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

		Three months ended		Nine months ended	
(in millions of Canadian dollars)	Notes	**July 25, 2021**	July 26, 2020 [1]	**July 25, 2021**	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:

		Three months ended		Nine months ended	
	Note	**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.