

*For Immediate Release***Transcontinental Inc. Announces Results for the Second Quarter of Fiscal 2024****Highlights**

- Revenues of \$683.2 million for the quarter ended April 28, 2024; operating earnings of \$33.2 million; and net earnings attributable to shareholders of the Corporation of \$15.9 million (\$0.18 per share).
- Adjusted operating earnings before depreciation and amortization⁽¹⁾ of \$110.1 million for the quarter ended April 28, 2024; adjusted operating earnings⁽¹⁾ of \$72.3 million; and adjusted net earnings attributable to shareholders of the Corporation⁽¹⁾ of \$45.3 million (\$0.52 per share).
- Growth in adjusted operating earnings before depreciation and amortization⁽¹⁾ of 1.0%, including an increase of 5.6% in the Packaging Sector.
- Continued to roll-out *raddar*TM.
- Closed the Tomah, Wisconsin, plant on February 2, 2024 and the Saint-Hyacinthe, Québec, plant on April 20, 2024 with a transfer of operations to other plants in the network, and ended the Publisac distribution activities in Québec.

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

Montréal, June 5, 2024 - Transcontinental Inc. (TSX: TCL.A TCL.B) announces its results for the second quarter of fiscal 2024, which ended April 28, 2024.

"I am very satisfied with our performance for the quarter in terms of profitability," said Thomas Morin, President and Chief Executive Officer of TC Transcontinental. "We pursued our cost reduction initiatives with determination, while our efforts to improve our product mix toward higher value-added products are showing results.

"In our Packaging Sector, the financial performance was strong with a 5.6% increase in adjusted operating earnings before depreciation and amortization, despite a solid performance last year. In spite of the continued pressure on our non-food related activities, we are starting to see demand improving in most of our end markets.

"In our Retail Services and Printing Sector, renamed to reflect our expanded offering and growth opportunities in retail services, we are satisfied with the roll-out of *raddar*TM in Québec and the positive customer response to this new, innovative product as well as the growth in our in-store marketing activities. The sector's profitability is stable as a result of the actions taken to improve our cost structure.

"We are encouraged by the results to date of our two-year program aimed at improving our profitability and our financial position. We are expecting recurring annual savings of approximately \$30 million from this program by the end of fiscal 2024."

"Repaying our debt remains a priority, and we are confident we will continue to reduce our indebtedness and improve our balance sheet with the significant cash flows that we expect to generate during the second half of the fiscal year, added Donald LeCavalier, Executive Vice President and Chief Financial Officer of TC Transcontinental. In that context, we are requesting the approval of the Toronto Stock Exchange to launch a normal course issuer bid in the near-term."

Financial Highlights

(in millions of dollars, except per share amounts)	Q2-2024	Q2-2023	Variation in %
Revenues	\$683.2	\$747.2	(8.6) %
Operating earnings before depreciation and amortization	88.7	105.2	(15.7)
Adjusted operating earnings before depreciation and amortization ⁽¹⁾	110.1	109.0	1.0
Operating earnings	33.2	43.8	(24.2)
Adjusted operating earnings ⁽¹⁾	72.3	66.2	9.2
Net earnings attributable to shareholders of the Corporation	15.9	22.2	(28.4)
Net earnings attributable to shareholders of the Corporation per share	0.18	0.26	(30.8)
Adjusted net earnings attributable to shareholders of the Corporation ⁽¹⁾	45.3	39.1	15.9
Adjusted net earnings attributable to shareholders of the Corporation per share ⁽¹⁾	0.52	0.45	15.6

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

Results for the Second Quarter of Fiscal 2024

Revenues decreased by \$64.0 million, or 8.6%, from \$747.2 million in the second quarter of 2023 to \$683.2 million in the corresponding period of 2024. This decrease is mainly due to lower volume in the two main operating sectors.

Operating earnings before depreciation and amortization decreased by \$16.5 million, or 15.7%, from \$105.2 million in the second quarter of 2023 to \$88.7 million in the second quarter of 2024. This decrease is mainly due to the increase in restructuring and other costs, asset impairment charges and lower volume, partially mitigated by our cost reduction initiatives related to the profitability and financial position improvement program announced in December 2023 in addition to a favourable product mix.

Adjusted operating earnings before depreciation and amortization increased by \$1.1 million, or 1.0%, from \$109.0 million in the second quarter of 2023 to \$110.1 million in the second quarter of 2024. This increase is mainly attributable to our cost reduction initiatives and a favourable product mix, partially offset by lower volume.

Net earnings attributable to shareholders of the Corporation decreased by \$6.3 million, or 28.4%, from \$22.2 million in the second quarter of 2023 to \$15.9 million in the second quarter of 2024. This decrease is mainly due to the previously explained decrease in operating earnings before depreciation and amortization, partially mitigated by the decrease in depreciation and amortization, in financial expenses and in income taxes. On a per share basis, net earnings attributable to shareholders of the Corporation went from \$0.26 to \$0.18, respectively.

Adjusted net earnings attributable to shareholders of the Corporation increased by \$6.2 million, or 15.9%, from \$39.1 million in the second quarter of 2023 to \$45.3 million in the second quarter of 2024. This increase is mainly attributable to the previously explained increase in adjusted operating earnings before depreciation and amortization and the decrease in depreciation and amortization and in financial expenses, partially offset by higher income taxes. On a per share basis, adjusted net earnings attributable to shareholders of the Corporation went from \$0.45 to \$0.52, respectively.

Results for the First Six Months of Fiscal 2024

Revenues decreased by \$90.6 million, or 6.2%, from \$1,454.2 million in the first six months of fiscal 2023 to \$1,363.6 million in the corresponding period of 2024. This decrease is mainly due to lower volume in the two main operating sectors.

Operating earnings before depreciation and amortization decreased by \$9.7 million, or 5.4%, from \$181.1 million in the first six months of fiscal 2023 to \$171.4 million in the corresponding period of 2024. This decrease is mainly due to lower volume as well as the increase in restructuring and other costs and asset impairment charges, partially mitigated by our cost reduction initiatives and a favourable product mix.

Adjusted operating earnings before depreciation and amortization increased by \$13.1 million, or 6.8%, from \$193.1 million in the first six months of fiscal 2023 to \$206.2 million in the corresponding period of 2024. This increase in adjusted operating earnings before depreciation and amortization is mainly attributable to our cost reduction initiatives and a favourable product mix, partially offset by lower volume.

Net earnings attributable to shareholders of the Corporation increased by \$6.6 million, or 28.4%, from \$23.2 million in the first six months of fiscal 2023 to \$29.8 million in the corresponding period of 2024. This increase is mainly attributable to the decrease in depreciation and amortization and in financial expenses, partially offset by the previously explained decrease in operating earnings before depreciation and amortization. On a per share basis, net earnings attributable to shareholders of the Corporation went from \$0.27 to \$0.34, respectively.

Adjusted net earnings attributable to shareholders of the Corporation increased by \$22.5 million, or 37.4%, from \$60.2 million in the first six months of fiscal 2023 to \$82.7 million in the corresponding period of 2024. This increase is mostly attributable to the previously explained increase in adjusted operating earnings before depreciation and amortization and the decrease in depreciation and amortization and in financial expenses, partially offset by higher income taxes. On a per share basis, adjusted net earnings attributable to shareholders of the Corporation went from \$0.70 to \$0.95, respectively.

For more detailed financial information, please see the Management's Discussion and Analysis for the second quarter ended April 28, 2024, as well as the financial statements in the "Investors" section of our website at www.tc.tc.

Outlook

In the Packaging Sector, our investments, including those related to sustainable packaging solutions, position us well for the future and should be a key driver of our growth. The economic environment has however had a negative impact on demand since the beginning of the fiscal year. In terms of profitability, we expect an increase in adjusted operating earnings before depreciation and amortization for fiscal 2024 compared to fiscal 2023.

In the Retail Services and Printing Sector, we are encouraged by the roll-out of *raddar*TM and growth opportunities in our in-store marketing activities. The decrease in volume in our traditional activities should be offset by our cost reduction initiatives, the favourable impact of the roll-out of *raddar*TM and the growth in our in-store marketing activities. We therefore expect adjusted operating earnings before depreciation and amortization for fiscal 2024 to be stable compared to fiscal 2023.

Given the solid financial performance since the beginning of the fiscal year and the benefits of our profitability and financial position improvement program, we expect an increase in consolidated adjusted operating earnings before depreciation and amortization 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 to make strategic investments and return capital to our shareholders.

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 condensed interim consolidated financial statements for the second quarter ended April 28, 2024.

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 - Second quarter and cumulative

	Three months ended		Six months ended	
(in millions of dollars)	April 28, 2024	April 30, 2023	April 28, 2024	April 30, 2023
Operating earnings	\$33.2	\$43.8	\$61.0	\$58.8
Restructuring and other costs	16.0	3.8	27.3	12.0
Amortization of intangible assets arising from business combinations ⁽¹⁾	17.7	18.6	35.5	37.2
Impairment of assets	5.4	—	7.5	—
Adjusted operating earnings	\$72.3	\$66.2	\$131.3	\$108.0
Depreciation and amortization ⁽²⁾	37.8	42.8	74.9	85.1
Adjusted operating earnings before depreciation and amortization	\$110.1	\$109.0	\$206.2	\$193.1

(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 - Second quarter and cumulative for the Packaging Sector

	Three months ended		Six months ended	
(in millions of dollars)	April 28, 2024	April 30, 2023	April 28, 2024	April 30, 2023
Operating earnings	\$32.3	\$26.5	\$54.7	\$30.7
Restructuring and other costs	3.7	1.9	7.3	5.9
Amortization of intangible assets arising from business combinations ⁽¹⁾	16.1	16.1	32.2	32.1
Impairment of assets	0.3	—	0.6	—
Adjusted operating earnings	\$52.4	\$44.5	\$94.8	\$68.7
Depreciation and amortization ⁽²⁾	18.8	22.9	36.8	45.3
Adjusted operating earnings before depreciation and amortization	\$71.2	\$67.4	\$131.6	\$114.0

(1) Amortization of intangible assets arising from business combinations includes our customer relationships.

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

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

	Three months ended		Six months ended	
(in millions of dollars)	April 28, 2024	April 30, 2023	April 28, 2024	April 30, 2023
Operating earnings	\$16.7	\$33.5	\$34.3	\$55.5
Restructuring and other costs	11.8	1.3	17.9	4.5
Amortization of intangible assets arising from business combinations ⁽¹⁾	1.0	2.0	2.3	4.1
Impairment of assets	5.1	—	6.9	—
Adjusted operating earnings	\$34.6	\$36.8	\$61.4	\$64.1
Depreciation and amortization ⁽²⁾	12.5	13.2	25.2	26.5
Adjusted operating earnings before depreciation and amortization	\$47.1	\$50.0	\$86.6	\$90.6

(1) Amortization of intangible assets arising from business combinations includes our customer relationships.

(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 28, 2024	April 30, 2023	April 28, 2024	April 30, 2023
Operating earnings	(\$15.8)	(\$16.2)	(\$28.0)	(\$27.4)
Restructuring and other costs	0.5	0.6	2.1	1.6
Amortization of intangible assets arising from business combinations ⁽¹⁾	0.6	0.5	1.0	1.0
Adjusted operating earnings	(\$14.7)	(\$15.1)	(\$24.9)	(\$24.8)
Depreciation and amortization ⁽²⁾	6.5	6.7	12.9	13.3
Adjusted operating earnings before depreciation and amortization	(\$8.2)	(\$8.4)	(\$12.0)	(\$11.5)

(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 - Second quarter and cumulative

	Three months ended		Six months ended	
(in millions of dollars, except per share amounts)	April 28, 2024	April 30, 2023	April 28, 2024	April 30, 2023
Net earnings attributable to shareholders of the Corporation	\$15.9	\$22.2	\$29.8	\$23.2
Restructuring and other costs	16.0	3.8	27.3	12.0
Tax on restructuring and other costs	(4.0)	(0.9)	(6.8)	(3.0)
Amortization of intangible assets arising from business combinations ⁽¹⁾	17.7	18.6	35.5	37.2
Tax on amortization of intangible assets arising from business combinations	(4.3)	(4.6)	(8.7)	(9.2)
Impairment of assets	5.4	—	7.5	—
Tax on impairment of assets	(1.4)	—	(1.9)	—
Adjusted net earnings attributable to shareholders of the Corporation	\$45.3	\$39.1	\$82.7	\$60.2
Net earnings attributable to shareholders of the Corporation per share	\$0.18	\$0.26	\$0.34	\$0.27
Adjusted net earnings attributable to shareholders of the Corporation per share	\$0.52	\$0.45	\$0.95	\$0.70
Weighted average number of shares outstanding	86.6	86.6	86.6	86.6

(1) Amortization of intangible assets arising from business combinations includes 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 April 28, 2024	As at October 29, 2023
Long-term debt	\$663.0	\$937.8
Current portion of long-term debt	199.3	2.1
Lease liabilities	87.7	94.6
Current portion of lease liabilities	22.3	23.5
Cash	(55.1)	(137.0)
Net indebtedness	\$917.2	\$921.0
Adjusted operating earnings before depreciation and amortization (last 12 months)	\$459.6	\$446.5
Net indebtedness ratio	2.00x	2.06x

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 July 22, 2024, to shareholders of record at the close of business on June 27, 2024.

Additional information

Conference Call

Upon releasing its 2024 second quarter results, the Corporation will hold a conference call for the financial community on June 6, 2024, at 8:00 a.m. The dial-in numbers are 1-289-514-5100 or 1-800-717-1738. 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 in retail services in Canada and is 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 7,600 employees, the majority of which are based in Canada, the United States and Latin America. TC Transcontinental generated revenues of \$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 or printed advertising materials, 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 June 5, 2024. 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 June 5, 2024. 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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