

Interim Report

Lassonde Industries Inc.

Third Quarter
Ended September 28, 2024



Lassonde

Table of Contents

Interim Condensed Consolidated Statements of Income	3
Interim Condensed Consolidated Statements of Comprehensive Income.....	4
Interim Condensed Consolidated Statements of Financial Position	5
Interim Condensed Consolidated Statements of Shareholders' Equity	6
Interim Condensed Consolidated Statements of Cash Flows.....	7
Notes to the Interim Condensed Consolidated Financial Statements.....	8

Interim Condensed Consolidated Statements of Income

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

	Note	Third quarters ended		Nine months ended	
		Sept. 28, 2024	Sept. 30, 2023	Sept. 28, 2024	Sept. 30, 2023
		\$	\$	\$	\$
Sales		668,267	583,428	1,862,778	1,710,174
Cost of sales		488,437	437,168	1,357,634	1,274,972
Gross profit		179,830	146,260	505,144	435,202
Selling and administrative expenses		132,666	110,522	373,369	331,872
Operating profit		47,164	35,738	131,775	103,330
Share in the profit or (loss) of an associate		–	(507)	–	(1,638)
Financial expenses	5	7,098	4,164	15,587	12,944
Other (gains) losses	6	(84)	(2,217)	(2,104)	(4,074)
Profit before income taxes		40,150	33,284	118,292	92,822
Income tax expense	7	11,082	8,963	32,734	25,111
Profit		29,068	24,321	85,558	67,711
Attributable to:					
Corporation's shareholders		29,652	24,311	87,013	66,510
Non-controlling interests		(584)	10	(1,455)	1,201
		29,068	24,321	85,558	67,711
Basic and diluted earnings per share (in \$)		4.35	3.56	12.75	9.75
Weighted average number of shares outstanding (in thousands)		6,822	6,822	6,822	6,822

Interim Condensed Consolidated Statements of Comprehensive Income

(in thousands of Canadian dollars)

(unaudited)

	Third quarters ended		Nine months ended	
	Sept. 28, 2024	Sept. 30, 2023	Sept. 28, 2024	Sept. 30, 2023
	\$	\$	\$	\$
Profit	29,068	24,321	85,558	67,711
Other comprehensive income				
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	(152)	416	567	1,043
Reclassification of (gains) losses on financial instruments designated as hedges	(133)	(208)	(547)	(1,041)
Income tax expense	73	(55)	(5)	–
	(212)	153	15	2
Exchange difference on translating foreign operations	(11,265)	12,720	9,747	(1,128)
	(11,477)	12,873	9,762	(1,126)
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	2,299	6,888	19,241	4,033
Income tax expense	(595)	(1,778)	(5,030)	(1,022)
	1,704	5,110	14,211	3,011
Benefit cost of the defined benefit plans				
Remeasurements of the net defined benefit asset or liability	758	(714)	(3,349)	(1,536)
Income tax expense	(202)	191	894	410
	556	(523)	(2,455)	(1,126)
	2,260	4,587	11,756	1,885
Total other comprehensive income (loss)	(9,217)	17,460	21,518	759
Comprehensive income	19,851	41,781	107,076	68,470
Attributable to:				
Corporation's shareholders	21,492	40,352	107,065	67,187
Non-controlling interests	(1,641)	1,429	11	1,283
	19,851	41,781	107,076	68,470

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

	Note	As at Sept. 28, 2024 \$	As at Dec. 31, 2023 \$
Assets			
Current			
Cash and cash equivalents		9,165	19,842
Accounts receivable	9	231,387	188,321
Income tax recoverable		5,484	4,206
Inventories		414,202	386,619
Derivative instruments		3,480	173
Other current assets		27,206	37,479
		690,924	636,640
Derivative instruments		–	74
Property, plant and equipment		588,275	500,821
Intangible assets		317,726	184,560
Net defined benefit asset		18,356	21,957
Deferred tax assets		2,031	–
Other non-current assets		872	757
Goodwill		477,120	320,895
		2,095,304	1,665,704
Liabilities			
Current			
Bank overdraft		3,089	4,030
Accounts payable and accrued liabilities	10	349,986	330,412
Income tax payable		13,167	7,066
Derivative instruments		2,540	6,425
Other current liabilities		13,507	5,716
Current portion of long-term debt		25,564	18,525
		407,853	372,174
Derivative instruments		45	–
Long-term debt		439,618	191,995
Long-term incentive plan liabilities		9,961	5,323
Pension plan liabilities		1,134	830
Deferred tax liabilities		108,803	99,480
Other non-current liabilities		38,542	–
		1,005,956	669,802
Shareholders' equity			
Equity attributable to the Corporation's shareholders		1,001,392	922,570
Non-controlling interests		87,956	73,332
		1,089,348	995,902
		2,095,304	1,665,704

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 ⁱ⁾	Retained earnings		
	\$	\$	\$	\$	\$	\$
Balance as at December 31, 2023	46,660	1,360	73,777	800,773	73,332	995,902
Profit	–	–	–	87,013	(1,455)	85,558
Other comprehensive income (loss)	–	–	22,507	(2,455)	1,466	21,518
Transfer to non-financial assets ⁱⁱ⁾	–	–	(8,120)	–	(268)	(8,388)
Dividends	–	–	–	(20,465)	–	(20,465)
Investment from non-controlling interests	–	–	–	–	15,223	15,223
Adjustment to non-controlling interests	–	–	–	342	(342)	–
Balance as at September 28, 2024	46,660	1,360	88,164	865,208	87,956	1,089,348
Balance as at December 31, 2022	46,660	1,360	94,102	735,044	60,401	937,567
Profit	–	–	–	66,510	1,201	67,711
Other comprehensive income (loss)	–	–	1,803	(1,126)	82	759
Transfer to non-financial assets ⁱⁱ⁾	–	–	(4,086)	–	(78)	(4,164)
Dividends	–	–	–	(11,592)	–	(11,592)
Balance as at September 30, 2023	46,660	1,360	91,819	788,836	61,606	990,281

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 12.

Interim Condensed Consolidated Statements of Cash Flows

(in thousands of Canadian dollars)

(unaudited)

	Note	Nine months ended	
		Sept. 28, 2024	Sept. 30, 2023
		\$	\$
Operating activities			
Profit		85,558	67,711
Adjustments:			
Income tax expense	7	32,734	25,111
Net interest expense	5	14,909	12,335
Depreciation of property, plant and equipment and amortization of intangible assets		52,810	46,134
(Gains) losses on capital assets		137	432
Change in the fair value of financial instruments		(1,089)	(1,827)
Cost of the long-term incentive plan, net of payments		2,790	3,190
Cost of pension plans recognized in profit or loss, net of contributions		556	(85)
Share in the (profit) or loss of an associate		–	1,638
Unrealized foreign exchange (gains) losses		1,131	(485)
Other		78	49
		189,614	154,203
Change in non-cash operating working capital items	13	(695)	11,982
Net income tax paid		(22,671)	(6,510)
Net interest paid		(13,569)	(12,256)
Settlement of derivative instruments		5,482	(324)
		158,161	147,095
Financing activities			
Change in revolving operating credit, net of transaction costs		259,594	(43,760)
Repayment of long-term debt		(11,376)	(6,395)
Dividends paid on Class A shares		(9,207)	(5,213)
Dividends paid on Class B shares		(11,258)	(6,379)
Investment from non-controlling interests		15,223	–
		242,976	(61,747)
Investing activities			
Consideration paid on a business combination, net of acquired cash on hand		(324,555)	–
Net acquisition of property, plant and equipment		(77,295)	(56,111)
Acquisition of intangible assets		(8,344)	(7,094)
Acquisition of other non-current assets		(434)	–
		(410,628)	(63,205)
Change in cash and cash equivalents		(9,491)	22,143
Cash and cash equivalents at beginning		15,812	(1,710)
Effect of exchange rate changes on cash and cash equivalents		(245)	(272)
Cash and cash equivalents at end		6,076	20,161

Additional cash flow information is presented in Note 13.

Notes to the Interim Condensed Consolidated Financial Statements

Table of Contents

Note 1.	Description of the Corporation	9
Note 2.	Statement of Compliance.....	9
Note 3.	Adoption of IFRS Standards	9
Note 4.	Business Combination	10
Note 5.	Financial Expenses	13
Note 6.	Other (Gains) Losses	13
Note 7.	Income Tax Expense	13
Note 8.	Financial Instruments	14
Note 9.	Accounts Receivable.....	15
Note 10.	Accounts Payable and Accrued Liabilities.....	16
Note 11.	Long-Term Debt.....	16
Note 12.	Shareholders' Equity.....	16
Note 13.	Additional Cash Flow Information	17
Note 14.	Additional Lease Information.....	18
Note 15.	Contingencies	18
Note 16.	Segment Information	19
Note 17.	Future Accounting Changes	20

Notes to the Interim Condensed Consolidated Financial Statements

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

Note 1. Description of the Corporation

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, BBQ sauces, condiments, 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

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 and on the Corporation’s website at www.lassonde.com.

The Board of Directors approved these interim condensed consolidated financial statements on November 7, 2024.

Note 3. Adoption of IFRS Standards

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. Business Combination

4.1 Summer Garden

4.1.1 Description of the business combination

On August 8, 2024, a 90%-owned U.S. subsidiary of the Corporation completed the acquisition of The Zidian Group, which operates Summer Garden Food Manufacturing and certain of its affiliates (collectively, "Summer Garden"), after a final acquisition agreement was signed on June 20, 2024.

Located in Boardman, Ohio, Summer Garden develops, manufactures and markets a wide range of premium sauces and condiments, including tomato and cream-based pasta sauces, BBQ sauces, dipping sauces and dressings.

Through this business combination, the Corporation is increasing its presence in the specialty food segment in the United States, is expanding its product offering, including national brand products, and is strengthening its presence in the North American market.

4.1.2 Initial recognition of the business combination

The fair value of the consideration transferred and the net identifiable assets acquired is preliminary and is subject to change until recognition of the business combination and of the working capital adjustments have been finalized.

	Preliminary
	\$
Consideration transferred	
Consideration paid in cash	325,933
Contingent considerations payable	45,282
	371,215
Identifiable assets acquired	
Cash and cash equivalents	1,378
Accounts receivable	14,214
Inventories	32,647
Other current assets	1,141
Property, plant and equipment ¹⁾	40,158
Intangible assets	145,401
	234,939
Liabilities assumed	
Accounts payable and accrued liabilities	11,299
Other current liabilities	115
Long-term debt ¹⁾	5,006
	16,420
Net identifiable assets acquired	218,519
Goodwill	152,696

¹⁾ Includes right-of-use assets and lease liabilities totalling \$5,006,000.

Notes to the Interim Condensed Consolidated Financial Statements

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

4.1.3 Source of funds

The transaction was financed by the revolving operating credit of the Canadian credit facilities ("CA revolving credit"), by an investment from a non-controlling interest, and by cash.

4.1.4 Determination of fair value

The fair value of the consideration transferred, and the net identifiable assets acquired was determined based on the Corporation's assumptions and estimates.

Contingent considerations payable

The agreement signed with the sellers contains contingent considerations for a total maximum amount of US\$45,000,000 that may be payable in various instalments over the two years following the transaction should certain financial targets be achieved and other conditions met. The preliminary acquisition-date fair value of the contingent considerations was assessed using an estimate of the probability of the financial objectives being achieved and the other conditions being met. These amounts are reported in other current liabilities and other non-current liabilities. Subsequent changes in the fair value, which include the impact of revisions made to key assumptions and the impact of the passage of time will be recognized in profit or loss during the period in which they arise in other (gains) losses.

Accounts receivable

Receivables were recognized at fair value, which does not differ significantly from their gross contractual value and expected receipts.

Inventories

Raw materials inventories are measured at fair value. Finished goods inventories are measured at their net realizable value which corresponds to the estimated selling price less the estimated costs necessary to make the sale.

Property, plant and equipment

A combination of the direct and indirect methods of the cost approach and of the market approach were used to estimate the fair value of property, plant and equipment.

Intangible assets

The relief-from-royalty method was used to value Summer Garden's trademarks and trade name. The multi-period excess earnings, replacement costs and lost profits methods were used to derive the value of client relationships. These valuation methods are all primarily based on expected discounted cash flows according to available information, such as Summer Garden's historical and projected revenues, customer attrition rates, and certain other relevant assumptions.

	Estimated useful lives	Preliminary fair value
		\$
Trademarks and trade name	20 years	33,395
Client relationships	5 to 10 years	112,006
		145,401

Notes to the Interim Condensed Consolidated Financial Statements

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

4.1.5 Goodwill arising from the business combination

The goodwill arising from the business combination mainly reflects the fact that the business combination will help the Corporation to achieve economies of scale through the consolidated group's superior purchasing power and to benefit from a pooling of logistics, distribution capabilities, and sales network.

The goodwill recognized as part of this business combination is deductible on a straight-line basis for tax purposes over 15 years.

4.1.6 Costs related to the acquisition and financing

As at September 28, 2024, the total acquisition and financing-related costs were as follows:

	As at Sept. 28, 2024
	\$
Acquisition costs ⁱ⁾	8,223
Costs related to the CA revolving credit ⁱⁱ⁾	522
	8,745

i) Recognized in selling and administrative expenses.

ii) Recognized in other non-current assets and amortized on a straight-line basis over the term of the agreement.

4.1.7 Impact of the business combination on the Corporation's financial performance

The Corporation's consolidated profit for the third quarter ended September 28, 2024 includes \$26,660,000 in sales and a \$2,027,000 net loss generated by Summer Garden's business operations in the United States and Canada.

If the business combination had been completed on January 1, 2024, the Corporation's consolidated sales and consolidated profit for the nine months ended September 28, 2024 would have stood at \$1,992,050,000 and \$98,491,000, respectively. The Corporation considers these pro forma figures to be approximate measurements of the combined business's financial performance over a nine-month period and that they provide a baseline against which to compare the financial performance of future periods.

To determine the Corporation's pro forma consolidated sales and profit if Summer Garden had been acquired on January 1, 2024, the Corporation:

- ♦ Calculated the depreciation of property, plant and equipment acquired and the amortization of intangible assets acquired based on the fair values determined during the preliminary initial recognition of the business combination rather than the carrying amounts recognized in the pre-acquisition financial statements;
- ♦ Calculated the borrowing costs on the Corporation's net indebtedness after the business combination;
- ♦ Calculated the impact of the passage of time on the contingent considerations payable;
- ♦ Excluded the acquisition-related costs that were recognized in profit or loss and the seller's transaction costs recognized in the pre-acquisition financial statements; and
- ♦ Excluded the impact of the inventory revaluation adjustment to fair value arising from the preliminary initial recognition of the business combination on cost of sales.

Notes to the Interim Condensed Consolidated Financial Statements

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

Note 5. Financial Expenses

	Third quarters ended		Nine months ended	
	Sept. 28, 2024	Sept. 30, 2023	Sept. 28, 2024	Sept. 30, 2023
	\$	\$	\$	\$
Interest on long-term debt	5,914	3,418	12,768	10,427
Interest on lease liabilities	623	478	1,847	1,254
Amortization of transaction costs	494	116	668	623
Other interest, net of interest income	(127)	(15)	(374)	31
Net interest expense	6,904	3,997	14,909	12,335
Bank expenses	194	167	678	609
	7,098	4,164	15,587	12,944

Note 6. Other (Gains) Losses

	Third quarters ended		Nine months ended	
	Sept. 28, 2024	Sept. 30, 2023	Sept. 28, 2024	Sept. 30, 2023
	\$	\$	\$	\$
Foreign exchange (gains) losses	241	(1,613)	(1,345)	(1,391)
Change in the fair value of derivative instruments	(336)	(28)	(394)	(10)
Change in the fair value of the contingent considerations payable related to a business combination	510	–	510	–
Other ⁱ⁾	(499)	(576)	(875)	(2,673)
	(84)	(2,217)	(2,104)	(4,074)

i) The first nine months ended September 30, 2023 included an amount of \$2,097,000, which represents a gain related to the preliminary settlement of an insurance claim resulting from property damage to a building in the United States.

Note 7. Income Tax Expense

	Third quarters ended		Nine months ended	
	Sept. 28, 2024	Sept. 30, 2023	Sept. 28, 2024	Sept. 30, 2023
	\$	\$	\$	\$
Current tax	9,351	7,703	27,585	20,869
Deferred tax	1,731	1,260	5,149	4,242
	11,082	8,963	32,734	25,111

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, non-taxable income, and losses for which no tax benefit has been recognized.

Notes to the Interim Condensed Consolidated Financial Statements

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

Note 8. Financial Instruments

8.1 Classification

	As at Sept. 28, 2024	As at Dec. 31, 2023
	\$	\$
Financial assets		
Amortized cost		
Cash and cash equivalents	9,165	19,842
Accounts receivable	231,387	188,321
Fair value through profit or loss		
Derivative instruments ⁱ⁾	989	141
Fair value through other comprehensive income		
Derivative instruments ⁱ⁾	2,491	106
Financial liabilities		
Amortized cost		
Bank overdraft	3,089	4,030
Accounts payable and accrued liabilities	349,986	330,412
Long-term debt ⁱⁱ⁾	465,182	210,520
Fair value through profit or loss		
Derivative instruments ⁱ⁾	1,746	2,270
Contingent considerations payable related to a business combination ⁱⁱⁱ⁾	44,986	–
Fair value through other comprehensive income		
Derivative instruments ⁱ⁾	839	4,155

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

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

iii) Includes an amount of \$6,444,000 reported in other current liabilities and an amount of \$38,542,000 reported in other non-current liabilities.

8.2 Fair value

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

	As at September 28, 2024		As at December 31, 2023	
	Carrying value	Fair value	Carrying value	Fair value
	\$	\$	\$	\$
Long-term debt ⁱ⁾	465,182	464,547	210,520	208,666

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

During the first nine months ended September 28, 2024 and September 30, 2023, all of the Corporation's financial instruments, including derivative financial instruments, were classified as Level 2, except for the contingent considerations payable related to a business combination, which were classified as Level 3. 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)

8.2.1 Change in the fair value of financial instruments classified in Level 3

The following table presents the change in fair value of the contingent considerations payable related to a business combination, which were classified in Level 3 and measured at fair value at the end of each reporting period:

	Third quarters ended		Nine months ended	
	Sept. 28, 2024	Sept. 30, 2023	Sept. 28, 2024	Sept. 30, 2023
	\$	\$	\$	\$
Fair value at beginning	–	–	–	–
Initial recognition	45,282	–	45,282	–
Change in fair value i) ii)	510	–	510	–
Exchange difference iii)	(806)	–	(806)	–
Fair value at end	44,986	–	44,986	–

- i) Includes the impact of revisions made to key assumptions and the impact of the passage of time.
- ii) Recognized in profit or loss as other (gains) losses.
- iii) Recognized in other comprehensive income as exchange difference on translating foreign operations.

8.2.2 Sensitivity analysis of the Level 3 inputs

The fair value measurement of the contingent considerations payable related to the Summer Garden business combination is based on a significant portion of inputs not observable in the market. The factors that mostly influence this valuation are the Corporation's expectations regarding the sales volume of certain products over the two years following the acquisition, the renewal or not of a customer agreement upon expiry thereof and the occurrence or not of events related to labour costs and the discount rate.

The sensitivity analyses of the fair value of the contingent considerations payable related to the Summer Garden business combination were calculated using reasonably possible changes to each key assumption without considering simultaneous changes to several of these key assumptions. A change in one assumption could trigger a change in another assumption, which could amplify or mitigate the impact of the change in these assumptions on the fair value. The actual impacts of changes in assumptions on the fair value of the contingent considerations payable may differ from the estimated impacts below.

Assumption	Change in assumption	Impact on fair value given	
		an increase in assumption	a decrease in assumption
		\$	\$
Sales volume of certain products	5%	2,842	(3,159)
Probability of renewal of a customer agreement	5%	238	(238)
Probability of occurrence of events related to labour costs	5%	297	(297)
Discount rate	1%	(621)	637

Note 9. Accounts Receivable

	As at Sept. 28, 2024	As at Dec. 31, 2023
	\$	\$
Trade accounts receivable	224,306	180,226
Discounts receivable	2,759	4,709
Other receivables	4,322	3,386
	231,387	188,321

Notes to the Interim Condensed Consolidated Financial Statements

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

Note 10. Accounts Payable and Accrued Liabilities

	As at Sept. 28, 2024	As at Dec. 31, 2023
	\$	\$
Trade payables and accrued expenses	230,428	219,208
Trade spending	70,794	58,797
Salaries and accrued vacation payable	48,217	51,922
Other	547	485
	349,986	330,412

Note 11. Long-Term Debt

11.1 Canadian credit facilities

On June 20, 2024, upon the signing of the Summer Garden acquisition agreement, the Corporation entered into an agreement to amend the CA revolving credit to raise the authorized amount by \$250,000,000 to \$475,000,000 and to authorize its use to finance the business acquisition in the United States. This agreement came into effect upon the closing of the Summer Garden acquisition on August 8, 2024.

11.2 Financial ratios

As at September 28, 2024, Diamond Estates Wines & Spirits Inc. ("Diamond") was in breach of financial ratios set out in its credit facilities. Diamond is in discussion with its financial institution for a refinancing. Diamond's credit facilities are presented in the current portion of long-term debt.

Note 12. Shareholders' Equity

12.1 Dividend per share

During the first nine months of 2024, the Corporation declared and paid dividends totalling \$3.00 per share (\$1.70 per share during the first nine months of 2023) to the holders of Class A and B shares.

12.2 Dividends paid to related parties

	Nine months ended	
	Sept. 28, 2024	Sept. 30, 2023
	\$	\$
3346625 Canada Inc.	11,298	6,403
Key management personnel	73	40
	11,371	6,443

Notes to the Interim Condensed Consolidated Financial Statements

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

12.3 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)	13,737	8,770	22,507
Transfer to non-financial assets ⁱ⁾	(8,120)	–	(8,120)
Balance as at September 28, 2024	2,707	85,457	88,164
Balance as at December 31, 2022	4,305	89,797	94,102
Other comprehensive income (loss)	2,818	(1,015)	1,803
Transfer to non-financial assets ⁱ⁾	(4,086)	–	(4,086)
Balance as at September 30, 2023	3,037	88,782	91,819

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

12.4 Non-controlling interests

12.4.1 Diamond

In July 2024, as part of a private placement by Diamond, the non-controlling interests invested \$793,000 in cash in Diamond in exchange for 3,966,065 additional common shares while the Corporation invested \$1,500,000 in exchange for 7,500,000 shares.

This investment raises the Corporation's economic interest in Diamond from 52.9% to 55.2%. After the transaction, the Corporation adjusted the non-controlling interests to reflect the dilutive effect.

12.4.2 Summer Garden

3346625 Canada Inc. invested \$14,430,000 in cash to own a 10.0% interest in the ownership structure set up for the acquisition of Summer Garden. This investment, measured as the proportionate share of the net identifiable assets, was recognized in the Corporation's equity as a non-controlling interest.

Note 13. Additional Cash Flow Information

13.1 Change in non-cash operating working capital items

	Nine months ended	
	Sept. 28, 2024	Sept. 30, 2023
	\$	\$
Accounts receivable	(26,597)	(24,717)
Inventories	8,113	31,950
Other current assets	11,634	4,638
Accounts payable and accrued liabilities	5,779	2,941
Other current liabilities	376	(2,830)
	(695)	11,982

Notes to the Interim Condensed Consolidated Financial Statements

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

13.2 Non-cash transactions

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

	Nine months ended	
	Sept. 28, 2024	Sept. 30, 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	6,336	9,049
Lease incentives recognized in acquisitions of property, plant and equipment	–	1,309
Unpaid acquisitions of intangible assets at the beginning of the period	287	470
Unpaid acquisitions of intangible assets at the end of the period	386	264
Net increase (decrease) in right-of-use assets	491	7,583
Net increase (decrease) in lease liabilities	881	8,666

Note 14. Additional Lease Information

The following tables present additional information about leases:

	As at	As at
	Sept. 28, 2024	Dec. 31, 2023
	\$	\$
Right-of-use assets	45,378	43,740
Lease liabilities	50,582	47,831

	Nine months ended	
	Sept. 28, 2024	Sept. 30, 2023
	\$	\$
Depreciation of right-of-use assets	4,093	4,038
Repayment of lease liabilities	3,418	3,299

Note 15. Contingencies

15.1 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.

Notes to the Interim Condensed Consolidated Financial Statements

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

Note 16. 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.

16.1 Sales by geographic segment

	Third quarters ended		Nine months ended	
	Sept. 28, 2024	Sept. 30, 2023	Sept. 28, 2024	Sept. 30, 2023
	\$	\$	\$	\$
Canada	295,593	272,940	852,354	785,040
United States	371,655	309,360	1,006,157	922,420
Other	1,019	1,128	4,267	2,714
	668,267	583,428	1,862,778	1,710,174

16.2 Certain non-current assets and goodwill by geographic segment

	As at September 28, 2024		
	Canada	United States	Total
	\$	\$	\$
Property, plant and equipment	297,301	290,974	588,275
Intangible assets	46,458	271,268	317,726
Goodwill	18,637	458,483	477,120

	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

Notes to the Interim Condensed Consolidated Financial Statements

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

Note 17. Future Accounting Changes

17.1 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.

17.2 Amendments to IFRS 9 and IFRS 7: Amendments to the classification and measurement of financial instruments

In May 2024, the IASB amended IFRS 9 *Financial Instruments* and IFRS 7 *Financial Instruments: Disclosures* to clarify the classification of financial assets and the settlement of financial liabilities using an electronic payment system. The amendments also introduce additional disclosures about investments in equity instruments designated at fair value through other comprehensive income and about financial instruments with contractual terms that could change the timing or amount of contractual cash flows based on the occurrence or non-occurrence of a contingent event.

These amendments apply to fiscal years beginning on or after January 1, 2026.

The Corporation is currently assessing the estimated impact of these amendments on its consolidated financial statements.