TRANSCONTINENTAL

Press Release

For Immediate Release

Transcontinental Inc. Announces Results for the Second Quarter of Fiscal Year 2025

Highlights

- Revenues of $684.1 million for the quarter ended April 27, 2025; operating earnings of $51.1 million; and net earnings attributable to shareholders of the Corporation of $33.8 million ($0.40 per share).
- Adjusted operating earnings before depreciation and amortization(1) of $108.5 million for the quarter ended April 27, 2025; adjusted operating earnings(1) of $70.1 million; and adjusted net earnings attributable to shareholders of the Corporation(1) of $48.2 million ($0.58 per share).
- Growth in adjusted net earnings attributable to shareholders of the Corporation per share(1) of 11.5%.
- Repayment at maturity of unsecured notes (issued in 2022) amounting to $200.0 million.
- Payment of a special dividend of $1.00 per share on April 23, 2025.

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

Montréal, June 4, 2025 - Transcontinental Inc. (TSX: TCL.A TCL.B) announces its results for the second quarter of fiscal year 2025, which ended April 27, 2025.

"Once again, the results for this quarter continue to demonstrate the positive impact of the implementation of our program aimed at improving our profitability and our financial position," said Thomas Morin, President and Chief Executive Officer of TC Transcontinental.

"As anticipated, the Packaging Sector experienced a slight decrease in revenues and earnings compared to the second quarter of 2024, during which the sector had posted record quarterly earnings. The initiatives put in place to reduce our costs enabled the sector to deliver an adjusted operating earnings margin before depreciation and amortization of 16.2% for the quarter. We remain confident in our ability to generate organic growth in volume and earnings during the second half of fiscal year 2025.

"The Retail Services and Printing Sector posted a very good quarter with a 5.1% increase in revenues and a 15.5% rise in adjusted operating earnings before depreciation and amortization to $54.4 million, which is the fourth consecutive increase in quarterly profitability. This solid performance results notably from growth in our book printing, specialty solutions and in-store marketing activities as well as the benefits of the cost reduction initiatives we implemented in the second quarter of fiscal year 2024."

"The decrease in our long-term debt as a result of the significant cash flows from operations generated during the last year and from the sale of our industrial packaging operations allowed us to reduce our financial expenses and to grow adjusted net earnings per share by 11.5% for the quarter," added Donald LeCavalier, Executive Vice President and Chief Financial Officer of TC Transcontinental. Our solid financial position enabled us to pay a special dividend of $1.00 per share during the second quarter while maintaining the flexibility needed to pursue targeted acquisitions."

Financial Highlights

(in millions of dollars, except per share amounts)	Q2-2025	Q2-2024	Variation in %
Revenues	$684.1	$683.2	0.1 %
Operating earnings before depreciation and amortization	104.5	88.7	17.8
Adjusted operating earnings before depreciation and amortization (1)	108.5	110.1	(1.5)
Operating earnings	51.1	33.2	53.9
Adjusted operating earnings (1)	70.1	72.3	(3.0)
Net earnings attributable to shareholders of the Corporation	33.8	15.9	112.6
Net earnings attributable to shareholders of the Corporation per share	0.40	0.18	122.2
Adjusted net earnings attributable to shareholders of the Corporation (1)	48.2	45.3	6.4
Adjusted net earnings attributable to shareholders of the Corporation per share (1)	0.58	0.52	11.5

(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 Year 2025

Revenues increased by $0.9 million, or 0.1%, from $683.2 million in the second quarter of 2024 to $684.1 million in the corresponding period of 2025. This increase is attributable to the favourable exchange rate effect and higher volume in the Retail Services and Printing Sector, notably in book printing activities, partially offset by the impact of the sale of the industrial packaging operations and lower volume in the Packaging Sector.

Operating earnings before depreciation and amortization increased by $15.8 million, or 17.8%, from $88.7 million in the second quarter of 2024 to $104.5 million in the second quarter of 2025. This increase is mainly attributable to the decrease in restructuring and other costs, the decline in asset impairment charges, the favourable impact of cost reduction initiatives, the impact of higher volume in the Retail Services and Printing Sector and the favourable exchange rate effect, offset by the sale of the industrial packaging operations and the impact of lower volume in the Packaging Sector.

Adjusted operating earnings before depreciation and amortization decreased by $1.6 million, or 1.5%, from $110.1 million in the second quarter of 2024 to $108.5 million in the second quarter of 2025. This decrease is mainly due to the sale of the industrial packaging operations and the impact of lower volume in the Packaging Sector, mostly mitigated by the favourable impact of cost reduction initiatives, higher volume in the Retail Services and Printing Sector and the favourable exchange rate effect.

Net earnings attributable to shareholders of the Corporation increased by $17.9 million, or 112.6%, from $15.9 million in the second quarter of 2024 to $33.8 million in the second quarter of 2025. This increase is mainly attributable to the previously explained increase in operating earnings before depreciation and amortization, lower financial expenses and the decrease in depreciation and amortization, partially offset by higher income taxes. On a per share basis, net earnings attributable to shareholders of the Corporation went from $0.18 to $0.40, respectively.

Adjusted net earnings attributable to shareholders of the Corporation increased by $2.9 million, or 6.4%, from $45.3 million in the second quarter of 2024 to $48.2 million in the second quarter of 2025. This increase is mainly attributable to lower financial expenses, partially offset by the previously explained decrease in adjusted operating earnings before depreciation and amortization. On a per share basis, adjusted net earnings attributable to shareholders of the Corporation went from $0.52 to $0.58, respectively.

Results for the First Six Months of Fiscal Year 2025

Revenues decreased by $36.5 million, or 2.7%, from $1,363.6 million in the first six months of fiscal year 2024 to $1,327.1 million in the corresponding period of 2025. This decrease is mainly due to lower volume and the impact of the sale of the industrial packaging operations, partially mitigated by the favourable exchange rate effect.

Operating earnings before depreciation and amortization increased by $74.5 million, or 43.5%, from $171.4 million in the first six months of fiscal year 2024 to $245.9 million in the corresponding period of 2025. This increase is mainly attributable to the decrease in restructuring and other costs, the decline in asset impairment charges, the favourable impact of cost reduction initiatives and the favourable exchange rate effect, partially offset by the impact of the sale of the industrial packaging operations and the effect of lower volume in the Packaging Sector.

Adjusted operating earnings before depreciation and amortization remained relatively stable, from $206.2 million in the first six months of fiscal year 2024 to $206.0 million in the corresponding period of 2025. The impact of the sale of industrial packaging operations was mostly mitigated by the favourable exchange rate effect.

Net earnings attributable to shareholders of the Corporation increased by $59.6 million, or 200.0%, from $29.8 million in the first six months of fiscal year 2024 to $89.4 million in the corresponding period of 2025. This increase is mainly attributable to the previously explained increase in operating earnings before depreciation and amortization, the decrease in depreciation and amortization and lower financial expenses, partially offset by higher income taxes. On a per share basis, net earnings attributable to shareholders of the Corporation went from $0.34 to $1.07, respectively.

Adjusted net earnings attributable to shareholders of the Corporation increased by $7.0 million, or 8.5%, from $82.7 million in the first six months of fiscal year 2024 to $89.7 million in the corresponding period of 2025. This increase is mainly attributable to lower financial expenses, partially offset by higher adjusted income taxes. On a per share basis, adjusted net earnings attributable to shareholders of the Corporation went from $0.95 to $1.07, respectively.

For more detailed financial information, please see the Management's Discussion and Analysis for the second quarter ended April 27, 2025, as well as the financial statements in the "Investors" section of our website at www.tc.tc.

Outlook[1]

The investments in our growth activities, including flexible packaging and in-store marketing, position us well for the future and should be a key driver of our long-term growth.

In terms of profitability, we expect to generate organic growth in adjusted operating earnings before depreciation and amortization of the Packaging Sector for fiscal 2025 compared to fiscal 2024. In the Retail Services and Printing Sector, we expect adjusted operating earnings before depreciation and amortization for fiscal 2025 to be stable compared to fiscal 2024.

Lastly, 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.

[1] The following outlook does not take into account the impact of the implementation of protectionist trade measures and a potential labour conflict at Canada Post on our operations and their effects on our results.

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 unaudited condensed interim consolidated financial statements for the second quarter ended April 27, 2025.

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), amortization of intangible assets arising from business combinations, impairment of assets as well as the recognition of previous years tax assets of an acquired company.
Adjusted net earnings attributable to shareholders of the Corporation	Net earnings attributable to shareholders of the Corporation before restructuring and other costs (revenues), amortization of intangible assets arising from business combinations and impairment of assets, net of related income taxes, as well as the recognition of previous years tax assets of an acquired company.
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 27, 2025**	April 28, 2024	**April 27, 2025**	April 28, 2024
Operating earnings	**$51.1**	$33.2	**$139.8**	$61.0
Restructuring and other costs (revenues)	**4.0**	16.0	**(39.9)**	27.3
Amortization of intangible assets arising from business combinations (1)	**15.0**	17.7	**29.8**	35.5
Impairment of assets	**—**	5.4	**—**	7.5
Adjusted operating earnings	**$70.1**	$72.3	**$129.7**	$131.3
Depreciation and amortization (2)	**38.4**	37.8	**76.3**	74.9
Adjusted operating earnings before depreciation and amortization	**$108.5**	$110.1	**$206.0**	$206.2

(1) Amortization of intangible assets arising from business combinations includes our customer relationships, 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 27, 2025**	April 28, 2024	**April 27, 2025**	April 28, 2024
Operating earnings	**$27.4**	$32.3	**$97.1**	$54.7
Restructuring and other costs (revenues)	**3.0**	3.7	**(42.2)**	7.3
Amortization of intangible assets arising from business combinations (1)	**13.8**	16.1	**27.6**	32.2
Impairment of assets	**—**	0.3	**—**	0.6
Adjusted operating earnings	**$44.2**	$52.4	**$82.5**	$94.8
Depreciation and amortization (2)	**21.2**	18.8	**41.9**	36.8
Adjusted operating earnings before depreciation and amortization	**$65.4**	$71.2	**$124.4**	$131.6

(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 Retail Services and Printing Sector

	Three months ended		Six months ended	
(in millions of dollars)	**April 27, 2025**	April 28, 2024	**April 27, 2025**	April 28, 2024
Operating earnings	**$42.2**	$16.7	**$69.9**	$34.3
Restructuring and other costs	**1.0**	11.8	**4.1**	17.9
Amortization of intangible assets arising from business combinations (1)	**0.6**	1.0	**1.2**	2.3
Impairment of assets	**—**	5.1	**—**	6.9
Adjusted operating earnings	**$43.8**	$34.6	**$75.2**	$61.4
Depreciation and amortization (2)	**10.6**	12.5	**21.1**	25.2
Adjusted operating earnings before depreciation and amortization	**$54.4**	$47.1	**$96.3**	$86.6

(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 27, 2025**	April 28, 2024	**April 27, 2025**	April 28, 2024
Operating earnings	**$(18.5)**	$(15.8)	**$(27.2)**	$(28.0)
Restructuring and other costs (revenues)	**—**	0.5	**(1.8)**	2.1
Amortization of intangible assets arising from business combinations (1)	**0.6**	0.6	**1.0**	1.0
Adjusted operating earnings	**$(17.9)**	$(14.7)	**$(28.0)**	$(24.9)
Depreciation and amortization (2)	**6.6**	6.5	**13.3**	12.9
Adjusted operating earnings before depreciation and amortization	**$(11.3)**	$(8.2)	**$(14.7)**	$(12.0)

(1) Amortization of intangible assets arising from business combinations includes our 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 27, 2025**	April 28, 2024	**April 27, 2025**	April 28, 2024
Net earnings attributable to shareholders of the Corporation	**$33.8**	$15.9	**$89.4**	$29.8
Restructuring and other costs (revenues)	**4.0**	16.0	**(39.9)**	27.3
Tax on restructuring and other costs (revenues)	**(1.0)**	(4.0)	**17.7**	(6.8)
Amortization of intangible assets arising from business combinations (1)	**15.0**	17.7	**29.8**	35.5
Tax on amortization of intangible assets arising from business combinations	**(3.6)**	(4.3)	**(7.3)**	(8.7)
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	**$48.2**	$45.3	**$89.7**	$82.7
Net earnings attributable to shareholders of the Corporation per share	**$0.40**	$0.18	**$1.07**	$0.34
Adjusted net earnings attributable to shareholders of the Corporation per share	**$0.58**	$0.52	**$1.07**	$0.95
Weighted average number of shares outstanding	**83.6**	86.6	**83.9**	86.6

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

Reconciliation of net indebtedness

(in millions of dollars, except ratios)	**As at April 27, 2025**	As at October 27, 2024
Long-term debt	**$731.3**	$668.1
Current portion of long-term debt	**2.0**	201.0
Lease liabilities	**86.4**	95.8
Current portion of lease liabilities	**23.0**	24.1
Cash	**(43.2)**	(185.2)
Net indebtedness	**$799.5**	$803.8
Adjusted operating earnings before depreciation and amortization (last 12 months)	**$469.2**	$469.4
Net indebtedness ratio	**1.70x**	1.71x

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 21, 2025, to shareholders of record at the close of business on June 30, 2025.

Normal Course Issuer Bid

On June 12, 2024, the Corporation was authorized to repurchase for cancellation, on the open market or subject to the approval of any securities authority by private agreements, between June 17, 2024 and June 16, 2025, or at an earlier date if the Corporation concludes or cancels the offer, up to 3,662,967 of its Class A Subordinate Voting Shares and up to 668,241 of its Class B Shares. The repurchases are made in the normal course of business at market prices through the Toronto Stock Exchange.

During the first six months of fiscal year 2025, the Corporation repurchased and cancelled 934,434 Class A Subordinate Voting Shares at a weighted average price of $17.38 and 3,600 Class B Shares at a weighted average price of $17.27, for a total cash consideration of $16.3 million.

Additional information

Conference Call

Upon releasing its results for the second quarter of fiscal year 2025, the Corporation will hold a conference call for the financial community on June 5, 2025, 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 Jonathan Provencher, Senior Manager, Corporate Communications of TC Transcontinental, at 438-925-1412.

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. Since 1976, 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 7,400 employees, the majority of which are based in Canada, the United States and Latin America. TC Transcontinental generated revenues of $2.8 billion during the fiscal year ended October 27, 2024. 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, the impact of changes in the participants in the distribution of newspapers and printed advertising materials and the disruption in their activities resulting mainly from labour disputes, including at Canada Post, the impact of regulations or legislation regarding door-to-door distribution on the printing 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 pension 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 fiscal year ended October 27, 2024 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 4, 2025. 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 4, 2025. 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 second quarter ended April 27, 2025

MANAGEMENT’S DISCUSSION AND ANALYSIS

For the second quarter ended April 27, 2025

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 27, 2025. 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.

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

In addition, in this Management’s Discussion and Analysis, we also use non-IFRS financial measures for which a complete definition is presented below and for which a reconciliation to financial information in accordance with IFRS is presented in Table #2 in the section entitled "Reconciliation of Non-IFRS Financial Measures" and in Note 3 "Segmented Information" to the unaudited condensed interim consolidated financial statements for the second quarter ended April 27, 2025. 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), amortization of intangible assets arising from business combinations, impairment of assets as well as the recognition of previous years tax assets of an acquired company.
Adjusted net earnings attributable to shareholders of the Corporation	Net earnings attributable to shareholders of the Corporation before restructuring and other costs (revenues), amortization of intangible assets arising from business combinations and impairment of assets, net of related income taxes, as well as the recognition of previous years tax assets of an acquired company.
Net indebtedness	Total of long-term debt, of current portion of long-term debt, of lease liabilities and of current portion of lease liabilities, less cash.
Net indebtedness ratio	Net indebtedness divided by the last 12 months’ adjusted operating earnings before depreciation and amortization.

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

CAUTION REGARDING FORWARD-LOOKING STATEMENTS

Our public communications often contain oral or written forward-looking statements which are based on the expectations of Management and inherently subject to a certain number of risks and uncertainties, known and unknown. By their very nature, forward-looking statements are derived from both general and specific assumptions. The Corporation cautions against undue reliance on such statements since actual results or events may differ materially from the expectations expressed or implied in them. Forward-looking statements include, among others, statements with respect to our objectives, our outlook, our strategies to achieve these objectives, as well as statements with respect to our beliefs, plans, expectations, anticipations, estimates and intentions. The words "may", "could", "should", "would", "assumptions", "plan", "strategy", "outlook", "believe", "anticipate", "estimate", "expect", "intend", "objective", the use of the future and conditional tenses, and words and expressions of similar nature are intended to identify forward-looking statements. Such forward-looking statements may also include observations concerning the Corporation's anticipated financial results and business outlooks and the economies in which it operates. The Corporation's future performance may also be affected by a number of factors, many of which are beyond its will or control. The main risks, uncertainties and factors that could influence actual results are described in the *Management's Discussion and Analysis* for the fiscal year ended October 27, 2024 and in the latest *Annual Information Form*.

Unless otherwise indicated by the Corporation, forward-looking statements do not take into account the potential impact of non-recurring or other unusual items, nor of disposals, business combinations, mergers or acquisitions which may be announced or concluded after the date of June 4, 2025.

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

The forward-looking statements in this *Management's Discussion and Analysis* are based on current expectations and information available as at June 4, 2025. Such forward-looking statements may also be found in other documents filed with Canadian securities regulators or in other communications. The Corporation's Management disclaims any intention or obligation to update or revise these statements unless otherwise required by the securities authorities.

PROFILE OF TC TRANSCONTINENTAL

TC Transcontinental is a leader in flexible packaging in North America and in retail services in Canada, and is Canada’s largest printer. The Corporation is also the leading Canadian French-language educational publishing group. Since 1976, 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 7,400 employees, the majority of which are based in Canada, the United States and Latin America. TC Transcontinental generated revenues of $2.8 billion during the fiscal year ended October 27, 2024. For more information, visit TC Transcontinental's website at www.tc.tc.

HIGHLIGHTS

Table #1:

(in millions of dollars, except per share amounts)	Q2-2025	Q2-2024	Variation in %
Revenues	$684.1	$683.2	0.1 %
Operating earnings before depreciation and amortization	104.5	88.7	17.8
Adjusted operating earnings before depreciation and amortization (1)	108.5	110.1	(1.5)
Operating earnings	51.1	33.2	53.9
Adjusted operating earnings (1)	70.1	72.3	(3.0)
Net earnings attributable to shareholders of the Corporation	33.8	15.9	112.6
Net earnings attributable to shareholders of the Corporation per share	0.40	0.18	122.2
Adjusted net earnings attributable to shareholders of the Corporation (1)	48.2	45.3	6.4
Adjusted net earnings attributable to shareholders of the Corporation per share (1)	0.58	0.52	11.5

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

- Revenues of $684.1 million for the quarter ended April 27, 2025; operating earnings of $51.1 million; and net earnings attributable to shareholders of the Corporation of $33.8 million ($0.40 per share).
- Adjusted operating earnings before depreciation and amortization of $108.5 million for the quarter ended April 27, 2025; adjusted operating earnings of $70.1 million; and adjusted net earnings attributable to shareholders of the Corporation of $48.2 million ($0.58 per share).
- Growth in adjusted net earnings attributable to shareholders of the Corporation per share of 11.5%.
- Repayment at maturity of unsecured notes (issued in 2022) amounting to $200.0 million.
- Payment of a special dividend of $1.00 per share on April 23, 2025.

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 27, 2025**	April 28, 2024	**April 27, 2025**	April 28, 2024
Operating earnings	**$51.1**	$33.2	**$139.8**	$61.0
Restructuring and other costs (revenues)	**4.0**	16.0	**(39.9)**	27.3
Amortization of intangible assets arising from business combinations (1)	**15.0**	17.7	**29.8**	35.5
Impairment of assets	**—**	5.4	**—**	7.5
Adjusted operating earnings	**$70.1**	$72.3	**$129.7**	$131.3
Depreciation and amortization (2)	**38.4**	37.8	**76.3**	74.9
Adjusted operating earnings before depreciation and amortization	**$108.5**	$110.1	**$206.0**	$206.2

(1) Amortization of intangible assets arising from business combinations include our customer relationships, 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 27, 2025**	April 28, 2024	**April 27, 2025**	April 28, 2024
Operating earnings	**$27.4**	$32.3	**$97.1**	$54.7
Restructuring and other costs (revenues)	**3.0**	3.7	**(42.2)**	7.3
Amortization of intangible assets arising from business combinations (1)	**13.8**	16.1	**27.6**	32.2
Impairment of assets	**—**	0.3	**—**	0.6
Adjusted operating earnings	**$44.2**	$52.4	**$82.5**	$94.8
Depreciation and amortization (2)	**21.2**	18.8	**41.9**	36.8
Adjusted operating earnings before depreciation and amortization	**$65.4**	$71.2	**$124.4**	$131.6

(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 Retail Services and Printing Sector

	Three months ended		Six months ended	
(in millions of dollars)	**April 27, 2025**	April 28, 2024	**April 27, 2025**	April 28, 2024
Operating earnings	**$42.2**	$16.7	**$69.9**	$34.3
Restructuring and other costs	**1.0**	11.8	**4.1**	17.9
Amortization of intangible assets arising from business combinations (1)	**0.6**	1.0	**1.2**	2.3
Impairment of assets	**—**	5.1	**—**	6.9
Adjusted operating earnings	**$43.8**	$34.6	**$75.2**	$61.4
Depreciation and amortization (2)	**10.6**	12.5	**21.1**	25.2
Adjusted operating earnings before depreciation and amortization	**$54.4**	$47.1	**$96.3**	$86.6

(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 27, 2025**	April 28, 2024	**April 27, 2025**	April 28, 2024
Operating earnings	**$(18.5)**	$(15.8)	**$(27.2)**	$(28.0)
Restructuring and other costs (revenues)	**—**	0.5	**(1.8)**	2.1
Amortization of intangible assets arising from business combinations (1)	**0.6**	0.6	**1.0**	1.0
Adjusted operating earnings	**$(17.9)**	$(14.7)	**$(28.0)**	$(24.9)
Depreciation and amortization (2)	**6.6**	6.5	**13.3**	12.9
Adjusted operating earnings before depreciation and amortization	**$(11.3)**	$(8.2)	**$(14.7)**	$(12.0)

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

	2025		2024				2023	
(in millions of dollars)	**Q2**	Q1	Q4	Q3	**Q2**	Q1	Q4	Q3
Operating earnings	**$51.1**	$88.7	$79.3	$69.2	**$33.2**	$27.8	$66.7	$39.2
Restructuring and other costs (revenues)	**4.0**	(43.9)	7.1	(0.5)	**16.0**	11.3	(2.9)	12.6
Amortization of intangible assets arising from business combinations (1)	**15.0**	14.8	15.4	15.5	**17.7**	17.8	18.3	18.4
Impairment of assets	**—**	—	3.3	—	**5.4**	2.1	25.2	—
Adjusted operating earnings	**$70.1**	$59.6	$105.1	$84.2	**$72.3**	$59.0	$107.3	$70.2
Depreciation and amortization (2)	**38.4**	37.9	37.1	36.8	**37.8**	37.1	38.2	37.7
Adjusted operating earnings before depreciation and amortization	**$108.5**	$97.5	$142.2	$121.0	**$110.1**	$96.1	$145.5	$107.9

(1) Amortization of intangible assets arising from business combinations includes our customer relationships, 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 27, 2025**	April 28, 2024	**April 27, 2025**	April 28, 2024
Net earnings attributable to shareholders of the Corporation	**$33.8**	$15.9	**$89.4**	$29.8
Restructuring and other costs (revenues)	**4.0**	16.0	**(39.9)**	27.3
Tax on restructuring and other costs (revenues)	**(1.0)**	(4.0)	**17.7**	(6.8)
Amortization of intangible assets arising from business combinations (1)	**15.0**	17.7	**29.8**	35.5
Tax on amortization of intangible assets arising from business combinations	**(3.6)**	(4.3)	**(7.3)**	(8.7)
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	**$48.2**	$45.3	**$89.7**	$82.7
Net earnings attributable to shareholders of the Corporation per share	**$0.40**	$0.18	**$1.07**	$0.34
Adjusted net earnings attributable to shareholders of the Corporation per share	**$0.58**	$0.52	**$1.07**	$0.95
Weighted average number of shares outstanding	**83.6**	86.6	**83.9**	86.6

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

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

	2025		2024				2023	
(in millions of dollars, except per share amounts)	**Q2**	Q1	Q4	Q3	**Q2**	Q1	Q3	Q2
Net earnings attributable to shareholders of the Corporation	**$33.8**	$55.6	$47.9	$43.6	**$15.9**	$13.9	$41.7	$20.9
Restructuring and other costs (revenues)	**4.0**	(43.9)	7.1	(0.5)	**16.0**	11.3	(2.9)	12.6
Tax on restructuring and other costs (revenues)	**(1.0)**	18.7	(1.8)	—	**(4.0)**	(2.8)	0.3	(3.3)
Amortization of intangible assets arising from business combinations (1)	**15.0**	14.8	15.4	15.5	**17.7**	17.8	18.3	18.4
Tax on amortization of intangible assets arising from business combinations	**(3.6)**	(3.7)	(3.8)	(3.8)	**(4.3)**	(4.4)	(4.3)	(4.6)
Impairment of assets	**—**	—	3.3	—	**5.4**	2.1	25.2	—
Tax on impairment of assets	**—**	—	(0.8)	—	**(1.4)**	(0.5)	(6.5)	—
Recognition of previous years tax assets of an acquired company	**—**	—	—	(3.4)	**—**	—	—	—
Adjusted net earnings attributable to shareholders of the Corporation	**$48.2**	$41.5	$67.3	$51.4	**$45.3**	$37.4	$71.8	$44.0
Net earnings attributable to shareholders of the Corporation per share	**$0.40**	$0.66	$0.57	$0.50	**$0.18**	$0.16	$0.48	$0.24
Adjusted net earnings attributable to shareholders of the Corporation per share	**$0.58**	$0.49	$0.79	$0.60	**$0.52**	$0.43	$0.83	$0.51
Weighted average number of shares outstanding	**83.6**	84.2	84.8	86.4	**86.6**	86.6	86.6	86.6

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

Reconciliation of net indebtedness

(in millions of dollars, except ratios)	**As at April 27, 2025**	As at October 27, 2024
Long-term debt	**$731.3**	$668.1
Current portion of long-term debt	**2.0**	201.0
Lease liabilities	**86.4**	95.8
Current portion of lease liabilities	**23.0**	24.1
Cash	**(43.2)**	(185.2)
Net indebtedness	**$799.5**	$803.8
Adjusted operating earnings before depreciation and amortization (last 12 months)	**$469.2**	$469.4
Net indebtedness ratio	**1.70x**	1.71x

ANALYSIS OF CONSOLIDATED RESULTS - SECOND QUARTER

Revenues

Revenues increased by $0.9 million, or 0.1%, from $683.2 million in the second quarter of 2024 to $684.1 million in the corresponding period of 2025. This increase is attributable to the favourable exchange rate effect and higher volume in the Retail Services and Printing Sector, partially offset by the impact of the sale of the industrial packaging operations and lower volume 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 increased by $2.5 million, or 0.4%, in the second quarter of 2025 compared to the corresponding period of 2024. This increase results mainly from the unfavourable exchange rate effect and higher volume in the Retail Services and Printing Sector, partially mitigated by cost reduction initiatives, lower volume in the Packaging Sector and the impact of the sale of the industrial packaging operations.

Restructuring and other costs decreased by $12.0 million, from $16.0 million in the second quarter of 2024 to $4.0 million in the second quarter of 2025. This decrease is mainly attributable to the decline in workforce reduction costs and costs resulting from plant closures in 2024 related to cost reduction initiatives.

Asset impairment charges decreased by $5.4 million, from an expense of $5.4 million in the second quarter of 2024 to no asset impairment charges in the second quarter of 2025. Asset impairment charges in the second quarter of 2024 were due to 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 increased by $15.8 million, or 17.8%, from $88.7 million in the second quarter of 2024 to $104.5 million in the second quarter of 2025. This increase is mainly attributable to the decrease in restructuring and other costs, the decline in asset impairment charges, the favourable impact of cost reduction initiatives, the impact of higher volume in the Retail Services and Printing Sector and the favourable exchange rate effect, offset by the sale of the industrial packaging operations and the impact of lower volume in the Packaging Sector.

Adjusted operating earnings before depreciation and amortization decreased by $1.6 million, or 1.5%, from $110.1 million in the second quarter of 2024 to $108.5 million in the second quarter of 2025. This decrease is mainly due to the sale of the industrial packaging operations and the impact of lower volume in the Packaging Sector, mostly mitigated by the favourable impact of cost reduction initiatives, higher volume in the Retail Services and Printing Sector and the favourable exchange rate effect. 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 $2.1 million, from $55.5 million in the second quarter of 2024 to $53.4 million in the second quarter of 2025. 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 and the impact of the sale of the industrial packaging operations, partially offset by the impact of items of property, plant and equipment brought into use, mainly in the Packaging Sector, and the unfavourable exchange rate effect.

Net Financial Expenses

Net financial expenses decreased by $5.4 million, from $14.4 million in the second quarter of 2024 to $9.0 million in the second quarter of 2025. This favourable change is mainly explained by the reduction in net indebtedness and, to a lesser extent, the decrease in interest rates.

Income Taxes

Income taxes increased by $5.3 million, from $2.8 million in the second quarter of 2024 to $8.1 million in the second quarter of 2025. This increase is mainly due to the increase in earnings before income taxes.

Adjusted income taxes remained relatively stable from $12.5 million in the second quarter of 2024, for an effective tax rate of 21.6%, to $12.7 million in the second quarter of 2025, for an effective tax rate of 20.8%. This decrease in the effective tax rate is mainly 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 increased by $17.9 million, or 112.6%, from $15.9 million in the second quarter of 2024 to $33.8 million in the second quarter of 2025. This increase is mainly attributable to the previously explained increase in operating earnings before depreciation and amortization, lower financial expenses and the decrease in depreciation and amortization, partially offset by higher income taxes. On a per share basis, net earnings attributable to shareholders of the Corporation went from $0.18 to $0.40, respectively.

Adjusted net earnings attributable to shareholders of the Corporation increased by $2.9 million, or 6.4%, from $45.3 million in the second quarter of 2024 to $48.2 million in the second quarter of 2025. This increase is mainly attributable to lower financial expenses, partially offset by the previously explained decrease in adjusted operating earnings before depreciation and amortization. On a per share basis, adjusted net earnings attributable to shareholders of the Corporation went from $0.52 to $0.58, respectively.

ANALYSIS OF CONSOLIDATED RESULTS - CUMULATIVE

Revenues

Revenues decreased by $36.5 million, or 2.7%, from $1,363.6 million in the first six months of fiscal year 2024 to $1,327.1 million in the corresponding period of 2025. This decrease is mainly due to lower volume and the impact of the sale of the industrial packaging operations, partially mitigated by the favourable exchange rate effect. A more detailed analysis of revenues is presented in the section "Analysis of Sector Results - Cumulative".

Operating and Other Expenses

Operating expenses decreased by $36.3 million in the first six months of fiscal year 2025, or 3.1%, compared to the corresponding period of 2024. This decrease results mainly from lower volume as well as lower costs of materials used and fixed costs and the impact of the sale of the industrial packaging operations, partially offset by the unfavourable exchange rate effect.

Restructuring and other costs (revenues) decreased by $67.2 million, from an expense of $27.3 million in the first six months of fiscal year 2024 to a revenue of $39.9 million in the corresponding period of 2025. This decrease is mainly attributable to the gain on the sale of the industrial packaging operations, the decrease in workforce reduction costs and costs resulting from plant closures in 2024 and the reversal of a purchase price holdback, partially offset by related costs incurred in the first quarter of 2025 in relation with the labour conflict at Canada Post.

Asset impairment charges decreased by $7.5 million, from an expense of $7.5 million in the first six months of fiscal year 2024 to no asset impairment charges in the first six months of fiscal year 2025. Asset impairment charges in the first six months of fiscal year 2024 were due to 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 increased by $74.5 million, or 43.5%, from $171.4 million in the first six months of fiscal year 2024 to $245.9 million in the corresponding period of 2025. This increase is mainly attributable to the decrease in restructuring and other costs (revenues), the decline in asset impairment charges, the favourable impact of cost reduction initiatives and the favourable exchange rate effect, partially offset by the impact of the sale of the industrial packaging operations and the effect of lower volume in the Packaging Sector.

Adjusted operating earnings before depreciation and amortization remained relatively stable, from $206.2 million in the first six months of fiscal year 2024 to $206.0 million in the corresponding period of 2025. The impact of the sale of industrial packaging operations was mostly mitigated by the favourable exchange rate effect. 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 $4.3 million, from $110.4 million in the first six months of fiscal year 2024 to $106.1 million in the corresponding period of 2025. 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 and the impact of the sale of the industrial packaging operations, partially offset by the impact of items of property, plant and equipment brought into use, mainly in the Packaging Sector, and the unfavourable exchange rate effect.

Net Financial Expenses

Net financial expenses decreased by $10.0 million, from $28.3 million in the first six months of fiscal year 2024 to $18.3 million in the corresponding period of 2025. This favourable change is mainly explained by the reduction in net indebtedness and, to a lesser extent, the decrease in interest rates.

Income Taxes

Income taxes increased by $29.2 million, from $2.6 million in the first six months of fiscal year 2024 to $31.8 million in the corresponding period of 2025. This increase is mainly due to the taxable gain realized on the sale of the industrial packaging operations, which significantly contributed to the increase in earnings.

Adjusted income taxes increased by $1.4 million, from $20.0 million in the first six months of fiscal year 2024, for an effective tax rate of 19.4%, to $21.4 million in the corresponding period of 2025, for an effective tax rate of 19.2%.

Net Earnings Attributable to Shareholders of the Corporation

Net earnings attributable to shareholders of the Corporation increased by $59.6 million, or 200.0%, from $29.8 million in the first six months of fiscal year 2024 to $89.4 million in the corresponding period of 2025. This increase is mainly attributable to the previously explained increase in operating earnings before depreciation and amortization, the decrease in depreciation and amortization and lower financial expenses, partially offset by higher income taxes. On a per share basis, net earnings attributable to shareholders of the Corporation went from $0.34 to $1.07, respectively.

Adjusted net earnings attributable to shareholders of the Corporation increased by $7.0 million, or 8.5%, from $82.7 million in the first six months of fiscal year 2024 to $89.7 million in the corresponding period of 2025. This increase is mainly attributable to lower financial expenses, partially offset by higher adjusted income taxes. On a per share basis, adjusted net earnings attributable to shareholders of the Corporation went from $0.95 to $1.07, 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 2024	**$412.4**	**$266.3**	**$4.5**	**$683.2**
Business disposal	(16.5)	—	—	**(16.5)**
Exchange rate effect	20.8	1.5	—	**22.3**
Organic growth (decline)	(12.7)	12.1	(4.3)	**(4.9)**
Revenues - Second quarter of 2025	**$404.0**	**$279.9**	**$0.2**	**$684.1**
Adjusted operating earnings before depreciation and amortization (1) - Second quarter of 2024	**$71.2**	**$47.1**	**$(8.2)**	**$110.1**
Business disposal	(3.7)	—	—	**(3.7)**
Exchange rate effect	4.0	0.9	(0.1)	**4.8**
Stock-based compensation	—	—	(1.2)	**(1.2)**
Organic growth (decline)	(6.1)	6.4	(1.8)	**(1.5)**
Adjusted operating earnings before depreciation and amortization (1) - Second quarter of 2025	**$65.4**	**$54.4**	**$(11.3)**	**$108.5**

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

Packaging Sector

Packaging Sector revenues decreased by $8.4 million, or 2.0%, from $412.4 million in the second quarter of 2024 to $404.0 million in the second quarter of 2025. This decrease is mainly due to the sale of the industrial packaging operations and lower volume in most of our markets, partially mitigated by the favourable exchange rate effect.

Adjusted operating earnings before depreciation and amortization decreased by $5.8 million, or 8.1%, from $71.2 million in the second quarter of 2024 to $65.4 million in the second quarter of 2025. This decrease is mainly due to the sale of the industrial packaging operations, lower volume and prices as well as a less favourable product mix, partially mitigated by cost reduction initiatives and the favourable exchange rate effect. The sector's adjusted operating earnings margin before depreciation and amortization decreased from 17.3% in the second quarter of 2024 to 16.2% in the second quarter of 2025, mainly as a result of the above-mentioned items.

Retail Services and Printing Sector

Retail Services and Printing Sector revenues increased by $13.6 million, or 5.1%, from $266.3 million in the second quarter of 2024 to $279.9 million in the second quarter of 2025. This increase is mostly attributable to higher volume for book printing activities, in particular as a result of more competitive prices due to favourable exchange rates that facilitate securing contracts, as well as higher volume for specialized solutions, in-store marketing and *raddar®* leaflet distribution activities, partially offset by lower volume for flyer printing activities.

Adjusted operating earnings before depreciation and amortization increased by $7.3 million, or 15.5%, from $47.1 million in the second quarter of 2024 to $54.4 million in the second quarter of 2025. This increase is mainly attributable to the previously explained higher volume, cost reduction initiatives and, to a lesser extent, the favourable exchange rate effect. The sector's adjusted operating earnings margin before depreciation and amortization increased from 17.7% in the second quarter of 2024 to 19.4% in the second quarter of 2025, mainly as a result of the above-mentioned items.

Other

Revenues decreased by $4.3 million, or 95.6%, from $4.5 million in the second quarter of 2024 to $0.2 million in the second quarter of 2025. This decrease is due to lower volume in the Media Sector, which was mainly caused by the end of the contract related to SEAO, Quebec's electronic tendering system, and the increase in inter-sector eliminations.

Adjusted operating earnings before depreciation and amortization decreased by $3.1 million, from $-8.2 million in the second quarter of 2024 to $-11.3 million in the second quarter of 2025. This decrease is mainly due to the end of the contract related to SEAO, Quebec's electronic tendering system, in the Media Sector, and the increase in the stock-based compensation expense.

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 28, 2024	**$810.6**	**$531.4**	**$21.6**	**$1,363.6**
Business disposal	(30.9)	—	—	**(30.9)**
Exchange rate effect	33.7	2.1	—	**35.8**
Organic growth (decline)	(20.0)	(12.9)	(8.5)	**(41.4)**
Revenues - Six months ended April 27, 2025	**$793.4**	**$520.6**	**$13.1**	**$1,327.1**
Adjusted operating earnings before depreciation and amortization (1) - Six months ended April 28, 2024	**$131.6**	**$86.6**	**$(12.0)**	**$206.2**
Business disposal	(6.3)	—	—	**(6.3)**
Exchange rate effect	6.2	0.9	(0.2)	**6.9**
Stock-based compensation	—	—	(0.8)	**(0.8)**
Organic growth (decline)	(7.1)	8.8	(1.7)	**—**
Adjusted operating earnings before depreciation and amortization (1) - Six months ended April 27, 2025	**$124.4**	**$96.3**	**$(14.7)**	**$206.0**

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

Packaging Sector
Packaging Sector revenues decreased by $17.2 million, from $810.6 million in the first six months of fiscal year 2024 to $793.4 million in the corresponding period of 2025. This decrease is mainly due to the sale of the industrial packaging operations and lower volume, partially mitigated by the favourable exchange rate effect.

Adjusted operating earnings before depreciation and amortization decreased by $7.2 million, from $131.6 million in the first six months of fiscal year 2024 to $124.4 million in the corresponding period of 2025. This decrease is mainly due to the sale of the industrial packaging operations, lower volume and prices as well as a less favourable product mix, partially mitigated by cost reduction initiatives and the favourable exchange rate effect. The sector's adjusted operating earnings margin before depreciation and amortization decreased from 16.2% in the first six months of fiscal year 2024 to 15.7% in the corresponding period of 2025, mainly as a result of the above-mentioned items.

Retail Services and Printing Sector
Retail Services and Printing Sector revenues decreased by $10.8 million, from $531.4 million in the first six months of fiscal year 2024 to $520.6 million in the corresponding period of 2025. This decrease is mostly due to lower volume for flyer printing activities, partially mitigated by the *raddar*® leaflet distribution activities and higher book printing activities, in particular as a result of more competitive prices due to favourable exchange rates that facilitate securing contracts.

Adjusted operating earnings before depreciation and amortization increased by $9.7 million, from $86.6 million in the first six months of fiscal year 2024 to $96.3 million in the corresponding period of 2025. This increase is mainly attributable to the previously explained higher volume for book printing activities as well as cost reduction initiatives and, to a lesser extent, the favourable exchange rate effect. The sector's adjusted operating earnings margin before depreciation and amortization increased from 16.3% in the first six months of fiscal year 2024 to 18.5% in the corresponding period of 2025, mainly as a result of the above-mentioned items.

Other

Revenues decreased by $8.5 million, from $21.6 million in the first six months of fiscal year 2024 to $13.1 million in the corresponding period of 2025. This decrease is due to lower volume in the Media Sector, which was mainly caused by the end of the contract related to SEAO, Quebec's electronic tendering system, and the increase in inter-sector eliminations.

Adjusted operating earnings before depreciation and amortization decreased by $2.7 million, from $-12.0 million in the first six months of fiscal year 2024 to $-14.7 million in the corresponding period of 2025. This decrease is mainly due to the end of the contract related to SEAO, Quebec's electronic tendering system, in the Media Sector, and the increase in the stock-based compensation expense, partially mitigated by cost reduction initiatives.

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:

	2025		2024				2023	
(in millions of dollars, unless otherwise indicated and per share amounts)	**Q2**	Q1	Q4	Q3	**Q2**	Q1	Q4	Q3
Revenues	**$ 684.1**	$ 643.0	$ 749.3	$ 700.0	**$ 683.2**	$ 680.4	$ 779.7	$706.7
Operating earnings before depreciation and amortization	**104.5**	141.4	131.8	121.5	**88.7**	82.7	123.2	95.3
Adjusted operating earnings before depreciation and amortization (1)	**108.5**	97.5	142.2	121.0	**110.1**	96.1	145.5	107.9
Adjusted operating earnings margin before depreciation and amortization (2)	**15.9%**	15.2%	19.0%	17.3%	**16.1%**	14.1%	18.7%	15.3%
Operating earnings	**$ 51.1**	$ 88.7	$ 79.3	$ 69.2	**$ 33.2**	$ 27.8	$ 66.7	$ 39.2
Adjusted operating earnings (1)	**70.1**	59.6	105.1	84.2	**72.3**	59.0	107.3	70.2
Adjusted operating earnings margin (1)	**10.2%**	9.3%	14.0%	12.0%	**10.6%**	8.7%	13.8%	9.9%
Net earnings attributable to shareholders of the Corporation	**$ 33.8**	$ 55.6	$ 47.9	$ 43.6	**$ 15.9**	$ 13.9	$ 41.7	$ 20.9
Net earnings attributable to shareholders of the Corporation per share	**0.40**	0.66	0.57	0.50	**0.18**	0.16	0.48	0.24
Adjusted net earnings attributable to shareholders of the Corporation (1)	**48.2**	41.5	67.3	51.4	**45.3**	37.4	71.8	44.0
Adjusted net earnings attributable to shareholders of the Corporation per share (1)	**0.58**	0.49	0.79	0.60	**0.52**	0.43	0.83	0.51
Adjusted net earnings attributable to shareholders of the Corporation as a % of the fiscal year	**—%**	—%	34%	26%	**22%**	18%	41%	25%

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

(2) Corresponds to adjusted operating earnings before depreciation and amortization divided by revenues.

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

- The impact of business acquisitions and disposals;
- 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:

	Three months ended		Six months ended	
(in millions of dollars)	**April 27, 2025**	April 28, 2024	**April 27, 2025**	April 28, 2024
Operating activities				
Cash flows generated by operating activities before changes in non-cash operating items and income taxes paid	**$104.8**	$88.6	**$199.5**	$172.1
Changes in non-cash operating items	**(10.9)**	(0.9)	**(70.5)**	(20.9)
Income taxes paid	**(13.6)**	(14.7)	**(25.1)**	(20.8)
Cash flows from operating activities	**$80.3**	$73.0	**$103.9**	$130.4
Investing activities				
Business disposal	**$—**	$—	**$132.0**	$—
Acquisitions of property, plant and equipment	**(15.1)**	(22.0)	**(29.8)**	(52.1)
Disposals of property, plant and equipment and other	**—**	0.1	**0.1**	1.5
Increase in intangible assets	**(9.4)**	(8.1)	**(16.8)**	(14.6)
Cash flows from investing activities	**$(24.5)**	$(30.0)	**$85.5**	$(65.2)
Financing activities				
Reimbursement of long-term debt	**$(200.6)**	$(0.8)	**$(201.2)**	$(2.0)
Net increase (decrease) in credit facilities	**65.0**	1.3	**65.0**	(74.1)
Settlement of cross-currency fixed-to-floating interest rate swaps	**(25.9)**	—	**(25.9)**	—
Financial expenses paid on long-term debt and credit facilities	**(14.8)**	(14.2)	**(23.0)**	(21.6)
Repayment of principal on lease liabilities	**(6.0)**	(5.7)	**(12.1)**	(11.6)
Interest paid on lease liabilities	**(1.1)**	(0.9)	**(2.1)**	(1.7)
Dividends	**(102.4)**	(19.5)	**(121.3)**	(39.0)
Shares repurchased	**—**	—	**(16.3)**	—
Cash flows from financing activities	**$(285.8)**	$(39.8)	**$(336.9)**	$(150.0)
Effect of exchange rate changes on cash denominated in foreign currencies	**$0.1**	$0.4	**$5.5**	$2.9
Net change in cash	**$(229.9)**	$3.6	**$(142.0)**	$(81.9)

Table #7:

Financial position	**As at April 27, 2025**	As at October 27, 2024
Net indebtedness (1)	**$799.5**	$803.8
Net indebtedness ratio (1)	**1.70x**	1.71x
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 27, 2025**	As at October 27, 2024
Current assets	**$921.2**	$1,214.6
Current liabilities	**410.9**	765.3
Total assets	**3,289.3**	3,641.3
Total liabilities	**1,418.5**	1,726.5

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

ANALYSIS OF FINANCIAL POSITION - SECOND QUARTER

Cash Flows from Operating Activities

Cash flows from operating activities increased, from $73.0 million in the second quarter of 2024 to $80.3 million in the second quarter of 2025. This increase is mainly explained by higher operating earnings before depreciation and amortization, partially offset by an unfavourable change in working capital, notably caused by an increase in inventories as a result of the uncertainty surrounding protectionist trade measures.

Cash Flows from Investing Activities

Cash flows from investing activities decreased, from a cash outflow of $30.0 million in the second quarter of 2024 to a cash outflow of $24.5 million in the second quarter of 2025. 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 increased, from a cash outflow of $39.8 million in the second quarter of 2024 to a cash outflow of $285.8 million in the second quarter of 2025. This change is mostly attributable to the repayment of long-term debt and the payment of a special dividend and, to a lesser extent, the settlement of cross-currency fixed-to-floating interest rate swaps, partially mitigated by the increase in borrowings under the credit facilities.

Debt Instruments

On February 3, 2025, the Corporation repaid at maturity the unsecured notes (issued in 2022) amounting to $200.0 million. Concurrently with the repayment of the unsecured notes, the Corporation repaid the cross-currency fixed-to-floating interest rate swaps (CAD fixed/USD floating) amounting to $200.0 million (US$157.1 million).

The Corporation has a credit facility amounting to $400.0 million or the U.S. dollar equivalent, which was maturing in February 2028. On February 18, 2025, the maturity was extended for two additional years, until February 2030, with similar terms. The interest rate on the credit facility is based on the Corporation's credit rating. Based on the current credit rating, the applicable rate is the 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 ($20.8 million), which was maturing in March 2025. On February 6, 2025, the maturity was extended for an additional year, until March 2026, with similar terms. The applicable interest rate for this credit facility is SOFR plus 1.450%.

As at April 27, 2025, $65.0 million were drawn on the credit facilities and the unused amount under the credit facilities was $355.8 million.

As at April 27, 2025, the floating-rate portion of the Corporation's long-term debt represented approximately 30.6% of total debt.

Net Indebtedness

Net indebtedness remained relatively stable, from $803.8 million as at October 27, 2024 to $799.5 million as at April 27, 2025. The cash flows generated by the sale of the industrial packaging operations were offset by the payment of the special dividend. The net indebtedness ratio also remained relatively stable, from 1.71x as at October 27, 2024 to 1.70x as at April 27, 2025.

CAPITAL STRUCTURE

Share Capital

Table #8:

Shares Issued and Outstanding	As at April 27, 2025	As at May 30, 2025
Class A (Subordinate Voting Shares)	**74,112,647**	**74,112,647**
Class B (Multiple Voting Shares)	**9,506,272**	**9,506,272**
Total Class A and Class B	**83,618,919**	**83,618,919**

On June 12, 2024, the Corporation was authorized to repurchase for cancellation, on the open market or subject to the approval of any securities authority by private agreements, between June 17, 2024 and June 16, 2025, or at an earlier date if the Corporation concludes or cancels the offer, up to 3,662,967 of its Class A Subordinate Voting Shares and up to 668,241 of its Class B Shares. The repurchases are made in the normal course of business at market prices through the Toronto Stock Exchange.

During the the first six months of fiscal year 2025, the Corporation repurchased and cancelled 934,434 Class A Subordinate Voting Shares at a weighted average price of $17.38 and 3,600 Class B Shares at a weighted average price of $17.27, for a total cash consideration of $16.3 million. The excess of the total consideration over the carrying amount of the shares, amounting to $8.5 million, as well as related income taxes payable amounting to $0.3 million, were applied against retained earnings. As at April 27, 2025, the Corporation was under no obligation to repurchase its Class A Subordinate Voting Shares and Class B Shares.

During the first six months of fiscal year 2024, the Corporation had no share repurchase program in effect.

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 27, 2025, 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[1]

The investments in our growth activities, including flexible packaging and in-store marketing, position us well for the future and should be a key driver of our long-term growth.

In terms of profitability, we expect to generate organic growth in adjusted operating earnings before depreciation and amortization of the Packaging Sector for fiscal 2025 compared to fiscal 2024. In the Retail Services and Printing Sector, we expect adjusted operating earnings before depreciation and amortization for fiscal 2025 to be stable compared to fiscal 2024.

Lastly, 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 4, 2025

[1] The following outlook does not take into account the impact of the implementation of protectionist trade measures and a potential labour conflict at Canada Post on our operations and their effects on our results.

TRANSCONTINENTAL

Condensed Interim Consolidated Financial Statements

For the six-month periods ended April 27, 2025 and April 28, 2024

CONSOLIDATED STATEMENTS OF EARNINGS

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

	Notes	Three months ended April 27, 2025	Three months ended April 28, 2024	Six months ended April 27, 2025	Six months ended April 28, 2024
Revenues	3	**$ 684.1**	$ 683.2	**$ 1,327.1**	$ 1,363.6
Operating expenses	5	**575.6**	573.1	**1,121.1**	1,157.4
Restructuring and other costs (revenues)	6	**4.0**	16.0	**(39.9)**	27.3
Impairment of assets		**—**	5.4	**—**	7.5
Operating earnings before depreciation and amortization		**104.5**	88.7	**245.9**	171.4
Depreciation and amortization	7	**53.4**	55.5	**106.1**	110.4
Operating earnings		**51.1**	33.2	**139.8**	61.0
Net financial expenses	8	**9.0**	14.4	**18.3**	28.3
Earnings before income taxes		**42.1**	18.8	**121.5**	32.7
Income taxes	9	**8.1**	2.8	**31.8**	2.6
Net earnings		**34.0**	16.0	**89.7**	30.1
Non-controlling interests		**0.2**	0.1	**0.3**	0.3
Net earnings attributable to shareholders of the Corporation		**$ 33.8**	$ 15.9	**$ 89.4**	$ 29.8
Net earnings attributable to shareholders of the Corporation per share - basic and diluted		**$ 0.40**	$ 0.18	**$ 1.07**	$ 0.34
Weighted average number of shares outstanding - basic and diluted (in millions)	12	**83.6**	86.6	**83.9**	86.6

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

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

Unaudited
(in millions of Canadian dollars)

		Three months ended		Six months ended	
	Notes	**April 27, 2025**	April 28, 2024	**April 27, 2025**	April 28, 2024
Net earnings		**$ 34.0**	$ 16.0	**$ 89.7**	$ 30.1
Other comprehensive (loss) income					
Items that may be subsequently reclassified to net earnings					
Net change related to cash flow hedges					
Net change in the fair value of designated derivatives - foreign exchange risk		**8.5**	(2.2)	**(1.5)**	3.8
Net change in the fair value of designated derivatives - interest rate risk		**(1.9)**	4.0	**(0.5)**	1.2
Reclassification of the net change in the fair value of designated derivatives recognized in net earnings during the period		**2.6**	0.8	**4.6**	1.6
Related income taxes		**2.5**	0.7	**0.7**	1.7
	14	**6.7**	1.9	**1.9**	4.9
Cumulative translation differences					
Net unrealized exchange (losses) gains on the translation of the financial statements of foreign operations		**(54.9)**	25.5	**(0.8)**	(15.4)
Reclassification to net earnings of net exchange gains on the translation of the financial statements of foreign operations during the period	4	**—**	—	**(8.2)**	—
Net gains (losses) on hedge of the net investment in foreign operations		**19.3**	(8.0)	**(5.1)**	7.2
Related (recovery) income taxes		**(1.0)**	0.7	**0.5**	—
	14	**(34.6)**	16.8	**(14.6)**	(8.2)
Items that will not be reclassified to net earnings					
Changes related to defined benefit plans					
Actuarial losses on defined benefit plans		**(1.5)**	(4.8)	**(0.9)**	(7.7)
Related income taxes recovery		**(0.3)**	(1.3)	**(0.2)**	(2.1)
	14	**(1.2)**	(3.5)	**(0.7)**	(5.6)
Other comprehensive (loss) income	14	**(29.1)**	15.2	**(13.4)**	(8.9)
Comprehensive income		**$ 4.9**	$ 31.2	**$ 76.3**	$ 21.2

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 27, 2024		**$ 619.2**	**$ 0.9**	**$ 1,237.5**	**$ 51.7**	**$ 1,909.3**	**$ 5.5**	**$ 1,914.8**
Net earnings		**—**	**—**	**89.4**	**—**	**89.4**	**0.3**	**89.7**
Other comprehensive loss	14	**—**	**—**	**—**	**(13.4)**	**(13.4)**	**—**	**(13.4)**
Shareholders' contributions and distributions to shareholders								
Share repurchases and related income taxes	12	**(7.8)**	**—**	**8.8**	**—**	**1.0**	**—**	**1.0**
Dividends	12	**—**	**—**	**(121.3)**	**—**	**(121.3)**	**—**	**(121.3)**
Balance as at April 27, 2025		**$ 611.4**	**$ 0.9**	**$ 1,214.4**	**$ 38.3**	**$ 1,865.0**	**$ 5.8**	**$ 1,870.8**
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	14	—	—	—	(8.9)	(8.9)	—	(8.9)
Shareholders' contributions and distributions to shareholders								
Dividends	12	—	—	(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

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 27, 2025	As at October 27, 2024
Current assets			
Cash		$ **43.2**	$ 185.2
Accounts receivable		**427.6**	504.4
Income taxes receivable		**23.2**	28.7
Inventories		**398.9**	365.7
Prepaid expenses and other current assets		**21.7**	21.7
Assets held for sale		**6.6**	108.9
		921.2	1,214.6
Property, plant and equipment		**725.8**	751.4
Right-of-use assets		**90.3**	99.6
Intangible assets		**332.0**	354.5
Goodwill		**1,153.8**	1,154.0
Deferred taxes		**31.9**	35.9
Other assets		**34.3**	31.3
		$ **3,289.3**	$ 3,641.3
Current liabilities			
Accounts payable and accrued liabilities		$ **341.6**	$ 495.1
Income taxes payable		**32.2**	21.1
Deferred revenues and deposits		**12.1**	10.9
Current portion of long-term debt	10	**2.0**	201.0
Current portion of lease liabilities		**23.0**	24.1
Liabilities held for sale		**—**	13.1
		410.9	765.3
Long-term debt	10	**731.3**	668.1
Lease liabilities		**86.4**	95.8
Deferred taxes		**62.7**	70.3
Other liabilities	11	**127.2**	127.0
		1,418.5	1,726.5
Equity			
Share capital	12	**611.4**	619.2
Contributed surplus		**0.9**	0.9
Retained earnings		**1,214.4**	1,237.5
Accumulated other comprehensive income	14	**38.3**	51.7
Attributable to shareholders of the Corporation		**1,865.0**	1,909.3
Non-controlling interests		**5.8**	5.5
		1,870.8	1,914.8
		$ **3,289.3**	$ 3,641.3

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

CONSOLIDATED STATEMENTS OF CASH FLOWS

Unaudited
(in millions of Canadian dollars)

		Three months ended		Six months ended	
	Notes	**April 27, 2025**	April 28, 2024	**April 27, 2025**	April 28, 2024
Operating activities					
Net earnings		**$ 34.0**	$ 16.0	**$ 89.7**	$ 30.1
Adjustments to reconcile net earnings and cash flows from operating activities:					
Impairment of assets		**—**	5.4	**—**	7.5
Depreciation and amortization	7	**53.4**	55.5	**106.1**	110.4
Financial expenses on long-term debt and lease liabilities	8	**8.9**	11.7	**21.2**	23.7
Net gains (losses) on disposal of assets		**0.2**	(0.2)	**0.1**	(0.3)
Net loss (gain) on business disposal	4 & 6	**0.3**	—	**(46.0)**	—
Income taxes	9	**8.1**	2.8	**31.8**	2.6
Net foreign exchange differences and other		**(0.1)**	(2.6)	**(3.4)**	(1.9)
Cash flows generated by operating activities before changes in non-cash operating items and income taxes paid		**104.8**	88.6	**199.5**	172.1
Changes in non-cash operating items		**(10.9)**	(0.9)	**(70.5)**	(20.9)
Income taxes paid		**(13.6)**	(14.7)	**(25.1)**	(20.8)
Cash flows from operating activities		**80.3**	73.0	**103.9**	130.4
Investing activities					
Business disposal	4	**—**	—	**132.0**	—
Acquisitions of property, plant and equipment		**(15.1)**	(22.0)	**(29.8)**	(52.1)
Disposals of property, plant and equipment and other		**—**	0.1	**0.1**	1.5
Increase in intangible assets		**(9.4)**	(8.1)	**(16.8)**	(14.6)
Cash flows from investing activities		**(24.5)**	(30.0)	**85.5**	(65.2)
Financing activities					
Reimbursement of long-term debt	10	**(200.6)**	(0.8)	**(201.2)**	(2.0)
Net increase (decrease) in credit facilities	10	**65.0**	1.3	**65.0**	(74.1)
Settlement of cross-currency fixed-to-floating interest rate swaps	10	**(25.9)**	—	**(25.9)**	—
Financial expenses paid on long-term debt and credit facilities		**(14.8)**	(14.2)	**(23.0)**	(21.6)
Repayment of principal on lease liabilities		**(6.0)**	(5.7)	**(12.1)**	(11.6)
Interest paid on lease liabilities		**(1.1)**	(0.9)	**(2.1)**	(1.7)
Dividends	12	**(102.4)**	(19.5)	**(121.3)**	(39.0)
Shares repurchased	12	**—**	—	**(16.3)**	—
Cash flows from financing activities		**(285.8)**	(39.8)	**(336.9)**	(150.0)
Effect of exchange rate changes on cash denominated in foreign currencies		**0.1**	0.4	**5.5**	2.9
Net change in cash		**(229.9)**	3.6	**(142.0)**	(81.9)
Cash at beginning of the period		**273.1**	51.5	**185.2**	137.0
Cash at end of period		**$ 43.2**	$ 55.1	**$ 43.2**	$ 55.1
Non-cash investing activities					
Net change in capital asset acquisitions financed by accounts payable		**$ (2.8)**	$ 1.9	**$ (3.3)**	$ (9.3)

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 second and fourth quarters.

The Corporation's Board of Directors approved these condensed interim consolidated financial statements on June 4, 2025.

2 MATERIAL 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 27, 2024 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 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 content solutions (also known as "premedia"), marketing and media solutions which comprise our flyer retail printing, digital flyer solutions and retail analytics, as well as in-store marketing solutions. This sector also offers an array of innovative print solutions for newspapers, magazines and 4-colour books. 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 27, 2025	Packaging	Retail Services and Printing	Other	Consolidated Results
Revenues	**$ 404.0**	**$ 279.9**	**$ 0.2**	**$ 684.1**
Operating expenses	**338.6**	**225.5**	**11.5**	**575.6**
Restructuring and other costs	**3.0**	**1.0**	**—**	**4.0**
Operating earnings before depreciation and amortization	**62.4**	**53.4**	**(11.3)**	**104.5**
Depreciation and amortization	**35.0**	**11.2**	**7.2**	**53.4**
Operating earnings (1)	**$ 27.4**	**$ 42.2**	**$ (18.5)**	**$ 51.1**
Adjusted operating earnings before depreciation and amortization (2)	**$ 65.4**	**$ 54.4**	**$ (11.3)**	**$ 108.5**
Adjusted operating earnings (1) & (2)	**44.2**	**43.8**	**(17.9)**	**70.1**
Amortization of intangible assets arising from business combinations (2)	**13.8**	**0.6**	**0.6**	**15.0**
Acquisitions of non-current assets (3)	**8.4**	**4.5**	**8.8**	**21.7**

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

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

3 SEGMENTED INFORMATION (CONTINUED)

For the six-month period ended April 27, 2025	Packaging	Retail Services and Printing	Other	Consolidated results
Revenues	**$ 793.4**	**$ 520.6**	**$ 13.1**	**$ 1,327.1**
Operating expenses	**669.0**	**424.3**	**27.8**	**1,121.1**
Restructuring and other costs (revenues)	**(42.2)**	**4.1**	**(1.8)**	**(39.9)**
Operating earnings before depreciation and amortization	**166.6**	**92.2**	**(12.9)**	**245.9**
Depreciation and amortization	**69.5**	**22.3**	**14.3**	**106.1**
Operating earnings [1]	**$ 97.1**	**$ 69.9**	**$ (27.2)**	**$ 139.8**
Adjusted operating earnings before depreciation and amortization [2]	**$ 124.4**	**$ 96.3**	**$ (14.7)**	**$ 206.0**
Adjusted operating earnings [1] & [2]	**82.5**	**75.2**	**(28.0)**	**129.7**
Amortization of intangible assets arising from business combinations [2]	**27.6**	**1.2**	**1.0**	**29.8**
Acquisitions of non-current assets [3]	**19.8**	**7.9**	**15.6**	**43.3**

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

[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 (revenues) 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, right 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 27, 2025	April 28, 2024	**April 27, 2025**	April 28, 2024
Packaging Products				
Revenues generated from plants located in Canada	**$ 41.6**	$ 36.6	**$ 82.9**	$ 68.5
Revenues generated from plants located in the United States	**290.4**	303.9	**567.8**	594.5
Revenues generated from plants located outside Canada and the United States	**72.0**	71.9	**142.7**	147.6
	404.0	412.4	**793.4**	810.6
Retail Services and Printing (1) & (2)				
Marketing and media solutions (3)	**91.3**	105.2	**182.6**	223.7
In-store marketing solutions	**55.6**	49.4	**103.4**	98.7
Magazines and books	**58.6**	47.9	**98.8**	85.1
Specialized solutions	**36.3**	27.9	**59.7**	48.5
Newspapers	**19.7**	20.4	**39.7**	42.5
Content solutions	**18.4**	15.5	**36.4**	32.9
	279.9	266.3	**520.6**	531.4
Media (1)	**9.3**	12.2	**25.6**	31.3
Inter-sector Sales (4)	**(9.1)**	(7.7)	**(12.5)**	(9.7)
	$ 684.1	$ 683.2	**$ 1,327.1**	$ 1,363.6

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

(2) The Corporation modified the disaggregation of revenues by type of products to add greater precision for the Retail Services and Printing Sector. Comparative figures for the three-month and six-month periods ended April 28, 2024 have been reclassified to conform to the current period's presentation.

(3) Revenues from marketing and media solutions include printing services and distribution of flyers.

(4) Inter-sector sales are mostly eliminations of internal sales of the Retail Services and Printing Sector to Media Sector.

Assets by sector

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

	As at April 27, 2025	As at October 27, 2024
Packaging	**$ 2,193.3**	$ 2,228.7
Retail Services and Printing	**786.2**	843.6
Other (1)	**309.8**	569.0
	$ 3,289.3	$ 3,641.3

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

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

4 BUSINESS DISPOSAL

On October 28, 2024, the Corporation completed the sale of its industrial packaging operations to Hood Packaging Corporation. The transaction included the assets and liabilities related to the industrial packaging operations of its Thomasville, North Carolina, and Ontario, California, plants.

For this sale, the Corporation received a final consideration of $132.0 million (US$95.0 million), less transaction costs incurred.

	Notes	Business disposal
Consideration received		$ 132.0
Transaction costs		(0.4)
Total consideration		**131.6**
Net amount of assets and liabilities disposed		(93.8)
Cumulative net exchange gains on the translation of the financial statements of foreign operations reclassified to net earnings		8.2
Gain on business disposal, before income taxes	6	**46.0**
Income taxes on the gain on business disposal	9	(19.8)
Gain on business disposal, after income taxes		**$ 26.2**

5 OPERATING EXPENSES

	Three months ended		Six months ended	
	April 27, 2025	April 28, 2024	**April 27, 2025**	April 28, 2024
Employee-related costs	**$ 198.9**	$ 192.7	**$ 391.4**	$ 388.4
Supply chain and logistics [1]	**342.5**	348.0	**661.8**	703.6
Other goods and services [2]	**34.2**	32.4	**67.9**	65.4
	$ 575.6	$ 573.1	**$ 1,121.1**	$ 1,157.4

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

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

6 RESTRUCTURING AND OTHER COSTS (REVENUES)

		Three months ended		Six months ended	
	Note	**April 27, 2025**	April 28, 2024	**April 27, 2025**	April 28, 2024
Workforce reductions [1]		**$ 1.9**	$ 11.5	**$ 3.4**	$ 20.1
Costs related to plant closures and restructuring [2]		**1.5**	3.2	**1.6**	4.2
Loss (gain) on business disposal	4	**0.3**	—	**(46.0)**	—
Configuration and customization costs in cloud computing arrangements		**0.3**	1.3	**0.4**	2.4
Other elements [3]		**—**	—	**0.7**	0.6
		$ 4.0	$ 16.0	**$ (39.9)**	$ 27.3

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

[2] Includes related costs and gains and losses on the disposal of property, plant and equipment related to plant closures or restructuring in the Retail Services and Printing Sector, the Packaging Sector and Other. Gains and losses on the disposal of an item of property, plant and equipment are determined as the difference between the fair value of proceeds from disposal and the net carrying amount of the item of property, plant and equipment that is disposed of.

[3] For the six-month period ended April 27, 2025, amounts presented under this caption include mainly costs of $2.9 million as a result of the labour conflict at Canada Post, less the reversal of the purchase price holdback of $2.3 million recorded upon the acquisition of Banaplast S.A.S. on June 22, 2022.

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

7 DEPRECIATION AND AMORTIZATION

	Three months ended		Six months ended	
	April 27, 2025	April 28, 2024	**April 27, 2025**	April 28, 2024
Property, plant and equipment	**$ 26.0**	$ 25.9	**$ 51.5**	$ 51.1
Right-of-use assets	**5.5**	5.4	**11.0**	11.0
Intangible assets	**21.9**	24.2	**43.6**	48.3
	$ 53.4	$ 55.5	**$ 106.1**	$ 110.4

8 NET FINANCIAL EXPENSES

	Three months ended		Six months ended	
	April 27, 2025	April 28, 2024	**April 27, 2025**	April 28, 2024
Financial expenses on long-term debt	**$ 7.9**	$ 10.8	**$ 19.2**	$ 22.0
Interest on lease liabilities	**1.0**	0.9	**2.0**	1.7
Net interest on defined benefit asset and liability	**1.0**	1.1	**1.9**	2.1
Other (income) expenses	**(0.2)**	2.0	**(2.4)**	3.8
Net foreign exchange gains	**(0.7)**	(0.4)	**(2.4)**	(1.3)
	$ 9.0	$ 14.4	**$ 18.3**	$ 28.3

9 INCOME TAXES

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

	Three months ended		Six months ended	
	April 27, 2025	April 28, 2024	**April 27, 2025**	April 28, 2024
Earnings before income taxes	**$ 42.1**	$ 18.8	**$ 121.5**	$ 32.7
Canadian statutory tax rate [1]	**26.5%**	26.5%	**26.5%**	26.5%
Income taxes at the statutory tax rate	**11.2**	5.0	**32.2**	8.7
Effect of differences in tax rates and additional income taxes in other jurisdictions	**(3.4)**	(3.2)	**(6.7)**	(5.5)
(Income tax recovery) income taxes on non-deductible expenses and non-taxable revenues	**(1.0)**	0.2	**7.8**	(0.5)
Change in deferred tax assets on tax losses or temporary differences not previously recognized	**—**	1.0	**—**	0.2
Adjustment for previous years' balances	**1.4**	(0.1)	**(1.1)**	(0.1)
Other	**(0.1)**	(0.1)	**(0.4)**	(0.2)
Income taxes at the effective tax rate	**$ 8.1**	$ 2.8	**$ 31.8**	$ 2.6
Income taxes before the following items:	**$ 12.7**	$ 12.5	**$ 21.4**	$ 20.0
Income tax recovery on amortization of intangible assets arising from business combinations	**(3.6)**	(4.3)	**(7.3)**	(8.7)
Income tax recovery on impairment of assets	**—**	(1.4)	**—**	(1.9)
Income tax recovery on restructuring and other costs	**(0.8)**	(4.0)	**(2.1)**	(6.8)
(Income tax recovery) income taxes on gain on business disposal	**(0.2)**	—	**19.8**	—
Income taxes at the effective tax rate	**$ 8.1**	$ 2.8	**$ 31.8**	$ 2.6

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

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

9 INCOME TAXES (CONTINUED)

The Corporation is present in countries that have adopted the new Pillar Two model rules on global minimum tax that 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 current laws, the Corporation expects that the maximal annual impact on income taxes will not be material and did not recognize any global minimum tax. The Corporation 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.

10 LONG-TERM DEBT

	Effective Interest Rate as at April 27, 2025	Maturity	**As at April 27, 2025**	As at October 27, 2024
Unsecured notes (issued in 2021)	2.41%	July 13, 2026	**$ 250.0**	$ 250.0
U.S. dollar term loan (issued in 2021)	6.34	June 14, 2028	**160.1**	161.3
U.S. dollar term loan (extended in 2022)	6.17	June 30, 2027	**156.0**	156.3
Unified Debenture	4.84	February 1, 2028	**100.0**	100.0
Unsecured notes (issued in 2022)	—	—	**—**	199.0
Credit facilities		2026-2030	**65.0**	—
Other loans		2026-2031	**4.0**	4.4
			$ 735.1	$ 871.0
Issuance costs on long-term debt at amortized cost			**(1.8)**	(1.9)
Total long-term debt			**$ 733.3**	$ 869.1
Current portion of long-term debt			**$ 2.0**	$ 201.0
Non-current portion of long-term debt			**$ 731.3**	$ 668.1

Repayment of unsecured notes
On February 3, 2025, the Corporation repaid at maturity the unsecured notes (issued in 2022) amounting to $200.0 million. Concurrently with the repayment of the unsecured notes, the Corporation repaid the cross-currency fixed-to-floating interest rate swaps (CAD fixed/USD floating) amounting to $200.0 million (US$157.1 million).

Credit facilities
The Corporation has a credit facility amounting to $400.0 million or the U.S. dollar equivalent, which was maturing in February 2028. On February 18, 2025, the maturity was extended for two additional years, until February 2030, with similar terms. The interest rate on the credit facility is based on the Corporation's credit rating. Based on the current credit rating, the applicable rate is the 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 ($20.8 million), which was maturing in March 2025. On February 6, 2025, the maturity was extended for an additional year, until March 2026, with similar terms. The applicable interest rate for this credit facility is SOFR plus 1.450%.

As at April 27, 2025, $65.0 million were drawn on the credit facilities and the unused amount under the credit facilities was $355.8 million.

The Corporation must comply with certain restrictive covenants, including maintaining certain financial ratios. During the six-month period ended April 27, 2025, the Corporation has not been in default under any covenants.

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

11 OTHER LIABILITIES

	Notes	As at April 27, 2025	As at October 27, 2024
Defined benefit liability		**$ 87.4**	$ 86.2
Derivative financial instruments	15	**24.7**	25.2
Stock-based compensation	13	**13.0**	13.2
Accrued liabilities and other liabilities		**1.8**	2.1
Long-term provisions		**0.3**	0.3
		$ 127.2	$ 127.0

12 SHARE CAPITAL

	Number of shares	Amount
Class A Subordinate Voting Shares		
Balance as at October 27, 2024	71,199,125	$ 601.0
Conversion of Class B Shares into Class A Subordinate Voting Shares	3,847,956	5.2
Shares repurchased and cancelled	(934,434)	(7.8)
Balance as at April 27, 2025	74,112,647	598.4
Class B Shares		
Balance as at October 27, 2024	13,357,828	18.2
Conversion of Class B Shares into Class A Subordinate Voting Shares	(3,847,956)	(5.2)
Shares repurchased and cancelled	(3,600)	—
Balance as at April 27, 2025	9,506,272	13.0
	83,618,919	$ 611.4

Conversion of Class B Shares into Class A Subordinate Voting Shares
During the six-month period ended April 27, 2025, the Corporation completed a series of related party transactions that resulted in the conversion of 3,847,956 Class B Shares into Class A Subordinate Voting Shares. These transactions had no impact on the total value of the Corporation's share capital.

Repurchase of shares
On June 12, 2024, the Corporation was authorized to repurchase, for cancellation on the open market, or subject to the approval of any securities authority by private agreements, between June 17, 2024 and June 16, 2025, or at an earlier date if the Corporation concludes or cancels the offer, up to 3,662,967 of its Class A Subordinate Voting Shares and up to 668,241 of its Class B Shares. The repurchases are made in the normal course of business at market prices through the Toronto Stock Exchange.

During the six-month period ended April 27, 2025, the Corporation repurchased and cancelled 934,434 Class A Subordinate Voting Shares at a weighted average price of $17.38 and 3,600 Class B Shares at a weighted average price of $17.27, for a total cash consideration of $16.3 million. The excess of the total consideration over the carrying amount of the shares, amounting to $8.5 million, taxes payable on share repurchase, amounting to $0.3 million, as well as the reversal of the $17.6 million liability for share repurchases recorded as at October 27, 2024, were applied against retained earnings. The taxes payable on share repurchase are presented under Income taxes payable. As at April 27, 2025, the Corporation was under no obligation to repurchase its Class A Subordinate Voting Shares and Class B Shares.

During the six-month period ended April 28, 2024, the Corporation had no share repurchase program in effect.

Net earnings per share
For the six-month periods ended April 27, 2025 and April 28, 2024, 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 27, 2025 and April 28, 2024. Dividends of $0.450 per share were declared and paid to holders of shares for each of the six-month periods ended April 27, 2025 and April 28, 2024.

Additionally, a special dividend of $1.00 per share was declared and paid to holders of shares for the three-month period ended April 27, 2025.

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

13 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 27, 2025 :

	Number of units	
	DSUs	RSUs
Balance as at October 27, 2024	**973,201**	**1,312,173**
Units granted	**28,032**	**518,739**
Units cancelled	**—**	**(16,770)**
Units paid	**(162,326)**	**(358,936)**
Incentive compensation paid in units	**10,444**	**—**
Dividends paid in units	**70,207**	**114,064**
Balance as at April 27, 2025	**919,558**	**1,569,270**

As at April 27, 2025, the liability related to the share unit plans was $29.0 million, of which $13.0 million was presented under Other liabilities ($30.2 million as at October 27, 2024, of which $13.2 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 27, 2025 and April 28, 2024 were $4.0 million and $2.3 million, respectively. Expenses recorded in the Consolidated Statements of Earnings for the six-month periods ended April 27, 2025 and April 28, 2024 were $8.7 million and $9.3 million, respectively. Amounts of $1.4 million and $1.0 million were paid under these plans for the three-month periods ended April 27, 2025 and April 28, 2024, respectively. Amounts of $9.9 million and $5.5 million were paid under these plans for the six-month periods ended April 27, 2025 and April 28, 2024, 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 usually have a term of 12 months each. During the six-month period ended April 27, 2025, the Corporation settled, at maturity, the contract covering 900,000 units at a weighted average price of $15.12 per unit for a consideration received of $3.1 million. Concurrently with the settlement, the Corporation entered into a new contract covering 900,000 units at a weighted average price of $18.61 per unit maturing on April 30, 2026.

During the three-month periods ended April 27, 2025 and April 28, 2024, 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 expenses of $0.4 million and nil. During the six-month periods ended April 27, 2025 and April 28, 2024, 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 gains of $0.8 million and of $3.3 million, respectively.

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

14 ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

	Cash flow hedges	Net investment hedges	Cumulative translation differences	Actuarial gains and losses related to defined benefit plans	Accumulated other comprehensive income
Balance as at October 27, 2024	**$ (3.0)**	**$ (24.7)**	**$ 114.9**	**$ (35.5)**	**$ 51.7**
Net change in (losses) gains, net of income taxes	**1.9**	**(5.6)**	**(9.0)**	**(0.7)**	**(13.4)**
Balance as at April 27, 2025	**$ (1.1)**	**$ (30.3)**	**$ 105.9**	**$ (36.2)**	**$ 38.3**
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

As at April 27, 2025, the amounts expected to be reclassified to net earnings in future years are as follows:

	2025	2026	2027	2028	Total
Net change in the fair value of derivatives designated as cash flow hedges	$ 0.8	$ 0.4	$ (0.5)	$ 0.7	$ 1.4
Income taxes (recovery)	0.2	0.1	(0.1)	0.1	0.3
	$ 0.6	$ 0.3	$ (0.4)	$ 0.6	$ 1.1

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 27, 2025	April 28, 2024	**April 27, 2025**	April 28, 2024
Actuarial losses on obligation - change in discount rate	**$ 5.8**	$ 6.7	**$ 4.8**	$ (22.9)
Actuarial gains on plan assets - excluding interest income	**(7.3)**	(11.5)	**(5.7)**	13.8
Effect of the asset ceiling	**—**	—	**—**	1.4
Related (recovery) income taxes	**(0.3)**	(1.3)	**(0.2)**	(2.1)
	$ (1.2)	$ (3.5)	**$ (0.7)**	$ (5.6)

Actuarial gains and losses on obligation recognized in the Statements of Comprehensive Income for the six-month period ended April 27, 2025 are explained by the change in the discount rate, which increased from 4.80% as at October 27, 2024 to 4.90% as at April 27, 2025 in Canada, and from 5.30% as at October 27, 2024 to 5.50% as at April 27, 2025 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 27, 2025.

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.

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

15 FINANCIAL INSTRUMENTS

Fair value of financial instruments

The fair value represents the amount that would be received for the sale of an asset or paid for the transfer of a liability in an orderly transaction between market participants at the measurement date. The fair value estimates are calculated at a specific date taking into consideration assumptions regarding the amounts, the timing of estimated future cash flows and discount rates. 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 27, 2025		As at October 27, 2024	
	Fair value hierarchy	**Fair value**	**Carrying amount**	Fair value	Carrying amount
Prepaid expenses and other current assets					
Foreign exchange forward contracts	Level 2	**$ 2.3**	**$ 2.3**	$ 0.1	$ 0.1
Total return swap	Level 2	**—**	**—**	2.0	2.0
Other assets					
Foreign exchange forward contracts	Level 2	**2.1**	**2.1**	2.1	2.1
Interest rate swaps	Level 2	**0.2**	**0.2**	1.5	1.5
Accounts payable and accrued liabilities					
Cross-currency fixed-to-floating interest rate swaps	Level 2	**—**	**—**	(19.2)	(19.2)
Total return swap	Level 2	**(0.4)**	**(0.4)**	—	—
Foreign exchange forward contracts	Level 2	**(2.8)**	**(2.8)**	(4.2)	(4.2)
Long-term debt					
Long-term debt	Level 2	**(743.2)**	**(733.3)**	(877.4)	(869.1)
Other liabilities					
Cross-currency fixed interest rate swaps	Level 2	**(22.0)**	**(22.0)**	(21.8)	(21.8)
Foreign exchange forward contract	Level 2	**(2.7)**	**(2.7)**	(3.4)	(3.4)

During the six-month periods ended April 27, 2025 and April 28, 2024, no financial instruments were transferred between Levels 1, 2 and 3.