

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the year ended October 30, 2022

The purpose of this *Management's Discussion and Analysis* is to help the reader better understand the business, development strategy, and future outlook of Transcontinental Inc., how we manage risk, as well as to analyze the Corporation's results and financial position for the year ended October 30, 2022. It should be read in conjunction with the information in the annual financial statements and the accompanying notes. Additional information relating to the Corporation, including its *Annual Report* and *Annual Information Form*, may also be obtained on SEDAR at www.sedar.com.

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

In addition, in this *Management's Discussion and Analysis*, we also use non-IFRS financial measures for which a complete definition is presented below and for which a reconciliation to financial information in accordance with IFRS is presented in Table #2 in the section entitled "Reconciliation of Non-IFRS Financial Measures" and in Note 3 "Segmented Information" to the annual consolidated financial statements for the year ended October 30, 2022. These measures should be considered as a complement to financial performance measures in accordance with IFRS. They do not substitute and are not superior to them.

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

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

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

CAUTION REGARDING FORWARD-LOOKING STATEMENTS

Our public communications often contain oral or written forward-looking statements which are based on the expectations of Management and inherently subject to a certain number of risks and uncertainties, known and unknown. By their very nature, forward-looking statements are derived from both general and specific assumptions. The Corporation cautions against undue reliance on such statements since forward-looking statements include, among others, statements with respect to our medium-term objectives, our outlook, our strategies to achieve these objectives, as well as statements with respect to our beliefs, plans, expectations, anticipations, estimates and intentions. The words "may", "could", "should", "would", "assumptions", "plan", "strategy", "outlook", "believe", "anticipate", "estimate", "expect", "intend", "objective", the use of the future and conditional tenses, and words and expressions of similar nature are intended to identify forward-looking statements. Such forward-looking statements may also include observations concerning the Corporation's anticipated financial results and business outlooks and the economies in which it operates. The Corporation's future performance may also be affected by a number of factors, many of which are beyond its will or control. The main risks, uncertainties and factors that could influence actual results are described in this *Management's Discussion and Analysis for the year ended October 30, 2022* and in the latest *Annual Information Form*.

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

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

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

PROFILE OF TC TRANSCONTINENTAL

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

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

Transcontinental Inc. (TSX: TCL.A TCL.B), known as TC Transcontinental, has approximately 8,300 employees, the majority of which are based in Canada, the United States and Latin America. TC Transcontinental generated revenues of C\$3.0 billion during the fiscal year ended October 30, 2022. For more information, visit TC Transcontinental's website at www.tc.tc.

Packaging Sector

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

Printing Sector

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

Media Sector

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

HIGHLIGHTS

Table #1:

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

(1) Operating earnings before depreciation and amortization and Adjusted operating earnings before depreciation and amortization for the comparative period have been restated to conform to the presentation adopted in the current period.

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

Note 1: The above results include \$56.5 million in revenues for the 53rd week with a consequential effect on the other measures presented for the fourth quarter of 2021.

Note 2: The above results include \$3.7 million in Canada Emergency Wage Subsidy for the fourth quarter of 2021, and \$29.5 million for the year ended October 31, 2021.

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

PREAMBLE

Economic environment

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

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

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

Analysis of adjusted operating earnings before depreciation and amortization

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

RECONCILIATION OF NON-IFRS FINANCIAL MEASURES

(unaudited)

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

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

Table #2:

Reconciliation of operating earnings - Fourth quarter and fiscal year

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

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

(2) Depreciation and amortization excludes the amortization of intangible assets arising from business combinations.

(3) Depreciation and amortization and Adjusted operating earnings before depreciation and amortization have been restated to conform to the presentation adopted during the current year.

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

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

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

(2) Depreciation and amortization excludes the amortization of intangible assets arising from business combinations.

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

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

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

(2) Depreciation and amortization excludes the amortization of intangible assets arising from business combinations.

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

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

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

(2) Depreciation and amortization excludes the amortization of intangible assets arising from business combinations.

(3) Depreciation and amortization and Adjusted operating earnings before depreciation and amortization have been restated to conform to the presentation adopted during the current year.

Reconciliation of operating earnings - Last eight quarters

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

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

(2) Depreciation and amortization excludes the amortization of intangible assets arising from business combinations.

(3) Depreciation and amortization and Adjusted operating earnings before depreciation and amortization have been restated to conform to the presentation adopted during the current year.

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

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

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

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

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

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

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

| | 2022 | | | | 2021 | | | |
|--|---------------|--------|--------|--------|---------------|--------|--------|--------|
| (in millions of dollars, except per share amounts) | Q4 | Q3 | Q2 | Q1 | Q4 | Q3 | Q2 | Q1 |
| Net earnings attributable to shareholders of the Corporation | \$60.4 | \$34.1 | \$28.3 | \$18.4 | \$39.2 | \$28.1 | \$35.6 | \$27.7 |
| Restructuring and other costs (revenues) | (4.6) | 3.0 | 0.8 | (1.7) | 6.6 | 0.8 | 0.5 | 4.8 |
| Tax on restructuring and other costs (revenues) | (1.3) | (0.7) | (0.4) | 0.4 | (1.4) | (0.4) | (0.6) | (1.3) |
| Amortization of intangible assets arising from business combinations ⁽¹⁾ | 18.4 | 17.5 | 17.2 | 17.2 | 17.1 | 16.4 | 16.2 | 16.6 |
| Tax on amortization of intangible assets arising from business combinations | (4.5) | (4.3) | (4.2) | (4.3) | (1.8) | (4.0) | (3.9) | (4.0) |
| Impairment of assets | — | — | — | — | 0.7 | — | — | — |
| Tax on impairment of assets | — | — | — | — | (0.2) | — | — | — |
| Adjustment on additional taxes in other jurisdictions | — | — | — | — | (0.3) | 3.3 | — | — |
| Tax impact of an internal reorganization | — | — | — | — | 10.7 | — | — | — |
| Adjusted net earnings attributable to shareholders of the Corporation | \$68.4 | \$49.6 | \$41.7 | \$30.0 | \$70.6 | \$44.2 | \$47.8 | \$43.8 |
| Net earnings attributable to shareholders of the Corporation per share | \$0.70 | \$0.39 | \$0.33 | \$0.21 | \$0.45 | \$0.32 | \$0.41 | \$0.32 |
| Adjusted net earnings attributable to shareholders of the Corporation per share | \$0.79 | \$0.57 | \$0.48 | \$0.35 | \$0.81 | \$0.51 | \$0.55 | \$0.50 |
| Weighted average number of shares outstanding | 86.6 | 86.6 | 86.8 | 86.9 | 87.0 | 87.0 | 87.0 | 87.0 |

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

Reconciliation of net indebtedness

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

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

ANALYSIS OF CONSOLIDATED RESULTS - CUMULATIVE

Revenues

Revenues increased by \$312.7 million, or 11.8%, from \$2,643.4 million in fiscal 2021 to \$2,956.1 million in the corresponding period of 2022. This increase is mainly explained by the impact of transfer of the rise in raw materials prices, the recent acquisitions as well as higher volume in our two main operating sectors. These factors were partially mitigated by the unfavourable impact of the 53rd week in the prior fiscal year. A more detailed analysis of revenues is presented in the "Analysis of Sector Results - Cumulative" section.

Operating and Other Expenses

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

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

Operating Earnings before depreciation and amortization

Operating earnings before depreciation and amortization decreased by \$2.2 million, or 0.5%, from \$451.4 million in fiscal 2021 to \$449.2 million in the corresponding period of 2022. The decline in operating earnings before depreciation and amortization is mainly explained by the negative impact of the pandemic on production capacity at several plants during the first months of fiscal 2022, due in particular to a labour shortage, the end of the Canada Emergency Wage Subsidy which the Corporation received in the prior year and the impact of the 53rd week in the prior fiscal year. These factors were partially offset by the recent acquisitions and the favourable effect of the change in restructuring costs and, to a lesser extent, the decrease in the stock-based compensation expense related to the share price.

Adjusted operating earnings before depreciation and amortization decreased by \$18.1 million, or 3.9%, from \$464.8 million in fiscal 2021 to \$446.7 million in the corresponding period of 2022. A more detailed analysis of adjusted operating earnings is presented in the "Analysis of Sector Results - Cumulative" section.

Depreciation and Amortization

Depreciation and amortization increased by \$14.3 million, from \$217.6 million in fiscal 2021 to \$231.9 million in the corresponding period of 2022. This increase is mostly explained by the recent acquisitions and an increase in property, plant and equipment, mainly in the Packaging Sector.

Net Financial Expenses

Net financial expenses decreased by \$2.3 million, from \$42.3 million in fiscal 2021 to \$40.0 million in the corresponding period of fiscal 2022. This change is explained mainly by a favourable exchange rate effect.

Income Taxes

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

Adjusted income taxes decreased from \$64.9 million in fiscal 2021, for an effective tax rate of 23.9%, to \$55.8 million in the corresponding period of 2022, for an effective tax rate of 22.8%. This decrease in income tax expense is explained by lower adjusted operating earnings before income taxes and a decrease in tax rate related to the geographic distribution of revenues.

Net Earnings Attributable to Shareholders of the Corporation

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

Adjusted net earnings attributable to shareholders of the Corporation decreased by \$16.7 million, or 8.1%, from \$206.4 million in fiscal 2021 to \$189.7 million in the corresponding period of 2022, mostly as a result of the decline in adjusted operating earnings, partially offset by lower adjusted income taxes. On a per share basis, adjusted net earnings attributable to shareholders of the Corporation went from \$2.37 to \$2.19, respectively.

ANALYSIS OF CONSOLIDATED RESULTS - FOURTH QUARTER

Revenues

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

Operating and Other Expenses

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

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

Operating Earnings before Depreciation and Amortization

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

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

Depreciation and Amortization

Depreciation and amortization increased by \$5.1 million, from \$55.3 million in the fourth quarter of 2021 to \$60.4 million in the fourth quarter of 2022. This increase is mostly due to the recent acquisitions in the Packaging Sector and the Media Sector and an increase in property, plant and equipment, mainly in the Packaging Sector, and the unfavourable exchange rate effect.

Net Financial Expenses

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

Income Taxes

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

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

Net Earnings Attributable to Shareholders of the Corporation

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

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

ANALYSIS OF SECTOR RESULTS - CUMULATIVE

(unaudited)

Table #3:

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

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

(2) Adjusted operating earnings before depreciation and amortization has been restated to conform to the presentation adopted in the current year.

(3) The above results include \$29.5 million in Canada Emergency Wage Subsidy for the year ended October 31, 2021.

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

Packaging Sector

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

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

Printing Sector

Printing Sector revenues increased by \$71.7 million, from \$1,132.6 million in fiscal 2021 to \$1,204.3 million in the corresponding period of 2022. This increase is mostly related to higher book printing volume as well as the impact of new contracts within the in-store marketing group, the acquisition of BGI Retail and the impact of the transfer of the rise in raw materials prices. This increase was partially mitigated by the unfavourable impact of the 53rd week in the fourth quarter of the prior fiscal year.

Adjusted operating earnings before depreciation and amortization decreased by \$41.2 million, from \$269.6 million in fiscal 2021 to \$228.4 million in the corresponding period of 2022. This decrease is mainly related to the end of the Canada Emergency Wage Subsidy which the Corporation received in the prior year and operational inefficiencies related to the pandemic that negatively impacted production capacity at several plants during the first part of fiscal 2022, as well as the unfavourable impact of the 53rd week in the fourth quarter of the prior fiscal year. These factors were partially offset by the acquisition of BGI Retail and, to a lesser extent, the above-mentioned higher volume. The sector's adjusted operating earnings margin before depreciation and amortization decreased from 23.8% in fiscal 2021 to 19.0% in the corresponding period of 2022, mostly due to the end of the Canada Emergency Wage Subsidy and the inflationary situation. Excluding the Canada Emergency Wage Subsidy, the margin would have been 21.3% in fiscal 2021.

Other

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

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

ANALYSIS OF SECTOR RESULTS - FOURTH QUARTER

(unaudited)

Table #4:

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

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

(2) Adjusted operating earnings before depreciation and amortization has been restated to conform to the presentation adopted in the current year.

(3) The above results include \$3.7 million in Canada Emergency Wage Subsidy for the fourth quarter of 2021.

(4) The above results include \$56.5 million in revenues for the 53rd week with a consequential effect on the adjusted operating earnings for the fourth quarter of 2021.

Packaging Sector

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

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

Printing Sector

Printing Sector revenues decreased by \$5.7 million, or 1.7%, from \$332.7 million in the fourth quarter of 2021 to \$327.0 million in the fourth quarter of 2022. The decrease results from the unfavourable impact of the 53rd week in the fourth quarter of the prior fiscal year, which was partially offset by higher book printing volume and, to a lesser extent, higher volume in in-store marketing, as well as the impact of the transfer of the rise in raw materials prices to customers and, to a lesser extent, the favourable exchange rate effect.

Adjusted operating earnings before depreciation and amortization decreased by \$16.5 million, or 20.3%, from \$81.1 million in the fourth quarter of 2021 to \$64.6 million in the fourth quarter of 2022. This decrease is mostly caused by a decrease in organic growth related to the impact of

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

Other

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

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

SUMMARY OF QUARTERLY RESULTS

(unaudited)

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

Table #5:

| (in millions of dollars, except per share amounts) | 2022 | | | | 2021 | | | |
|--|----------------|----------|----------|----------|----------------|----------|----------|----------|
| | Q4 | Q3 | Q2 | Q1 | Q4 | Q3 | Q2 | Q1 |
| | 13 weeks | 13 weeks | 13 weeks | 13 weeks | 14 weeks | 13 weeks | 13 weeks | 13 weeks |
| Revenues | \$802.2 | \$747.8 | \$715.5 | \$690.6 | \$775.8 | \$621.6 | \$623.3 | \$622.7 |
| Operating earnings before depreciation and amortization ⁽¹⁾ | 145.7 | 110.0 | 102.8 | 90.7 | 135.8 | 103.4 | 108.9 | 103.3 |
| Adjusted operating earnings before depreciation and amortization ^{(1) (2)} | 141.1 | 113.0 | 103.6 | 89.0 | 143.1 | 104.2 | 109.4 | 108.1 |
| Adjusted operating earnings margin before depreciation and amortization ⁽²⁾ | 17.6 % | 15.1 % | 14.5 % | 12.9 % | 18.4 % | 16.8 % | 17.6 % | 17.4 % |
| Operating earnings | \$85.3 | \$52.1 | \$46.1 | \$33.8 | \$80.5 | \$50.2 | \$55.9 | \$47.2 |
| Adjusted operating earnings ⁽²⁾ | 99.1 | 72.6 | 64.1 | 49.3 | 104.9 | 67.4 | 72.6 | 68.6 |
| Adjusted operating earnings margin ⁽²⁾ | 12.4 % | 9.7 % | 9.0 % | 7.1 % | 13.5 % | 10.8 % | 11.6 % | 11.0 % |
| Net earnings attributable to shareholders of the Corporation | \$60.4 | \$34.1 | \$28.3 | \$18.4 | \$39.2 | \$28.1 | \$35.6 | \$27.7 |
| Net earnings attributable to shareholders of the Corporation per share | 0.70 | 0.39 | 0.33 | 0.21 | 0.45 | 0.32 | 0.41 | 0.32 |
| Adjusted net earnings attributable to shareholders of the Corporation ⁽²⁾ | 68.4 | 49.6 | 41.7 | 30.0 | 70.6 | 44.2 | 47.8 | 43.8 |
| Adjusted net earnings attributable to shareholders of the Corporation per share ⁽²⁾ | 0.79 | 0.57 | 0.48 | 0.35 | 0.81 | 0.51 | 0.55 | 0.50 |
| % of fiscal year | 36 % | 26 % | 22 % | 16 % | 35 % | 21 % | 23 % | 21 % |

(1) Operating earnings before depreciation and amortization and Adjusted operating earnings before depreciation and amortization have been restated to conform to the presentation adopted in the year.
(2) Please refer to Table #2 in the section entitled "Reconciliation of Non-IFRS Financial Measures" in this Management's Discussion and Analysis for adjusted data presented above.

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

- The impact of acquisitions;
- The effect of exchange rate fluctuations;
- The effect of interest rate fluctuations;
- The impact of the change in the share price on the stock-based compensation expense;
- The impact of changes in price of raw materials, including resin and paper;
- The impact of the Canada Emergency Wage Subsidy, which is related to the pandemic;
- The impact of inflation on costs;
- The impact of the additional week in 2021.

FINANCIAL POSITION, LIQUIDITY AND CAPITAL STRUCTURE

(unaudited)

Table #6:

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

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

| Financial position | As at October 30, 2022 | As at October 31, 2021 |
|--|------------------------|------------------------|
| Net indebtedness ⁽¹⁾ | \$1,104.6 | \$894.8 |
| Net indebtedness ratio ^{(1) (2)} | 2.47 x | 1.93 x |
| Credit rating | | |
| DBRS | BBB (low) | BBB (low) |
| Outlook | Stable | Stable |
| Standard and Poor's | BBB- | BBB- |
| Outlook | Stable | Stable |
| Consolidated Statements of Financial Position | | |
| | As at October 30, 2022 | As at October 31, 2021 |
| Current assets | \$1,134.7 | \$1,125.5 |
| Current liabilities ⁽³⁾ | 547.0 | 700.3 |
| Total assets | 3,801.0 | 3,612.9 |
| Total liabilities | 1,919.0 | 1,848.6 |

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

(2) Adjusted operating earnings before depreciation and amortization have been restated to conform to the presentation adopted in the year.

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

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

Cash Flows from Operating Activities

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

Cash Flows from Investing Activities

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

Cash Flows from Financing Activities

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

Debt Instruments

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

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

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

On February 1, 2022, the Corporation issued a private offering of Canadian dollar senior unsecured notes bearing interest at a fixed rate of 2.667%, amounting to \$200.0 million and maturing on February 3, 2025. Issuance costs of \$1.1 million were recognized against long-term debt and are amortized using the effective interest method over the duration of the private offering.

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

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

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

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

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

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

Net indebtedness went from \$894.8 million as at October 31, 2021 to \$1,104.6 million as at October 30, 2022. This increase is mostly explained by investments in property, plant and equipment, the recent acquisitions, the foreign exchange effect on net indebtedness as well as lower cash flows from operating activities. Consequently, the net indebtedness ratio stood at 2.47x as at October 30, 2022 compared to 1.93x as at October 31, 2021, due to the above-mentioned items and lower adjusted operating earnings before depreciation and amortization.

ANALYSIS OF FINANCIAL POSITION - FOURTH QUARTER

Cash Flows from Operating Activities

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

Cash Flows from Investing Activities

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

Cash Flows from Financing Activities

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

Contractual Obligations and Business Commitments

Table #7:

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

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

Share Capital

Table #8:

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

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

On September 29, 2021, the Corporation had been authorized to repurchase, for cancellation on the open market, or subject to the approval of any securities authority by private agreements, between October 1, 2021 and September 30, 2022, or at an earlier date if the Corporation concludes or cancels the offer, up to 1,000,000 of its Class A Subordinate Voting Shares and up to 190,300 of its Class B Shares. Repurchases are made in the normal course of business at market prices through the Toronto Stock Exchange.

During the year ended October 30, 2022, the Corporation repurchased and cancelled 400,800 of its Class A Subordinate Voting Shares at a weighted average price of \$17.43 per share, for a total cash consideration of \$7.0 million. The excess of the total consideration over the carrying amount of the shares, amounting to \$3.6 million, was applied against retained earnings. The Corporation was under no obligation to repurchase its Class A Subordinate Voting Shares and Class B Shares as at October 30, 2022.

During the year ended October 31, 2021, the Corporation repurchased and cancelled 200 of its Class A Subordinate Voting Shares at a weighted average price of \$18.39, for a negligible total cash consideration. The excess of the total consideration over the carrying amount of the shares was applied against retained earnings. The Corporation was under no obligation to repurchase its Class A Subordinate Voting Shares and Class B Shares as at October 31, 2021.

RISKS AND UNCERTAINTIES

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

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

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

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

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

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

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

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

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

Economic Environment - Inflation and recession risks

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

Economic Conditions - Disruption in the supply chain

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

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

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

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

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

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

Acquisitions – Ability to complete acquisitions and properly integrate them

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

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

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

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

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

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

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

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

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

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

Pandemic, Epidemic or Outbreak of an Infectious Disease

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

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

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

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

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

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

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

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

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

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

Also, the Corporation's printing and publishing operations require the daily use of large quantities of paper. Our flexible packaging and distribution operations require the use of large quantities of plastic. Certain consumers and certain of the Corporation's customers could be

concerned by the possible impact of significant utilization of paper and plastic on the environment and could become more vocal advocates of environment protection and sustainability promotion. Such concerns could result in damage to the Corporation's reputation, revisions and adjustments to its practices and additional operating costs.

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

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

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

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

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

Economic Cycles – Impact of economic cycles on product demand

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

Data Confidentiality – Warehousing, using and protecting personal data

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

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

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

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

In addition, the Corporation's patents, trademarks and other intellectual property rights may not provide it a competitive advantage. The Corporation may need to spend significant resources monitoring its intellectual property rights. Its competitive position may be harmed if it

cannot detect infringement and enforce its intellectual property rights quickly or not. Competitors might avoid infringement by designing around our intellectual property rights or by developing non-infringing competing technologies. Intellectual property rights and our ability to enforce them may be unavailable or limited in some countries which could make it easier for competitors to capture market share and could result in lost revenues.

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

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

Credit – Bad debts from certain customers

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

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

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

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

Exchange Rates – Exchange rate fluctuations

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

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

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

Liquidity - Availability of capital at a reasonable cost

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

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

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

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

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

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

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

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

Taxation – Changes in tax legislation could adversely affect profitability

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

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

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

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

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

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

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

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

DISCLOSURE CONTROLS AND PROCEDURES

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

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

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

INTERNAL CONTROL OVER FINANCIAL REPORTING

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

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

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

In accordance with the provisions of Regulation 52-109, management has limited the scope of its design of the Corporation's disclosure controls and procedures and ICFR to exclude the controls, policies and procedures of H.S. Crocker, Scolab, ERPI and Banaplast; this exclusion is accepted by the Autorité des marchés financiers ("AMF") during the first year after the acquisition of a business, to give a corporation time to integrate the acquisition.

H.S. Crocker is a manufacturer of die cut lids for the food industry and labels for the pharmaceutical industry located in Huntley, Illinois, and Exton, Pennsylvania. Acquired November 1, 2021, H.S. Crocker has generated \$75.6 million in revenues during the year ended October 30, 2022, or 2.6 % of the Corporation's consolidated results during the year ended October 30, 2022.

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

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

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

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

Table #8:
(unaudited)

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

During the year ended October 30, 2022, except for the information provided above, no change that has materially affected or is reasonably likely to affect the ICFR was brought to the attention of management, including the President and Chief Executive Officer and the Chief Financial Officer of the Corporation.

OUTLOOK

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

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

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

On behalf of Management,

(s) Donald LeCavalier
Chief Financial Officer

December 13, 2022