TRANSCONTINENTAL

Press Release

For Immediate Release

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

Highlights

- Revenues of $690.6 million for the quarter ended January 30, 2022; operating earnings of $33.8 million; and net earnings attributable to shareholders of the Corporation of $18.4 million ($0.21 per share).
- Adjusted operating earnings before depreciation and amortization(1) of $89.0 million for the quarter ended January 30, 2022; adjusted operating earnings(1) of $49.3 million; and adjusted net earnings attributable to shareholders of the Corporation(1) of $30.0 million ($0.35 per share).
- Completed, on February 1st, 2022, a private offering of $200 million of 2.667% senior unsecured notes due in February 2025.
- Ranked 16th among the world's most sustainable corporations by Corporate Knights.

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

Montréal, March 8, 2022 - Transcontinental Inc. (TSX: TCL.A TCL.B) announces its results for the first quarter of fiscal 2022, which ended January 30, 2022.

"While I am proud of the way we worked with our customers to ensure a continuity of supply and of the actions we took to protect our coworkers health and safety, the financial results of the quarter did not meet our expectations," said Peter Brues, President and Chief Executive Officer of TC Transcontinental. "The spread of the Omicron variant caused significant operational disruptions that hampered our ability to efficiently manage our business and, combined with inflationary pressures, had an adverse impact on our profitability.

"In our Packaging Sector, our financial performance was negatively affected by operational inefficiencies caused by Omicron, and by delays in passing through cost increases to our customers. Despite the strong demand for our products and services, our revenue growth was limited by reduced labour availability, leading to a significant increase in backlog.

"Our Printing Sector produced strong organic growth in revenues and solid profitability, despite the challenges of the pandemic. Higher revenues were noteworthy in the Sector's growth activities, namely in-store marketing, book printing and premedia. The Media Sector contributed another solid quarter with higher revenues and profitability.

"Despite a challenging quarter, our financial performance will improve with the actions we have taken, and with the lessening impact of COVID-19. Through the strength of our development of sustainable packaging, strong customer relationships, ability to generate solid cash flow and strong financial position, we are well placed to take advantage of growth opportunities and achieve our full potential."

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Financial Highlights

(in millions of dollars, except per share amounts)	Q1 - 2022	Q1 - 2021	Variation in %
Revenues	**$690.6**	**$622.7**	**10.9 %**
Operating earnings before depreciation and amortization (1)	**90.7**	**103.3**	**(12.2)**
Adjusted operating earnings before depreciation and amortization (1) (2)	**89.0**	**108.1**	**(17.7)**
Operating earnings	**33.8**	**47.2**	**(28.4)**
Adjusted operating earnings (2)	**49.3**	**68.6**	**(28.1)**
Net earnings attributable to shareholders of the Corporation	**18.4**	**27.7**	**(33.6)**
Net earnings attributable to shareholders of the Corporation per share	**0.21**	**0.32**	**(34.4)**
Adjusted net earnings attributable to shareholders of the Corporation (2)	**30.0**	**43.8**	**(31.5)**
Adjusted net earnings attributable to shareholders of the Corporation per share (2)	**0.35**	**0.50**	**(30.0)**

(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 current period.
(2) Please refer to the section entitled "Reconciliation of Non-IFRS Financial Measures" in this press release for adjusted data presented above.
Note: The above results include $9.0 million in Canada Emergency Wage Subsidy for the first quarter of 2021.

2022 First Quarter Results

Revenues increased by $67.9 million, or 10.9%, from $622.7 million in the first quarter of 2021 to $690.6 million in the corresponding period of 2022. This increase is mainly attributable to the impact of the rise in the price of resin and the acquisition of H.S. Crocker Company, Inc. on the results of the Packaging Sector, and to the acquisition of BGI Retail Inc. in the Printing Sector. A slight increase in volume in the three sectors also contributed to the growth in revenues. These items were partially offset by the negative impact of the exchange rate variation.

Operating earnings before depreciation and amortization decreased by $12.6 million, or 12.2%, from $103.3 million in the first quarter of 2021 to $90.7 million in the first quarter of 2022. Adjusted operating earnings before depreciation and amortization decreased by $19.1 million, or 17.7%, from $108.1 million in the first quarter of 2021 to $89.0 million in the first quarter of 2022. The decrease is mainly due to the end of the Canada Emergency Wage Subsidy which the Corporation received in the previous year, as well as to the negative impact of the pandemic on our operations, and the increase in costs due to inflationary pressures. The decline in operating earnings before depreciation and amortization was partially offset by the decrease in restructuring and other costs.

Net earnings attributable to shareholders of the Corporation decreased by $9.3 million, from $27.7 million in the first quarter of 2021 to $18.4 million in the first quarter of 2022. This decline is mainly due to lower operating earnings, partially offset by the decrease in income taxes and financial expenses. On a per share basis, net earnings attributable to shareholders of the Corporation went from $0.32 in the first quarter of 2021 to $0.21 for the same period in 2022.

Adjusted net earnings attributable to shareholders of the Corporation decreased by $13.8 million, or 31.5%, from $43.8 million in the first quarter of 2021 to $30.0 million in the first quarter of 2022. This decrease is due to lower adjusted operating earnings. On a per share basis, adjusted net earnings attributable to shareholders of the Corporation went from $0.50 to $0.35.

Outlook

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

In the Printing Sector, we expect a continued recovery in printing volume. This anticipated recovery, combined with growth in our in-store marketing activities and other growth activities, gives us confidence in the outlook for revenue growth for fiscal year 2022, excluding the impact of the 53rd week on the results for fiscal year 2021. In addition, excluding amounts related to the Canada Emergency Wage Subsidy and the impact of the 53rd week on the results for fiscal year 2021, we expect an increase in adjusted operating earnings before depreciation and amortization for fiscal year 2022 compared to fiscal year 2021.

Finally, we expect to continue generating significant cash flows from operating activities. These cash flows are expected to enable us to reduce our net indebtedness, while providing us with the flexibility needed to pursue our investments focused on organic growth as well as strategic and targeted acquisitions.

Non-IFRS Financial Measures

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

In addition, in this press release, we also use non-IFRS financial measures for which a complete definition is presented below and for which a reconciliation to financial information in accordance with IFRS is presented in the section entitled "Reconciliation of Non-IFRS Financial Measures" and in Note 3, "Segmented Information", to the unaudited interim condensed consolidated financial statements for the first quarter ended January 30, 2022.

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

Reconciliation of Non-IFRS Financial Measures

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

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

Reconciliation of operating earnings - First quarter

(in millions of dollars)	Three months ended **January 30, 2022**	 January 24, 2021
Operating earnings	**$33.8**	$47.2
Restructuring and other costs (revenues)	**(1.7)**	4.8
Amortization of intangible assets arising from business combinations (1)	**17.2**	16.6
Adjusted operating earnings	**$49.3**	$68.6
Depreciation and amortization (2) (3)	**39.7**	39.5
Adjusted operating earnings before depreciation and amortization (3)	**$89.0**	$108.1

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

Reconciliation of operating earnings - First quarter for the Packaging Sector

(in millions of dollars)	Three months ended **January 30, 2022**	 January 24, 2021
Operating earnings	**$6.0**	$15.2
Restructuring and other costs (revenues)	**(2.9)**	0.1
Amortization of intangible assets arising from business combinations (1)	**15.2**	15.4
Adjusted operating earnings	**$18.3**	$30.7
Depreciation and amortization (2)	**20.6**	19.4
Adjusted operating earnings before depreciation and amortization	**$38.9**	$50.1

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

Reconciliation of operating earnings - First quarter for the Printing Sector

(in millions of dollars)	Three months ended **January 30, 2022**	 January 24, 2021
Operating earnings	**$39.3**	$42.0
Restructuring and other costs	**1.0**	3.1
Amortization of intangible assets arising from business combinations (1)	**2.0**	1.2
Adjusted operating earnings	**$42.3**	$46.3
Depreciation and amortization (2)	**14.5**	14.8
Adjusted operating earnings before depreciation and amortization	**$56.8**	$61.1

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

Reconciliation of operating earnings - First quarter for the Other Sector

	Three months ended	
(in millions of dollars)	**January 30, 2022**	January 24, 2021
Operating earnings	**($11.5)**	($10.0)
Restructuring and other costs	**0.2**	1.6
Adjusted operating earnings	**($11.3)**	($8.4)
Depreciation and amortization (1)	**4.6**	5.3
Adjusted operating earnings before depreciation and amortization (1)	**($6.7)**	($3.1)

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

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

	Three months ended	
(in millions of dollars, except per share amounts)	**January 30, 2022**	January 24, 2021
Net earnings attributable to shareholders of the Corporation	**$18.4**	$27.7
Restructuring and other costs (revenues)	**(1.7)**	4.8
Tax on restructuring and other costs	**0.4**	(1.3)
Amortization of intangible assets arising from business combinations (1)	**17.2**	16.6
Tax on amortization of intangible assets arising from business combinations	**(4.3)**	(4.0)
Adjusted net earnings attributable to shareholders of the Corporation	**$30.0**	$43.8
Net earnings attributable to shareholders of the Corporation per share	**$0.21**	$0.32
Adjusted net earnings attributable to shareholders of the Corporation per share	**$0.35**	$0.50
Weighted average number of shares outstanding	**86.9**	87.0

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

Reconciliation of net indebtedness

(in millions of dollars, except ratios)	**As at January 30, 2022**	As at October 31, 2021
Long-term debt	**$751.4**	$778.2
Current portion of long-term debt	**145.3**	187.3
Lease liabilities	**147.1**	137.3
Current portion of lease liabilities	**23.5**	23.1
Cash	**(23.0)**	(231.1)
Net indebtedness	**$1,044.3**	$894.8
Adjusted operating earnings before depreciation and amortization (last 12 months)	**$445.7**	$464.8
Net indebtedness ratio	**2.3 x**	1.9 x

Dividend

The Corporation's Board of Directors declared a quarterly dividend of $0.225 per share on Class A Subordinate Voting Shares and Class B Shares. This dividend is payable on April 11, 2022 to shareholders of record at the close of business on March 28, 2022.

Normal Course Issuer Bid

The Corporation was authorized to repurchase, for cancellation on the open market, or subject to the approval of any securities authority by private agreements, between October 1, 2021 and September 30, 2022, or at an earlier date if the Corporation concludes or cancels the offer, up to 1,000,000 of its Class A Subordinate Voting Shares and up to 190,300 of its Class B Shares. Under this repurchase program, the Corporation repurchased and cancelled 157,800 of its Class A Subordinate Voting Shares at a weighted average price of $18.80 during the quarter ended January 30, 2022.

Additional information

Conference Call

Upon releasing its 2022 first quarter results, the Corporation will hold a conference call for the financial community on March 8, 2022 at 4:15 p.m. The dial-in numbers are 1 438 793-6811 or 1 888 440-2149. Media may hear the call in listen-only mode or tune in to the simultaneous audio broadcast on the Corporation's website, which will then be archived for 30 days. For media requests or interviews, please contact Nathalie St-Jean, Senior Advisor, Corporate Communications of TC Transcontinental, at 514 954-3581.

Profile

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

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

Transcontinental Inc. (TSX: TCL.A TCL.B), known as TC Transcontinental, has approximately 8,000 employees, the majority of which are based in Canada, the United States and Latin America. TC Transcontinental had revenues of more than C$2.6 billion for the fiscal year ended October 31, 2021. For more information, visit TC Transcontinental's website at www.tc.tc.

Forward-looking Statements

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

Unless otherwise indicated by the Corporation, forward-looking statements do not take into account the potential impact of non-recurring or other unusual items, nor of disposals, business combinations, mergers or acquisitions which may be announced or entered into after the date of March 8, 2022. The forward-looking statements in this press release are made pursuant to the "safe harbour" provisions of applicable Canadian securities legislation. The forward-looking statements in this release are based on current expectations and information available as at March 8, 2022. Such forward-looking information may also be found in other documents filed with Canadian securities regulators or in other communications. The Corporation's management disclaims any intention or obligation to update or revise these statements unless otherwise required by the securities authorities.

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For information:

Media

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MANAGEMENT’S DISCUSSION AND ANALYSIS

For the first quarter ended January 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 first quarter ended January 30, 2022. It should be read in conjunction with the information in the unaudited condensed interim consolidated financial statements and the accompanying notes. Additional information relating to the Corporation, including its Annual Report and *Annual Information Form*, may also be obtained on SEDAR at www.sedar.com.

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

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

Terms Used	Definitions
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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

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Unless otherwise indicated by the Corporation, forward-looking statements do not take into account the potential impact of non-recurring or other unusual items, nor of disposals, business combinations, mergers or acquisitions which may be announced or concluded after the date of March 8, 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 March 8, 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

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HIGHLIGHTS

Table #1:

(in millions of dollars, except per share amounts)	Q1 - 2022	Q1 - 2021	Variation in %
Revenues	$690.6	$622.7	10.9 %
Operating earnings before depreciation and amortization (1)	90.7	103.3	(12.2)
Adjusted operating earnings before depreciation and amortization (1) (2)	89.0	108.1	(17.7)
Operating earnings	33.8	47.2	(28.4)
Adjusted operating earnings (2)	49.3	68.6	(28.1)
Net earnings attributable to shareholders of the Corporation	18.4	27.7	(33.6)
Net earnings attributable to shareholders of the Corporation per share	0.21	0.32	(34.4)
Adjusted net earnings attributable to shareholders of the Corporation (2)	30.0	43.8	(31.5)
Adjusted net earnings attributable to shareholders of the Corporation per share (2)	0.35	0.50	(30.0)

(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 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: The above results include $9.0 million in Canada Emergency Wage Subsidy for the first quarter of 2021.

- Revenues of $690.6 million for the quarter ended January 30, 2022; operating earnings of $33.8 million; and net earnings attributable to shareholders of the Corporation of $18.4 million ($0.21 per share).
- Adjusted operating earnings before depreciation and amortization of $89.0 million for the quarter ended January 30, 2022; adjusted operating earnings of $49.3 million; and adjusted net earnings attributable to shareholders of the Corporation of $30.0 million ($0.35 per share).
- Completed, on February 1st 2022, a private offering of $200 million of 2.667% senior unsecured notes due in February 2025.
- Ranked 16th among the world's most sustainable corporations by Corporate Knights.

PREAMBLE

Impact of the COVID-19 Pandemic

As early as the beginning of March 2020, the Corporation actively deployed its company-wide crisis management and communication plan, which enabled it to ensure employee safety while ensuring service continuity for its customers. Since then, the Corporation has been closely monitoring 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 quarter of fiscal 2022, especially in terms of labour availability.

Analysis of adjusted operating earnings before depreciation and amortization

From now on, adjusted operating earnings before depreciation and amortization will be 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 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 - First quarter

	Three months ended	
(in millions of dollars)	**January 30, 2022**	January 24, 2021
Operating earnings	**$33.8**	$47.2
Restructuring and other costs (revenues)	**(1.7)**	4.8
Amortization of intangible assets arising from business combinations (1)	**17.2**	16.6
Adjusted operating earnings	**$49.3**	$68.6
Depreciation and amortization (2) (3)	**39.7**	39.5
Adjusted operating earnings before depreciation and amortization (3)	**$89.0**	$108.1

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

Reconciliation of operating earnings - First quarter for the Packaging Sector

	Three months ended	
(in millions of dollars)	**January 30, 2022**	January 24, 2021
Operating earnings	**$6.0**	$15.2
Restructuring and other costs (revenues)	**(2.9)**	0.1
Amortization of intangible assets arising from business combinations (1)	**15.2**	15.4
Adjusted operating earnings	**$18.3**	$30.7
Depreciation and amortization (2)	**20.6**	19.4
Adjusted operating earnings before depreciation and amortization	**$38.9**	$50.1

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

Reconciliation of operating earnings - First quarter for the Printing Sector

(in millions of dollars)	Three months ended January 30, 2022	January 24, 2021
Operating earnings	**$39.3**	$42.0
Restructuring and other costs	**1.0**	3.1
Amortization of intangible assets arising from business combinations (1)	**2.0**	1.2
Adjusted operating earnings	**$42.3**	$46.3
Depreciation and amortization (2)	**14.5**	14.8
Adjusted operating earnings before depreciation and amortization	**$56.8**	$61.1

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

Reconciliation of operating earnings - First quarter for the Other Sector

(in millions of dollars)	Three months ended January 30, 2022	January 24, 2021
Operating earnings	**($11.5)**	($10.0)
Restructuring and other costs	**0.2**	1.6
Adjusted operating earnings	**($11.3)**	($8.4)
Depreciation and amortization (1)	**4.6**	5.3
Adjusted operating earnings before depreciation and amortization (1)	**($6.7)**	($3.1)

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

Reconciliation of operating earnings - Last eight quarters

	2022	2021				2020		
(in millions of dollars)	**Q1**	Q4	Q3	Q2	**Q1**	Q4	Q3	Q2
Operating earnings	**$33.8**	$80.5	$50.2	$55.9	**$47.2**	$81.2	$75.3	$44.1
Restructuring and other costs (revenues)	**(1.7)**	6.6	0.8	0.5	**4.8**	11.9	9.2	7.0
Amortization of intangible assets arising from business combinations (1)	**17.2**	17.1	16.4	16.2	**16.6**	17.0	17.6	17.4
Impairment of assets	**—**	0.7	—	—	**—**	—	**—**	—
Adjusted operating earnings	**$49.3**	$104.9	$67.4	$72.6	**$68.6**	$110.1	$102.1	$68.5
Depreciation and amortization (2) (3)	**39.7**	38.3	36.7	36.8	**39.5**	39.2	39.8	38.1
Adjusted operating earnings before depreciation and amortization (3)	**$89.0**	$143.2	$104.1	$109.4	**$108.1**	$149.3	$141.9	$106.6

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

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

	Three months ended	
(in millions of dollars, except per share amounts)	**January 30, 2022**	January 24, 2021
Net earnings attributable to shareholders of the Corporation	**$18.4**	$27.7
Restructuring and other costs (revenues)	**(1.7)**	4.8
Tax on restructuring and other costs	**0.4**	(1.3)
Amortization of intangible assets arising from business combinations (1)	**17.2**	16.6
Tax on amortization of intangible assets arising from business combinations	**(4.3)**	(4.0)
Adjusted net earnings attributable to shareholders of the Corporation	**$30.0**	$43.8
Net earnings attributable to shareholders of the Corporation per share	**$0.21**	$0.32
Adjusted net earnings attributable to shareholders of the Corporation per share	**$0.35**	$0.50
Weighted average number of shares outstanding	**86.9**	87.0

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

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

	2022	2021				**2020**		
(in millions of dollars, except per share amounts)	**Q1**	**Q4**	Q3	Q2	**Q1**	Q4	Q3	Q2
Net earnings attributable to shareholders of the Corporation	**$18.4**	$39.2	$28.1	$35.6	**$27.7**	$51.3	$48.3	$25.7
Restructuring and other costs (revenues)	**(1.7)**	6.6	0.8	0.5	**4.8**	11.9	9.2	7.0
Tax on restructuring and other costs (revenues)	**0.4**	(1.4)	(0.4)	(0.6)	**(1.3)**	(3.7)	(2.6)	(2.2)
Amortization of intangible assets arising from business combinations (1)	**17.2**	17.1	16.4	16.2	**16.6**	17.0	17.6	17.4
Tax on amortization of intangible assets arising from business combinations	**(4.3)**	(1.8)	(4.0)	(3.9)	**(4.0)**	(4.1)	(4.3)	(4.3)
Impairment of assets	**—**	0.7	—	—	**—**	—	—	—
Tax on impairment of assets	**—**	(0.2)	—	—	**—**	—	—	—
Adjustment on additional taxes in other jurisdictions	**—**	(0.3)	3.3	—	**—**	—	—	—
Tax impact of a reorganization (2)	**—**	10.7	—	—	**—**	—	—	—
Adjusted net earnings attributable to shareholders of the Corporation	**$30.0**	$70.6	$44.2	$47.8	**$43.8**	$72.4	$68.2	$43.6
Net earnings attributable to shareholders of the Corporation per share	**$0.21**	$0.45	$0.32	$0.41	**$0.32**	$0.59	$0.55	$0.30
Adjusted net earnings attributable to shareholders of the Corporation per share	**$0.35**	$0.81	$0.51	$0.55	**$0.50**	$0.84	$0.78	$0.50
Weighted average number of shares outstanding	**86.9**	87.0	87.0	87.0	**87.0**	87.0	87.0	87.0

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

Reconciliation of net indebtedness

(in millions of dollars, except ratios)	**As at January 30, 2022**	As at October 31, 2021
Long-term debt	**$751.4**	$778.2
Current portion of long-term debt	**145.3**	187.3
Lease liabilities	**147.1**	137.3
Current portion of lease liabilities	**23.5**	23.1
Cash	**(23.0)**	(231.1)
Net indebtedness	**$1,044.3**	$894.8
Adjusted operating earnings before depreciation and amortization (last 12 months)	**$445.7**	$464.8
Net indebtedness ratio	**2.3 x**	1.9 x

TRANSCONTINENTAL

ANALYSIS OF CONSOLIDATED RESULTS - FIRST QUARTER

Revenues

Revenues increased by $67.9 million, or 10.9%, from $622.7 million in the first quarter of 2021 to $690.6 million in the corresponding period in 2022. This increase is mainly attributable to the impact of the rise in the price of resin on the results of the Packaging Sector, the recent acquisitions of BGI Retail Inc. and H.S. Crocker Company, Inc. and, to a lesser extent, a slightly higher volume in the two main sectors. These items were partially offset by the negative impact of the exchange rate variation. A more detailed analysis of revenues is presented in the section "Analysis of Sector Results - First Quarter".

Operating and Other Expenses

Operating expenses increased by $87.0 million, or 16.9%, in the first quarter of 2022 compared to the corresponding period in 2021. This increase results mainly from the rise in raw materials costs, especially the rise in the price of resin, the recent acquisitions of BGI Retail Inc. and H.S. Crocker Company, Inc., the end of the Canada Emergency Wage Subsidy which the Corporation received in the previous year, and, to a lesser extent, higher volume in the two main sectors.

Restructuring and other costs (revenues) decreased by $6.5 million, from an expense of $4.8 million in the first quarter of 2021 to a revenue of $1.7 million in the first quarter of 2022. This favourable effect is mainly attributable to a net gain related to insurance proceeds in the Packaging Sector and lower workforce reduction costs in the Printing Sector.

Operating Earnings before Depreciation and Amortization

Operating earnings before depreciation and amortization decreased by $12.6 million, or 12.2%, from $103.3 million in the first quarter of 2021 to $90.7 million in the first quarter of 2022. The decrease in operating earnings before depreciation and amortization is mainly due to the end of the Canada Emergency Wage Subsidy which the Corporation received in the previous year, the negative impact of the pandemic on production capacity in several plants, and the current inflationary situation, which had unfavourable effects on the cost structure. These items were partially offset by the decrease in restructuring and other costs.

Adjusted operating earnings before depreciation and amortization decreased by $19.1 million, or 17.7%, from $108.1 million in the first quarter of 2021 to $89.0 million in the first quarter of 2022. A more detailed analysis of adjusted operating earnings is presented in the section "Analysis of Sector Results - First Quarter".

Depreciation and Amortization

Depreciation and amortization increased by $0.8 million, from $56.1 million in the first quarter of 2021 to $56.9 million in the first quarter of 2022. This increase is mostly due to the recent acquisitions, especially that of H.S. Crocker Company, Inc., in the Packaging Sector.

Net Financial Expenses

Net financial expenses decreased by $1.0 million, from $10.8 million in the first quarter of 2021 to $9.8 million in the first quarter of 2022. This favourable change is mainly explained by the decrease in indebtedness.

Income Taxes

Income taxes decreased by $2.9 million, from $8.6 million in the first quarter of 2021 to $5.7 million in the first quarter of 2022. This decrease is mainly attributable to lower earnings before income taxes.

Adjusted income taxes decreased by $4.3 million, from $13.9 million in the first quarter of 2021 to $9.6 million in the first quarter of 2022. This decrease in income tax expense is explained by lower adjusted operating earnings before income taxes.

Net Earnings Attributable to Shareholders of the Corporation

Net earnings attributable to shareholders of the Corporation decreased by $9.3 million, from $27.7 million in the first quarter of 2021 to $18.4 million in the first quarter of 2022. This decrease is mainly due to lower operating earnings, partially offset by the decrease in income taxes and the decrease in financial expenses. On a per share basis, net earnings attributable to shareholders of the Corporation went from $0.32 to $0.21, respectively.

Adjusted net earnings attributable to shareholders of the Corporation decreased by $13.8 million, or 31.5%, from $43.8 million in the first quarter of 2021 to $30.0 million in the first quarter of 2022. This decrease is due to lower adjusted operating earnings. On a per share basis, adjusted net earnings attributable to shareholders of the Corporation went from $0.50 to $0.35, respectively.

ANALYSIS OF SECTOR RESULTS - FIRST QUARTER

(unaudited)

Table #3:

(in millions of dollars)	Packaging	Printing	Other	Consolidated results
Revenues - First quarter of 2021	**$337.2**	**$274.4**	**$11.1**	**$622.7**
Acquisitions/disposals and closures	15.1	11.2	—	**26.3**
Existing operations				
Exchange rate effect	(8.3)	0.2	—	**(8.1)**
Organic growth (decline)	40.0	9.6	0.1	**49.7**
Revenues - First quarter of 2022	**$384.0**	**$295.4**	**$11.2**	**$690.6**
Adjusted operating earnings before depreciation and amortization (1) (2) - First quarter of 2021	**$50.1**	**$61.1**	**($3.1)**	**$108.1**
Acquisitions/disposals and closures	0.6	2.7	—	**3.3**
Existing operations				
Exchange rate effect	(0.9)	0.6	(0.1)	**(0.4)**
Stock-based compensation	—	—	(0.6)	**(0.6)**
Organic growth (decline) (3)	(10.9)	(7.6)	(2.9)	**(21.4)**
Adjusted operating earnings before depreciation and amortization (1) - First quarter of 2022	**$38.9**	**$56.8**	**($6.7)**	**$89.0**

(1) Please refer to Table #2 in the section entitled "Reconciliation of Non-IFRS Financial Measures" in this Management's Discussion and Analysis for adjusted data presented above.
(2) Adjusted operating earnings before depreciation and amortization has been restated to conform to the presentation adopted in the period.
(3) The above results include the unfavourable impact of $9.0 million in Canada Emergency Wage Subsidy.

Packaging Sector

Packaging Sector revenues increased by $46.8 million, or 13.9 %, from $337.2 million in the first quarter of 2021 to $384.0 million in the first quarter of 2022. This increase is mainly attributable to the impact of the rise in the price of resin and the recent acquisition of H.S. Crocker Company, Inc. and, to a lesser extent, a slight increase in volume. These items were partially offset by the negative exchange rate effect.

Adjusted operating earnings before depreciation and amortization decreased by $11.2 million, or 22.4 %, from $50.1 million in the first quarter of 2021 to $38.9 million in the first quarter of 2022. This decrease was mainly caused by the negative impact of the pandemic on production capacity and efficiency in several plants. In addition, the current inflationary situation had a negative impact on the sector's cost structure. The sector's adjusted operating earnings margin before depreciation and amortization went from 14.9 % in the first quarter of 2021 to 10.1 % in the first quarter of 2022, mainly due to the above-mentioned items.

Printing Sector

Printing Sector revenues increased by $21.0 million, or 7.7 %, from $274.4 million in the first quarter of 2021 to $295.4 million in the first quarter of 2022. The increase is mainly attributable to the acquisition of BGI Retail Inc., the effect of new contracts and growth in volume resulting from the progressive reopening of the economy following the pandemic.

Adjusted operating earnings before depreciation and amortization decreased by $4.3 million, or 7.0 %, from $61.1 million in the first quarter of 2021 to $56.8 million in the first quarter of 2022. This decrease is mostly caused by the end of the Canada Emergency Wage Subsidy, and operational inefficiencies related to the pandemic. These items were partially offset by the above-mentioned increase in volume and the acquisition of BGI Retail Inc. The sector's adjusted operating earnings margin before depreciation and amortization decreased from 22.3 % in the first quarter of 2021 to 19.2 % in the first quarter of 2022, mostly due to the end of the Canada Emergency Wage Subsidy. Excluding this subsidy, the margin would have been 19.1 % in the first quarter of 2021.

Other

Revenues remained stable with a slight increase of $0.1 million, from $11.1 million in the first quarter of 2021 to $11.2 million in the first quarter of 2022.

Adjusted operating earnings before depreciation and amortization decreased by $3.6 million, from $-3.1 million in the first quarter of 2021 to $-6.7 million in the first quarter of 2022, mainly due to non-recurring additional head office costs and, to a lesser extent, the stock-based compensation expense.

SUMMARY OF QUARTERLY RESULTS

(unaudited)

Table #4 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 #4:

(in millions of dollars, except per share amounts)	2022	2021				2020		
	Q1	Q4	Q3	Q2	**Q1**	Q4	Q3	Q2
	13 weeks	14 weeks	13 weeks	13 weeks	**13 weeks**	13 weeks	13 weeks	13 weeks
Revenues	**$690.6**	$775.8	$621.6	$623.3	**$622.7**	$655.7	$587.4	$625.1
Operating earnings before depreciation and amortization (1)	**90.7**	135.8	103.4	108.9	**103.3**	137.4	132.7	99.6
Adjusted operating earnings before depreciation and amortization (1) (2)	**89.0**	143.2	104.1	109.4	**108.1**	149.3	141.9	106.6
Adjusted operating earnings margin before depreciation and amortization (2)	**12.9 %**	18.5 %	16.7 %	17.6 %	**17.4 %**	22.8 %	24.2 %	17.1 %
Operating earnings	**$33.8**	$80.5	$50.2	$55.9	**$47.2**	$81.2	$75.3	$44.1
Adjusted operating earnings (2)	**49.3**	104.9	67.4	72.6	**68.6**	110.1	102.1	68.5
Adjusted operating earnings margin (2)	**7.1 %**	13.5 %	10.8 %	11.6 %	**11.0 %**	16.8 %	17.4 %	11.0 %
Net earnings attributable to shareholders of the Corporation	**$18.4**	$39.2	$28.1	$35.6	**$27.7**	$51.3	$48.3	$25.7
Net earnings attributable to shareholders of the Corporation per share	**0.21**	0.45	0.32	0.41	**0.32**	0.59	0.55	0.30
Adjusted net earnings attributable to shareholders of the Corporation (2)	**30.0**	70.6	44.2	47.8	**43.8**	72.4	68.2	43.6
Adjusted net earnings attributable to shareholders of the Corporation per share (2)	**0.35**	0.81	0.51	0.55	**0.50**	0.84	0.78	0.50
% of fiscal year	**— %**	35 %	21 %	23 %	**21 %**	32 %	30 %	19 %

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

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

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

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

FINANCIAL POSITION, LIQUIDITY AND CAPITAL STRUCTURE

(unaudited)

Table #5:

(in millions of dollars)	Three months ended January 30, 2022	Three months ended January 24, 2021
Operating activities		
Cash flows generated by operating activities before changes in non-cash operating items and income taxes paid	**$87.9**	$106.3
Changes in non-cash operating items	**(64.9)**	(12.5)
Income taxes	**(29.4)**	(9.1)
Cash flows from operating activities	**($6.4)**	$84.7
Investing activities		
Business combinations, net of acquired cash	**($45.7)**	—
Acquisitions of property, plant and equipment	**(28.1)**	(27.3)
Disposals of property, plant and equipment	**—**	0.1
Increase in intangible assets	**(6.1)**	(4.5)
Cash flows from investing activities	**($79.9)**	($31.7)
Financing activities		
Reimbursement of long-term debt	**($186.7)**	($83.4)
Net increase in credit facilities	**103.5**	3.4
Financial expenses paid on long-term debt and credit facilities	**(10.2)**	(7.6)
Repayment of principal on lease liabilities	**(6.5)**	(5.4)
Interest paid on lease liabilities	**(0.5)**	(0.9)
Dividends	**(19.5)**	(19.6)
Share redemptions	**(3.0)**	—
Cash flows from financing activities	**($122.9)**	($113.5)
Effect of exchange rate changes on cash denominated in foreign currencies	**$1.1**	$1.5
Net change in cash	**($208.1)**	($59.0)

Financial position	As at January 30, 2022	As at October 31, 2021
Net indebtedness (1)	**$1,044.3**	$894.8
Net indebtedness ratio (1)	**2.3 x**	1.9 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 January 30, 2022	As at October 31, 2021
Current assets	**$935.2**	$1,125.5
Current liabilities	**586.4**	692.3
Total assets	**3,506.0**	3,612.9
Total liabilities	**1,710.9**	1,848.6

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

ANALYSIS OF FINANCIAL POSITION - FIRST QUARTER

Cash Flows from Operating Activities

Cash flows from operating activities decreased from $84.7 million in the first quarter of 2021 to $-6.4 million in the first quarter of 2022. This decrease is mostly due to the change in non-cash items, which is mostly explained by higher inventories due to the rise in raw material prices and a timing difference in purchases, notably in the Packaging Sector, as well as Printing Sector accounts payable. In addition, the decrease in operating earnings before depreciation and amortization and the increase in income taxes paid contributed to this decrease.

Cash Flows from Investing Activities

Cash flows from investing activities went from a cash outflow of $31.7 million in the first quarter of 2021 to a cash outflow of $79.9 million in the first quarter of 2022. This change is mainly explained by the recent acquisition of H.S. Crocker Company, Inc. and, to a lesser extent, a slight increase in capital expenditures in the Packaging Sector.

Cash Flows from Financing Activities

Cash flows from financing activities went from a cash outflow of $113.5 million in the first quarter of 2021 to a cash outflow of $122.9 million in the first quarter of 2022. This change is mostly explained by debt repayments made during the first quarter of 2021 and the first quarter or 2022.

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.

As at January 30, 2022, an amount of $104.3 million had been drawn on the credit facilities, and the available amount under the credit facilities was $327.6 million.

Net indebtedness went from $894.8 million as at October 31, 2021 to $1,044.3 million as at January 30, 2022. This increase is mostly explained by the acquisition of H.S. Crocker Company, Inc. and the investments in property, plant and equipment. Consequently, the net indebtedness ratio stood at 2.3x as at January 30, 2022 compared to 1.9x as at October 31, 2021, due to the above-mentioned items and lower adjusted operating earnings before depreciation and amortization.

Share Capital

Table #6:

Shares Issued and Outstanding	As at January 30, 2022	As at February 28, 2022
Class A (Subordinate Voting Shares)	**72,954,344**	**72,954,344**
Class B (Multiple Voting Shares)	**13,912,826**	**13,912,826**
Total Class A and Class B	**86,867,170**	**86,867,170**

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

During the three-month period ended January 30, 2022, the Corporation repurchased and cancelled 157,800 of its Class A Subordinate Voting Shares at a weighted average price of $18.80, for a total cash consideration of $3.0 million. The excess of the total consideration over the carrying amount of the shares, amounting to $1.6 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 January 30, 2022.

INTERNAL CONTROL OVER FINANCIAL REPORTING

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

As at January 30, 2022, the Corporation's management excluded BGI Retail Inc. ("BGI") and H.S. Crocker Company, Inc. ("H.S. Crocker") from its evaluation of internal control over financial reporting, this exclusion is accepted by the Autorité des marchés financiers ("AMF") during the first year after the acquisition of a business, to give a corporation time to integrate the acquisition.

BGI is a full-service design and in-store solutions provider for retailers and leading global brands located in Paris, Ontario. Acquired June 1, 2021, BGI has generated $11.2 million in revenues during the three-month period ended January 30, 2022, or 1.6 % of the Corporation's consolidated results.

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 $15.1 million in revenues during the three-month period ended January 30, 2022, or 2.2 % of the Corporation's consolidated results.

Additional information about these acquisitions is presented in Table #7.

Table #7:
(unaudited)

(in millions of dollars)	BGI Retail Inc.	H.S. Crocker Company, Inc.
Statements of financial position	**As at January 30, 2022**	**As at January 30, 2022**
Current assets	**$22.1**	**$24.3**
Non-current assets	**72.7**	**37.3**
Current liabilities	**5.9**	**8.8**
Non-current liabilities	**33.8**	**0.6**
Statements of earnings	**Three months ended January 30, 2022**	**Three months ended January 30, 2022**
Revenues	**$11.2**	**$15.1**
Operating earnings before depreciation and amortization	**2.7**	**0.6**
Operating earnings	**1.2**	**(0.6)**

During the first quarter ended January 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.

SUBSEQUENT EVENTS

NEW FINANCING

On February 1, 2022, the Corporation issued senior unsecured notes bearing interest at a fixed rate of 2.667%, amounting to $200.0 million and maturing in February 2025. Concurrently with this financing, the Corporation entered into cross-currency floating interest rate swaps amounting to $200.0 million (US$157.1 million) maturing in February 2025 and bearing interest at floating SOFR plus a credit spread of 1.088%.

REPAYMENT OF DEBT

On February 1, 2022, the Corporation repaid early the balance of $143.7 million (US$112.5 million) of tranche E of the U.S. dollar term loans, which was maturing on November 1, 2022 and was bearing interest at LIBOR plus a credit spread of 1.70%.

OUTLOOK

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

In the Printing Sector, we expect a continued recovery in printing volume. This anticipated recovery, combined with growth in our in-store marketing activities and other growth activities, gives us confidence in the outlook for revenue growth for fiscal year 2022, excluding the impact of the 53rd week on the results for fiscal year 2021. In addition, excluding amounts related to the Canada Emergency Wage Subsidy and the impact of the 53rd week on the results for fiscal year 2021, we expect an increase in adjusted operating earnings before depreciation and amortization for fiscal year 2022 compared to fiscal year 2021.

Finally, we expect to continue generating significant cash flows from operating activities. These cash flows are expected to enable us to reduce our net indebtedness, while providing us with the flexibility needed to pursue our investments focused on organic growth as well as strategic and targeted acquisitions.

On behalf of Management,

(s) Donald LeCavalier
Chief Financial Officer

March 8, 2022

CONSOLIDATED STATEMENTS OF EARNINGS

Unaudited

(in millions of Canadian dollars, unless otherwise indicated and per share data)	Notes	Three months ended January 30, 2022	Three months ended January 24, 2021 [1]
Revenues	3	**$ 690.6**	$ 622.7
Operating expenses	5	**601.6**	514.6
Restructuring and other costs (revenues)	6	**(1.7)**	4.8
Operating earnings before depreciation and amortization		**90.7**	103.3
Depreciation and amortization	7	**56.9**	56.1
Operating earnings		**33.8**	47.2
Net financial expenses	8	**9.8**	10.8
Earnings before income taxes		**24.0**	36.4
Income taxes	9	**5.7**	8.6
Net earnings		**18.3**	27.8
Non-controlling interest		**(0.1)**	0.1
Net earnings attributable to the shareholders of the Corporation		**$ 18.4**	$ 27.7
Net earnings per share - basic and diluted		**$ 0.21**	$ 0.32
Weighted average number of shares outstanding - basic and diluted (in millions)	13	**86.9**	87.0

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

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

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

Unaudited

(in millions of Canadian dollars)	Notes	Three months ended January 30, 2022	Three months ended January 24, 2021
Net earnings		**$ 18.3**	$ 27.8
Other comprehensive income (loss)			
Items that will be or may be subsequently reclassified to net earnings			
Net change related to cash flow hedges			
Net change in the fair value of designated derivatives - foreign exchange risk		**(3.6)**	4.3
Net change in the fair value of designated derivatives - interest rate risk	10	**0.8**	(0.4)
Reclassification of the net change in the fair value of designated derivatives recognized in net earnings during the period		**0.9**	3.2
Related income taxes		**(0.5)**	1.9
	15	**(1.4)**	5.2
Cumulative translation differences			
Net unrealized exchange gains (losses) on the translation of the financial statements of foreign operations		**44.6**	(48.8)
Net gains (losses) on hedge of the net investment in foreign operations	10	**(12.9)**	23.5
Related income taxes		**(1.3)**	3.0
	15	**33.0**	(28.3)
Items that will not be reclassified to net earnings			
Changes related to defined benefit plans			
Actuarial gains on defined benefit plans		**4.7**	(9.7)
Related income taxes		**1.3**	(2.8)
	15	**3.4**	(6.9)
Other comprehensive income (loss)	15	**35.0**	(30.0)
Comprehensive income		**$ 53.3**	$ (2.2)

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

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Unaudited

(in millions of Canadian dollars)	Notes	Share capital	Contributed surplus	Retained earnings	Accumulated other comprehensive income (loss)	Total	Non-controlling interest	Total equity
Balance as at October 31, 2021		**$ 640.0**	**$ 0.9**	**$ 1,159.5**	**$ (41.3)**	**$ 1,759.1**	**$ 5.2**	**$ 1,764.3**
Net earnings		**—**	**—**	**18.4**	**—**	**18.4**	**(0.1)**	**18.3**
Other comprehensive income		**—**	**—**	**—**	**35.0**	**35.0**	**—**	**35.0**
Shareholders' contributions and distributions to shareholders								
Share redemptions	12	**(1.4)**	**—**	**(1.6)**	**—**	**(3.0)**	**—**	**(3.0)**
Dividends	12	**—**	**—**	**(19.5)**	**—**	**(19.5)**	**—**	**(19.5)**
Balance as at January 30, 2022		**$ 638.6**	**$ 0.9**	**$ 1,156.8**	**$ (6.3)**	**$ 1,790.0**	**$ 5.1**	**$ 1,795.1**
Balance as at October 25, 2020		$ 640.0	$ 0.9	$ 1,107.2	$ (14.8)	$ 1,733.3	$ 5.3	$ 1,738.6
Net earnings		—	—	27.7	—	27.7	0.1	27.8
Other comprehensive loss		—	—	—	(30.0)	(30.0)	—	(30.0)
Shareholders' contributions and distributions to shareholders								
Dividends	12	—	—	(19.6)	—	(19.6)	—	(19.6)
Balance as at January 24, 2021		$ 640.0	$ 0.9	$ 1,115.3	$ (44.8)	$ 1,711.4	$ 5.4	$ 1,716.8

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

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

Unaudited

(in millions of Canadian dollars)	Notes	As at January 30, 2022	As at October 31, 2021
Current assets			
Cash		**$ 23.0**	$ 231.1
Accounts receivable		**489.3**	496.1
Income taxes receivable		**10.0**	16.9
Inventories		**388.3**	357.0
Prepaid expenses and other current assets		**24.6**	24.4
		935.2	1,125.5
Property, plant and equipment		**726.5**	689.7
Right-of-use assets		**151.5**	140.8
Intangible assets		**517.5**	513.0
Goodwill		**1,107.5**	1,086.6
Deferred taxes		**26.6**	18.6
Other assets		**41.2**	38.7
		$ 3,506.0	$ 3,612.9
Current liabilities			
Accounts payable and accrued liabilities		**$ 383.0**	$ 439.2
Provisions		**1.1**	1.5
Income taxes payable		**15.4**	28.9
Deferred revenues and deposits		**18.1**	12.3
Current portion of long-term debt	10	**145.3**	187.3
Current portion of lease liabilities		**23.5**	23.1
		586.4	692.3
Long-term debt	10	**751.4**	778.2
Lease liabilities		**147.1**	137.3
Deferred taxes		**129.9**	137.3
Provisions		**0.3**	0.6
Other liabilities	11	**95.8**	102.9
		1,710.9	1,848.6
Equity			
Share capital	12	**638.6**	640.0
Contributed surplus		**0.9**	0.9
Retained earnings		**1,156.8**	1,159.5
Accumulated other comprehensive loss	15	**(6.3)**	(41.3)
Attributable to the shareholders of the Corporation		**1,790.0**	1,759.1
Non-controlling interest		**5.1**	5.2
		1,795.1	1,764.3
		$ 3,506.0	$ 3,612.9

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

CONSOLIDATED STATEMENTS OF CASH FLOWS

Unaudited

(in millions of Canadian dollars)	Notes	Three months ended January 30, 2022	January 24, 2021 [1]
Operating activities			
Net earnings		**$ 18.3**	$ 27.8
Adjustments to reconcile net earnings and cash flows from operating activities:			
Depreciation and amortization	7	**56.9**	56.1
Financial expenses on long-term debt and lease liabilities	8	**10.1**	9.5
Net losses on disposal of assets		**0.2**	0.3
Income taxes	9	**5.7**	8.6
Net foreign exchange differences and other		**(3.3)**	4.0
Cash flows generated by operating activities before changes in non-cash operating items and income taxes paid		**87.9**	106.3
Changes in non-cash operating items		**(64.9)**	(12.5)
Income taxes paid		**(29.4)**	(9.1)
Cash flows from operating activities		**(6.4)**	84.7
Investing activities			
Business combinations, net of acquired cash		**(45.7)**	—
Acquisitions of property, plant and equipment		**(28.1)**	(27.3)
Disposals of property, plant and equipment		**—**	0.1
Increase in intangible assets		**(6.1)**	(4.5)
Cash flows from investing activities		**(79.9)**	(31.7)
Financing activities			
Reimbursement of long-term debt	10	**(186.7)**	(83.4)
Net increase in credit facilities	10	**103.5**	3.4
Financial expenses paid on long-term debt and credit facilities	8 & 10	**(10.2)**	(7.6)
Repayment of principal on lease liabilities		**(6.5)**	(5.4)
Interest paid on lease liabilities		**(0.5)**	(0.9)
Dividends	12	**(19.5)**	(19.6)
Share redemptions	12	**(3.0)**	—
Cash flows from financing activities		**(122.9)**	(113.5)
Effect of exchange rate changes on cash denominated in foreign currencies		**1.1**	1.5
Net change in cash		**(208.1)**	(59.0)
Cash at beginning of period		**231.1**	241.0
Cash at end of period		**$ 23.0**	$ 182.0
Non-cash investing activities			
Net change in capital asset acquisitions financed by accounts payable		**$ 3.3**	0.5

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

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

1 GENERAL INFORMATION

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

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

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

The Corporation's Board of Directors approved these condensed interim consolidated financial statements on March 8, 2022.

2 SIGNIFICANT ACCOUNTING POLICIES

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

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

Critical judgments and sources of estimation uncertainty

The preparation of consolidated interim financial statements in accordance with IFRS requires the Corporation's management to make estimates and assumptions that affect the application of accounting policies and the amounts of assets, liabilities, revenues and expenses reported for the relevant periods. Detailed information on estimates, assumptions and critical judgments used by the Corporation is presented in the audited annual consolidated financial statements for the fiscal year ended October 31, 2021. Although management regularly reviews its estimates, actual results may differ.

The Corporation considered the context of the COVID-19 pandemic and the related climate of economic uncertainty in making its most complex estimates and assumptions, including significant judgment areas, used in preparing the interim consolidated financial statements for the three-month period ended January 30, 2022. In considering the impact of the COVID-19 pandemic on financial reporting, the Corporation determined whether there was an indication that assets, cash-generating units ("CGUs") or groups of CGUs might be impaired and assessed the credit risk on receivables. These revisions of estimates had no material impact on the three-month period ended January 30, 2022. Additional revisions might be required in the future depending on the development of the COVID-19 pandemic and its impact on the Corporation's results of operations and financial position, and this could have an impact on the final measurement of the carrying amount of the Corporation's assets.

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

3 SEGMENTED INFORMATION

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

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

The Printing Sector generates revenues from an integrated service offering to retailers, including premedia services, flyer and in-store marketing products printing, and door-to-door distribution, as well as an array of innovative print solutions for newspapers, magazines, 4-colour books and personalized and mass marketing products. Its facilities are located in Canada.

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

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

For the three-month period ended January 30, 2022	Packaging	Printing	Other	Consolidated Results
Revenues	$ **384.0**	$ **295.4**	$ **11.2**	$ **690.6**
Operating expenses	**345.1**	**238.6**	**17.9**	**601.6**
Restructuring and other costs (revenues)	**(2.9)**	**1.0**	**0.2**	**(1.7)**
Operating earnings before depreciation and amortization	**41.8**	**55.8**	**(6.9)**	**90.7**
Depreciation and amortization	**35.8**	**16.5**	**4.6**	**56.9**
Operating earnings (2)	$ **6.0**	$ **39.3**	$ **(11.5)**	$ **33.8**
Adjusted operating earnings before depreciation and amortization (3)	$ **38.9**	$ **56.8**	$ **(6.7)**	$ **89.0**
Adjusted operating earnings (2) & (3)	**18.3**	**42.4**	**(11.4)**	**49.3**
Acquisitions of non-current assets (4)	$ **23.4**	$ **4.9**	$ **5.9**	$ **34.2**

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

3 SEGMENTED INFORMATION (CONTINUED)

For the three-month period ended January 24, 2021 (1)	Packaging	Printing	Other	Consolidated Results
Revenues	$ 337.2	$ 274.4	$ 11.1	$ 622.7
Operating expenses	287.1	213.3	14.2	514.6
Restructuring and other costs	0.1	3.1	1.6	4.8
Operating earnings before depreciation and amortization	50.0	58.0	(4.7)	103.3
Depreciation and amortization	34.8	16.0	5.3	56.1
Operating earnings (2)	$ 15.2	$ 42.0	$ (10.0)	$ 47.2
Adjusted operating earnings before depreciation and amortization (3)	$ 50.1	$ 61.1	$ (3.1)	$ 108.1
Adjusted operating earnings (2) & (3)	30.7	46.3	(8.4)	68.6
Acquisitions of non-current assets (4)	$ 23.0	$ 4.4	$ 4.9	$ 32.3

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

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

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

(4) These amounts exclude acquisitions of property, plant and equipment and intangible assets arising from business combinations, whether paid or not.

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

3 SEGMENTED INFORMATION (CONTINUED)

Additional information on revenues

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

	Three months ended	
	January 30, 2022	January 24, 2021 (1)
Packaging products (1)		
Revenues generated from plants located in Canada	**$ 38.4**	$ 33.5
Revenues generated from plants located in the United States	**291.8**	245.1
Revenues generated from plants located outside Canada and the United States	**53.8**	58.6
	384.0	337.2
Printing services (2)		
Retailer-related services (3)	**150.5**	154.9
Marketing products	**78.9**	53.9
Magazines and books	**44.5**	43.3
Newspapers	**21.5**	22.3
	295.4	274.4
Media (2)	**14.4**	13.7
Inter-segment sales	**(3.2)**	(2.6)
	$ 690.6	$ 622.7

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

	As at January 30, 2022	As at October 31, 2021
Packaging	**$ 2,321.3**	$ 2,200.7
Printing	**969.8**	1,000.4
Other (4)	**214.9**	411.8
	$ 3,506.0	$ 3,612.9

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

(2) Revenues from printing services and media are mainly derived from transactions in Canada.

(3) Revenues from retailer-related services include printing, premedia and distribution services.

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

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

4 BUSINESS COMBINATIONS

Business combinations

Transactions for the three-month period ended January 30, 2022

- **H.S. Crocker**

  On November 1, 2021, the Corporation acquired all the shares of H.S. Crocker Co., Inc. ("H.S. Crocker"), a manufacturer of die cut lids for the food industry and labels for the pharmaceutical industry located in Huntley, Illinois, and Exton, Pennsylvania, for a total consideration of $53.1 million, subject to adjustments. This acquisition enables the Corporation to broaden its packaging solutions portfolio as well as expand its pharmaceutical and medical expertise in the specialized coating products offering.

  As at January 30, 2022, the accounting for the H.S. Crocker business combination was not completed and was based on information available as at the date of these Consolidated Financial Statements. The recognized goodwill is negligible and is not deductible for tax purposes. The accounting for the business combination remains provisional as at January 30, 2022 and will be finalized in the coming quarters.

  The Corporation's Consolidated Statements of Earnings for the three-month period ended January 30, 2022 include the operating results of H.S. Crocker since its acquisition date, namely additional revenues of $15.1 million and operating earnings before depreciation and amortization of $0.6 million, including adjustments related to the accounting of this acquisition and excluding negligible transaction costs.

5 OPERATING EXPENSES

	Three months ended	
	January 30, 2022	January 24, 2021 [(1)]
Employee-related costs [(2)]	**$ 186.5**	$ 163.5
Supply chain and logistics [(3)]	**383.7**	325.7
Other goods and services [(4)]	**31.4**	25.4
	$ 601.6	$ 514.6

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

(2) During the three-month periods ended January 30, 2022 and January 24, 2021, the Corporation recognized against eligible salary expenses amounts claimed under the Canada Emergency Wage Subsidy of $0.2 million and $9.0 million, respectively.

(3) "Supply chain and logistics" includes mainly production and distribution costs related to external suppliers.

(4) "Other goods and services" includes mainly promotion, advertising and telecommunications costs, office supplies, real estate expenses and professional fees.

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

6 RESTRUCTURING AND OTHER COSTS (REVENUES)

	Three months ended	
	January 30, 2022	January 24, 2021 [1]
Workforce reductions [2]	**$ 0.8**	$ 2.5
Costs related to plant closures and restructuring [2]	**—**	0.8
Onerous contracts	**—**	1.2
Business acquisition and integration costs [3]	**0.2**	0.1
Fair value remeasurement of contingent considerations related to business combinations	**—**	(0.2)
Other elements [4]	**(2.7)**	0.4
	$ (1.7)	$ 4.8

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

[2] For the three-month periods ended January 30, 2022 and January 24, 2021, amounts presented under these captions include termination payments to employees as part of plant closures or workforce reorganizations, mainly in the Printing Sector, as well as related costs associated with such restructuring.

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

[4] For the three-month period ended January 30, 2022, amounts presented under this caption include mainly a net gain of $4.2 million related to insurance proceeds receivable for the replacement of equipment destroyed by fire, less the loss on derecognition of such asset.

7 DEPRECIATION AND AMORTIZATION

	Three months ended	
	January 30, 2022	January 24, 2021 [1]
Property, plant and equipment	**$ 29.3**	$ 29.4
Right-of-use assets	**6.2**	5.6
Intangible assets	**21.4**	21.1
	$ 56.9	$ 56.1

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

8 NET FINANCIAL EXPENSES

	Three months ended	
	January 30, 2022	January 24, 2021
Financial expenses on long-term debt	**$ 9.3**	$ 8.7
Interest on lease liabilities	**0.8**	0.8
Net interest on defined benefit asset and liability	**0.3**	0.5
Other expenses	**1.1**	0.2
Net foreign exchange losses (gains)	**(1.7)**	0.6
	$ 9.8	$ 10.8

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

9 INCOME TAXES

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

	Three months ended	
	January 30, 2022	January 24, 2021
Earnings before income taxes	**$ 24.0**	$ 36.4
Canadian statutory tax rate [1]	**26.50 %**	26.50 %
Income taxes at the statutory tax rate	**6.4**	9.6
Effect of differences in tax rates and additional income taxes in other jurisdictions	**(2.0)**	(1.8)
Income taxes on non-deductible expenses and non-taxable revenues	**0.4**	0.7
Change in deferred tax assets on tax losses or temporary differences not previously recognized	**—**	0.1
Adjustment for previous years' balances	**1.0**	—
Other	**(0.1)**	—
Income taxes at effective tax rate	**$ 5.7**	$ 8.6
Income taxes before the following items:	**$ 9.6**	$ 13.9
Income taxes on amortization of intangible assets arising from business combinations	**(4.3)**	(4.0)
Income taxes on restructuring and other costs	**0.4**	(1.3)
Income taxes at effective tax rate	**$ 5.7**	$ 8.6

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

10 LONG-TERM DEBT

As at January 30, 2022, an amount of $145.3 million was presented in Current liabilities, which was mainly comprised of tranche E of the U.S. dollar term loans (issued in 2018) of $143.7 million (US$112.5 million), maturing on November 1, 2022 (see Note 17).

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

Credit facility
The Corporation has a credit facility with a maximum amount of US$25.0 million ($31.9 million), which was expiring in March 2022 and for which maturity was extended for an additional year to March 2023 in similar terms.

As at January 30, 2022, an amount of $104.3 million had been drawn on the credit facilities, and the unused amount under the credit facilities was $327.6 million.

Hedging instruments
As at January 30, 2022, the Corporation had designated an amount of US$197.6 million ($252.3 million) of existing U.S. dollar term loans and credit facilities in addition to the notional amount of its cross-currency fixed interest rate swaps of $250.0 million (US$200.4 million) as hedging instruments for its net investment in foreign operations. Consequently, during the three-month periods ended January 30, 2022 and January 24, 2021, a foreign exchange loss of $12.4 million and a foreign exchange gain of $23.5 million were recognized in other comprehensive income (loss), respectively. During the three-month period ended January 30, 2022, a negligible amount of the forward element and the foreign currency basis spread was recognized in net earnings.

As at January 30, 2022, the Corporation had also designated as hedging instruments its interest rate swaps amounting to US$225.0 million. Consequently, during the three-month periods ended January 30, 2022 and January 24, 2021, the change in fair value of these hedging instruments, namely a gain of $0.8 million and a loss of $0.4 million, respectively, were recognized in other comprehensive income (loss).

The Corporation must comply with certain restrictive covenants, including maintaining certain financial ratios. During the three-month period ended January 30, 2022, the Corporation has not been in default under any covenants.

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

11 OTHER LIABILITIES

	Note	**As at January 30, 2022**	As at October 31, 2021
Deferred revenues		**$ 0.8**	$ 1.1
Accrued liabilities and other liabilities		**14.5**	14.2
Stock-based compensation	14	**7.7**	15.5
Defined benefit liability		**61.0**	62.2
Derivative financial instruments		**11.8**	9.9
		$ 95.8	$ 102.9

12 SHARE CAPITAL

	Number of shares	Amount
Class A Subordinate Voting Shares		
Balance as at October 31, 2021	73,112,144	$ 621.1
Conversion of Class B Shares into Class A Subordinate Voting Shares	(157,800)	(1.4)
Balance as at January 30, 2022	72,954,344	619.7
Class B Shares		
Balance as at October 31, 2021	13,912,826	18.9
Balance as at January 30, 2022	13,912,826	18.9
	86,867,170	$ 638.6

Share redemptions

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

During the three-month period ended January 30, 2022, the Corporation redeemed and cancelled 157,800 of its Class A Subordinate Voting Shares at a weighted average price of $18.80, for a total cash consideration of $3.0 million. The excess of the total consideration over the carrying amount of the shares, amounting to $1.6 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 January 30, 2022.

During the three-month period ended January 24, 2021, the Corporation did not repurchase any of its Class A Subordinate Voting Shares or Class B Shares. The Corporation was under no obligation to repurchase its Class A Subordinate Voting Shares and Class B Shares as at January 24, 2021.

Dividends

Dividends of $0.225 per share were declared and paid to holders of shares for the three-month periods ended January 30, 2022 and January 24, 2021.

13 NET EARNINGS PER SHARE

The following table presents a reconciliation of the components used in the calculation of basic and diluted net earnings per share:

	Three months ended	
	January 30, 2022	January 24, 2021
Numerator		
Net earnings attributable to the shareholders of the Corporation	**$ 18.4**	$ 27.7
Denominator (in millions)		
Weighted average number of shares - basic and diluted	**86.9**	87.0

As at January 30, 2022 and as at January 24, 2021, there were no dilutive instruments.

14 STOCK-BASED COMPENSATION

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

The following table presents the changes in the plan's status for the three-month period ended January 30, 2022:

	Number of units	
	DSU	RSU
Balance as at October 31, 2021	**566,250**	**1,441,170**
Units granted	**97,026**	**507,655**
Units cancelled	**(527)**	**(3,556)**
Units paid	**—**	**(243,406)**
Units converted	**7,157**	**—**
Dividends paid in units	**8,475**	**13,961**
Balance as at January 30, 2022	**678,381**	**1,715,824**

As at January 30, 2022, the liability related to the share unit plan for certain officers and senior executives was $32.9 million ($31.5 million as at October 31, 2021). The expenses recorded in the Consolidated Statements of Earnings for the three-month periods ended January 30, 2022 and January 24, 2021 were $6.7 million and $7.2 million, respectively. Amounts of $5.3 million and $2.3 million were paid under this plan for the three-month periods ended January 30, 2022 and January 24, 2021, respectively.

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

14 STOCK-BASED COMPENSATION (CONTINUED)

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

The following table presents the changes in the plan's status for the three-month period ended January 30, 2022:

	Number of units
Balance as at October 31, 2021	308,012
Directors' compensation	10,718
Dividends paid in units	3,421
Balance as at January 30, 2022	322,151

As at January 30, 2022, the liability related to the share unit plan for directors was $7.1 million ($6.3 million as at October 31, 2021). The expenses recorded in the Consolidated Statements of Earnings for the three-month periods ended January 30, 2022 and January 24, 2021 were $0.8 million and $1.8 million, respectively. No amount was paid under this plan for the three-month period ended January 30, 2022. An amount of $2.2 million was paid under this plan for the three-month period ended January 24, 2021.

Total return swap
As at January 30, 2022, the total return swap, which enables the Corporation to hedge a portion of the stock-based compensation expense that varies based on the price of the Corporation's shares, covered 1,200,000 units purchased at a weighted average price of $20.01. Gains recognized in the Consolidated Statements of Earnings for the three-month periods ended January 30, 2022 and January 24, 2021 were $1.9 million and $3.9 million, respectively. Amounts totaling $0.7 million and $0.2 million were paid under the total return swap during the three-month periods ended January 30, 2022 and January 24, 2021, respectively.

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

15 ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

	Cash flow hedges	Net investment hedges	Cumulative translation differences	Actuarial gains and losses related to defined benefit plans	Accumulated other comprehensive income (loss)
Balance as at October 31, 2021	**$ (1.3)**	**$ 25.1**	**$ (52.9)**	**$ (12.2)**	**$ (41.3)**
Net change in gains (losses), net of income taxes	**(1.4)**	**(11.6)**	**44.6**	**3.4**	**35.0**
Balance as at January 30, 2022	**$ (2.7)**	**$ 13.5**	**$ (8.3)**	**$ (8.8)**	**$ (6.3)**
Balance as at October 25, 2020	$ (16.4)	$ (10.1)	$ 40.3	$ (28.6)	$ (14.8)
Net change in gains (losses), net of income taxes	5.2	20.5	(48.8)	(6.9)	(30.0)
Balance as at January 24, 2021	$ (11.2)	$ 10.4	$ (8.5)	$ (35.5)	$ (44.8)

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

	2022	2023	2024	Total
Net change in the fair value of derivatives designated as cash flow hedges	$ 1.1	$ (4.2)	$ (0.5)	$ (3.6)
Income taxes	0.3	(1.1)	(0.1)	(0.9)
	$ 0.8	$ (3.1)	$ (0.4)	$ (2.7)

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

	Three months ended	
	January 30, 2022	January 24, 2021
Actuarial gains (losses) on obligation - change in discount rate	**$ 18.0**	$ (18.0)
Actuarial gains (losses) on plan assets - excluding interest income	**(13.0)**	6.7
Effect of the asset ceiling	**(0.3)**	1.6
Income taxes	**1.3**	(2.8)
	$ 3.4	$ (6.9)

Actuarial gains and losses on obligation recognized in the Statements of Comprehensive Income (Loss) for the three-month period ended January 30, 2022 are explained by the change in the discount rate, which increased from 3.40% as at October 31, 2021 to 3.59% as at January 30, 2022 in Canada, and from 2.90% as at October 31, 2021 to 3.20% as at January 30, 2022 in the United States. Actuarial gains and losses on plan assets are due to the fact that actual rates of return on assets were lower than expected returns for the three-month period ended January 30, 2022.

Actuarial gains and losses on obligation recognized in Statements of Comprehensive Income (Loss) for the three-month period ended January 24, 2021 are explained by the change in the discount rate, which decreased from 2.89% as at October 25, 2020 to 2.70% as at January 24, 2021 in Canada, and remained stable at 2.70% between October 25, 2020 and January 24, 2021 in the United States. Actuarial gains and losses on plan assets are attributable to the fact that actual rates of return on assets were overall greater than expected returns for the three-month period ended January 24, 2021.

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

16 FINANCIAL INSTRUMENTS

Fair value of financial instruments

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

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

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

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

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

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

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

	As at January 30, 2022		As at October 31, 2021	
	Fair value	**Carrying amount**	Fair value	Carrying amount
Assets				
Foreign exchange forward contracts	**$ 2.9**	**$ 2.9**	$ 7.2	$ 7.2
Total return swaps	**1.4**	**1.4**	—	—
Liabilities				
Contingent considerations	**(10.0)**	**(10.0)**	(10.0)	(10.0)
Long-term debt	**(875.8)**	**(896.7)**	(962.1)	(965.5)
Interest rate swaps	**(4.7)**	**(4.7)**	(9.5)	(9.5)
Cross-currency interest rate swaps	**(8.0)**	**(8.0)**	(2.5)	(2.5)
Total return swaps	**—**	**—**	(1.4)	(1.4)
Foreign exchange forward contracts	**(2.1)**	**(2.1)**	(0.7)	(0.7)

These financial instruments are classified in Level 2 of the fair value hierarchy, except for contingent considerations payable related to business combinations, which are classified in Level 3. During the three-month period ended January 30, 2022, no financial instruments were transferred between Levels 1, 2 and 3.

Sensitivity analysis of Level 3 financial instruments

During the three-month period ended January 30, 2022, there were no changes in the fair value of Level 3 financial instruments. As at January 30, 2022, all else being equal, a 10% increase in projected financial performance thresholds for acquired businesses would have had no impact on net earnings. A 10% decrease in projected financial performance thresholds would have increased net earnings by $10.0 million.

16 FINANCIAL INSTRUMENTS (CONTINUED)

Credit risk

The Corporation recognizes a loss allowance for credit losses using a probability-weighted estimate of credit losses. The Corporation establishes the loss allowance for credit losses on a collective and individual assessment basis, by considering past events, current conditions and forecasts of future economic conditions. Collective assessment is carried out by grouping together trade accounts receivable with similar characteristics, mainly by geographic area, the industry in which they operate and the number of days past due. In its assessment, management estimates the expected credit losses based on actual credit loss experience and informed credit assessment, taking into consideration forward-looking information. If actual credit losses differ from estimates, future earnings would be affected. In its assessment of the loss allowance for credit losses as at January 30, 2022, the Corporation considered the economic impact of the COVID-19 pandemic on its assessment, including the risk of default of its customers given the economic downturn caused by this pandemic.

17 SUBSEQUENT EVENTS

NEW FINANCING

On February 1, 2022, the Corporation issued senior unsecured notes bearing interest at a fixed rate of 2.667%, amounting to $200.0 million and maturing in February 2025. Concurrently with this financing, the Corporation entered into cross-currency floating interest rate swaps amounting to $200.0 million (US$157.1 million) maturing in February 2025 and bearing interest at floating SOFR plus a credit spread of 1.088%.

REPAYMENT OF DEBT

On February 1, 2022, the Corporation repaid early the balance of $143.7 million (US$112.5 million) of tranche E of the U.S. dollar term loans, which was maturing on November 1, 2022 and was bearing interest at LIBOR plus a credit spread of 1.70%.