



Interim Management's Discussion & Analysis

Third quarter ended September 28, 2024

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1 Basis of Presentation

The following Management's Discussion and Analysis ("MD&A") presents the factors that had a significant impact on the results, financial position, and cash flows of Lassonde Industries Inc. ("Lassonde" or the "Corporation"). This MD&A should be read in conjunction with the Corporation's unaudited interim condensed consolidated financial statements ("interim consolidated financial statements") and accompanying notes. It should also be read in conjunction with its 2023 annual consolidated financial statements and accompanying notes thereto and with its 2023 annual MD&A. In addition to containing an analysis of the third quarter ended September 28, 2024, this MD&A reports on items deemed significant that have taken place from September 28, 2024 up to and including November 7, 2024, which is the date on which this MD&A was approved by the Corporation's Board of Directors. The financial information in this MD&A has been prepared in accordance with International Financial Reporting Standards ("IFRS"). Unless otherwise indicated, the reporting currency for figures in this document is the Canadian dollar and all dollar amounts are expressed in millions, which may cause calculation discrepancies due to rounding.

The MD&A is available on the Lassonde Industries Inc. website at www.lassonde.com. Readers will also find this MD&A, the Annual Information Form for the fiscal year ended December 31, 2023, additional documents, press releases, certifications of filings, and more information about the Corporation on the SEDAR+ website at www.sedarplus.ca. Printed copies of such documents may be obtained by contacting Lassonde's Corporate Secretary's Office. The Class A subordinate voting shares of Lassonde Industries Inc. are listed for trading on the Toronto Stock Exchange under the ticker symbol LAS.A.

This document contains financial measures not in accordance with IFRS. Lassonde reports its financial results in accordance with IFRS and generally assesses its financial performance using financial measures or ratios that are prepared using IFRS. However, this MD&A also refers to certain measures or ratios that are not in accordance with IFRS, including the following: Adjusted operating profit; Earnings before interest, taxes, depreciation, and amortization ("EBITDA"); Adjusted EBITDA; Adjusted profit attributable to the Corporation's shareholders; Adjusted basic and diluted earnings per share; Operating working capital; Days operating working capital; Capital employed and sources of capital; Return on capital employed; and Net debt to adjusted EBITDA. These measures may not be comparable to similar measures presented by other issuers. Please refer to *Section 17 – "Financial Measures Not in Accordance With IFRS"* of this MD&A for more information, including the definition and composition of the measure or ratio as well as the reconciliation to the most comparable measure in the financial statements, as applicable. 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 financial performance but not in substitution of IFRS results. In addition, measures that are not in accordance with IFRS should not be viewed as a substitute to the related financial information prepared in accordance with IFRS.

2 Forward-Looking Statements

This report 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 report may constitute a forward-looking statement.

In this report, forward-looking statements include, but are not limited to, those set forth in *Section 8 – "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 report, such as statements concerning sales 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 parties. **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 leading 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 this MD&A), including the successful execution of its key capital projects along with the materialization of the underlying expected benefits, and the Corporation's ability to effectively integrate any acquisitions; 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 the 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.

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, 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.**

3 Corporate Profile

Lassonde Industries Inc. 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.

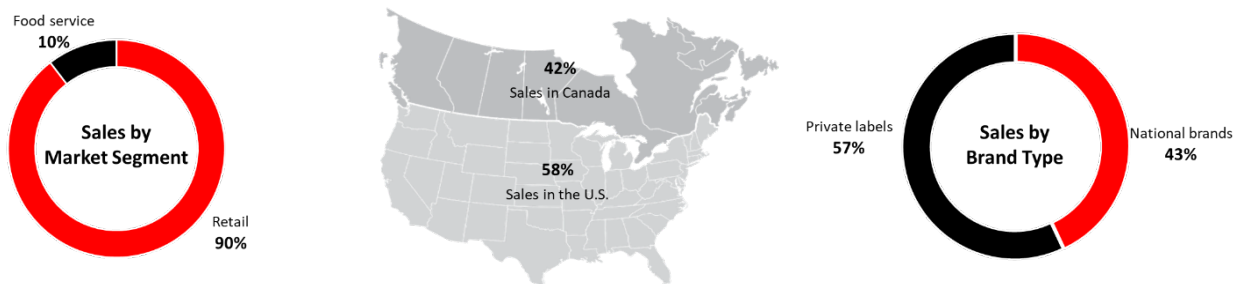
Lassonde is committed to its vision of putting more of its great tasting products in more consumers' hands, that serve more needs, across more occasions, every day, and by continuing its focus on crafting quality food and beverages that consumers love, clients value, employees are proud of, and that demonstrate care for our planet.

The Corporation operates 19 plants located in Canada and the United States ("U.S.") and produces its superior quality products through the expertise of over 2,900 full-time equivalent employees. To learn more, visit www.lassonde.com.

The Corporation is active in two market segments:

- Retail sales consist of sales to food retailers and wholesalers such as supermarket chains, independent grocers, superstores, warehouse clubs, major pharmacy chains; and
- Food service sales consist of sales to restaurants, hotels, hospitals, schools, and wholesalers serving these institutions.

Pro Forma Sales Breakdowns¹ (2023)



Main National Brands



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.

¹ The pro forma sales breakdowns are reflecting the annualized sales of Summer Garden Food Manufacturing.

4 Multi-Year Strategy

To provide clarity and orientation on the opportunities to pursue and optimize capital allocation decisions, in early 2022, the Corporation developed a multi-year strategy. This Strategy aims to accelerate sales growth, improve overall profitability, and drive long-term value by focusing on three strategic pillars.

- The first pillar, **Building a growth-oriented portfolio**, reinforces the Corporation's commitment to becoming a more diversified food and beverage leader in North America by accelerating the growth of its specialty foods business, strengthening its leadership position in the Canadian beverages sector, and fortifying its competitive position in the U.S.
- The second pillar focuses on **Driving sustainable performance** by increasing investments in its manufacturing network, strengthening its supply chain activities, modernizing its revenue growth management practices, and driving efficiency across all areas of the organization. Moreover, the Corporation's ESG roadmap is a key driver of its sustainability agenda and serves as a guide for important investment decisions for the future.
- The third pillar, **Improving its capacity to act**, focuses on modernizing its operating model to accelerate innovation, improve costs and increase productivity, on simplifying its operations, and on investing in new tools and technologies, including the upgrade of its ERP systems. It also focuses on fortifying capabilities in key areas of the business to enable the execution of its growth strategy.

While the Corporation is actively pursuing every aspect of its Strategy, its primary focus in 2023 was to revitalize the performance of its U.S. operations through Project Eagle, which identified and addressed key issues impacting performance within the supply chain and existing manufacturing facilities, through portfolio simplification, process realignment, talent acquisition, employee training, and capital deployment. Another component of Project Eagle was the implementation of new management systems, including those aimed at generating greater efficiency in transportation management, demand and supply planning as well as production scheduling. Benefits from these initiatives began materializing in 2023 and in the first nine months of 2024. In addition, the Corporation recently completed the upgrade of its U.S. ERP system.

The Corporation expects further benefits in the fourth quarter of 2024 and beyond as it gradually builds back its U.S. sales volume, which was voluntarily reduced following the 2023 portfolio simplification process. Furthermore, the commissioning of a new single-serve line in the North Carolina plant in late July 2024 will play a key role in providing growth opportunities in new markets across both branded and private label businesses. Lastly, a new high-speed single-serve juice box line was commissioned in January 2024 in Rougemont, Quebec, to bring in-house some of the U.S. volume historically produced by a co-packer, and will enable the Corporation to better serve customers, fuel future growth and increase profitability.

Leveraging the improvements achieved through Project Eagle, Lassonde evaluated various investment scenarios to secure the long-term competitiveness of its U.S. beverage divisions. Comprehensive analyses uncovered several limitations at the Corporation's New Jersey plant. This facility, which employs close to 200 persons, houses two hot fill multi-serve beverage lines and is the only one in the Lassonde network to produce canned cranberry sauce. It was built in 1935 and acquired by Lassonde as part of the Clement Pappas & Company Inc. acquisition in 2011. Over the past several years, the plant has required and continues to require frequent and significant investments to maintain its operations. Besides the related costs and time lost, production at this plant has been inconsistent, leading to subpar service levels. Furthermore, a recent engineering study indicated that a multimillion-dollar investment was necessary to maintain long-term ongoing operations within the current facility. This investment would yield minimal return and would significantly impact business operations during the project execution phase. In addition, although the facility spans 456,000 square feet, its design results in operational inefficiencies, it is expensive to operate and does not support further growth within the current footprint. Finally, most production lines deployed in this facility are also approaching the end of their useful life.

Given these factors and the strategic importance of the Northeast region for the Corporation's U.S. business, management determined that a significant investment was necessary. As a result, on October 1, 2024, Lassonde unveiled the details of a capital expenditure program that consists of an investment of approximately US\$200.0 million over an estimated two-year period for the construction of a new facility in New Jersey, on a site adjacent to the Corporation's existing plant. Approximately US\$10.0 million will be incurred this year, US\$100.0 million in 2025 and the remaining amount in 2026.

Once built, the state-of-the-art facility, extending across approximately 200,000 square feet, will replace the existing plant and enable Lassonde to fortify its competitive position in the key U.S. Northeast market by improving operating efficiency and delivering incremental volume at lower costs through a more efficient production flow, improved yields, and better logistics. The Corporation anticipates that the new cranberry sauce line will be operational for the 2026 pressing season while the two new beverage lines will be deployed in phases later in 2026 and early in 2027.

As a result of this decision, certain existing assets related to the current plant will need to be depreciated at an accelerated rate over the next ten quarters, starting in the fourth quarter of 2024. The additional depreciation charge is estimated at US\$1.5 million per quarter.

The investment is anticipated to be accretive, with an internal rate of return surpassing the Corporation's cost of capital and a payback period of approximately five years post-completion.

In addition to the important investment in New Jersey, Lassonde also plans to further invest an additional US\$20.0 million at its North Carolina facility to fortify its role as a strategic production hub. This supplementary investment consists in bringing in-house certain owned production assets currently deployed at a co-packer facility. This insourcing, expected to be completed in late 2025, will allow the Corporation to enhance network efficiency and reliability by optimizing the utilization of these assets, while providing more flexibility to meet incremental demand.

In parallel to the efforts to revitalize the U.S. business, the Corporation remained focused on pursuing various options to take advantage of market opportunities in the specialty food business, which resulted in the Summer Garden Food Manufacturing acquisition which is described in Section 5 hereafter. The Corporation is also focused on strengthening its leadership position in the Canadian beverage sector through increased focus on innovation, channel expansion and productivity initiatives. After an initial rollout in the U.S., the deployment of new management systems in Canada, including the transportation management system, will generate productivity gains.

To anchor its growth plan and Strategy on tangible goals, the Corporation presented certain financial objectives during its first Investor Day held in September 2023. Lassonde aims to achieve a sales run rate of \$3 billion by the end of 2026 supported by a combination of organic growth and investment-driven growth. Organic growth reflects sales increase based on existing assets and capacity. Investment-driven growth is comprised of two sources: additional sales coming from currently known projects, and new growth investments related to capacity expansion and/or acquisitions such as the ones recently announced. The Corporation anticipates a contribution from each of these sources, which will provide a certain degree of flexibility depending on inflation and exchange rate assumptions, market conditions, timing and available opportunities. The Corporation has also stated that profitability growth will take precedence over its sales growth objective.

5 Acquisition of Summer Garden Food Manufacturing

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"). Located in Boardman, Ohio, and employing approximately 200 people, 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. Its portfolio consists of approximately 250 products sold through more than 20,000 locations under the *Gia Russa* and *Little Italy in the Bronx* brands and under the *G Hughes* brand, a leader in the U.S. sugar-free BBQ sauce (and other condiments) segment. Summer Garden also acts as a co-packer for well-known brands. For the 12-month period ending in May 2024, Summer Garden generated sales of approximately US\$148.0 million and adjusted EBITDA² of approximately US\$27.9 million.

The acquisition was for a cash consideration of US\$237.2 million, paid at closing. This amount reflects US\$2.2 million in preliminary adjustments related to working capital. The amount could be subject to additional adjustments related to working capital and other items once the final value is established during the fourth quarter of 2024. Moreover, contingent considerations of up to US\$45.0 million may be payable in various instalments over the two years following the closing of the transaction, should certain financial targets be achieved and other conditions met. The contingent considerations are related to the sales volume of certain products over the two-year period following the acquisition, the renewal or not of a customer agreement upon expiry thereof and, to a lesser extent, the occurrence or not of events related to labour costs.

Consistent with the ownership structure of the Corporation's U.S. subsidiaries in place since 2011, the Corporation owns a 90% equity interest in Summer Garden while 3346625 Canada Inc., an entity controlled by Mr. Pierre-Paul Lassonde, Chairman of the Corporation's Board, owns the remaining 10%.

At the closing of the acquisition, an amount of US\$241.0 million was paid to settle the Summer Garden acquisition cost and certain related charges. It was financed as follows: (i) US\$224.5 million from the Canadian revolving operating credit facility ("CA revolving credit"), (ii) US\$6.0 million from the Corporation's cash and cash equivalents and (iii) US\$10.5 million in equity from 3346625 Canada Inc. The acquisition-related costs totalled \$8.2 million.

The Corporation recognizes this business combination using the acquisition method in accordance with the provisions of IFRS 3 "Business Combinations". Therefore, the interim consolidated financial statements for the third quarter of 2024 include the results of Summer Garden from August 8, 2024, certain acquisition-related transaction costs, and the effect of the purchase price allocation exercise.

² This measure does not constitute a standardized financial measure in accordance with the financial reporting framework used to prepare the Corporation's financial statements. Comparing it to a similar financial measure presented by other issuers may not be possible. Refer to Section 17 – "Financial Measures Not in Accordance With IFRS" of this MD&A for more information, including the definition and composition of the measure.

Purchase price allocation

During the third quarter of 2024, the Corporation made progress on the purchase price allocation process. The process, which also required a fair value assessment of the contingent considerations previously described, resulted in the identification and fair valuation of the following assets based on the Corporation's assumptions and estimates:

- The current assets acquired were deemed to be reflected at fair value except for the finished goods inventories, which had to be remeasured at their net realizable value (estimated selling price minus the estimated costs required to complete the sale). This resulted in a fair value adjustment of \$4.3 million (US\$3.2 million) on the opening balance sheet. This amount was subsequently expensed, in the cost of sales, during the third quarter.
- The fair value of the property, plant and equipment acquired was established at \$40.2 million (US\$29.2 million). The associated annual depreciation expense is currently estimated at US\$3.9 million.
- In addition to the residual goodwill, preliminary assessed at \$152.7 million (US\$111.1 million), the process identified two separate intangible asset categories, i.e., trademarks and trade name as well as client relationships. The preliminary fair value of these assets is estimated at \$145.4 million (US\$105.8 million). The associated annual amortization expense is currently estimated at US\$14.0 million. The goodwill recognized in this business combination is not amortizable for accounting purposes (though it is subject to impairment testing), but it is tax deductible on a straight-line basis over 15 years. A similar tax deductibility period applies to the above-identified intangible assets.

The preliminary acquisition-date fair value of the contingent considerations, amounting to \$45.3 million (US\$32.9 million), was assessed using management's estimated probability of the financial objectives being achieved and the other conditions being met. 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.

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

If the business combination had been completed on January 1, 2024, the Corporation's consolidated sales and consolidated profit for the first nine months ending on September 28, 2024 would have stood at \$1,992.1 million and \$98.5 million, 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.

Long-term debt

On June 20, 2024, upon the signing of the Summer Garden acquisition agreement, the Corporation entered into an agreement to amend the Canadian credit facilities to, notably, include the various requests for amendments accepted between December 20, 2019 and June 19, 2024, and to raise the authorized amount of the CA revolving credit by \$250 million. As a result of this agreement, the credit facilities comprise a CA revolving credit committed until April 2027 for an authorized amount of \$475 million. This agreement came into effect upon the closing of the Summer Garden acquisition. The financing-related costs totalled \$0.5 million. These costs have been capitalized and will be amortized over the term of the agreement. Conversely, the amendment to the Canadian credit facilities led to the expensing of previously capitalized financing costs, amounting to \$0.4 million, during the third quarter.

Note 4 to the interim consolidated financial statements for the third quarter of 2024 contains additional information about the acquisition, including the assets acquired and liabilities assumed at the acquisition date, as well as the financing of the acquisition cost and related costs.

6 Selected Financial Information

<i>(in millions of dollars, unless otherwise indicated)</i>	Third quarters ended		First nine months ended	
	Sept. 28, 2024	Sept. 30, 2023	Sept. 28, 2024	Sept. 30, 2023
	\$	\$	\$	\$
Related to operations				
Sales	668.3	583.4	1,862.8	1,710.2
Gross profit	179.8	146.3	505.1	435.2
Operating profit	47.2	35.7	131.8	103.3
Adjusted operating profit ³	48.8	37.2	143.3	108.5
Adjusted EBITDA ³	69.3	52.9	196.2	154.6
Profit attributable to the Corporation's shareholders	29.7	24.3	87.0	66.5
Basic and diluted earnings per share ("EPS") <i>(in \$)</i>	4.35	3.56	12.75	9.75
Adjusted EPS ³ <i>(in \$)</i>	4.53	3.67	13.93	10.03
Dividends declared per share for Class A and B shares <i>(in \$)</i>	1.00	0.50	3.00	1.70
Cash flows from operating activities	87.5	76.0	158.2	147.1

<i>(in millions of dollars, unless otherwise indicated)</i>	As at	As at
	Sept. 28, 2024	Dec. 31, 2023
	\$	\$
Related to financial position		
Total assets	2,095.3	1,665.7
Operating working capital ³	340.0	293.5
Days operating working capital ³ <i>(in days)</i>	46.3	44.2
Long-term debt, including the current portion	465.2	210.5
Net debt to adjusted EBITDA ratio ³	1.83:1	0.92:1
Return on capital employed ³ <i>(in %)</i>	13.7	12.1

Financial information related to entities acquired during the last 12 months

Lassonde acquired control of Diamond Estates Wines & Spirits Inc. ("Diamond") on November 14, 2023, and completed the acquisition of Summer Garden on August 8, 2024 (collectively referred to as the "Acquired Entities"). Consequently, these entities have been consolidated in Lassonde since these dates and the table below details their respective contributions.

<i>(in millions of dollars, unless otherwise indicated)</i>	Third quarter ended Sept. 28 2024		First nine months ended Sept. 28 2024	
	Diamond	Summer Garden ⁴	Diamond	Summer Garden ⁴
	\$	\$	\$	\$
Related to operations				
Sales	4.7	26.7	16.1	26.7
Gross profit	3.1	5.8	7.4	5.8
Operating profit (loss)	(1.4)	(2.6)	(3.5)	(2.6)
Profit (loss) before income taxes	(1.3)	(2.7)	(4.3)	(2.7)
Profit (loss)	(1.3)	(2.0)	(4.3)	(2.0)
Profit (loss) attributable to the Corporation's shareholders	(0.7)	(1.8)	(2.3)	(1.8)
Depreciation of property, plant and equipment and amortization of intangible assets	0.1	3.8	1.0	3.8
Cash flows from operating activities	(1.0)	1.7	1.5	1.7

³ This measure does not constitute a standardized financial measure in accordance with the financial reporting framework used to prepare the Corporation's financial statements. Comparing it to a similar financial measure presented by other issuers may not be possible. Refer to Section 17 – "Financial Measures Not in Accordance With IFRS" of this MD&A for more information, including the definition and composition of the measure or ratio as well as the reconciliation to the most comparable measure in the financial statements, as applicable.

⁴ Amounts reflect the effect of the purchase price allocation, as explained in section 5.

7 Financial Highlights

Third quarter ended September 28, 2024:

- Sales of \$668.3 million. Excluding a \$5.6 million favourable foreign exchange impact and sales from the Acquired Entities, the Corporation's sales were up \$47.9 million (8.2%) year over year, mainly due to the favourable impact of selling price adjustments in Canada and an increase in the U.S. sales volume for both private label and branded products, partly offset by an unfavourable change in the sales mix of U.S. private label products.
- Gross profit of \$179.8 million (26.9% of sales). Excluding a \$0.5 million unfavourable foreign exchange impact and gross profit from the Acquired Entities, gross profit was up \$25.1 million from the same quarter last year. This net increase results mainly from the following items:
 - A decrease in the Corporation's conversion costs, a portion of which results from operational improvements, including the impact of the ongoing insourcing of manufacturing for certain products sold by the Corporation's U.S. beverage divisions;
 - A favourable impact of selling price adjustments to offset the higher costs of certain inputs, essentially orange juice and orange concentrates;
 - A favourable impact of an increase in sales volume; and
 - An unfavourable impact of a change in the sales mix.
- Operating profit of \$47.2 million. Excluding the unfavourable contribution from the Acquired Entities, operating profit was up \$15.5 million from the same quarter last year. This net increase results mainly from the impact of the following items:
 - Higher gross profit;
 - \$6.2 million increase in transportation costs incurred to deliver products to clients and in finished goods warehousing costs, essentially in the U.S.;
 - \$2.0 million net increase in other selling and administrative expenses; and
 - \$0.4 million in costs related to the Summer Garden acquisition.
- Excluding items impacting comparability but including the Acquired Entities, adjusted EBITDA⁵ was \$69.3 million (10.4% of sales), up \$16.4 million from the same quarter last year.
- Profit attributable to the Corporation's shareholders totalled \$29.7 million, resulting in EPS of \$4.35, up \$5.4 million and \$0.79, respectively, from the same quarter in 2023. Excluding the unfavourable contribution from the Acquired Entities and the impact of additional financial expenses, net of taxes, related to the Summer Garden acquisition, profit attributable to the Corporation's shareholders was up \$10.2 million year over year. Excluding items impacting comparability, adjusted EPS⁵ was \$4.53 compared to \$3.67 in the same quarter last year.
- Operating activities generated \$87.5 million in cash compared to \$76.0 million generated in the same quarter last year. The Acquired Entities' operating activities generated \$0.7 million in cash, leaving a difference of \$10.8 million on a comparable basis. This increase in cash inflows was mainly due to a higher operating profit and a \$2.3 million favourable change in the change in the fair value of financial instruments, partly offset by a \$7.6 million increase in net income tax paid.
- Dividend of \$1.00 per share, paid on September 13, 2024.

⁵ This measure does not constitute a standardized financial measure in accordance with the financial reporting framework used to prepare the Corporation's financial statements. Comparing it to a similar financial measure presented by other issuers may not be possible. Refer to Section 17 – "Financial Measures Not in Accordance With IFRS" of this MD&A for more information, including the definition and composition of the measure or ratio as well as the reconciliation to the most comparable measure in the financial statements, as applicable.

First nine months ended September 28, 2024:

- Sales of \$1,862.8 million. Excluding a \$10.8 million favourable foreign exchange impact and sales from the Acquired Entities, the Corporation's sales were up \$99.1 million (5.8%) year over year, mainly due to the favourable impact of selling price adjustments in Canada and an increase in the U.S. sales volume for both private label and branded products, partly offset by an unfavourable change in the sales mix of U.S. private label products and a decrease in Canadian sales volume.
- Gross profit of \$505.1 million (27.1% of sales). Excluding a \$4.8 million unfavourable foreign exchange impact and gross profit from the Acquired Entities, gross profit was up \$61.6 million from the same period last year. This net increase results mainly from the following items:
 - A favourable impact of selling price adjustments to offset the higher costs of certain inputs, essentially orange juice and orange concentrates;
 - A decrease in the Corporation's conversion costs, a portion of which results from operational improvements, including the impact of the ongoing insourcing of manufacturing for certain products sold by the Corporation's U.S. beverage divisions; and
 - A favourable impact of an increase in sales volume.
- Operating profit of \$131.8 million. Excluding the unfavourable contribution from the Acquired Entities, operating profit was up \$34.6 million from the same period last year. This net increase results mainly from the impact of the following items:
 - Higher gross profit;
 - \$9.8 million increase in finished goods warehousing costs and transportation costs incurred to deliver products to clients;
 - \$8.2 million in costs related to the Summer Garden acquisition; and
 - \$3.4 million net increase in other selling and certain administrative expenses.
- Excluding items impacting comparability but including the Acquired Entities, adjusted EBITDA⁶ was \$196.2 million (10.5% of sales), up \$41.6 million from the same period last year.
- Profit attributable to the Corporation's shareholders of \$87.0 million, resulting in EPS of \$12.75, up \$20.5 million and \$3.00, respectively, from the same period in 2023. Excluding the unfavourable contribution from the Acquired Entities and the impact of additional financial expenses, net of taxes, related to the Summer Garden acquisition, the profit attributable to the Corporation's shareholders was up \$27.0 million year over year. Excluding items impacting comparability, adjusted EPS⁶ was \$13.93 compared to \$10.03 in the same period last year.
- As at September 28, 2024, the Corporation had total assets of \$2,095.3 million versus \$1,665.7 million as at December 31, 2023, a 25.8% increase arising mainly from the Summer Garden assets of \$378.2 million and from an increase in property, plant and equipment.
- As at September 28, 2024, long-term debt, including the current portion, stood at \$465.2 million, representing a net debt to adjusted EBITDA⁶ ratio of 1.83:1. Excluding \$309.4 million in borrowings to finance the Summer Garden acquisition, this is down \$54.7 million from December 31, 2023.
- Operating activities generated \$158.2 million in cash compared to \$147.1 million generated in the same period last year. The Acquired Entities' operating activities generated \$3.2 million in cash, leaving a difference of \$7.9 million on a comparable basis. This increase in cash inflows was mainly due to a higher operating profit and a \$5.8 million favourable change in settlements of derivative instruments, partly offset by a change in non-cash operating working capital items, which used \$18.1 million more cash than in the same period of 2023, and by a \$16.1 million increase in net income tax paid.
- Total dividend of \$3.00 per share, paid in the first nine months of 2024.

⁶ This measure does not constitute a standardized financial measure in accordance with the financial reporting framework used to prepare the Corporation's financial statements. Comparing it to a similar financial measure presented by other issuers may not be possible. Refer to Section 17 – "Financial Measures Not in Accordance With IFRS" of this MD&A for more information, including the definition and composition of the measure or ratio as well as the reconciliation to the most comparable measure in the financial statements, as applicable.

8 Outlook

Lassonde continues to expect that the largest factors impacting its performance in fiscal 2024 will be the financial health of consumers and the inflationary environment. As a result, the Corporation is currently using the following assumptions for its fiscal year 2024:

Sales growth rate

- For 2024, barring any significant external shocks and excluding foreign exchange impacts and the sales generated by Summer Garden, Lassonde expects a sales growth rate in the mid-to-high-single-digit range, mainly driven by:
 - the run rate effect of its existing selling price adjustments; and
 - a sequential improvement in sales volume in the last quarter of the year resulting from the combined impact of the following items: (i) the pace of the U.S. demand build-back strategy for the Corporation's products; (ii) additional volume available following the deployment of its single-serve line in North Carolina; and (iii) the overall stabilization of demand.
- The Corporation is closely monitoring the evolution of consumer food habits and demand elasticity for its products in a context of ongoing inflation in the cost of its key commodities.

Key commodity and input costs

- Lassonde has experienced substantial increases in input costs since 2021, and some commodity costs, mainly orange juice, orange concentrates and apple concentrates, are expected to remain elevated through the end of 2025.
- Given that a large portion of the raw material purchases made by Lassonde's Canadian operations are in U.S. dollars, a strengthening of this currency against the Canadian dollar results in a higher cost for products sold in the Canadian market. Furthermore, the Corporation is expecting an unfavourable foreign exchange impact for 2024 when considering its hedged positions.

Expenses, including items impacting the comparability between the periods

- As overall demand stabilizes, the Corporation's operating expenses in the last quarter of 2024 will continue to reflect targeted investments to reinforce the innovation pipeline, distribution expansion, and strategic trade spending to support growth.
- The Corporation's performance-related compensation expenses are expected to return in 2024 to levels below those observed in 2023.
- During 2024, Lassonde plans to continue deploying its Strategy, optimizing its business, and upgrading its key systems and technology infrastructures to improve its efficiency. Planned spending in support of these elements is expected to reach up to \$5.5 million in 2024.
- The effect of Summer Garden's purchase price allocation and the deployment of the single-serve line earlier in the third quarter will have an incremental impact, estimated at US\$5.4 million, on the fourth-quarter amortization and depreciation expense.
- Following the Corporation's decision to invest in the construction on a new plant in New Jersey, certain existing assets related to the current plant will have to be depreciated at an accelerated rate over a period of ten quarters beginning in the fourth quarter of 2024. The additional depreciation charge is estimated at US\$1.5 million per quarter.

Effective tax rate

- Effective tax rate of about 26.5% for 2024, excluding the impact on the tax rate of Diamond's results.

Working capital

- The Corporation's Days Operating Working Capital⁷ remains close to its historical levels and only incremental improvements to this ratio are expected over the course of 2024. However, this outlook might be impacted by: (i) opportunistic decisions to secure inventory cost ahead of potential additional price increases from suppliers, (ii) the objective of ensuring an adequate service level, (iii) decisions to counter new potential supply chain disruptions, or (iv) support provided to the Corporation's manufacturing network optimization projects.

⁷ This measure does not constitute a standardized financial measure in accordance with the financial reporting framework used to prepare the Corporation's financial statements. Comparing it to a similar financial measure presented by other issuers may not be possible. Refer to Section 17 – "Financial Measures Not in Accordance With IFRS" of this MD&A for more information, including the definition and composition of the measure or ratio as well as the reconciliation to the most comparable measure in the financial statements, as applicable.

Capital expenditures

- The Corporation's overall capital expenditures program for 2024 is estimated to reach up to 5.0% of its sales as it continues to deploy capital in support of its Strategy. This estimate depends on the rate of progress of certain large capital projects and on the evolution of the macroeconomic environment.
- The new capital assets will be financed, to the extent possible, using the Corporation's operating cash flows, although the Corporation may also turn to borrowing if interest rates and conditions prove advantageous.

The above forward-looking statements have been prepared using the following key assumptions: currently observed geopolitical situation and macroeconomic trends, particularly in the context of the U.S. (and potentially Canadian) elections and the ensuing implications, including employment, inflation and interest rates; a stable exchange rate between the U.S. dollar and the Canadian dollar; the continuity of recently observed consumer behaviours and market trends for the Corporation's products; the effectiveness of the Corporation's selling price adjustment initiatives; the limited impact of the Corporation's selling price adjustment initiatives on product demand; no material disruption to the Corporation's operations (including workforce availability) or to its supply chain; the continuity of observed trends in the competitive environment and the effectiveness of the Corporation's strategy to position itself competitively in the markets in which it operates; limited additional cost increases from suppliers; adequate availability of key inputs; the continuity of recently observed normalized trends in the throughput capacity of key U.S. plants; expected lead time for new manufacturing equipment; and adequate contractor or consultant availability to progress the Corporation's capital expenditures. The Corporation cautions readers that the foregoing list of factors is not exhaustive. It should also be noted that some of these key assumptions, notably those related to the geopolitical situation and macroeconomic trends, are volatile and rapidly evolving. In preparing its outlook, the Corporation made assumptions that do not consider extraordinary events or circumstances beyond its control. The Corporation believes the expectations reflected in these forward-looking statements are reasonable, but no assurance can be given that these expectations will prove to be correct and such forward-looking statements should not be unduly relied upon. For additional information, refer to *Section 2 – "Forward-Looking Statements"* of this MD&A.

9 Analysis of the Consolidated Results

9.1 Consolidated Results Data

<i>(in millions of dollars, unless otherwise indicated)</i>	Third quarters ended			First nine months ended		
	Sept. 28, 2024	Sept. 30, 2023	Δ	Sept. 28, 2024	Sept. 30, 2023	Δ
	\$	\$	\$	\$	\$	\$
Sales	668.3	583.4	84.9	1,862.8	1,710.2	152.6
Cost of sales	488.4	437.2	51.3	1,357.6	1,275.0	82.7
Gross profit	179.8	146.3	33.5	505.1	435.2	69.9
Selling and administrative expenses	132.7	110.5	22.1	373.4	331.9	41.5
Operating profit	47.2	35.7	11.5	131.8	103.3	28.5
Share in the profit or (loss) of an associate	-	(0.5)	0.5	-	(1.6)	1.6
Financial expenses	7.1	4.2	2.9	15.6	12.9	2.6
Other (gains) losses	(0.1)	(2.2)	2.1	(2.1)	(4.1)	2.0
Profit before income taxes	40.2	33.3	6.9	118.3	92.8	25.5
Income tax expense	11.1	9.0	2.1	32.7	25.1	7.6
Profit	29.1	24.3	4.8	85.6	67.7	17.9
Attributable to:						
Corporation's shareholders	29.7	24.3	5.4	87.0	66.5	20.5
Non-controlling interests	(0.6)	0.0	(0.6)	(1.4)	1.2	(2.6)
	29.1	24.3	4.8	85.6	67.7	17.9
EPS (in \$)	4.35	3.56	0.79	12.75	9.75	3.00
Weighted average number of shares outstanding (in thousands)	6,822	6,822	-	6,822	6,822	-
Adjusted operating profit⁸	48.8	37.2	11.6	143.3	108.5	34.8
Adjusted EBITDA⁸	69.3	52.9	16.4	196.2	154.6	41.6
Adjusted EPS⁸ (in \$)	4.53	3.67	0.86	13.93	10.03	3.90

Since the first half of 2023, the Corporation has noticed a stabilization in the inflation trend impacting most of its raw materials and packaging. Two key raw materials, however, remain an exception to this trend. Apples and apple concentrates (collectively referred to as "Apples") together with orange juice and orange concentrates (collectively referred to as "Oranges") represent approximately 25% of the Corporation's cost of sales. Inflation continued to affect both commodities throughout 2023 and the first nine months of 2024, especially for Oranges. For instance, the price of frozen concentrate orange juice has been trading at elevated levels for more than a year now. In addition, the Corporation has had to face another wave of cost increases affecting apple concentrates.

The challenges experienced over the last few years with the aseptic production capacity from its co-packers in the U.S. market led to the decision to insource a significant portion of the Corporation's needs. This plan kicked off with the launch of a new high-speed single-serve juice box line, which was commissioned in January 2024 in Rougemont, Quebec and the recent announcement related to the relocation, in 2025, of certain owned production assets currently deployed at a co-packer facility to the Corporation's North Carolina facility.

On September 27, 2024, one day before the end of the third quarter, North Carolina was struck by Hurricane Helene. While the Corporation's plant in Hendersonville experienced limited direct impact, significant damages affecting the area forced the plant's closure for a period of 15 days. Besides this shutdown, the hurricane disrupted road infrastructure across the entire Southeast region, affecting product deliveries. The Corporation rapidly deployed mitigation plans to minimize the impact of the plant shutdown and other related consequences. To date, the Corporation does not anticipate a significant impact on its fourth-quarter consolidated results.

⁸ This measure does not constitute a standardized financial measure in accordance with the financial reporting framework used to prepare the Corporation's financial statements. Comparing it to a similar financial measure presented by other issuers may not be possible. Refer to Section 17 – "Financial Measures Not in Accordance With IFRS" of this MD&A for more information, including the definition and composition of the measure or ratio as well as the reconciliation to the most comparable measure in the financial statements, as applicable.

During the third quarter, two manufacturing lines were successfully deployed on time and within budget. First, the single-serve line in North Carolina, which, prior to the recent announcement of the new plant construction in New Jersey, was the Corporation's most significant investment outside of an acquisition. Despite the impact of Hurricane Helene on the North Carolina plant at the start of the fourth quarter, the ramp-up of the production line is generally progressing as anticipated, and the demand for the line's products remains in line with expectations. The Corporation also deployed a second high-speed single-serve juice box line in Rougemont, Quebec during the third quarter. This efficient line will ultimately replace five lines that have been operating for several decades.

As costs rose, the Corporation implemented measures to counter their impact on its profitability, including price adjustments. The Corporation remains mindful of the effect of price increases and continues to keep a close eye on changing trends in consumer food preferences and price sensitivity, especially in light of a downtrend in demand. During the third quarter of 2024 compared to the same quarter in 2023, industry data indicates that sales volume, measured on a trailing 13-week basis, in the Canadian and U.S. fruit juice and drink market has seen a decline below the mid-single-digit range.

Sales

<i>(in millions of dollars)</i>	Third quarters			First nine months		
	Private labels	National brands	Total	Private labels	National brands	Total
	\$	\$	\$	\$	\$	\$
Sales 2023	337.9	245.5	583.4	993.1	717.1	1,710.2
Selling price adjustments impact	12.6	10.0	22.6	37.6	34.1	71.7
Volume impact	24.3	11.4	35.7	36.8	13.5	50.3
Change in the sales mix impact	(6.3)	(4.0)	(10.3)	(18.6)	(3.9)	(22.5)
Other impacts, net	-	(0.2)	(0.2)	-	(0.5)	(0.5)
Growth excluding foreign exchange impact	30.6 9.1%	17.3 7.1%	47.9 8.2%	55.8 5.6%	43.3 6.0%	99.1 5.8%
Foreign exchange impact	4.1	1.5	5.6	7.9	2.9	10.8
Sales 2024 (excluding the Acquired Entities)	372.6	264.3	636.9	1 056.8	763.3	1,820.1
Sales from Diamond			4.7			16.1
Sales from Summer Garden			26.7			26.7
Sales 2024			668.3			1,862.8

The 2024 third-quarter sales rose \$84.9 million (14.5%) compared to the same quarter of 2023. Excluding a \$5.6 million favourable foreign exchange impact and sales from the Acquired Entities, the Corporation's sales were up \$47.9 million (8.2%) year over year, mainly due to the favourable impact of selling price adjustments in Canada and an increase in the U.S. sales volume for both private label and branded products, partly offset by an unfavourable change in the sales mix of U.S. private label products.

For the first nine months of 2024, sales rose \$152.6 million (8.9%) compared to the same period of 2023. Excluding a \$10.8 million favourable foreign exchange impact and sales from the Acquired Entities, the Corporation's sales were up \$99.1 million (5.8%) year over year, mainly due to the favourable impact of selling price adjustments in Canada and an increase in the U.S. sales volume for both private label and branded products, partly offset by an unfavourable change in the sales mix of U.S. private label products and a decrease in Canadian sales volume.

Cost of sales

The 2024 third-quarter cost of sales was up \$51.3 million or 11.7% from the same quarter of 2023. Excluding a \$6.0 million unfavourable foreign exchange impact and cost of sales from the Acquired Entities, cost of sales was up \$22.7 million (5.2%) year over year. This 5.2% increase in cost of sales essentially reflects:

- (i) the unfavourable impact of a net increase in sales volume; and
- (ii) a higher cost for certain inputs, essentially Oranges;

partly offset by:

- (i) a decrease in the Corporation's conversion costs, a portion of which results from operational improvements, including the impact of the ongoing insourcing of manufacturing for certain products sold by the Corporation's U.S. beverage divisions;
- (ii) the favourable impact of a change in U.S. sales mix; and
- (iii) a \$0.3 million expense in 2023 resulting from an adjustment related to taxes not recoverable by the Corporation.

For the first nine months of 2024, cost of sales was up \$82.7 million or 6.5% from the same period of 2023. Excluding a \$15.6 million unfavourable foreign exchange impact and cost of sales from the Acquired Entities, cost of sales was up \$37.5 million (2.9%) year over year. This 2.9% increase in cost of sales essentially reflects:

- (i) the unfavourable impact of a net increase in sales volume; and
- (ii) a higher cost for certain inputs, essentially Oranges;

partly offset by:

- (i) the favourable impact of a change in U.S. sales mix;
- (ii) a decrease in the Corporation's conversion costs, a portion of which results from operational improvements, including the impact of the ongoing insourcing of manufacturing for certain products sold by the Corporation's U.S. beverage divisions; and
- (iii) a \$0.9 million expense in 2023 resulting from an adjustment related to taxes not recoverable by the Corporation.

Gross profit

As a result of the aforementioned factors and excluding gross profit from the Acquired Entities, gross profit amounted to \$171.0 million (26.8% of sales) in the third quarter of 2024, up 16.9% from \$146.3 million in the third quarter of 2023. As a result of the aforementioned factors and excluding gross profit from the Acquired Entities, gross profit amounted to \$492.0 million (27.0% of sales) in the first nine months of 2024, up 13.1% from \$435.2 million in the first nine months of 2023.

Selling and administrative expenses

The 2024 third-quarter selling and administrative expenses were up \$22.1 million year over year. Excluding selling and administrative expenses from the Acquired Entities, selling and administrative expenses rose \$9.3 million year over year. This increase was mainly due to:

- (i) a \$3.1 million increase in transportation costs incurred to deliver products to clients, essentially in the U.S.;
- (ii) a \$3.1 million increase in finished goods warehousing costs, essentially in the U.S.;
- (iii) a \$2.2 million increase in certain administrative expenses;
- (iv) a \$1.6 million increase in selling and marketing expenses, essentially in the U.S.; and
- (v) \$0.4 million in costs related to the Summer Garden acquisition;

partly offset by a \$1.8 million decrease in performance-related compensation expenses.

For the first nine months of 2024, selling and administrative expenses were up \$41.5 million year over year. Excluding selling and administrative expenses from the Acquired Entities, selling and administrative expenses rose \$22.3 million year over year. This increase was mainly due to:

- (i) \$8.2 million in costs related to the Summer Garden acquisition;
- (ii) a \$7.8 million increase in finished goods warehousing costs, mainly in the U.S.;
- (iii) a \$6.9 million increase in certain administrative expenses;
- (iv) a \$2.5 million increase in selling and marketing expenses; and
- (v) a \$2.0 million increase in transportation costs incurred to deliver products to clients;

partly offset by:

- (i) a \$6.0 million decrease in performance-related compensation expenses; and
- (ii) a \$0.5 million decrease in expenses related to the Strategy and its deployment.

Operating profit

As a result of the aforementioned factors and excluding the unfavourable contribution from the Acquired Entities, the Corporation's operating profit totalled \$51.2 million in the third quarter of 2024 versus \$35.7 million in the third quarter of 2023. As a result of the aforementioned factors and excluding the unfavourable contribution from the Acquired Entities, the Corporation's operating profit totalled \$137.9 million in the first nine months of 2024 versus \$103.3 million in the same period of 2023.

Financial expenses

The 2024 third-quarter financial expenses were up \$2.9 million year over year. Excluding \$0.5 million in financial expenses from the Acquired Entities and \$3.2 million in additional financial expenses related to the Summer Garden acquisition, financial expenses were down \$0.8 million from the same quarter last year. This decrease came mainly from a decrease in interest expense on long-term debt given a lower debt level.

For the first nine months of 2024, financial expenses were up \$2.6 million year over year. Excluding \$1.8 million in financial expenses from the Acquired Entities and \$3.2 million in additional financial expenses related to the Summer Garden acquisition, financial expenses were down \$2.4 million from the same period last year. This decrease came mainly from a decrease in interest expense on long-term debt given a lower debt level, partly offset by higher interest rates.

Other (gains) losses

Excluding a \$0.6 million gain from Diamond, the 2024 third-quarter other (gains) losses resulted in a \$0.5 million loss that came essentially from a \$0.5 million expense related to an increase in the fair value of the contingent considerations payable. The 2023 third-quarter gain was mainly due to \$1.6 million in foreign exchange gains and to a \$0.5 million gain related to the preliminary settlement of an insurance claim.

Excluding a \$1.0 million gain from Diamond, the other (gains) losses for the first nine months of 2024 resulted in a \$1.1 million gain that came essentially from \$1.4 million in foreign exchange gains, partly offset by a \$0.5 million expense related to an increase in the fair value of the contingent considerations payable. The gain in the first nine months of 2023 was mainly due to \$2.6 million in gains related to the preliminary settlement of insurance claims and to \$1.4 million in foreign exchange gains.

Profit before income taxes

Excluding the unfavourable contribution from the Acquired Entities and \$3.2 million in additional financial expenses related to the Summer Garden acquisition, profit before income taxes totalled \$47.3 million in the third quarter of 2024, up from \$33.3 million in the same quarter of 2023. Excluding the unfavourable contribution from the Acquired Entities and \$3.2 million in additional financial expenses related to the Summer Garden acquisition, profit before income taxes totalled \$128.5 million in the first nine months of 2024, up from \$92.8 million in the same period last year.

Income tax expense

Excluding the impact on profit before income taxes of Diamond's loss before income taxes, the 2024 third-quarter effective income tax rate of 26.7% was slightly lower than the 26.9% rate in the same quarter of 2023. This lower 2024 effective income tax rate is essentially explained by the net impact on the 2023 profit before income taxes of the share in the profit or (loss) of Diamond, as this element has no tax impact on the Corporation.

Excluding the impact on profit before income taxes of Diamond's loss before income taxes, the effective income tax rate of 26.7% for the first nine months of 2024 was lower than the 27.1% rate in the same period of 2023. This lower 2024 effective income tax rate is essentially explained by the net impact on the 2023 profit before income taxes of the share in the profit or (loss) of Diamond, as this element has no tax impact on the Corporation.

Profit

Excluding the unfavourable contribution from the Acquired Entities and \$2.3 million in additional financial expenses, net of tax, related to the Summer Garden acquisition, profit totalled \$34.8 million in the third quarter of 2024, up from \$24.3 million in the same quarter of 2023. Excluding the unfavourable contribution from the Acquired Entities and \$2.3 million in additional financial expenses, net of tax, related to the Summer Garden acquisition, profit totalled \$94.3 million in the first nine months 2024, up from \$67.7 million in the same period last year.

Profit attributable to the Corporation's shareholders

Excluding the unfavourable contribution from the Acquired Entities and the \$2.3 million impact of additional financial expenses, net of tax, related to the Summer Garden acquisition, profit attributable to the Corporation's shareholders for the third quarter of 2024 totalled \$34.5 million, resulting in EPS of \$5.06, compared to \$24.3 million and \$3.56, respectively, for the same quarter of 2023.

Excluding the unfavourable contribution from the Acquired Entities and the \$2.3 million impact of additional financial expenses, net of tax, related to the Summer Garden acquisition, profit attributable to the Corporation's shareholders for the first nine months of 2024 totalled \$93.5 million, resulting in EPS of \$13.71, compared to \$66.5 million and \$9.75, respectively, for the same period of 2023.

10 Summary of Quarterly Results

*(in millions of dollars,
unless otherwise indicated)*

	Q3 2024	Q2 2024	Q1 2024	Q4 2023	Q3 2023	Q2 2023	Q1 2023	Q4 2022
	\$	\$	\$	\$	\$	\$	\$	\$
Sales	668.3	624.7	569.8	604.8	583.4	579.4	547.3	556.0
Operating profit	47.2	50.0	34.6	32.1	35.7	41.3	26.2	16.7
Adjusted EBITDA ⁹	69.3	74.6	52.4	52.6	52.9	58.6	43.1	38.3
Profit attributable to the Corporation's shareholders	29.7	33.5	23.8	21.0	24.3	25.1	17.1	10.5
EPS <i>(in \$)</i>	4.35	4.91	3.49	3.08	3.56	3.68	2.51	1.53
Adjusted EPS ⁹ <i>(in \$)</i>	4.53	5.73	3.68	3.14	3.67	3.89	2.48	2.09

The Corporation's sales typically follow a seasonal pattern, starting slow in the first quarter and progressively improving throughout the year. Sales usually mirror consumer spending habits with higher demand in the back-to-school and holiday seasons and lower demand in the early part of the year.

Quarterly sales may also fluctuate due to acquisitions, divestitures, price adjustments, sales mix, and foreign exchange impacts. Profitability behaves relatively similar to sales but, in addition to the above-mentioned factors, it is also influenced by input costs and transportation costs, the Corporation's operating efficiency as well as government decisions on interest rates and taxes.

For a more complete explanation and analysis of quarterly results, refer to the Corporation's MD&A for each of the respective quarterly periods, which are filed on the SEDAR+ website and also available on the Corporation's website.

⁹ This measure does not constitute a standardized financial measure in accordance with the financial reporting framework used to prepare the Corporation's financial statements. Comparing it to a similar financial measure presented by other issuers may not be possible. Refer to Section 17 – "Financial Measures Not in Accordance With IFRS" of this MD&A for more information, including the definition and composition of the measure or ratio as well as the reconciliation to the most comparable measure in the financial statements, as applicable.

11 Analysis of the Consolidated Financial Position

<i>(in millions of dollars)</i>	As at Sept. 28, 2024	As at Dec. 31, 2023	Increase (decrease)	
			Foreign exchange impact ¹⁰	Variance, excluding foreign exchange impact
	\$	\$	\$	\$
Assets				
Current				
Cash and cash equivalents	9.2	19.8	-	(10.6)
Accounts receivable	231.4	188.3	2.3	40.8
Income tax recoverable	5.5	4.2	(0.2)	1.5
Inventories	414.2	386.6	3.6	24.0
Derivative instruments	3.5	0.2	-	3.3
Other current assets	27.2	37.5	0.2	(10.5)
	690.9	636.6	5.9	48.4
Derivative instruments	-	0.1	-	(0.1)
Property, plant and equipment	588.3	500.8	4.2	83.3
Intangible assets	317.7	184.6	3.1	130.0
Net defined benefit asset	18.4	22.0	-	(3.6)
Deferred tax assets	2.0	-	-	2.0
Other non-current assets	0.9	0.8	-	0.1
Goodwill	477.1	320.9	6.2	150.0
	2,095.3	1,665.7	19.5	410.1
Liabilities				
Current				
Bank overdraft	3.1	4.0	0.2	(1.1)
Accounts payable and accrued liabilities	350.0	330.4	4.0	15.6
Income tax payable	13.2	7.1	(0.3)	6.4
Derivative instruments	2.5	6.4	-	(3.9)
Other current liabilities	13.5	5.7	(0.3)	8.1
Current portion of long-term debt	25.6	18.5	-	7.1
	407.9	372.2	3.6	32.1
Derivative instruments	0.0	-	-	0.0
Long-term debt	439.6	192.0	0.2	247.4
Long-term incentive plan liabilities	10.0	5.3	-	4.7
Pension plan liabilities	1.1	0.8	-	0.3
Deferred tax liabilities	108.8	99.5	1.0	8.3
Other non-current liabilities	38.5	-	(0.5)	39.0
	1,006.0	669.8	4.3	331.9
Shareholders' equity	1,089.3	995.9	15.2	78.2
	2,095.3	1,665.7	19.5	410.1

¹⁰ When comparing Consolidated Statement of Financial Position items, readers must consider the conversion rate applicable to closing balances denominated in U.S. dollars, which went from \$1.3226 CAD per USD as at December 31, 2023 to \$1.3499 CAD per USD as at September 28, 2024. The table presents the main Consolidated Statement of Financial Position items that were significantly affected by the movement in exchange rates.

11.1 Assets

Accounts receivable totalled \$231.4 million as at September 28, 2024 compared to \$188.3 million as at December 31, 2023. Excluding the foreign exchange impact and Summer Garden's accounts receivable of \$15.9 million, accounts receivable were up \$24.9 million, essentially due to a \$26.0 million increase in trade accounts receivable resulting mainly from higher sales in September 2024 compared to December 2023, partly offset by a \$2.1 million decrease in discounts receivable.

Inventories went from \$386.6 million as at December 31, 2023 to \$414.2 million as at September 28, 2024. Excluding the foreign exchange impact and Summer Garden's inventories in an amount of \$29.6 million, inventories decreased by \$5.6 million. This decrease came from a \$20.0 million decrease in inventories of raw materials and supplies explained by a lower inventory level and, to a lesser extent, a lower cost, partly offset by a \$14.4 million increase in finished goods inventories explained mainly by a higher inventory level.

Other current assets went from \$37.5 million as at December 31, 2023 to \$27.2 million as at September 28, 2024. Excluding the foreign exchange impact and Summer Garden's other current assets of \$0.8 million, other current assets decreased by \$11.3 million. This decrease came essentially from the disposal by Diamond of \$4.7 million in assets held for sale, a \$4.7 million decrease in prepaid expenses and a \$1.8 million decrease in sales tax receivable.

Property, plant and equipment ("PP&E") went from \$500.8 million as at December 31, 2023 to \$588.3 million as at September 28, 2024. Excluding the foreign exchange impact and \$38.5 million in PP&E from Summer Garden, property, plant and equipment increased by \$44.8 million. This increase was mainly due to \$74.8 million in PP&E acquisitions, partly offset by a \$30.7 million depreciation expense.

Intangible assets went from \$184.6 million as at December 31, 2023 to \$317.7 million as at September 28, 2024. Excluding the foreign exchange impact and \$140.0 million in intangible assets from Summer Garden, intangible assets decreased by \$10.0 million, as an amortization expense of \$18.4 million was partly offset by intangible asset purchases of \$8.4 million.

In the first nine months of 2024, the Corporation invested a total amount of \$83.2 million in capital expenditures, with growth and optimization projects representing \$48.0 million, maintenance and regulatory projects representing \$23.5 million, and technology projects representing \$11.7 million.

Goodwill went from \$320.9 million as at December 31, 2023 to \$477.1 million as at September 28, 2024. Excluding the foreign exchange impact, goodwill increased by \$150.0 million, with the Summer Garden acquisition accounting for the entire increase.

11.2 Liabilities

Accounts payable and accrued liabilities went from \$330.4 million as at December 31, 2023 to \$350.0 million as at September 28, 2024. Excluding the foreign exchange impact and Summer Garden's accounts payable and accrued liabilities of \$10.8 million, accounts payable and accrued liabilities increased by \$4.8 million. This increase was essentially due to an \$11.7 million increase in trade spending largely due to changes in the treatment process, partly offset by a \$7.8 million decrease in the "Salaries and accrued vacation payable" item, explained by the provision for performance-related compensation expenses as at September 28, 2024, which represents nine months compared to 12 months as at December 31, 2023, and by a decrease in the expense for the first nine months of 2024.

Other current liabilities went from \$5.7 million as at December 31, 2023 to \$13.5 million as at September 28, 2024. Excluding the foreign exchange impact and Summer Garden's other current liabilities of \$0.1 million, other current liabilities increased by \$8.0 million. This increase came mainly from an amount of \$6.4 million attributable to the current portion of the contingent considerations payable related to the Summer Garden acquisition.

Long-term debt, including the current portion, was \$465.2 million as at September 28, 2024 compared to \$210.5 million as at December 31, 2023. Excluding the foreign exchange impact, a \$309.4 million increase in long-term debt to finance the Summer Garden acquisition and Summer Garden's lease liabilities totalling \$4.7 million, long-term debt decreased by \$59.6 million. This decrease was mainly due to a \$77.1 million repayment on the Canadian revolving operating credit while the Corporation drew \$27.8 million on the U.S. revolving operating credit. Moreover, the Corporation repaid \$4.8 million on its Canadian term debts. Regarding the Corporation's lease liabilities, they decreased by \$2.3 million, mainly due to \$3.2 million in repayments, partly offset by a \$0.6 million net upward revaluation in their value. Lastly, Diamond repaid \$3.3 million on its long-term debt.

Deferred tax liabilities went from \$99.5 million as at December 31, 2023 to \$108.8 million as at September 28, 2024. Excluding the foreign exchange impact, deferred tax liabilities increased by \$8.3 million. This increase came mainly from the tax amortization of goodwill and the tax impact of recognizing, in comprehensive income, gains on financial instruments designated as cash flow hedges.

Other non-current liabilities went from \$nil as at December 31, 2023 to \$38.5 million as at September 28, 2024, with the entire increase being attributable to the non-current portion of the contingent considerations payable related to the Summer Garden acquisition.

11.3 Shareholders' Equity

Equity attributable to the Corporation's shareholders totalled \$1,001.4 million as at September 28, 2024, up \$78.8 million from \$922.6 million as at December 31, 2023. **Accumulated other reserves** increased by \$14.4 million given an \$8.8 million increase in the foreign currency translation reserve and also given a \$5.6 million increase in the hedging reserve. **Retained earnings** rose \$64.4 million to total \$865.2 million at the end of the third quarter of 2024. This increase essentially reflects \$87.0 million in profit attributable to the Corporation's shareholders for the first nine months of 2024, less \$20.5 million in dividends paid, and the recognition of a \$2.5 million actuarial loss, net of tax, in other comprehensive income. The **non-controlling interests** went from \$73.3 million as at December 31, 2023 to \$88.0 million as at September 28, 2024. As part of the Summer Garden acquisition and consistent with the ownership structure of the Corporation's U.S. subsidiaries in place since 2011, 3346625 Canada inc. invested an amount of \$14.4 million to maintain a 10% equity interest. Moreover, minority interests also invested an amount of \$0.8 million in Diamond. The non-controlling interests represent a minority interest's share in the equity of the Corporation's U.S. subsidiaries as well as the share of other minority interests in the equity of Diamond.

Various ratios related to the consolidated financial position, and the details of their calculation, are available in *Section 17 – "Financial Measures Not in Accordance With IFRS"*.

12 Analysis of the Consolidated Cash Flows

12.1 Summary of Consolidated Cash Flows

<i>(in millions of dollars)</i>	Third quarters ended		First nine months ended	
	Sept. 28, 2024	Sept. 30, 2023	Sept. 28, 2024	Sept. 30, 2023
	\$	\$	\$	\$
Operating activities	87.5	76.0	158.2	147.1
Financing activities	261.8	(36.1)	243.0	(61.7)
Investing activities	(353.4)	(21.6)	(410.6)	(63.2)
Change in cash and cash equivalents	(4.1)	18.3	(9.5)	22.1
Cash and cash equivalents at beginning	10.4	2.1	15.8	(1.7)
Effect of exchange rate changes on cash and cash equivalents	(0.2)	(0.2)	(0.2)	(0.3)
Cash and cash equivalents at end	6.1	20.2	6.1	20.2

Cash flows related to operating activities

For the third quarter of 2024, operating activities generated \$87.5 million in cash, whereas these activities had generated \$76.0 million in cash during the third quarter of 2023. The Acquired Entities' operating activities generated \$0.7 million in cash, leaving a difference of \$10.8 million on a comparable basis.

This increase in cash inflows was essentially due to (i) a \$14.0 million increase in earnings before interest, taxes, depreciation and amortization (including a \$2.7 million unfavourable change in other (gains) losses), (ii) a \$2.3 million favourable change in the change in the fair value of financial instruments, (iii) a \$1.1 million decrease in net interest paid, and (iv) a change in non-cash operating working capital items that generated \$24.9 million in cash during the third quarter of 2024 compared to \$23.6 million in cash generated in the same quarter last year, for a \$1.3 million increase in cash inflows. This fluctuation in the change in working capital was due to the combined impact of the following items:

- a change in inventories that generated \$5.5 million during the third quarter of 2024 compared to \$57.5 million generated in the third quarter of 2023;
- a change in accounts payable and accrued liabilities that generated \$25.8 million during the third quarter of 2024 compared to \$25.8 million used during the same quarter of 2023;
- a change in other current assets and liabilities that generated \$7.3 million during the third quarter of 2024 compared to \$1.2 million used in the third quarter of 2023; and
- a change in accounts receivable that used \$15.8 million during the third quarter of 2024 compared to \$7.0 million used during the same quarter of 2023.

The upward change was limited by a \$7.6 million increase in net income tax paid.

For the first nine months of 2024, operating activities generated \$158.2 million in cash compared to \$147.1 million generated during the first nine months of 2023. The Acquired Entities' operating activities generated \$3.2 million in cash, leaving a difference of \$7.9 million on a comparable basis.

This increase in cash inflows was essentially due to a \$35.1 million increase in earnings before interest, taxes, depreciation and amortization (including a \$2.9 million unfavourable change in other (gains) losses) and to a \$5.8 million favourable change in settlements of derivative instruments. The upward change was limited by a \$16.1 million increase in net income tax paid and by a change in non-cash operating working capital items that used \$6.1 million in cash during the first nine months of 2024 compared to \$12.0 million in cash generated in the same period last year, for an \$18.1 million increase in cash outflows. This fluctuation in the change in working capital was due to the combined impact of the following items:

- a) a change in inventories that generated \$3.7 million during the first nine months of 2024 compared to \$32.0 million generated in the first nine months of 2023;
- b) a change in other current assets and liabilities that generated \$8.1 million during the first nine months of 2024 compared to \$1.8 million generated during the same period of 2023;
- c) a change in accounts payable and accrued liabilities that generated \$5.3 million during the first nine months of 2024 compared to \$2.9 million generated in the first nine months of 2023; and
- d) a change in accounts receivable that used \$23.2 million during the first nine months of 2024 compared to \$24.7 million used during the same period of 2023.

Cash flows related to financing activities

For the third quarter of 2024, financing activities generated \$261.8 million in cash whereas these activities had used \$36.1 million during the third quarter of 2023. The Acquired Entities' financing activities used \$0.7 million in cash while the cash flows generated for the Summer Garden acquisition totalled \$323.3 million, leaving a net difference of \$24.7 million on a comparable basis. This increase in cash outflows was mainly due to (i) a \$49.2 million repayment on the revolving operating credits in the third quarter of 2024 compared to a \$30.5 million repayment in the third quarter of 2023, (ii) a \$3.4 million increase in dividends paid on Class A and B shares, and (iii) a \$2.7 million increase in long-term debt repayments.

For the first nine months of 2024, financing activities generated \$243.0 million in cash whereas these activities had used \$61.7 million during the first nine months of 2023. The Acquired Entities' financing activities used \$3.3 million in cash while the cash flows generated during the third quarter of 2024 for the Summer Garden acquisition totalled \$323.3 million, leaving a net difference of \$15.3 million on a comparable basis. This increase in cash outflows was mainly due to (i) a \$48.8 million repayment on the revolving operating credits during the first nine months of 2024 compared to a \$42.9 million repayment during the first nine months of 2023, (ii) an \$8.9 million increase in dividends paid on Class A and B shares, and (iii) a \$1.4 million increase in long-term debt repayments.

Cash flows related to investing activities

For the third quarter of 2024, investing activities used \$353.4 million in cash compared to \$21.6 million used in the third quarter of 2023. The Acquired Entities' investing activities used \$0.5 million in cash while cash flows used for the Summer Garden acquisition, net of acquired cash on hand, totalled \$324.6 million, leaving a difference of \$6.7 million on a comparable basis. This upward change came mainly from a \$6.8 million increase in cash outflows to acquire property, plant and equipment.

For the first nine months of 2024, investing activities used \$410.6 million in cash compared to \$63.2 million used in the first nine months of 2023. The Acquired Entities' investing activities used \$0.4 million in cash while cash flows used during the third quarter of 2024 for the Summer Garden acquisition, net of acquired cash on hand, totalled \$324.6 million, leaving a difference of \$22.4 million on a comparable basis. This upward change came from a \$21.2 million increase in cash outflows to acquire property, plant and equipment, and from a \$1.2 million increase in cash outflows to acquire intangible assets.

13 Off-Consolidated-Statement-of-Financial-Position Arrangements

As at September 28, 2024, the Corporation had letters of credit outstanding totalling \$1.4 million.

Commitments are presented in Note 29 to the Corporation's audited consolidated financial statements for the year ended December 31, 2023.

14 Share Information

As at September 28, 2024, the Corporation's issued and outstanding share capital consisted of 3,069,000 Class A subordinate voting shares and 3,752,620 Class B multiple voting shares.

15 Dividends

In accordance with the Corporation's dividend policy, the Board of Directors declared today a quarterly dividend of \$1.00 per share, payable on December 13, 2024 to all registered holders of Class A and Class B shares on November 20, 2024. This dividend is an eligible dividend for Canadian tax purposes.

16 Subsequent Event

As of November 7, 2024, there was no subsequent event to report.

17 Financial Measures Not in Accordance With IFRS

To provide more information for evaluating the Corporation's performance, the financial information in the financial documents contains certain supplementary financial measures and certain data or ratios that are not financial measures defined under IFRS ("non-IFRS measures"), which are also calculated on an adjusted basis to exclude specific items impacting the comparability between periods. The Corporation believes that providing these non-IFRS measures is useful to management, investors, and analysts, as they provide additional information to analyze its performance and financial position.

The following non-IFRS financial measures are used in the Corporation's financial disclosures:

- Adjusted Operating Profit;
- EBITDA and Adjusted EBITDA;
- Adjusted Profit Attributable to the Corporation's Shareholders;
- Operating Working Capital;
- Capital Employed; and
- Sources of Capital.

The following non-IFRS ratios are used in the Corporation's financial disclosures:

- Adjusted Operating Profit margin;
- EBITDA margin and Adjusted EBITDA margin;
- Adjusted EPS;
- Days Operating Working Capital;
- Return on Capital Employed; and
- Net Debt to Adjusted EBITDA.

The following supplementary financial measures are used in the Corporation's financial disclosures:

- Days of Sales Outstanding;
- Days of Inventory Outstanding; and
- Days of Payables Outstanding.

These financial measures or ratios, further described below, do not constitute standardized financial measures or ratios in accordance with the financial reporting framework used to prepare the Corporation's financial statements. These non-IFRS measures should not be considered in isolation or as a substitute for financial measures prepared in accordance with IFRS. Comparing them to similar financial measures or ratios presented by other issuers may not be possible.

17.1 Items Impacting the Comparability Between Periods

The following table contains a list, description, and quantification of items impacting the comparability of the financial performance between periods:

<i>(in millions of dollars)</i>	Third quarters ended		First nine months ended	
	Sept. 28, 2024	Sept. 30, 2023	Sept. 28, 2024	Sept. 30, 2023
	\$	\$	\$	\$
Costs related to the Strategy	0.7	0.7	1.9	1.3
Implementation costs of new key systems	0.4	0.5	0.9	2.1
Business optimization	0.1	-	0.5	0.4
Costs related to the Summer Garden acquisition	0.4	-	8.2	-
Adjustment related to non-recoverable sales taxes	-	0.3	-	0.9
Sum of items impacting comparability on EBITDA:	1.6	1.5	11.5	4.7
Loss on capital assets related to business optimization	-	-	-	0.5
Sum of items impacting comparability on operating profit:	1.6	1.5	11.5	5.2
Items impacting comparability on "Other (gains) losses":				
Gain related to preliminary settlement of insurance claims	-	(0.5)	-	(2.6)
Tax impact of previous items	(0.4)	(0.3)	(3.0)	(0.7)
Impact on profit	1.2	0.7	8.5	1.9
Attributable to:				
Corporation's shareholders	1.2	0.7	8.0	1.9
Non-controlling interests	-	-	0.5	-

17.2 Adjusted Operating Profit

Adjusted operating profit is a financial measure used by the Corporation to compare operating profit between periods by excluding items impacting comparability. Adjusted operating profit is calculated by adjusting the operating profit with items considered by management as impacting the comparability between periods.

<i>(in millions of dollars)</i>	Third quarters ended		First nine months ended	
	Sept. 28, 2024	Sept. 30, 2023	Sept. 28, 2024	Sept. 30, 2023
	\$	\$	\$	\$
Operating profit	47.2	35.7	131.8	103.3
Sum of items impacting comparability	1.6	1.5	11.5	5.2
Adjusted operating profit	48.8	37.2	143.3	108.5

<i>(in millions of dollars)</i>	Q3 2024	Q2 2024	Q1 2024	Q4 2023	Q3 2023	Q2 2023	Q1 2023	Q4 2022
	\$	\$	\$	\$	\$	\$	\$	\$
Adjusted operating profit	48.8	58.2	36.4	36.0	37.2	43.3	27.9	23.2

17.3 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" item, as 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>	Third quarters ended		First nine months ended	
	Sept. 28, 2024	Sept. 30, 2023	Sept. 28, 2024	Sept. 30, 2023
	\$	\$	\$	\$
Operating profit	47.2	35.7	131.8	103.3
Depreciation of property, plant and equipment and amortization of intangible assets	20.3	15.7	52.8	46.1
(Gains) losses on capital assets	0.2	0.0	0.1	0.4
EBITDA	67.7	51.4	184.7	149.8
Sum of items impacting comparability	1.6	1.5	11.5	4.7
Adjusted EBITDA	69.3	52.9	196.2	154.6

For the third quarter, the depreciation and amortization ("D&A") expense went from \$15.7 million in 2023 to \$20.3 million in 2024. Excluding the Acquired Entities' D&A expense of \$3.9 million, the D&A expense increased by \$0.7 million, explained mainly by an increase in the depreciation of property, plant and equipment after capital assets were commissioned during 2023 and 2024, including the new single-serve line in the North Carolina plant. For the first nine months, the D&A expense went from \$46.1 million in 2023 to \$52.8 million in 2024. Excluding the Acquired Entities' D&A expense of \$4.8 million, the D&A expense increased by \$1.9 million, explained mainly by an increase in the depreciation of property, plant and equipment after capital assets were commissioned during 2023 and 2024, including the new single-serve line in the North Carolina plant.

<i>(in millions of dollars)</i>	Q3 2024	Q2 2024	Q1 2024	Q4 2023	Q3 2023	Q2 2023	Q1 2023	Q4 2022
	\$	\$	\$	\$	\$	\$	\$	\$
EBITDA	67.7	66.4	50.6	47.7	51.4	57.1	41.4	31.8
Adjusted EBITDA	69.3	74.6	52.4	52.6	52.9	58.6	43.1	38.3

17.4 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>	Third quarters ended		First nine months ended	
	Sept. 28, 2024	Sept. 30, 2023	Sept. 28, 2024	Sept. 30, 2023
	\$	\$	\$	\$
Profit attributable to the Corporation's shareholders	29.7	24.3	87.0	66.5
Sum of items impacting comparability	1.2	0.7	8.0	1.9
Adjusted profit attributable to the Corporation's shareholders	30.9	25.0	95.0	68.4
Weighted average number of shares outstanding <i>(in thousands)</i>	6,822	6,822	6,822	6,822
Adjusted EPS <i>(in \$)</i>	4.53	3.67	13.93	10.03

<i>(in millions of dollars, except adjusted EPS)</i>	Q3 2024	Q2 2024	Q1 2024	Q4 2023	Q3 2023	Q2 2023	Q1 2023	Q4 2022
	\$	\$	\$	\$	\$	\$	\$	\$
Adjusted profit attributable to the Corporation's shareholders	30.9	39.1	25.1	21.5	25.0	26.5	16.9	14.3
Adjusted EPS <i>(in \$)</i>	4.53	5.73	3.68	3.14	3.67	3.89	2.48	2.09

17.5 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 existing debt and define 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 Sept. 28, 2024	As at Dec. 31, 2023
	\$	\$
Current portion of long-term debt	25.6	18.5
Long-term debt	439.6	192.0
Less: Cash and cash equivalents	(9.2)	(19.8)
Net debt	456.0	190.7
Sum of adjusted EBITDA from the last four quarters	248.9	207.1
Net debt to adjusted EBITDA ratio	1.83:1	0.92:1

	Q3 2024	Q2 2024	Q1 2024	Q4 2023	Q3 2023	Q2 2023	Q1 2023	Q4 2022
Net debt to adjusted EBITDA ratio	1.83:1	0.86:1	1.01:1	0.92:1	0.98:1	1.28:1	1.67:1	1.57:1

17.6 Days Operating Working Capital

Days operating working capital is a financial 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 9 – “Analysis of the Consolidated Results” of this MD&A, 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.

<i>(in millions of dollars, except days operating working capital)</i>	As at Sept. 28, 2024	As at Dec. 31, 2023
	\$	\$
Trade accounts receivable	224.3	180.2
Discounts receivable	2.8	4.7
Inventories	414.2	386.6
Less: Trade payables and accrued expenses	(230.4)	(219.2)
Less: Trade spending	(70.8)	(58.8)
Operating working capital	340.0	293.5
Divided by: Last quarter’s sales	668.3	604.8
	0.51	0.49
Days operating working capital <i>(in days)</i>	46.3	44.2

<i>(in days)</i>	Q3 2024	Q2 2024	Q1 2024	Q4 2023	Q3 2023	Q2 2023	Q1 2023	Q4 2022
Days operating working capital	46.3	45.0	48.2	44.2	48.6	51.5	56.6	49.7

While the Corporation uses the “Days Operating Working Capital” financial measure described above to assess its overall working capital position, it also remains attentive to the following working capital indicators:

17.6.1 Days of Sales Outstanding

Days of sales outstanding (“DSO”) is a financial 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 9 – “Analysis of the Consolidated Results”* of this MD&A, and multiplied by 91 days.

<i>(in millions of dollars, except DSO)</i>		As at Sept. 28, 2024	As at Dec. 31, 2023					
		\$	\$					
Trade accounts receivable		224.3	180.2					
Less: Trade spending		(70.8)	(58.8)					
		153.5	121.4					
Divided by: Last quarter’s sales		668.3	604.8					
		0.23	0.20					
DSO <i>(in days)</i>		20.9	18.3					
<i>(in days)</i>	Q3 2024	Q2 2024	Q1 2024	Q4 2023	Q3 2023	Q2 2023	Q1 2023	Q4 2022
DSO	20.9	17.9	20.1	18.3	18.4	17.8	20.2	18.0

17.6.2 Days of Inventory Outstanding

Days of inventory outstanding (“DIO”) is a financial 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 9 – “Analysis of the Consolidated Results”* of this MD&A, and multiplied by 91 days.

<i>(in millions of dollars, except DIO)</i>		As at Sept. 28, 2024	As at Dec. 31, 2023					
		\$	\$					
Inventories		414.2	386.6					
Divided by: Last quarter’s cost of sales		488.4	452.3					
		0.85	0.85					
DIO <i>(in days)</i>		77.2	77.8					
<i>(in days)</i>	Q3 2024	Q2 2024	Q1 2024	Q4 2023	Q3 2023	Q2 2023	Q1 2023	Q4 2022
DIO	77.2	79.7	88.1	77.8	79.5	92.6	94.6	87.1

17.6.3 Days of Payables Outstanding

Days of payables outstanding (“DPO”) is a financial 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 9 – “Analysis of the Consolidated Results”* of this MD&A, and multiplied by 91 days.

<i>(in millions of dollars, except DPO)</i>	As at Sept. 28, 2024	As at Dec. 31, 2023
	\$	\$
Trade payables and accrued expenses	230.4	219.2
Less: Discounts receivable	(2.8)	(4.7)
	227.7	214.5
Divided by: Last quarter’s cost of sales	488.4	452.3
	0.47	0.47
DPO <i>(in days)</i>	42.4	43.2

<i>(in days)</i>	Q3 2024	Q2 2024	Q1 2024	Q4 2023	Q3 2023	Q2 2023	Q1 2023	Q4 2022
DPO	42.4	42.0	49.9	43.2	39.2	46.9	46.1	46.4

17.7 Capital Employed and Sources of Capital

The Corporation uses the capital employed and sources of capital financial measures to measure, on one hand, the level of capital deployed to operate its business and, on the other hand, the source of financing for this utilization of capital. Capital employed is the sum of all assets (except cash and cash equivalents), less all liabilities (except bank overdraft as well as the long-term debt and its current portion), as they are presented in the Corporation's Consolidated Statement of Financial Position or in the accompanying notes to the Corporation's interim consolidated financial statements. The sources of capital measure is the sum of bank overdraft, long-term debt, including the current portion, and shareholders' equity, less cash and cash equivalents, as they are presented in the Corporation's Consolidated Statement of Financial Position.

<i>(in millions of dollars)</i>	As at Sept. 28, 2024	As at Dec. 31, 2023
	\$	\$
Capital employed		
Trade accounts receivable	224.3	180.2
Discounts receivable	2.8	4.7
Inventories	414.2	386.6
Less: Trade payables and accrued expenses	(230.4)	(219.2)
Less: Trade spending	(70.8)	(58.8)
Operating working capital	340.0	293.5
Other receivables	4.3	3.4
Income tax recoverable	5.5	4.2
Other current assets	27.2	37.5
Derivative instruments asset, including the current portion	3.5	0.2
Property, plant and equipment	588.3	500.8
Intangible assets	317.7	184.6
Net defined benefit asset	18.4	22.0
Deferred tax assets	2.0	-
Other non-current assets	0.9	0.8
Goodwill	477.1	320.9
Less: Other accounts payable and accrued liabilities	(48.8)	(52.4)
Less: Income tax payable	(13.2)	(7.1)
Less: Other current liabilities	(13.5)	(5.7)
Less: Derivative instruments liability, including the current portion	(2.6)	(6.4)
Less: Long-term incentive plan liabilities	(10.0)	(5.3)
Less: Pension plan liabilities	(1.1)	(0.8)
Less: Deferred tax liabilities	(108.8)	(99.5)
Less: Other non-current liabilities	(38.5)	-
	1,548.5	1,190.6
Sources of capital		
Bank overdraft	3.1	4.0
Long-term debt, including the current portion	465.2	210.5
Shareholders' equity	1,089.3	995.9
Less: Cash and cash equivalents	(9.2)	(19.8)
	1,548.5	1,190.6

17.8 Return on Capital Employed

The Corporation uses return on capital employed (“ROCE”), a profitability ratio, to measure how efficiently it is using its capital to generate profits. To calculate ROCE, the sum of adjusted operating profit from the last four quarters is divided by the average capital employed from the last four quarters.

(in millions of dollars, unless otherwise indicated)

	As at Sept. 28, 2024	As at Dec. 31, 2023
	\$	\$
Sum of adjusted operating profit from the last four quarters	179.5	144.5
Average capital employed from the last four quarters	1,314.6	1,194.4
Return on capital employed ratio <i>(in %)</i>	13.7	12.1

<i>(in %)</i>	Q3 2024	Q2 2024	Q1 2024	Q4 2023	Q3 2023	Q2 2023	Q1 2023	Q4 2022
ROCE	13.7	13.7	12.7	12.1	11.0	9.8	8.4	8.4

18 Adoption of IFRS Standards

18.1 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.

18.2 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.

19 Accounting Policies and Future Accounting Changes

The interim consolidated financial statements were prepared using the same accounting policies as those described in Note 2 to the consolidated financial statements for the year ended December 31, 2023. The future accounting changes are presented in Note 5 to the consolidated financial statements for the year ended December 31, 2023, whereas those added after the publication of the annual financial statements are presented in Note 17 to the interim consolidated financial statements for the third quarter of 2024. The interim consolidated financial statements do not include all of the notes required in the annual consolidated financial statements.

20 Disclosure Controls and Procedures (“DC&P”)

The Corporation’s Chief Executive Officer (“CEO”) and the Chief Financial Officer (“CFO”) are responsible for setting and maintaining disclosure controls and procedures, as set out in National Instrument 52-109 issued by the Canadian Securities Administrators. Assisting them in this responsibility is the Disclosure Committee, which consists of the Corporation’s key management personnel. The Disclosure Committee must be kept fully informed of any significant information relating to the Corporation so that it can evaluate said information, determine its importance, and decide on timely disclosure of a press release, where applicable. Management regularly reviews disclosure controls and procedures; however, it cannot provide an absolute level of assurance because of the inherent limitations in control systems to prevent or detect all misstatements due to error or fraud.

The CEO and the CFO have concluded that the design of the disclosure controls and procedures as at September 28, 2024 provides reasonable assurance that important information about the Corporation is evaluated, processed, and reported to them in a timely manner during the preparation of disclosure documentation.

21 Internal Control Over Financial Reporting (“ICFR”)

Management is responsible for establishing and maintaining adequate internal control over financial reporting in order to provide reasonable assurance as to the reliability of the financial information and reasonable assurance that the financial statements were prepared, for financial reporting purposes, in accordance with IFRS. All internal control systems have inherent limitations and therefore internal control over financial reporting can provide only reasonable assurance and may not prevent or detect misstatements resulting from error or fraud.

Under the supervision of the CEO and the CFO, management evaluated the design of the Corporation’s internal control over financial reporting as at September 28, 2024, based on the framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (“COSO”).

During the third quarter of 2024, there have been no changes to the internal control over financial reporting that would have significantly affected or been likely to have significantly affected the Corporation’s internal control over financial reporting.

22 Limitations on Scope of Design

Management’s assessments of and conclusions on the design of DC&P and ICFR exclude the controls, policies and procedures of Diamond, an entity over which Lassonde acquired control on November 14, 2023. The Corporation will not benefit from this exclusion for purposes of the certificates required for the quarters ended after November 14, 2024. Given the date of acquisition of control, the following table provides meaningful summary financial information about Diamond.

	First nine months ended September 28, 2024
<i>(in millions of dollars)</i>	\$
Sales	16.1
Net loss	(4.3)
	As at September 28, 2024
	\$
Current assets	27.6
Non-current assets	29.1
Current liabilities	30.1
Non-current liabilities	0.6

Management's assessments of and conclusions on the design of DC&P and ICFR exclude the controls, policies and procedures of Summer Garden, which was acquired on August 8, 2024. The Corporation will not benefit from this exclusion for purposes of the certificates required for the quarters ended after August 8, 2025. Given the acquisition date, the following table provides meaningful summary financial information about Summer Garden.

<i>(in millions of dollars)</i>	From August 8, 2024 to September 28, 2024
	\$
Sales	26.7
Net loss	(2.0)
	As at September 28, 2024
	\$
Current assets	49.3
Non-current assets	328.9
Current liabilities	12.3
Non-current liabilities	3.3

November 7, 2024