

For Immediate Release

Transcontinental Inc. Announces Results for the Fourth Quarter and Fiscal Year 2023

Highlights

- Growth in adjusted operating earnings before depreciation and amortization⁽¹⁾ of 3.1% for the quarter.
- Revenues of \$779.7 million for the quarter ended October 29, 2023; operating earnings of \$66.7 million; and net earnings attributable to shareholders of the Corporation of \$41.7 million (\$0.48 per share).
- Adjusted operating earnings before depreciation and amortization⁽¹⁾ of \$145.5 million for the quarter ended October 29, 2023; adjusted operating earnings⁽¹⁾ of \$107.3 million; and adjusted net earnings attributable to shareholders of the Corporation⁽¹⁾ of \$71.8 million (\$0.83 per share).
- Improved net indebtedness ratio⁽¹⁾ from 2.47x as at October 30, 2022 to 2.06x as at October 29, 2023.
- Announced, on November 3, 2023, the end of Publisac and its gradual replacement by *raddar*TM across Quebec, as well as the roll-out of *raddar*TM in Ontario and British Columbia.
- Launched an ambitious program including costs reductions, measures aimed at less-performing activities and the sale of real estate assets to improve the Corporation's earnings per share and balance sheet. Actions already undertaken:
 - Closed the Montreal recycling plant and integrated recycling into packaging plants.
 - Announced, on November 24, 2023, the closure of the Tomah, Wisconsin, packaging plant in February 2024.
 - Sold a building in Quebec City for \$12.0 million.

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

Montréal, December 12, 2023 - Transcontinental Inc. (TSX: TCL.A TCL.B) announces its results for the fourth quarter and fiscal year 2023, which ended October 29, 2023.

"We successfully increased our adjusted operating earnings before depreciation and amortization in the fourth quarter, despite lower revenues," said Thomas Morin, President and Chief Executive Officer of TC Transcontinental.

"The Packaging Sector finished the fiscal year on a strong note with solid adjusted operating earnings before depreciation and amortization for the quarter. This concludes a year of growth in the face of headwinds in demand. In spite of an uncertain outlook, we expect to further grow the sector's operating earnings in the new fiscal year by continuing to focus on our priorities aimed at improving our financial performance.

"In our Printing Sector, the actions implemented since the beginning of the year partially offset the decrease in volume. We continue to face challenges in our book printing activities and we have taken measures to mitigate their impact in 2024. While continuing to reduce our cost structure to reflect the demand in this sector, we are encouraged by the favourable opportunities in our retailer related services as well as the roll-out of *raddar*TM in fiscal 2024. The Media Sector delivered a solid financial performance in the fourth quarter with a significant growth in adjusted operating earnings before depreciation and amortization.

"We were able to improve the working capital for a third quarter in a row, which substantially reduced net indebtedness. Despite significant investments in new equipment, including those intended to accelerate the commercialization of recyclable flexible packaging, our solid performance with respect to cash flows from operating activities enabled us to reduce our net indebtedness ratio to 2.06x at the end of fiscal 2023.

"After six months as President and Chief Executive Officer, I am announcing that we have implemented an ambitious program to improve the Corporation's earnings per share and balance sheet. This two-year program, which should generate recurring savings from \$20 million to \$40 million, comprises four main action categories: 1) significant reductions in fixed costs across the organization; 2) decisive actions aimed at less-performing activities, through turnaround or consolidation; 3) a reduction of the cost of goods sold; 4) the sale of certain real estate assets for an expected value of approximately \$100 million in a first step. On top of achieving the fiscal 2024 objectives, the management team is mobilized to execute this program, which will support greater profitability growth.

"Several actions have already been undertaken as part of this program, including the closure of the Montreal recycling plant and the Tomah packaging plant, as well as the sale of a building in Quebec City for \$12 million."

Financial Highlights

(in millions of dollars, except per share amounts)	Q4-2023	Q4-2022	Variation in %	Fiscal 2023	Fiscal 2022	Variation in %
Revenues	\$779.7	\$802.2	(2.8)%	\$2,940.6	\$2,956.1	(0.5)%
Operating earnings before depreciation and amortization	123.2	145.7	(15.4)	399.6	449.2	(11.0)
Adjusted operating earnings before depreciation and amortization ⁽¹⁾	145.5	141.1	3.1	446.5	446.7	—
Operating earnings	66.7	85.3	(21.8)	164.7	217.3	(24.2)
Adjusted operating earnings ⁽¹⁾	107.3	99.1	8.3	285.5	285.1	0.1
Net earnings attributable to shareholders of the Corporation	41.7	60.4	(31.0)	85.8	141.2	(39.2)
Net earnings attributable to shareholders of the Corporation per share	0.48	0.70	(31.4)	0.99	1.63	(39.3)
Adjusted net earnings attributable to shareholders of the Corporation ⁽¹⁾	71.8	68.4	5.0	176.0	189.7	(7.2)
Adjusted net earnings attributable to shareholders of the Corporation per share ⁽¹⁾	0.83	0.79	5.1	2.03	2.19	(7.3)

(1) Please refer to the section entitled "Reconciliation of Non-IFRS Financial Measures" in this Press release for adjusted data presented above.

Results of the Fourth Quarter of Fiscal 2023

Revenues decreased by \$22.5 million, or 2.8%, from \$802.2 million in the fourth quarter of 2022 to \$779.7 million in the corresponding period of 2023. This decrease is mainly due to the organic decline largely caused by lower volume, partially mitigated by the favourable exchange rate effect mainly in the Packaging Sector.

Operating earnings before depreciation and amortization decreased by \$22.5 million, or 15.4%, from \$145.7 million in the fourth quarter of 2022 to \$123.2 million in the fourth quarter of 2023. Adjusted operating earnings before depreciation and amortization increased by \$4.4 million, or 3.1%, from \$141.1 million in the fourth quarter of 2022 to \$145.5 million in the fourth quarter of 2023. The increase in adjusted operating earnings before depreciation and amortization is mainly attributable to the favourable impact of the change in stock-based compensation expense, the organic growth in the Media Sector and cost reduction initiatives, partially offset by the organic decline in the Printing Sector largely caused by lower volume. Lastly, asset impairment charges had a \$25.2 million negative impact on operating earnings before depreciation and amortization, which explains the decrease of this measure.

Net earnings attributable to shareholders of the Corporation decreased by \$18.7 million, from \$60.4 million in the fourth quarter of 2022 to \$41.7 million in the fourth quarter of 2023. This decrease is mainly due to asset impairment charges and the increase in financial expenses, partially mitigated by lower depreciation and amortization and income taxes. On a per share basis, net earnings attributable to shareholders of the Corporation went from \$0.70 to \$0.48, respectively.

Adjusted net earnings attributable to shareholders of the Corporation increased by \$3.4 million, or 5.0%, from \$68.4 million in the fourth quarter of 2022 to \$71.8 million in the fourth quarter of 2023. This increase is mainly attributable to the previously explained increase in adjusted operating earnings before depreciation and amortization as well as lower depreciation and amortization and income taxes, partially offset by the increase in financial expenses. On a per share basis, adjusted net earnings attributable to shareholders of the Corporation went from \$0.79 to \$0.83, respectively.

Results of Fiscal 2023

Revenues decreased by \$15.5 million, or 0.5%, from \$2,956.1 million in fiscal 2022 to \$2,940.6 million in the corresponding period of 2023. This decrease is mainly explained by the organic decline largely caused by lower volume, partially mitigated by the favourable exchange rate effect, the net impact of price increases due to the current inflationary situation and the acquisitions.

Operating earnings before depreciation and amortization decreased by \$49.6 million, or 11.0%, from \$449.2 million in fiscal 2022 to \$399.6 million in the corresponding period of 2023. The decline is mainly due to asset impairment charges and the increase in restructuring and other costs.

Adjusted operating earnings before depreciation and amortization remained stable and went from \$446.7 million in fiscal 2022 to \$446.5 million in the corresponding period of 2023. The organic decline largely caused by lower volume was mostly mitigated by cost reduction initiatives and, to a lesser extent, the favourable exchange rate effect and the acquisitions.

Net earnings attributable to shareholders of the Corporation decreased by \$55.4 million, or 39.2%, from \$141.2 million in fiscal 2022 to \$85.8 million in the corresponding period of 2023. This decrease is mainly due to asset impairment charges as well as 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 \$1.63 to \$0.99, respectively.

Adjusted net earnings attributable to shareholders of the Corporation decreased by \$13.7 million, or 7.2%, from \$189.7 million in fiscal 2022 to \$176.0 million in the corresponding period of 2023, mostly as a result of the increase in financial expenses, partially mitigated by lower income taxes. On a per share basis, adjusted net earnings attributable to shareholders of the Corporation went from \$2.19 to \$2.03, respectively.

For more detailed financial information, please see the Management's Discussion and Analysis for the year ended October 29, 2023 as well as the financial statements in the "Investors" section of our website at www.tc.tc.

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 pressure on volume, we expect an increase in adjusted operating earnings before depreciation and amortization for fiscal 2024 compared to fiscal 2023.

In the Printing Sector, we expect lower volume in the majority of our activities. This anticipated volume reduction should result in lower adjusted operating earnings before depreciation and amortization for fiscal 2024 compared to fiscal 2023. We expect this decrease to be offset by cost reduction initiatives and the continued deployment of *raddar*TM which allows us to secure our retail flyer printing activities.

Finally, given the economic environment and the early impact of our profitability improvement program, we expect consolidated adjusted operating earnings before depreciation and amortization to remain at least stable for fiscal 2024 compared to fiscal 2023. In addition, we expect to continue generating significant cash flows from operating activities, which will enable us to reduce our net indebtedness while continuing our strategic investments.

Non-IFRS Financial Measures

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

In addition, in this press release, we also use certain non-IFRS financial measures for which a complete definition is presented below and for which a reconciliation to financial information in accordance with IFRS is presented in the section entitled "Reconciliation of Non-IFRS Financial Measures" and in Note 3, "Segmented Information", to the audited annual consolidated financial statements for the year ended October 29, 2023.

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	Operating earnings before restructuring and other costs (revenues), amortization of intangible assets arising from business combinations and impairment of assets.
Adjusted income taxes	Income taxes before income taxes on restructuring and other costs (revenues), impairment of assets and amortization of intangible assets arising from business combinations.
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.
Net indebtedness	Total of long-term debt, of current portion of long-term debt, of lease liabilities and of current portion of lease liabilities, less cash.
Net indebtedness ratio	Net indebtedness divided by the last 12 months' adjusted operating earnings before depreciation and amortization.

Reconciliation of Non-IFRS Financial Measures

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

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

Reconciliation of operating earnings - Fourth quarter and fiscal year

(in millions of dollars)	Three months ended		Year ended	
	October 29, 2023	October 30, 2022	October 29, 2023	October 30, 2022
Operating earnings	\$66.7	\$85.3	\$164.7	\$217.3
Restructuring and other costs (revenues)	(2.9)	(4.6)	21.7	(2.5)
Amortization of intangible assets arising from business combinations ⁽¹⁾	18.3	18.4	73.9	70.3
Impairment of assets	25.2	—	25.2	—
Adjusted operating earnings	\$107.3	\$99.1	\$285.5	\$285.1
Depreciation and amortization ⁽²⁾	38.2	42.0	161.0	161.6
Adjusted operating earnings before depreciation and amortization	\$145.5	\$141.1	\$446.5	\$446.7

(1) Amortization of intangible assets arising from business combinations includes our customer relationships, 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 - Fourth quarter and fiscal year for the Packaging Sector

(in millions of dollars)	Three months ended		Year ended	
	October 29, 2023	October 30, 2022	October 29, 2023	October 30, 2022
Operating earnings	\$14.4	\$20.6	\$62.8	\$50.6
Restructuring and other costs	3.9	3.7	11.3	9.1
Amortization of intangible assets arising from business combinations ⁽¹⁾	16.1	15.6	64.1	61.3
Impairment of assets	8.8	—	8.8	—
Adjusted operating earnings	\$43.2	\$39.9	\$147.0	\$121.0
Depreciation and amortization ⁽²⁾	18.5	21.8	82.5	84.4
Adjusted operating earnings before depreciation and amortization	\$61.7	\$61.7	\$229.5	\$205.4

(1) Amortization of intangible assets arising from business combinations includes our customer relationships and non-compete agreements.

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

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

(in millions of dollars)	Three months ended		Year ended	
	October 29, 2023	October 30, 2022	October 29, 2023	October 30, 2022
Operating earnings	\$26.0	\$57.4	\$108.8	\$171.2
Restructuring and other costs (revenues)	3.8	(8.5)	11.0	(6.6)
Amortization of intangible assets arising from business combinations ⁽¹⁾	1.8	2.0	7.8	8.1
Impairment of assets	16.4	—	16.4	—
Adjusted operating earnings	\$48.0	\$50.9	\$144.0	\$172.7
Depreciation and amortization ⁽²⁾	13.1	13.7	52.9	55.7
Adjusted operating earnings before depreciation and amortization	\$61.1	\$64.6	\$196.9	\$228.4

(1) Amortization of intangible assets arising from business combinations includes our customer relationships and non-compete agreements.

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

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

(in millions of dollars)	Three months ended		Year ended	
	October 29, 2023	October 30, 2022	October 29, 2023	October 30, 2022
Operating earnings	\$26.3	\$7.3	(\$6.9)	(\$4.5)
Restructuring and other costs (revenues)	(10.6)	0.2	(0.6)	(5.0)
Amortization of intangible assets arising from business combinations ⁽¹⁾	0.4	0.8	2.0	0.9
Adjusted operating earnings	\$16.1	\$8.3	(\$5.5)	(\$8.6)
Depreciation and amortization ⁽²⁾	6.6	6.5	25.6	21.5
Adjusted operating earnings before depreciation and amortization	\$22.7	\$14.8	\$20.1	\$12.9

(1) Amortization of intangible assets arising from business combinations includes 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 - Fourth quarter and fiscal year

(in millions of dollars, except per share amounts)	Three months ended		Year ended	
	October 29, 2023	October 30, 2022	October 29, 2023	October 30, 2022
Net earnings attributable to shareholders of the Corporation	\$41.7	\$60.4	\$85.8	\$141.2
Restructuring and other costs (revenues)	(2.9)	(4.6)	21.7	(2.5)
Tax on restructuring and other costs (revenues)	0.3	(1.3)	(6.0)	(2.0)
Amortization of intangible assets arising from business combinations ⁽¹⁾	18.3	18.4	73.9	70.3
Tax on amortization of intangible assets arising from business combinations	(4.3)	(4.5)	(18.1)	(17.3)
Impairment of assets	25.2	—	25.2	—
Tax on impairment of assets	(6.5)	—	(6.5)	—
Adjusted net earnings attributable to shareholders of the Corporation	\$71.8	\$68.4	\$176.0	\$189.7
Net earnings attributable to shareholders of the Corporation per share	\$0.48	\$0.70	\$0.99	\$1.63
Adjusted net earnings attributable to shareholders of the Corporation per share	\$0.83	\$0.79	\$2.03	\$2.19
Weighted average number of shares outstanding	86.6	86.6	86.6	86.8

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

Reconciliation of net indebtedness

(in millions of dollars, except ratios)	As at October 29, 2023	As at October 30, 2022
Long-term debt	\$937.8	\$979.3
Current portion of long-term debt	2.1	10.7
Lease liabilities	94.6	135.0
Current portion of lease liabilities	23.5	25.3
Cash	(137.0)	(45.7)
Net indebtedness	\$921.0	\$1,104.6
Adjusted operating earnings before depreciation and amortization (fiscal year)	\$446.5	\$446.7
Net indebtedness ratio	2.06x	2.47x

Dividend

The Corporation's Board of Directors declared a quarterly dividend of \$0.225 per share on Class A Subordinate Voting Shares and Class B Shares. This dividend is payable on January 22, 2024, to shareholders of record at the close of business on January 8, 2024.

Normal Course Issuer Bid

On September 29, 2022, 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 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. The repurchases are made in the normal course of business at market prices through the Toronto Stock Exchange.

During the year ended October 29, 2023, the Corporation did not repurchase any of its Class A Subordinate Voting Shares or Class B Shares. As at October 29, 2023, the Corporation had no share repurchase program in effect.

Additional information

Conference Call

Upon releasing its 2023 fourth quarter and fiscal 2023 results, the Corporation will hold a conference call for the financial community on December 13, 2023, at 7:30 a.m. The dial-in numbers are 1-416-764-8658 or 1-888-886-7786. Media may hear the call in listen-only mode or tune in to the simultaneous audio broadcast on TC Transcontinental's website, which will then be archived for 30 days. For media requests or interviews, please contact Nathalie St-Jean, Senior Advisor, Corporate Communications of TC Transcontinental, at 514-954-3581.

Profile

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

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

Transcontinental Inc. (TSX: TCL.A TCL.B), known as TC Transcontinental, has approximately 8,000 employees, the majority of which are based in Canada, the United States and Latin America. TC Transcontinental generated revenues of C\$2.9 billion during the fiscal year ended October 29, 2023. For more information, visit TC Transcontinental's website at www.tc.tc.

Forward-looking Statements

Our public communications often contain oral or written forward-looking statements which are based on the expectations of management and inherently subject to a certain number of risks and uncertainties, known and unknown. By their very nature, forward-looking statements are derived from both general and specific assumptions. The Corporation cautions against undue reliance on such statements since actual results or events may differ materially from the expectations expressed or implied in them. Forward-looking statements may include observations concerning the Corporation's objectives, strategy, anticipated financial results and business outlook. The Corporation's future performance may also be affected by a number of factors, many of which are beyond the Corporation's will or control. These factors include, but are not limited to the impact of digital product development and adoption as well as regulations or legislation regarding door-to-door distribution on the printing and distribution of paper flyers, inflation and recession risks, economic conditions and geopolitical uncertainty, environmental risks as well as adoption of new regulations or amendments and changes to consumption habits, risk of an operational disruption that could be harmful to its ability to meet deadlines, the worldwide outbreak of a disease, a virus or any other contagious disease could have an adverse impact on the Corporation's operations, the ability to generate organic long-term growth and face competition, a significant increase in the cost of raw materials, the availability of those materials and energy consumption could have an adverse impact on the Corporation's activities, the ability to complete acquisitions and properly integrate them, cybersecurity, data protection, warehousing and usage, the impact of digital product development and adoption on the demand for printed products other than flyers, the failure of patents, trademarks and confidentiality agreements to protect intellectual property, a difficulty to attract and retain employees in the main operating sectors, the safety and quality of packaging products used in the food industry, bad debts from certain customers, import and export controls, duties, tariffs or taxes, exchange rate fluctuations, increase in market interest rates with respect to our financial instruments as well as availability of capital at a reasonable cost, the legal risks related to its activities and the compliance of its activities with applicable regulations, the impact of major market fluctuations on the solvency of defined benefit pensions plans, changes in tax legislation and disputes with tax authorities or amendments to statutory tax rates in force, the impact of impairment tests on the value of assets and a conflict of interest between the controlling shareholder and other shareholders. The main risks, uncertainties and factors that could influence actual results are described in the *Management's Discussion and Analysis* for the year ended October 29, 2023 and in the latest *Annual Information Form*.

Unless otherwise indicated by the Corporation, forward-looking statements do not take into account the potential impact of non-recurring or other unusual items, nor of disposals, business combinations, mergers or acquisitions which may be announced or entered into after the date of December 12, 2023. The forward-looking statements in this press release are made pursuant to the "safe harbour" provisions of applicable Canadian securities legislation. The forward-looking statements in this release are based on current expectations and information available as at December 12, 2023. Such forward-looking information may also be found in other documents filed with Canadian securities regulators or in other communications. The Corporation's management disclaims any intention or obligation to update or revise these statements unless otherwise required by the securities authorities.

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