MANAGEMENT'S DISCUSSION AND ANALYSIS

For the second quarter ended April 30, 2023

The purpose of this *Management's Discussion and Analysis* is to help the reader better understand the business, development strategy, and future outlook of Transcontinental Inc., how we manage risk, as well as to analyze the Corporation's results and financial position for the second quarter ended April 30, 2023. It should be read in conjunction with the information in the unaudited condensed interim consolidated financial statements and the accompanying notes. Additional information relating to the Corporation, including its *Annual Report* and *Annual Information Form*, may also be obtained on SEDAR at www.sedar.com.

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

In addition, in this *Management's Discussion and Analysis*, we also use non-IFRS financial measures for which a complete definition is presented below and for which a reconciliation to financial information in accordance with IFRS is presented in Table #2 in the section entitled "Reconciliation of Non-IFRS Financial Measures" and in Note 3 "Segmented Information" to the unaudited condensed interim consolidated financial statements for the second quarter ended April 30, 2023. These measures should be considered as a complement to financial performance measures in accordance with IFRS. They do not substitute and are not superior to them.

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

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

CAUTION REGARDING FORWARD-LOOKING STATEMENTS

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

Unless otherwise indicated by the Corporation, forward-looking statements do not take into account the potential impact of non-recurring or other unusual items, nor of disposals, business combinations, mergers or acquisitions which may be announced or concluded after the date of June 7, 2023.

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

The forward-looking statements in this *Management's Discussion and Analysis* are based on current expectations and information available as at June 7, 2023. Such forward-looking statements may also be found in other documents filed with Canadian securities regulators or in other communications. The Corporation's Management disclaims any intention or obligation to update or revise these statements unless otherwise required by the securities authorities.

PROFILE OF TC TRANSCONTINENTAL

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

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

Transcontinental Inc. (TSX: TCL.A TCL.B), known as TC Transcontinental, has over 8,000 employees, the majority of which are based in Canada, the United States and Latin America. TC Transcontinental generated revenues of C$3.0 billion during the fiscal year ended October 30, 2022. For more information, visit TC Transcontinental's website at www.tc.tc.

HIGHLIGHTS

Table #1:

(in millions of dollars, except per share amounts)	Q2-2023 13 weeks	Q2-2022 13 weeks	Variation in %
Revenues	$747.2	$715.5	4.4 %
Operating earnings before depreciation and amortization	105.2	102.8	2.3
Adjusted operating earnings before depreciation and amortization (1)	109.0	103.6	5.2
Operating earnings	43.8	46.1	(5.0)
Adjusted operating earnings (1)	66.2	64.1	3.3
Net earnings attributable to shareholders of the Corporation	22.2	28.3	(21.6)
Net earnings attributable to shareholders of the Corporation per share	0.26	0.33	(21.2)
Adjusted net earnings attributable to shareholders of the Corporation (1)	39.1	41.7	(6.2)
Adjusted net earnings attributable to shareholders of the Corporation per share (1)	0.45	0.48	(6.3)

(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.

- Increase in adjusted operating earnings before depreciation and amortization of 5.2%, including organic growth of 18.5% in the Packaging Sector.
- Revenues of $747.2 million for the quarter ended April 30, 2023; operating earnings of $43.8 million; and net earnings attributable to shareholders of the Corporation of $22.2 million ($0.26 per share).
- Adjusted operating earnings before depreciation and amortization of $109.0 million for the quarter ended April 30, 2023; adjusted operating earnings of $66.2 million; and adjusted net earnings attributable to shareholders of the Corporation of $39.1 million ($0.45 per share).
- Launched the new innovative flyer *raddar*™ in Montreal on May 15, 2023.
- Won the "Company of the Year - Large Business" award at the business competition of the Fédération des chambres de commerce du Québec (FCCQ).
- Appointment of Thomas Morin as President and Chief Executive Officer of TC Transcontinental on June 7, 2023.

PREAMBLE - Economic environment

The economic environment remains tied to geopolitical events. Consumers and businesses around the world continue to be affected by rising prices. In order to control inflation, several central banks have tightened their monetary policies, which has an impact on interest rates and foreign currency exchange rates.

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

RECONCILIATION OF NON-IFRS FINANCIAL MEASURES

(Unaudited)

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

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

Table #2:

Reconciliation of operating earnings - Second quarter and cumulative

	Three months ended		Six months ended	
(in millions of dollars)	**April 30, 2023**	May 1, 2022	**April 30, 2023**	May 1, 2022
Operating earnings	**$43.8**	$46.1	**$58.8**	$79.9
Restructuring and other costs (revenues)	**3.8**	0.8	**12.0**	(0.9)
Amortization of intangible assets arising from business combinations (1)	**18.6**	17.2	**37.2**	34.4
Adjusted operating earnings	**$66.2**	$64.1	**$108.0**	$113.4
Depreciation and amortization (2)	**42.8**	39.5	**85.1**	79.2
Adjusted operating earnings before depreciation and amortization	**$109.0**	$103.6	**$193.1**	$192.6

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

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

	Three months ended		Six months ended	
(in millions of dollars)	**April 30, 2023**	May 1, 2022	**April 30, 2023**	May 1, 2022
Operating earnings	**$26.5**	$11.1	**$30.7**	$17.1
Restructuring and other costs	**1.9**	5.6	**5.9**	2.7
Amortization of intangible assets arising from business combinations (1)	**16.1**	15.1	**32.1**	30.3
Adjusted operating earnings	**$44.5**	$31.8	**$68.7**	$50.1
Depreciation and amortization (2)	**22.9**	20.6	**45.3**	41.2
Adjusted operating earnings before depreciation and amortization	**$67.4**	$52.4	**$114.0**	$91.3

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

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

	Three months ended		Six months ended	
(in millions of dollars)	**April 30, 2023**	May 1, 2022	**April 30, 2023**	May 1, 2022
Operating earnings	**$33.5**	$37.8	**$55.5**	$77.1
Restructuring and other costs	**1.3**	0.8	**4.5**	1.8
Amortization of intangible assets arising from business combinations (1)	**2.0**	2.0	**4.1**	4.0
Adjusted operating earnings	**$36.8**	$40.6	**$64.1**	$82.9
Depreciation and amortization (2)	**13.2**	14.1	**26.5**	28.6
Adjusted operating earnings before depreciation and amortization	**$50.0**	$54.7	**$90.6**	$111.5

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

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

	Three months ended		Six months ended	
(in millions of dollars)	**April 30, 2023**	May 1, 2022	**April 30, 2023**	May 1, 2022
Operating earnings	**($16.2)**	($2.8)	**($27.4)**	($14.3)
Restructuring and other costs (revenues)	**0.6**	(5.6)	**1.6**	(5.4)
Amortization of intangible assets arising from business combinations (1)	**0.5**	0.1	**1.0**	0.1
Adjusted operating earnings	**($15.1)**	($8.3)	**($24.8)**	($19.6)
Depreciation and amortization (2)	**6.7**	4.8	**13.3**	9.4
Adjusted operating earnings before depreciation and amortization	**($8.4)**	($3.5)	**($11.5)**	($10.2)

(1) Intangible assets arising from business combinations include our trademarks, non-compete agreements, rights of first refusal and educational book titles.
(2) Depreciation and amortization excludes the amortization of intangible assets arising from business combinations.

Reconciliation of operating earnings - Last eight quarters

	2023		2022				2021	
(in millions of dollars)	**Q2**	Q1	Q4	Q3	**Q2**	Q1	Q4	Q3
Operating earnings	**$43.8**	$15.0	$85.3	$52.1	**$46.1**	$33.8	$80.5	$50.2
Restructuring and other costs (revenues)	**3.8**	8.2	(4.6)	3.0	**0.8**	(1.7)	6.6	0.8
Amortization of intangible assets arising from business combinations (1)	**18.6**	18.6	18.4	17.5	**17.2**	17.2	17.1	16.4
Impairment of assets	**—**	—	—	—	**—**	—	0.7	—
Adjusted operating earnings	**$66.2**	$41.8	$99.1	$72.6	**$64.1**	$49.3	$104.9	$67.4
Depreciation and amortization (2)	**42.8**	42.3	42.0	40.4	**39.5**	39.7	38.2	36.8
Adjusted operating earnings before depreciation and amortization	**$109.0**	$84.1	$141.1	$113.0	**$103.6**	$89.0	$143.1	$104.2

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

Reconciliation of net earnings attributable to shareholders of the Corporation - Second quarter and cumulative

	Three months ended		Six months ended	
(in millions of dollars, except per share amounts)	**April 30, 2023**	May 1, 2022	**April 30, 2023**	May 1, 2022
Net earnings attributable to shareholders of the Corporation	**$22.2**	$28.3	**$23.2**	$46.7
Restructuring and other costs (revenues)	**3.8**	0.8	**12.0**	(0.9)
Tax on restructuring and other costs (revenues)	**(0.9)**	(0.4)	**(3.0)**	—
Amortization of intangible assets arising from business combinations (1)	**18.6**	17.2	**37.2**	34.4
Tax on amortization of intangible assets arising from business combinations	**(4.6)**	(4.2)	**(9.2)**	(8.5)
Adjusted net earnings attributable to shareholders of the Corporation	**$39.1**	$41.7	**$60.2**	$71.7
Net earnings attributable to shareholders of the Corporation per share	**$0.26**	$0.33	**$0.27**	$0.54
Adjusted net earnings attributable to shareholders of the Corporation per share	**$0.45**	$0.48	**$0.70**	$0.83
Weighted average number of shares outstanding	**86.6**	86.8	**86.6**	86.9

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

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

	2023		2022				2021	
(in millions of dollars, except per share amounts)	**Q2**	Q1	Q4	Q3	**Q2**	Q1	Q4	Q3
Net earnings attributable to shareholders of the Corporation	**$22.2**	$1.0	$60.4	$34.1	**$28.3**	$18.4	$39.2	$28.1
Restructuring and other costs (revenues)	**3.8**	8.2	(4.6)	3.0	**0.8**	(1.7)	6.6	0.8
Tax on restructuring and other costs (revenues)	**(0.9)**	(2.1)	(1.3)	(0.7)	**(0.4)**	0.4	(1.4)	(0.4)
Amortization of intangible assets arising from business combinations (1)	**18.6**	18.6	18.4	17.5	**17.2**	17.2	17.1	16.4
Tax on amortization of intangible assets arising from business combinations	**(4.6)**	(4.6)	(4.5)	(4.3)	**(4.2)**	(4.3)	(1.8)	(4.0)
Impairment of assets	**—**	—	—	—	**—**	—	0.7	—
Tax on impairment of assets	**—**	—	—	—	**—**	—	(0.2)	—
Adjustment on additional taxes in other jurisdictions	**—**	—	—	—	**—**	—	(0.3)	3.3
Tax impact of an internal reorganization	**—**	—	—	—	**—**	—	10.7	—
Adjusted net earnings attributable to shareholders of the Corporation	**$39.1**	$21.1	$68.4	$49.6	**$41.7**	$30.0	$70.6	$44.2
Net earnings attributable to shareholders of the Corporation per share	**$0.26**	$0.01	$0.70	$0.39	**$0.33**	$0.21	$0.45	$0.32
Adjusted net earnings attributable to shareholders of the Corporation per share	**$0.45**	$0.24	$0.79	$0.57	**$0.48**	$0.35	$0.81	$0.51
Weighted average number of shares outstanding	**86.6**	86.6	86.6	86.6	**86.8**	86.9	87.0	87.0

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

Reconciliation of net indebtedness

(in millions of dollars, except ratios)	**As at April 30, 2023**	As at October 30, 2022
Long-term debt	**$1,024.8**	$979.3
Current portion of long-term debt	**21.8**	10.7
Lease liabilities	**117.3**	135.0
Current portion of lease liabilities	**25.0**	25.3
Cash	**(36.4)**	(45.7)
Net indebtedness	**$1,152.5**	$1,104.6
Adjusted operating earnings before depreciation and amortization (last 12 months)	**$447.2**	$446.7
Net indebtedness ratio	**2.58 x**	2.47 x

ANALYSIS OF CONSOLIDATED RESULTS - SECOND QUARTER

Revenues

Revenues increased by $31.7 million, or 4.4%, from $715.5 million in the second quarter of 2022 to $747.2 million in the corresponding period of 2023. This increase is mainly attributable to the favourable exchange rate effect mainly in the Packaging Sector, and the acquisitions of Éditions du renouveau pédagogique Inc. ("ERPI"), Banaplast S.A.S. ("Banaplast") and Scolab Inc. ("Scolab"). A more detailed analysis of revenues is presented in the section "Analysis of Sector Results - Second quarter".

Operating and Other Expenses

Operating expenses increased by $26.3 million, or 4.3%, in the second quarter of 2023 compared to the corresponding period of 2022. This increase is mainly due to the unfavourable exchange rate effect, the impact of inflation on the cost structure and acquisitions. These factors were partially mitigated by lower costs related to our cost reduction initiatives.

Restructuring and other costs increased by $3.0 million, from $0.8 million in the second quarter of 2022 to $3.8 million in the second quarter of 2023. This unfavourable change is mainly due to a net gain on the disposal of a building in the second quarter of 2022 and the increase in workforce reduction costs related to cost reduction initiatives in the Printing and Packaging Sectors, partially mitigated by a decrease in configuration and customization costs in cloud computing arrangements.

Operating Earnings before Depreciation and Amortization

Operating earnings before depreciation and amortization increased by $2.4 million, or 2.3%, from $102.8 million in the second quarter of 2022 to $105.2 million in the second quarter of 2023. The increase in operating earnings before depreciation and amortization is chiefly attributable the positive impact of the increase in prices to mitigate the impact of inflation, cost reduction initiatives and the favourable exchange rate effect, partially offset by lower volume, and the unfavourable impact of the stock-based compensation expense.

Adjusted operating earnings before depreciation and amortization increased by $5.4 million, or 5.2%, from $103.6 million in the second quarter of 2022 to $109.0 million in the second quarter of 2023. A more detailed analysis of adjusted operating earnings is presented in the section "Analysis of Sector Results - Second Quarter".

Depreciation and Amortization

Depreciation and amortization increased by $4.7 million, from $56.7 million in the second quarter of 2022 to $61.4 million in the second quarter of 2023. This increase is mostly due to the unfavourable exchange rate effect and the acquisitions in the Media Sector.

Net Financial Expenses

Net financial expenses increased by $5.3 million, from $9.9 million in the second quarter of 2022 to $15.2 million in the second quarter of 2023. This unfavourable change is mainly explained by the increase in interest rates.

Income Taxes

Income taxes decreased by $1.5 million, from $7.9 million in the second quarter of 2022 to $6.4 million in the second quarter of 2023. This decrease is mainly attributable to lower earnings before income taxes.

Adjusted income taxes decreased by $0.6 million, from $12.5 million in the second quarter of 2022, to $11.9 million in the second quarter of 2023, for a relatively stable effective tax rate of 23.1% compared to 23.3%.

Net Earnings Attributable to Shareholders of the Corporation

Net earnings attributable to shareholders of the Corporation decreased by $6.1 million, from $28.3 million in the second quarter of 2022 to $22.2 million in the second quarter of 2023. This decrease is mainly due to the increase in financial expenses, depreciation and amortization as well as restructuring and other costs, partially mitigated by lower income taxes. On a per share basis, net earnings attributable to shareholders of the Corporation went from $0.33 to $0.26, respectively.

Adjusted net earnings attributable to shareholders of the Corporation decreased by $2.6 million, or 6.2%, from $41.7 million in the second quarter of 2022 to $39.1 million in the second quarter of 2023. This decrease is due to the increase in financial expenses and depreciation and amortization, partially mitigated by the previously explained increase in adjusted operating earnings before depreciation and amortization and lower income taxes. On a per share basis, adjusted net earnings attributable to shareholders of the Corporation went from $0.48 to $0.45, respectively.

ANALYSIS OF CONSOLIDATED RESULTS - CUMULATIVE

Revenues

Revenues increased by $48.1 million, or 3.4%, from $1,406.1 million in the first six months of fiscal 2022 to $1,454.2 million in the corresponding period of 2023. This increase is mainly explained by the favourable exchange rate effect and acquisitions. These factors were partially offset by the organic decline chiefly caused by lower volume. A more detailed analysis of revenues is presented in the section "Analysis of Sector Results - Cumulative".

Operating and Other Expenses

Operating expenses increased by $47.6 million in the first six months of fiscal 2023, or 3.9%, compared to the corresponding period of 2022. This increase results mainly from the unfavourable exchange rate effect, the increase in the cost of raw materials, the impact of inflation on the cost structure and the acquisitions. These factors were partially mitigated by lower costs related to our cost reduction initiatives.

Restructuring and other costs (revenues) increased by $12.9 million, from a revenue of $0.9 million in the first six months of fiscal 2022 to an expense of $12.0 million in the corresponding period of 2023. This unfavourable variance is mainly due to the increase in workforce reduction costs related to cost reduction initiatives in the Printing and Packaging Sectors in 2023, and net gains realized in 2022 on the disposal of a building and insurance proceeds receivable for the replacement of equipment destroyed by a fire in the Packaging Sector, partially mitigated by a decrease in configuration and customization costs in cloud computing arrangements.

Operating earnings before depreciation and amortization

Operating earnings before depreciation and amortization decreased by $12.4 million, or 6.4%, from $193.5 million in the first six months of fiscal 2022 to $181.1 million in the corresponding period of 2023. The decline in operating earnings before depreciation and amortization is mainly explained by the increase in restructuring and other costs.

Adjusted operating earnings before depreciation and amortization increased by $0.5 million, or 0.3%, from $192.6 million in the first six months of fiscal 2022 to $193.1 million in the corresponding period of 2023. A more detailed analysis of adjusted operating earnings is presented in the section "Analysis of Sector Results - Cumulative".

Depreciation and Amortization

Depreciation and amortization increased by $8.7 million, from $113.6 million in the first six months of fiscal 2022 to $122.3 million in the corresponding period of 2023. This increase is mostly due to the unfavourable exchange rate effect and the acquisitions in the Media Sector.

Net Financial Expenses

Net financial expenses increased by $12.2 million, from $19.7 million in the first six months of fiscal 2022 to $31.9 million in the corresponding period of fiscal 2023. This unfavourable change is explained mainly by the increase in interest rates, net indebtedness and exchange rates.

Income Taxes

Income taxes decreased by $10.1 million, from $13.6 million in the first six months of fiscal 2022 to $3.5 million in the corresponding period of 2023. This decrease is mainly attributable to lower earnings before income taxes.

Adjusted income taxes decreased from $22.1 million in the first six months of fiscal 2022, for an effective tax rate of 23.6%, to $15.7 million in the corresponding period of 2023, for an effective tax rate of 20.6%. This decrease in the effective tax rate is explained by the geographic distribution of earnings before income taxes, and an unfavourable adjustment relating to prior years in 2022.

Net Earnings Attributable to Shareholders of the Corporation

Net earnings attributable to shareholders of the Corporation decreased by $23.5 million, or 50.3%, from $46.7 million in the first six months of fiscal 2022 to $23.2 million in the corresponding period of 2023. This decrease is mainly due to the increase in restructuring and other costs, depreciation and amortization and financial expenses, partially mitigated by lower income taxes. On a per share basis, net earnings attributable to shareholders of the Corporation went from $0.54 to $0.27, respectively.

Adjusted net earnings attributable to shareholders of the Corporation decreased by $11.5 million, or 16.0%, from $71.7 million in the first six months of fiscal 2022 to $60.2 million in the corresponding period of 2023, mostly as a result of the increase in financial expenses and depreciation and amortization, partially mitigated by lower income taxes. On a per share basis, adjusted net earnings attributable to shareholders of the Corporation went from $0.83 to $0.70, respectively.

ANALYSIS OF SECTOR RESULTS - SECOND QUARTER

(Unaudited)

Table #3:

(in millions of dollars)	Packaging	Printing	Other	Consolidated results
Revenues - Second quarter of 2022	**$421.5**	**$291.9**	**$2.1**	**$715.5**
Acquisitions, disposals and closures	1.5	(0.3)	2.4	**3.6**
Existing operations				
Exchange rate effect	26.2	1.1	—	**27.3**
Organic growth (decline)	(5.0)	5.8	—	**0.8**
Revenues - Second quarter of 2023	**$444.2**	**$298.5**	**$4.5**	**$747.2**
Adjusted operating earnings before depreciation and amortization (1) - Second quarter of 2022	**$52.4**	**$54.7**	**($3.5)**	**$103.6**
Acquisitions, disposals and closures	0.5	(0.1)	(0.8)	**(0.4)**
Existing operations				
Exchange rate effect	4.8	0.1	0.2	**5.1**
Stock-based compensation	—	—	(3.2)	**(3.2)**
Organic growth (decline)	9.7	(4.7)	(1.1)	**3.9**
Adjusted operating earnings before depreciation and amortization (1) - Second quarter of 2023	**$67.4**	**$50.0**	**($8.4)**	**$109.0**

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

Packaging Sector

Packaging Sector revenues increased by $22.7 million, or 5.4%, from $421.5 million in the second quarter of 2022 to $444.2 million in the second quarter of 2023. This increase is mainly attributable to the favourable exchange rate effect and the positive impact of the increase in prices to mitigate the impact of inflation, partially offset by a decrease in volume due to customer destocking.

Adjusted operating earnings before depreciation and amortization increased by $15.0 million, or 28.6%, from $52.4 million in the second quarter of 2022 to $67.4 million in the second quarter of 2023. This increase is mainly explained by the net impact of the increase in prices due to the current inflationary situation and the favourable exchange rate effect, partially offset by a decrease in volume. The sector's adjusted operating earnings margin before depreciation and amortization increased from 12.4% in the second quarter of 2022 to 15.2% in the second quarter of 2023, mainly as a result of the above-mentioned items.

Printing Sector

Printing Sector revenues increased by $6.6 million, or 2.3%, from $291.9 million in the second quarter of 2022 to $298.5 million in the second quarter of 2023. The increase is attributable to organic growth mainly resulting from the increase in contractual prices to mitigate the impact of inflation, partially offset by lower volume, notably in retail flyer printing and distribution activities.

Adjusted operating earnings before depreciation and amortization decreased by $4.7 million, or 8.6%, from $54.7 million in the second quarter of 2022 to $50.0 million in the second quarter of 2023. This decrease is mostly caused by lower volume, notably in retail flyer printing and distribution activities, partially mitigated by in-store marketing activities and our cost reduction initiatives. The sector's adjusted operating earnings margin before depreciation and amortization decreased from 18.7% in the second quarter of 2022 to 16.8% in the second quarter of 2023, mostly due to lower volume.

Other

Revenues increased by $2.4 million, from $2.1 million in the second quarter of 2022 to $4.5 million in the second quarter of 2023, mostly as a result of the acquisitions of ERPI and Scolab.

Adjusted operating earnings before depreciation and amortization decreased by $4.9 million, from $-3.5 million in the second quarter of 2022 to $-8.4 million in the second quarter of 2023, mainly as a result of the unfavourable impact of the stock-based compensation and lower volume in the Media Sector due to seasonality.

ANALYSIS OF SECTOR RESULTS - CUMULATIVE

(Unaudited)

Table #4:

(in millions of dollars)	Packaging	Printing	Other	Consolidated results
Revenues - Six months ended May 1, 2022	**$805.5**	**$587.3**	**$13.3**	**$1,406.1**
Acquisitions, disposals and closures	3.1	(0.3)	8.3	11.1
Existing operations				
Exchange rate effect	46.6	2.2	—	48.8
Organic growth (decline)	(5.3)	(4.5)	(2.0)	(11.8)
Revenues - Six months ended April 30, 2023	**$849.9**	**$584.7**	**$19.6**	**$1,454.2**
Adjusted operating earnings before depreciation and amortization (1) - Six months ended May 1, 2022	**$91.3**	**$111.5**	**($10.2)**	**$192.6**
Acquisitions, disposals and closures	1.1	(0.1)	0.2	1.2
Existing operations				
Exchange rate effect	7.6	0.2	0.4	8.2
Stock-based compensation	—	—	(0.7)	(0.7)
Organic growth (decline)	14.0	(21.0)	(1.2)	(8.2)
Adjusted operating earnings before depreciation and amortization (1) - Six months ended April 30, 2023	**$114.0**	**$90.6**	**($11.5)**	**$193.1**

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

Packaging Sector

Packaging Sector revenues increased by $44.4 million, from $805.5 million in the first six months of fiscal 2022 to $849.9 million in the corresponding period of 2023. This increase is mainly attributable to the favourable exchange rate effect and the positive impact of the increase in prices to mitigate the impact of inflation, partially offset by decrease in volume mainly due to continued pressures in Latin America and customer destocking.

Adjusted operating earnings before depreciation and amortization increased by $22.7 million, from $91.3 million in the first six months of fiscal 2022 to $114.0 million in the corresponding period of 2023. This increase is mainly attributable to the net effect of the increase in prices due to the current inflationary situation, the favourable exchange rate effect and cost reduction initiatives, partially mitigated by lower volume. The sector's adjusted operating earnings margin before depreciation and amortization increased from 11.3% in the first six months of fiscal 2022 to 13.4% in the corresponding period of 2023, due to the above-mentioned items.

Printing Sector

Printing Sector revenues decreased by $2.6 million, from $587.3 million in the first six months of fiscal 2022 to $584.7 million in the corresponding period of 2023. This decrease is due to organic decline mainly caused by lower volume, notably in retail flyer printing and distribution activities, partially offset by the favourable impact of price increases to mitigate the impact of inflation, as well as the favourable exchange rate effect.

Adjusted operating earnings before depreciation and amortization decreased by $20.9 million, from $111.5 million in the first six months of fiscal 2022 to $90.6 million in the corresponding period of 2023. This decrease is mostly caused by lower volume, notably in retail flyer printing and distribution activities. The sector's adjusted operating earnings margin before depreciation and amortization decreased from 19.0% in the first six months of fiscal 2022 to 15.5% in the corresponding period of 2023, mostly due to lower volume.

Other

Revenues increased by $6.3 million, from $13.3 million in the first six months of fiscal 2022 to $19.6 million in the corresponding period of 2023. This increase is mostly attributable to the acquisitions of ERPI and Scolab in the Media Sector.

Adjusted operating earnings before depreciation and amortization decreased by $1.3 million, from $-10.2 million the first six months of fiscal 2022 to $-11.5 million in the corresponding period of 2023. This decrease is mainly attributable to lower volume in the Media Sector due to seasonality.

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:

	2023		2022				2021	
	Q2	Q1	Q4	Q3	**Q2**	Q1	Q4	Q3
(in millions of dollars, unless otherwise indicated and per share amounts)	**13 weeks**	13 weeks	13 weeks	13 weeks	**13 weeks**	13 weeks	14 weeks	13 weeks
Revenues	**$747.2**	$707.0	$802.2	$747.8	**$715.5**	$690.6	$775.8	$621.6
Operating earnings before depreciation and amortization	**105.2**	75.9	145.7	110.0	**102.8**	90.7	135.8	103.4
Adjusted operating earnings before depreciation and amortization (1)	**109.0**	84.1	141.1	113.0	**103.6**	89.0	143.1	104.2
Adjusted operating earnings margin before depreciation and amortization (1)	**14.6 %**	11.9 %	17.6 %	15.1 %	**14.5 %**	12.9 %	18.4 %	16.8% %
Operating earnings	**$43.8**	$15.0	$85.3	$52.1	**$46.1**	$33.8	$80.5	$50.2
Adjusted operating earnings (1)	**66.2**	41.8	99.1	72.6	**64.1**	49.3	104.9	67.4
Adjusted operating earnings margin (1)	**8.9 %**	5.9 %	12.4 %	9.7 %	**9.0 %**	7.1 %	13.5 %	10.8 %
Net earnings attributable to shareholders of the Corporation	**$22.2**	$1.0	$60.4	$34.1	**$28.3**	$18.4	$39.2	$28.1
Net earnings attributable to shareholders of the Corporation per share	**0.26**	0.01	0.70	0.39	**0.33**	0.21	0.45	0.32
Adjusted net earnings attributable to shareholders of the Corporation (1)	**39.1**	21.1	68.4	49.6	**41.7**	30.0	70.6	44.2
Adjusted net earnings attributable to shareholders of the Corporation per share (1)	**0.45**	0.24	0.79	0.57	**0.48**	0.35	0.81	0.51
% of fiscal year	**— %**	— %	36 %	26 %	**22 %**	16 %	35 %	21 %

(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.

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

- The impact of acquisitions;
- The effect of exchange rate fluctuations;
- The effect of interest rate fluctuations;
- The impact of the change in the share price on the stock-based compensation expense;
- The impact of changes in price of raw materials, including resin and paper; and
- The impact of inflation on costs.

FINANCIAL POSITION, LIQUIDITY AND CAPITAL STRUCTURE

(Unaudited)

Table #6:

	Three months ended	
(in millions of dollars)	**April 30, 2023**	May 1, 2022 [1]
Operating activities		
Cash flows generated by operating activities before changes in non-cash operating items and income taxes paid	**$103.4**	$106.0
Changes in non-cash operating items	**23.4**	(16.5)
Income taxes paid	**(21.8)**	(15.1)
Cash flows from operating activities	**$105.0**	$74.4
Investing activities		
Business combinations, net of acquired cash	**$—**	($11.8)
Acquisitions of property, plant and equipment	**(42.2)**	(28.8)
Disposals of property, plant and equipment	**—**	8.1
Increase in intangible assets	**(11.0)**	(6.0)
Cash flows from investing activities	**($53.2)**	($38.5)
Financing activities		
Increase in long-term debt	**$—**	$200.0
Reimbursement of long-term debt	**(0.9)**	(143.0)
Net increase (decrease) in credit facilities	**1.9**	(53.7)
Financial expenses paid on long-term debt and credit facilities	**(15.5)**	(8.3)
Repayment of principal on lease liabilities	**(6.2)**	(6.0)
Interest paid on lease liabilities	**(0.9)**	(1.1)
Dividends	**(19.5)**	(19.6)
Share redemptions	**—**	(3.0)
Cash flows from financing activities	**($41.1)**	($34.7)
Effect of exchange rate changes on cash denominated in foreign currencies	**$0.5**	$0.6
Net change in cash	**$11.2**	$1.8

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

Financial position	**As at April 30, 2023**	As at October 30, 2022
Net indebtedness [1]	**$1,152.5**	$1,104.6
Net indebtedness ratio [1]	**2.58 x**	2.47 x
Credit rating		
DBRS	**BBB (low)**	BBB (low)
Outlook	**Stable**	Stable
Standard and Poor's	**BBB-**	BBB-
Outlook	**Stable**	Stable

Consolidated Statements of Financial Position	**As at April 30, 2023**	As at October 30, 2022
Current assets	**$1,071.9**	$1,134.7
Current liabilities	**467.8**	547.0
Total assets	**3,708.2**	3,801.0
Total liabilities	**1,841.2**	1,919.0

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

ANALYSIS OF FINANCIAL POSITION - SECOND QUARTER

Cash Flows from Operating Activities

Cash flows from operating activities increased from $74.4 million in the second quarter of 2022 to $105.0 million in the second quarter of 2023. This increase is mostly attributable to the favourable change in working capital, which is largely explained by lower inventory compared to the corresponding period of the prior year, partially mitigated by the increase in income taxes paid.

Cash Flows from Investing Activities

Cash flows from investing activities increased from a cash outflow of $38.5 million in the second quarter of 2022 to a cash outflow of $53.2 million in the second quarter of 2023. This change is mainly related to an increase in acquisitions of property, plant and equipment in the Packaging Sector.

Cash Flows from Financing Activities

Cash flows from financing activities went from a cash outflow of $34.7 million in the second quarter of 2022 to a cash outflow of $41.1 million in the second quarter of 2023. This change is mostly attributable to the increase in financial expenses, due in particular to higher interest rates.

Debt instruments

The Corporation has a credit facility amounting to $400.0 million or the U.S. dollar equivalent, which was maturing in February 2027. On February 22, 2023, the maturity was extended by one year, until February 2028, on similar terms. The interest rate on the credit facility is based on the Corporation's credit rating. Based on the current credit rating, the applicable rate is the bankers' acceptance rate plus 1.675%, or the Secured Overnight Financing Rate ("SOFR") plus 1.775%, or the Canadian prime rate or the U.S. prime rate plus 0.675%.

The Corporation has another credit facility with a maximum amount of US$25.0 million ($33.9 million), which was maturing in March 2023. On January 30, 2023, the maturity of the credit facility was extended by one year, until March 2024, on similar terms. The applicable interest rate for this credit facility is SOFR plus 1.05%.

As at April 30, 2023, an amount of $189.8 million had been drawn on the credit facilities, and the unused amount under the credit facilities was $244.1 million.

As at April 30, 2023, the floating-rate portion of the Corporation's long-term debt represented approximately 51.7% of total debt.

Net indebtedness went from $1,104.6 million as at October 30, 2022 to $1,152.5 million as at April 30, 2023. This increase is mostly explained by investments in property, plant and equipment. Consequently, the net indebtedness ratio stood at 2.58x as at April 30, 2023 compared to 2.47x as at October 30, 2022, due to the above-mentioned items and higher adjusted operating earnings before depreciation and amortization.

Share Capital

Table #7:

Shares Issued and Outstanding	As at April 30, 2023	As at May 31, 2023
Class A (Subordinate Voting Shares)	**72,965,844**	**72,965,844**
Class B (Multiple Voting Shares)	**13,658,326**	**13,658,326**
Total Class A and Class B	**86,624,170**	**86,624,170**

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

During the second quarter and the first six months of fiscal 2023, 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 April 30, 2023.

During the first six months of fiscal 2022, the Corporation repurchased and cancelled 337,800 of its Class A Subordinate Voting Shares at a weighted average price of $17.73 per share, for a total cash consideration of $6.0 million. The excess of the total consideration over the carrying amount of the shares, amounting to $3.1 million, was applied against retained earnings.

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 April 30, 2023, the Corporation's management excluded ERPI and Banaplast 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.

ERPI, acquired June 13, 2022, and Banaplast, acquired June 22, 2022, have generated revenues of $6.6 million, and of $3.1 million, respectively, or 0.5%, and 0.2%, respectively, of the Corporation's consolidated revenues for the first six months of fiscal 2023.

Additional information about these acquisitions is presented in Table #8.
Table #8:
(Unaudited)

(in millions of dollars)	ERPI	Banaplast
Statements of financial position	**As at April 30, 2023**	**As at April 30, 2023**
Current assets	**$18.8**	**$3.7**
Non-current assets	**13.8**	**2.2**
Current liabilities	**10.8**	**0.6**
Non-current liabilities	**1.7**	**—**
Statements of earnings	**Six months ended April 30, 2023**	**Six months ended April 30, 2023**
Revenues	**$6.6**	**$3.1**
Operating earnings before depreciation and amortization	**(2.7)**	**1.1**
Operating earnings	**(5.3)**	**1.1**

During the second quarter ended April 30, 2023, 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 Executive Vice President and Chief Financial Officer of the Corporation.

RECENT DEVELOPMENT

On June 7, 2023, the Corporation announced the departure of Peter Brues and the appointment of Thomas Morin as President and Chief Executive Officer.

OUTLOOK

In the Packaging Sector, our investments in sustainable packaging solutions position us well for the future and should be a key driver of our long-term growth. The economic environment should however continue to affect short-term demand. In terms of profitability, despite the pressures on volume, we expect an increase in adjusted operating earnings before depreciation and amortization for fiscal year 2023 compared to fiscal year 2022.

In the Printing Sector, we expect volume growth in our book printing and in-store marketing activities. The transfer of cost increases should however have a negative impact on volume, notably in our retail flyer printing and distribution activities. This anticipated volume reduction, combined with the effect of inflationary pressures, should result in lower adjusted operating earnings before depreciation and amortization for fiscal year 2023 compared to fiscal year 2022. We expect this decrease to be partially offset by the implementation of the cost reduction initiatives announced in March 2023.

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

On behalf of Management,

(s) Donald LeCavalier
Executive Vice President and Chief Financial Officer

June 7, 2023