TRANSCONTINENTAL

Press Release

For Immediate Release

Transcontinental Inc. Announces Results for the Second Quarter of Fiscal 2024

Highlights

- Revenues of $683.2 million for the quarter ended April 28, 2024; operating earnings of $33.2 million; and net earnings attributable to shareholders of the Corporation of $15.9 million ($0.18 per share).
- Adjusted operating earnings before depreciation and amortization[(1)] of $110.1 million for the quarter ended April 28, 2024; adjusted operating earnings[(1)] of $72.3 million; and adjusted net earnings attributable to shareholders of the Corporation[(1)] of $45.3 million ($0.52 per share).
- Growth in adjusted operating earnings before depreciation and amortization[(1)] of 1.0%, including an increase of 5.6% in the Packaging Sector.
- Continued to roll-out *raddar*™.
- Closed the Tomah, Wisconsin, plant on February 2, 2024 and the Saint-Hyacinthe, Québec, plant on April 20, 2024 with a transfer of operations to other plants in the network, and ended the Publisac distribution activities in Québec.

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

Montréal, June 5, 2024 - Transcontinental Inc. (TSX: TCL.A TCL.B) announces its results for the second quarter of fiscal 2024, which ended April 28, 2024.

"I am very satisfied with our performance for the quarter in terms of profitability," said Thomas Morin, President and Chief Executive Officer of TC Transcontinental. "We pursued our cost reduction initiatives with determination, while our efforts to improve our product mix toward higher value-added products are showing results.

"In our Packaging Sector, the financial performance was strong with a 5.6% increase in adjusted operating earnings before depreciation and amortization, despite a solid performance last year. In spite of the continued pressure on our non-food related activities, we are starting to see demand improving in most of our end markets.

"In our Retail Services and Printing Sector, renamed to reflect our expanded offering and growth opportunities in retail services, we are satisfied with the roll-out of *raddar*™ in Québec and the positive customer response to this new, innovative product as well as the growth in our in-store marketing activities. The sector's profitability is stable as a result of the actions taken to improve our cost structure.

"We are encouraged by the results to date of our two-year program aimed at improving our profitability and our financial position. We are expecting recurring annual savings of approximately $30 million from this program by the end of fiscal 2024."

"Repaying our debt remains a priority, and we are confident we will continue to reduce our indebtedness and improve our balance sheet with the significant cash flows that we expect to generate during the second half of the fiscal year, added Donald LeCavalier, Executive Vice President and Chief Financial Officer of TC Transcontinental. In that context, we are requesting the approval of the Toronto Stock Exchange to launch a normal course issuer bid in the near-term."

Financial Highlights

(in millions of dollars, except per share amounts)	Q2-2024	Q2-2023	Variation in %
Revenues	$683.2	$747.2	(8.6) %
Operating earnings before depreciation and amortization	88.7	105.2	(15.7)
Adjusted operating earnings before depreciation and amortization (1)	110.1	109.0	1.0
Operating earnings	33.2	43.8	(24.2)
Adjusted operating earnings (1)	72.3	66.2	9.2
Net earnings attributable to shareholders of the Corporation	15.9	22.2	(28.4)
Net earnings attributable to shareholders of the Corporation per share	0.18	0.26	(30.8)
Adjusted net earnings attributable to shareholders of the Corporation (1)	45.3	39.1	15.9
Adjusted net earnings attributable to shareholders of the Corporation per share (1)	0.52	0.45	15.6

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

Results for the Second Quarter of Fiscal 2024

Revenues decreased by $64.0 million, or 8.6%, from $747.2 million in the second quarter of 2023 to $683.2 million in the corresponding period of 2024. This decrease is mainly due to lower volume in the two main operating sectors.

Operating earnings before depreciation and amortization decreased by $16.5 million, or 15.7%, from $105.2 million in the second quarter of 2023 to $88.7 million in the second quarter of 2024. This decrease is mainly due to the increase in restructuring and other costs, asset impairment charges and lower volume, partially mitigated by our cost reduction initiatives related to the profitability and financial position improvement program announced in December 2023 in addition to a favourable product mix.

Adjusted operating earnings before depreciation and amortization increased by $1.1 million, or 1.0%, from $109.0 million in the second quarter of 2023 to $110.1 million in the second quarter of 2024. This increase is mainly attributable to our cost reduction initiatives and a favourable product mix, partially offset by lower volume.

Net earnings attributable to shareholders of the Corporation decreased by $6.3 million, or 28.4%, from $22.2 million in the second quarter of 2023 to $15.9 million in the second quarter of 2024. This decrease is mainly due to the previously explained decrease in operating earnings before depreciation and amortization, partially mitigated by the decrease in depreciation and amortization, in financial expenses and in income taxes. On a per share basis, net earnings attributable to shareholders of the Corporation went from $0.26 to $0.18, respectively.

Adjusted net earnings attributable to shareholders of the Corporation increased by $6.2 million, or 15.9%, from $39.1 million in the second quarter of 2023 to $45.3 million in the second quarter of 2024. This increase is mainly attributable to the previously explained increase in adjusted operating earnings before depreciation and amortization and the decrease in depreciation and amortization and in financial expenses, partially offset by higher income taxes. On a per share basis, adjusted net earnings attributable to shareholders of the Corporation went from $0.45 to $0.52, respectively.

Results for the First Six Months of Fiscal 2024

Revenues decreased by $90.6 million, or 6.2%, from $1,454.2 million in the first six months of fiscal 2023 to $1,363.6 million in the corresponding period of 2024. This decrease is mainly due to lower volume in the two main operating sectors.

Operating earnings before depreciation and amortization decreased by $9.7 million, or 5.4%, from $181.1 million in the first six months of fiscal 2023 to $171.4 million in the corresponding period of 2024. This decrease is mainly due to lower volume as well as the increase in restructuring and other costs and asset impairment charges, partially mitigated by our cost reduction initiatives and a favourable product mix.

Adjusted operating earnings before depreciation and amortization increased by $13.1 million, or 6.8%, from $193.1 million in the first six months of fiscal 2023 to $206.2 million in the corresponding period of 2024. This increase in adjusted operating earnings before depreciation and amortization is mainly attributable to our cost reduction initiatives and a favourable product mix, partially offset by lower volume.

Net earnings attributable to shareholders of the Corporation increased by $6.6 million, or 28.4%, from $23.2 million in the first six months of fiscal 2023 to $29.8 million in the corresponding period of 2024. This increase is mainly attributable to the decrease in depreciation and amortization and in financial expenses, partially offset by the previously explained decrease in operating earnings before depreciation and amortization. On a per share basis, net earnings attributable to shareholders of the Corporation went from $0.27 to $0.34, respectively.

Adjusted net earnings attributable to shareholders of the Corporation increased by $22.5 million, or 37.4%, from $60.2 million in the first six months of fiscal 2023 to $82.7 million in the corresponding period of 2024. This increase is mostly attributable to the previously explained increase in adjusted operating earnings before depreciation and amortization and the decrease in depreciation and amortization and in financial expenses, partially offset by higher income taxes. On a per share basis, adjusted net earnings attributable to shareholders of the Corporation went from $0.70 to $0.95, respectively.

For more detailed financial information, please see the Management's Discussion and Analysis for the second quarter ended April 28, 2024, as well as the financial statements in the "Investors" section of our website at www.tc.tc.

Outlook

In the Packaging Sector, our investments, including those related to sustainable packaging solutions, position us well for the future and should be a key driver of our growth. The economic environment has however had a negative impact on demand since the beginning of the fiscal year. In terms of profitability, we expect an increase in adjusted operating earnings before depreciation and amortization for fiscal 2024 compared to fiscal 2023.

In the Retail Services and Printing Sector, we are encouraged by the roll-out of *raddar*™ and growth opportunities in our in-store marketing activities. The decrease in volume in our traditional activities should be offset by our cost reduction initiatives, the favourable impact of the roll-out of *raddar*™ and the growth in our in-store marketing activities. We therefore expect adjusted operating earnings before depreciation and amortization for fiscal 2024 to be stable compared to fiscal 2023.

Given the solid financial performance since the beginning of the fiscal year and the benefits of our profitability and financial position improvement program, we expect an increase in consolidated adjusted operating earnings before depreciation and amortization for fiscal 2024 compared to fiscal 2023. In addition, we expect to continue generating significant cash flows from operating activities, which will enable us to reduce our net indebtedness while continuing to make strategic investments and return capital to our shareholders.

Non-IFRS Financial Measures

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

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

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

Reconciliation of Non-IFRS Financial Measures

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

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

Reconciliation of operating earnings - Second quarter and cumulative

	Three months ended		Six months ended	
(in millions of dollars)	**April 28, 2024**	April 30, 2023	**April 28, 2024**	April 30, 2023
Operating earnings	**$33.2**	$43.8	**$61.0**	$58.8
Restructuring and other costs	**16.0**	3.8	**27.3**	12.0
Amortization of intangible assets arising from business combinations (1)	**17.7**	18.6	**35.5**	37.2
Impairment of assets	**5.4**	—	**7.5**	—
Adjusted operating earnings	**$72.3**	$66.2	**$131.3**	$108.0
Depreciation and amortization (2)	**37.8**	42.8	**74.9**	85.1
Adjusted operating earnings before depreciation and amortization	**$110.1**	$109.0	**$206.2**	$193.1

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

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

	Three months ended		Six months ended	
(in millions of dollars)	**April 28, 2024**	April 30, 2023	**April 28, 2024**	April 30, 2023
Operating earnings	**$32.3**	$26.5	**$54.7**	$30.7
Restructuring and other costs	**3.7**	1.9	**7.3**	5.9
Amortization of intangible assets arising from business combinations (1)	**16.1**	16.1	**32.2**	32.1
Impairment of assets	**0.3**	—	**0.6**	—
Adjusted operating earnings	**$52.4**	$44.5	**$94.8**	$68.7
Depreciation and amortization (2)	**18.8**	22.9	**36.8**	45.3
Adjusted operating earnings before depreciation and amortization	**$71.2**	$67.4	**$131.6**	$114.0

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

Reconciliation of operating earnings - Second quarter and cumulative for the Retail Services and Printing Sector

	Three months ended		Six months ended	
(in millions of dollars)	**April 28, 2024**	April 30, 2023	**April 28, 2024**	April 30, 2023
Operating earnings	**$16.7**	$33.5	**$34.3**	$55.5
Restructuring and other costs	**11.8**	1.3	**17.9**	4.5
Amortization of intangible assets arising from business combinations (1)	**1.0**	2.0	**2.3**	4.1
Impairment of assets	**5.1**	—	**6.9**	—
Adjusted operating earnings	**$34.6**	$36.8	**$61.4**	$64.1
Depreciation and amortization (2)	**12.5**	13.2	**25.2**	26.5
Adjusted operating earnings before depreciation and amortization	**$47.1**	$50.0	**$86.6**	$90.6

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

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

	Three months ended		Six months ended	
(in millions of dollars)	**April 28, 2024**	April 30, 2023	**April 28, 2024**	April 30, 2023
Operating earnings	**($15.8)**	($16.2)	**($28.0)**	($27.4)
Restructuring and other costs	**0.5**	0.6	**2.1**	1.6
Amortization of intangible assets arising from business combinations (1)	**0.6**	0.5	**1.0**	1.0
Adjusted operating earnings	**($14.7)**	($15.1)	**($24.9)**	($24.8)
Depreciation and amortization (2)	**6.5**	6.7	**12.9**	13.3
Adjusted operating earnings before depreciation and amortization	**($8.2)**	($8.4)	**($12.0)**	($11.5)

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

Reconciliation of net earnings attributable to shareholders of the Corporation - Second quarter and cumulative

	Three months ended		Six months ended	
(in millions of dollars, except per share amounts)	**April 28, 2024**	April 30, 2023	**April 28, 2024**	April 30, 2023
Net earnings attributable to shareholders of the Corporation	**$15.9**	$22.2	**$29.8**	$23.2
Restructuring and other costs	**16.0**	3.8	**27.3**	12.0
Tax on restructuring and other costs	**(4.0)**	(0.9)	**(6.8)**	(3.0)
Amortization of intangible assets arising from business combinations (1)	**17.7**	18.6	**35.5**	37.2
Tax on amortization of intangible assets arising from business combinations	**(4.3)**	(4.6)	**(8.7)**	(9.2)
Impairment of assets	**5.4**	—	**7.5**	—
Tax on impairment of assets	**(1.4)**	—	**(1.9)**	—
Adjusted net earnings attributable to shareholders of the Corporation	**$45.3**	$39.1	**$82.7**	$60.2
Net earnings attributable to shareholders of the Corporation per share	**$0.18**	$0.26	**$0.34**	$0.27
Adjusted net earnings attributable to shareholders of the Corporation per share	**$0.52**	$0.45	**$0.95**	$0.70
Weighted average number of shares outstanding	**86.6**	86.6	**86.6**	86.6

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

Reconciliation of net indebtedness

(in millions of dollars, except ratios)	**As at April 28, 2024**	As at October 29, 2023
Long-term debt	**$663.0**	$937.8
Current portion of long-term debt	**199.3**	2.1
Lease liabilities	**87.7**	94.6
Current portion of lease liabilities	**22.3**	23.5
Cash	**(55.1)**	(137.0)
Net indebtedness	**$917.2**	$921.0
Adjusted operating earnings before depreciation and amortization (last 12 months)	**$459.6**	$446.5
Net indebtedness ratio	**2.00x**	2.06x

Dividend

The Corporation's Board of Directors declared a quarterly dividend of $0.225 per share on Class A Subordinate Voting Shares and Class B Shares. This dividend is payable on July 22, 2024, to shareholders of record at the close of business on June 27, 2024.

Additional information

Conference Call

Upon releasing its 2024 second quarter results, the Corporation will hold a conference call for the financial community on June 6, 2024, at 8:00 a.m. The dial-in numbers are 1-289-514-5100 or 1-800-717-1738. Media may hear the call in listen-only mode or tune in to the simultaneous audio broadcast on TC Transcontinental’s website, which will then be archived for 30 days. For media requests or interviews, please contact Nathalie St-Jean, Senior Advisor, Corporate Communications of TC Transcontinental, at 514-954-3581.

Profile

TC Transcontinental is a leader in flexible packaging in North America and in retail services in Canada and is 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 7,600 employees, the majority of which are based in Canada, the United States and Latin America. TC Transcontinental generated revenues of $2.9 billion during the fiscal year ended October 29, 2023. For more information, visit TC Transcontinental's website at www.tc.tc.

Forward-looking Statements

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

Unless otherwise indicated by the Corporation, forward-looking statements do not take into account the potential impact of non-recurring or other unusual items, nor of disposals, business combinations, mergers or acquisitions which may be announced or entered into after the date of June 5, 2024. The forward-looking statements in this press release are made pursuant to the "safe harbour" provisions of applicable Canadian securities legislation. The forward-looking statements in this release are based on current expectations and information available as at June 5, 2024. Such forward-looking information may also be found in other documents filed with Canadian securities regulators or in other communications. The Corporation's management disclaims any intention or obligation to update or revise these statements unless otherwise required by the securities authorities.

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Management's Discussion and Analysis

For the periods ended April 28, 2024 and April 30, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the second quarter ended April 28, 2024

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

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

Terms Used	Definitions
Adjusted operating earnings before depreciation and amortization	Operating earnings before depreciation and amortization as well as restructuring and other costs (revenues) and impairment of assets.
Adjusted operating earnings margin before depreciation and amortization	Adjusted operating earnings before depreciation and amortization divided by revenues.
Adjusted operating earnings	Operating earnings before restructuring and other costs (revenues), amortization of intangible assets arising from business combinations and impairment of assets.
Adjusted operating earnings margin	Adjusted operating earnings divided by revenues.
Adjusted income taxes	Income taxes before income taxes on restructuring and other costs (revenues), impairment of assets and amortization of intangible assets arising from business combinations.
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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

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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 June 5, 2024.

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The forward-looking statements in this *Management's Discussion and Analysis* are based on current expectations and information available as at June 5, 2024. Such forward-looking statements may also be found in other documents filed with Canadian securities regulators or in other communications. The Corporation's Management disclaims any intention or obligation to update or revise these statements unless otherwise required by the securities authorities.

PROFILE OF TC TRANSCONTINENTAL

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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 7,600 employees, the majority of which are based in Canada, the United States and Latin America. TC Transcontinental generated revenues of $2.9 billion during the fiscal year ended October 29, 2023. For more information, visit TC Transcontinental's website at www.tc.tc.

HIGHLIGHTS

Table #1:

(in millions of dollars, except per share amounts)	Q2-2024	Q2-2023	Variation in %
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Operating earnings before depreciation and amortization	88.7	105.2	(15.7)
Adjusted operating earnings before depreciation and amortization (1)	110.1	109.0	1.0
Operating earnings	33.2	43.8	(24.2)
Adjusted operating earnings (1)	72.3	66.2	9.2
Net earnings attributable to shareholders of the Corporation	15.9	22.2	(28.4)
Net earnings attributable to shareholders of the Corporation per share	0.18	0.26	(30.8)
Adjusted net earnings attributable to shareholders of the Corporation (1)	45.3	39.1	15.9
Adjusted net earnings attributable to shareholders of the Corporation per share (1)	0.52	0.45	15.6

(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.

- Revenues of $683.2 million for the quarter ended April 28, 2024; operating earnings of $33.2 million; and net earnings attributable to shareholders of the Corporation of $15.9 million ($0.18 per share).
- Adjusted operating earnings before depreciation and amortization of $110.1 million for the quarter ended April 28, 2024; adjusted operating earnings of $72.3 million; and adjusted net earnings attributable to shareholders of the Corporation of $45.3 million ($0.52 per share).
- Growth in adjusted operating earnings before depreciation and amortization of 1.0%, including an increase of 5.6% in the Packaging Sector.
- Continued to roll-out *raddar*™.
- Closed the Tomah, Wisconsin, plant on February 2, 2024 and the Saint-Hyacinthe, Québec, plant on April 20, 2024 with a transfer of operations to other plants in the network, and ended the Publisac distribution activities in Québec.

NEW NAME FOR THE PRINTING SECTOR

The Corporation decided to change the name of its Printing Sector to Retail Services and Printing Sector to reflect its evolving activities and growth opportunities in retail services.

NEW SHARE REPURCHASE PROGRAM

On June 5, 2024, the Corporation announced, subject to the approval by the Toronto Stock Exchange, its intention to implement a normal course issuer bid, which would allow the Corporation to repurchase up to 5.0% of its Class A Subordinate Voting Shares and Class B Shares.

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 - Second quarter and cumulative

	Three months ended		Six months ended	
(in millions of dollars)	**April 28, 2024**	April 30, 2023	**April 28, 2024**	April 30, 2023
Operating earnings	**$33.2**	$43.8	**$61.0**	$58.8
Restructuring and other costs	**16.0**	3.8	**27.3**	12.0
Amortization of intangible assets arising from business combinations (1)	**17.7**	18.6	**35.5**	37.2
Impairment of assets	**5.4**	—	**7.5**	—
Adjusted operating earnings	**$72.3**	$66.2	**$131.3**	$108.0
Depreciation and amortization (2)	**37.8**	42.8	**74.9**	85.1
Adjusted operating earnings before depreciation and amortization	**$110.1**	$109.0	**$206.2**	$193.1

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

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

	Three months ended		Six months ended	
(in millions of dollars)	**April 28, 2024**	April 30, 2023	**April 28, 2024**	April 30, 2023
Operating earnings	**$32.3**	$26.5	**$54.7**	$30.7
Restructuring and other costs	**3.7**	1.9	**7.3**	5.9
Amortization of intangible assets arising from business combinations (1)	**16.1**	16.1	**32.2**	32.1
Impairment of assets	**0.3**	—	**0.6**	—
Adjusted operating earnings	**$52.4**	$44.5	**$94.8**	$68.7
Depreciation and amortization (2)	**18.8**	22.9	**36.8**	45.3
Adjusted operating earnings before depreciation and amortization	**$71.2**	$67.4	**$131.6**	$114.0

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

Reconciliation of operating earnings - Second quarter and cumulative for the Retail Services and Printing Sector

	Three months ended		Six months ended	
(in millions of dollars)	**April 28, 2024**	April 30, 2023	**April 28, 2024**	April 30, 2023
Operating earnings	**$16.7**	$33.5	**$34.3**	$55.5
Restructuring and other costs	**11.8**	1.3	**17.9**	4.5
Amortization of intangible assets arising from business combinations (1)	**1.0**	2.0	**2.3**	4.1
Impairment of assets	**5.1**	—	**6.9**	—
Adjusted operating earnings	**$34.6**	$36.8	**$61.4**	$64.1
Depreciation and amortization (2)	**12.5**	13.2	**25.2**	26.5
Adjusted operating earnings before depreciation and amortization	**$47.1**	$50.0	**$86.6**	$90.6

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

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

	Three months ended		Six months ended	
(in millions of dollars)	**April 28, 2024**	April 30, 2023	**April 28, 2024**	April 30, 2023
Operating earnings	**($15.8)**	($16.2)	**($28.0)**	($27.4)
Restructuring and other costs	**0.5**	0.6	**2.1**	1.6
Amortization of intangible assets arising from business combinations (1)	**0.6**	0.5	**1.0**	1.0
Adjusted operating earnings	**($14.7)**	($15.1)	**($24.9)**	($24.8)
Depreciation and amortization (2)	**6.5**	6.7	**12.9**	13.3
Adjusted operating earnings before depreciation and amortization	**($8.2)**	($8.4)	**($12.0)**	($11.5)

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

Reconciliation of operating earnings - Last eight quarters

	2024		2023				2022	
(in millions of dollars)	**Q2**	Q1	Q4	Q3	**Q2**	Q1	Q4	Q3
Operating earnings	**$33.2**	$27.8	$66.7	$39.2	**$43.8**	$15.0	$85.3	$52.1
Restructuring and other costs (revenues)	**16.0**	11.3	(2.9)	12.6	**3.8**	8.2	(4.6)	3.0
Amortization of intangible assets arising from business combinations (1)	**17.7**	17.8	18.3	18.4	**18.6**	18.6	18.4	17.5
Impairment of assets	**5.4**	2.1	25.2	—	**—**	—	—	—
Adjusted operating earnings	**$72.3**	$59.0	$107.3	$70.2	**$66.2**	$41.8	$99.1	$72.6
Depreciation and amortization (2)	**37.8**	37.1	38.2	37.7	**42.8**	42.3	42.0	40.4
Adjusted operating earnings before depreciation and amortization	**$110.1**	$96.1	$145.5	$107.9	**$109.0**	$84.1	$141.1	$113.0

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

Reconciliation of net earnings attributable to shareholders of the Corporation - Second quarter and cumulative

	Three months ended		Six months ended	
(in millions of dollars, except per share amounts)	**April 28, 2024**	April 30, 2023	**April 28, 2024**	April 30, 2023
Net earnings attributable to shareholders of the Corporation	**$15.9**	$22.2	**$29.8**	$23.2
Restructuring and other costs	**16.0**	3.8	**27.3**	12.0
Tax on restructuring and other costs	**(4.0)**	(0.9)	**(6.8)**	(3.0)
Amortization of intangible assets arising from business combinations (1)	**17.7**	18.6	**35.5**	37.2
Tax on amortization of intangible assets arising from business combinations	**(4.3)**	(4.6)	**(8.7)**	(9.2)
Impairment of assets	**5.4**	—	**7.5**	—
Tax on impairment of assets	**(1.4)**	—	**(1.9)**	—
Adjusted net earnings attributable to shareholders of the Corporation	**$45.3**	$39.1	**$82.7**	$60.2
Net earnings attributable to shareholders of the Corporation per share	**$0.18**	$0.26	**$0.34**	$0.27
Adjusted net earnings attributable to shareholders of the Corporation per share	**$0.52**	$0.45	**$0.95**	$0.70
Weighted average number of shares outstanding	**86.6**	86.6	**86.6**	86.6

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

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

	2024		2023				2022	
(in millions of dollars, except per share amounts)	**Q2**	Q1	Q4	Q3	**Q2**	Q1	Q4	Q3
Net earnings attributable to shareholders of the Corporation	**$15.9**	$13.9	$41.7	$20.9	**$22.2**	$1.0	$60.4	$34.1
Restructuring and other costs (revenues)	**16.0**	11.3	(2.9)	12.6	**3.8**	8.2	(4.6)	3.0
Tax on restructuring and other costs (revenues)	**(4.0)**	(2.8)	0.3	(3.3)	**(0.9)**	(2.1)	(1.3)	(0.7)
Amortization of intangible assets arising from business combinations (1)	**17.7**	17.8	18.3	18.4	**18.6**	18.6	18.4	17.5
Tax on amortization of intangible assets arising from business combinations	**(4.3)**	(4.4)	(4.3)	(4.6)	**(4.6)**	(4.6)	(4.5)	(4.3)
Impairment of assets	**5.4**	2.1	25.2	—	**—**	—	—	—
Tax on impairment of assets	**(1.4)**	(0.5)	(6.5)	—	**—**	—	—	—
Adjusted net earnings attributable to shareholders of the Corporation	**$45.3**	$37.4	$71.8	$44.0	**$39.1**	$21.1	$68.4	$49.6
Net earnings attributable to shareholders of the Corporation per share	**$0.18**	$0.16	$0.48	$0.24	**$0.26**	$0.01	$0.70	$0.39
Adjusted net earnings attributable to shareholders of the Corporation per share	**$0.52**	$0.43	$0.83	$0.51	**$0.45**	$0.24	$0.79	$0.57
Weighted average number of shares outstanding	**86.6**	86.6	86.6	86.6	**86.6**	86.6	86.6	86.6

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

Reconciliation of net indebtedness

(in millions of dollars, except ratios)	**As at April 28, 2024**	As at October 29, 2023
Long-term debt	**$663.0**	$937.8
Current portion of long-term debt	**199.3**	2.1
Lease liabilities	**87.7**	94.6
Current portion of lease liabilities	**22.3**	23.5
Cash	**(55.1)**	(137.0)
Net indebtedness	**$917.2**	$921.0
Adjusted operating earnings before depreciation and amortization (last 12 months)	**$459.6**	$446.5
Net indebtedness ratio	**2.00x**	2.06x

ANALYSIS OF CONSOLIDATED RESULTS - SECOND QUARTER

Revenues

Revenues decreased by $64.0 million, or 8.6%, from $747.2 million in the second quarter of 2023 to $683.2 million in the corresponding period of 2024. This decrease is mainly due to lower volume in the Retail Services and Printing Sector as well as in the Packaging Sector. A more detailed analysis of revenues is presented in the section "Analysis of Sector Results - Second Quarter".

Operating and Other Expenses

Operating expenses decreased by $65.1 million, or 10.2%, in the second quarter of 2024 compared to the corresponding period of 2023. This decrease results mainly from lower costs of materials used and fixed costs related to the profitability and financial position improvement program announced in December 2023, and lower volume.

Restructuring and other costs increased by $12.2 million, from $3.8 million in the second quarter of 2023 to $16.0 million in the second quarter of 2024. This increase is mainly due to workforce reduction costs and other costs resulting from plant closures as well as actions taken to adjust our cost structure.

During the second quarter of 2024, impairment charges of $5.4 million were recognized following the revision of estimates for the expected future economic benefits of equipment, mainly in the Retail Services and Printing Sector.

Operating Earnings before Depreciation and Amortization

Operating earnings before depreciation and amortization decreased by $16.5 million, or 15.7%, from $105.2 million in the second quarter of 2023 to $88.7 million in the second quarter of 2024. This decrease is mainly due to the increase in restructuring and other costs, asset impairment charges and lower volume, partially mitigated by lower costs of materials used and fixed costs related to the profitability and financial position improvement program announced in December 2023, and a favourable product mix.

Adjusted operating earnings before depreciation and amortization increased by $1.1 million, or 1.0%, from $109.0 million in the second quarter of 2023 to $110.1 million in the second quarter of 2024. This increase in adjusted operating earnings before depreciation and amortization is mainly attributable to the initiatives to lower costs of materials used and fixed costs related to the profitability and financial position improvement program announced in December 2023, and a favourable product mix, partially offset by lower volume. A more detailed analysis of adjusted operating earnings is presented in the section "Analysis of Sector Results - Second Quarter".

Depreciation and Amortization

Depreciation and amortization decreased by $5.9 million, from $61.4 million in the second quarter of 2023 to $55.5 million in the second quarter of 2024. This decrease is mostly attributable to the end of the depreciation and amortization period for some items of property, plant and equipment and intangible assets, partially offset by acquisitions of property, plant and equipment, mainly in the Packaging Sector.

Net Financial Expenses

Net financial expenses decreased by $0.8 million, from $15.2 million in the second quarter of 2023 to $14.4 million in the second quarter of 2024. This favourable change is mainly explained by the decrease in net indebtedness, partially offset by the effect of exchange rate fluctuations and higher interest rates on floating-rate debt.

Income Taxes

Income taxes decreased by $3.6 million, from $6.4 million in the second quarter of 2023 to $2.8 million in the second quarter of 2024. This decrease is mainly attributable to lower earnings before income taxes.

Adjusted income taxes increased by $0.6 million, from $11.9 million in the second quarter of 2023, for an effective tax rate of 23.3%, to $12.5 million in the second quarter of 2024, for an effective tax rate of 21.6%. This decrease in the effective tax rate is attributable to the geographic distribution of earnings before income taxes.

Net Earnings Attributable to Shareholders of the Corporation

Net earnings attributable to shareholders of the Corporation decreased by $6.3 million, or 28.4%, from $22.2 million in the second quarter of 2023 to $15.9 million in the second quarter of 2024. This decrease is mainly due to the previously explained decrease in operating earnings before depreciation and amortization, partially mitigated by the decrease in depreciation and amortization, in financial expenses and in income taxes. On a per share basis, net earnings attributable to shareholders of the Corporation went from $0.26 to $0.18, respectively.

Adjusted net earnings attributable to shareholders of the Corporation increased by $6.2 million, or 15.9%, from $39.1 million in the second quarter of 2023 to $45.3 million in the second quarter of 2024. This increase is mainly attributable to the previously explained increase in adjusted operating earnings before depreciation and amortization and the decrease in depreciation and amortization, and in financial expenses, partially offset by higher income taxes. On a per share basis, adjusted net earnings attributable to shareholders of the Corporation went from $0.45 to $0.52, respectively.

ANALYSIS OF CONSOLIDATED RESULTS - CUMULATIVE

Revenues

Revenues decreased by $90.6 million, or 6.2%, from $1,454.2 million in the first six months of fiscal 2023 to $1,363.6 million in the corresponding period of 2024. This decrease is mainly due to lower volume in the Retail Services and Printing Sector as well as in the Packaging Sector. A more detailed analysis of revenues is presented in the section "Analysis of Sector Results - Cumulative".

Operating and Other Expenses

Operating expenses decreased by $103.7 million in the first six months of fiscal 2024, or 8.2%, compared to the corresponding period of 2023. This decrease results mainly from lower costs of materials used and fixed costs related to the profitability and financial position improvement program announced in December 2023, and lower volume.

Restructuring and other costs increased by $15.3 million, from $12.0 million in the first six months of fiscal 2023 to $27.3 million in the corresponding period of 2024. This increase is mainly due to workforce reduction costs and other costs resulting from plant closures and actions taken to adjust our cost structure.

During the first six months of fiscal 2024, impairment charges of $7.5 million were recognized following the revision of estimates for the expected future economic benefits of equipment, mainly in the Retail Services and Printing Sector.

Operating Earnings before Depreciation and Amortization

Operating earnings before depreciation and amortization decreased by $9.7 million, or 5.4%, from $181.1 million in the first six months of fiscal 2023 to $171.4 million in the corresponding period of 2024. This decrease is mainly due to lower volume as well as the increase in restructuring and other costs and asset impairment charges, partially mitigated by lower costs of materials used and fixed costs related to the profitability and financial position improvement program announced in December 2023 and a favourable product mix.

Adjusted operating earnings before depreciation and amortization increased by $13.1 million, or 6.8%, from $193.1 million in the first six months of fiscal 2023 to $206.2 million in the corresponding period of 2024. This increase in adjusted operating earnings before depreciation and amortization is mainly attributable to the initiatives to lower costs of materials used and fixed costs related to the profitability and financial position improvement program announced in December 2023 and a favourable product mix, partially offset by lower volume. A more detailed analysis of adjusted operating earnings is presented in the section "Analysis of Sector Results - Cumulative".

Depreciation and Amortization

Depreciation and amortization decreased by $11.9 million, from $122.3 million in the first six months of fiscal 2023 to $110.4 million in the corresponding period of 2024. This decrease is mostly attributable to the end of the depreciation and amortization period for some items of property, plant and equipment and intangible assets, partially offset by acquisitions of property, plant and equipment in the Packaging Sector.

Net Financial Expenses

Net financial expenses decreased by $3.6 million, from $31.9 million in the first six months of fiscal 2023 to $28.3 million in the corresponding period of 2024. This favourable change is mainly explained by the decrease in net indebtedness and the effect of exchange rate fluctuations, partially offset by higher interest rates on floating-rate debt.

Income Taxes

Income taxes decreased by $0.9 million, from $3.5 million in the first six months of fiscal 2023 to $2.6 million in the corresponding period of 2024. This decrease is mainly attributable to differences between the accounting and tax treatment having a favourable impact in 2024, partially offset by the geographic distribution of earnings before income taxes.

Adjusted income taxes increased by $4.3 million, from $15.7 million in the first six months of fiscal 2023, for an effective tax rate of 20.6%, to $20.0 million in the corresponding period of 2024, for an effective tax rate of 19.4%. This decrease in the effective tax rate is mainly attributable to differences between the accounting and tax treatment having a favourable impact in 2024, partially offset by the geographic distribution of earnings before income taxes.

Net Earnings Attributable to Shareholders of the Corporation

Net earnings attributable to shareholders of the Corporation increased by $6.6 million, or 28.4%, from $23.2 million in the first six months of fiscal 2023 to $29.8 million in the corresponding period of 2024. This increase is mainly attributable to the decrease in depreciation and amortization, and in financial expenses, partially offset by the previously explained decrease in operating earnings before depreciation and amortization. On a per share basis, net earnings attributable to shareholders of the Corporation went from $0.27 to $0.34, respectively.

Adjusted net earnings attributable to shareholders of the Corporation increased by $22.5 million, or 37.4%, from $60.2 million in the first six months of fiscal 2023 to $82.7 million in the corresponding period of 2024. This increase is mostly attributable to the previously explained increase in adjusted operating earnings before depreciation and amortization and the decrease in depreciation and amortization, and in financial expenses, partially offset by higher income taxes. On a per share basis, adjusted net earnings attributable to shareholders of the Corporation went from $0.70 to $0.95, respectively.

ANALYSIS OF SECTOR RESULTS - SECOND QUARTER

(Unaudited)

Table #3:

(in millions of dollars)	Packaging	Retail Services and Printing	Other	Consolidated results
Revenues - Second quarter of 2023	**$444.2**	**$298.5**	**$4.5**	**$747.2**
Exchange rate effect	(1.1)	(1.0)	—	**(2.1)**
Organic growth (decline)	(30.7)	(31.2)	—	**(61.9)**
Revenues - Second quarter of 2024	**$412.4**	**$266.3**	**$4.5**	**$683.2**
Adjusted operating earnings before depreciation and amortization [(1)] - Second quarter of 2023	**$67.4**	**$50.0**	**($8.4)**	**$109.0**
Exchange rate effect	(0.3)	(1.0)	0.2	**(1.1)**
Stock-based compensation	—	—	(0.4)	**(0.4)**
Organic growth (decline)	4.1	(1.9)	0.4	**2.6**
Adjusted operating earnings before depreciation and amortization [(1)] - Second quarter of 2024	**$71.2**	**$47.1**	**($8.2)**	**$110.1**

(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.

Packaging Sector

Packaging Sector revenues decreased by $31.8 million, or 7.2%, from $444.2 million in the second quarter of 2023 to $412.4 million in the second quarter of 2024. This decrease is mainly due to lower volume caused by a slowdown in demand, in particular in the medical market.

Adjusted operating earnings before depreciation and amortization increased by $3.8 million, or 5.6%, from $67.4 million in the second quarter of 2023 to $71.2 million in the second quarter of 2024. This increase is mainly attributable to cost reduction initiatives and a favourable product mix, partially offset by lower volume. The sector's adjusted operating earnings margin before depreciation and amortization increased from 15.2% in the second quarter of 2023 to 17.3% in the second quarter of 2024, mainly as a result of the above-mentioned items.

Retail Services and Printing Sector

Retail Services and Printing Sector revenues decreased by $32.2 million, or 10.8%, from $298.5 million in the second quarter of 2023 to $266.3 million in the second quarter of 2024. This decrease is mostly due to lower volume for flyer printing activities, related to the end of the Publisac distribution activities in Quebec, and for magazine and book printing activities, partially mitigated by the roll-out of *raddar*™ and higher volume for in-store marketing activities.

Adjusted operating earnings before depreciation and amortization decreased by $2.9 million, or 5.8%, from $50.0 million in the second quarter of 2023 to $47.1 million in the second quarter of 2024. This decrease is mostly caused by lower volume and the unfavourable exchange rate effect, partially mitigated by cost reduction initiatives. The sector's adjusted operating earnings margin before depreciation and amortization increased from 16.8% in the second quarter of 2023 to 17.7% in the second quarter of 2024 as a result of cost reduction initiatives and the favourable effect of the roll-out of *raddar*™.

Other

Revenues remained stable at $4.5 million in the second quarter of 2024 compared to the second quarter of 2023.

Adjusted operating earnings before depreciation and amortization increased by $0.2 million, from $-8.4 million in the second quarter of 2023 to $-8.2 million in the second quarter of 2024, mainly as a result of the favourable exchange rate effect.

ANALYSIS OF SECTOR RESULTS - CUMULATIVE

(Unaudited)

Table #4 :

(in millions of dollars)	Packaging	Retail Services and Printing	Other	Consolidated results
Revenues - Six months ended April 30, 2023	**$849.9**	**$584.7**	**$19.6**	**$1,454.2**
Exchange rate effect	0.9	(2.3)	—	**(1.4)**
Organic growth (decline)	(40.2)	(51.0)	2.0	**(89.2)**
Revenues - Six months ended April 28, 2024	**$810.6**	**$531.4**	**$21.6**	**$1,363.6**
Adjusted operating earnings before depreciation and amortization (1) - Six months ended April 30, 2023	**$114.0**	**$90.6**	**($11.5)**	**$193.1**
Exchange rate effect	0.2	(2.5)	0.2	**(2.1)**
Stock-based compensation	—	—	(1.2)	**(1.2)**
Organic growth (decline)	17.4	(1.5)	0.5	**16.4**
Adjusted operating earnings before depreciation and amortization (1) - Six months ended April 28, 2024	**$131.6**	**$86.6**	**($12.0)**	**$206.2**

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

Packaging Sector

Packaging Sector revenues decreased by $39.3 million, from $849.9 million in the first six months of fiscal 2023 to $810.6 million in the corresponding period of 2024. This decrease is mainly due to lower volume caused by a slowdown in demand, notably in the medical market.

Adjusted operating earnings before depreciation and amortization increased by $17.6 million, from $114.0 million in the first six months of fiscal 2023 to $131.6 million in the corresponding period of 2024. This increase is mainly attributable to cost reduction initiatives and a favourable product mix, partially offset by lower volume. The sector's adjusted operating earnings margin before depreciation and amortization increased from 13.4% in the first six months of fiscal 2023 to 16.2% in the corresponding period of 2024, mainly as a result of the above-mentioned items.

Retail Services and Printing Sector

Retail Services and Printing Sector revenues decreased by $53.3 million, from $584.7 million in the first six months of fiscal 2023 to $531.4 million in the corresponding period of 2024. This decrease is mostly due to lower volume for flyer printing activities, related to the end of the Publisac distribution activities in Quebec, and for magazine and book printing activities, partially mitigated by the roll-out of *raddar*™ and higher volume for in-store marketing activities.

Adjusted operating earnings before depreciation and amortization decreased by $4.0 million, from $90.6 million in the first six months of fiscal 2023 to $86.6 million in the corresponding period of 2024. This decrease is mostly caused by the unfavourable exchange rate effect and lower volume, partially mitigated by cost reduction initiatives. The sector's adjusted operating earnings margin before depreciation and amortization increased from 15.5% in the first six months of fiscal 2023 to 16.3% in the corresponding period of 2024, as a result of cost reduction initiatives and a favourable product mix.

Other

Revenues increased by $2.0 million, from $19.6 million in the first six months of fiscal 2023 to $21.6 million in the corresponding period of 2024, mostly as a result of a decrease in inter-sector eliminations and higher volume in the Media Sector.

Adjusted operating earnings before depreciation and amortization decreased by $0.5 million, from $-11.5 million in the first six months of fiscal 2023 to $-12.0 million in the corresponding period of 2024. This decrease is mainly attributable to the unfavourable impact of the change in stock-based compensation expense, partially mitigated by synergies arising from the integration of acquisitions in the Media Sector.

SUMMARY OF QUARTERLY RESULTS

(Unaudited)

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

Table #5:

	2024		2023				2022	
(in millions of dollars, unless otherwise indicated and per share amounts)	**Q2**	Q1	Q4	Q3	**Q2**	Q1	Q4	Q3
Revenues	**$ 683.2**	$ 680.4	$ 779.7	$ 706.7	**$ 747.2**	$ 707.0	$ 802.2	$747.8
Operating earnings before depreciation and amortization	**88.7**	82.7	123.2	95.3	**105.2**	75.9	145.7	110.0
Adjusted operating earnings before depreciation and amortization (1)	**110.1**	96.1	145.5	107.9	**109.0**	84.1	141.1	113.0
Adjusted operating earnings margin before depreciation and amortization (1)	**16.1%**	14.1%	18.7%	15.3%	**14.6%**	11.9%	17.6%	15.1%
Operating earnings	**$ 33.2**	$ 27.8	$ 66.7	$ 39.2	**$ 43.8**	$ 15.0	$ 85.3	$ 52.1
Adjusted operating earnings (1)	**72.3**	59.0	107.3	70.2	**66.2**	41.8	99.1	72.6
Adjusted operating earnings margin (1)	**10.6%**	8.7%	13.8%	9.9%	**8.9%**	5.9%	12.4%	9.7%
Net earnings attributable to shareholders of the Corporation	**$ 15.9**	$ 13.9	$ 41.7	$ 20.9	**$ 22.2**	$ 1.0	$ 60.4	$ 34.1
Net earnings attributable to shareholders of the Corporation per share	**0.18**	0.16	0.48	0.24	**0.26**	0.01	0.70	0.39
Adjusted net earnings attributable to shareholders of the Corporation (1)	**45.3**	37.4	71.8	44.0	**39.1**	21.1	68.4	49.6
Adjusted net earnings attributable to shareholders of the Corporation per share (1)	**0.52**	0.43	0.83	0.51	**0.45**	0.24	0.79	0.57
% of fiscal year	**—%**	—%	41%	25%	**22%**	12%	36%	26%

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

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

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

FINANCIAL POSITION, LIQUIDITY AND CAPITAL STRUCTURE

(Unaudited)

Table #6:

(in millions of dollars)	Three months ended April 28, 2024	Three months ended April 30, 2023	Six months ended April 28, 2024	Six months ended April 30, 2023
Operating activities				
Cash flows generated by operating activities before changes in non-cash operating items and income taxes paid	**$88.6**	$103.4	**$172.1**	$179.8
Changes in non-cash operating items	**(0.9)**	23.4	**(20.9)**	(28.4)
Income taxes paid	**(14.7)**	(21.8)	**(20.8)**	(34.4)
Cash flows from operating activities	**$73.0**	$105.0	**$130.4**	$117.0
Investing activities				
Business combinations, net of acquired cash	**$—**	$—	**$—**	$(0.3)
Acquisitions of property, plant and equipment	**(22.0)**	(42.2)	**(52.1)**	(86.1)
Disposals of property, plant and equipment and other	**0.1**	—	**1.5**	—
Increase in intangible assets	**(8.1)**	(11.0)	**(14.6)**	(18.3)
Cash flows from investing activities	**$(30.0)**	$(53.2)	**$(65.2)**	$(104.7)
Financing activities				
Reimbursement of long-term debt	**$(0.8)**	$(0.9)	**$(2.0)**	$(1.6)
Net increase (decrease) in credit facilities	**1.3**	1.9	**(74.1)**	57.3
Financial expenses paid on long-term debt and credit facilities	**(14.2)**	(15.5)	**(21.6)**	(24.9)
Repayment of principal on lease liabilities	**(5.7)**	(6.2)	**(11.6)**	(12.3)
Interest paid on lease liabilities	**(0.9)**	(0.9)	**(1.7)**	(1.7)
Dividends	**(19.5)**	(19.5)	**(39.0)**	(39.0)
Cash flows from financing activities	**$(39.8)**	$(41.1)	**$(150.0)**	$(22.2)
Effect of exchange rate changes on cash denominated in foreign currencies	**$0.4**	$0.5	**$2.9**	$0.6
Net change in cash	**$3.6**	$11.2	**$(81.9)**	$(9.3)

Financial position	**As at April 28, 2024**	As at October 29, 2023
Net indebtedness (1)	**$917.2**	$921.0
Net indebtedness ratio (1)	**2.00x**	2.06x
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 April 28, 2024**	As at October 29, 2023
Current assets	**$951.5**	$1,100.4
Current liabilities	**639.0**	526.3
Total assets	**3,470.8**	3,700.3
Total liabilities	**1,582.4**	1,794.1

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

ANALYSIS OF FINANCIAL POSITION - SECOND QUARTER

Cash Flows from Operating Activities

Cash flows from operating activities decreased from $105.0 million in the second quarter of 2023 to $73.0 million in the second quarter of 2024. This decrease is mostly explained by changes in non-cash operating items, mainly the decrease in inventories in the Packaging Sector in the corresponding period of the prior year and the increase in cash outflows related to workforce reductions and other restructuring expenses.

Cash Flows from Investing Activities

Cash flows from investing activities went from a cash outflow of $53.2 million in the second quarter of 2023 to a cash outflow of $30.0 million in the second quarter of 2024. This change is mainly attributable to a decrease in investments in property, plant and equipment.

Cash Flows from Financing Activities

Cash flows from financing activities went from a cash outflow of $41.1 million in the second quarter of 2023 to a cash outflow of $39.8 million in the second quarter of 2024. This slight change is mainly due to a decrease in financial expenses paid on long-term debt and credit facilities.

Debt Instruments

The Corporation has a credit facility amounting to $400.0 million or the U.S. dollar equivalent, which matures in February 2028. The interest rate on the credit facility is based on the Corporation's credit rating. Based on the current credit rating, the applicable rate is the Canadian Overnight Repo Rate Average ("CORRA") plus 1.970% for one-month periods or plus 1.996% for three-month periods, or the Secured Overnight Financing Rate ("SOFR") plus 1.775%, or the Canadian prime rate or the U.S. prime rate plus 0.675%.

The Corporation has another credit facility with a maximum amount of US$15.0 million ($20.5 million), which matures in March 2025. The applicable interest rate for this credit facility is SOFR plus 1.450%. On February 21, 2024, this credit facility was extended for an additional year, and the maximum amount was decreased from US$25.0 million to US$15.0 million.

As at April 28, 2024, an amount of $1.3 million was drawn on the credit facilities and was recognized as a current liability. As at April 28, 2024, the unused amount under the credit facilities was $419.2 million.

As at April 28, 2024, the floating-rate portion of the Corporation's long-term debt represented approximately 41.3% of total debt.

Net Indebtedness

Net indebtedness remained relatively stable, from $921.0 million as at October 29, 2023 to $917.2 million as at April 28, 2024. The net indebtedness ratio stood at 2.00x as at April 28, 2024 compared to 2.06x as at October 29, 2023, as a result of higher adjusted operating earnings before depreciation and amortization.

CAPITAL STRUCTURE

Share Capital

Table #7:

Shares Issued and Outstanding	As at April 28, 2024	As at May 31, 2024
Class A (Subordinate Voting Shares)	**73,259,342**	**73,259,342**
Class B (Multiple Voting Shares)	**13,364,828**	**13,364,828**
Total Class A and Class B	**86,624,170**	**86,624,170**

INTERNAL CONTROL OVER FINANCIAL REPORTING

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

During the second quarter ended April 28, 2024, no change that has materially affected or is reasonably likely to affect the ICFR was brought to the attention of management, including the President and Chief Executive Officer and the Executive Vice President and Chief Financial Officer of the Corporation.

OUTLOOK

In the Packaging Sector, our investments, including those related to sustainable packaging solutions, position us well for the future and should be a key driver of our growth. The economic environment has however had a negative impact on demand since the beginning of the fiscal year. In terms of profitability, we expect an increase in adjusted operating earnings before depreciation and amortization for fiscal 2024 compared to fiscal 2023.

In the Retail Services and Printing Sector, we are encouraged by the roll-out of *raddar*™ and growth opportunities in our in-store marketing activities. The decrease in volume in our traditional activities should be offset by our cost reduction initiatives, the favourable impact of the roll-out of *raddar*™ and the growth in our in-store marketing activities. We therefore expect adjusted operating earnings before depreciation and amortization for fiscal 2024 to be stable compared to fiscal 2023.

Given the solid financial performance since the beginning of the fiscal year and the benefits of our profitability and financial position improvement program, we expect an increase in consolidated adjusted operating earnings before depreciation and amortization for fiscal 2024 compared to fiscal 2023. In addition, we expect to continue generating significant cash flows from operating activities, which will enable us to reduce our net indebtedness while continuing to make strategic investments and return capital to our shareholders.

On behalf of Management,

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

June 5, 2024

Condensed Interim Consolidated Financial Statements

For the periods ended April 28, 2024 and April 30, 2023

CONSOLIDATED STATEMENTS OF EARNINGS

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

	Notes	Three months ended April 28, 2024	Three months ended April 30, 2023	Six months ended April 28, 2024	Six months ended April 30, 2023
Revenues	3	**$ 683.2**	$ 747.2	**$ 1,363.6**	$ 1,454.2
Operating expenses	4	**573.1**	638.2	**1,157.4**	1,261.1
Restructuring and other costs	5	**16.0**	3.8	**27.3**	12.0
Impairment of assets		**5.4**	—	**7.5**	—
Operating earnings before depreciation and amortization		**88.7**	105.2	**171.4**	181.1
Depreciation and amortization	6	**55.5**	61.4	**110.4**	122.3
Operating earnings		**33.2**	43.8	**61.0**	58.8
Net financial expenses	7	**14.4**	15.2	**28.3**	31.9
Earnings before income taxes		**18.8**	28.6	**32.7**	26.9
Income taxes	8	**2.8**	6.4	**2.6**	3.5
Net earnings		**16.0**	22.2	**30.1**	23.4
Non-controlling interests		**0.1**	—	**0.3**	0.2
Net earnings attributable to shareholders of the Corporation		**$ 15.9**	$ 22.2	**$ 29.8**	$ 23.2
Net earnings attributable to shareholders of the Corporation per share - basic and diluted		**$ 0.18**	$ 0.26	**$ 0.34**	$ 0.27
Weighted average number of shares outstanding - basic and diluted (in millions)		**86.6**	86.6	**86.6**	86.6

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

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Unaudited
(in millions of Canadian dollars)

		Three months ended		Six months ended	
	Notes	**April 28, 2024**	April 30, 2023	**April 28, 2024**	April 30, 2023
Net earnings		**$ 16.0**	$ 22.2	**$ 30.1**	$ 23.4
Other comprehensive income (loss)					
Items that may be subsequently reclassified to net earnings					
Net change related to cash flow hedges [(1)]					
Net change in the fair value of designated derivatives - foreign exchange risk		**(2.2)**	(3.7)	**3.8**	5.4
Net change in the fair value of designated derivatives - interest rate risk		**4.0**	(0.1)	**1.2**	0.1
Reclassification of the net change in the fair value of designated derivatives recognized in net earnings during the period		**0.8**	0.4	**1.6**	0.5
Related income taxes (recovery)		**0.7**	(0.9)	**1.7**	1.6
	13	**1.9**	**(2.5)**	**4.9**	4.4
Cumulative translation differences					
Net unrealized exchange gains (losses) on the translation of the financial statements of foreign operations		**25.5**	27.0	**(15.4)**	2.7
Net (losses) gains on hedge of the net investment in foreign operations		**(8.0)**	(12.5)	**7.2**	(2.8)
Related income taxes		**0.7**	0.1	**—**	1.8
	13	**16.8**	14.4	**(8.2)**	(1.9)
Items that will not be reclassified to net earnings					
Changes related to defined benefit plans					
Actuarial (losses) gains on defined benefit plans		**(4.8)**	2.6	**(7.7)**	(2.6)
Related income taxes (recovery)		**(1.3)**	0.7	**(2.1)**	(0.7)
	13	**(3.5)**	1.9	**(5.6)**	(1.9)
Other comprehensive income (loss)	13	**15.2**	13.8	**(8.9)**	0.6
Comprehensive income		**$ 31.2**	$ 36.0	**$ 21.2**	$ 24.0

(1) For the three-month and six-month periods ended April 30, 2023, amounts of $3.6 million and $0.9 million, respectively, were reclassified to Net change in the fair value of designated derivatives - foreign exchange risk and Net change in the fair value of designated derivatives - interest rate risk. These amounts were previously reported under Reclassification of the net change in the fair value of designated derivatives recognized in net earnings during the period. These reclassifications had no impact on comprehensive income or net earnings.

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

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Unaudited
(in millions of Canadian dollars)

	Notes	Share capital	Contributed surplus	Retained earnings	Accumulated other comprehensive income	Total	Non-controlling interests	Total equity
Balance as at October 29, 2023		**$ 636.6**	**$ 0.9**	**$ 1,226.8**	**$ 37.0**	**$ 1,901.3**	**$ 4.9**	**$ 1,906.2**
Net earnings		**—**	**—**	**29.8**	**—**	**29.8**	**0.3**	**30.1**
Other comprehensive loss	13	**—**	**—**	**—**	**(8.9)**	**(8.9)**	**—**	**(8.9)**
Shareholders' contributions and distributions to shareholders								
Dividends	11	**—**	**—**	**(39.0)**	**—**	**(39.0)**	**—**	**(39.0)**
Balance as at April 28, 2024		**$ 636.6**	**$ 0.9**	**$ 1,217.6**	**$ 28.1**	**$ 1,883.2**	**$ 5.2**	**$ 1,888.4**
Balance as at October 30, 2022		$ 636.6	$ 0.9	$ 1,219.0	$ 20.7	$ 1,877.2	$ 4.8	$ 1,882.0
Net earnings		—	—	23.2	—	23.2	0.2	23.4
Other comprehensive income	13	—	—	—	0.6	0.6	—	0.6
Shareholders' contributions and distributions to shareholders								
Dividends	11	—	—	(39.0)	—	(39.0)	—	(39.0)
Balance as at April 30, 2023		$ 636.6	$ 0.9	$ 1,203.2	$ 21.3	$ 1,862.0	$ 5.0	$ 1,867.0

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

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

Unaudited
(in millions of Canadian dollars)

	Notes	As at April 28, 2024	As at October 29, 2023
Current assets			
Cash		**$ 55.1**	$ 137.0
Accounts receivable		**444.1**	514.7
Income taxes receivable		**33.4**	37.0
Inventories		**400.7**	391.1
Prepaid expenses and other current assets		**18.2**	20.6
		951.5	1,100.4
Property, plant and equipment		**773.3**	796.5
Right-of-use assets		**91.3**	98.6
Intangible assets		**409.3**	447.1
Goodwill		**1,186.0**	1,194.9
Deferred taxes		**28.3**	30.4
Other assets		**31.1**	32.4
		$ 3,470.8	$ 3,700.3
Current liabilities			
Accounts payable and accrued liabilities		**$ 388.6**	$ 465.5
Income taxes payable		**16.1**	24.8
Deferred revenues and deposits		**12.7**	10.4
Current portion of long-term debt	9	**199.3**	2.1
Current portion of lease liabilities		**22.3**	23.5
		639.0	526.3
Long-term debt	9	**663.0**	937.8
Lease liabilities		**87.7**	94.6
Deferred taxes		**73.1**	89.8
Other liabilities	10	**119.6**	145.6
		1,582.4	1,794.1
Equity			
Share capital	11	**636.6**	636.6
Contributed surplus		**0.9**	0.9
Retained earnings		**1,217.6**	1,226.8
Accumulated other comprehensive income	13	**28.1**	37.0
Attributable to shareholders of the Corporation		**1,883.2**	1,901.3
Non-controlling interests		**5.2**	4.9
		1,888.4	1,906.2
		$ 3,470.8	$ 3,700.3

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

CONSOLIDATED STATEMENTS OF CASH FLOWS

Unaudited
(in millions of Canadian dollars)

	Notes	Three months ended		Six months ended	
		April 28, 2024	April 30, 2023	**April 28, 2024**	April 30, 2023
Operating activities					
Net earnings		**$ 16.0**	$ 22.2	**$ 30.1**	$ 23.4
Adjustments to reconcile net earnings and cash flows from operating activities:					
Impairment of assets		**5.4**	—	**7.5**	—
Depreciation and amortization	6	**55.5**	61.4	**110.4**	122.3
Financial expenses on long-term debt and lease liabilities	7	**11.7**	14.5	**23.7**	27.9
Net (gains) losses on disposal of assets		**(0.2)**	0.3	**(0.3)**	0.8
Income taxes	8	**2.8**	6.4	**2.6**	3.5
Net foreign exchange differences and other		**(2.6)**	(1.4)	**(1.9)**	1.9
Cash flows generated by operating activities before changes in non-cash operating items and income taxes paid		**88.6**	103.4	**172.1**	179.8
Changes in non-cash operating items		**(0.9)**	23.4	**(20.9)**	(28.4)
Income taxes paid		**(14.7)**	(21.8)	**(20.8)**	(34.4)
Cash flows from operating activities		**73.0**	105.0	**130.4**	117.0
Investing activities					
Business combinations, net of acquired cash		**—**	—	**—**	(0.3)
Acquisitions of property, plant and equipment		**(22.0)**	(42.2)	**(52.1)**	(86.1)
Disposals of property, plant and equipment and other		**0.1**	—	**1.5**	—
Increase in intangible assets		**(8.1)**	(11.0)	**(14.6)**	(18.3)
Cash flows from investing activities		**(30.0)**	(53.2)	**(65.2)**	(104.7)
Financing activities					
Reimbursement of long-term debt		**(0.8)**	(0.9)	**(2.0)**	(1.6)
Net increase (decrease) in credit facilities		**1.3**	1.9	**(74.1)**	57.3
Financial expenses paid on long-term debt and credit facilities		**(14.2)**	(15.5)	**(21.6)**	(24.9)
Repayment of principal on lease liabilities		**(5.7)**	(6.2)	**(11.6)**	(12.3)
Interest paid on lease liabilities		**(0.9)**	(0.9)	**(1.7)**	(1.7)
Dividends	11	**(19.5)**	(19.5)	**(39.0)**	(39.0)
Cash flows from financing activities		**(39.8)**	(41.1)	**(150.0)**	(22.2)
Effect of exchange rate changes on cash denominated in foreign currencies		**0.4**	0.5	**2.9**	0.6
Net change in cash		**3.6**	11.2	**(81.9)**	(9.3)
Cash at beginning of the period		**51.5**	25.2	**137.0**	45.7
Cash at end of period		**$ 55.1**	$ 36.4	**$ 55.1**	$ 36.4
Non-cash investing activities					
Net change in capital asset acquisitions financed by accounts payable		**$ 1.9**	$ 2.6	**$ (9.3)**	$ 0.9

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

1 GENERAL INFORMATION

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

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

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

The Corporation's Board of Directors approved these condensed interim consolidated financial statements on June 5, 2024.

2 SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

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

3 SEGMENTED INFORMATION

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

The Corporation decided to change the name of its Printing Sector to Retail Services and Printing Sector to reflect its evolving activities and growth opportunities in retail services.

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

The Retail Services and Printing Sector generates revenues from an integrated retail service offering, including digital and printed advertising content production and delivery services, in-store marketing products, as well as an array of innovative print solutions for newspapers, magazines, 4-colour books and personalized and mass marketing products. Its facilities are located in Canada.

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

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

3 SEGMENTED INFORMATION (CONTINUED)

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

For the three-month period ended April 28, 2024	Packaging	Retail Services and Printing	Other	Consolidated Results
Revenues	**$ 412.4**	**$ 266.3**	**$ 4.5**	**$ 683.2**
Operating expenses	**341.2**	**219.2**	**12.7**	**573.1**
Restructuring and other costs	**3.7**	**11.8**	**0.5**	**16.0**
Impairment of assets	**0.3**	**5.1**	**—**	**5.4**
Operating earnings before depreciation and amortization	**67.2**	**30.2**	**(8.7)**	**88.7**
Depreciation and amortization	**34.9**	**13.5**	**7.1**	**55.5**
Operating earnings (1)	**$ 32.3**	**$ 16.7**	**$ (15.8)**	**$ 33.2**
Adjusted operating earnings before depreciation and amortization (2)	**$ 71.2**	**$ 47.1**	**$ (8.2)**	**$ 110.1**
Adjusted operating earnings (1) & (2)	**52.4**	**34.6**	**(14.7)**	**72.3**
Amortization of intangible assets arising from business combinations (2)	**16.1**	**1.0**	**0.6**	**17.7**
Acquisitions of non-current assets (3)	**19.3**	**5.3**	**7.5**	**32.1**

For the three-month period ended April 30, 2023	Packaging	Retail Services and Printing	Other	Consolidated Results
Revenues	$ 444.2	$ 298.5	$ 4.5	$ 747.2
Operating expenses	376.8	248.5	12.9	638.2
Restructuring and other costs	1.9	1.3	0.6	3.8
Operating earnings before depreciation and amortization	65.5	48.7	(9.0)	105.2
Depreciation and amortization	39.0	15.2	7.2	61.4
Operating earnings (1)	$ 26.5	$ 33.5	$ (16.2)	$ 43.8
Adjusted operating earnings before depreciation and amortization (2)	$ 67.4	$ 50.0	$ (8.4)	$ 109.0
Adjusted operating earnings (1) & (2)	44.5	36.8	(15.1)	66.2
Amortization of intangible assets arising from business combinations (2)	16.1	2.0	0.5	18.6
Acquisitions of non-current assets (3)	37.7	8.0	8.0	53.7

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

3 SEGMENTED INFORMATION (CONTINUED)

For the six-month period ended April 28, 2024	Packaging	Retail Services and Printing	Other	Consolidated results
Revenues	**$ 810.6**	**$ 531.4**	**$ 21.6**	**$ 1,363.6**
Operating expenses	**679.0**	**444.8**	**33.6**	**1,157.4**
Restructuring and other costs	**7.3**	**17.9**	**2.1**	**27.3**
Impairment of assets	**0.6**	**6.9**	**—**	**7.5**
Operating earnings before depreciation and amortization	**123.7**	**61.8**	**(14.1)**	**171.4**
Depreciation and amortization	**69.0**	**27.5**	**13.9**	**110.4**
Operating earnings [(1)]	**$ 54.7**	**$ 34.3**	**$ (28.0)**	**$ 61.0**
Adjusted operating earnings before depreciation and amortization [(2)]	**$ 131.6**	**$ 86.6**	**$ (12.0)**	**$ 206.2**
Adjusted operating earnings [(1) & (2)]	**94.8**	**61.4**	**(24.9)**	**131.3**
Amortization of intangible assets arising from business combinations [(2)]	**32.2**	**2.3**	**1.0**	**35.5**
Acquisitions of non-current assets [(3)]	**34.5**	**9.5**	**13.5**	**57.5**

For the six-month period ended April 30, 2023	Packaging	Retail Services and Printing	Other	Consolidated results
Revenues	$ 849.9	$ 584.7	$ 19.6	$ 1,454.2
Operating expenses	735.9	494.1	31.1	1,261.1
Restructuring and other costs	5.9	4.5	1.6	12.0
Operating earnings before depreciation and amortization	108.1	86.1	(13.1)	181.1
Depreciation and amortization	77.4	30.6	14.3	122.3
Operating earnings [(1)]	$ 30.7	$ 55.5	$ (27.4)	$ 58.8
Adjusted operating earnings before depreciation and amortization [(2)]	$ 114.0	$ 90.6	$ (11.5)	$ 193.1
Adjusted operating earnings [(1) & (2)]	68.7	64.1	(24.8)	108.0
Amortization of intangible assets arising from business combinations [(2)]	32.1	4.1	1.0	37.2
Acquisitions of non-current assets [(3)]	70.3	20.0	15.2	105.5

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

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

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

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

3 SEGMENTED INFORMATION (CONTINUED)

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

	Three months ended		Six months ended	
	April 28, 2024	April 30, 2023	**April 28, 2024**	April 30, 2023
Packaging Products				
Revenues generated from plants located in Canada	**$ 36.6**	$ 32.9	**$ 68.5**	$ 66.7
Revenues generated from plants located in the United States	**303.9**	326.8	**594.5**	617.6
Revenues generated from plants located outside Canada and the United States	**71.9**	84.5	**147.6**	165.6
	412.4	444.2	**810.6**	849.9
Retail Services and Printing [(1)]				
Retail-related services [(2)]	**120.8**	138.1	**256.6**	281.5
Marketing products	**77.2**	80.8	**147.2**	150.9
Magazines and books	**47.9**	55.7	**85.1**	106.7
Newspapers	**20.4**	23.9	**42.5**	45.6
	266.3	298.5	**531.4**	584.7
Media [(1)]	**12.2**	12.0	**31.3**	30.5
Inter-sector Sales	**(7.7)**	(7.5)	**(9.7)**	(10.9)
	$ 683.2	$ 747.2	**$ 1,363.6**	$ 1,454.2

(1) Revenues from retail services and printing and media are mainly generated in Canada.

(2) Revenues from retail-related services include digital and printed advertising content production and delivery services.

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

	As at April 28, 2024	As at October 29, 2023
Packaging	**$ 2,326.2**	$ 2,399.3
Retail Services and Printing	**824.3**	894.5
Other [(1)]	**320.3**	406.5
	$ 3,470.8	$ 3,700.3

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

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

4 OPERATING EXPENSES

	Three months ended		Six months ended	
	April 28, 2024	April 30, 2023	**April 28, 2024**	April 30, 2023
Employee-related costs	**$ 192.7**	$ 197.0	**$ 388.4**	$ 397.1
Supply chain and logistics [1]	**348.0**	409.7	**703.6**	798.6
Other goods and services [2]	**32.4**	31.5	**65.4**	65.4
	$ 573.1	$ 638.2	**$ 1,157.4**	$ 1,261.1

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

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

5 RESTRUCTURING AND OTHER COSTS

	Three months ended		Six months ended	
	April 28, 2024	April 30, 2023	**April 28, 2024**	April 30, 2023
Workforce reductions [1] & [2]	**$ 11.5**	$ 2.2	**$ 20.1**	$ 6.9
Costs related to plant closures and restructuring [1] & [2]	**3.2**	0.3	**4.2**	1.5
Business acquisition and integration costs	**—**	0.9	**—**	1.9
Configuration and customization costs in cloud computing arrangements	**1.3**	0.9	**2.4**	1.9
Other elements	**—**	(0.5)	**0.6**	(0.2)
	$ 16.0	$ 3.8	**$ 27.3**	$ 12.0

[1] Includes termination payments to employees as part of workforce restructuring in the Retail Services and Printing Sector, Packaging Sector and Other, as well as related costs associated with such restructuring.

[2] During the six-month period ended April 28, 2024, the Corporation closed its Saint-Hyacinthe, Quebec, printing plant and is gradually transferring its operations to other Retail Services and Printing Sector plants to optimize the return on its assets, reduce its costs and improve operational efficiency. In connection with this initiative, expenses resulting mainly from workforce reductions and amounting to approximately $9.0 million were recognized.

6 DEPRECIATION AND AMORTIZATION

	Three months ended		Six months ended	
	April 28, 2024	April 30, 2023	**April 28, 2024**	April 30, 2023
Property, plant and equipment	**$ 25.9**	$ 30.1	**$ 51.1**	$ 59.8
Right-of-use assets	**5.4**	6.2	**11.0**	12.4
Intangible assets	**24.2**	25.1	**48.3**	50.1
	$ 55.5	$ 61.4	**$ 110.4**	$ 122.3

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

7 NET FINANCIAL EXPENSES

	Three months ended		Six months ended	
	April 28, 2024	April 30, 2023	**April 28, 2024**	April 30, 2023
Financial expenses on long-term debt	**$ 10.8**	$ 13.6	**$ 22.0**	$ 26.2
Interest on lease liabilities	**0.9**	0.9	**1.7**	1.7
Net interest on defined benefit asset and liability	**1.1**	0.8	**2.1**	1.6
Other expenses	**2.0**	1.7	**3.8**	3.3
Net foreign exchange gains	**(0.4)**	(1.8)	**(1.3)**	(0.9)
	$ 14.4	$ 15.2	**$ 28.3**	$ 31.9

8 INCOME TAXES

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

	Three months ended		Six months ended	
	April 28, 2024	April 30, 2023	**April 28, 2024**	April 30, 2023
Earnings before income taxes	**$ 18.8**	$ 28.6	**$ 32.7**	$ 26.9
Canadian statutory tax rate (1)	**26.5%**	26.5%	**26.5%**	26.5%
Income taxes at the statutory tax rate	**5.0**	7.6	**8.7**	7.1
Effect of differences in tax rates and additional income taxes in other jurisdictions	**(3.2)**	(1.9)	**(5.5)**	(4.4)
Income taxes on non-deductible expenses and non-taxable revenues	**0.2**	0.8	**(0.5)**	0.9
Change in deferred tax assets on tax losses or temporary differences not previously recognized	**1.0**	0.1	**0.2**	0.3
Adjustment for previous years' balances	**(0.1)**	—	**(0.1)**	—
Other	**(0.1)**	(0.2)	**(0.2)**	(0.4)
Income taxes at the effective tax rate	**$ 2.8**	$ 6.4	**$ 2.6**	$ 3.5
Income taxes before the following items:	**$ 12.5**	$ 11.9	**$ 20.0**	$ 15.7
Income taxes on amortization of intangible assets arising from business combinations	**(4.3)**	(4.6)	**(8.7)**	(9.2)
Income taxes on impairment of assets	**(1.4)**	—	**(1.9)**	—
Income taxes on restructuring and other costs	**(4.0)**	(0.9)	**(6.8)**	(3.0)
Income taxes at the effective tax rate	**$ 2.8**	$ 6.4	**$ 2.6**	$ 3.5

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

The Corporation is present in countries that have adopted the new Pillar Two model rules on global minimum tax during the fiscal year, which will be effective as of its fiscal year ending October 26, 2025. The Corporation has assessed its potential exposure based on the most recent available information and determined that the transitional safe harbour provided for in the new Pillar Two model rules applies in most jurisdictions where it operates. However, there are a limited number of jurisdictions where the transitional safe harbour does not apply and where the effective tax rate could be lower than 15.0%. Based on its interpretation of the current law, the Corporation expects that the maximal annual impact on income taxes in these jurisdictions will not exceed $10.0 million, and monitors the developments in the various jurisdictions in which it operates. In addition, the Corporation has applied the mandatory temporary exemption to recognizing deferred tax assets and liabilities related to income taxes resulting from the Pillar Two global minimum tax rules and has therefore not recognized any deferred income tax assets and liabilities that would result from such rules.

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

9 LONG-TERM DEBT

	Effective Interest Rate as at April 28, 2024	Maturity	As at April 28, 2024	As at October 29, 2023
Unsecured notes (issued in 2021)	2.41%	2026	**$ 250.0**	$ 250.0
Unsecured notes (issued in 2022)	2.84%	2025	**195.5**	192.2
U.S. dollar term loan (issued in 2021)	7.35%	2028	**159.5**	163.1
U.S. dollar term loan (extended in 2022)	7.17%	2027	**153.8**	156.0
Unified Debenture	4.84%	2028	**100.0**	100.0
Credit facilities	6.76%	2025-2028	**1.3**	76.3
Other loans		2026-2031	**4.5**	5.2
			$ 864.6	$ 942.8
Issuance costs on long-term debt at amortized cost			**(2.3)**	(2.9)
Total long-term debt			**$ 862.3**	$ 939.9
Current portion of long-term debt			**$ 199.3**	$ 2.1
Non-current portion of long-term debt			**$ 663.0**	$ 937.8

Credit facilities

The Corporation has a credit facility amounting to $400.0 million or the U.S. dollar equivalent, which matures in February 2028. The interest rate on the credit facility is based on the Corporation's credit rating. Based on the current credit rating, the applicable rate is the Canadian Overnight Repo Rate Average ("CORRA") plus 1.970% for one-month periods or plus 1.996% for three-month periods, or the Secured Overnight Financing Rate ("SOFR") plus 1.775%, or the Canadian prime rate or the U.S. prime rate plus 0.675%.

The Corporation has another credit facility with a maximum amount of US$15.0 million ($20.5 million), which matures in March 2025. The applicable interest rate for this credit facility is SOFR plus 1.450%. On February 21, 2024, this credit facility was extended for an additional year, and the maximum amount was decreased from US$25.0 million to US$15.0 million.

As at April 28, 2024, an amount of $1.3 million had been drawn on the credit facilities and was recognized as a current liability. As at April 28, 2024, the unused amount under the credit facilities was $419.2 million.

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

10 OTHER LIABILITIES

	Notes	As at April 28, 2024	As at October 29, 2023
Defined benefit liability		**$ 88.9**	$ 82.8
Derivative financial instruments	14	**19.7**	50.5
Stock-based compensation	12	**8.5**	8.1
Accrued liabilities and other liabilities		**2.2**	3.9
Long-term provisions		**0.3**	0.3
		$ 119.6	$ 145.6

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

11 SHARE CAPITAL

	As at April 28, 2024			As at October 29, 2023		
	Number of shares		Amount	Number of shares		Amount
Class A Subordinate Voting Shares	**73,259,342**	**$**	**618.4**	73,259,342	$	618.4
Class B Shares	**13,364,828**		**18.2**	13,364,828		18.2
	86,624,170	**$**	**636.6**	86,624,170	$	636.6

Net earnings per share
For the six-month periods ended April 28, 2024 and April 30, 2023, there were no dilutive items.

Dividends
Dividends of $0.225 per share were declared and paid to holders of shares for each of the three-month periods ended April 28, 2024 and April 30, 2023. Dividends of $0.450 per share were declared and paid to holders of shares for each of the six-month periods ended April 28, 2024 and April 30, 2023.

12 STOCK-BASED COMPENSATION

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

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

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

	Number of units	
	DSUs	RSUs
Balance as at October 29, 2023	**851,001**	**1,180,654**
Units granted	**87,550**	**560,344**
Units cancelled	**—**	**(70,702)**
Units paid	**(47,291)**	**(360,376)**
Incentive compensation paid in units	**8,986**	**—**
Dividends paid in units	**28,116**	**33,905**
Balance as at April 28, 2024	**928,362**	**1,343,825**

As at April 28, 2024, the liability related to the share unit plans was $20.7 million, of which $8.5 million was presented under Other liabilities ($16.9 million as at October 29, 2023, of which $8.1 million was presented under Other liabilities) and the remaining balance was presented under Accounts payable and accrued liabilities. Expenses recorded in the Consolidated Statements of Earnings for the three-month periods ended April 28, 2024 and April 30, 2023 were $2.3 million and $1.3 million, respectively. Expenses recorded in the Consolidated Statements of Earnings for the six-month periods ended April 28, 2024 and April 30, 2023 were $9.3 million and $3.5 million, respectively. Amounts of $1.0 million and nil were paid under these plans for the three-month periods ended April 28, 2024 and April 30, 2023, respectively. Amounts of $5.5 million and $18.0 million were paid under these plans for the six-month periods ended April 28, 2024 and April 30, 2023, respectively.

Total return swap
The Corporation uses total return swaps to hedge a portion of the stock-based compensation expenses (gains) that vary based on the price of the Corporation's shares. These swaps have a term of 12 months each. During the six-month period ended April 28, 2024, the Corporation renewed, at maturity, the contract covering 900,000 units at a weighted average price of $15.12 per unit, with similar terms. During the six-month period ended April 30, 2023, the Corporation settled, at maturity, the total return swap covering 1,200,000 units at a weighted average price of $20.01 per unit for a consideration paid of $5.9 million.

During the three-month periods ended April 28, 2024 and April 30, 2023, amounts recognized in the Consolidated Statements of Earnings under Operating expenses, corresponding to the change in fair value of the total return swaps for hedged units, before taking into account dividends received and interest paid, were gains of nil and $0.8 million, respectively. During the six-month periods ended April 28, 2024 and April 30, 2023, amounts recognized in the Consolidated Statements of Earnings under Operating expenses, corresponding to the change in fair value of the total return swap for hedged units, before taking into account dividends received and interest paid, were a gain of $3.3 million and an expense of $1.4 million, respectively.

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

13 ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

	Cash flow hedges	Net investment hedges	Cumulative translation differences	Actuarial gains and losses related to defined benefit plans	Accumulated other comprehensive income (loss)
Balance as at October 29, 2023	**$ (3.6)**	**$ (25.4)**	**$ 99.5**	**$ (33.5)**	**$ 37.0**
Net change in gains (losses), net of income taxes	**4.9**	**7.2**	**(15.4)**	**(5.6)**	**(8.9)**
Balance as at April 28, 2024	**$ 1.3**	**$ (18.2)**	**$ 84.1**	**$ (39.1)**	**$ 28.1**
Balance as at October 30, 2022	$ (11.6)	$ (11.3)	$ 66.3	$ (22.7)	$ 20.7
Net change in gains (losses), net of income taxes	4.4	(4.6)	2.7	(1.9)	0.6
Balance as at April 30, 2023	$ (7.2)	$ (15.9)	$ 69.0	$ (24.6)	$ 21.3

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

	2024	2025	2026	2027	Total
Net change in the fair value of derivatives designated as cash flow hedges	$ 1.5	$ 2.0	$ (0.2)	$ (5.1)	$ (1.8)
Income taxes (recovery)	0.4	0.5	(0.1)	(1.3)	(0.5)
	$ 1.1	$ 1.5	$ (0.1)	$ (3.8)	$ (1.3)

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

	Three months ended		Six months ended	
	April 28, 2024	April 30, 2023	**April 28, 2024**	April 30, 2023
Actuarial gains (losses) on obligation - change in discount rate	**$ 6.7**	$ 5.1	**$ (22.9)**	$ (32.7)
Actuarial (losses) gains on plan assets - excluding interest income	**(11.5)**	(2.4)	**13.8**	30.2
Effect of the asset ceiling	**—**	(0.1)	**1.4**	(0.1)
Related income taxes (recovery)	**(1.3)**	0.7	**(2.1)**	(0.7)
	$ (3.5)	$ 1.9	**$ (5.6)**	$ (1.9)

Actuarial gains and losses on obligation recognized in the Statements of Comprehensive Income for the six-month period ended April 28, 2024 are explained by the change in the discount rate, which decreased from 5.60% as at October 29, 2023 to 5.20% as at April 28, 2024 in Canada, and from 6.20% as at October 29, 2023 to 5.70% as at April 28, 2024 in the United States. Actuarial gains and losses on plan assets are attributable to the fact that actual rates of return on assets were higher than expected returns for the six-month period ended April 28, 2024.

Actuarial gains and losses on obligation recognized in the Statements of Comprehensive Income for the six-month period ended April 30, 2023 are explained by the change in the discount rate, which decreased from 5.40% as at October 30, 2022 to 4.80% as at April 30, 2023 in Canada, and from 5.70% as at October 30, 2022 to 4.90% as at April 30, 2023 in the United States. Actuarial gains and losses on plan assets are attributable to the fact that actual rates of return on assets were higher than expected returns for the six-month period ended April 30, 2023.

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

14 FINANCIAL INSTRUMENTS

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

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

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

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

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

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

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

		As at April 28, 2024		As at October 29, 2023	
	Fair value hierarchy	**Fair value**	**Carrying amount**	Fair value	Carrying amount
Prepaid expenses and other current assets					
Foreign exchange forward contracts	Level 2	**$ 0.6**	**$ 0.6**	$ 0.1	$ 0.1
Other assets					
Foreign exchange forward contracts	Level 2	**1.0**	**1.0**	—	—
Interest rate swaps	Level 2	**5.5**	**5.5**	5.8	5.8
Accounts payable and accrued liabilities					
Cross-currency fixed interest rate swaps	Level 2	**(19.3)**	**(19.3)**	—	—
Total return swap	Level 2	**(1.0)**	**(1.0)**	(4.3)	(4.3)
Foreign exchange forward contracts	Level 2	**(3.1)**	**(3.1)**	(7.4)	(7.4)
Long-term debt					
Long-term debt	Level 2	**(861.0)**	**(862.3)**	(920.5)	(939.9)
Other liabilities					
Cross-currency fixed interest rate swaps	Level 2	**(17.6)**	**(17.6)**	(47.0)	(47.0)
Foreign exchange forward contract	Level 2	**(2.1)**	**(2.1)**	(3.5)	(3.5)

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