8, 2023, at 2:00 p.m. All details are available on our website at **www.tc.tc/investors**.

PRODUCTION OF ANNUAL REPORT

Project management: Corporate Communications Department

Graphic design & artistic direction:
Transcontinental Prémédia

Photography: Transcontinental Prémédia

Translation: Corporate Communications Department

Printing: Transcontinental Ross-Ellis

governance

BOARD OF DIRECTORS

Isabelle Marcoux, C.M.
Chair of the Board,
Transcontinental Inc.

Peter Brues
President and Chief Executive Officer,
Transcontinental Inc.

Jacynthe Côté [2 4]
Corporate Director

Nelson Gentiletti [1 3]
Corporate Director

Yves Leduc [3]
Partner, Idealist Capital and Corporate Director

Nathalie Marcoux
Vice-president, Finance,
Capinabel Inc.

Pierre Marcoux
President,
Contex Group Inc.

Rémi Marcoux, C.M., O.Q., FCPA, FCA
Founder and Director,
Transcontinental Inc.

Anna Martini, FCPA, FCA [1 2]
Executive Vice President and
Chief Financial Officer,
Groupe CH

Mario Plourde [3]
President and Chief Executive Officer,
Cascades Inc.

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

Annie Thabet [1 3]
Corporate Director
and partner,
Celtis Capital Inc.

EXECUTIVE MANAGEMENT COMMITTEE OF THE CORPORATION

Peter Brues
President and Chief Executive Officer

Patrick Brayley
Senior Vice President, Premedia,
Distribution and In-Store Marketing
TC Transcontinental Printing

Nicholas Cannon
Senior Vice President, Ontario
and Western Canada
TC Transcontinental Printing

Magali Depras
Chief Strategy and CSR Officer

Christine Desaulniers
Chief Legal Officer and
Corporate Secretary

Pierre Deslongchamps
Senior Vice President,
Québec and Atlantic
TC Transcontinental Printing

Benoit Guilbault
Chief Information Officer

Donald LeCavalier
Chief Financial Officer

Thomas Morin
President
TC Transcontinental Packaging

Eric Morisset
Chief Corporate
Development Officer

Lynda Newcomb
Chief Human
Resources Officer

François Taschereau
Vice President,
Corporate Communications
and Public Affairs

OTHER OFFICERS OF THE CORPORATION

Isabelle Côté
Vice President and
Corporate Controller

Frédérique Deniger
Vice President, Internal Audit

Mathieu Hébert
Treasurer

As at December 14, 2022

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

forward-looking statements

Our public communications often contain oral or written forward-looking statements which are based on the expectations of management and inherently subject to a certain number of risks and uncertainties, known and unknown. By their very nature, forward-looking statements are derived from both general and specific assumptions. The Corporation cautions against undue reliance on such statements since actual results or events may differ materially from the expectations expressed or implied in them. Forward-looking statements may include observations concerning the Corporation's objectives, strategy, anticipated financial results and business outlook. The Corporation's future performance may also be affected by a number of factors, many of which are beyond the Corporation's will or control. These factors include, but are not limited to, the impact of digital product development and adoption on the demand for retailer-related services and printed products, the global economic environment, including inflation and recession risks and disruptions in the supply chain, 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, raw materials, transportation and consumed energy costs, availability of raw materials, the impact of a pandemic, an epidemic or an outbreak of an infectious disease on the Corporation's operations, operating results and financial position, cybersecurity and data protection, recruiting and retaining qualified personnel, the political and social environment as well as regulatory and legislative changes, in particular with regard to the environment or door-to-door distribution and use of plastic, 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, loss of a major customer, customer consolidation, structural changes in the industries in which the Corporation operates, the safety and quality of its packaging products used in the food industry, the impact of economic cycles on product demand, data confidentiality, the protection of its intellectual property rights, bad debts from certain customers, import and export controls, exchange rate fluctuations, interest rates and availability of capital at a reasonable cost, litigation and respect of privacy, the impact of major market fluctuations on the solvency of defined benefit pension plans, taxation, including changes in tax legislation that could adversely affect profitability, disputes with tax authorities or amendments to statutory rates in force, and results of impairment tests on the value of assets. 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 30, 2022, and in the latest *Annual Information Form*.

Unless otherwise indicated by the Corporation, forward-looking statements do not take into account the potential impact of non-recurring or other unusual items, nor of disposals, business combinations, mergers or acquisitions which may be announced or entered into after the date of December 13, 2022. The forward-looking statements in this annual report are made pursuant to the “safe harbour” provisions of applicable Canadian securities legislation. The forward-looking statements in this annual report are based on current expectations and information available as at December 13, 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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