# Introduction to Lassonde – NBF Conference

Toronto

June 5th, 2024

Lassonde

# Content

# Lassonde Industries – Who We Are

## A leader in the North American food and beverage industry

- Deep roots in the community with a proud 106-year history
- Broad portfolio across multiple categories
- Exceptional capabilities with a North American network of 18 plants and over 3,000 employees

### Well established strength and reputation in beverages

**#1** in Canada - Fruit juices and drinks

**#2** in the U.S. - Store brand shelf-stable fruit juices and drinks

### Leading positions in food categories

**Leading** North American manufacturer of specialty food products

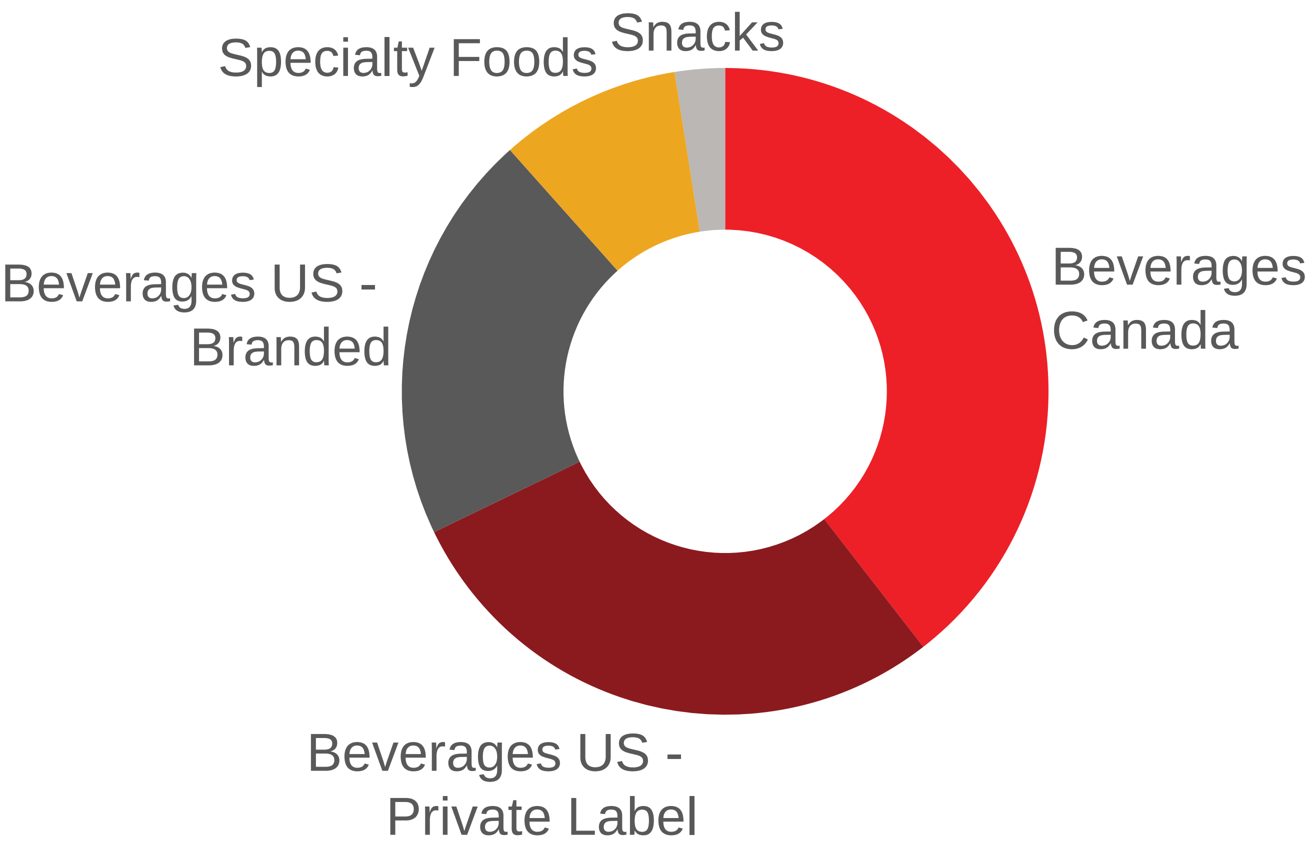
**#2** Manufacturer of branded fruit snacks in Canada

**Leading** Producer of store brand cranberry sauces in the U.S.

# Breadth and Depth of Product Offering

**Over 3,500 Unique Products and 200 Formats across Shelf-stable, Chilled and Frozen categories**

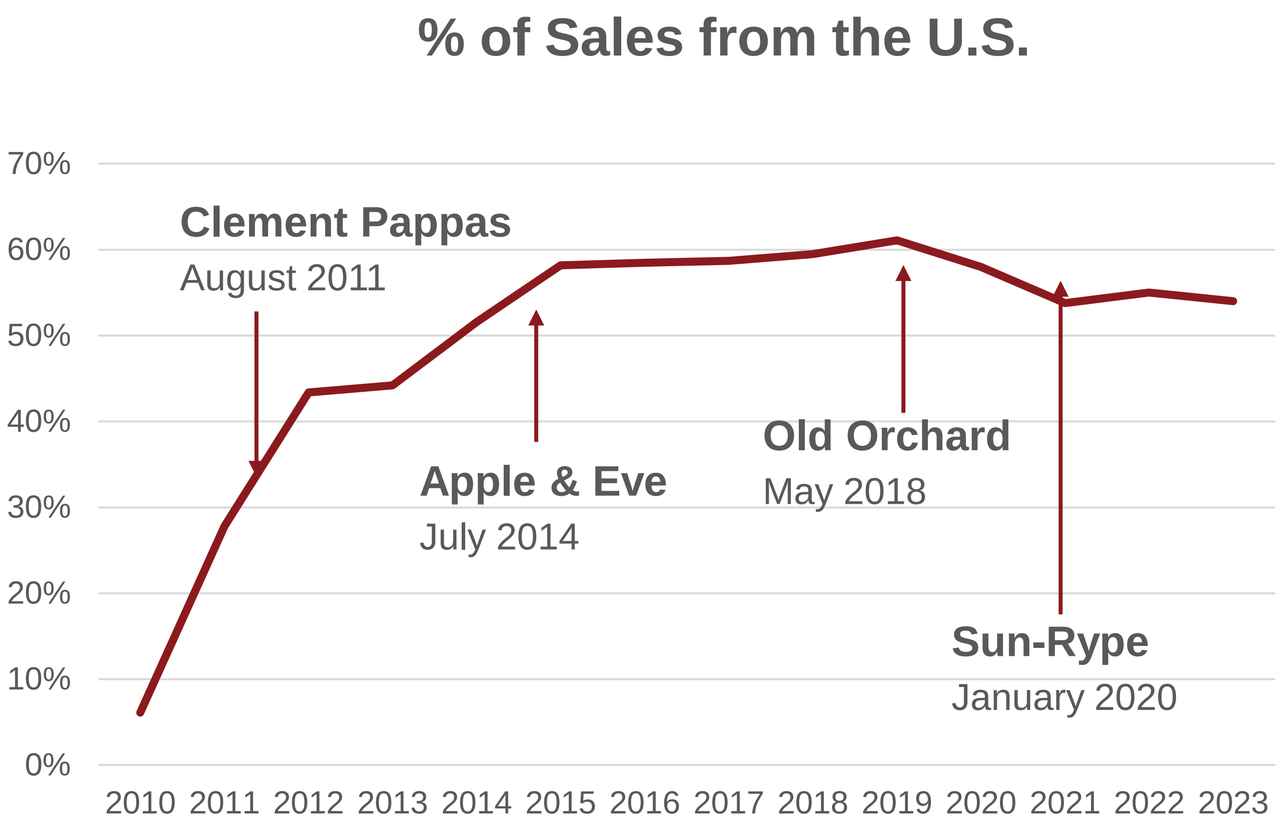
# Sales Distribution



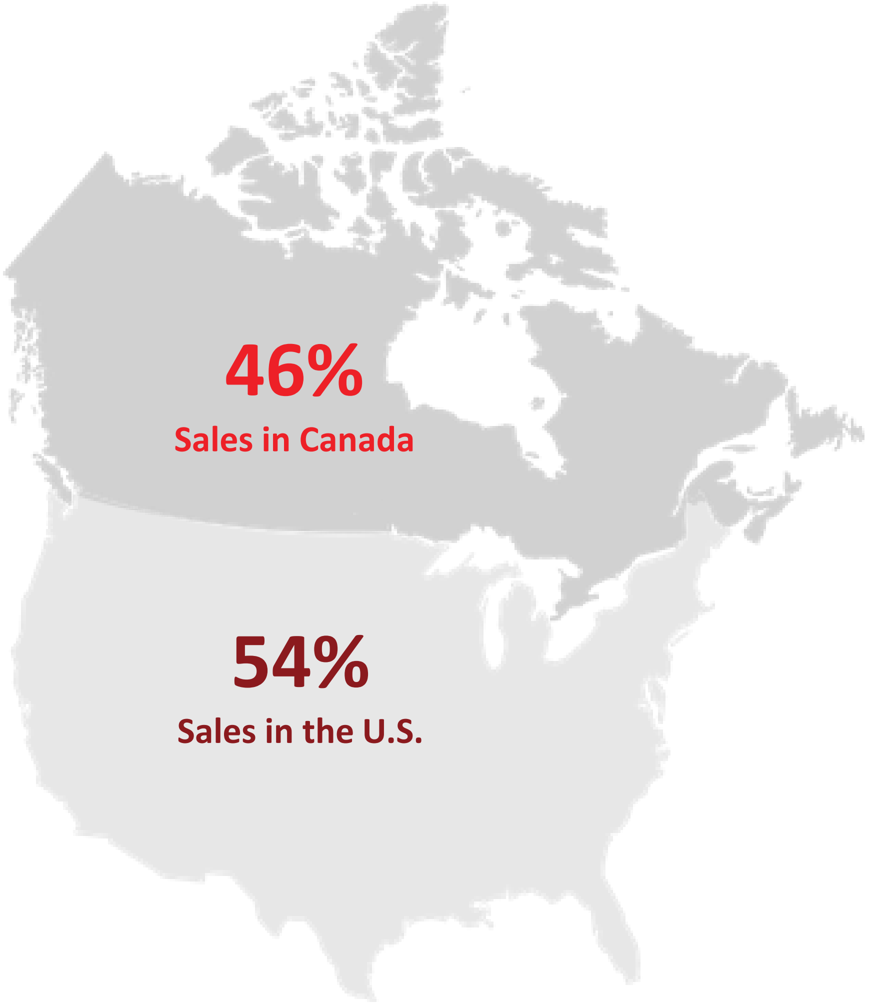


*Industries Lassonde Net sales 2022*

# Sales by Country




# 2023



# Sales by Brand Type

## National Brands*

### Canada

OASIS SunRype ALLEN'S Rougemont
Graves kiju organic Fruité HYDRA+ Simple drop Lassonde Canton

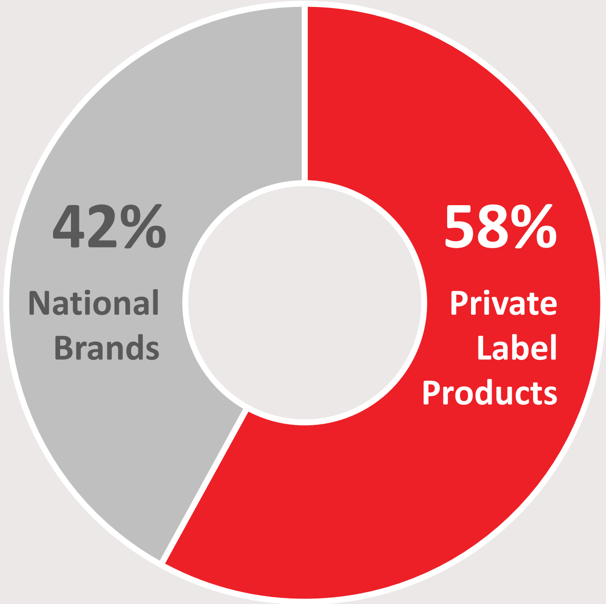
### Partner Brands

Del Monte Quality AriZona Sparkling ICE Stefano Faita

### United States

Apple & Eve Old Orchard Switch Northland Ruby Kist

Sales by Brand Type 2023




* Non exhaustive

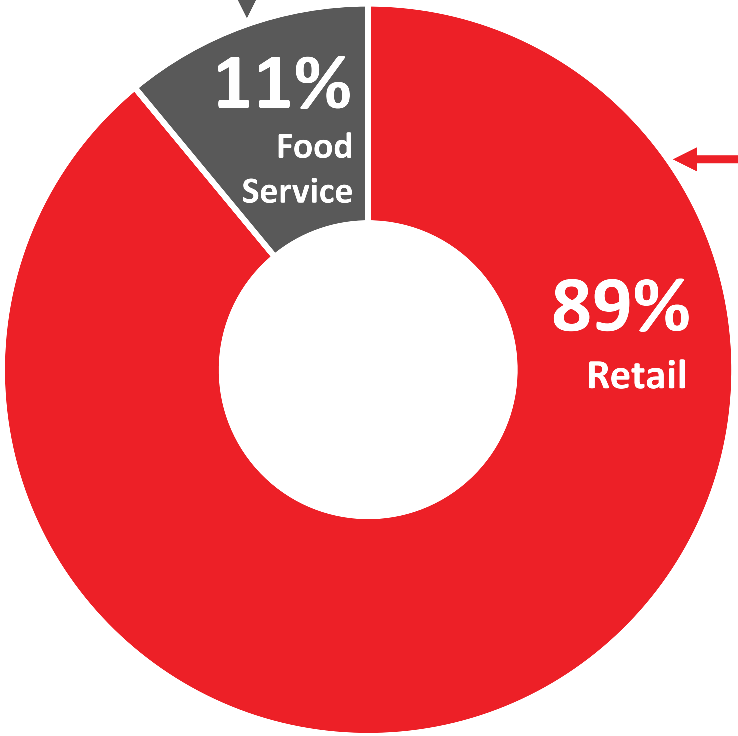
# Extensive Customer List*

* Only a sample of Lassonde's customers are represented on this page

# Sales by Market Segment – 2023

**Institutions; directly or through wholesalers**

- Restaurants
- Hotels
- Hospitals
- Schools
- Distributors




**Food retailers and wholesalers**

- Supermarket chains
- Independant grocers
- Superstores
- Warehouse clubs
- Major pharmacy chains

# Our Multi-Year Strategic Plan – Objectives

- **Drive long-term value**
- **Accelerate revenue growth**
- **Improve overall margins and profitability**

# A stronger, more diversified and leading NA agri-food and beverage player

**Our great tasting products in more hands, serving more needs, across more occasions, every day.**

## Multi-year Strategy

# Priorities

1. Build a Growth-oriented Portfolio
2. Drive Sustainable Performance
3. Improve Capacity to Act

## Multi-year Strategy –
# Build a Growth-Oriented Portfolio

### Unlock the full potential of our U.S. operations

- Reset and optimize private label activities
- Build stronger branded operations to capture growth and improve profitability

### Sustain profitable growth in Canada

- Invest in our brands
- Strengthen customer relationships, by serving as a trusted partner and deliver reliable service
- Grow through innovation and channel expansion
- Focus on revenue and cost productivity

### Accelerate growth in specialty food business

- Explore growth opportunities in segments like premium sauces and soups


# Multi-year Strategy –
# Drive Sustainable Performance

### Increase investment in our manufacturing network

- New single-serve line in the U.S.
- Higher speed juice box lines in Canada

### Continue to focus on our NA supply Chain

- Network optimization
- Best in class purchasing
- Efficient delivery of our products

### Strengthen revenue management practices

- Surgical-like approach to portfolio management

### Implement new processes and systems

- Better leverage data to improve decision speed and quality
- Optimize resource utilization and capture efficiencies
- Deliver on our ESG commitments to build a sustainable supply chain

Multi-year Strategy –
# Improve Capacity to Act

**Implement a new operating model: The power of global at the speed of local**

- Operate in a manner that is close and responsive to the market
- Leverage scale and common capabilities to capture synergies
- Establish common best practices to enable service excellence, at the lowest cost possible
- Three new Centers of Excellence:
  - Innovation
  - Manufacturing
  - Supply Chain

# Financial goals: Achieve sales of $3 billion by 2026 on a run-rate basis, with an eye to improving margins


| 1 Organic growth | 2 Known investments discussed today | 3 New growth investments |
|---|---|---|
| ▪ Based on existing assets and capacity<br>▪ Increasing and optimizing utilization of assets<br>▪ Improving business mix towards higher margin products with interesting growth profile<br>▪ Each Division contributes positively | ▪ NC single-serve line<br>▪ Other identified investments | ▪ Additional capacity (greenfield / brownfield) to be identified<br>▪ M&A opportunities to be identified |

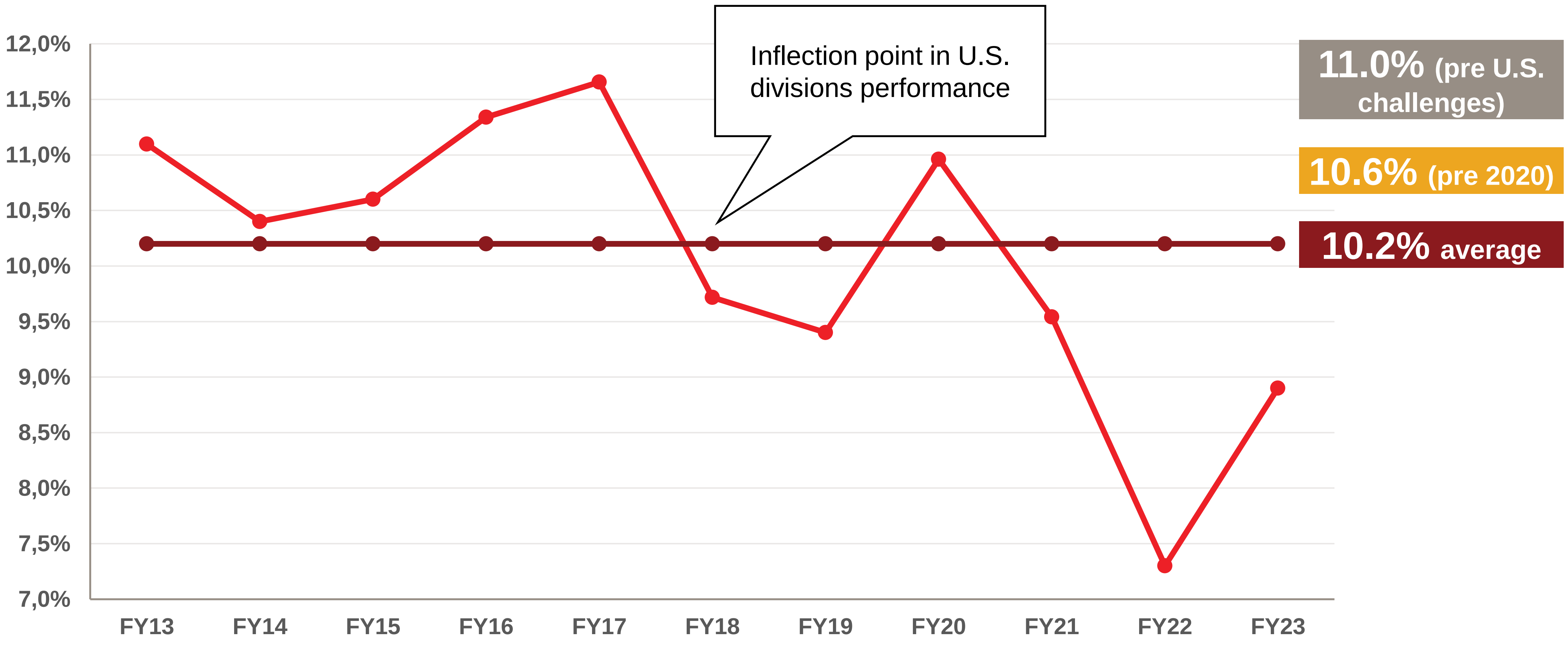
**Material Assumptions**

- Inflation rate of ~2.0% over the period.
- FX ~1.33 USD/CAD over the period.
- Currently observed capital market and M&A metrics and conditions.
- Profitability growth prevails over sales growth.

**Material Risks**

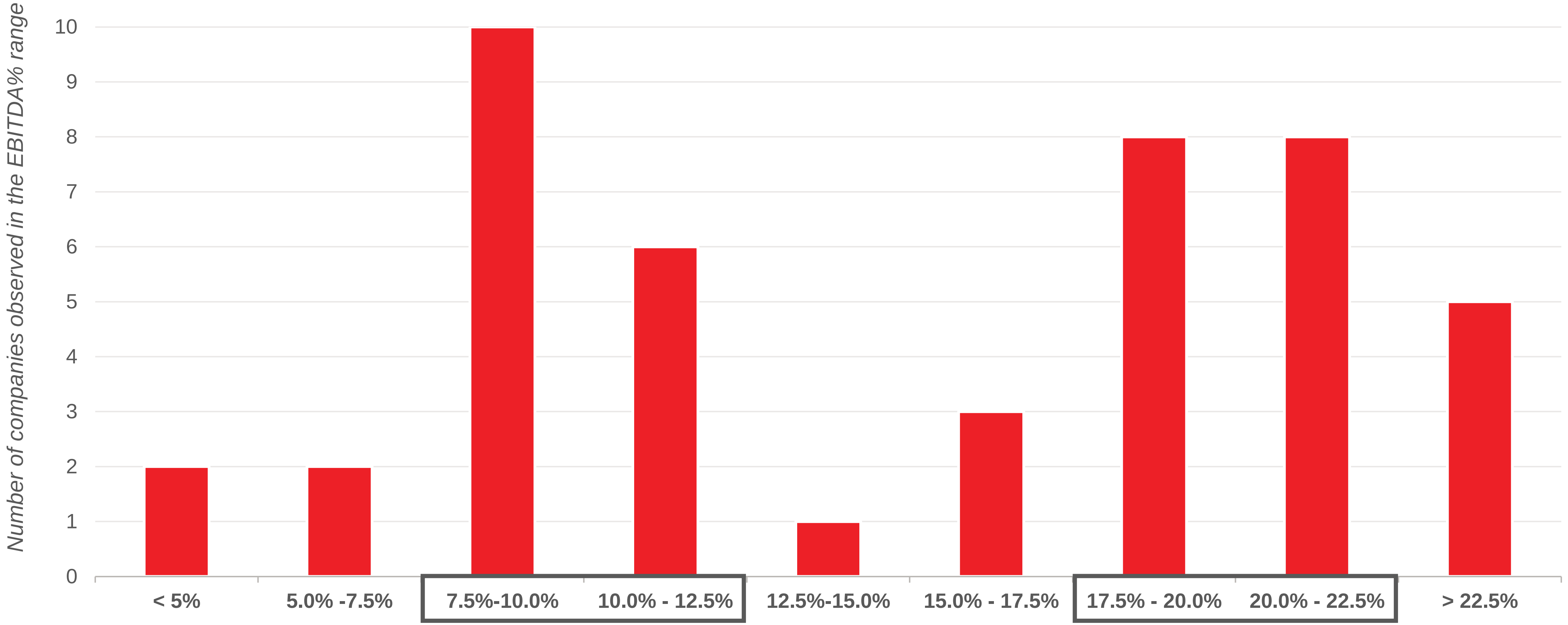
- The occurrence of widespread economic restrictions, supply chain delays or shocks due to, among other events, a global pandemic resurgence, climate and/or any other type of significant external shocks.
- Decline in economic growth, consumer confidence, household spending and other market disruptions.
- Pricing pressure driven by growing competition from new and/or existing market players.

# Adjusted EBITDA Margin[1] – Past 10 Years




[1] *Financial measures not in accordance with IFRS. Please refer to section on Financial Measures Not in Accordance with IFRS.*

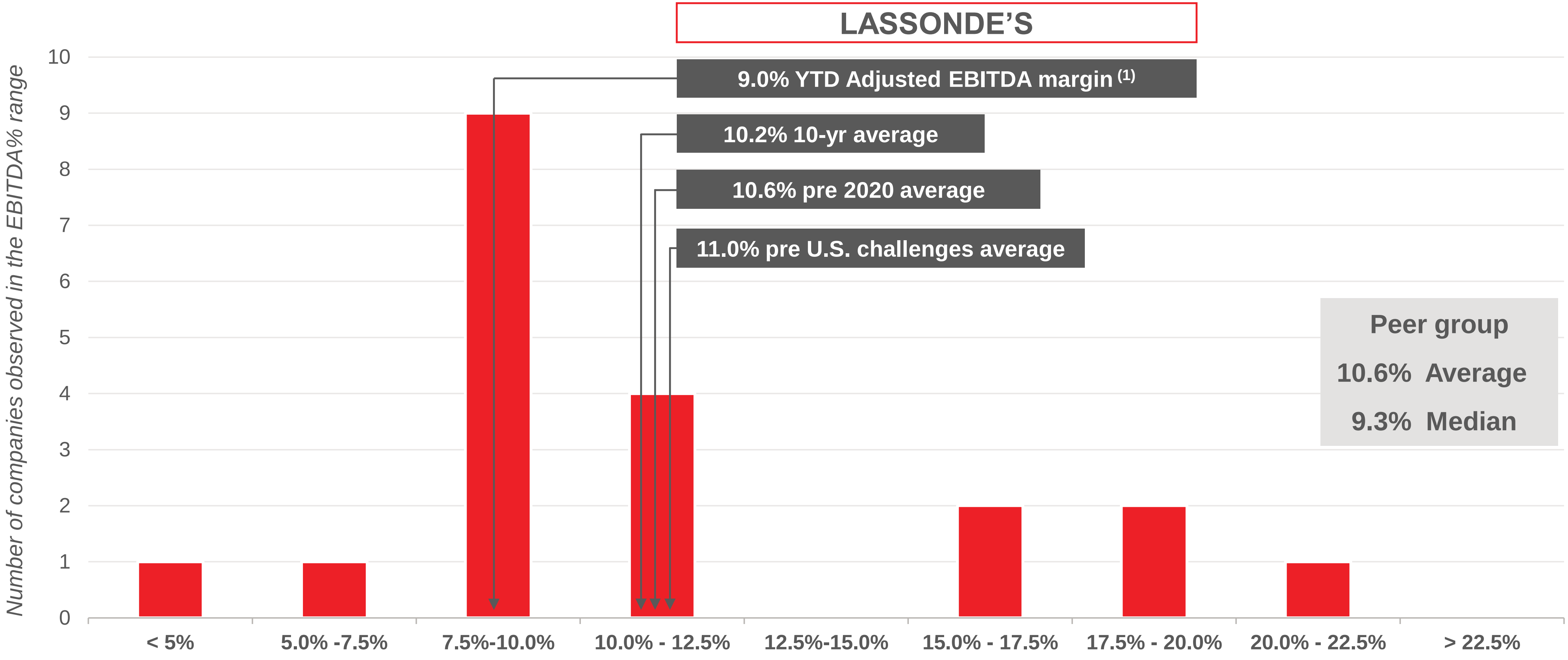
# EBITDA Margin[1] of NA "Peers" – Last 5 Years Average




*Source: Capital IQ – August 2023* | *n=45*

*[1] Financial measures not in accordance with IFRS. Please refer to section on Financial Measures Not in Accordance with IFRS.*

# EBITDA Margin[1] of NA Selected Peers – Last 5 Years Average




*Source: Capital IQ – August 2023* | *n=20*

[1] *Financial measures not in accordance with IFRS. Please refer to section on Financial Measures Not in Accordance with IFRS.*

# Improving our Margin from Current Level

## Key factors driving progressive margin improvement

1. Building back volume at our U.S. operations
2. Run rate effect of previously implemented selling price adjustments
3. Deploying growth investments in higher margin markets
4. Managing our COGS
5. Leveraging significant investments in information management systems
6. Achieving overall productivity gains

**Material Assumptions**

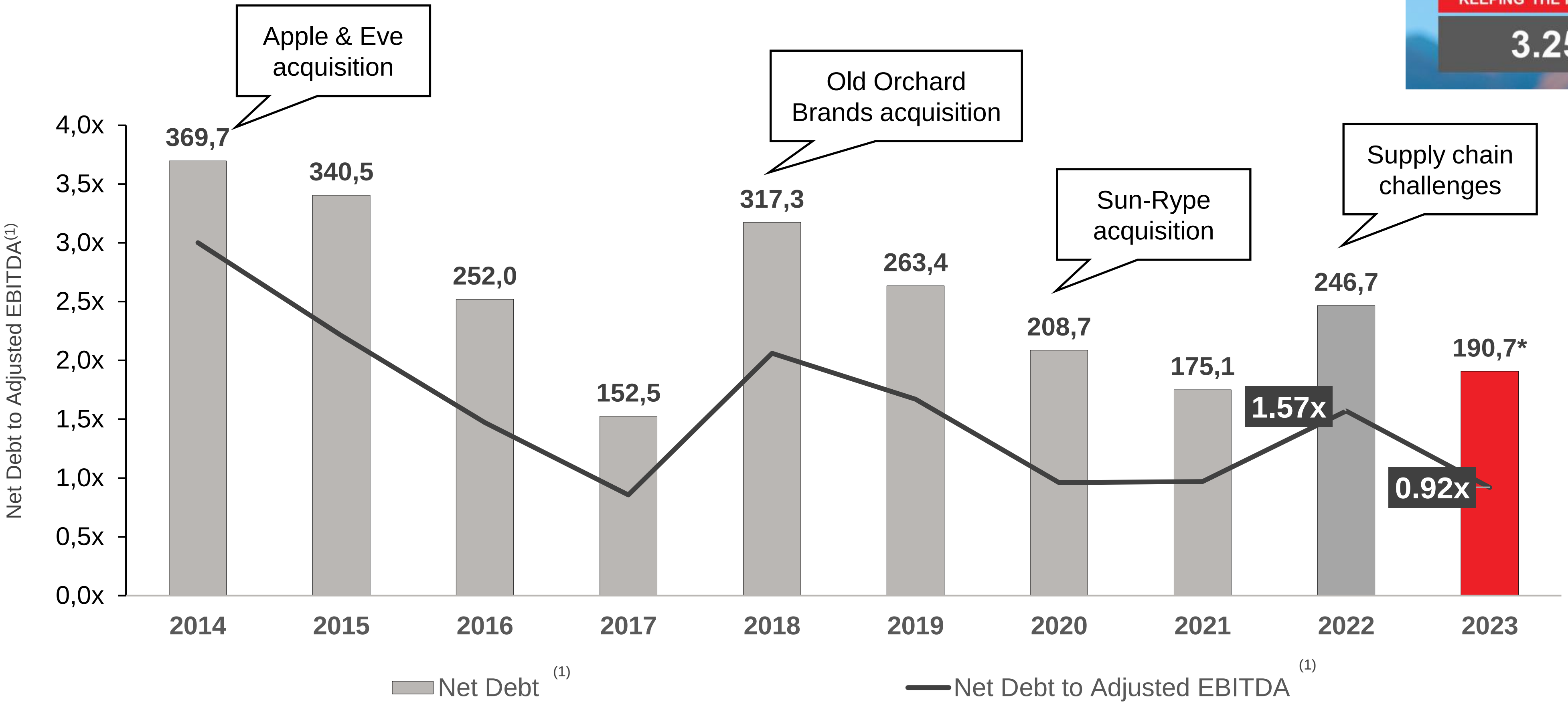
- Inflation rate of ~2.0% over the period.
- FX ~1.33 USD/CAD over the period.
- Profitability growth prevails over sales growth.

**Material Risks**

- The occurrence of widespread economic restrictions, supply chain delays or shocks due to, among other events, a global pandemic resurgence, climate and/or any other type of significant external shocks.
- Decline in economic growth, consumer confidence, household spending and other market disruptions.
- Pricing pressure driven by growing competition from new and/or existing market players.
- Evolution of key commodities.


## Solid Financial Position to Finance Expansion Projects

# 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.*

# Key Takeaways

1. Target of $3bn in net sales by 2026 supported by clear growth platforms
2. Beyond top line expansion, opportunities to expand margins
3. Solid balance sheet to finance expansion
4. 105-year history with solid track record of performance
5. Strong foundation to win in our markets: portfolio, network, capabilities, people

# Content

## Fiscal 2023

# A Solid Performance

### Sales increased 7.6% to a record $2.3 billion

- Selling price adjustments in Canada and the U.S.
- Better sales mix in our private label activities
- Partly offset by lower sales volume in the U.S.

### Strong profitability improvement

- Improved operating performance
- 32% increase in adjusted EBITDA(1)
- All divisions generated a higher profitability

### Market share gains

- Reflects the strength of our portfolio and market positioning

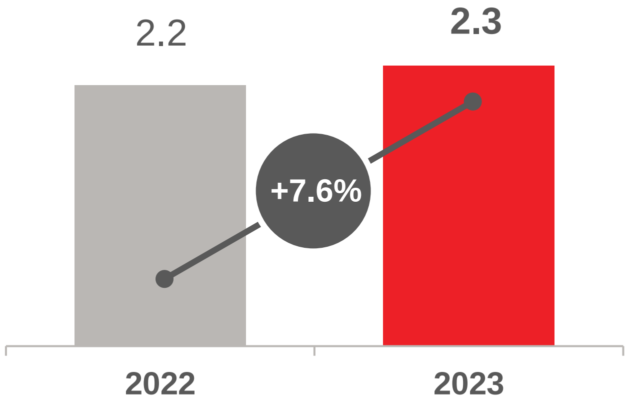
### Lower volume, but partly anticipated

- U.S. portfolio simplification process completed during the year

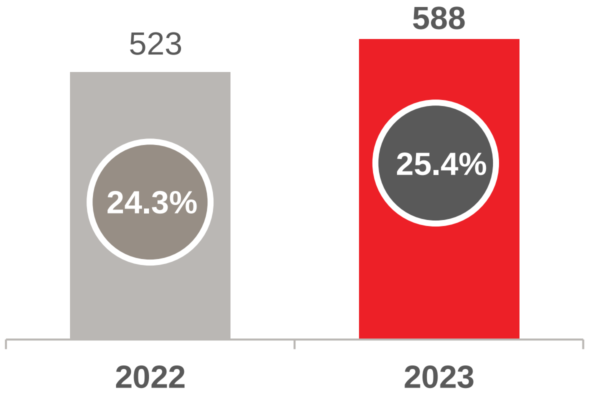

(1) *Financial measure not in accordance with IFRS. Please refer to section on Financial Measures Not in Accordance with IFRS.*

## Fiscal 2023
# Profitability Improvement

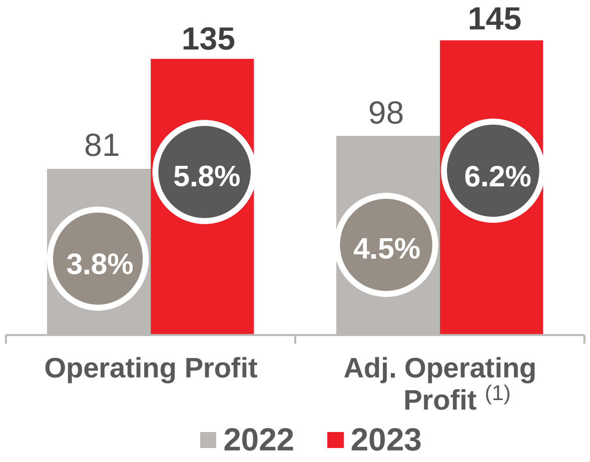
### Sales ($B)




### Gross Profit ($M) & Gross Margin




### Operating Profit ($M) & Operating Margin




## Key Highlights

**Excluding a favourable FX impact, and sales from Diamond Estates Wines and Spirits Inc. (“Diamond”)*, sales were up 5.4%**

(+) Selling price adjustments in Canada and the U.S.

(+) Favourable change in private label sales mix

(-) Lower sales volume, reflecting market trends and the U.S. portfolio simplification process

**Higher gross profit:**

- ✓ Selling price increases
- ✓ Better efficiency
- ✓ New Jersey production stoppage in 2022

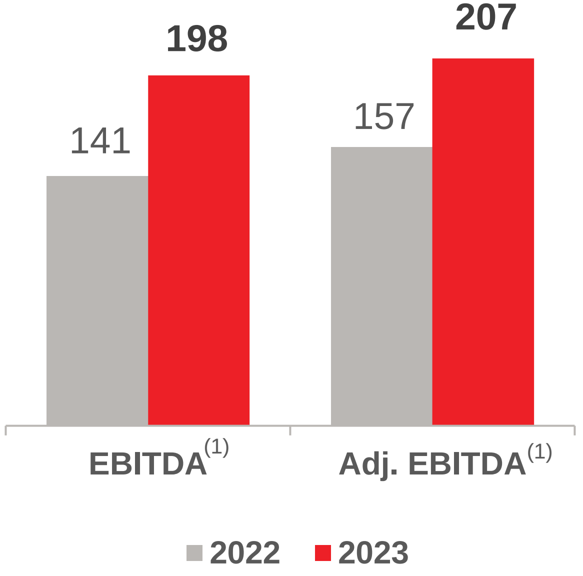
Partially offset by

- ✓ Higher input costs for apple and orange concentrates

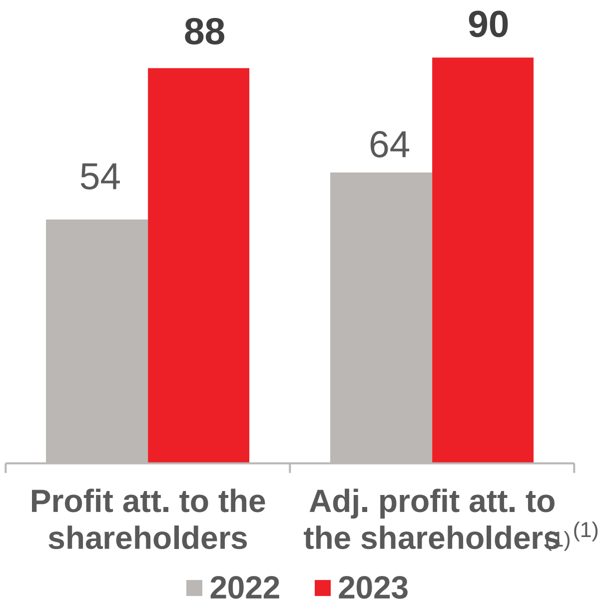
** Lassonde has an economic interest of 52.9% in Diamond since November 14, 2023, and exercises control over this entity. The 2023 consolidated financial statements include the results of Diamond since that date. (1) Financial measure not in accordance with IFRS. Please refer to section on Financial Measures Not in Accordance with IFRS. Note: Numbers have been rounded to lighten the presentation.*

## Fiscal 2023
# Profitability Improvement

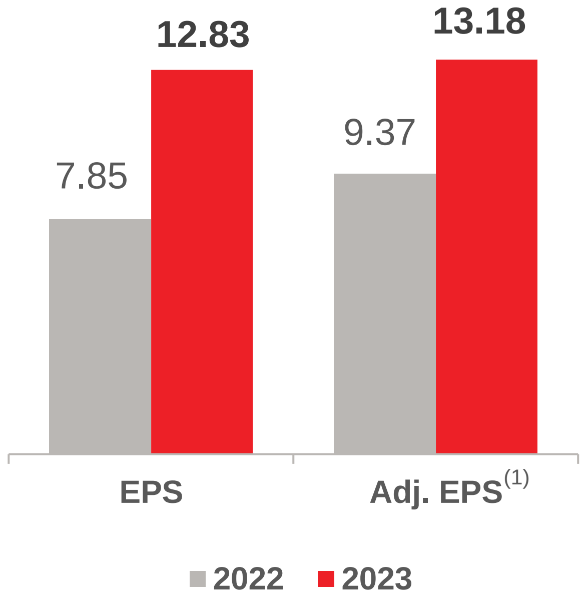
### EBITDA[1] ($M)




### Profit Attributable to the Shareholders ($M)




### EPS ($)

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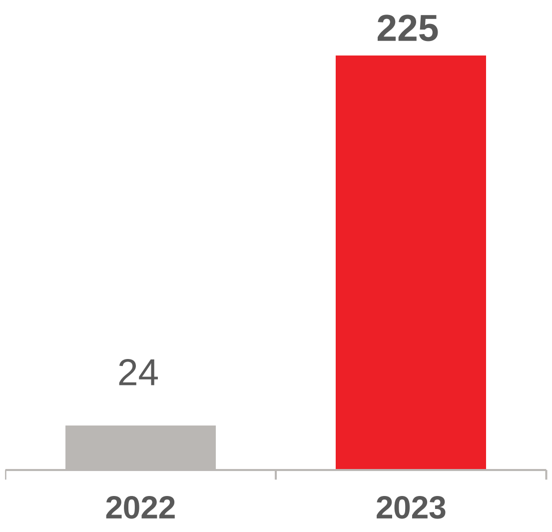
*Note: Numbers have been rounded to lighten the presentation.*

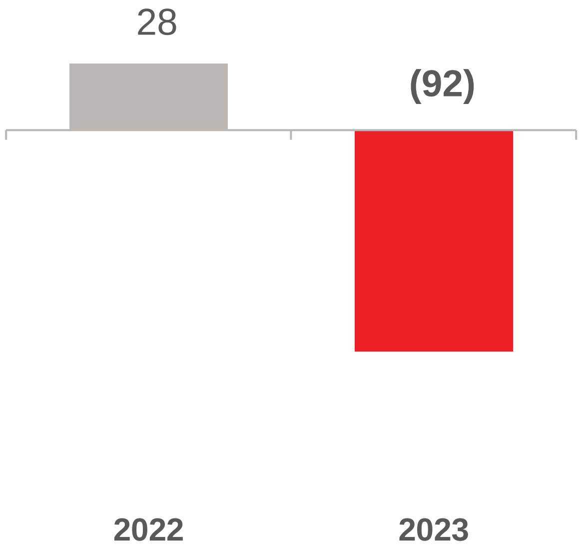
Fiscal 2023

# Cash Flows

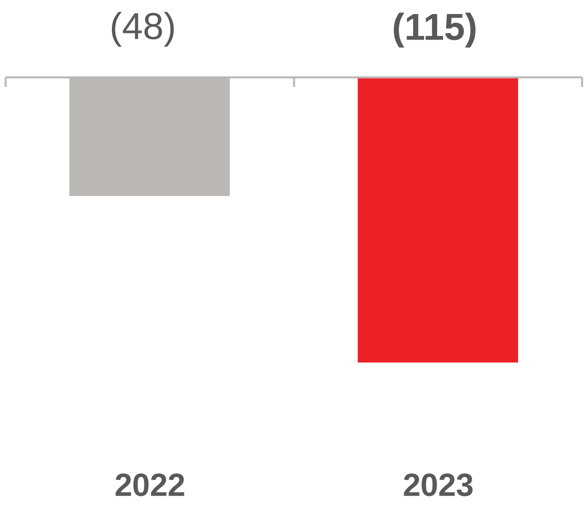
## Cash Flow from Operating Activities ($M)




## Cash Flow from (used by) Financing Activities ($M)




## Cash Flow used by Investing Activities ($M)




- ✓ Higher profitability
- ✓ Lower working capital requirements

- ✓ Debt repayment of $77 million
- ✓ Dividend payments of $15 million

- ✓ CapEx ≈ 5% of sales in 2024

# Content

# 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

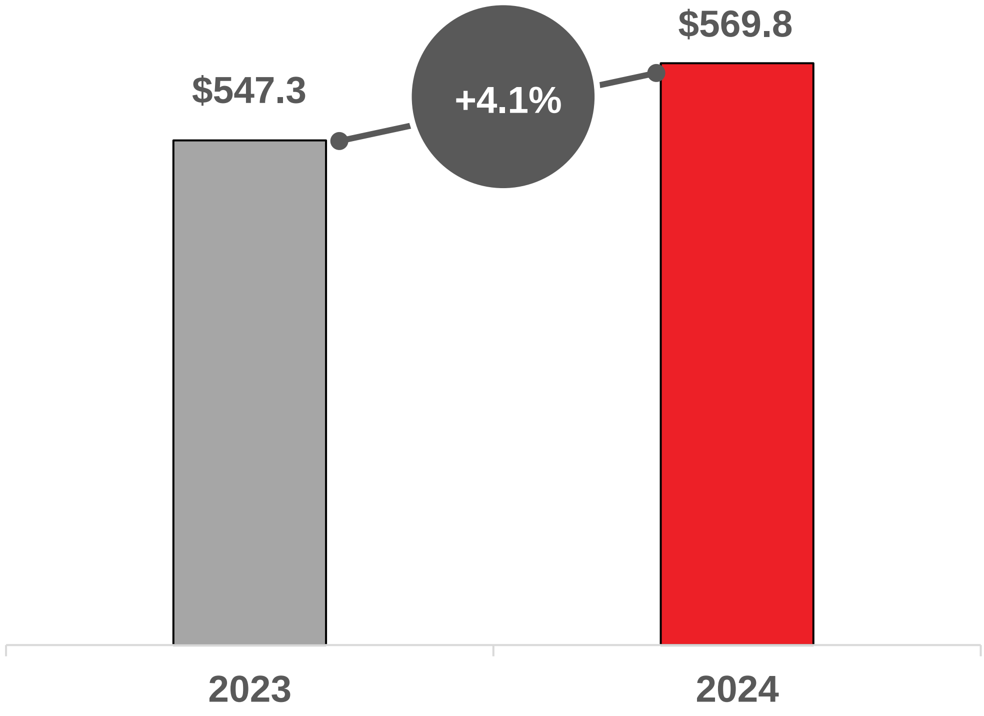
## 32% growth in operating profit

- 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.*

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:

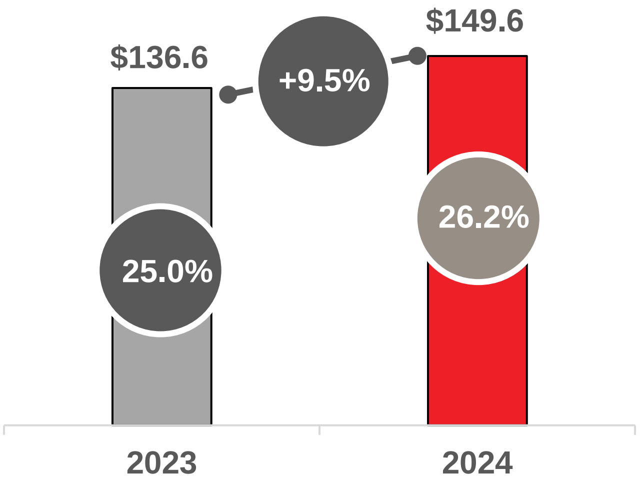
| By brand type | By country |
|---|---|
| ▼ $1.7M private labels | ▼ $8.4M Canada |
| ▼ $3.9M national brands | ▲ $2.8M U.S. |

** 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.*

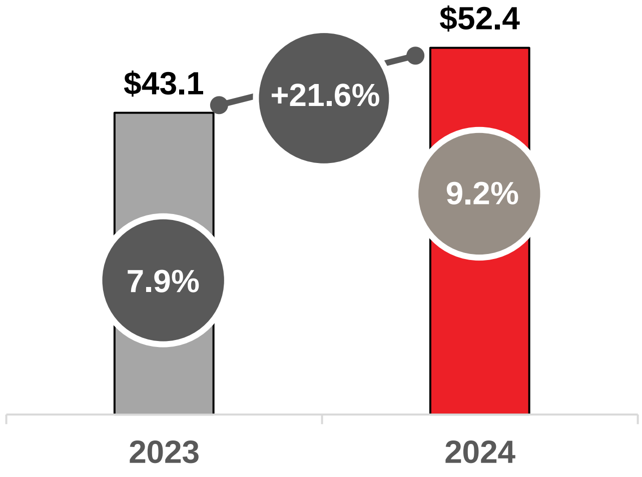
Q1 2024

# Improved Profitability

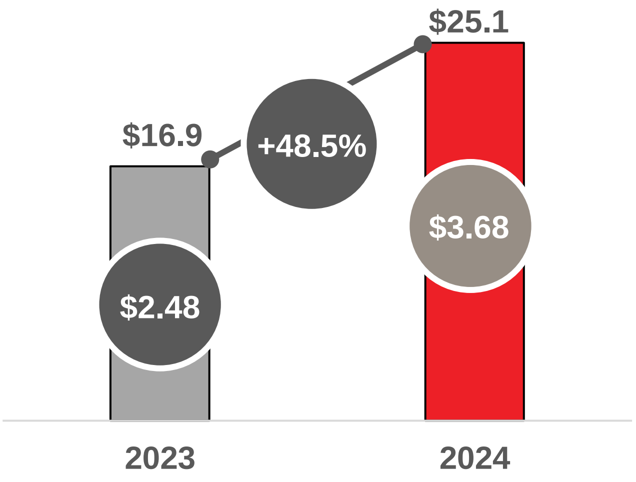
### Gross Profit ($M)




### Adjusted EBITDA[1] ($M)




### Adjusted Profit Attributable to the Shareholders[1] ($M) & Adjusted EPS[1]




## 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

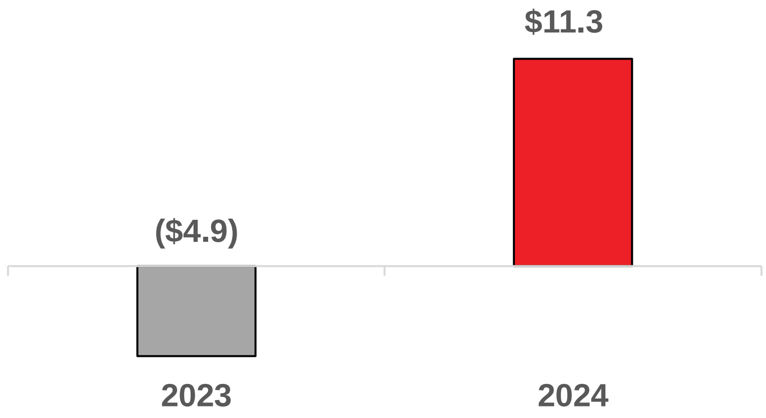
✓ Lower transportation costs

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

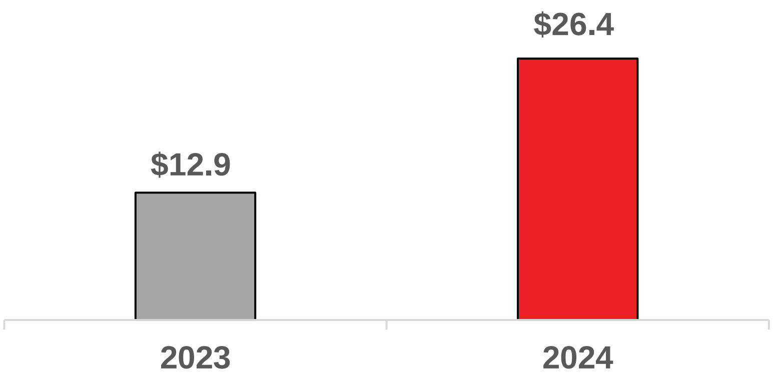
Q1 2024

# 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 lassonde.com