Condensed Interim Consolidated Financial Statements

For the periods ended April 28, 2024 and April 30, 2023

CONSOLIDATED STATEMENTS OF EARNINGS

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

		Three months ended		Six months ended	
	Notes	**April 28, 2024**	April 30, 2023	**April 28, 2024**	April 30, 2023
Revenues	3	**$ 683.2**	$ 747.2	**$ 1,363.6**	$ 1,454.2
Operating expenses	4	**573.1**	638.2	**1,157.4**	1,261.1
Restructuring and other costs	5	**16.0**	3.8	**27.3**	12.0
Impairment of assets		**5.4**	—	**7.5**	—
Operating earnings before depreciation and amortization		**88.7**	105.2	**171.4**	181.1
Depreciation and amortization	6	**55.5**	61.4	**110.4**	122.3
Operating earnings		**33.2**	43.8	**61.0**	58.8
Net financial expenses	7	**14.4**	15.2	**28.3**	31.9
Earnings before income taxes		**18.8**	28.6	**32.7**	26.9
Income taxes	8	**2.8**	6.4	**2.6**	3.5
Net earnings		**16.0**	22.2	**30.1**	23.4
Non-controlling interests		**0.1**	—	**0.3**	0.2
Net earnings attributable to shareholders of the Corporation		**$ 15.9**	$ 22.2	**$ 29.8**	$ 23.2
Net earnings attributable to shareholders of the Corporation per share - basic and diluted		**$ 0.18**	$ 0.26	**$ 0.34**	$ 0.27
Weighted average number of shares outstanding - basic and diluted (in millions)		**86.6**	86.6	**86.6**	86.6

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

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Unaudited
(in millions of Canadian dollars)

		Three months ended		Six months ended	
	Notes	**April 28, 2024**	April 30, 2023	**April 28, 2024**	April 30, 2023
Net earnings		**$ 16.0**	$ 22.2	**$ 30.1**	$ 23.4
Other comprehensive income (loss)					
Items that may be subsequently reclassified to net earnings					
Net change related to cash flow hedges (1)					
Net change in the fair value of designated derivatives - foreign exchange risk		**(2.2)**	(3.7)	**3.8**	5.4
Net change in the fair value of designated derivatives - interest rate risk		**4.0**	(0.1)	**1.2**	0.1
Reclassification of the net change in the fair value of designated derivatives recognized in net earnings during the period		**0.8**	0.4	**1.6**	0.5
Related income taxes (recovery)		**0.7**	(0.9)	**1.7**	1.6
	13	**1.9**	(2.5)	**4.9**	4.4
Cumulative translation differences					
Net unrealized exchange gains (losses) on the translation of the financial statements of foreign operations		**25.5**	27.0	**(15.4)**	2.7
Net (losses) gains on hedge of the net investment in foreign operations		**(8.0)**	(12.5)	**7.2**	(2.8)
Related income taxes		**0.7**	0.1	**—**	1.8
	13	**16.8**	14.4	**(8.2)**	(1.9)
Items that will not be reclassified to net earnings					
Changes related to defined benefit plans					
Actuarial (losses) gains on defined benefit plans		**(4.8)**	2.6	**(7.7)**	(2.6)
Related income taxes (recovery)		**(1.3)**	0.7	**(2.1)**	(0.7)
	13	**(3.5)**	1.9	**(5.6)**	(1.9)
Other comprehensive income (loss)	13	**15.2**	13.8	**(8.9)**	0.6
Comprehensive income		**$ 31.2**	$ 36.0	**$ 21.2**	$ 24.0

(1) For the three-month and six-month periods ended April 30, 2023, amounts of $3.6 million and $0.9 million, respectively, were reclassified to Net change in the fair value of designated derivatives - foreign exchange risk and Net change in the fair value of designated derivatives - interest rate risk. These amounts were previously reported under Reclassification of the net change in the fair value of designated derivatives recognized in net earnings during the period. These reclassifications had no impact on comprehensive income or net earnings.

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	Total	Non-controlling interests	Total equity
Balance as at October 29, 2023		**$ 636.6**	**$ 0.9**	**$ 1,226.8**	**$ 37.0**	**$ 1,901.3**	**$ 4.9**	**$ 1,906.2**
Net earnings		**—**	**—**	**29.8**	**—**	**29.8**	**0.3**	**30.1**
Other comprehensive loss	13	**—**	**—**	**—**	**(8.9)**	**(8.9)**	**—**	**(8.9)**
Shareholders' contributions and distributions to shareholders								
Dividends	11	**—**	**—**	**(39.0)**	**—**	**(39.0)**	**—**	**(39.0)**
Balance as at April 28, 2024		**$ 636.6**	**$ 0.9**	**$ 1,217.6**	**$ 28.1**	**$ 1,883.2**	**$ 5.2**	**$ 1,888.4**
Balance as at October 30, 2022		$ 636.6	$ 0.9	$ 1,219.0	$ 20.7	$ 1,877.2	$ 4.8	$ 1,882.0
Net earnings		—	—	23.2	—	23.2	0.2	23.4
Other comprehensive income	13	—	—	—	0.6	0.6	—	0.6
Shareholders' contributions and distributions to shareholders								
Dividends	11	—	—	(39.0)	—	(39.0)	—	(39.0)
Balance as at April 30, 2023		$ 636.6	$ 0.9	$ 1,203.2	$ 21.3	$ 1,862.0	$ 5.0	$ 1,867.0

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 April 28, 2024	As at October 29, 2023
Current assets			
Cash		**$ 55.1**	$ 137.0
Accounts receivable		**444.1**	514.7
Income taxes receivable		**33.4**	37.0
Inventories		**400.7**	391.1
Prepaid expenses and other current assets		**18.2**	20.6
		951.5	1,100.4
Property, plant and equipment		**773.3**	796.5
Right-of-use assets		**91.3**	98.6
Intangible assets		**409.3**	447.1
Goodwill		**1,186.0**	1,194.9
Deferred taxes		**28.3**	30.4
Other assets		**31.1**	32.4
		$ 3,470.8	$ 3,700.3
Current liabilities			
Accounts payable and accrued liabilities		**$ 388.6**	$ 465.5
Income taxes payable		**16.1**	24.8
Deferred revenues and deposits		**12.7**	10.4
Current portion of long-term debt	9	**199.3**	2.1
Current portion of lease liabilities		**22.3**	23.5
		639.0	526.3
Long-term debt	9	**663.0**	937.8
Lease liabilities		**87.7**	94.6
Deferred taxes		**73.1**	89.8
Other liabilities	10	**119.6**	145.6
		1,582.4	1,794.1
Equity			
Share capital	11	**636.6**	636.6
Contributed surplus		**0.9**	0.9
Retained earnings		**1,217.6**	1,226.8
Accumulated other comprehensive income	13	**28.1**	37.0
Attributable to shareholders of the Corporation		**1,883.2**	1,901.3
Non-controlling interests		**5.2**	4.9
		1,888.4	1,906.2
		$ 3,470.8	$ 3,700.3

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

CONSOLIDATED STATEMENTS OF CASH FLOWS

Unaudited
(in millions of Canadian dollars)

		Three months ended		Six months ended	
	Notes	**April 28, 2024**	April 30, 2023	**April 28, 2024**	April 30, 2023
Operating activities					
Net earnings		**$ 16.0**	$ 22.2	**$ 30.1**	$ 23.4
Adjustments to reconcile net earnings and cash flows from operating activities:					
Impairment of assets		**5.4**	—	**7.5**	—
Depreciation and amortization	6	**55.5**	61.4	**110.4**	122.3
Financial expenses on long-term debt and lease liabilities	7	**11.7**	14.5	**23.7**	27.9
Net (gains) losses on disposal of assets		**(0.2)**	0.3	**(0.3)**	0.8
Income taxes	8	**2.8**	6.4	**2.6**	3.5
Net foreign exchange differences and other		**(2.6)**	(1.4)	**(1.9)**	1.9
Cash flows generated by operating activities before changes in non-cash operating items and income taxes paid		**88.6**	103.4	**172.1**	179.8
Changes in non-cash operating items		**(0.9)**	23.4	**(20.9)**	(28.4)
Income taxes paid		**(14.7)**	(21.8)	**(20.8)**	(34.4)
Cash flows from operating activities		**73.0**	105.0	**130.4**	117.0
Investing activities					
Business combinations, net of acquired cash		**—**	—	**—**	(0.3)
Acquisitions of property, plant and equipment		**(22.0)**	(42.2)	**(52.1)**	(86.1)
Disposals of property, plant and equipment and other		**0.1**	—	**1.5**	—
Increase in intangible assets		**(8.1)**	(11.0)	**(14.6)**	(18.3)
Cash flows from investing activities		**(30.0)**	(53.2)	**(65.2)**	(104.7)
Financing activities					
Reimbursement of long-term debt		**(0.8)**	(0.9)	**(2.0)**	(1.6)
Net increase (decrease) in credit facilities		**1.3**	1.9	**(74.1)**	57.3
Financial expenses paid on long-term debt and credit facilities		**(14.2)**	(15.5)	**(21.6)**	(24.9)
Repayment of principal on lease liabilities		**(5.7)**	(6.2)	**(11.6)**	(12.3)
Interest paid on lease liabilities		**(0.9)**	(0.9)	**(1.7)**	(1.7)
Dividends	11	**(19.5)**	(19.5)	**(39.0)**	(39.0)
Cash flows from financing activities		**(39.8)**	(41.1)	**(150.0)**	(22.2)
Effect of exchange rate changes on cash denominated in foreign currencies		**0.4**	0.5	**2.9**	0.6
Net change in cash		**3.6**	11.2	**(81.9)**	(9.3)
Cash at beginning of the period		**51.5**	25.2	**137.0**	45.7
Cash at end of period		**$ 55.1**	$ 36.4	**$ 55.1**	$ 36.4
Non-cash investing activities					
Net change in capital asset acquisitions financed by accounts payable		**$ 1.9**	$ 2.6	**$ (9.3)**	$ 0.9

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 in retail services in Canada and is Canada's largest printer. The Corporation mainly conducts business in Canada, the United States, Latin America and the United Kingdom in three separate sectors: the Packaging Sector, the Retail Services and 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 of the Retail Services and Printing Sector 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 June 5, 2024.

2 SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

These condensed interim consolidated financial statements were prepared in accordance with International Financial Reporting Accounting 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 were prepared using the same accounting policies than those used in the audited annual consolidated financial statements for the year ended October 29, 2023 and should be read in conjunction with them.

3 SEGMENTED INFORMATION

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

The Corporation decided to change the name of its Printing Sector to Retail Services and Printing Sector to reflect its evolving activities and growth opportunities in retail services.

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

The Retail Services and Printing Sector generates revenues from an integrated retail service offering, including digital and printed advertising content production and delivery services, in-store marketing products, 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-sector sales. The Media Sector generates revenues from print and digital publishing products, in French and English, of the following types: educational books, supplemental educational books and specialized publications for professionals. Inter-sector sales of the Corporation are recognized at agreed transfer prices, which approximate fair value. Transactions other than sales are recognized at carrying amount.

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

3 SEGMENTED INFORMATION (CONTINUED)

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

For the three-month period ended April 28, 2024	Packaging	Retail Services and Printing	Other	Consolidated Results
Revenues	**$ 412.4**	**$ 266.3**	**$ 4.5**	**$ 683.2**
Operating expenses	**341.2**	**219.2**	**12.7**	**573.1**
Restructuring and other costs	**3.7**	**11.8**	**0.5**	**16.0**
Impairment of assets	**0.3**	**5.1**	**—**	**5.4**
Operating earnings before depreciation and amortization	**67.2**	**30.2**	**(8.7)**	**88.7**
Depreciation and amortization	**34.9**	**13.5**	**7.1**	**55.5**
Operating earnings (1)	**$ 32.3**	**$ 16.7**	**$ (15.8)**	**$ 33.2**
Adjusted operating earnings before depreciation and amortization (2)	**$ 71.2**	**$ 47.1**	**$ (8.2)**	**$ 110.1**
Adjusted operating earnings (1) & (2)	**52.4**	**34.6**	**(14.7)**	**72.3**
Amortization of intangible assets arising from business combinations (2)	**16.1**	**1.0**	**0.6**	**17.7**
Acquisitions of non-current assets (3)	**19.3**	**5.3**	**7.5**	**32.1**

For the three-month period ended April 30, 2023	Packaging	Retail Services and Printing	Other	Consolidated Results
Revenues	$ 444.2	$ 298.5	$ 4.5	$ 747.2
Operating expenses	376.8	248.5	12.9	638.2
Restructuring and other costs	1.9	1.3	0.6	3.8
Operating earnings before depreciation and amortization	65.5	48.7	(9.0)	105.2
Depreciation and amortization	39.0	15.2	7.2	61.4
Operating earnings (1)	$ 26.5	$ 33.5	$ (16.2)	$ 43.8
Adjusted operating earnings before depreciation and amortization (2)	$ 67.4	$ 50.0	$ (8.4)	$ 109.0
Adjusted operating earnings (1) & (2)	44.5	36.8	(15.1)	66.2
Amortization of intangible assets arising from business combinations (2)	16.1	2.0	0.5	18.6
Acquisitions of non-current assets (3)	37.7	8.0	8.0	53.7

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

3 SEGMENTED INFORMATION (CONTINUED)

For the six-month period ended April 28, 2024	Packaging	Retail Services and Printing	Other	Consolidated results
Revenues	**$ 810.6**	**$ 531.4**	**$ 21.6**	**$ 1,363.6**
Operating expenses	**679.0**	**444.8**	**33.6**	**1,157.4**
Restructuring and other costs	**7.3**	**17.9**	**2.1**	**27.3**
Impairment of assets	**0.6**	**6.9**	**—**	**7.5**
Operating earnings before depreciation and amortization	**123.7**	**61.8**	**(14.1)**	**171.4**
Depreciation and amortization	**69.0**	**27.5**	**13.9**	**110.4**
Operating earnings (1)	**$ 54.7**	**$ 34.3**	**$ (28.0)**	**$ 61.0**
Adjusted operating earnings before depreciation and amortization (2)	**$ 131.6**	**$ 86.6**	**$ (12.0)**	**$ 206.2**
Adjusted operating earnings (1) & (2)	**94.8**	**61.4**	**(24.9)**	**131.3**
Amortization of intangible assets arising from business combinations (2)	**32.2**	**2.3**	**1.0**	**35.5**
Acquisitions of non-current assets (3)	**34.5**	**9.5**	**13.5**	**57.5**

For the six-month period ended April 30, 2023	Packaging	Retail Services and Printing	Other	Consolidated results
Revenues	$ 849.9	$ 584.7	$ 19.6	$ 1,454.2
Operating expenses	735.9	494.1	31.1	1,261.1
Restructuring and other costs	5.9	4.5	1.6	12.0
Operating earnings before depreciation and amortization	108.1	86.1	(13.1)	181.1
Depreciation and amortization	77.4	30.6	14.3	122.3
Operating earnings (1)	$ 30.7	$ 55.5	$ (27.4)	$ 58.8
Adjusted operating earnings before depreciation and amortization (2)	$ 114.0	$ 90.6	$ (11.5)	$ 193.1
Adjusted operating earnings (1) & (2)	68.7	64.1	(24.8)	108.0
Amortization of intangible assets arising from business combinations (2)	32.1	4.1	1.0	37.2
Acquisitions of non-current assets (3)	70.3	20.0	15.2	105.5

(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 sector performance based on adjusted operating earnings before depreciation and amortization. Adjusted operating earnings before depreciation and amortization and adjusted operating earnings exclude restructuring and other costs and impairment of assets, if any. Adjusted operating earnings also excludes amortization of intangible assets arising from business combinations, which include customer relationships, non-compete agreements, rights of first refusal and educational book titles.

(3) These amounts include internally generated intangible assets and acquisitions of property, plant and equipment and intangible assets, excluding those acquired in 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 by sector disaggregated by type of products and geographical area:

	Three months ended		Six months ended	
	April 28, 2024	April 30, 2023	**April 28, 2024**	April 30, 2023
Packaging Products				
Revenues generated from plants located in Canada	**$ 36.6**	$ 32.9	**$ 68.5**	$ 66.7
Revenues generated from plants located in the United States	**303.9**	326.8	**594.5**	617.6
Revenues generated from plants located outside Canada and the United States	**71.9**	84.5	**147.6**	165.6
	412.4	444.2	**810.6**	849.9
Retail Services and Printing [(1)]				
Retail-related services [(2)]	**120.8**	138.1	**256.6**	281.5
Marketing products	**77.2**	80.8	**147.2**	150.9
Magazines and books	**47.9**	55.7	**85.1**	106.7
Newspapers	**20.4**	23.9	**42.5**	45.6
	266.3	298.5	**531.4**	584.7
Media [(1)]	**12.2**	12.0	**31.3**	30.5
Inter-sector Sales	**(7.7)**	(7.5)	**(9.7)**	(10.9)
	$ 683.2	$ 747.2	**$ 1,363.6**	$ 1,454.2

[(1)] Revenues from retail services and printing and media are mainly generated in Canada.

[(2)] Revenues from retail-related services include digital and printed advertising content production and delivery services.

Assets by sector
The Corporation's total assets by sector are as follows:

	As at April 28, 2024	As at October 29, 2023
Packaging	**$ 2,326.2**	$ 2,399.3
Retail Services and Printing	**824.3**	894.5
Other [(1)]	**320.3**	406.5
	$ 3,470.8	$ 3,700.3

[(1)] 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 sectors.

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

4 OPERATING EXPENSES

	Three months ended		Six months ended	
	April 28, 2024	April 30, 2023	**April 28, 2024**	April 30, 2023
Employee-related costs	**$ 192.7**	$ 197.0	**$ 388.4**	$ 397.1
Supply chain and logistics [1]	**348.0**	409.7	**703.6**	798.6
Other goods and services [2]	**32.4**	31.5	**65.4**	65.4
	$ 573.1	$ 638.2	**$ 1,157.4**	$ 1,261.1

[1] Includes mainly production, other than employee-related costs, and distribution costs related to external suppliers.

[2] Includes mainly promotion, advertising and telecommunications costs, office supplies, real estate expenses and professional fees.

5 RESTRUCTURING AND OTHER COSTS

	Three months ended		Six months ended	
	April 28, 2024	April 30, 2023	**April 28, 2024**	April 30, 2023
Workforce reductions [1] & [2]	**$ 11.5**	$ 2.2	**$ 20.1**	$ 6.9
Costs related to plant closures and restructuring [1] & [2]	**3.2**	0.3	**4.2**	1.5
Business acquisition and integration costs	**—**	0.9	**—**	1.9
Configuration and customization costs in cloud computing arrangements	**1.3**	0.9	**2.4**	1.9
Other elements	**—**	(0.5)	**0.6**	(0.2)
	$ 16.0	$ 3.8	**$ 27.3**	$ 12.0

[1] Includes termination payments to employees as part of workforce restructuring in the Retail Services and Printing Sector, Packaging Sector and Other, as well as related costs associated with such restructuring.

[2] During the six-month period ended April 28, 2024, the Corporation closed its Saint-Hyacinthe, Quebec, printing plant and is gradually transferring its operations to other Retail Services and Printing Sector plants to optimize the return on its assets, reduce its costs and improve operational efficiency. In connection with this initiative, expenses resulting mainly from workforce reductions and amounting to approximately $9.0 million were recognized.

6 DEPRECIATION AND AMORTIZATION

	Three months ended		Six months ended	
	April 28, 2024	April 30, 2023	**April 28, 2024**	April 30, 2023
Property, plant and equipment	**$ 25.9**	$ 30.1	**$ 51.1**	$ 59.8
Right-of-use assets	**5.4**	6.2	**11.0**	12.4
Intangible assets	**24.2**	25.1	**48.3**	50.1
	$ 55.5	$ 61.4	**$ 110.4**	$ 122.3

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

7 NET FINANCIAL EXPENSES

	Three months ended		Six months ended	
	April 28, 2024	April 30, 2023	**April 28, 2024**	April 30, 2023
Financial expenses on long-term debt	**$ 10.8**	$ 13.6	**$ 22.0**	$ 26.2
Interest on lease liabilities	**0.9**	0.9	**1.7**	1.7
Net interest on defined benefit asset and liability	**1.1**	0.8	**2.1**	1.6
Other expenses	**2.0**	1.7	**3.8**	3.3
Net foreign exchange gains	**(0.4)**	(1.8)	**(1.3)**	(0.9)
	$ 14.4	$ 15.2	**$ 28.3**	$ 31.9

8 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		Six months ended	
	April 28, 2024	April 30, 2023	**April 28, 2024**	April 30, 2023
Earnings before income taxes	**$ 18.8**	$ 28.6	**$ 32.7**	$ 26.9
Canadian statutory tax rate [1]	**26.5%**	26.5%	**26.5%**	26.5%
Income taxes at the statutory tax rate	**5.0**	7.6	**8.7**	7.1
Effect of differences in tax rates and additional income taxes in other jurisdictions	**(3.2)**	(1.9)	**(5.5)**	(4.4)
Income taxes on non-deductible expenses and non-taxable revenues	**0.2**	0.8	**(0.5)**	0.9
Change in deferred tax assets on tax losses or temporary differences not previously recognized	**1.0**	0.1	**0.2**	0.3
Adjustment for previous years' balances	**(0.1)**	—	**(0.1)**	—
Other	**(0.1)**	(0.2)	**(0.2)**	(0.4)
Income taxes at the effective tax rate	**$ 2.8**	$ 6.4	**$ 2.6**	$ 3.5
Income taxes before the following items:	**$ 12.5**	$ 11.9	**$ 20.0**	$ 15.7
Income taxes on amortization of intangible assets arising from business combinations	**(4.3)**	(4.6)	**(8.7)**	(9.2)
Income taxes on impairment of assets	**(1.4)**	—	**(1.9)**	—
Income taxes on restructuring and other costs	**(4.0)**	(0.9)	**(6.8)**	(3.0)
Income taxes at the effective tax rate	**$ 2.8**	$ 6.4	**$ 2.6**	$ 3.5

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

The Corporation is present in countries that have adopted the new Pillar Two model rules on global minimum tax during the fiscal year, which will be effective as of its fiscal year ending October 26, 2025. The Corporation has assessed its potential exposure based on the most recent available information and determined that the transitional safe harbour provided for in the new Pillar Two model rules applies in most jurisdictions where it operates. However, there are a limited number of jurisdictions where the transitional safe harbour does not apply and where the effective tax rate could be lower than 15.0%. Based on its interpretation of the current law, the Corporation expects that the maximal annual impact on income taxes in these jurisdictions will not exceed $10.0 million, and monitors the developments in the various jurisdictions in which it operates. In addition, the Corporation has applied the mandatory temporary exemption to recognizing deferred tax assets and liabilities related to income taxes resulting from the Pillar Two global minimum tax rules and has therefore not recognized any deferred income tax assets and liabilities that would result from such rules.

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

9 LONG-TERM DEBT

	Effective Interest Rate as at April 28, 2024	Maturity	As at April 28, 2024	As at October 29, 2023
Unsecured notes (issued in 2021)	2.41%	2026	$ 250.0	$ 250.0
Unsecured notes (issued in 2022)	2.84%	2025	195.5	192.2
U.S. dollar term loan (issued in 2021)	7.35%	2028	159.5	163.1
U.S. dollar term loan (extended in 2022)	7.17%	2027	153.8	156.0
Unified Debenture	4.84%	2028	100.0	100.0
Credit facilities	6.76%	2025-2028	1.3	76.3
Other loans		2026-2031	4.5	5.2
			$ 864.6	$ 942.8
Issuance costs on long-term debt at amortized cost			(2.3)	(2.9)
Total long-term debt			$ 862.3	$ 939.9
Current portion of long-term debt			$ 199.3	$ 2.1
Non-current portion of long-term debt			$ 663.0	$ 937.8

Credit facilities

The Corporation has a credit facility amounting to $400.0 million or the U.S. dollar equivalent, which matures in February 2028. 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 Canadian Overnight Repo Rate Average ("CORRA") plus 1.970% for one-month periods or plus 1.996% for three-month periods, 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$15.0 million ($20.5 million), which matures in March 2025. The applicable interest rate for this credit facility is SOFR plus 1.450%. On February 21, 2024, this credit facility was extended for an additional year, and the maximum amount was decreased from US$25.0 million to US$15.0 million.

As at April 28, 2024, an amount of $1.3 million had been drawn on the credit facilities and was recognized as a current liability. As at April 28, 2024, the unused amount under the credit facilities was $419.2 million.

The Corporation must comply with certain restrictive covenants, including maintaining certain financial ratios. During the six-month period ended April 28, 2024, the Corporation has not been in default under any covenants.

10 OTHER LIABILITIES

	Notes	As at April 28, 2024	As at October 29, 2023
Defined benefit liability		$ 88.9	$ 82.8
Derivative financial instruments	14	19.7	50.5
Stock-based compensation	12	8.5	8.1
Accrued liabilities and other liabilities		2.2	3.9
Long-term provisions		0.3	0.3
		$ 119.6	$ 145.6

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

11 SHARE CAPITAL

	As at April 28, 2024			As at October 29, 2023		
	Number of shares		Amount	Number of shares		Amount
Class A Subordinate Voting Shares	**73,259,342**	**$**	**618.4**	73,259,342	$	618.4
Class B Shares	**13,364,828**		**18.2**	13,364,828		18.2
	86,624,170	**$**	**636.6**	86,624,170	$	636.6

Net earnings per share
For the six-month periods ended April 28, 2024 and April 30, 2023, there were no dilutive items.

Dividends
Dividends of $0.225 per share were declared and paid to holders of shares for each of the three-month periods ended April 28, 2024 and April 30, 2023. Dividends of $0.450 per share were declared and paid to holders of shares for each of the six-month periods ended April 28, 2024 and April 30, 2023.

12 STOCK-BASED COMPENSATION

Share unit plans
The Corporation offers a share unit plan for certain officers and senior executives under which deferred share units ("DSUs") and restricted share units ("RSUs") 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 Corporation also offers a DSU plan for its directors. Under this plan, directors may elect to receive as compensation either cash, DSUs, or a combination of both.

The following table presents the changes in the plans' status for the six-month period ended April 28, 2024:

	Number of units	
	DSUs	RSUs
Balance as at October 29, 2023	**851,001**	**1,180,654**
Units granted	**87,550**	**560,344**
Units cancelled	**—**	**(70,702)**
Units paid	**(47,291)**	**(360,376)**
Incentive compensation paid in units	**8,986**	**—**
Dividends paid in units	**28,116**	**33,905**
Balance as at April 28, 2024	**928,362**	**1,343,825**

As at April 28, 2024, the liability related to the share unit plans was $20.7 million, of which $8.5 million was presented under Other liabilities ($16.9 million as at October 29, 2023, of which $8.1 million was presented under Other liabilities) and the remaining balance was presented under Accounts payable and accrued liabilities. Expenses recorded in the Consolidated Statements of Earnings for the three-month periods ended April 28, 2024 and April 30, 2023 were $2.3 million and $1.3 million, respectively. Expenses recorded in the Consolidated Statements of Earnings for the six-month periods ended April 28, 2024 and April 30, 2023 were $9.3 million and $3.5 million, respectively. Amounts of $1.0 million and nil were paid under these plans for the three-month periods ended April 28, 2024 and April 30, 2023, respectively. Amounts of $5.5 million and $18.0 million were paid under these plans for the six-month periods ended April 28, 2024 and April 30, 2023, respectively.

Total return swap
The Corporation uses total return swaps to hedge a portion of the stock-based compensation expenses (gains) that vary based on the price of the Corporation's shares. These swaps have a term of 12 months each. During the six-month period ended April 28, 2024, the Corporation renewed, at maturity, the contract covering 900,000 units at a weighted average price of $15.12 per unit, with similar terms. During the six-month period ended April 30, 2023, the Corporation settled, at maturity, the total return swap covering 1,200,000 units at a weighted average price of $20.01 per unit for a consideration paid of $5.9 million.

During the three-month periods ended April 28, 2024 and April 30, 2023, amounts recognized in the Consolidated Statements of Earnings under Operating expenses, corresponding to the change in fair value of the total return swaps for hedged units, before taking into account dividends received and interest paid, were gains of nil and $0.8 million, respectively. During the six-month periods ended April 28, 2024 and April 30, 2023, amounts recognized in the Consolidated Statements of Earnings under Operating expenses, corresponding to the change in fair value of the total return swap for hedged units, before taking into account dividends received and interest paid, were a gain of $3.3 million and an expense of $1.4 million, respectively.

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

13 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 29, 2023	**$ (3.6)**	**$ (25.4)**	**$ 99.5**	**$ (33.5)**	**$ 37.0**
Net change in gains (losses), net of income taxes	**4.9**	**7.2**	**(15.4)**	**(5.6)**	**(8.9)**
Balance as at April 28, 2024	**$ 1.3**	**$ (18.2)**	**$ 84.1**	**$ (39.1)**	**$ 28.1**
Balance as at October 30, 2022	$ (11.6)	$ (11.3)	$ 66.3	$ (22.7)	$ 20.7
Net change in gains (losses), net of income taxes	4.4	(4.6)	2.7	(1.9)	0.6
Balance as at April 30, 2023	$ (7.2)	$ (15.9)	$ 69.0	$ (24.6)	$ 21.3

As at April 28, 2024, the amounts expected to be reclassified to net earnings in future years are as follows:

	2024	2025	2026	2027	Total
Net change in the fair value of derivatives designated as cash flow hedges	$ 1.5	$ 2.0	$ (0.2)	$ (5.1)	$ (1.8)
Income taxes (recovery)	0.4	0.5	(0.1)	(1.3)	(0.5)
	$ 1.1	$ 1.5	$ (0.1)	$ (3.8)	$ (1.3)

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

	Three months ended		Six months ended	
	April 28, 2024	April 30, 2023	**April 28, 2024**	April 30, 2023
Actuarial gains (losses) on obligation - change in discount rate	**$ 6.7**	$ 5.1	**$ (22.9)**	$ (32.7)
Actuarial (losses) gains on plan assets - excluding interest income	**(11.5)**	(2.4)	**13.8**	30.2
Effect of the asset ceiling	**—**	(0.1)	**1.4**	(0.1)
Related income taxes (recovery)	**(1.3)**	0.7	**(2.1)**	(0.7)
	$ (3.5)	$ 1.9	**$ (5.6)**	$ (1.9)

Actuarial gains and losses on obligation recognized in the Statements of Comprehensive Income for the six-month period ended April 28, 2024 are explained by the change in the discount rate, which decreased from 5.60% as at October 29, 2023 to 5.20% as at April 28, 2024 in Canada, and from 6.20% as at October 29, 2023 to 5.70% as at April 28, 2024 in the United States. Actuarial gains and losses on plan assets are attributable to the fact that actual rates of return on assets were higher than expected returns for the six-month period ended April 28, 2024.

Actuarial gains and losses on obligation recognized in the Statements of Comprehensive Income for the six-month period ended April 30, 2023 are explained by the change in the discount rate, which decreased from 5.40% as at October 30, 2022 to 4.80% as at April 30, 2023 in Canada, and from 5.70% as at October 30, 2022 to 4.90% as at April 30, 2023 in the United States. Actuarial gains and losses on plan assets are attributable to the fact that actual rates of return on assets were higher than expected returns for the six-month period ended April 30, 2023.

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14 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. Therefore, due to its estimated 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, accounts payable and accrued liabilities approximate their fair value due to their short term maturities.

The fair value of long-term debt is determined using the discounted future cash flows 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, if any. 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 or the Corporation. 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 occurrence 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 April 28, 2024		As at October 29, 2023	
	Fair value hierarchy	**Fair value**	**Carrying amount**	Fair value	Carrying amount
Prepaid expenses and other current assets					
Foreign exchange forward contracts	Level 2	**$ 0.6**	**$ 0.6**	$ 0.1	$ 0.1
Other assets					
Foreign exchange forward contracts	Level 2	**1.0**	**1.0**	—	—
Interest rate swaps	Level 2	**5.5**	**5.5**	5.8	5.8
Accounts payable and accrued liabilities					
Cross-currency fixed interest rate swaps	Level 2	**(19.3)**	**(19.3)**	—	—
Total return swap	Level 2	**(1.0)**	**(1.0)**	(4.3)	(4.3)
Foreign exchange forward contracts	Level 2	**(3.1)**	**(3.1)**	(7.4)	(7.4)
Long-term debt					
Long-term debt	Level 2	**(861.0)**	**(862.3)**	(920.5)	(939.9)
Other liabilities					
Cross-currency fixed interest rate swaps	Level 2	**(17.6)**	**(17.6)**	(47.0)	(47.0)
Foreign exchange forward contract	Level 2	**(2.1)**	**(2.1)**	(3.5)	(3.5)

During the six-month period ended April 28, 2024, no financial instruments were transferred between Levels 1, 2 and 3.