

Investor Presentation

First quarter ended
March 30, 2024

LASSONDE INDUSTRIES INC.



Lassonde

Forward-Looking Statements and use of financial measures not in accordance with IFRS

This presentation contains “forward-looking information” and the Corporation’s oral and written public communications that do not constitute historical fact may be deemed to be “forward-looking information” within the meaning of applicable Canadian securities law. These forward-looking statements include, but are not limited to, statements on the Corporation’s objectives and goals and are based on current expectations, projections, beliefs, judgments, and assumptions based on information available at the time the applicable forward-looking statement was made and considering the Corporation’s experience combined with its perception of historical trends.

Forward-looking statements are typically identified by words such as “anticipate”, “continue”, “estimate”, “expect”, “may”, “will”, “project”, “should”, “could”, “would”, “believe”, “plan”, “intend”, “design”, “target”, “objective”, “strategy”, “likely”, “potential”, “outlook”, “aim”, “goal”, and similar expressions suggesting future events or future performance in addition to the negative forms of these terms or any variations thereof. All statements other than statements of historical fact included in this presentation may constitute a forward-looking statement.

In this document, forward-looking statements include, but are not limited to, those set forth in Section 7 – “2024 Sales Outlook” hereafter, which also presents some (but not all) of the key assumptions used in determining the forward-looking statements. Some of the forward-looking statements in this presentation, such as statements concerning volume and sales growth rate, key commodity and input costs, expenses, including items impacting the comparability between the periods, effective tax rate, working capital, and capital expenditures may be considered financial outlooks for the purposes of applicable Canadian securities regulations. These financial outlooks are presented to evaluate potential future earnings and anticipated future uses of cash flows and may not be appropriate for other purposes.

Various factors or assumptions are applied by the Corporation in elaborating the forward-looking statements. These factors and assumptions are based on information currently available to the Corporation, including information obtained by the Corporation from third party sources. **Readers are cautioned that the assumptions considered by the Corporation to support these forward-looking statements may prove to be incorrect in whole or in part.**

The significant factors that could cause actual results to differ materially from the conclusions, forecasts or projections reflected in the forward-looking statements contained herein include, among other things, risks associated with the following: deterioration of general macroeconomic conditions, including international conflicts, which can lead to negative impacts on the Corporation’s suppliers, customers and operating costs; the availability of raw materials and packaging and related price variations (including the prices of orange juice and orange concentrates, key commodities for the Corporation, which have continued to trade above historical highs for the past several months and show no sign of favourable change); loss of key suppliers or supplier concentration; disruptions in or failures of the Corporation’s information technology systems, as well as the development and performance of technology; cyber threats and other information-technology-related risks relating to business disruptions, confidentiality, data integrity, and business email compromise-related fraud; the successful deployment of the Corporation’s multi-year strategy (the “Strategy”, defined in Section 4 – “Multi Year Strategy” of the Corporation’s MD&A for the first quarter ended March 30, 2024); the Corporation’s ability to maintain strong sourcing and manufacturing platforms and efficient distribution channels; fluctuations in the prices of inbound and outbound freight, the impact of oil prices (and derivatives thereof) on the Corporation’s direct and indirect costs along with the Corporation’s ability to transfer those increases through higher prices or other means, if any, to its customers in competitive market conditions and considering demand elasticity; climate change and disasters causing higher operating costs and capital expenditures and reduced production output, or impacting the availability, quality or price volatility of key commodities sourced by the Corporation; the scarcity of labour and the related impact on the hiring, training, developing, retaining and reliance of personnel together with their productivity, employment matters, compliance with employment laws across multiple jurisdictions, and the potential for work stoppages due to non-renewal of collective bargaining agreements or other reasons; the successful deployment of the Corporation’s health and safety programs in compliance with applicable laws and regulations; serious injuries or fatalities, which could have a material impact on the Corporation’s business continuity and reputation and lead to compliance-related costs; disputes with significant suppliers; the increasing concentration of customers in the food industry, providing them with significant bargaining power, particularly on the Corporation’s selling prices; the implementation, cost and impact of environmental sustainability initiatives, as well as the cost of remediating environmental liabilities; changes made to laws and rules that affect the Corporation’s activities, particularly in matters of tax and customs duties, as well as the interpretation thereof, and new positions adopted by relevant authorities; the ability to adapt to changes and developments affecting the Corporation’s industry, including customer preferences, tastes, and buying patterns, market conditions and the activities of competitors and customers; failure to maintain the quality and safety of the Corporation’s products, which could result in product recalls and product liability claims for misbranded, adulterated, contaminated, or spoiled food products, along with reputational damage; risks related to fluctuations in interest rates, currency exchange rates, liquidity and credit, stock price and pension obligations; the incurrence of restructuring, disposal, or other related charges together with the recognition of impairment charges on goodwill or long-lived assets; the sufficiency of insurance coverage; and the implications and outcome of potential legal actions, litigation or regulatory proceedings to which the Corporation may be a party. The Corporation cautions readers that the foregoing list of factors is not exhaustive.



Forward-Looking Statements and use of financial measures not in accordance with IFRS (cont'd)

The Corporation's ability to achieve its sustainability targets and goals is further subject to, among other factors, its ability to access and implement all technology necessary to achieve them as well as the development, deployment and performance of technology, and environmental regulation. The Corporation's ability to achieve its environmental, social and governance ("ESG") risk commitments is further subject to, among other factors, its ability to leverage its supplier relationships.

The assumptions, expectations, and estimates involved in preparing forward-looking statements and risks and uncertainties that could cause actual results to differ materially from forward-looking statements are discussed in the Corporation's materials filed with the Canadian securities regulatory authorities from time to time, including information about risk factors that can be found in Section 19 – "Uncertainties and Principal Risk Factors" of the 2023 annual MD&A. Readers should review this section in detail.

All forward-looking statements included herein speak only as of the date hereof. Unless required by law, the Corporation does not undertake any obligation to publicly update or revise forward-looking statements, whether as a result of new information, future events or otherwise. **All forward-looking statements contained herein are wholly and expressly qualified by this cautionary statement.**



First Quarter Highlights



Sustained sales and profit growth momentum



Sales increased by 4.1%

- Mainly reflecting selling price adjustments in Canada and sales from Diamond Estates Wines & Spirits Inc. (“Diamond”)*
- Partly offset by a decrease in Canadian sales volume



32% growth in operating profit

- Execution on pricing adjustments
- Efficient cost management
- More favourable sales mix

** Lassonde has an economic interest of 52.9% in Diamond since November 14, 2023. It exercises control over this entity and has consequently consolidated its results.*



U.S. Beverages



Happy with the progress after the first quarter



Slightly higher volume compared to last year

- Brands: volume momentum driven by single-serve formats
- Private labels: complete lap of the portfolio simplification process and start of the build back phase



Improvements in operations

- Strengthened team and leadership
- New processes and systems
- In-sourced production of a significant volume of aseptic juice boxes to reduce dependency on external suppliers and improve profitability



Ready to act on volume build back plan

- Given our cost structure, better efficiency and capacity, we can comfortably integrate new volume
- Progressing well on initiatives to secure this volume
- Confident that incremental volume will begin to materialize in 2nd half of 2024
- Should generate better margins by leveraging our cost structure and further absorbing fixed costs



U.S. Beverages (cont'd)



North Carolina aseptic single-serve line expansion

- Moving closer to the start of production in Q3
- Ramp-up in the 2nd half of 2024
- Full production by early 2025



Single-serve formats continue to show strength

- New line to play a pivotal role in providing growth opportunities in new markets across both our branded and private label businesses



Evaluating investment scenarios to ensure network competitiveness

- Possibility of adding capacity and new capabilities to meet long-term market opportunities



Canadian Beverages



Focus on executing pricing adjustments to reflect higher input costs

- Finding the sweet spot between growth and margin recovery



Volume decline continues to affect the industry

- Sales volume decline for our branded business
- Market rate of decline did not worsen
- Continue to see a slight shift in consumer preferences in favour of private labels



Progress on key objectives to fortify leadership

- Channel expansion: volume growth in foodservice
- Productivity improvements: implementing the Transportation Management System (“TMS”)
- Innovation: new products that will reduce our commodity exposure



Specialty Food



A solid quarter

- Success in leveraging Canton brand into premium glass jar soups



Optimizing productivity and efficiency

- TMS implementation during the quarter

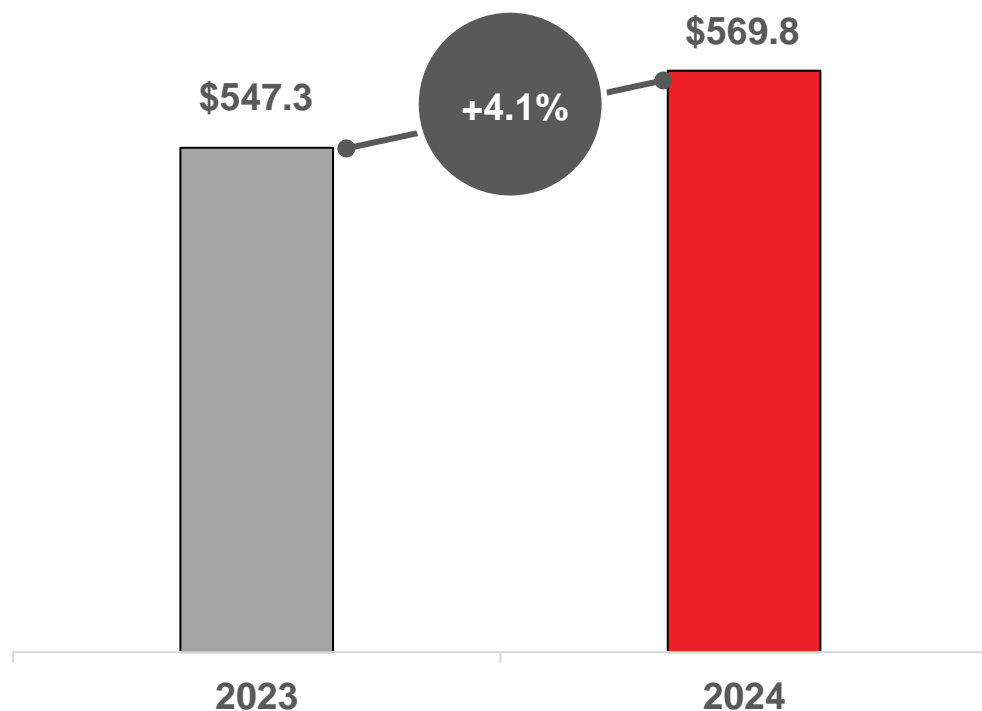


Confident about the Specialty Food division

- Important platform in building a growth-oriented portfolio



Q1 2024 Sales Increase (\$M)



Key Highlights

- ✓ Diamond's* sales: ▲ \$8.2M
- ✓ FX impact: ▼ \$0.8M
- ✓ Selling price adjustments:
 - ▲ \$12.4M private labels
 - ▲ \$11.0M national brands
- ✓ Changes in sales mix: ▼ \$3.2M
- ✓ Effect of sales volume:

By brand type

- ▼ \$1.7M private labels
- ▼ \$3.9M national brands

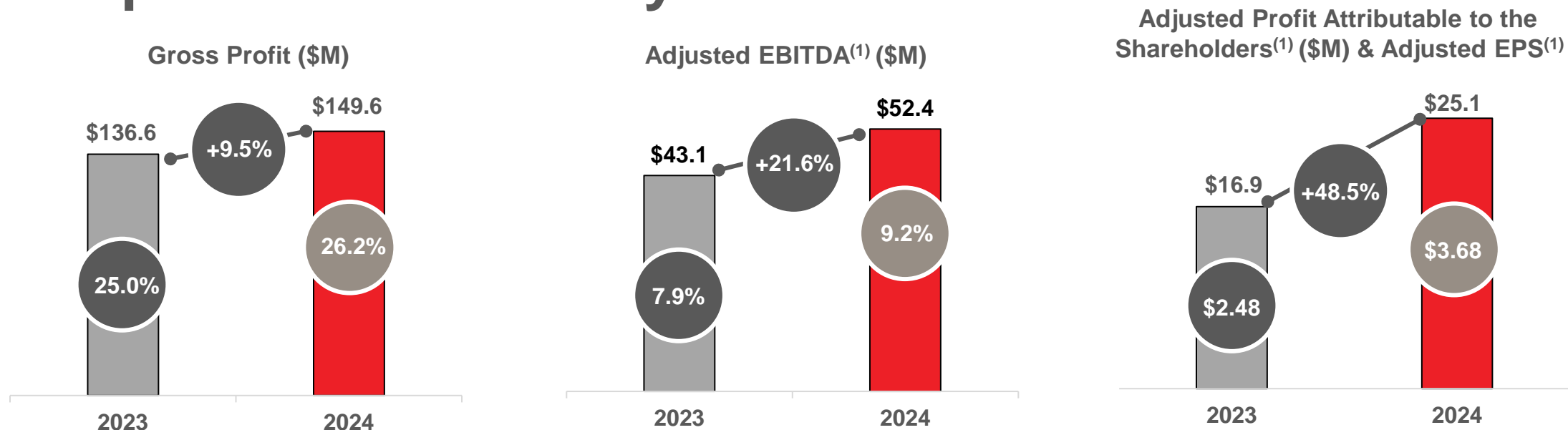
By country

- ▼ \$8.4M Canada
- ▲ \$2.8M U.S.

* Lassonde has an economic interest of 52.9% in Diamond since November 14, 2023. It exercises control over this entity and has consequently consolidated its results.



Q1 2024 Improved Profitability



Key Highlights

Net of Diamond and FX impact, COGS rose only 0.5%

✓ Higher input costs, mainly orange

Partially offset by:

- ✓ Lower sales volume
- ✓ Improved operating efficiency

Net of Diamond, SG&A expenses rose only 0.5%

✓ Higher administrative and warehousing expenses

Partially offset by:

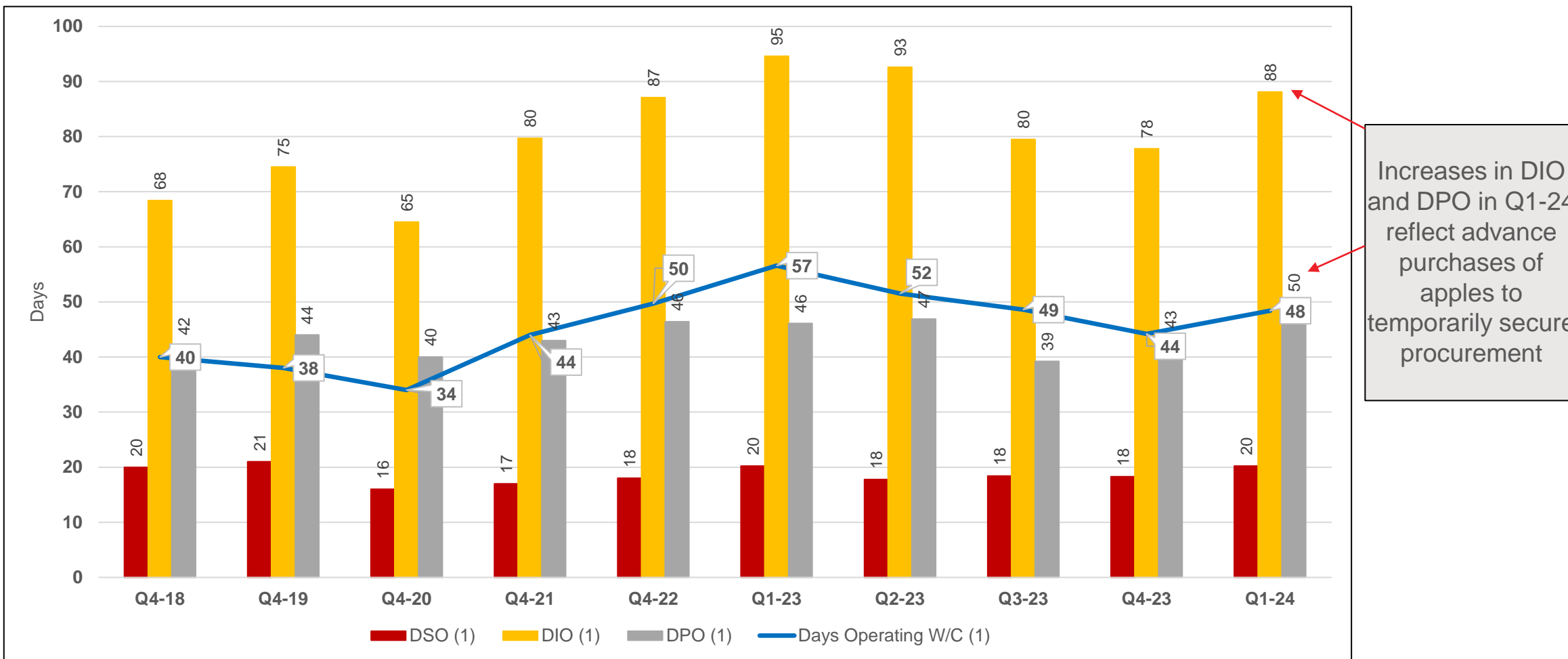
- ✓ Lower performance-related compensation expenses
- ✓ Lower transportation costs

(1) Financial measure not in accordance with IFRS. Please refer to section on Financial Measures Not in Accordance with IFRS.



Q1 2024

Days Operating Working Capital (1)



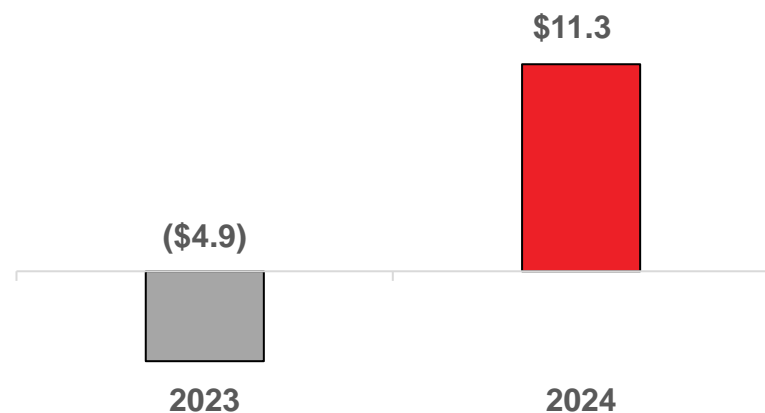
The Corporation may continue using its balance sheet to secure price and/or availability of certain commodities.

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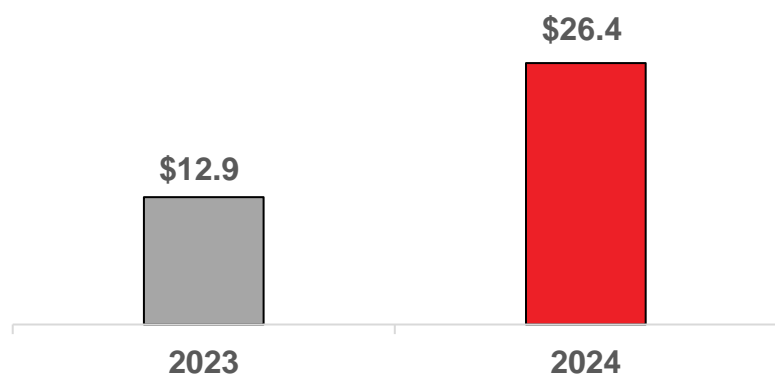


Q1 2024 Cash Flows (\$M)

Operating Activities



Acquisitions of PP&E and Intangible Assets



Key Highlights

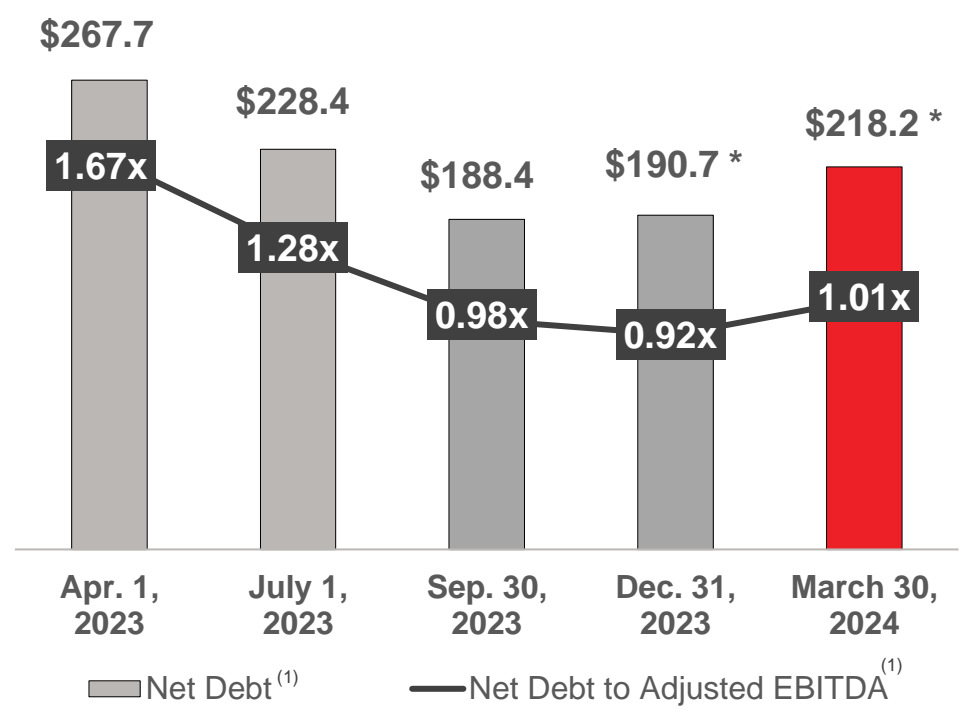
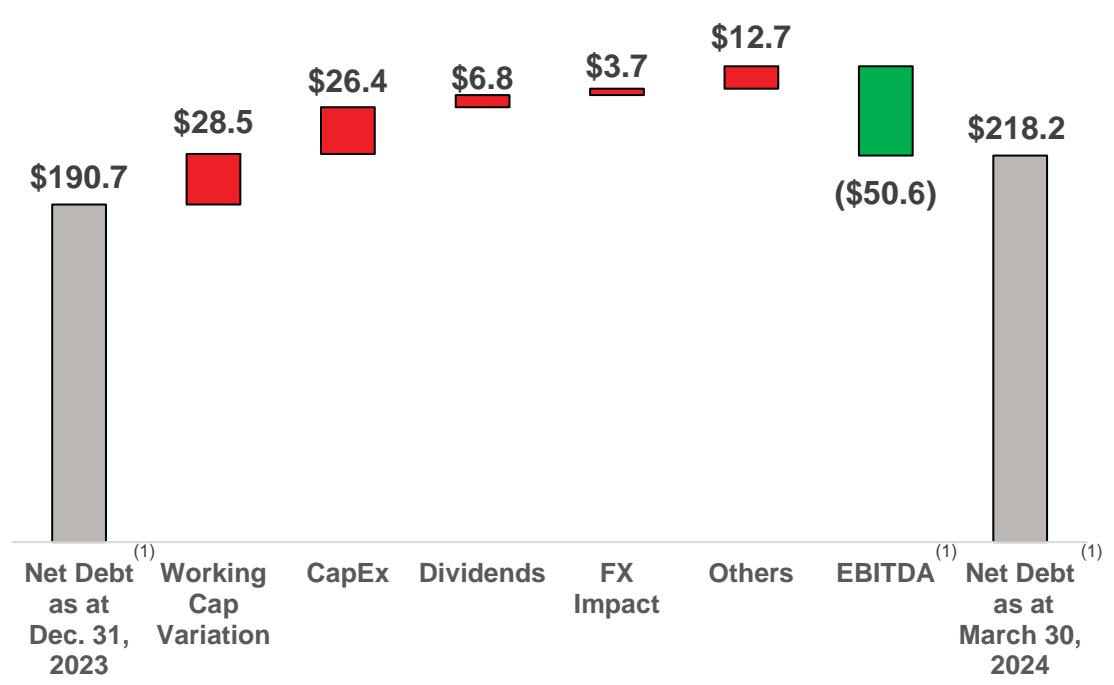
- ✓ Important increase in cash flow mainly due to:
 - Improved profitability
 - Lower working capital requirements

- ✓ 2024 capital expenditures estimated to reach up to 5% of sales



Q1 2024

Net Debt⁽¹⁾ (\$M)



* Includes Diamond's net debt

(1) Financial measure not in accordance with IFRS. Please refer to section on Financial Measures Not in Accordance with IFRS.



Looking Ahead

Priorities for 2024

- Build back U.S. volume
- Fortify our leadership position in Canada
- Assess options to grow our specialty food business

Maintain our focus on execution to meet objectives

- Sales growth
- Improved profitability
- Long-term value creation

Keep driving innovation efforts

- Offer alternatives aligned with consumer needs
- Reduce our commodity exposure



2024 Sales Outlook

Growth rate in the mid-single digit range

- Excluding FX impacts
- Driven by the run rate of selling price adjustments
- Year-over-year volume growth in the second half

Second half improvement resulting from:

- Gradual pace of U.S. demand build back
- Additional volumes from the North Carolina single-serve line
- Demand normalization

Our momentum supports our positive outlook for the rest of the year





Financial Measures Not in Accordance with IFRS

Financial Measures Not in Accordance with IFRS

Items impacting the comparability between periods

The table on the right contains a list, description and quantification of items impacting the comparability of the financial performance between the periods.

EBITDA and Adjusted EBITDA

EBITDA is a financial measure used by the Corporation and investors to assess the Corporation's capacity to generate future cash flows from operating activities and pay financial expenses. Adjusted EBITDA is a financial measure used by the Corporation to compare EBITDA between periods by excluding items impacting comparability. EBITDA consists of the sum of operating profit and of the "depreciation of property, plant and equipment and amortization of intangible assets" item and "(Gains) losses on capital assets," items, shown in the Consolidated Statement of Cash Flows. Adjusted EBITDA is calculated by adjusting the EBITDA with items considered by management as impacting the comparability between periods.

<i>(in millions of dollars)</i>	First quarters ended	
	March 30, 2024	April 1, 2023
	\$	\$
Costs related to the Strategy	1.2	0.5
Implementation costs of new key systems	0.2	0.6
Business optimization	0.4	-
Adjustment related to non-recoverable sales taxes	-	0.6
Sum of items impacting comparability on operating profit and EBITDA:	1.8	1.7
Items impacting comparability on "Other (gains) losses":		
Gain related to the preliminary settlement of an insurance claim	-	(2.1)
Tax impact of previous items	(0.5)	0.1
Impact on profit	1.3	(0.3)
Attributable to:		
Corporation's shareholders	1.2	(0.2)
Non-controlling interests	0.1	(0.1)

<i>(in millions of dollars)</i>	First quarters ended	
	March 30, 2024	April 1, 2023
	\$	\$
Operating profit	34.6	26.2
Depreciation of property, plant and equipment and amortization of intangible assets	16.1	15.1
(Gains) losses on capital assets	(0.1)	-
EBITDA	50.6	41.4
Sum of items impacting comparability	1.8	1.7
Adjusted EBITDA	52.4	43.1



Financial Measures Not in Accordance with IFRS (cont'd)

Adjusted Profit Attributable to the Corporation's Shareholders and Adjusted EPS

Adjusted profit attributable to the Corporation's shareholders and adjusted EPS are financial measures used by the Corporation to compare profit attributable to the Corporation's shareholders and EPS between periods by excluding items impacting comparability. They are calculated by adjusting them with items considered by management as impacting the comparability between periods.

<i>(in millions of dollars, unless otherwise indicated)</i>	First quarters ended	
	March 30, 2024	April 1, 2023
	\$	\$
Profit attributable to the Corporation's shareholders	23.8	17.1
Sum of items impacting comparability	1.2	(0.2)
Adjusted profit attributable to the Corporation's shareholders	25.1	16.9
Weighted average number of shares outstanding <i>(in thousands)</i>	6,822	6,822
Adjusted EPS <i>(in \$)</i>	3.68	2.48

Net Debt to Adjusted EBITDA

Net debt to adjusted EBITDA is a financial measure used by the Corporation to assess its ability to pay off its existing debt and to define its available borrowing capacity. To calculate the net debt to adjusted EBITDA ratio, net debt is divided by the sum of adjusted EBITDA from the last four quarters. Net debt represents long-term debt, including the current portion, less the "Cash and cash equivalents" item, as they are presented in the Corporation's Consolidated Statement of Financial Position.

<i>(in millions of dollars, except the net debt to adjusted EBITDA ratio)</i>	As at	As at
	March 30, 2024	Dec. 31, 2023
	\$	\$
Current portion of long-term debt	29.6	18.5
Long-term debt	190.2	192.0
Less: Cash and cash equivalents	(1.6)	(19.8)
Net debt	218.2	190.7
Sum of adjusted EBITDA from the last four quarters	216.5	207.1
Net debt to adjusted EBITDA ratio	1.01:1	0.92:1



Financial Measures Not in Accordance with IFRS (cont'd)

Days Operating Working Capital is a financial efficiency measure used by the Corporation to represent the number of days of sales tied up as operating working capital. To calculate this financial measure, operating working capital is divided by the last quarter's sales, as they are presented in Section 8 – “Analysis of the Consolidated Results” of the MD&A for the first quarter ended March 30, 2024, and multiplied by 91 days. Operating working capital consists of the sum of trade accounts receivable, discounts receivable and inventories, less trade payables and accrued expenses and trade spending, as they are presented in the accompanying notes to the Corporation's interim consolidated financial statements.

Days of Sales Outstanding (“DSO”) is a financial efficiency measure used by the Corporation to represent the average number of days that it takes the Corporation to collect payment for a sale. This financial measure is obtained by dividing trade accounts receivable less trade spending, as they are presented in the accompanying notes to the Corporation's interim consolidated financial statements by the last quarter's sales, as they are presented in Section 8 – “Analysis of the Consolidated Results” of the MD&A for the first quarter ended March 30, 2024, and multiplied by 91 days.

Days of Inventory Outstanding (“DIO”) is a financial efficiency measure used by the Corporation to represent the average number of days the Corporation takes to turn its inventory into sales. To calculate this financial measure, inventories, as they are presented in the Consolidated Statement of Financial Position, are divided by the last quarter's cost of sales, as it is presented in Section 8 – “Analysis of the Consolidated Results” of the MD&A for the first quarter ended March 30, 2024, and multiplied by 91 days.

Days of Payable Outstanding (“DPO”) is a financial efficiency measure used by the Corporation to represent the average number of days the Corporation takes to pay its accounts payable and accrued liabilities. This financial measure is obtained by dividing trade payables and accrued expenses less discounts receivable, as they are presented in the accompanying notes to the Corporation's interim consolidated financial statements by the last quarter's cost of sales, as it is presented in Section 8 – “Analysis of the Consolidated Results” of the MD&A for the first quarter ended March 30, 2024, and multiplied by 91 days.

	As at March 30, 2024	As at Dec. 31, 2023
<i>(in millions of dollars, except days operating working capital)</i>	\$	\$
Trade accounts receivable	192.9	180.2
Discounts receivable	2.6	4.7
Inventories	406.7	386.6
Less: Trade payables and accrued expenses	(233.2)	(219.2)
Less: Trade spending	(67.2)	(58.8)
Operating working capital	301.9	293.5
Divided by: Last quarter's sales	569.8	604.8
	0.53	0.49
Days operating working capital <i>(in days)</i>	48.2	44.2
<i>(in millions of dollars, except DSO)</i>	\$	\$
Trade accounts receivable	192.9	180.2
Less: Trade spending	(67.2)	(58.8)
	125.7	121.4
Divided by: Last quarter's sales	569.8	604.8
	0.22	0.20
DSO <i>(in days)</i>	20.1	18.3
<i>(in millions of dollars, except DIO)</i>	\$	\$
Inventories	406.7	386.6
Divided by: Last quarter's cost of sales	420.3	452.3
	0.97	0.85
DIO <i>(in days)</i>	88.1	77.8
<i>(in millions of dollars, except DPO)</i>	\$	\$
Trade payables and accrued expenses	233.2	219.2
Less: Discounts receivable	(2.6)	(4.7)
	230.6	214.5
Divided by: Last quarter's cost of sales	420.3	452.3
	0.55	0.47
DPO <i>(in days)</i>	49.9	43.2



Financial Highlights

<i>(in millions of dollars, unless otherwise indicated)</i>	First quarters ended		Δ
	March 30, 2024	April 1, 2023	
	\$	\$	\$
Sales	569.8	547.3	22.5
Cost of sales	420.3	410.7	9.6
Gross profit	149.6	136.6	13.0
Selling and administrative expenses	115.0	110.4	4.6
Operating profit	34.6	26.2	8.3
Share in the profit or (loss) of an associate	-	(0.3)	0.3
Financial expenses	3.9	4.0	(0.1)
Other (gains) losses	(1.9)	(2.1)	0.2
Profit before income taxes	32.6	24.1	8.5
Income tax expense	8.9	6.4	2.5
Profit	23.7	17.6	6.0
Attributable to:			
Corporation's shareholders	23.8	17.1	6.7
Non-controlling interests	(0.1)	0.5	(0.7)
	23.7	17.6	6.0
EPS (in \$)	3.49	2.51	0.98
Weighted average number of shares outstanding (in thousands)	6,822	6,822	-
Adjusted operating profit ⁽¹⁾	36.4	27.9	8.5
Adjusted EBITDA ⁽¹⁾	52.4	43.1	9.3
Adjusted EPS⁽¹⁾ (in \$)	3.68	2.48	1.20

(1) Financial measure not in accordance with IFRS. Please refer to section on Financial Measures Not in Accordance with IFRS.



Sales Evolution

<i>(in millions of dollars)</i>	First quarters		
	Private labels	National brands	Total
	\$	\$	\$
Sales Q1-2023	315.4	231.9	547.3
Selling price adjustments impact	12.4	11.0	23.4
Volume impact	(1.7)	(3.9)	(5.6)
Change in the sales mix impact	(3.9)	0.7	(3.2)
Other impacts, net	-	0.6	0.6
Growth excluding foreign exchange impact	6.8 2.2%	8.3 3.6%	15.1 2.8%
Foreign exchange impact	(0.6)	(0.2)	(0.8)
Sales Q1-2024 (excluding Diamond)	321.4	240.3	561.7
Sales from Diamond			8.2
Sales Q1-2024			569.8





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