

# Interim Report

Lassonde Industries Inc.

First Quarter  
Ended March 30, 2024



Lassonde

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**Interim Condensed Consolidated Statements of Income**

(in thousands of Canadian dollars unless otherwise indicated)  
(unaudited)

	Note	First quarters ended	
		March 30, 2024	April 1, 2023
		\$	\$
<b>Sales</b>		<b>569,843</b>	547,311
Cost of sales		<b>420,267</b>	410,686
Gross profit		<b>149,576</b>	136,625
Selling and administrative expenses		<b>115,000</b>	110,382
Operating profit		<b>34,576</b>	26,243
Share in the profit or (loss) of an associate		–	(259)
Financial expenses	4	<b>3,909</b>	4,019
Other (gains) losses	5	<b>(1,926)</b>	(2,126)
Profit before income taxes		<b>32,593</b>	24,091
Income tax expense	6	<b>8,926</b>	6,446
<b>Profit</b>		<b>23,667</b>	17,645
Attributable to:			
Corporation's shareholders		<b>23,840</b>	17,109
Non-controlling interests		<b>(173)</b>	536
		<b>23,667</b>	17,645
<b>Basic and diluted earnings per share (in \$)</b>		<b>3.49</b>	2.51
<b>Weighted average number of shares outstanding (in thousands)</b>		<b>6,822</b>	6,822

**Interim Condensed Consolidated Statements of Comprehensive Income***(in thousands of Canadian dollars)**(unaudited)*

	First quarters ended	
	March 30, 2024	April 1, 2023
	\$	\$
<b>Profit</b>	<b>23,667</b>	17,645
<b>Other comprehensive income</b>		
Items that will be reclassified subsequently to profit or loss:		
Net change in the cash flow hedge of financial assets and liabilities		
Gains (losses) on financial instruments designated as hedges	521	5
Reclassification of (gains) losses on financial instruments designated as hedges	(185)	(833)
Income tax expense	(88)	213
	<b>248</b>	(615)
Exchange difference on translating foreign operations	<b>14,731</b>	(555)
	<b>14,979</b>	(1,170)
Items that will not be reclassified subsequently to profit or loss:		
Net change in the cash flow hedge of non-financial assets		
Gains (losses) on financial instruments designated as hedges	11,553	476
Income tax expense	(3,031)	(118)
	<b>8,522</b>	358
Benefit cost of the defined benefit plans		
Remeasurements of the net defined benefit asset or liability	(3,755)	(908)
Income tax expense	1,002	242
	<b>(2,753)</b>	(666)
	<b>5,769</b>	(308)
<b>Total other comprehensive income (loss)</b>	<b>20,748</b>	(1,478)
<b>Comprehensive income</b>	<b>44,415</b>	16,167
Attributable to:		
Corporation's shareholders	42,852	15,676
Non-controlling interests	1,563	491
	<b>44,415</b>	16,167

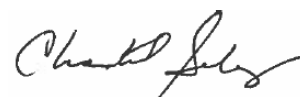
**Interim Condensed Consolidated Statements of Financial Position***(in thousands of Canadian dollars)**(unaudited)*

	Note	As at March 30, 2024 \$	As at Dec. 31, 2023 \$
<b>Assets</b>			
Current			
Cash and cash equivalents		1,562	19,842
Accounts receivable	8	198,498	188,321
Income tax recoverable		6,719	4,206
Inventories		406,710	386,619
Derivative instruments		5,741	173
Other current assets		43,391	37,479
		<b>662,621</b>	<b>636,640</b>
Derivative instruments		–	74
Property, plant and equipment		526,604	500,821
Intangible assets		184,158	184,560
Net defined benefit asset		18,117	21,957
Deferred tax assets		724	–
Other non-current assets		680	757
Goodwill		328,300	320,895
		<b>1,721,204</b>	<b>1,665,704</b>
<b>Liabilities</b>			
Current			
Bank overdraft		2,849	4,030
Accounts payable and accrued liabilities	9	340,395	330,412
Income tax payable		2,847	7,066
Derivative instruments		2,624	6,425
Other current liabilities		7,376	5,716
Current portion of long-term debt		29,644	18,525
		<b>385,735</b>	<b>372,174</b>
Derivative instruments		214	–
Long-term debt		190,179	191,995
Long-term incentive plan liabilities		6,528	5,323
Pension plan liabilities		880	830
Deferred tax liabilities		104,967	99,480
		<b>688,503</b>	<b>669,802</b>
<b>Shareholders' equity</b>			
Equity attributable to the Corporation's shareholders		957,815	922,570
Non-controlling interests		74,886	73,332
		<b>1,032,701</b>	<b>995,902</b>
		<b>1,721,204</b>	<b>1,665,704</b>

Approved by the Board of Directors



Pierre-Paul Lassonde  
Director



Chantal Bélanger  
Director

## Interim Condensed Consolidated Statements of Shareholders' Equity

(in thousands of Canadian dollars)

(unaudited)

	Equity attributable to the Corporation's shareholders				Non-controlling interests	Total shareholders' equity
	Share capital	Contributed surplus	Accumulated other reserves <sup>i)</sup>	Retained earnings		
	\$	\$	\$	\$	\$	\$
Balance as at December 31, 2023	46,660	1,360	73,777	800,773	73,332	995,902
Profit	–	–	–	23,840	(173)	23,667
Other comprehensive income (loss)	–	–	21,765	(2,753)	1,736	20,748
Transfer to non-financial assets <sup>ii)</sup>	–	–	(785)	–	(9)	(794)
Dividends	–	–	–	(6,822)	–	(6,822)
<b>Balance as at March 30, 2024</b>	<b>46,660</b>	<b>1,360</b>	<b>94,757</b>	<b>815,038</b>	<b>74,886</b>	<b>1,032,701</b>
Balance as at December 31, 2022	46,660	1,360	94,102	735,044	60,401	937,567
Profit	–	–	–	17,109	536	17,645
Other comprehensive income (loss)	–	–	(767)	(666)	(45)	(1,478)
Transfer to non-financial assets <sup>ii)</sup>	–	–	(2,173)	–	(2)	(2,175)
Dividends	–	–	–	(4,775)	–	(4,775)
Balance as at April 1, 2023	46,660	1,360	91,162	746,712	60,890	946,784

i) Includes the hedging reserve and the foreign currency translation reserve.

ii) Transfer of cash flow hedge (gains) losses to non-financial assets.

Additional information about shareholders' equity is presented in Note 10.

**Interim Condensed Consolidated Statements of Cash Flows***(in thousands of Canadian dollars)**(unaudited)*

	Note	First quarters ended	
		March 30, 2024	April 1, 2023
		\$	\$
<b>Operating activities</b>			
Profit		23,667	17,645
Adjustments:			
Income tax expense	6	8,926	6,446
Net interest expense	4	3,708	3,822
Depreciation of property, plant and equipment and amortization of intangible assets		16,054	15,138
(Gains) losses on capital assets		(52)	–
Change in the fair value of financial instruments		(1,626)	156
Cost of the long-term incentive plan, net of payments		1,108	1,056
Cost of pension plans recognized in profit or loss, net of contributions		135	(51)
Share in the (profit) or loss of an associate		–	259
Unrealized foreign exchange (gains) losses		380	(72)
Other		–	13
		<b>52,300</b>	<b>44,412</b>
Change in non-cash operating working capital items	11	(28,545)	(38,329)
Net income tax paid		(13,825)	(7,673)
Net interest paid		(3,297)	(3,170)
Settlements of derivative instruments		4,625	(119)
		<b>11,258</b>	<b>(4,879)</b>
<b>Financing activities</b>			
Change in revolving operating credit, net of transaction costs		6,524	20,424
Repayment of long-term debt		(1,655)	(2,192)
Dividends paid on Class A shares		(3,069)	(2,148)
Dividends paid on Class B shares		(3,753)	(2,627)
		<b>(1,953)</b>	<b>13,457</b>
<b>Investing activities</b>			
Net acquisition of property, plant and equipment		(24,454)	(11,274)
Acquisition of intangible assets		(1,931)	(1,585)
		<b>(26,385)</b>	<b>(12,859)</b>
Change in cash and cash equivalents		(17,080)	(4,281)
Cash and cash equivalents at beginning		15,812	(1,710)
Effect of exchange rate changes on cash and cash equivalents		(19)	(148)
<b>Cash and cash equivalents at end</b>		<b>(1,287)</b>	<b>(6,139)</b>

Additional cash flow information is presented in Note 11.

## Notes to the Interim Condensed Consolidated Financial Statements

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## Notes to the Interim Condensed Consolidated Financial Statements

(tabular amounts are in thousands of Canadian dollars unless otherwise indicated)  
(unaudited)

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### Note 1. Description of the Corporation

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Lassonde Industries Inc. is incorporated under the *Canada Business Corporations Act*. Its Class A subordinate voting shares are listed on the Toronto Stock Exchange under the ticker symbol LAS.A. The head office is located at 755 Principale Street in Rougemont, Québec, Canada.

Lassonde Industries Inc. and its subsidiaries (collectively, “the Corporation”) is a leader in the food and beverages industry in North America. The Corporation develops, manufactures, and markets a wide range of private label and national brand products, including ready-to-drink beverages, fruit-based snacks as well as frozen juice concentrates. It is also a leading producer of cranberry sauces and specialty food products such as pasta sauces, soups and fondue broths and sauces. The Corporation also produces, imports and markets selected wines from several countries of origin and produces and markets apple cider and cider-based drinks.

The Corporation’s national brands are sold in various packages under several proprietary trademarks as well as under trademarks for which the Corporation is a licensed user. The Corporation also manufactures private label products for the vast majority of major retailers and wholesalers in North America.

### Note 2. Statement of Compliance

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The Corporation’s interim condensed consolidated financial statements have been prepared in compliance with IAS 34 *Interim Financial Reporting* and using the same accounting policies as those described in the Corporation’s annual consolidated financial statements for the year ended December 31, 2023. The Corporation’s annual consolidated financial statements for the year ended December 31, 2023 were prepared in compliance with International Financial Reporting Standards (“IFRS”).

These interim condensed consolidated financial statements do not include all of the information required under IFRS for complete financial statements, and they should therefore be read in conjunction with the Corporation’s annual consolidated financial statements for the year ended December 31, 2023. The Corporation’s interim condensed consolidated financial statements and annual consolidated financial statements are available on the SEDAR+ website at [www.sedarplus.ca](http://www.sedarplus.ca) and on the Corporation’s website at [www.lassonde.com](http://www.lassonde.com).

The Board of Directors approved these interim condensed consolidated financial statements on May 9, 2024.

### Note 3. Adoption of IFRS Standards

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#### 3.1 IAS 1 Presentation of Financial Statements

On January 1, 2024, the Corporation adopted the amended version of IAS 1 *Presentation of Financial Statements*, which establishes a more general liability classification approach based on an analysis of existing contracts at the reporting date and clarifies the classification of borrowings and other financial liabilities that have covenants with which an entity must comply.

The adoption of the amended version of this standard had no impact on the Corporation’s consolidated financial statements.

#### 3.2 Supplier finance arrangements

On January 1, 2024, the Corporation adopted the amended versions of IAS 7 *Statement of Cash Flows* and IFRS 7 *Financial Instruments: Disclosures*, which add disclosure requirements and clarify existing disclosure requirements requiring qualitative and quantitative information to be provided on supplier finance arrangements.

The adoption of the amended version of these standards had no impact on the Corporation’s consolidated financial statements.

## Notes to the Interim Condensed Consolidated Financial Statements

(tabular amounts are in thousands of Canadian dollars unless otherwise indicated)  
(unaudited)

### Note 4. Financial Expenses

	First quarters ended	
	March 30, 2024	April 1, 2023
	\$	\$
Interest on long-term debt	3,068	3,023
Interest on lease liabilities	631	372
Amortization of transaction costs	101	372
Other interest, net of interest income	(92)	55
Net interest expense	3,708	3,822
Bank expenses	201	197
	3,909	4,019

### Note 5. Other (Gains) Losses

	First quarters ended	
	March 30, 2024	April 1, 2023
	\$	\$
Exchange (gains) losses	(1,259)	(54)
Change in the fair value of derivative instruments	(328)	25
Other <sup>i)</sup>	(339)	(2,097)
	(1,926)	(2,126)

- i) During the first quarter ended April 1, 2023, the amount represents a gain related to the preliminary settlement of an insurance claim resulting from property damage to a building in the United States.

### Note 6. Income Tax Expense

	First quarters ended	
	March 30, 2024	April 1, 2023
	\$	\$
Current tax	7,202	4,971
Deferred tax	1,724	1,475
	8,926	6,446

The tax rate for the quarter is based on the geographic distribution of profit or loss before income taxes, the exchange rates applicable to profit or loss before income taxes in foreign currencies, non-deductible expenses, and non-taxable income.

## Notes to the Interim Condensed Consolidated Financial Statements

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### Note 7. Financial Instruments

#### 7.1 Classification

	As at March 30, 2024	As at Dec. 31, 2023
	\$	\$
<b>Financial assets</b>		
<b>Amortized cost</b>		
Cash and cash equivalents	1,562	19,842
Accounts receivable	198,498	188,321
<b>Fair value through profit or loss</b>		
Derivative instruments <sup>i)</sup>	1,068	141
<b>Fair value through other comprehensive income</b>		
Derivative instruments <sup>i)</sup>	4,673	106
<b>Financial liabilities</b>		
<b>Amortized cost</b>		
Bank overdraft	2,849	4,030
Accounts payable and accrued liabilities	340,395	330,412
Long-term debt <sup>ii)</sup>	219,823	210,520
<b>Fair value through profit or loss</b>		
Derivative instruments <sup>i)</sup>	2,139	2,270
<b>Fair value through other comprehensive income</b>		
Derivative instruments <sup>i)</sup>	699	4,155

i) Includes the current and non-current derivative instruments.

ii) Includes the current portion of long-term debt.

#### 7.2 Fair value

The carrying values of all of the Corporation's financial instruments approximate their fair values, except for the following:

	As at March 30, 2024		As at December 31, 2023	
	Carrying value	Fair value	Carrying value	Fair value
	\$	\$	\$	\$
Long-term debt <sup>i)</sup>	219,823	216,919	210,520	208,666

i) Includes the current portion of long-term debt.

During the first quarters ended March 30, 2024 and April 1, 2023, all of the Corporation's financial instruments, including derivative instruments, were classified as Level 2, and no financial instruments were transferred between levels 1, 2 and 3.

**Notes to the Interim Condensed Consolidated Financial Statements**

(tabular amounts are in thousands of Canadian dollars unless otherwise indicated)  
(unaudited)

**Note 8. Accounts Receivable**

	As at March 30, 2024	As at Dec. 31, 2023
	\$	\$
Trade accounts receivable	192,946	180,226
Discounts receivable	2,607	4,709
Other receivables	2,945	3,386
	<b>198,498</b>	<b>188,321</b>

**Note 9. Accounts Payable and Accrued Liabilities**

	As at March 30, 2024	As at Dec. 31, 2023
	\$	\$
Trade payables and accrued expenses	233,170	219,208
Trade spending	67,238	58,797
Salaries and accrued vacation payable	39,446	51,922
Other	541	485
	<b>340,395</b>	<b>330,412</b>

**Note 10. Shareholders' Equity****10.1 Dividend per share**

During the first quarter of 2024, the Corporation declared and paid a dividend of \$1.00 per share (\$0.70 per share during the first quarter of 2023) to the holders of Class A and B shares.

**10.2 Dividends paid to related parties**

	First quarters ended	
	March 30, 2024	April 1, 2023
	\$	\$
3346625 Canada Inc.	3,766	2,636
Key management personnel	24	16
	<b>3,790</b>	<b>2,652</b>

## Notes to the Interim Condensed Consolidated Financial Statements

(tabular amounts are in thousands of Canadian dollars unless otherwise indicated)  
(unaudited)

### 10.3 Accumulated other reserves

	Hedging reserve	Foreign currency translation reserve	Total
	\$	\$	\$
Balance as at December 31, 2023	(2,910)	76,687	73,777
Other comprehensive income (loss)	8,510	13,255	21,765
Transfer to non-financial assets <sup>i)</sup>	(785)	–	(785)
<b>Balance as at March 30, 2024</b>	<b>4,815</b>	<b>89,942</b>	<b>94,757</b>
Balance as at December 31, 2022	4,305	89,797	94,102
Other comprehensive income (loss)	(266)	(501)	(767)
Transfer to non-financial assets <sup>i)</sup>	(2,173)	–	(2,173)
Balance as at April 1, 2023	1,866	89,296	91,162

i) Transfer of cash flow hedge (gains) losses to non-financial assets.

## Note 11. Additional Cash Flow Information

### 11.1 Change in non-cash operating working capital items

	First quarters ended	
	March 30, 2024	April 1, 2023
	\$	\$
Accounts receivable	(7,460)	(18,843)
Inventories	(15,794)	(13,003)
Other current assets	(5,726)	(5,784)
Accounts payable and accrued liabilities	(646)	(733)
Other current liabilities	1,081	34
	<b>(28,545)</b>	<b>(38,329)</b>

### 11.2 Non-cash transactions

The following table presents the transactions that had no cash impact on financing and investing activities:

	First quarters ended	
	March 30, 2024	April 1, 2023
	\$	\$
Unpaid acquisitions of property, plant and equipment at the beginning of the period	8,838	5,270
Unpaid acquisitions of property, plant and equipment at the end of the period	14,255	6,274
Unpaid acquisitions of intangible assets at the beginning of the period	287	470
Unpaid acquisitions of intangible assets at the end of the period	479	36
Net increase (decrease) in right-of-use assets	589	–
Net increase (decrease) in lease liabilities	552	–

## Notes to the Interim Condensed Consolidated Financial Statements

(tabular amounts are in thousands of Canadian dollars unless otherwise indicated)  
(unaudited)

### Note 12. Additional Lease Information

The following tables present additional information about leases:

	As at March 30, 2024	As at Dec. 31, 2023
	\$	\$
Right-of-use assets	43,379	43,740
Lease liabilities	47,733	47,831

	First quarters ended	
	March 30, 2024	April 1, 2023
	\$	\$
Depreciation of right-of-use assets	1,317	1,276
Repayment of lease liabilities	1,078	1,160

### Note 13. Contingencies

#### 13.1 Proceedings and claims

In the normal course of business, the Corporation is exposed to various proceedings and claims. The Corporation assesses the validity of these proceedings and claims. Provisions are made whenever a penalty seems probable and the amount can be reliably estimated. Management believes that any settlement arising from these claims will not have a significant effect on the Corporation's consolidated financial position or profit or loss.

### Note 14. Segment Information

The Corporation has determined that it has only one reportable operating segment. This single operating segment generates revenues from the sale of a wide range of products, including ready-to-drink beverages, fruit-based snacks, frozen juice concentrates and specialty food products as well as from rendering services related to the sale of these products.

Sales are attributed to the geographic segment based on the location where the Corporation has transferred control of the goods to the customer. The geographic segment of non-current assets and goodwill is based on the location of the assets.

#### 14.1 Sales by geographic segment

	First quarters ended	
	March 30, 2024	April 1, 2023
	\$	\$
Canada	265,885	242,580
United States	302,373	304,241
Other	1,585	490
	569,843	547,311

## Notes to the Interim Condensed Consolidated Financial Statements

(tabular amounts are in thousands of Canadian dollars unless otherwise indicated)  
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### 14.2 Certain non-current assets and goodwill by geographic segment

	As at March 30, 2024		
	Canada	United States	Total
	\$	\$	\$
Property, plant and equipment	283,926	242,678	526,604
Intangible assets	42,290	141,868	184,158
Goodwill	18,637	309,663	328,300

	As at December 31, 2023		
	Canada	United States	Total
	\$	\$	\$
Property, plant and equipment	277,876	222,945	500,821
Intangible assets	40,956	143,604	184,560
Goodwill	18,637	302,258	320,895

## Note 15. Future Accounting Changes

### 15.1 IFRS 18 Presentation and Disclosures in Financial Statements

In April 2024, the International Accounting Standards Board ("IASB") issued IFRS 18 *Presentation and Disclosures in Financial Statements* to replace IAS 1 *Presentation of Financial Statements*.

IFRS 18 introduces three sets of new requirements to improve companies' reporting of financial performance and give investors a better basis for analyzing and comparing companies, namely:

- ♦ Improved comparability in the statement of profit or loss by introducing separate income and expense categories and requiring new subtotals;
- ♦ Enhanced transparency of management-defined performance measures by requiring explanations on these measures; and
- ♦ More useful grouping of information in the financial statements by providing guidance on how to organize information and whether to provide it in the primary financial statements or in the notes.

These changes apply to annual periods beginning on or after January 1, 2027.

The Corporation is currently assessing the estimated impact of this new standard on its consolidated financial statements.