

Lassonde to Acquire Summer Garden Food Manufacturing

Accelerating Growth in the Specialty Food
Segment

June 2024



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.

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.**

This document contains financial measures and ratios not in accordance with IFRS. Lassonde reports its financial results in accordance with IFRS and generally assesses its financial performance using financial measures that are prepared using IFRS. However, this document and discussions around the content of this document could also refer to certain measures that are not in accordance with IFRS, including the following: Adjusted earnings before interest, taxes, depreciation, and amortization ("EBITDA"); Adjusted EBITDA margin; and Net debt to adjusted EBITDA. These measures have no standardized meaning under IFRS and are unlikely to be comparable to similar measures presented by other issuers. Please refer to section "Financial Measures Not in Accordance With IFRS" of this presentation for the definition and composition of the measure or ratio. The Corporation uses measures (and ratios) that are not in accordance with IFRS to provide investors with supplemental metrics to assess and measure its operating performance and financial position from one period to the next. **These metrics are presented as a complement to enhance the understanding of Lassonde's operating results but not in substitution of IFRS results. In addition, measures that are not in accordance with IFRS should not be viewed as a substitute for the related financial information prepared in accordance with IFRS.**



Transaction Overview

- Lassonde to acquire The Zidian Group, which operates Summer Garden Food Manufacturing ("Summer Garden"), an Ohio-based manufacturer and distributor of specialty food products;
- Portfolio focused on premium pasta sauces and a range of sugar-free sauces and condiments;
- Supports our ambition to become a larger and more diversified North American food and beverage player;
- Nearly doubles our position in the specialty food segment and expands our reach in the U.S. market
- Aligned with our financial objectives of reaching \$3 billion in sales by the end of 2026, while further improving margins





Transaction Rationale

- Enhances our position as a manufacturer of choice for retort-based products
 - Specialty food core capability
 - Better serve customers and remain competitive in a growing market
- Further growth potential by expanding retort capacity, financed through cash flows from current activities
- Access to diversified growth platforms through brands
 - Further develop in the U.S. premium tomato-based sauce market
 - Access to categories that are natural adjacencies to our current specialty food offering
- Immediate path to growth at attractive margins





Profile

- Develops, manufactures and markets a wide range of premium sauces and condiments
- Early entrant and leader in the growing sugar-free segment of the BBQ sauces
- Branded portfolio of approximately 250 products sold in over 20,000 locations in the U.S.
- Brands: *G Hughes*, *Gia Russa*, *Little Italy in the Bronx*
- Co-packer for well-known and growing brands



Portfolio

Net Sales

75%

Owned brands*

25%

Co-packing for
third-party brands

Branded Sales



60%



40%



* Includes some imported products



Brands



Gia Russa

Launched in the 1980s, the brand’s vision has been to create a family of classic Italian products, spanning beyond pasta sauces to include oils, pastas, and other specialty Italian goods.



Little Italy in the Bronx

Launched in 2018, the brand was created to celebrate and support the Belmont neighborhood in New York, a destination known for its array of restaurants and authentic Italian heritage.



G Hughes

Launched in 2013, the brand is the pioneer of the sugar free BBQ sauce category and was born from pit master Guy Hughes’ desire to carry on his family’s cookout traditions and award-winning recipes.





G Hughes
SUGAR FREE

SUGAR FREE
BBQ SAUCE
ORIGINAL
GLUTEN FREE - ONLY 2 CARBS PER SERVING

Launched Dates	
BBQ	2013
Dipping	2019
Marinades	2019
Dressings	2020

On-Trend Brand Leadership

- The brand was an early entrant in the sugar-free BBQ sauce category
- #1 sugar-free BBQ sauce and one of the leaders in the > US\$1 billion-dollar category
- Expansion with growing traction in other categories
 - Dipping sauces, marinades and dressings
- Over 40 SKUs





Operations Overview

- Production facility in Boardman, Ohio
 - Adjacent facilities for warehousing, R&D, offices
 - Already identified opportunities to add capacity and expand footprint
- High-acid manufacturing: tomato-based and BBQ sauces
- Low-acid manufacturing: dairy and egg-based sauces
 - Includes retort capabilities
- Leverage our expertise to improve efficiency and productivity



Financial Overview

Financial Metrics

For the 12-month period ended May 2024:

- Sales of US\$148 M
- Adjusted EBITDA* of ~ US\$27.9 M
- Healthy 18.9% adjusted EBITDA margin*
- Solid sales growth in recent years
 - Expansion into new categories
 - Increased retort capacity

Transaction Metrics

- US\$235 M at closing – cash-free, debt-free basis
- Earnouts of up to US\$45 M over the next three years
- ~ US\$30 M benefit related to the deductibility of the investment for tax purposes
- 8.4x LTM adjusted EBITDA* – 7.3x reflecting the tax benefit

Other Considerations

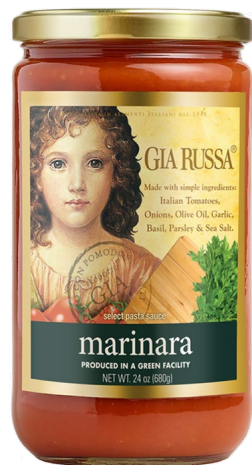
- Financed through available credit facilities
- Lassonde's pro forma consolidated adjusted EBITDA* of ~ C\$255 M, representing a margin of 10.0%
 - Future cross-selling and operating synergies to be captured not reflected
- Margin and earnings accretive
- Net debt to adjusted EBITDA ratio* < 2.2x (pro forma at closing)
 - Leaves headroom to continue deploying our strategy
- Expected to close in 30 to 45 days
 - Subject to regulatory approval and other closing conditions

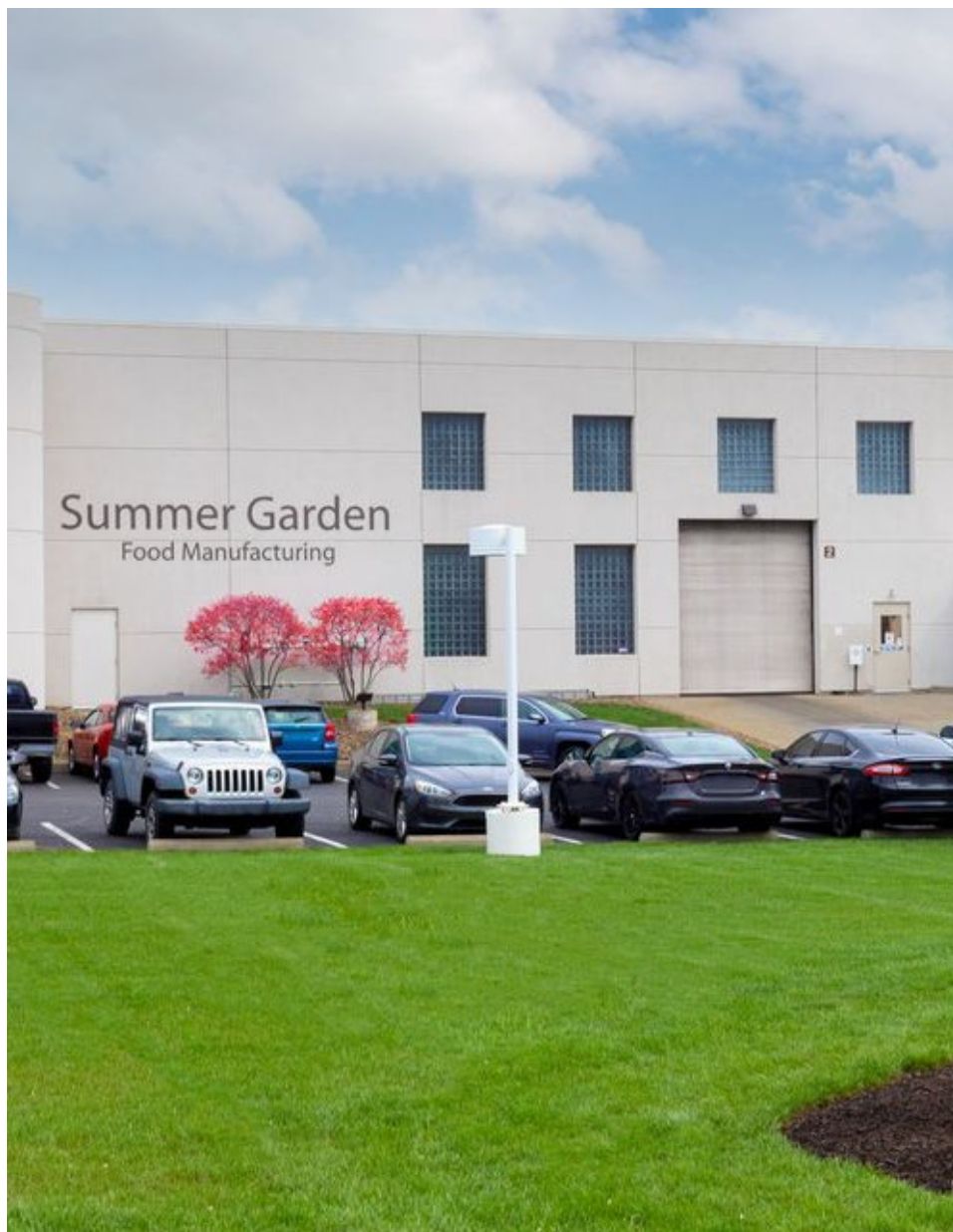
* Financial measure not in accordance with IFRS. Please refer to section on Financial Measures Not in Accordance with IFRS.



Conclusion

- Enhances the role of specialty food as a driver of growth, profitability and diversification
- Solidifies our core offering of pasta sauces
- Provides access to attractive adjacencies
- Adds brands with potential for further development
- U.S.-based manufacturing assets enhancing and expanding our retort capabilities
- Creation of a new growth platform
 - Immediate path to growth at attractive and accretive margins
 - Provides basis to support future expansion






Conclusion (cont'd)

- Looking forward to closing the transaction and welcoming new employees
- Acquiring a well-run, multi-generational family business
 - Entrepreneurial spirit
 - Culture and values aligned with ours
- Remain committed to executing our other strategic priorities
 - Build back U.S. beverage volume, while investing to maintain network competitiveness
 - Fortify our leadership position in Canada
- Thanking our present and future employees, our customers, our suppliers and our shareholders for supporting us in this new journey





Financial Measures Not in Accordance with IFRS

Financial Measures Not in Accordance with IFRS

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 Statement of Cash Flows. Adjusted EBITDA is calculated by adjusting the EBITDA with items considered by management as impacting the comparability between periods.

Adjusted EBITDA margin

Adjusted EBITDA margin is a financial measure used by the Corporation and investors to measure its profitability from operations. To calculate this financial measure, adjusted EBITDA is divided by sales, as they are presented in the Statement of Income.

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 Statement of Financial Position.





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