tc • TRANSCONTINENTAL

Press Release

For Immediate Release

Transcontinental Inc. announces its results for the third quarter of fiscal 2021

Highlights

- Strong growth in revenues and solid profitability in the Printing and Media Sectors.
- Revenues of $621.6 million for the quarter ended July 25, 2021; operating earnings of $50.2 million; and net earnings attributable to shareholders of the Corporation of $28.1 million ($0.32 per share).
- Adjusted operating earnings before depreciation and amortization(1) of $101.7 million for the quarter ended July 25, 2021; adjusted operating earnings(1) of $67.4 million; and adjusted net earnings attributable to shareholders of the Corporation(1) of $44.2 million ($0.51 per share).
- Released a Corporate Social Responsibility Progress Report presenting innovative projects related to its commitment to the circular economy for plastic and the reduction of the Corporation's carbon footprint.
- Closed a private offering of $250 million senior unsecured notes due in July 2026 and bearing interest at 2.28%.
- Subsequent to quarter-end, extended the $400 million revolving credit facility until 2026 and added a sustainability-related component providing for a rate adjustment based on achieving targets linked to ESG factors, including diversity and reduction in greenhouse gas emissions.

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

Montréal, September 8, 2021 - Transcontinental Inc. (TSX: TCL.A TCL.B) announces its results for the third quarter of fiscal 2021, which ended July 25, 2021.

"I'm satisfied with the operating profitability of our three sectors in the third quarter, said François Olivier, President and Chief Executive Officer of TC Transcontinental. Considering the short-term challenges presented by the rise in the price of resin, the reduction in the Canada Emergency Wage Subsidy and the exchange rate variation, we delivered good operating performance.

"In our Packaging Sector, our main engine of long-term growth, we continue to improve operating profitability and demand for our packaging products remains strong. We continue to secure significant and promising agreements with many customers, while our sustainable packaging products, which contribute to the circular economy for plastic, are gaining momentum. All of this bodes well for our growth outlook in the coming years.

"Our Printing Sector, while continuing to be impacted by the pandemic, posted strong organic growth in revenues and generated solid profitability as a result of the gradual reopening of the economy and our disciplined cost control. Our Media Sector had another excellent quarter with a significant increase in revenues and profitability.

"In terms of our community involvement, I am proud of our collaboration with the Government of Québec and Énergir as our vaccination centre, in the East end of Montréal, was able to administer over 30,000 doses of the COVID-19 vaccine while it was open, from May 26 to August 28, 2021. I want to thank the centre's management team, healthcare personnel, volunteers as well as all other public and private partners who contributed to the success of this initiative.

"To conclude, our performance since the beginning of the fiscal year, combined with the solid foundations of our customer relationships and the development of sustainable products, as well as our solid financial position, allow us to pursue our growth strategy in each of our three sectors and look to the future with confidence."

Financial Highlights

(in millions of dollars, except per share amounts)	Q3 - 2021	Q3 - 2020	Variation in %	9 MONTHS 2021	9 MONTHS 2020	Variation in %
Revenues	**$621.6**	**$587.4**	**5.8 %**	**$1,867.6**	**$1,918.3**	**(2.6) %**
Operating earnings before depreciation and amortization	**100.9**	**130.1**	**(22.4)**	**308.3**	**323.1**	**(4.6)**
Adjusted operating earnings before depreciation and amortization (1)	**101.7**	**139.3**	**(27.0)**	**314.4**	**352.6**	**(10.8)**
Operating earnings	**50.2**	**75.3**	**(33.3)**	**153.3**	**160.2**	**(4.3)**
Adjusted operating earnings (1)	**67.4**	**102.1**	**(34.0)**	**208.6**	**242.7**	**(14.1)**
Net earnings attributable to shareholders of the Corporation	**28.1**	**48.3**	**(41.8)**	**91.4**	**80.4**	**13.7**
Net earnings attributable to shareholders of the Corporation per share	**0.32**	**0.55**	**(41.8)**	**1.05**	**0.92**	**14.1**
Adjusted net earnings attributable to shareholders of the Corporation (1)	**44.2**	**68.2**	**(35.2)**	**135.8**	**154.6**	**(12.2)**
Adjusted net earnings attributable to shareholders of the Corporation per share (1)	**0.51**	**0.78**	**(34.6)**	**1.56**	**1.77**	**(11.9)**

(1) 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 $9.2 million in Canada Emergency Wage Subsidy for the third quarter of 2021 compared to $35.9 million for the third quarter of 2020 ($25.8 million for the first nine months of 2021 compared to $44.1 million for the first nine months of 2020).

2021 Third Quarter Results

Revenues increased by $34.2 million, or 5.8%, from $587.4 million in the third quarter of 2020 to $621.6 million in the corresponding period of 2021. This increase is mainly attributable to the Printing Sector, which posted organic growth of over 14%, while it had been more affected by the pandemic in the prior year. In the Packaging Sector, the significant favourable impact of the rise in the price of resin was offset by the negative impact of the exchange rate variation.

Operating earnings decreased by $25.1 million, or 33.3%, from $75.3 million in the third quarter of 2020 to $50.2 million in the third quarter of 2021. Adjusted operating earnings decreased by $34.7 million, or 34.0%, from $102.1 million in the third quarter of 2020 to $67.4 million in the third quarter of 2021. The decline in operating earnings and adjusted operating earnings is mainly due to the decrease in the Canada Emergency Wage Subsidy compared to the corresponding period of the prior year as well as the short-term unfavourable impact of contractual lags in passing through the rise in the price of resin to customers. These items were partially offset by good operating performance in all three sectors, including the significant increase in volume in the Printing Sector as a result of the gradual reopening of the economy. The decline in operating earnings was also partially offset by the $8.4 million decrease in restructuring and other costs.

Net earnings attributable to shareholders of the Corporation decreased by $20.2 million, from $48.3 million in the third quarter of 2020 to $28.1 million in the third quarter of 2021. This decline is mostly due to the decrease in the Canada Emergency Wage Subsidy and the short-term unfavourable impact of contractual lags in passing through the rise in the price of resin to customers. The decline is partially offset by good operating performance in all three sectors. On a per share basis, net earnings attributable to shareholders of the Corporation went from $0.55 to $0.32, respectively.

Adjusted net earnings attributable to shareholders of the Corporation decreased by $24.0 million, or 35.2%, from $68.2 million in the third quarter of 2020 to $44.2 million in the third quarter of 2021. This decrease is explained by the above-mentioned factors. On a per share basis, adjusted net earnings attributable to shareholders of the Corporation went from $0.78 to $0.51, respectively.

2021 First Nine Months Results

Revenues decreased by $50.7 million, or 2.6%, from $1,918.3 million in the first nine months of fiscal 2020 to $1,867.6 million in the corresponding period of fiscal 2021. This decline is mostly due to the unfavourable impact of the exchange rate variation on the Packaging Sector, the disposal of the paper packaging operations in January 2020 and lower printing volume in the first six months of fiscal 2021 caused by the pandemic. This decline was partially offset by the rise in the price of resin and organic growth in the Packaging Sector, higher volume in the third quarter in the Printing Sector and an increase in revenues in the Media Sector.

Operating earnings decreased by $6.9 million, or 4.3%, from $160.2 million in the first nine months of fiscal 2020 to $153.3 million in the corresponding period of fiscal 2021. Adjusted operating earnings decreased by $34.1 million, or 14.1%, from $242.7 million in the first nine months of fiscal 2020 to $208.6 million in the corresponding period of fiscal 2021. The decline in operating earnings and adjusted operating earnings is mostly due to the decrease in the Canada Emergency Wage Subsidy compared to the prior year, the short-term unfavourable impact of contractual lags in passing through the rise in the price of resin to customers, the unfavourable exchange rate variation in the Packaging Sector and the stock-based compensation expense. This decline was partially offset by good operating performance in all three sectors. The decline in operating earnings was also partially offset by the $23.4 million decrease in restructuring and other costs.

Net earnings attributable to shareholders of the Corporation increased by $11.0 million, or 13.7%, from $80.4 million in the first nine months of fiscal 2020 to $91.4 million in the corresponding period of fiscal 2021. This increase is mainly attributable to lower income taxes and net financial expenses, partially offset by lower operating earnings. On a per share basis, net earnings attributable to shareholders of the Corporation went from $0.92 to $1.05, respectively.

Adjusted net earnings attributable to shareholders of the Corporation decreased by $18.8 million, or 12.2%, from $154.6 million in the first nine months of fiscal 2020 to $135.8 million in the corresponding period of fiscal 2021. This decrease is mostly due to lower adjusted operating earnings, partially offset by lower net financial expenses and lower adjusted income taxes. On a per share basis, adjusted net earnings attributable to shareholders of the Corporation went from $1.77 to $1.56, respectively.

For more detailed financial information, please see the *Management's Discussion and Analysis* for the third quarter ended July 25, 2021 as well as the financial statements in the "Investors" section of our website at www.tc.tc.

Outlook

In the Packaging Sector, as a result of signing new contracts and introducing new products on the market, and despite weaker than anticipated organic growth in the third quarter, we continue to expect organic volume growth in the fourth quarter of fiscal 2021 and in fiscal 2022. However, the impact of contractual lags in passing through the rise in the price of resin to customers and the appreciation of the Canadian dollar against the U.S. dollar should continue to have a negative impact on the sector's profitability for the fourth quarter, but to a lesser extent. Excluding the impacts of the price of resin and the appreciation of the Canadian dollar, we expect to post an increase in operating earnings for fiscal 2021 compared to the prior fiscal year, as a result of our operational efficiency initiatives and the anticipated organic growth in revenues.

In the Printing Sector, we expect a continued gradual recovery in printing volume. This anticipated recovery, combined with growth in our in-store marketing activities, gives us confidence about the outlook for revenue growth for the quarters to come.

As fiscal 2021 comprises 53 weeks, the fourth quarter will include an additional week of results compared to the prior year. This additional week will have a favourable impact on the Packaging and Printing Sectors' revenues and operating earnings.

Finally, we expect to continue generating significant cash flows. This should enable us to reduce our net indebtedness, while providing us with the flexibility needed to pursue our investment strategy 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 condensed interim consolidated financial statements for the third quarter ended July 25, 2021.

Terms Used	Definitions
Adjusted operating earnings before depreciation and amortization	Operating earnings before depreciation and amortization as well as restructuring and other costs (gains) 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 (gains), impairment of assets, as well as amortization of intangible assets arising from business combinations.
Adjusted operating earnings margin	Adjusted operating earnings divided by revenues.
Adjusted income taxes	Income taxes before income taxes on restructuring and other costs (gains), impairment of assets, amortization of intangible assets arising from business combinations as well as an adjustment on additional income taxes in other jurisdictions resulting from a prior year.
Adjusted net earnings attributable to shareholders of the Corporation	Net earnings attributable to shareholders of the Corporation before restructuring and other costs (gains), impairment of assets, amortization of intangible assets arising from business combinations, net of related income taxes as well as an adjustment on additional income taxes in other jurisdictions resulting from a prior year.
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 - Third quarter and cumulative

	Three months ended		Nine months ended	
(in millions of dollars)	**July 25, 2021**	July 26, 2020	**July 25, 2021**	July 26, 2020
Operating earnings	**$50.2**	$75.3	**$153.3**	$160.2
Restructuring and other costs	**0.8**	9.2	**6.1**	29.5
Amortization of intangible assets arising from business combinations (1)	**16.4**	17.6	**49.2**	53.0
Adjusted operating earnings	**$67.4**	$102.1	**$208.6**	$242.7
Depreciation and amortization (2)	**34.3**	37.2	**105.8**	109.9
Adjusted operating earnings before depreciation and amortization	**$101.7**	$139.3	**$314.4**	$352.6

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

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

	Three months ended			
	July 25, 2021		July 26, 2020	
(in millions of dollars, except per share amounts)	**Total**	**Per share**	Total	Per share
Net earnings attributable to shareholders of the Corporation	**$28.1**	**$0.32**	$48.3	$0.55
Restructuring and other costs, net of related income taxes	**0.4**	**—**	6.6	0.07
Amortization of intangible assets arising from business combinations, net of related income taxes (1)	**12.4**	**0.15**	13.3	0.16
Adjustments on additional income taxes in other jurisdictions(2)	**3.3**	**0.04**	—	—
Adjusted net earnings attributable to shareholders of the Corporation	**$44.2**	**$0.51**	$68.2	$0.78

(1) Intangible assets arising from business combinations include our customer relationships, trademarks and non-compete agreements.
(2) Adjustments on additional income taxes in other jurisdictions resulting from a pre-acquisition item.

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

	Nine months ended			
	July 25, 2021		July 26, 2020	
(in millions of dollars, except per share amounts)	**Total**	**Per share**	Total	Per share
Net earnings attributable to shareholders of the Corporation	**$91.4**	**$1.05**	$80.4	$0.92
Restructuring and other costs, net of related income taxes	**3.8**	**0.04**	34.2	0.39
Amortization of intangible assets arising from business combinations, net of related income taxes (1)	**37.3**	**0.43**	40.0	0.46
Adjustments on additional income taxes in other jurisdictions(2)	**3.3**	**0.04**	—	—
Adjusted net earnings attributable to shareholders of the Corporation	**$135.8**	**$1.56**	$154.6	$1.77

(1) Intangible assets arising from business combinations include our customer relationships, trademarks and non-compete agreements.
(2) Adjustments on additional income taxes in other jurisdictions resulting from a pre-acquisition item.

Reconciliation of net indebtedness

(in millions of dollars, except ratios)	**As at July 25, 2021**	As at October 25, 2020
Long-term debt	**$781.6**	$790.4
Current portion of long-term debt	**378.5**	229.7
Lease liabilities	**134.7**	132.0
Current portion of lease liabilities	**23.7**	22.8
Cash	**(392.0)**	(241.0)
Net indebtedness	**$926.5**	$933.9
Adjusted operating earnings before depreciation and amortization (last 12 months)	**$461.2**	$499.4
Net indebtedness ratio	**2.0 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 October 19, 2021 to shareholders of record at the close of business on October 4, 2021.

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, 2020 and September 30, 2021, or at an earlier date if the Corporation concludes or cancels the offer, up to 1,000,000 of its Class A Subordinate Voting Shares and up to 191,320 of its Class B Shares. Under the current repurchase program, the Corporation has not repurchased any shares to date.

Additional information

Conference Call

Upon releasing its 2021 third quarter results, the Corporation will hold a conference call for the financial community on September 8, 2021 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 close to 8,000 employees, the majority of which are based in Canada, the United States and Latin America. TC Transcontinental had revenues of approximately C$2.6 billion for the fiscal year ended October 25, 2020. 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 in the packaging industry 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 rate, bad debts from certain customers, import and export controls, raw materials and transportation costs, recruiting and retaining qualified personnel in certain geographic areas and industry sectors, 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 25, 2020 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 September 8, 2021. 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 September 8, 2021. 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.

- 30 -

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MANAGEMENT’S DISCUSSION AND ANALYSIS

For the third quarter ended July 25, 2021

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 third quarter ended July 25, 2021. It should be read in conjunction with the information in the unaudited condensed interim consolidated financial statements and the accompanying notes included in this report. 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 third quarter ended July 25, 2021. These measures should be considered as a complement to financial performance measures in accordance with IFRS. They do not substitute and are not superior to them.

Terms Used	Definitions
Adjusted revenues	Revenues before the accelerated recognition of deferred revenues. (1)
Adjusted operating earnings before depreciation and amortization	Operating earnings before depreciation and amortization as well as the accelerated recognition of deferred revenues (1), restructuring and other costs (gains) and impairment of assets.
Adjusted operating earnings margin before depreciation and amortization	Adjusted operating earnings before depreciation and amortization divided by adjusted revenues.
Adjusted operating earnings	Operating earnings before the accelerated recognition of deferred revenues (1), restructuring and other costs (gains), impairment of assets, as well as amortization of intangible assets arising from business combinations.
Adjusted operating earnings margin	Adjusted operating earnings divided by adjusted revenues.
Adjusted income taxes	Income taxes before income taxes on the accelerated recognition of deferred revenues (1), restructuring and other costs (gains), impairment of assets, amortization of intangible assets arising from business combinations as well as the effect of the U.S. tax reform on deferred taxes and adjustment on additional income taxes in other jurisdictions resulting from a prior year.
Adjusted net earnings attributable to shareholders of the Corporation	Net earnings attributable to shareholders of the Corporation before the accelerated recognition of deferred revenues (1), restructuring and other costs (gains), impairment of assets, amortization of intangible assets arising from business combinations, net of related income taxes as well as the effect of the U.S. tax reform on deferred taxes and adjustment on additional income taxes in other jurisdictions resulting from a prior year.
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.

(1) Related to the agreements signed with The Hearst Corporation. Please refer to Note 32 to the annual consolidated financial statements for the year ended October 25, 2020.

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

CAUTION REGARDING FORWARD-LOOKING STATEMENTS

Our public communications often contain oral or written forward-looking statements which are based on the expectations of Management and inherently subject to a certain number of risks and uncertainties, known and unknown. By their very nature, forward-looking statements are derived from both general and specific assumptions. The Corporation cautions against undue reliance on such statements since actual results or events may differ materially from the expectations expressed or implied in them. These forward-looking statements include, among others, statements with respect to our medium-term objectives, our outlook, our strategies to achieve these objectives, as well as statements with respect to our beliefs, plans, expectations, anticipations, estimates and intentions. The words "may", "could", "should", "would", "assumptions", "strategy", "outlook", "believe", "plan", "anticipate", "estimate", "expect", "intend", "objective", the use of the future and conditional tenses, and words and expressions of similar nature are intended to identify forward-looking statements. Such forward-looking statements may also include observations concerning the Corporation's anticipated financial results and business outlooks and the economies in which it operates. The Corporation's future performance may also be affected by a number of factors, many of which are beyond its will or control. The main risks, uncertainties and factors that could influence actual results are described in the *Management's Discussion and Analysis* for the year ended October 25, 2020 and in the latest *Annual Information Form*.

Unless otherwise indicated by the Corporation, forward-looking statements do not take into account the potential impact of non-recurring or other unusual items, nor of disposals, business combinations, mergers or acquisitions which may be announced or concluded after the date of September 8, 2021.

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 September 8, 2021. 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 - THIRD QUARTER

Table #1:

(in millions of dollars, except per share amounts)	Q3 - 2021	Q3 - 2020	Variation in %
Revenues	$621.6	$587.4	5.8
Operating earnings before depreciation and amortization	100.9	130.1	(22.4)
Adjusted operating earnings before depreciation and amortization (1)	101.7	139.3	(27.0)
Operating earnings	50.2	75.3	(33.3)
Adjusted operating earnings (1)	67.4	102.1	(34.0)
Net earnings attributable to shareholders of the Corporation	28.1	48.3	(41.8)
Net earnings attributable to shareholders of the Corporation per share	0.32	0.55	(41.8)
Adjusted net earnings attributable to shareholders of the Corporation (1)	44.2	68.2	(35.2)
Adjusted net earnings attributable to shareholders of the Corporation per share (1)	0.51	0.78	(34.6)

(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.

Note: The above results include $9.2 million in Canada Emergency Wage Subsidy for the third quarter of 2021 compared to $35.9 million for the third quarter of 2020.

- Strong growth in revenues and solid profitability in the Printing and Media sectors.
- Revenues of $621.6 million for the quarter ended July 25, 2021; operating earnings of $50.2 million; and net earnings attributable to shareholders of the Corporation of $28.1 million ($0.32 per share).
- Adjusted operating earnings before depreciation and amortization of $101.7 million for the quarter ended July 25, 2021; adjusted operating earnings of $67.4 million; and adjusted net earnings attributable to shareholders of the Corporation of $44.2 million ($0.51 per share).
- Released a Corporate Social Responsibility Progress Report presenting innovative projects related to its commitment to the circular economy for plastic and the reduction of the Corporation's carbon footprint.
- Closed a private offering of $250 million senior unsecured notes due in July 2026 and bearing interest at 2.28%.
- Subsequent to quarter-end, extended the $400 million revolving credit facility until 2026 and added a sustainability-related component providing for a rate adjustment based on achieving targets linked to ESG factors, including diversity and reduction in greenhouse gas emissions.

PREAMBLE - IMPACT OF COVID-19

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 pandemic continues to disrupt many sectors of the global economy. In the Packaging Sector, which represents approximately half of the Corporation's revenues, the vast majority of our operations support the retail supply chain for food and everyday consumer goods, a sector that continues to experience strong demand. In the Printing Sector, revenues are still negatively impacted, even though volume continues to gradually recover and the Canada Emergency Wage Subsidy program contributes to mitigating the financial impact.

RECONCILIATION OF NON-IFRS FINANCIAL MEASURES

(unaudited)

The financial information has been prepared in accordance with IFRS. However, financial measures used, namely adjusted revenues, 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 - Third quarter and cumulative

	Three months ended		Nine months ended	
(in millions of dollars)	**July 25, 2021**	July 26, 2020	**July 25, 2021**	July 26, 2020
Operating earnings	**$50.2**	$75.3	**$153.3**	$160.2
Restructuring and other costs	**0.8**	9.2	**6.1**	29.5
Amortization of intangible assets arising from business combinations (1)	**16.4**	17.6	**49.2**	53.0
Adjusted operating earnings	**$67.4**	$102.1	**$208.6**	$242.7
Depreciation and amortization (2)	**34.3**	37.2	**105.8**	109.9
Adjusted operating earnings before depreciation and amortization	**$101.7**	$139.3	**$314.4**	$352.6

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

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

	Three months ended			
	July 25, 2021		July 26, 2020	
(in millions of dollars, except per share amounts)	**Total**	**Per share**	Total	Per share
Net earnings attributable to shareholders of the Corporation	**$28.1**	**$0.32**	$48.3	$0.55
Restructuring and other costs, net of related income taxes	**0.4**	**—**	6.6	0.07
Amortization of intangible assets arising from business combinations, net of related income taxes (1)	**12.4**	**0.15**	13.3	0.16
Adjustments on additional income taxes in other jurisdictions (2)	**3.3**	**0.04**	—	—
Adjusted net earnings attributable to shareholders of the Corporation	**$44.2**	**$0.51**	$68.2	$0.78

(1) Intangible assets arising from business combinations include our customer relationships, trademarks and non-compete agreements.
(2) Adjustment on additional income taxes in other jurisdictions resulting from prior year.

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

	Nine months ended			
	July 25, 2021		July 26, 2020	
(in millions of dollars, except per share amounts)	**Total**	**Per share**	Total	Per share
Net earnings attributable to shareholders of the Corporation	**$91.4**	**$1.05**	$80.4	$0.92
Restructuring and other costs, net of related income taxes	**3.8**	**0.04**	34.2	0.39
Amortization of intangible assets arising from business combinations, net of related income taxes (1)	**37.3**	**0.43**	40.0	0.46
Adjustments on additional income taxes in other jurisdictions (2)	**3.3**	**0.04**	—	—
Adjusted net earnings attributable to shareholders of the Corporation	**$135.8**	**$1.56**	$154.6	$1.77

(1) Intangible assets arising from business combinations include our customer relationships, trademarks and non-compete agreements.
(2) Adjustment on additional income taxes in other jurisdictions resulting from a prior year.

Reconciliation of net indebtedness

(in millions of dollars, except ratios)	**As at July 25, 2021**	As at October 25, 2020
Long-term debt	**$781.6**	$790.4
Current portion of long-term debt	**378.5**	229.7
Lease liabilities	**134.7**	132.0
Current portion of lease liabilities	**23.7**	22.8
Cash	**(392.0)**	(241.0)
Net indebtedness	**$926.5**	$933.9
Adjusted operating earnings before depreciation and amortization (last 12 months)	**$461.2**	$499.4
Net indebtedness ratio	**2.0 x**	1.9 x

ANALYSIS OF CONSOLIDATED RESULTS - THIRD QUARTER

Revenues

Revenues increased by $34.2 million, or 5.8%, from $587.4 million in the third quarter of 2020 to $621.6 million in the corresponding period in 2021. This increase is mainly attributable to the favourable impact of the rise in the price of resin on the Packaging Sector and higher volume in the Printing Sector resulting from the performance of most groups compared to the corresponding period of the prior year, which was severely affected by the pandemic. The increase in revenues was 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 - Third Quarter".

Operating and Other Expenses

Operating expenses increased by $71.8 million, or 16.0%, in the third quarter of 2021 compared to the corresponding period in 2020. This increase results mainly from the impact of the rise in the price of resin and the decrease in the Canada Emergency Wage Subsidy compared to the corresponding period of the prior year.

Restructuring and other costs decreased by $8.4 million, from an expense of $9.2 million in the third quarter of 2020 to an expense of $0.8 million in the third quarter of 2021. This favourable effect is mainly attributable to lower workforce reduction costs in the Printing Sector and lower costs related to the COVID-19 pandemic.

Depreciation and amortization decreased by $4.1 million, from $54.8 million in the third quarter of 2020 to $50.7 million in the third quarter of 2021. This decline is mostly explained by the impact of the exchange rate variation, mainly on the Packaging Sector.

Operating Earnings

Operating earnings decreased by $25.1 million, or 33.3%, from $75.3 million in the third quarter of 2020 to $50.2 million in the third quarter of 2021. The decrease in operating earnings is mainly due to the unfavourable impact of the decrease in the Canada Emergency Wage Subsidy compared to the corresponding period of the prior year and the unfavourable impact of the rise in the price of resin. These items were partially mitigated by higher volume in the Printing Sector and, to a lesser extent, due to solid operational efficiency in the Packaging sector.

Adjusted operating earnings decreased by $34.7 million, or 34.0%, from $102.1 million in the third quarter of 2020 to $67.4 million in the third quarter of 2021. A more detailed analysis of adjusted operating earnings is presented in the section "Analysis of Sector Results - Third Quarter".

Net Financial Expenses

Net financial expenses decreased by $0.9 million, from $11.0 million in the third quarter of 2020 to $10.1 million in the third quarter of 2021. This decrease is mostly attributable to a reduction in net indebtedness compared to the third quarter of 2020.

Income Taxes

Income taxes decreased by $3.6 million, from $16.0 million in the third quarter of 2020 to $12.4 million in the third quarter of 2021. This decrease is mainly attributable to lower operating earnings.

Adjusted income taxes decreased by $9.4 million, from $22.9 million in the third quarter of 2020, for an effective tax rate of 25.1%, to $13.5 million in the third quarter of 2021, for an effective tax rate of 23.6%. This favourable decrease in adjusted income tax expense is attributable to lower adjusted operating earnings and their geographic distribution.

Net Earnings Attributable to Shareholders of the Corporation

Net earnings attributable to shareholders of the Corporation decreased by $20.2 million, from $48.3 million in the third quarter of 2020 to $28.1 million in the third quarter of 2021. This decrease is mostly due to the decline in the Canada Emergency Wage Subsidy and the rise in the price of resin. On a per share basis, net earnings attributable to shareholders of the Corporation went from $0.55 to $0.32, respectively.

Adjusted net earnings attributable to shareholders of the Corporation decreased by $24.0 million, or 35.2%, from $68.2 million in the third quarter of 2020 to $44.2 million in the third quarter of 2021. This decrease is due to the above-mentioned factors. On a per share basis, adjusted net earnings attributable to shareholders of the Corporation went from $0.78 to $0.51, respectively.

ANALYSIS OF CONSOLIDATED RESULTS - CUMULATIVE

Revenues

Revenues decreased by $50.7 million, or 2.6%, from $1,918.3 million in the first nine months of fiscal 2020 to $1,867.6 million in the corresponding period of fiscal 2021. This decline is mainly due to the unfavourable impact of the exchange rate variation on the Packaging Sector, the disposal of the paper packaging operations in January 2020 and lower printing volume in the first six months of the year caused by the pandemic. This decline was partially mitigated by the impact of the rise in the price of resin on the Packaging Sector and a higher volume in the Printing Sector in the third quarter. A more detailed analysis of revenues is presented in the "Analysis of Sector Results - Cumulative" section.

Operating and Other Expenses

Operating expenses decreased by $12.5 million in the first nine months of fiscal 2021, or 0.8%, compared to the corresponding period of fiscal 2020. This decrease results from lower volume in the Printing Sector caused by the pandemic, the sale of the paper packaging operations and measures taken by the Corporation to reduce costs and improve its operational efficiency, partially offset by the decrease in the Canada Emergency Wage Subsidy and by the impact of the rise in the price of resin.

Restructuring and other costs decreased by $23.4 million, from an expense of $29.5 million in the first nine months of fiscal 2020 to an expense of $6.1 million in the corresponding period of fiscal 2021. This favourable variance is mainly attributable to the decrease in workforce reduction costs in the Printing Sector and costs related to the sale of the paper packaging operations in the first quarter of 2020.

Depreciation and amortization decreased by $7.9 million, from $162.9 million in the first nine months of fiscal 2020 to $155.0 million in the corresponding period in fiscal 2021. This decline is mostly explained by the disposal of the paper packaging operations in 2020 as well as the impact of the exchange rate variation, mainly on the Packaging Sector.

Operating Earnings

Operating earnings decreased by $6.9 million, or 4.3%, from $160.2 million in the first nine months of fiscal 2020 to $153.3 million in the corresponding period of fiscal 2021. The decrease in operating earnings is mostly explained by the decrease in the Canada Emergency Wage Subsidy, the impact of the rise in the price of resin and by the above-mentioned lower volume, partially mitigated by a decrease in operating costs, mostly related to restructuring.

Adjusted operating earnings decreased by $34.1 million, or 14.1%, from $242.7 million in the first nine months of fiscal 2020 to $208.6 million in the corresponding period of fiscal 2021. A more detailed analysis of adjusted operating earnings is presented in the "Analysis of Sector Results - Cumulative" section.

Net Financial Expenses

Net financial expenses decreased by $6.3 million, from $36.7 million in the first nine months of fiscal 2020 to $30.4 million in the corresponding period of fiscal 2021. This change is explained by a reduction in long-term debt and a lower weighted average interest rate.

Income Taxes

Income taxes decreased by $11.1 million, from $42.9 million in the first nine months of fiscal 2020 to $31.8 million in the corresponding period in fiscal 2021. This decrease is mainly due to the income tax expense recorded on the taxable income (on a tax basis) generated by the sale of the paper packaging operations in January 2020 for an amount of $11.7 million.

Adjusted income taxes decreased from $51.2 million in the first nine months of fiscal 2020, for an effective tax rate of 24.9%, to $42.7 million in the corresponding period of fiscal 2021, for an effective tax rate of 24.0%. The favourable decrease in adjusted income tax expense is attributable to lower adjusted operating earnings and their geographic distribution.

Net Earnings Attributable to Shareholders of the Corporation

Net earnings attributable to shareholders of the Corporation increased by $11.0 million, or 13.7%, from $80.4 million in the first nine months of fiscal 2020 to $91.4 million in the corresponding period of fiscal 2021. This increase is mainly explained by lower income taxes and net financial expenses, offset by lower operating earnings. On a per share basis, net earnings attributable to shareholders of the Corporation went from $0.92 to $1.05, respectively, due to the above-mentioned items.

Adjusted net earnings attributable to shareholders of the Corporation decreased by $18.8 million, or 12.2%, from $154.6 million in the first nine months of fiscal 2020 to $135.8 million in the corresponding period in fiscal 2021, mostly as a result of the decline in adjusted operating earnings caused by various external factors highlighted in the "Analysis of Sector Results - Cumulative" section. This was partially offset by lower net financial expenses and lower adjusted income taxes. On a per share basis, adjusted net earnings attributable to shareholders of the Corporation went from $1.77 to $1.56, respectively.

ANALYSIS OF SECTOR RESULTS - THIRD QUARTER

(unaudited)

Table #3:

(in millions of dollars)	Packaging	Printing	Other	Consolidated results
Revenues - Third quarter of 2020	**$348.7**	**$223.8**	**$14.9**	**$587.4**
Acquisitions/disposals and closures	—	2.0	—	**2.0**
Existing operations				
Exchange rate effect	(37.4)	(0.8)	—	**(38.2)**
Organic growth (decline)	35.7	32.2	2.5	**70.4**
Revenues - Third quarter of 2021	**$347.0**	**$257.2**	**$17.4**	**$621.6**
Adjusted operating earnings (1) - Third quarter of 2020	**$45.6**	**$54.5**	**$2.0**	**$102.1**
Acquisitions/disposals and closures	—	(0.2)	—	**(0.2)**
Existing operations				
Exchange rate effect	(3.4)	0.6	(0.3)	**(3.1)**
Stock-based compensation	—	—	(1.2)	**(1.2)**
Organic growth (decline) (2)	(17.4)	(9.1)	(3.7)	**(30.2)**
Adjusted operating earnings (1) - Third quarter of 2021	**$24.8**	**$45.8**	**($3.2)**	**$67.4**

(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) The above results include $9.2 million in Canada Emergency Wage Subsidy for the third quarter of 2021 compared to $35.9 million for the third quarter of 2020

Packaging Sector
Packaging Sector revenues decreased by $1.7 million, or 0.5%, from $348.7 million in the third quarter of 2020 to $347.0 million in the third quarter of 2021. This decrease is mostly due to the negative exchange rate effect, partially mitigated by organic growth. This organic growth of $35.7 million mainly results from the impact of the rise in the price of resin; excluding such rise, the sector would have posted rather stable organic growth.

Adjusted operating earnings decreased by $20.8 million, or 45.6%, from $45.6 million in the third quarter of 2020 to $24.8 million in the third quarter of 2021. This decrease is mainly due to the unfavourable impact of the significant rise in the price of resin, the exchange rate effect and lower government subsidies related to the pandemic. Excluding these items, the sector posted higher operating earnings due to the solid operating performance of certain groups. As a result, the sector's adjusted operating earnings margin went from 13.1% in the third quarter of 2020 to 7.1% in the third quarter of 2021. Excluding the impact of the rise in the price of resin, the margin would have slightly decreased due to significant volumes in 2020 that had a positive impact on the margin.

Printing Sector
Printing Sector revenues increased by $33.4 million, or 14.9%, from $223.8 million in the third quarter of 2020 to $257.2 million in the third quarter of 2021. The increase is mainly attributable to strong organic growth resulting from the progressive reopening of the economy and, to a lesser extent, to the acquisition of BGI Retail Inc.

Adjusted operating earnings decreased by $8.7 million, or 16.0%, from $54.5 million in the third quarter of 2020 to $45.8 million in the third quarter of 2021. This decrease is mainly attributable to the unfavourable change in the Canada Emergency Wage Subsidy, which was significantly lower than in the corresponding period of the prior year. Excluding this subsidy, the sector would have posted organic growth as a result of cost reduction initiatives undertaken by the sector and higher revenues. The sector's adjusted operating earnings margin decreased from 24.4% in the third quarter of 2020 to 17.8% in the third quarter of 2021. Excluding the Canada Emergency Wage Subsidy, margins would have been 11.3% in the third quarter of 2020 and 14.3% in the third quarter of 2021.

Other
Revenues increased by $2.5 million, from $14.9 million in the third quarter of 2020 to $17.4 million in the third quarter of 2021. This increase is mostly attributable to higher volume in the Media Sector.

Adjusted operating earnings decreased by $5.2 million, from $2.0 million in the third quarter of 2020 to $(3.2) million in the third quarter of 2021, mainly due to the unfavourable change in the Canada Emergency Wage Subsidy and the stock-based compensation expense. This change was partially mitigated by the increase in adjusted operating earnings in the Media Sector as a result of higher volume.

ANALYSIS OF SECTOR RESULTS - CUMULATIVE

(unaudited)

Table #4:

(in millions of dollars)	Packaging	Printing	Other	Consolidated results
Revenues - Nine months ended July 26, 2020	**$1,074.5**	**$814.6**	**$29.2**	**$1,918.3**
Acquisitions/disposals and closures	(52.4)	8.5	—	(43.9)
Existing operations				
Exchange rate effect	(63.8)	(1.5)	—	(65.3)
Organic growth (decline)	74.0	(21.7)	6.2	58.5
Revenues - Nine months ended July 25, 2021	**$1,032.3**	**$799.9**	**$35.4**	**$1,867.6**
Adjusted operating earnings (1) - Nine months ended July 26, 2020	**$111.4**	**$145.7**	**$(14.4)**	**$242.7**
Acquisitions/disposals and closures	(0.7)	(0.4)	—	(1.1)
Existing operations				
Exchange rate effect	(6.8)	0.8	(0.5)	(6.5)
Stock-based compensation	—	—	(6.2)	(6.2)
Organic growth (decline) (2)	(17.2)	(0.5)	(2.6)	(20.3)
Adjusted operating earnings (1) - Nine months ended July 25, 2021	**$86.7**	**$145.6**	**($23.7)**	**$208.6**

(1) Please refer to Table #2 in the section entitled "Reconciliation of Non-IFRS Financial Measures" in this Management's Discussion and Analysis for adjusted data presented above.
(2) The above results include $25.7 million in Canada Emergency Wage Subsidy for the third quarter of 2021 compared to $44.0 million for the third quarter of 2020

Packaging Sector

Packaging Sector revenues decreased by $42.2 million, from $1,074.5 million in the first nine months of fiscal 2020 to $1,032.3 million in the corresponding period of fiscal 2021. This decrease is mainly due to the unfavourable exchange rate effect of $63.8 million and the $52.4 million impact of the sale of the paper packaging operations in January 2020. The organic growth of $74.0 million results from the rise in the price of resin as well as higher volume in several segments that support the retail supply chain for food and everyday consumer products.

Adjusted operating earnings decreased by $24.7 million, from $111.4 million in the first nine months of fiscal 2020 to $86.7 million in the corresponding period of fiscal 2021. This decrease is mainly due to the unfavourable impact of the rise in the price of resin and the unfavourable exchange rate effect. Besides these two items, and due to operational efficiency initiatives and the above-mentioned increase in volume, the sector posted positive organic growth. The sector's adjusted operating earnings margin decreased from 10.4% in the first nine months of fiscal 2020 to 8.4% in the corresponding period of 2021. Excluding the unfavourable impact of the price of resin, the margin would have been rather stable.

Printing Sector

Printing Sector revenues decreased by $14.7 million, from $814.6 million in the first nine months of fiscal 2020 to $799.9 million in the corresponding period of fiscal 2021. The organic decline of $21.7 million is mostly explained by a decrease in volume caused by the impact of the COVID-19 pandemic since April 2020, which affected most of the segments during the first six months of the fiscal year. This decline was partially mitigated by the acquisitions within our in-store marketing activities.

Adjusted operating earnings decreased by $0.1 million, from $145.7 million in the first nine months of fiscal 2020 to $145.6 million in the corresponding period of fiscal 2021. Despite the solid performance of the sector and cost reduction initiatives, the unfavourable impact of the Canada Emergency Wage Subsidy mitigated the organic growth. The sector's adjusted operating earnings margin went from 17.9% in the first nine months of fiscal 2020 to 18.2% in the corresponding period of fiscal 2021. Excluding the Canada Emergency Wage Subsidy, margins would have been 13.5% in the first nine months of fiscal 2020 and 15.1% in the corresponding period in 2021 due to cost reduction initiatives.

Other

Revenues increased by $6.2 million, from $29.2 million in the first nine months of fiscal 2020 to $35.4 million in the corresponding period of fiscal 2021. This increase is attributable to higher volume in the Media Sector.

Adjusted operating earnings decreased by $9.3 million, from $(14.4) million in the first nine months of fiscal 2020 to $(23.7) million in the corresponding period of fiscal 2021. This decrease is mainly due to the stock-based compensation expense and the decrease in the Canada Emergency Wage Subsidy. The increase in operating income in the media sector partially offset this decline.

SUMMARY OF QUARTERLY RESULTS

(unaudited)

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

Table #5:

	2021			2020				2019
(in millions of dollars, except per share amounts)	**Q3**	Q2	Q1	Q4	**Q3**	Q2	Q1	Q4
Revenues	**$621.6**	$623.3	$622.7	$655.7	**$587.4**	$625.1	$705.8	$790.9
Adjusted revenues (1)	**621.6**	623.3	622.7	655.7	**587.4**	625.1	705.8	779.2
Operating earnings before depreciation and amortization (2)	**100.9**	106.5	100.9	134.9	**130.1**	97.3	95.7	206.9
Adjusted operating earnings before depreciation and amortization (1) (2)	**101.7**	107.0	105.7	146.8	**139.3**	104.3	109.0	139.1
Adjusted operating earnings margin before depreciation and amortization (1) (2)	**16.4 %**	17.2 %	17.0 %	22.4 %	**23.7 %**	16.7 %	15.4 %	17.9 %
Operating earnings(2)	**$50.2**	$55.9	$47.2	$81.2	**$75.3**	$44.1	$40.8	$156.2
Adjusted operating earnings (1) (2)	**67.4**	72.6	68.6	110.1	**102.1**	68.5	72.1	106.8
Adjusted operating earnings margin (1) (2)	**10.8 %**	11.6 %	11.0 %	16.8 %	**17.4 %**	11.0 %	10.2 %	13.7 %
Net earnings attributable to shareholders of the Corporation (2)	**$28.1**	$35.6	$27.7	$51.3	**$48.3**	$25.7	$6.4	$112.3
Net earnings attributable to shareholders of the Corporation per share (2)	**0.32**	0.41	0.32	0.59	**0.55**	0.30	0.07	1.28
Adjusted net earnings attributable to shareholders of the Corporation (1) (2)	**44.2**	47.8	43.8	72.4	**68.2**	43.6	42.8	69.9
Adjusted net earnings attributable to shareholders of the Corporation per share (1) (2)	**0.51**	0.55	0.50	0.83	**0.78**	0.50	0.49	0.80
% of fiscal year	**— %**	— %	— %	32 %	**30 %**	19 %	19 %	31 %

(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) The results reflect the impact of the adoption of the new IFRS 16 accounting standard, which applies to the Corporation for its fiscal year beginning October 28, 2019. The Corporation adopted the new standard using the modified retrospective transition method, whereby the cumulative impact of initial application has been reflected in opening retained earnings as at October 28, 2019, without restatement of comparative figures. Consequently, prior quarters to this date have not been modified.

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

- The impact of acquisitions, disposals and closures completed in line with our transformation;
- The exchange rate effect;
- The interest rates;
- The impact of the change in the share price on the stock-based compensation expense;
- The 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 a slight organic growth in revenues and an increase in profitability.

FINANCIAL POSITION, LIQUIDITY AND CAPITAL STRUCTURE

(unaudited)

Table #6:

	Three months ended	
(in millions of dollars)	**July 25, 2021**	July 26, 2020
Operating activities		
Cash flows generated by operating activities before changes in non-cash operating items and income taxes paid	**$101.4**	$131.9
Changes in non-cash operating items	**(36.5)**	9.7
Income taxes	**(10.3)**	5.0
Cash flows from operating activities	**$54.6**	$146.6
Investing activities		
Business combinations, net of cash acquired	**($44.0)**	$0.0
Acquisitions of property, plant and equipment	**($39.5)**	($13.6)
Disposals of property, plant and equipment	**0.6**	—
Increase in intangible assets	**(5.8)**	(4.3)
Cash flows from investing activities	**($88.7)**	($17.9)
Financing activities		
Increase in long-term debt, net of issuance costs	**$394.0**	$—
Reimbursement of long-term debt	**($138.4)**	($0.1)
Financial expenses paid on long-term debt	**(6.6)**	(8.4)
Repayment of principal on lease liabilities	**(6.1)**	(5.5)
Interest paid on lease liabilities	**(0.8)**	(0.8)
Dividends	**(19.5)**	(19.6)
Cash flows from financing activities	**$222.6**	($34.4)
Effect of exchange rate changes on cash denominated in foreign currencies	**$3.9**	($1.6)
Net change in cash	**$192.4**	$92.7

Financial position	**As at July 25, 2021**	As at October 25, 2020
Net indebtedness (1)	**$926.5**	$933.9
Net indebtedness ratio (1)	**2.0 x**	1.9 x
Credit rating		
DBRS	**BBB (low)**	BBB (low)
Outlook (2)	**Stable**	Negative
Standard and Poor's	**BBB-**	BBB-
Outlook (3)	**Stable**	Negative

Consolidated Statements of Financial Position	**As at July 25, 2021**	As at October 25, 2020
Current assets	**$1,198.4**	$1,024.7
Current liabilities	**813.0**	677.5
Total assets	**3,720.6**	3,598.4
Total liabilities	**1,971.9**	1,859.8

(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) On May 3, 2021, the DBRS Limited rating agency (DBRS Morningstar) revised the Corporation's credit rating outlook from negative to stable.
(3) On February 9, 2021, the Standard & Poor's rating agency (S&P Global Ratings) revised the Corporation's credit rating outlook from negative to stable.

ANALYSIS OF FINANCIAL POSITION - THIRD QUARTER

Cash Flows from Operating Activities

Cash flows from operating activities decreased by $92.0 million, from $146.6 million in the third quarter of 2020 to $54.6 million in the third quarter of 2021. This decrease is mostly due to the change in working capital, which is largely explained by higher inventory in the Packaging Sector. It is also due to the decline in operating earnings, as well as, an increase in income taxes paid due to the deferral of Canadian income tax installments as a result of the pandemic during the third quarter of 2020.

Cash Flows from Investing Activities

Cash flows from investing activities went from a cash outflow of $17.9 million in the third quarter of 2020 to a cash outflow of $88.7 million in the third quarter of 2021. This change is mainly explained by the acquisition of BGI Retail Inc. and, to a lesser extent, an increase in capital expenditures in the Packaging Sector.

Cash Flows from Financing Activities

Cash flows from financing activities went from a cash outflow of $34.4 million in the third quarter of 2020 to a cash inflow of $222.6 million in the third quarter of 2021. This variation is mostly explained by the increase in long-term debt resulting from the issuance of a U.S. dollar term loan amounting to US$120.0 million ($150.8 million). The Corporation also issued unsecured notes amounting to $250.0 million, and made a repayment of US$112.5 million ($138.1 million) of tranche B of the U.S. term loans.

Debt Instruments

As at July 25, 2021, no amount had been drawn on the credit facilities and the availability under the credit facilities was $431.4 million. Net indebtedness decreased from $933.9 million as at October 25, 2020 to $926.5 million as at July 25, 2021. This stability is explained by the use of our excess cash flows to make acquisitions and strategic investments. As a result of this and the decrease in operating earnings before depreciation and amortization since October 2020, our net indebtedness ratio stood at 2.0x as at July 25, 2021 compared to 1.9x as at October 25, 2020.

On April 30, 2021, the Corporation repaid the balance of US$112.5 million ($138.1 million) of tranche B of the U.S. dollar term loans maturing on that date.

On May 3, 2021, the DBRS Limited rating agency (DBRS Morningstar) revised the Corporation's credit rating from BBB- / negative outlook to BBB- / stable outlook.

On June 4, 2021, the Corporation secured a new financing amounting to US$120.0 million ($150.8 million).The amount borrowed bears interest at the U.S. base rate or LIBOR plus an applicable margin of 0.85% to 1.85% and is repayable in June 2028.

During the third quarter of 2021, the Corporation also issued unsecured notes bearing interest at a fixed rate of 2.28%, amounting to $250.0 million and maturing in July 2026.

Share Capital

Table #7:

Shares Issued and Outstanding	As at July 25, 2021	As at August 31, 2021
Class A (Subordinate Voting Shares)	**73,111,944**	**73,111,944**
Class B (Multiple Voting Shares)	**13,913,226**	**13,913,226**
Total Class A and Class B	**87,025,170**	**87,025,170**

In September 2020, 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, 2020 and September 30, 2021, or at an earlier date if the Corporation concludes or cancels the offer, up to 1,000,000 of its Class A Subordinate Voting Shares and up to 191,320 of its Class B Shares, representing approximately 1.37% of the 73,049,344 Class A Subordinated Voting Shares issued and outstanding and of the 13,975,826 Class B Shares issued and outstanding as at September 18, 2020.

No shares were repurchased during the quarter ended July 25, 2021. The Corporation has not repurchased any shares since February 2020.

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 July 25, 2021, the Corporation's Management excluded BGI Retail Inc. ("BGI") 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 2.0 million of revenue in the first nine months of 2021, or 0.1% of the Corporation's consolidated results

Additional information about this acquisition is presented in Table #8.

Table #8:
(unaudited)

(in millions of dollars)	BGI Retail Inc
Statement of financial position	**As at July 25, 2021**
Current assets	**10.5**
Non-current assets	**75.7**
Current liabilities	**10.9**
Non-current liabilities	**31.8**
Statement of earnings	**Nine months ended July 25, 2021**
Revenues	**2.0**
Operating earnings before depreciation and amortization	**0.2**
Operating earnings	**(0.8)**

During the third quarter ended July 25, 2021, 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

REIMBURSEMENT OF DEBT

On August 3, 2021, the Corporation repaid the balance of $188.5 million (US$150.0 million) of tranche C of the U.S. term loans.

CREDIT FACILITY

On August 31, 2021, the Corporation amended its $400 million revolving credit facility to add a sustainable development-related loan structure allowing for a rate adjustment based on the achievement of targets related to environmental, social and governance (ESG) factors, including diversity and greenhouse gas emission reductions. In addition, it extended the maturity of its credit facility by one year, until February 2026, on the same terms.

OUTLOOK

In the Packaging Sector, as a result of signing new contracts and introducing new products on the market, and despite weaker than anticipated organic growth in the third quarter, we continue to expect organic volume growth in the fourth quarter of fiscal 2021 and in fiscal 2022. However, the impact of contractual lags in passing through the rise in the price of resin to customers and the appreciation of the Canadian dollar against the U.S. dollar should continue to have a negative impact on the sector's profitability for the fourth quarter, but to a lesser extent. Excluding the impacts of the price of resin and the appreciation of the Canadian dollar, we expect to post an increase in operating earnings for fiscal 2021 compared to the prior fiscal year, as a result of our operational efficiency initiatives and the anticipated organic growth in revenues.

In the Printing Sector, we expect a continued gradual recovery in printing volume. This anticipated recovery, combined with growth in our in-store marketing activities, gives us confidence about the outlook for revenue growth for the quarters to come.

As fiscal 2021 comprises 53 weeks, the fourth quarter will include an additional week of results compared to the prior year. This additional week will have a favourable impact on the Packaging and Printing Sectors' revenues and operating earnings.

Finally, we expect to continue generating significant cash flows. This should enable us to reduce our net indebtedness, while providing us with the flexibility needed to pursue our investment strategy focused on organic growth as well as strategic and targeted acquisitions.

On behalf of Management,

(s) Donald LeCavalier
Chief Financial Officer

September 8, 2021

CONSOLIDATED STATEMENTS OF EARNINGS

Unaudited

(in millions of Canadian dollars, unless otherwise indicated and per share data)	Notes	Three months ended **July 25, 2021**	Three months ended July 26, 2020	Nine months ended **July 25, 2021**	Nine months ended July 26, 2020
Revenues	3	**$ 621.6**	$ 587.4	**$ 1,867.6**	$ 1,918.3
Operating expenses	5	**519.9**	448.1	**1,553.2**	1,565.7
Restructuring and other costs	6	**0.8**	9.2	**6.1**	29.5
Operating earnings before depreciation and amortization		**100.9**	130.1	**308.3**	323.1
Depreciation and amortization	7	**50.7**	54.8	**155.0**	162.9
Operating earnings		**50.2**	75.3	**153.3**	160.2
Net financial expenses	8	**10.1**	11.0	**30.4**	36.7
Earnings before income taxes		**40.1**	64.3	**122.9**	123.5
Income taxes	9	**12.4**	16.0	**31.8**	42.9
Net earnings		**27.7**	48.3	**91.1**	80.6
Non-controlling interest		**(0.4)**	—	**(0.3)**	0.2
Net earnings attributable to the shareholders of the Corporation		**$ 28.1**	$ 48.3	**$ 91.4**	$ 80.4
Net earnings per share - basic and diluted		**$ 0.32**	$ 0.55	**$ 1.05**	$ 0.92
Weighted average number of shares outstanding - basic and diluted (in millions)	13	**87.0**	87.0	**87.0**	87.1

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

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Unaudited

(in millions of Canadian dollars)	Notes	Three months ended July 25, 2021	Three months ended July 26, 2020	Nine months ended July 25, 2021	Nine months ended July 26, 2020
Net earnings		**$ 27.7**	$ 48.3	**$ 91.1**	$ 80.6
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		**(4.1)**	10.4	**1.3**	(0.7)
Net change in the fair value of designated derivatives - interest rate risk	10	**(0.3)**	1.5	**2.0**	(14.1)
Reclassification of the net change in the fair value of designated derivatives recognized in net earnings during the period		**2.8**	3.1	**9.0**	4.9
Related income taxes		**(0.4)**	4.0	**3.3**	(2.6)
	15	**(1.2)**	11.0	**9.0**	(7.3)
Cumulative translation differences					
Net unrealized exchange gains (losses) on the translation of the financial statements of foreign operations		**10.3**	(88.6)	**(71.8)**	46.5
Net gains (losses) on hedge of the net investment in foreign operations	10	**(7.1)**	47.0	**31.7**	(19.3)
Related income taxes		**(1.3)**	(1.0)	**3.6**	(2.7)
	15	**4.5**	(40.6)	**(43.7)**	29.9
Items that will not be reclassified to net earnings					
Changes related to defined benefit plans					
Actuarial gains on defined benefit plans		**4.0**	(16.9)	**16.2**	(1.4)
Related income taxes		**1.0**	(4.3)	**3.8**	(0.2)
	15	**3.0**	(12.6)	**12.4**	(1.2)
Other comprehensive income (loss)	15	**6.3**	(42.2)	**(22.3)**	21.4
Comprehensive income		**$ 34.0**	$ 6.1	**$ 68.8**	$ 102.0

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 25, 2020		**$ 640.0**	**$ 0.9**	**$ 1,107.2**	**$ (14.8)**	**$ 1,733.3**	**$ 5.3**	**$ 1,738.6**
Net earnings		**—**	**—**	**91.4**	**—**	**91.4**	**(0.3)**	**91.1**
Other comprehensive loss		**—**	**—**	**—**	**(22.3)**	**(22.3)**	**—**	**(22.3)**
Shareholders' contributions and distributions to shareholders								
Dividends	12	**—**	**—**	**(58.7)**	**—**	**(58.7)**	**—**	**(58.7)**
Balance as at July 25, 2021		**$ 640.0**	**$ 0.9**	**$ 1,139.9**	**$ (37.1)**	**$ 1,743.7**	**$ 5.0**	**$ 1,748.7**
Balance as at October 27, 2019		$ 641.9	$ 1.1	$ 1,069.9	$ (25.9)	$ 1,687.0	$ 4.2	$ 1,691.2
Impact of the transition to IFRS 16		—	—	(13.2)	—	(13.2)	—	(13.2)
Balance as at October 27, 2019 - adjusted		641.9	1.1	1,056.7	(25.9)	1,673.8	4.2	1,678.0
Net earnings		—	—	80.4	—	80.4	0.2	80.6
Other comprehensive income		—	—	—	21.4	21.4	—	21.4
Shareholders' contributions and distributions to shareholders								
Share redemptions	12	(3.8)	—	(3.3)	—	(7.1)	—	(7.1)
Exercise of stock options		1.9	(0.2)	—	—	1.7	—	1.7
Dividends	12	—	—	(58.3)	—	(58.3)	—	(58.3)
Business combination	4	—	—	—	—	—	1.0	1.0
Balance as at July 26, 2020		$ 640.0	$ 0.9	$ 1,075.5	$ (4.5)	$ 1,711.9	$ 5.4	$ 1,717.3

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 July 25, 2021	As at October 25, 2020
Current assets			
Cash		**$ 392.0**	$ 241.0
Accounts receivable		**420.7**	461.2
Income taxes receivable		**15.5**	13.4
Inventories		**340.0**	288.8
Prepaid expenses and other current assets		**30.2**	20.3
		1,198.4	1,024.7
Property, plant and equipment		**703.5**	712.4
Right-of-use assets		**139.7**	134.6
Intangible assets		**532.5**	568.5
Goodwill		**1,096.0**	1,098.8
Deferred taxes		**16.0**	24.2
Other assets		**34.5**	35.2
		$ 3,720.6	$ 3,598.4
Current liabilities			
Accounts payable and accrued liabilities		**$ 371.1**	$ 399.7
Provisions		**2.6**	7.9
Income taxes payable		**24.4**	8.4
Deferred revenues and deposits		**12.7**	9.0
Current portion of long-term debt	10	**378.5**	229.7
Current portion of lease liabilities		**23.7**	22.8
		813.0	677.5
Long-term debt	10	**781.6**	790.4
Lease liabilities		**134.7**	132.0
Deferred taxes		**132.5**	133.9
Provisions		**0.6**	0.3
Other liabilities	11	**109.5**	125.7
		1,971.9	1,859.8
Equity			
Share capital	12	**640.0**	640.0
Contributed surplus		**0.9**	0.9
Retained earnings		**1,139.9**	1,107.2
Accumulated other comprehensive loss	15	**(37.1)**	(14.8)
Attributable to the shareholders of the Corporation		**1,743.7**	1,733.3
Non-controlling interest		**5.0**	5.3
		1,748.7	1,738.6
		$ 3,720.6	$ 3,598.4

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 July 25, 2021	Three months ended July 26, 2020 (1)	Nine months ended July 25, 2021	Nine months ended July 26, 2020 (1)
Operating activities					
Net earnings		**$ 27.7**	$ 48.3	**$ 91.1**	$ 80.6
Adjustments to reconcile net earnings and cash flows from operating activities:					
Depreciation and amortization	7	**55.6**	60.1	**169.8**	178.9
Financial expenses on long-term debt and lease liabilities	8	**9.1**	10.3	**27.9**	37.0
Net losses (gains) on disposal of assets		**(0.5)**	0.4	**0.1**	2.3
Net losses (gains) on business disposals		**—**	(1.3)	**—**	3.1
Income taxes	9	**12.4**	16.0	**31.8**	42.9
Net foreign exchange differences and other		**(2.9)**	(1.9)	**(6.9)**	1.6
Cash flows generated by operating activities before changes in non-cash operating items and income taxes paid		**101.4**	131.9	**313.8**	346.4
Changes in non-cash operating items		**(36.5)**	9.7	**(58.2)**	1.4
Income taxes recovered (paid)		**(10.3)**	5.0	**(33.0)**	(22.8)
Cash flows from operating activities		**54.6**	146.6	**222.6**	325.0
Investing activities					
Business combinations, net of acquired cash		**(44.0)**	—	**(44.0)**	(7.7)
Business disposals		**—**	—	**—**	232.1
Acquisitions of property, plant and equipment		**(39.5)**	(13.6)	**(89.2)**	(63.8)
Disposals of property, plant and equipment		**0.6**	—	**0.9**	0.2
Increase in intangible assets		**(5.8)**	(4.3)	**(15.5)**	(13.6)
Cash flows from investing activities		**(88.7)**	(17.9)	**(147.8)**	147.2
Financing activities					
Increase in long-term debt, net of issuance costs	10	**394.0**	—	**394.0**	—
Reimbursement of long-term debt	10	**(138.4)**	(0.1)	**(221.9)**	(375.3)
Financial expenses paid on long-term debt	8 & 10	**(6.6)**	(8.4)	**(23.3)**	(32.6)
Repayment of principal on lease liabilities		**(6.1)**	(5.5)	**(17.5)**	(16.1)
Interest paid on lease liabilities		**(0.8)**	(0.8)	**(2.5)**	(2.2)
Exercise of stock options	14	**—**	—	**—**	1.7
Dividends	12	**(19.5)**	(19.6)	**(58.7)**	(58.3)
Share redemptions	12	**—**	—	**—**	(7.1)
Cash flows from financing activities		**222.6**	(34.4)	**70.1**	(489.9)
Effect of exchange rate changes on cash denominated in foreign currencies		**3.9**	(1.6)	**6.1**	1.3
Net change in cash		**192.4**	92.7	**151.0**	(16.4)
Cash at beginning of period		**199.6**	104.6	**241.0**	213.7
Cash at end of period		**$ 392.0**	$ 197.3	**$ 392.0**	$ 197.3
Non-cash investing activities					
Net change in capital asset acquisitions financed by accounts payable		**$ 0.8**	$ 0.2	**$ 1.2**	$ (0.8)

(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 September 8, 2021.

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 25, 2020, 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 July 25, 2021. Any subsequent changes to the accounting policies that will take effect in the Corporation's annual consolidated financial statements for the year ending October 31, 2021 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 25, 2020. Although management regularly reviews its estimates, actual results may differ.

In the context of the COVID-19 pandemic and the related climate of economic uncertainty, the Corporation revised some of its most complex estimates and assumptions, including significant judgment areas, used in preparing the interim consolidated financial statements for the three-month and nine-month periods ended July 25, 2021. 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 (Note 16). These revisions of estimates had no material impact on the three-month and nine-month periods ended July 25, 2021. 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 and paper products, 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 July 25, 2021	Packaging	Printing	Other	Consolidated Results
Revenues	**$ 347.0**	**$ 257.2**	**$ 17.4**	**$ 621.6**
Operating expenses	**304.7**	**197.1**	**18.1**	**519.9**
Restructuring and other costs (gains)	**(1.2)**	**1.6**	**0.4**	**0.8**
Operating earnings before depreciation and amortization	**43.5**	**58.5**	**(1.1)**	**100.9**
Depreciation and amortization	**32.2**	**16.0**	**2.5**	**50.7**
Operating earnings (1)	**$ 11.3**	**$ 42.5**	**$ (3.6)**	**$ 50.2**
Adjusted operating earnings before depreciation and amortization (2)	**$ 42.3**	**$ 60.1**	**$ (0.7)**	**$ 101.7**
Adjusted operating earnings (1) & (2)	**24.8**	**45.8**	**(3.2)**	**67.4**
Acquisitions of non-current assets (3)	**$ 35.1**	**$ 5.6**	**$ 5.4**	**$ 46.1**

For the three-month period ended July 26, 2020	Packaging	Printing	Other	Consolidated Results
Revenues	$ 348.7	$ 223.8	$ 14.9	$ 587.4
Operating expenses	283.7	154.4	10.0	448.1
Restructuring and other costs	—	9.0	0.2	9.2
Operating earnings before depreciation and amortization	65.0	60.4	4.7	130.1
Depreciation and amortization	35.8	16.1	2.9	54.8
Operating earnings (1)	$ 29.2	$ 44.3	$ 1.8	$ 75.3
Adjusted operating earnings before depreciation and amortization (2)	$ 65.0	$ 69.4	$ 4.9	$ 139.3
Adjusted operating earnings (1) & (2)	45.6	54.5	2.0	102.1
Acquisitions of non-current assets (3)	$ 12.1	$ 3.4	$ 4.0	$ 19.5

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

3 SEGMENTED INFORMATION (CONTINUED)

For the nine-month period ended July 25, 2021	Packaging	Printing	Other	Consolidated Results
Revenues	**$ 1,032.3**	**$ 799.9**	**$ 35.4**	**$ 1,867.6**
Operating expenses	**890.7**	**611.4**	**51.1**	**1,553.2**
Restructuring and other costs (gains)	**(3.0)**	**6.6**	**2.5**	**6.1**
Operating earnings before depreciation and amortization	**144.6**	**181.9**	**(18.2)**	**308.3**
Depreciation and amortization	**99.9**	**47.0**	**8.1**	**155.0**
Operating earnings (1)	**$ 44.7**	**$ 134.9**	**$ (26.3)**	**$ 153.3**
Adjusted operating earnings before depreciation and amortization (2)	**$ 141.6**	**$ 188.5**	**$ (15.7)**	**$ 314.4**
Adjusted operating earnings (1) & (2)	**86.7**	**145.6**	**(23.7)**	**208.6**
Acquisitions of non-current assets (3)	**$ 76.3**	**$ 14.0**	**$ 15.6**	**$ 105.9**

For the nine-month period ended July 26, 2020	Packaging	Printing	Other	Consolidated Results
Revenues	$ 1,074.5	$ 814.6	$ 29.2	$ 1,918.3
Operating expenses	905.0	625.4	35.3	1,565.7
Restructuring and other costs	—	20.7	8.8	29.5
Operating earnings before depreciation and amortization	169.5	168.5	(14.9)	323.1
Depreciation and amortization	107.4	47.1	8.4	162.9
Operating earnings (1)	$ 62.1	$ 121.4	$ (23.3)	$ 160.2
Adjusted operating earnings before depreciation and amortization (2)	$ 169.5	$ 189.2	$ (6.1)	$ 352.6
Adjusted operating earnings (1) & (2)	111.4	145.7	(14.4)	242.7
Acquisitions of non-current assets (3)	$ 41.1	$ 23.1	$ 14.1	$ 78.3

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

(2) The Corporation’s officers mainly make decisions and assess segment performance based on adjusted operating earnings. Adjusted operating earnings before depreciation and amortization and adjusted operating earnings exclude restructuring and other costs, impairment of assets and amortization of intangible assets arising from business combinations.

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

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

3 SEGMENTED INFORMATION (CONTINUED)

Additional information on revenues

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

	Three months ended		Nine months ended	
	July 25, 2021	July 26, 2020 (1)	**July 25, 2021**	July 26, 2020 (1)
Packaging products (1)				
Revenues generated from plants located in Canada	**$ 35.7**	$ 31.5	**$ 105.9**	$ 93.9
Revenues generated from plants located in the United States	**266.0**	303.1	**775.1**	832.6
Revenues generated from plants located outside Canada and the United States	**45.3**	14.1	**151.3**	148.0
	347.0	348.7	**1,032.3**	1,074.5
Printing services (2)				
Retailer-related services (3)	**134.2**	122.4	**429.8**	463.5
Marketing products	**58.0**	42.7	**173.5**	152.3
Magazines and books	**42.5**	35.7	**128.8**	124.4
Newspapers	**22.5**	23.0	**67.8**	74.4
	257.2	223.8	**799.9**	814.6
Media (2)	**23.7**	19.0	**48.4**	39.4
Inter-segment sales	**(6.3)**	(4.1)	**(13.0)**	(10.2)
	$ 621.6	$ 587.4	**$ 1,867.6**	$ 1,918.3

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

	As at July 25, 2021	As at October 25, 2020
Packaging	**$ 2,198.6**	$ 2,238.9
Printing	**941.9**	926.3
Other (4)	**580.1**	433.2
	$ 3,720.6	$ 3,598.4

(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 nine-month period ended July 25, 2021

- **BGI Retail**
  On June 1, 2021, the Corporation acquired all the shares of BGI Retail Inc. ("BGI"), a full service in-store design and solution partner for retailers and global brands located in Paris, Ontario, for a total consideration of $54.3 million, subject to adjustments, including a cash contingent consideration, having a fair value of $10.0 million, of up to a maximum of $22.5 million to be paid if predetermined financial performance thresholds are met. This acquisition supports the growth objective for the Corporation's in-store marketing products vertical.

  As at July 25, 2021, the provisional purchase price allocation for BGI, based on information available as at the date of these condensed interim consolidated financial statements, led to the recognition of goodwill totaling $28.6 million. The recognized goodwill is not deductible for tax purposes. The Corporation will finalize in the coming months the purchase price allocation, namely determining the fair value of assets acquired and liabilities assumed and goodwill related to this acquisition.

  The following table presents the fair value of assets acquired and liabilities assumed at the acquisition date:

Assets acquired		
Cash acquired	0.3	$
Current assets	9.3	
Property, plant and equipment	3.6	
Right-of-use assets	14.4	
Intangible assets	29.2	
Goodwill	28.6	
	85.4	
Liabilities assumed		
Current liabilities	8.6	
Lease liabilities (including current portion)	14.4	
Deferred taxes	8.1	
	31.1	
	54.3	$
Total consideration		
Cash paid	44.3	$
Current consideration payable	2.0	
Long-term consideration payable	8.0	
	54.3	$

  The Corporation's Consolidated Statements of Earnings for the three-month and nine-month periods ended July 25, 2021 include the operating results of BGI since its acquisition date, namely additional revenues of $2.0 million and operating earnings before depreciation and amortization of $0.2 million, including adjustments related to the accounting of this acquisition and excluding negligible transaction costs. The fair value of acquired accounts receivables of $4.8 million is included in current assets recognized as part of the provisional accounting of this business combination.

  If the Corporation had acquired this entity at the beginning of the nine-month period ended July 25, 2021, revenues would have increased by $21.0 million and operating earnings before depreciation and amortization would have increased by $7.4 million.

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

5 OPERATING EXPENSES

Operating expenses by major headings are as follows:

	Three months ended		Nine months ended	
	July 25, 2021	July 26, 2020	**July 25, 2021**	July 26, 2020
Employee-related costs [1]	**$ 161.5**	$ 127.7	**$ 492.0**	$ 487.8
Supply chain and logistics [2]	**329.7**	294.3	**980.7**	992.3
Other goods and services [3]	**28.7**	26.1	**80.5**	85.6
	$ 519.9	$ 448.1	**$ 1,553.2**	$ 1,565.7

[1] During the three-month and nine-month periods ended July 25, 2021, the Corporation recognized under "Employee-related costs", against eligible salary expenses, subsidies claimed under the Canada Emergency Wage Subsidy program amounting to $9.2 million and $25.7 million, respectively. During the three-month and nine-month periods ended July 26, 2020, the respective amounts recognized and claimed were $35.9 million and $44.0 million. As at July 25, 2021, the Corporation had already received a portion of the subsidies claimed and continued to believe that there was reasonable assurance that the amount not yet received would be received from the federal government based on the fact that eligibility criteria were still met.

[2] "Supply chain and logistics" includes mainly production and distribution costs related to external suppliers.

[3] "Other goods and services" includes mainly promotion, advertising and telecommunications costs, office supplies, real estate expenses and professional fees.

6 RESTRUCTURING AND OTHER COSTS

Restructuring and other costs by major headings are as follows:

	Note	Three months ended		Nine months ended	
		July 25, 2021	July 26, 2020 [1]	**July 25, 2021**	July 26, 2020 [1]
Workforce reductions [2]		**$ 1.2**	$ 3.1	**$ 5.4**	$ 13.5
Costs related to plant closures and restructuring [2]		**0.6**	0.6	**2.2**	3.2
(Gains) losses related to the sale of certain activities [3]		**—**	(1.2)	**—**	8.9
Onerous contracts		**0.1**	—	**1.3**	0.4
Business acquisition and integration costs [4]		**0.2**	0.4	**0.4**	0.7
Fair value remeasurement of contingent considerations related to business combinations	16	**—**	—	**(3.4)**	(2.9)
Other elements [5]		**(1.3)**	6.3	**0.2**	5.7
		$ 0.8	$ 9.2	**$ 6.1**	$ 29.5

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

[2] For the three-month and nine-month periods ended July 25, 2021 and July 26, 2020, 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] Amounts presented under this caption mainly include the following items:

For the three-month period ended July 26, 2020:
- A $1.3 million gain from a bargain purchase resulting from the final accounting of the acquisition of Trilex.

For the nine-month period ended July 26, 2020:
- A $1.3 million gain from a bargain purchase resulting from the final accounting of the acquisition of Trilex;
- A $4.7 million loss on the disposal of the paper and woven polypropylene packaging operations; and
- A $3.8 million expense for receivables related to previous transactions.

[4] 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.

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

6 RESTRUCTURING AND OTHER COSTS (CONTINUED)

(5) Amounts presented under this caption mainly include the following items:

For the three-month period ended July 26, 2020:
- A $2.4 million expense for atypical additional costs incurred in relation with the COVID-19 pandemic.

For the nine-month period ended July 26, 2020:
- A $4.6 million gain related to insurance proceeds receivable for the replacement of equipment destroyed by fire, net of the loss on the derecognition of such asset; and
- A $4.4 million expense for atypical additional costs incurred in relation with the COVID-19 pandemic.

7 DEPRECIATION AND AMORTIZATION

Depreciation and amortization is as follows:

	Three months ended		Nine months ended	
	July 25, 2021	July 26, 2020	**July 25, 2021**	July 26, 2020
Property, plant and equipment	**$ 27.0**	$ 30.4	**$ 83.4**	$ 90.1
Right-of-use assets	**5.7**	5.0	**16.8**	14.8
Intangible assets	**18.0**	19.4	**54.8**	58.0
	50.7	54.8	**155.0**	162.9
Intangible assets and other assets, recognized in revenues and operating expenses	**4.9**	5.3	**14.8**	16.0
	$ 55.6	$ 60.1	**$ 169.8**	$ 178.9

8 NET FINANCIAL EXPENSES

Net financial expenses are as follows:

	Three months ended		Nine months ended	
	July 25, 2021	July 26, 2020	**July 25, 2021**	July 26, 2020
Financial expenses on long-term debt	**$ 8.3**	$ 9.5	**$ 25.4**	$ 34.5
Interest on lease liabilities	**0.8**	0.8	**2.5**	2.5
Net interest on defined benefit asset and liability	**0.5**	0.6	**1.5**	1.8
Other expenses (revenues)	**0.5**	0.1	**1.0**	(0.5)
Net foreign exchange gains	**—**	—	**—**	(1.6)
	$ 10.1	$ 11.0	**$ 30.4**	$ 36.7

(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		Nine months ended	
	July 25, 2021	July 26, 2020	**July 25, 2021**	July 26, 2020
Earnings before income taxes	**$ 40.1**	$ 64.3	**$ 122.9**	$ 123.5
Canadian statutory tax rate [1]	**26.50 %**	26.52	**26.50 %**	26.52 %
Income taxes at the statutory tax rate	**10.6**	17.1	**32.6**	32.8
Effect of differences in tax rates and additional income taxes in other jurisdictions	**2.0**	—	**(0.8)**	(0.5)
Income taxes on non-deductible expenses and non-taxable revenues	**0.8**	0.3	**1.7**	1.2
Income taxes on non-deductible restructuring and other costs and non-taxable revenues	**(0.2)**	(0.2)	**(0.7)**	12.4
Change in deferred tax assets on tax losses or temporary differences not previously recognized	**(0.1)**	—	**(0.3)**	(2.7)
Other	**(0.7)**	(1.2)	**(0.7)**	(0.3)
Income taxes at effective tax rate	**$ 12.4**	$ 16.0	**$ 31.8**	$ 42.9
Income taxes before the following items:	**$ 13.5**	$ 22.9	**$ 42.7**	$ 51.2
Income taxes on amortization of intangible assets arising from business combinations	**(4.0)**	(4.3)	**(11.9)**	(13.0)
Income taxes on restructuring and other costs, excluding tax impact of the disposal	**(0.4)**	(2.6)	**(2.3)**	(7.0)
Adjustment on additional income taxes in other jurisdictions [2]	**3.3**	—	**3.3**	—
Tax impact of the disposal	**—**	—	**—**	11.7
Income taxes at effective tax rate	**$ 12.4**	$ 16.0	**$ 31.8**	$ 42.9

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

[2] Adjustment on additional income taxes in other jurisdictions related to a previous year.

10 LONG-TERM DEBT

As at July 25, 2021, an amount of $378.5 million was presented in "Current liabilities", which was mainly comprised of tranches C and D of the U.S. dollar term loans of $188.5 million (US$150.0 million) each, maturing on November 1, 2021 and May 1, 2022, respectively.

New financings
During the three-month period ended July 25, 2021, the Corporation issued a U.S. dollar term loan amounting to US$120.0 million ($150.8 million) and maturing in June 2028. This term loan bears interest at the U.S. base rate or LIBOR plus an applicable margin of 0.85% and 1.85%, respectively, and matures in June 2028. An amount of $0.4 million (US$0.3 million) is repayable each quarter until maturity. Issuance costs of $0.8 million were incurred and recognized as a reduction of long-term debt, and they will be amortized using the effective interest method over the life of the term loan.

During the three-month period ended July 25, 2021, the Corporation also issued unsecured notes bearing interest at a fixed rate of 2.28%, amounting to $250.0 million, and maturing in July 2026. Issuance costs of $1.5 million were incurred and recognized as a reduction of long-term debt, and they will be amortized using the effective interest method over the life of the unsecured notes.

Repayment of term loans
On October 30, 2020, the Corporation repaid the remaining portion of US$62.5 million ($83.2 million) on tranche A of the U.S. dollar term loans maturing on that date.

On April 30, 2021, the Corporation repaid the balance of US$112.5 million ($138.1 million) of tranche B of the U.S. dollar term loans maturing on that date.

Credit facility
On March 31, 2021, the Corporation extended the maturity of its credit facility, with an amount of US$25.0 million ($31,4 million), by one additional year, until March 2022, on the same terms.

As at July 25, 2021, no amount had been drawn on the credit facilities, and the unused amount under the credit facilities was $431.4 million.

Hedging instruments
During the three-month and nine-month periods ended July 25, 2021, concurrently with the issuance of the $250.0 million fixed-rate unsecured notes, the Corporation entered into cross-currency interest rate swaps of $250.0 million (US$200.4 million) maturing in July 2026, to translate into U.S. dollars the Canadian dollar consideration received upon issuance of the unsecured notes and to fix the applicable exchange rate for the repayment of the unsecured notes on maturity date. The Corporation applies hedge accounting to hedges of its net investments in foreign operations. As a result, the notional amount of the cross-currency interest rate swaps of US$200.4 million was designated as a hedging instrument for the net investment in the Corporation's foreign operations. Only the spot element is included in the hedging relationship, and the change in fair value is recognized in other comprehensive income (loss). The forward element and the foreign currency basis spread are excluded from the hedging relationship. It is recognized in other comprehensive income (loss) as hedging transaction costs and will be subsequently amortized into profit or loss through the settlement of interest payments on the cross-currency interest rate swaps. Consequently, during the three-month and nine-month periods ended July 25, 2021, a loss of $2.2 million was recognized in other comprehensive income (loss). During the three-month and nine-month periods ended July 25, 2021, a negligible amount was recognized in profit or loss for the forward component and the foreign currency basis spread.

As at July 25, 2021, an amount of US$531.9 million ($668.3 million) of the term loans and existing credit facilities denominated in U.S. dollars had also been designated by the Corporation as hedging instruments of its net investments in foreign operations. Consequently, during the three-month and nine-month periods ended July 25, 2021, a foreign exchange loss of $4.9 million and a foreign exchange gain of $33.9 million, respectively, were recognized in other comprehensive income (loss).

In the last fiscal years, the Corporation entered into interest rate swaps as a hedge against risks related to future fluctuations of interest rates for an amount of US$450.0 million of certain of its term loans until their respective maturities. The Corporation applies cash flow hedge accounting by designating these swaps as hedging instruments. Consequently, during the three-month and nine-month periods ended July 25, 2021,the change in fair value of these hedging instruments, amounting to a loss of $0.3 million and a gain of $2.0 million, respectively, was recognized in other comprehensive income (loss).

The Corporation must comply with certain restrictive covenants, including maintaining certain financial ratios. During the three-month and nine-month periods ended July 25, 2021, 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

The components of other liabilities are as follows:

	Note	**As at July 25, 2021**	As at October 25, 2020
Deferred revenues		**$ 1.3**	$ 2.1
Accrued liabilities and other liabilities		**14.4**	7.5
Stock-based compensation	14	**17.7**	14.8
Defined benefit liability		**63.6**	76.0
Derivative financial instruments		**12.5**	25.3
		$ 109.5	$ 125.7

12 SHARE CAPITAL

The following table presents changes in the Corporation's share capital for the nine-month period ended July 25, 2021:

	Number of shares	Amount
Class A Subordinate Voting Shares		
Balance as at October 25, 2020	73,049,344	$ 621.0
Conversion of Class B Shares into Class A Subordinate Voting Shares	62,600	0.1
Balance as at July 25, 2021	73,111,944	621.1
Class B Shares		
Balance as at October 25, 2020	13,975,826	19.0
Conversion of Class B Shares into Class A Subordinate Voting Shares	(62,600)	(0.1)
Balance as at July 25, 2021	13,913,226	18.9
	87,025,170	$ 640.0

Share redemptions
On September 18, 2020, 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, 2020 and September 30, 2021, or at an earlier date if the Corporation concludes or cancels the offer, up to 1,000,000 of its Class A Subordinate Voting Shares and up to 191,320 of its Class B Shares. The repurchases are made in the normal course of business at market prices through the Toronto Stock Exchange.

The Corporation had been authorized to repurchase, for cancellation on the open market, or subject to the approval of any securities authority by private agreements, between October 1, 2019 and September 30, 2020, 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 190,560 of its Class B Shares. The repurchases were made in the normal course of business at market prices through the Toronto Stock Exchange.

On February 27, 2020, the Corporation was authorized to modify its share repurchase program in order to increase the maximum number of Class A Subordinate Voting Shares it is allowed to repurchase from 1,000,000 Class A Subordinate Shares to 2,000,000 Class A Subordinate Voting Shares. All other terms and conditions of the repurchase program remain unchanged.

During the nine-month period ended July 25, 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 as at July 25, 2021.

During the nine-month period ended July 26, 2020, the Corporation redeemed and cancelled 450,450 of its Class A Subordinate Voting Shares at a weighted average price of $15.70, for a total cash consideration of $7.1 million. The excess of the total consideration over the carrying amount of the shares, in the amount of $3.3 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 July 26, 2020.

Dividends
Dividends of $0.225 per share were declared and paid to holders of shares for the three-month periods ended July 25, 2021 and July 26, 2020. Dividends of $0.675 per share were declared and paid to holders of shares for the nine-month periods ended July 25, 2021 and July 26, 2020, respectively.

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		Nine months ended	
	July 25, 2021	July 26, 2020	**July 25, 2021**	July 26, 2020
Numerator				
Net earnings attributable to the shareholders of the Corporation	**$ 28.1**	$ 48.3	**$ 91.4**	$ 80.4
Denominator (in millions)				
Weighted average number of shares - basic and diluted	**87.0**	87.0	**87.0**	87.1

As at July 25, 2021 and as at July 26, 2020, 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 nine-month period ended July 25, 2021:

	Number of units	
	DSU	RSU
Balance as at October 25, 2020	547,645	1,093,533
Units granted	—	477,219
Units cancelled	(5,655)	(5,911)
Units paid	(6,979)	(100,068)
Units converted	7,291	—
Dividends paid in units	16,492	39,703
Balance as at July 25, 2021	558,794	1,504,476

As at July 25, 2021, the liability related to the share unit plan for certain officers and senior executives was $31.3 million ($16.5 million as at October 25, 2020). The expenses recorded in the Consolidated Statements of Earnings for the three-month and nine-month periods ended July 25, 2021 were $4.3 million and $17.2 million, respectively. The expenses recorded in the Consolidated Statements of Earnings for the three-month and nine-month periods ended July 26, 2020 were $4.6 million and $4.0 million, respectively. No amount was paid under this plan for the three-month period ended July 25, 2021. An amount of $2.4 million was paid under this plan for the nine-month period ended July 25, 2021. Amounts of $0.1 million and $3.8 million were paid under this plan for the three-month and nine-month periods ended July 26, 2020, 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 nine-month period ended July 25, 2021:

	Number of units
Balance as at October 25, 2020	363,266
Directors' compensation	26,926
Units paid	(105,794)
Dividends paid in units	8,080
Balance as at July 25, 2021	292,478

As at July 25, 2021, the liability related to the share unit plan for directors was $7.2 million ($6.3 million as at October 25, 2020). The expenses recorded in the Consolidated Statements of Earnings for the three-month and nine-month periods ended July 25, 2021 were $0.4 million and $3.1 million, respectively. The expenses recorded in the Consolidated Statements of Earnings for the three-month and nine-month periods ended July 26, 2020 were $1.5 million and $0.6 million, respectively. No amount was paid under this plan for the three-month period ended July 25, 2021. An amount of $2.2 million was paid under this plan for the nine-month period ended July 25, 2021. No amount was paid under this plan for the three-month and nine-month periods ended July 26, 2020, respectively.

Total return swap

During the year ended October 25, 2020, the Corporation had entered into a total return swap on 950,000 units purchased at a weighted-average price of $16.37, to hedge a portion of the stock-based compensation expenses (gains) that vary based on the price of the Corporation's shares. The total return swap had a term of 12 months and could be renewed annually. On January 26, 2021, the Corporation renewed its total return swap and increased the number of hedged units from 950,000 to 1,200,000 units purchased at a weighted-average price of $20.75. The other terms and conditions of the contract remained essentially the same, and the swap now matures in January 2022 (previously January 2021). During the three-month and nine-month periods ended July 25, 2021, amounts of $0.2 million and $4.8 million were received under the total return swap.

The following table presents the losses (gains) recognized under Operating expenses, in the Consolidated Statements of Earnings, corresponding to the change in fair value of the total return swap for the hedged units, before considering dividends received and interest paid:

	Three months ended		Nine months ended	
	July 25, 2021	July 26, 2020	**July 25, 2021**	July 26, 2020
Losses (gains) recognized in the Consolidated Statements of Earnings	**$ (0.7)**	$ (3.3)	**$ (7.5)**	$ 1.7
	$ (0.7)	$ (3.3)	**$ (7.5)**	$ 1.7

(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 25, 2020	**$ (16.4)**	**$ (10.1)**	**$ 40.3**	**$ (28.6)**	**$ (14.8)**
Net change in gains (losses), net of income taxes	**9**	**28.1**	**(71.8)**	**12.4**	**(22.3)**
Balance as at July 25, 2021	**$ (7.4)**	**$ 18.0**	**$ (31.5)**	**$ (16.2)**	**$ (37.1)**
Balance as at October 27, 2019	$ (9.8)	$ (9.1)	$ 31.1	$ (38.1)	$ (25.9)
Net change in gains, net of income taxes	(7.3)	(16.6)	46.5	(1.2)	21.4
Balance as at July 26, 2020	$ (17.1)	$ (25.7)	$ 77.6	$ (39.3)	$ (4.5)

As at July 25, 2021, the amounts expected to be reclassified to net earnings in future years are as follows:

	2021	2022	2023	2024	Total
Net change in the fair value of derivatives designated as cash flow hedges	$ (1.3)	$ (0.4)	$ (8.3)	$ 0.1	$ (9.9)
Income taxes	(0.3)	(0.1)	(2.2)	0.1	(2.5)
	$ (1.0)	$ (0.3)	$ (6.1)	$ —	$ (7.4)

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		Nine months ended	
	July 25, 2021	July 26, 2020	**July 25, 2021**	July 26, 2020
Actuarial gains (losses) on obligation - change in discount rate	**$ (19.5)**	$ (65.7)	**$ 21.6**	$ (55.5)
Actuarial gains (losses) on plan assets - excluding interest income	**25.2**	47.9	**(5.5)**	55.4
Effect of the asset ceiling	**(1.7)**	0.9	**0.1**	(1.3)
	$ 4.0	$ (16.9)	**$ 16.2**	$ (1.4)

Actuarial gains and losses on obligation recognized in the Statements of Comprehensive Income (Loss) for the three-month and nine-month periods ended July 25, 2021 are explained by the change in the discount rate, which increased from 2.89% as at October 25, 2020 to 3.10% as at July 25, 2021 in Canada, and from 2.70% as at October 25, 2020 to 2.80% as at July 25, 2021 in the United States. Actuarial gains and losses on plan assets are due to the fact that actual rates of return on assets were overall greater and lower than expected returns for the three-month and nine-month periods ended July 25, 2021, respectively.

Actuarial gains and losses on obligation recognized in Statements of Comprehensive Income (Loss) for the three-month and nine-month periods ended July 26, 2020 are explained by the change in the discount rate, which decreased from 3.10% as at October 27, 2019 to 2.60% as at July 26, 2020 in Canada, and from 3.3% as at October 27, 2019 to 2.5% as at July 26, 2020 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 and nine-month periods ended July 26, 2020.

(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 July 25, 2021		As at October 25, 2020	
	Fair value	**Carrying amount**	Fair value	Carrying amount
Foreign exchange forward contracts in assets	**$ 5.2**	**$ 5.2**	$ 2.7	$ 2.7
Interest rate swaps in assets	**3.6**	**3.6**	0.3	0.3
Contingent considerations	**(10.0)**	**(10.0)**	(3.5)	(3.5)
Long-term debt	**(1,176.0)**	**(1,160.1)**	(1,038.3)	(1,020.1)
Interest rate swaps in liabilities	**(13.7)**	**(13.7)**	(25.3)	(25.3)
Cross-currency interest rate swaps	**(2.4)**	**(2.4)**	—	—
Foreign exchange forward contracts in liabilities	**(2.3)**	**(2.3)**	(0.8)	(0.8)

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 nine-month period ended July 25, 2021, no financial instruments were transferred between Levels 1, 2 and 3.

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

16 FINANCIAL INSTRUMENTS (CONTINUED)

Change in Level 3 financial instruments

The changes in Level 3 financial instruments are as follows for the nine-month period ended:

	Notes		July 25, 2021
Balance, beginning of period			**3.5**
Business combinations	4		**10.0**
Amount included in net earnings	6		**(3.4)**
Exchange rate change			**(0.1)**
Balance, end of period		**$**	**10.0**

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 July 25, 2021, 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

REIMBURSEMENT OF DEBT

On August 3, 2021, the Corporation repaid the balance of $188.5 million (US$150.0 million) of tranche C of the U.S. term loans.

CREDIT FACILITIES

On August 31, 2021, the Corporation amended its $400.0 million credit facility to add a sustainable development-related component providing for a rated adjustment based on meeting targets related to environmental, social and governance (ESG) factors, including diversity and reduction in greenhouse gas emissions. In addition, it extended the maturity of its credit facility by one additional year, until February 2026, on the same terms.