



Interim Management's Discussion & Analysis

First quarter ended April 1, 2023

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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 consolidated financial statements ("interim consolidated financial statements") and accompanying notes. It should also be read in conjunction with its 2022 annual consolidated financial statements and accompanying notes thereto and with its 2022 annual MD&A. In addition to containing an analysis of the first quarter ended April 1, 2023, this MD&A reports on items deemed significant that have taken place from April 1, 2023 up to and including May 12, 2023, 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, 2022, additional documents, press releases, certifications of filings, and more information about the Corporation on the SEDAR website at www.sedar.com. 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 that are not in accordance with IFRS, including the following: Adjusted operating profit; Adjusted earnings before interest, taxes, depreciation, and amortization ("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 have no standardized meaning under IFRS and are unlikely to be comparable to similar measures presented by other issuers. Please refer to *Section 16 – "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 operating results but not in substitution of IFRS results. In addition, measures that are not in accordance with IFRS should not be viewed as a substitute for the related financial information prepared in accordance with IFRS.

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 securities law. These forward-looking statements are based on current expectations, estimates, projections, beliefs, judgments, and assumptions on the basis of 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. Such statements include, but are not limited to, statements with respect to the Corporation's objectives and goals, in addition to statements with respect to its beliefs, plans, targets, goals, objectives, expectations, anticipations, estimates, and intentions. Forward-looking statements are typically identified by words such as "anticipate", "continue", "estimate", "endeavour", "expect", "may", "will", "project", "should", "could", "would", "believe", "plan", "intend", "design", "target", "undertake", "view", "indicate", "maintain", "explore", "entail", "schedule", "objective", "strategy", "likely", "potential", "outlook", "aim", "propose", "goal", and similar expressions suggesting future events or future performance in addition to the negative forms of these terms or any variations thereof. These statements are not guarantees of future performance and involve assumptions, risks and uncertainties that are difficult to predict.

By their nature, forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. Various factors or assumptions are typically applied by the Corporation in drawing conclusions or making the forecasts, projections, predictions, or estimations set out in the forward-looking statements. These factors and assumptions are based on information currently available to the Corporation, including information obtained by the Corporation from third-party sources. In this report, forward-looking statements include, but are not limited to, those set forth in *Section 7 – "Outlook"* hereafter, which also presents some (but not all) of the key assumptions used in determining the forward-looking statements.

Such forward-looking statements relate to future events, are by their very nature subject to many important factors that could cause actual results to differ materially from those contemplated. Readers are cautioned that the assumptions considered by the Corporation to support these statements may prove to be incorrect in whole or in part. Factors that could cause actual results to differ materially from the results expressed, implied, or projected in the forward-looking statements contained in this document include, among other things, risks associated with the following: the availability of raw materials (including as a result of climate change, extreme weather, global or local supply chain disruptions, loss of key suppliers or supplier concentration, impact of pandemics, geopolitical developments, military conflicts, and trade sanctions) and related price variations; 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 clients in competitive market conditions; failure to maintain strong sourcing

and manufacturing platforms and efficient distribution channels; disruptions in or failures of the Corporation's information technology systems, including the ability to access and implement technology necessary to achieve the Corporation's targets, commitments and goals, as well as the development and performance of technology; cyber threats and other information-technology-related risks relating to business disruptions, confidentiality, data integrity, and business email compromise-related fraud; the scarcity of labour in North America and the related impact on the hiring, training, developing, retaining and reliance of qualified and/or key personnel together with their productivity, employment matters (including compensation), compliance with employment laws across multiple jurisdictions, and the potential for work stoppages due to non-renewal of collective bargaining agreements or other reasons; the successful deployment of the Corporation's health and safety programs in compliance with applicable laws and regulations; serious injuries or fatalities, which could have a material impact on the Corporation's business continuity and reputation and lead to compliance-related costs; the successful deployment of the Corporation's Strategy (defined in *Section 5 – "Multi-Year Strategy"* of the 2022 annual MD&A), including components such as Project Eagle; climate change and disasters causing higher operating costs and capital expenditures and reduced production output, and impacting the availability, quality or price volatility of key commodities sourced by the Corporation; disputes with significant suppliers; the increasing concentration of clients in the food industry, providing them with significant bargaining power that could limit the Corporation's ability to raise its prices to offset inflationary pressures; major events, such as systems and equipment failure, pandemics and natural disasters, or increased frequency or intensity of extreme weather conditions (including as a result of climate change), leading to unanticipated business disruptions at the Corporation's facilities or those of certain suppliers; the implementation, cost and impact of environmental sustainability initiatives, as well as the cost of remediating environmental liabilities; changes made to laws (including tax and tariffs), regulations, rules and policies that affect the Corporation's activities as well as the interpretation thereof, and new positions adopted by relevant authorities; failure to adapt to changes and developments affecting the Corporation's industry, including customer preferences, tastes, concerns or perceptions and buying patterns, market conditions and the activities of competitors and clients; crisis management and the execution of the business continuity plan; 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; damage to the reputation of the Corporation and its brands, including as a result of its inability to meet stakeholders' ESG expectations or to realize expected benefits in that respect; risks related to fluctuations in interest rates, currency exchange rates, liquidity and credit, stock price and pension obligations; deterioration of general macroeconomic conditions, including international conflicts, which can lead to negative impacts on the Corporation's suppliers, customers and operating costs; the incurrence of restructuring, disposal, or other related charges together with the recognition of impairment charges on goodwill or long-lived assets, particularly in a context of challenging performance and rising cost of capital; the sufficiency of insurance coverage; expected future cash flows and the sufficiency thereof, sources of capital at attractive rates, future contractual obligations, future financing options, renewal of credit facilities, and availability of capital to fund growth plans, operating obligations and dividends; pension plan performance, including the adequacy of pension contributions, assets, and potential pension liabilities; the implications and outcome of potential legal actions, litigation and regulatory proceedings to which the Corporation may be a party; and innovation and the future use and deployment of technology and associated expected future outcome, ability of the Corporation to protect its intellectual property and the costs incurred to do so.

The Corporation cautions readers that the foregoing list of factors is not exhaustive. Readers are further cautioned that some of the forward-looking statements in this report, such as statements concerning sales growth rate, productivity and service level, key commodity and input costs, expenses (including Strategy-related expenses), effective tax rate, working capital and capital expenditures may be considered to be financial outlooks for the purposes of applicable securities legislation. 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. Readers should not assume these financial outlooks will materialize.

More information about risk factors can be found in *Section 19 – "Uncertainties and Principal Risk Factors"* of the 2022 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 expressly qualified by this cautionary statement.**

3 Corporate Profile

Lassonde Industries Inc. is a leader in the food and beverage 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, soups and fondue broths and sauces. The Corporation also imports and markets selected wines from several countries of origin and produces apple cider and cider-based drinks.

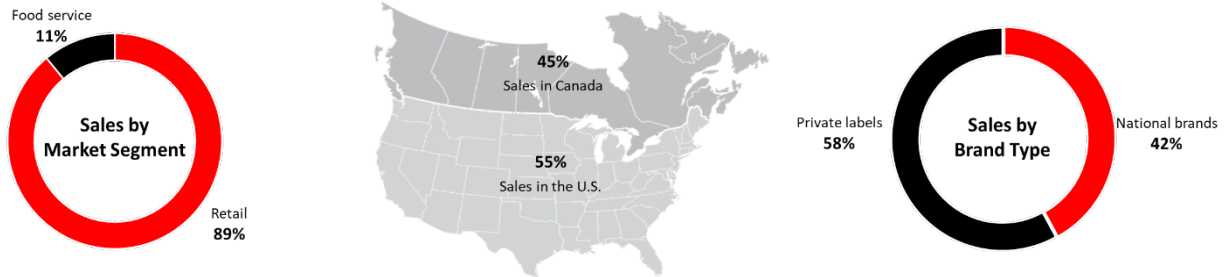
Lassonde is committed to its vision of putting more of its great tasting products in more consumers' hands, that serve more needs, across more occasions, every day, and by continuing its focus on crafting quality food and beverages that consumers love, clients value, employees are proud of, and that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

The Company operates 17 plants located in Canada and the United States ("U.S.") and produces its superior quality products through the expertise of over 2,700 employees. To learn more, visit www.lassonde.com.

The Corporation is active in two market segments:

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

Sales Breakdown (2022)



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.

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 (the "Strategy"). This Strategy aims to accelerate revenue growth, improve overall profitability, and drive long-term value by focusing on three strategic pillars.

The Corporation's first strategic pillar, **Building a growth-oriented portfolio**, reinforces its commitment to becoming a more diversified food and beverage leader in North America. In that context, it seeks to accelerate the growth of its specialty foods business by leveraging opportunities to further extend its position in this growing market segment. This would be achieved via organic growth and through potential acquisitions. The Corporation intends to strengthen its leadership position in the Canadian beverages sector by continuing its history of product and package innovation, investing in its brands to strengthen consumer affinity, while providing value to its customers through service excellence. Through Project Eagle (further described below), the Corporation aims to revitalize its operational and commercial foundations in the U.S. and strengthen Lassonde's competitive position as a trusted supplier of quality juices and drinks to its customers and consumers in the U.S. market.

The Corporation's second strategic pillar is focused on **Driving sustainable performance**. There are three primary areas of focus in support of this priority. First, the Corporation intends to maximize top-line value through revenue growth management, ensuring that it has the right products, in the right channels, serving the right customers, and at the right price. Secondly, the Corporation is committed to driving efficiency through environmentally sustainable and socially responsible initiatives across all key areas of its business. This includes leveraging data and technology to make the right decisions quicker, using equipment and automation to maximize capacity at the lowest possible cost, and capturing efficiencies through disciplined processes. Last, but not least, the Corporation's ESG roadmap will be a key driver of its sustainability agenda and should guide it through important investments decisions that will impact the future of its business, such as packaging and format considerations.

The Corporation's third strategic pillar is **Improving capacity to act**. This will be accomplished by first modernizing its operating model around customer service and to be responsive to the market. The Corporation also seeks to better leverage its North American capabilities in a manner that would allow it to capture synergistic savings and benefit from improved knowledge-sharing and through common best practices. It also intends to achieve this by fortifying its capabilities in the areas of operational excellence, innovation, data & analytics, digital, and revenue growth management. To improve its capacity to act, the Corporation is focused on developing high-performing and

purpose-driven teams while reinforcing diversity, equity, inclusion as well as the health and well-being of its employees. Lastly, it endeavours to update and deploy processes, systems, and tools in support of its strategic priorities.

While the Corporation is actively pursuing every aspect of its Strategy, its initial objective is primarily on improving the performance of its U.S. operations through Project Eagle, which is described below, as well as implementing new management systems and upgrading technology infrastructures throughout the Corporation.

Associated Incremental Operating Expenses

During fiscal 2022, the Corporation began its strategic review, completed the diagnostic step of Project Eagle, invested in a project to optimize the current capacity of its specialty food division, and began implementing new cloud-based management systems, including demand planning and transportation management systems. During the first quarter of 2023, the Corporation has mainly continued its implementation of new cloud-based management systems and made various investments in support of the three pillars of its Strategy. The Corporation reported expenses of \$11.0 million in fiscal 2022 and additional expenses of \$1.1 million in the first quarter of 2023.

Associated Capital Expenditures

The Corporation is dedicating capital expenditures aligned with its Strategy to support growth, enhance productivity, and invest in innovation and sustainable development. These investments included two projects in 2022 to improve production efficiency and capacity in Canada with a third project authorized in the first quarter of 2023, continuing to upgrade the enterprise resource planning (“ERP”) software in Canada along with investments in the U.S. to improve production efficiency and to deploy a new single serve line in the Corporation’s plant based in North Carolina. Refer to *Section 10 – “Analysis of the Consolidated Financial Position”* of this MD&A for further information on the Corporation’s capital expenditures for the first quarter of 2023 and to *Section 7 – “Outlook”* of this MD&A for an outlook on capital expenditures for fiscal 2023.

Project Eagle

Launched in the second quarter of 2022, Project Eagle is a component of the Corporation’s Strategy specifically aimed at revitalizing its underperforming U.S. operations, with the objective to capture growth, improve margins, and drive long-term sustainable performance. In addition to reviewing the U.S. operations’ products and customers portfolio, Project Eagle also seeks to identify and address key issues hampering performance within its supply chain and manufacturing facilities, including product simplification, process realignment, employee training, and capital deployment.

After completing the diagnostic step of Project Eagle, the Corporation recently took important steps to reduce its stock keeping units (“SKU”) complexity, harmonize packaging formats, consolidate formulas, and rationalize low-margin products and/or customers. The portfolio simplification should allow the Corporation to reduce execution complexity, which would limit downtime related to production changeovers and ultimately increase throughput. The Corporation also completed the first phase of the implementation of a cloud-based transportation management system. Early benefits from both initiatives began materializing in the first-quarter performance.

The capital designated in support of Project Eagle will be deployed in three areas: (1) updating existing equipment to limit unscheduled downtime; (2) increasing throughput on existing equipment; and (3) investing in new equipment in support of increased capacity in on-trend formats. While the equipment upgrades are expected to result in short-term disruptions, the Corporation expects they will be significantly outweighed by the medium- to long-term benefits.

Finally, some of the initiatives deployed under Project Eagle will ultimately benefit the rest of the organization; for instance, the deployment of new transportation management and demand planning systems are first rolled out in the U.S. and then throughout the Corporation.

5 Selected Financial Information

<i>(in millions of dollars, unless otherwise indicated)</i>	First quarters ended	
	April 1, 2023	April 2, 2022
	\$	\$
Related to operations		
Sales	547.3	509.0
Operating profit	26.2	22.4
Adjusted operating profit ¹	27.9	24.8
Adjusted EBITDA ¹	43.1	39.7
Profit attributable to the Corporation's shareholders	17.1	14.8
Basic and diluted earnings per share ("EPS") <i>(in \$)</i>	2.51	2.14
Dividends declared per share for Class A and B shares <i>(in \$)</i>	0.70	0.88
Cash flows from operating activities	(4.9)	(20.6)
Related to financial position		
Total assets	1,635.9	1,469.5
Operating working capital ¹	312.7	239.6
Days operating working capital ¹ <i>(in days)</i>	52.0	42.8
Long-term debt, including the current portion	268.4	214.9
Net debt to adjusted EBITDA ratio ¹	1.67:1	1.24:1
Return on capital employed ¹ <i>(in %)</i>	8.4	11.0

6 Financial Highlights

First quarter ended April 1, 2023:

- Sales of \$547.3 million. Excluding a \$19.5 million favourable foreign exchange impact, sales were up \$18.8 million (3.7%) from the same quarter last year, mainly due to selling price adjustments and to a favourable change in the sales mix of U.S. private label products, partly offset by a decrease in sales volume, mainly in the U.S.;
- Gross profit of \$136.6 million (25.0% of sales), up \$1.0 million from the same quarter in 2022. Excluding a \$2.4 million favourable foreign exchange impact, gross profit was down \$1.4 million from the same quarter last year;
 - Higher cost for all inputs, especially apple and orange concentrates; and
 - Increase in the Corporation's conversion costs.
- Operating profit of \$26.2 million, up \$3.8 million from the same quarter last year;
 - \$10.3 million decrease in transportation costs incurred to deliver products to clients, resulting from decreases in fuel surcharges and in base transportation rates and from savings related to the use of the new transportation management system in the U.S.;
 - \$2.9 million unfavourable foreign exchange impact that affected the conversion of the selling and administrative expenses of the U.S. entities into Canadian dollars;
 - Increase of certain administrative expenses;
 - Higher selling and marketing expenses; and
 - \$1.3 million decrease in expenses related to the Strategy.

¹ 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 16 – "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.

- Excluding items impacting comparability, adjusted EBITDA² was \$43.1 million, up \$3.4 million from the same quarter last year.
- Profit attributable to the Corporation's shareholders of \$17.1 million, resulting in basic and diluted earnings per share of \$2.51, up \$2.3 million and \$0.37, respectively, from the same quarter in 2022. Excluding items impacting comparability, adjusted EPS² was \$2.48 compared to \$2.37 in the same quarter last year.
- As at April 1, 2023, the Corporation had total assets of \$1,635.9 million versus \$1,604.7 million as at December 31, 2022, a 1.9% increase arising mainly from higher accounts receivable and inventories.
- As at April 1, 2023, long-term debt, including the current portion, stood at \$268.4 million, representing a net debt to adjusted EBITDA ratio² of 1.67:1. This is up \$19.0 million from December 31, 2022.
- Operating activities used \$4.9 million in cash compared to \$20.6 million used in the same quarter last year. This decrease in cash outflows was essentially due to a higher operating result, to a change in non-cash operating working capital items, which used \$5.6 million less than in the same quarter of 2022, and to a \$3.5 million decrease in net income tax paid.
- Dividend of \$0.70 per share, paid on March 15, 2023.

7 Outlook

Lassonde continues to expect the largest factors impacting its performance in fiscal 2023 will be the financial health of consumers, the inflationary environment, and the frequency and severity of supply chain disruptions. As a result, the Corporation is making the following forward-looking statements for fiscal 2023:

Sales growth rate

- During the first quarter of 2023, the Corporation has taken additional pricing action on its branded and private label product offerings, including adjusting contracts with certain customers to recover cost increases it incurred. It expects the run rate effects of such pricing action to be felt during the balance of the year. The Corporation also expects further pricing action to be implemented over the course of 2023 as inflation persists.
- For 2023, barring any significant external shocks and excluding foreign exchange impacts, Lassonde expects that its sales growth rate should be in the mid to high single-digit range, mainly driven by selling price adjustments. The Corporation is, however, closely monitoring the evolution of consumer food habits and demand elasticity in a context of price increases.

Productivity and service level

- Labour and operational initiatives, together with fewer supply chain constraints, are expected to improve the Corporation's ability to supply demand and return to historical order fill rate levels, particularly in the U.S.

Key commodity and input costs

- The Corporation has recently noticed some stabilization in the inflation trend of most of its input costs and is expecting this trend to continue until the end of fiscal 2023. However, the Corporation is still closely monitoring the price of orange concentrate since the price for this key commodity has been at an elevated level over the last 12 months, even reaching a new historical peak of US\$2.86/lbs sol. in April 2023.
- 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 could result in a higher cost for products sold in the Canadian market. Furthermore, the Corporation is expecting an unfavourable foreign exchange impact for 2023 when considering its hedged positions.

Expenses, including expenses related to the Strategy

- The Corporation's performance-related salary expenses are expected to return to normal levels in 2023.
- During 2023, Lassonde plans to continue deploying its Strategy, revitalizing its U.S. operations, and upgrading its technology infrastructures. It also plans to continue implementing new cloud-based demand planning and transportation management

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 16 – "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.

systems, the aim being to improve customer service and lower overall distribution costs. It also intends to explore the potential impact of upgrading its U.S. ERP. Spending in support of its Strategy is expected to reach up to \$10.0 million in 2023.

- Higher interest expense is anticipated given higher rates on floating rate debt as well as a higher average indebtedness level compared to 2022.

Effective tax rate

- Effective tax rate should be about 26.5% for fiscal 2023.

Working capital

- As supply chain challenges appear to be dissipating, the Corporation has revised its inventory accumulation strategy and, although noticing an increase at the end of the first quarter, it expects to progressively reduce its inventory levels. As a result, its Days Operating Working Capital³ should trend towards the upper end of its historical levels (pre-COVID-19) during 2023 and within its historical range by the end of fiscal 2024. However, this strategy might be impacted by (i) opportunistic decisions to secure inventory ahead of potential additional price increases from suppliers, (ii) the objective of ensuring an adequate service level, or (iii) the identification of new potential supply chain disruptions.

Capital expenditures

- The Corporation's overall capital expenditures program for 2023 is estimated to reach up to 4.5% of its sales as it continues to deploy capital in support of its Strategy. This estimate depends on the timing of disbursements for certain large capital projects and on the evolution of the macroeconomic environment. The Corporation expects to return this ratio to a range of 2.0% to 3.0% of its sales (including a maintenance component and a certain growth component) by 2025. 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: the currently observed geopolitical situation and macroeconomic trends, including employment, inflation, and interest rates; the strength of the U.S. dollar (compared to the Canadian dollar); the continuity of recently observed consumer behaviours and market trends for the Corporation's products; no material disruption to the Corporation's operations (including workforce availability) or to its supply chain; the effectiveness of the Corporation's selling price adjustment initiatives; the limited impact of the Corporation's selling price adjustment initiatives on product demand; 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 competes; 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 be noted that some of these key assumptions, including 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 the 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. Refer to *Section 2 – "Forward-Looking Statements"* of this MD&A for additional information.

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 16 – "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 Analysis of the Consolidated Results

8.1 Consolidated Results Data

<i>(in millions of dollars, unless otherwise indicated)</i>	First quarters ended		
	April 1, 2023	April 2, 2022	Δ
	\$	\$	\$
Sales	547.3	509.0	38.3
Cost of sales	410.7	373.5	37.2
Gross profit	136.6	135.6	1.0
Selling and administrative expenses	110.4	113.2	(2.8)
Operating profit	26.2	22.4	3.8
Share in the profit or (loss) of an associate	(0.3)	0.4	(0.6)
Financial expenses	4.0	2.2	1.8
Other (gains) losses	(2.1)	0.4	(2.5)
Profit before income taxes	24.1	20.2	3.9
Income tax expense	6.4	5.2	1.2
Profit	17.6	15.0	2.6
Attributable to:			
Corporation's shareholders	17.1	14.8	2.3
Non-controlling interest	0.5	0.2	0.3
	17.6	15.0	2.6
EPS (in \$)	2.51	2.14	0.37
Weighted average number of shares outstanding (in thousands)	6,822	6,924	(102)
Adjusted operating profit⁴	27.9	24.8	3.1
Adjusted EBITDA⁴	43.1	39.7	3.4
Adjusted EPS⁴ (in \$)	2.48	2.37	0.11

According to industry data, sales volume (measured on a trailing 13-week basis) in the U.S. and Canadian fruit juice and drink markets decreased by about 5% during the first quarter of 2023 compared to the same period last year.

During the first quarter of 2023, except for the price of orange concentrate, which reached a new all-time high in April, the Corporation observed some stabilization in the inflation trend affecting the costs of its key inputs. The Corporation also observed a favourable trend for its transportation costs (both inbound and outbound), more specifically in the U.S. market, as a result of a decrease in base rates and fuel surcharges affecting transportation costs but also resulting from early benefits of the deployment of its transportation management system ("TMS") together with a review of its processes and other supporting tools surrounding logistic management.

Moreover, and as previously discussed, the Corporation is already seeing positive impacts from Project Eagle, more specifically from the review of the product and customer portfolio that resulted in an improved sales mix. The Corporation is also noticing greater operational efficiencies at U.S. plants together with an abatement of labour-related issues during the first quarter of 2023.

From a supply chain perspective, although the situation is slowly fading, the Corporation is still experiencing pockets of disruption in the U.S., more specifically around the availability of (i) aseptic production capacity from its co-packers and (ii) aluminum cans from its suppliers. While overall demand is tapering, these supply-chain-related challenges had an impact on the Corporation's ability to meet some of its customers' demand during the quarter.

⁴ 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 16 – "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.

Sales

<i>(in millions of dollars)</i>	Private labels	National brands	Total
	\$	\$	\$
Sales Q1-2022	289.2	219.8	509.0
Selling price adjustments impact	37.7	24.0	61.7
Volume impact	(33.3)	(19.5)	(52.8)
Change in the sales mix impact	8.3	1.2	9.5
Other impacts, net	-	0.4	0.4
Growth excluding foreign exchange impact	12.7 4.4%	6.1 2.8%	18.8 3.7%
Foreign exchange impact	13.5	6.0	19.5
Sales Q1-2023	315.4	231.9	547.3

The 2023 first-quarter sales rose \$38.3 million (7.5%) compared to the same quarter of 2022. Excluding a \$19.5 million favourable foreign exchange impact, sales were up \$18.8 million (3.7%) year over year, mainly due to selling price adjustments in both the U.S. and Canada and to a favourable change in the sales mix of U.S. private label products. These items have been partly offset by lower sales volume that came from a \$9.0 million decrease in Canada, mainly resulting from lower demand, and from a \$43.8 million decrease in the U.S., resulting from lower demand but also tributary to the above-described portfolio optimization process and supply chain challenges.

Cost of sales

The 2023 first-quarter cost of sales was up \$37.2 million or 10.0% from the same quarter of 2022. Excluding a \$17.1 million unfavourable foreign exchange impact, cost of sales was up \$20.1 million (5.4%) year over year. When compared to the 3.7% increase in sales, this 5.4% increase in cost of sales essentially reflects:

- (i) higher cost for all inputs, especially apple and orange concentrates;
- (ii) an increase in the Corporation's conversion costs; and
- (iii) a \$0.6 million expense resulting from an adjustment related to taxes not recoverable by the Corporation.

Gross profit

As a result of the aforementioned factors, gross profit amounted to \$136.6 million (25.0% of sales) in the first quarter of 2023, up from \$135.6 million in the first quarter of 2022.

Selling and administrative expenses

The 2023 first-quarter selling and administrative expenses were down \$2.8 million year over year. This decrease was essentially due to:

- (i) a \$10.3 million decrease in transportation costs incurred to deliver products to clients, resulting from decreases in fuel surcharges and in base transportation rates and from savings related to the use of the new transportation management system in the U.S.;
- (ii) a \$2.9 million unfavourable foreign exchange impact that affected the conversion of the selling and administrative expenses of the U.S. entities into Canadian dollars;
- (iii) an increase of certain administrative expenses;
- (iv) higher selling and marketing expenses; and
- (v) a \$1.3 million decrease in expenses related to the Strategy.

Operating profit

As a result of the aforementioned factors, the Corporation's operating profit totalled \$26.2 million in the first quarter of 2023 versus \$22.4 million in the first quarter of 2022.

Financial expenses

The 2023 first-quarter financial expenses were up \$1.8 million year over year, mainly due to an increase in interest expense on long-term debt given higher interest rates.

Other (gains) losses

The 2023 first-quarter gain came essentially from a \$2.1 million gain related to the preliminary settlement of an insurance claim, whereas the 2022 first-quarter loss was mainly due to \$0.2 million in foreign exchange losses and to a \$0.2 million loss resulting from a change in the fair value of financial instruments.

Profit before income taxes

Profit before income taxes totalled \$24.1 million in the first quarter of 2023, up from \$20.2 million in the same quarter of 2022.

Income tax expense

At 26.8%, the 2023 first-quarter effective income tax rate was higher than the 25.7% rate in the same quarter of 2022. This higher 2023 effective income tax rate is essentially explained by the impact on profit before taxes of the share in the profit or (loss) of an associate, as this share has no tax impact on the Corporation.

Profit

For the first quarter of 2023, profit totalled \$17.6 million, up from \$15.0 million in the same quarter of 2022.

Profit attributable to the Corporation's shareholders

For the first quarter of 2023, profit attributable to the Corporation's shareholders totalled \$17.1 million, resulting in basic and diluted earnings per share of \$2.51 compared to \$14.8 million and \$2.14, respectively, in the same quarter of 2022.

9 Summary of Quarterly Results

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

	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021
	\$	\$	\$	\$	\$	\$	\$	\$
Sales	547.3	556.0	556.4	529.5	509.0	487.5	469.3	469.3
Operating profit	26.2	16.7	19.9	22.3	22.4	31.6	25.4	29.9
Adjusted EBITDA ⁵	43.1	38.2	38.9	40.2	39.7	46.5	42.6	44.8
Profit attributable to the Corporation's shareholders	17.1	10.5	14.5	14.2	14.8	21.8	16.8	18.8
EPS (in \$)	2.51	1.53	2.11	2.06	2.14	3.15	2.43	2.71
Adjusted EPS ⁵ (in \$)	2.48	2.09	2.54	2.36	2.37	3.22	2.65	2.71

The Corporation's sales typically follow a seasonal pattern, starting slow in the first quarter (January, February and March), progressively improving throughout the year and finishing strong in the fourth quarter (October, November and December). Sales usually mirror consumer spending habits with higher demand in the back-to-school and holiday seasons and lower demand in the early parts 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.

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 16 – "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.

10 Analysis of the Consolidated Financial Position

<i>(in millions of dollars)</i>	As at April 1, 2023	As at Dec. 31, 2022	Increase (decrease)	
			Foreign exchange impact ⁶	Variance, excluding foreign exchange impact
	\$	\$	\$	\$
Assets				
Current				
Cash and cash equivalents	0.6	2.7	-	(2.1)
Accounts receivable	192.3	173.7	(0.2)	18.8
Income tax recoverable	14.9	12.2	-	2.7
Inventories	427.0	414.0	(0.1)	13.1
Derivative instruments	3.9	7.4	-	(3.5)
Other current assets	34.4	28.8	-	5.6
	673.2	638.8	(0.3)	34.7
Property, plant and equipment	402.9	400.0	(0.2)	3.1
Intangible assets	193.4	198.4	(0.1)	(4.9)
Net defined benefit asset	30.0	30.9	-	(0.9)
Other non-current assets	8.5	8.6	-	(0.1)
Goodwill	327.9	328.2	(0.3)	-
	1,635.9	1,604.7	(0.9)	32.1
Liabilities				
Current				
Bank overdraft	6.8	4.4	-	2.4
Accounts payable and accrued liabilities	306.6	307.0	(0.5)	0.1
Derivative instruments	0.9	0.7	-	0.2
Other current liabilities	6.1	5.6	-	0.5
Current portion of long-term debt	8.1	100.8	(0.8)	(91.9)
	328.5	418.6	(1.3)	(88.7)
Long-term debt	260.2	148.6	0.8	110.8
Other non-current liabilities	2.0	2.0	-	-
Deferred tax liabilities	98.4	98.1	-	0.3
	689.1	667.2	(0.5)	22.4
Shareholders' equity	946.8	937.6	(0.4)	9.6
	1,635.9	1,604.7	(0.9)	32.1

⁶ 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 \$1.3544 CAD per USD as at December 31, 2022 to \$1.3533 CAD per USD as at April 1, 2023. The table presents the main Consolidated Statement of Financial Position items that were significantly affected by the movement in exchange rates.

10.1 Assets

Accounts receivable totalled \$192.3 million (representing 32.0 Days of Sales Outstanding⁷) as at April 1, 2023 compared to \$173.7 million (28.4 Days of Sales Outstanding⁷) as at December 31, 2022. This \$18.6 million increase was essentially due to a \$17.2 million increase in trade accounts receivable resulting from higher sales in March 2023 compared to December 2022 and from a longer collection period.

Inventories went from \$414.0 million (representing 87.1 Days of Inventory Outstanding⁷) as at December 31, 2022 to \$427.0 million (94.6 Days of Inventory Outstanding⁷) as at April 1, 2023. This \$13.0 million increase came from a \$40.9 million increase in finished goods inventories owing mainly to a higher inventory level and, to a lesser extent, to the higher cost thereof, partly offset by a \$27.9 million decrease in inventories of raw materials and supplies, essentially explained by a lower inventory level.

Other current assets went from \$28.8 million as at December 31, 2022 to \$34.4 million as at April 1, 2023. This \$5.6 million increase was mainly due to a \$3.7 million increase in sales tax receivable and to a \$2.0 million increase in prepaid expenses.

Property, plant and equipment (“PP&E”) went from \$400.0 million as at December 31, 2022 to \$402.9 million as at April 1, 2023. This \$2.9 million increase was mainly due to \$12.3 million in PP&E acquisitions, partly offset by a \$9.2 million depreciation expense.

Intangible assets went from \$198.4 million as at December 31, 2022 to \$193.4 million as at April 1, 2023. This \$5.0 million decrease was mainly due to an amortization expense of \$6.0 million, partly offset by intangible asset purchases of \$1.1 million.

The Corporation’s capital expenditures fall into three categories: (a) Growth and optimization projects; (b) Maintenance and regulatory projects; and (c) Technology projects. In the first quarter of 2023, the Corporation invested a total amount of \$13.5 million in capital expenditures, with growth and optimization projects representing \$5.0 million, maintenance and regulatory projects representing \$6.8 million, and technology projects representing \$1.7 million.

10.2 Liabilities

Accounts payable and accrued liabilities went from \$307.0 million (representing 64.6 Days of Payable Outstanding⁷) as at December 31, 2022 to \$306.6 million (67.9 Days of Payable Outstanding⁷) as at April 1, 2023. Excluding the foreign exchange impact, accounts payable and accrued liabilities increased by \$0.1 million. This increase was mainly due to a \$5.8 million increase in the “Salaries and accrued vacation payable” item and a \$5.8 million increase in trade marketing costs payable, partly offset by an \$11.4 million decrease in trade payables and accrued expenses, mainly explained by variations in supplier payment terms.

Long-term debt, including the current portion, was \$268.4 million as at April 1, 2023 compared to \$249.4 million as at December 31, 2022. This \$19.0 million increase was essentially due to a \$10.9 million draw on the U.S. revolving operating credit and to a \$10.3 million draw on the Canadian revolving credit. Moreover, the Corporation repaid \$1.0 million on its Canadian term debts. Regarding the Corporation’s lease liabilities, they decreased by \$1.2 million, due to repayments of the same amount.

Deferred tax liabilities went from \$98.1 million as at December 31, 2022 to \$98.4 million as at April 1, 2023. This \$0.3 million increase came mainly from the tax amortization of goodwill, partly offset by the tax impact of recognizing, in comprehensive income, an actuarial loss and losses on financial instruments designated as cash flow hedges.

10.3 Shareholders’ Equity

Equity attributable to the Corporation’s shareholders totalled \$885.9 million as at April 1, 2023, up \$8.7 million from \$877.2 million as at December 31, 2022. **Accumulated other reserves** decreased by \$2.9 million given a \$2.4 million decrease in the hedging reserve and also given a \$0.5 million decrease in the foreign currency translation reserve. **Retained earnings** rose \$11.7 million to total \$746.7 million at the end of the first quarter of 2023. This increase reflects \$17.1 million in profit attributable to the Corporation’s shareholders for the first quarter of 2023, less \$4.8 million in dividends paid and the recognition of a \$0.7 million actuarial loss, net of tax, in other comprehensive income. The **non-controlling interest** went from \$60.4 million as at December 31, 2022 to \$60.9 million as at April 1, 2023. The non-controlling interest represents a minority interest’s share in the equity of the Corporation’s U.S. entities.

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 16 – “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 Cash Flows

11.1 Summary of Consolidated Cash Flows

<i>(in millions of dollars)</i>	First quarters ended	
	April 1, 2023	April 2, 2022
	\$	\$
Operating activities	(4.9)	(20.6)
Financing activities	13.5	29.4
Investing activities	(12.9)	(9.1)
Change in cash and cash equivalents	(4.3)	(0.3)
Cash and cash equivalents at beginning	(1.7)	(4.7)
Effect of exchange rate changes on cash and cash equivalents	(0.1)	-
Cash and cash equivalents at end	(6.1)	(5.1)

Cash flows related to operating activities

For the first quarter of 2023, operating activities used \$4.9 million in cash, whereas these activities had used \$20.6 million in cash during the first quarter of 2022. This decrease in cash outflows was due, among other factors, due to a change in non-cash operating working capital items that used \$38.3 million in cash during the first quarter of 2023 compared to \$43.9 million used in the same quarter last year, for a \$5.6 million decrease 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 used \$13.0 million during the first quarter of 2023 compared to \$30.4 million used in the first quarter of 2022;
- b) a change in accounts payable and accrued liabilities that used \$0.7 million during the first quarter of 2023 compared to \$13.5 million generated during the same quarter of 2022;
- c) a change in accounts receivable that used \$18.8 million during the first quarter of 2023 compared to \$26.4 million used during the first quarter of 2022; and
- d) a change in other current assets and liabilities that used \$5.8 million during the first quarter of 2023 compared to \$0.6 million used in the same quarter of 2022.

The following items also contributed to the downward change in cash flows used by operating activities:

- (i) a \$5.9 million increase in earnings before interest, taxes, depreciation and amortization (including a \$2.5 million favourable change in other (gains) losses); and
- (ii) a \$3.5 million decrease in net income tax paid.

Cash flows related to financing activities

For the first quarter of 2023, financing activities generated \$13.5 million in cash, whereas these activities had generated \$29.4 million in cash during the first quarter of 2022. This decrease in cash inflows was due to a \$21.2 million inflow from revolving operating credit during the first quarter of 2023 compared to a \$41.5 million inflow in the first quarter of 2022, partly offset by (i) \$3.9 million in share repurchases during the first quarter of 2022 and by (ii) a \$1.3 million decrease in dividends paid on Class A and B shares.

Cash flows related to investing activities

For the first quarter of 2023, investing activities used \$12.9 million in cash compared to \$9.1 million used in the first quarter of 2022. This upward change came essentially from a \$3.6 million increase in cash outflows to acquire property, plant and equipment.

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

As at April 1, 2023, the Corporation had letters of credit outstanding totalling \$1.3 million.

Commitments are presented in Note 27 to the Corporation's audited consolidated financial statements for the year ended December 31, 2022.

13 Share Information

In December 2021, the Corporation had re-established its share repurchase program through the Toronto Stock Exchange ("TSX") in accordance with its policies and regulations. Consequently, the Corporation was allowed to repurchase in cash, by way of a normal course issuer bid, between December 23, 2021 and December 22, 2022, up to 80,000 of its Class A subordinate voting shares. Moreover, on August 18, 2022, the Corporation amended its share repurchase program to increase the maximum number of Class A subordinate voting shares that it may repurchase from 80,000 shares to 160,000 shares. The purchases were made at market prices without exceeding the price limit set by the Corporation's management. The Corporation has not renewed its share repurchase program.

During the first quarter of 2022, the Corporation had repurchased for cancellation 26,500 Class A subordinate voting shares at an average price of \$148.11 per share for a cash consideration of \$3.9 million.

As at April 1, 2023, 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.

14 Dividends

In accordance with the Corporation's dividend policy, the Board of Directors declared today a quarterly dividend of \$0.50 per share, payable on June 15, 2023 to all registered holders of Class A and Class B shares on May 25, 2023. This dividend is an eligible dividend.

15 Subsequent Event

As of May 12, 2023, there was no subsequent event to report.

16 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 supplementary and/or 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 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.

16.1 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 the periods:

<i>(in millions of dollars)</i>	First quarters ended	
	April 1, 2023	April 2, 2022
	\$	\$
Costs related to the Strategy	0.5	2.4
Implementation costs of new cloud-based systems	0.6	-
Adjustment related to non-recoverable sales taxes	0.6	-
<u>Sum of items impacting comparability on operating profit and EBITDA:</u>	<u>1.7</u>	<u>2.4</u>
<u>Item impacting comparability on "Other (gains) losses":</u>		
Gain related to the preliminary settlement of an insurance claim	(2.1)	-
Tax impact of previous items	0.1	(0.6)
Impact on profit	(0.3)	1.8
Attributable to:		
Corporation's shareholders	(0.2)	1.7
Non-controlling interest	(0.1)	0.1

16.2 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>	First quarters ended	
	April 1, 2023	April 2, 2022
	\$	\$
Operating profit	26.2	22.4
Sum of items impacting comparability	1.7	2.4
Adjusted operating profit	27.9	24.8

<i>(in millions of dollars)</i>	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021
	\$	\$	\$	\$	\$	\$	\$	\$
Adjusted operating profit	27.9	23.2	24.2	25.3	24.8	32.3	27.5	29.9

16.3 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 the "depreciation of property, plant and equipment and amortization of intangible assets" item shown in the Consolidated Statement of Cash Flows. Adjusted EBITDA is calculated by adjusting the EBITDA with items considered by management as impacting the comparability between periods.

<i>(in millions of dollars)</i>	First quarters ended	
	April 1, 2023	April 2, 2022
	\$	\$
Operating profit	26.2	22.4
Depreciation of property, plant and equipment and amortization of intangible assets	15.1	14.9
EBITDA	41.4	37.3
Sum of items impacting comparability	1.7	2.4
Adjusted EBITDA	43.1	39.7

For the first quarter, depreciation and amortization expense went from \$14.9 million in 2022 to \$15.1 million in 2023. Excluding a \$0.6 million unfavourable foreign exchange impact, the depreciation and amortization decreased by \$0.4 million, mainly given a decrease in the depreciation of right-of-use assets following a downward revaluation in the value of an asset as at December 31, 2022.

<i>(in millions of dollars)</i>	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021
	\$	\$	\$	\$	\$	\$	\$	\$
EBITDA	41.4	31.7	34.5	37.2	37.3	45.8	40.5	44.8
Adjusted EBITDA	43.1	38.2	38.9	40.2	39.7	46.5	42.6	44.8

16.4 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>	First quarters ended	
	April 1, 2023	April 2, 2022
	\$	\$
Profit attributable to the Corporation's shareholders	17.1	14.8
Sum of items impacting comparability	(0.2)	1.7
Adjusted profit attributable to the Corporation's shareholders	16.9	16.4
Weighted average number of shares outstanding <i>(in thousands)</i>	6,822	6,924
Adjusted EPS <i>(in \$)</i>	2.48	2.37

<i>(in millions of dollars, except adjusted EPS)</i>	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021
	\$	\$	\$	\$	\$	\$	\$	\$
Adjusted profit attributable to the Corporation's shareholders	16.9	14.3	17.4	16.3	16.4	22.3	18.4	18.8
Adjusted EPS <i>(in \$)</i>	2.48	2.09	2.54	2.36	2.37	3.22	2.65	2.71

16.5 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 April 1, 2023	As at Dec. 31, 2022
	\$	\$
Current portion of long-term debt	8.1	100.8
Long-term debt	260.2	148.6
Less: Cash and cash equivalents	(0.6)	(2.7)
Net debt	267.7	246.7
Sum of adjusted EBITDA from the last four quarters	160.5	157.1
Net debt to adjusted EBITDA ratio	1.67:1	1.57:1

16.6 Days Operating Working Capital

Days operating working capital is a financial efficiency measure used by the Corporation to represent the amount of sales tied up as operating working capital. To calculate this financial measure, operating working capital is divided by the last quarter’s sales, as they are presented in Section 8 – “Analysis of the Consolidated Results” of this MD&A, and multiplied by 91 days. Operating working capital is the sum of accounts receivable and inventories, less accounts payable and accrued liabilities, as they are presented in the Corporation’s Consolidated Statement of Financial Position.

<i>(in millions of dollars, except days operating working capital)</i>	As at April 1, 2023	As at Dec. 31, 2022						
	\$	\$						
Accounts receivable	192.3	173.7						
Inventories	427.0	414.0						
Less: Accounts payable and accrued liabilities	(306.6)	(307.0)						
Operating working capital	312.7	280.7						
Divided by: Last quarter’s sales	547.3	556.0						
	0.57	0.50						
Days operating working capital <i>(in days)</i>	52.0	45.9						
<i>(in days)</i>	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021
Days operating working capital	52.0	45.9	50.8	47.6	42.8	36.4	33.5	31.6

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

16.6.1 Days of Sales Outstanding

Days of sales outstanding (“DSO”) is a financial efficiency measure used by the Corporation to represent the average number of days that it takes the Corporation to collect payment for a sale. To calculate this financial measure, accounts receivable, as they are presented in the Consolidated Statement of Financial Position, are divided by the last quarter’s sales, as they are presented in *Section 8 – “Analysis of the Consolidated Results”* of this MD&A, and multiplied by 91 days.

<i>(in millions of dollars, except DSO)</i>	As at April 1, 2023	As at Dec. 31, 2022						
	\$	\$						
Accounts receivable	192.3	173.7						
Divided by: Last quarter’s sales	547.3	556.0						
	0.35	0.31						
DSO <i>(in days)</i>	32.0	28.4						
<i>(in days)</i>	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021
DSO	32.0	28.4	32.9	29.7	32.1	28.8	31.8	30.4

16.6.2 Days of Inventory Outstanding

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

<i>(in millions of dollars, except DIO)</i>	As at April 1, 2023	As at Dec. 31, 2022						
	\$	\$						
Inventories	427.0	414.0						
Divided by: Last quarter’s cost of sales	410.7	432.3						
	1.04	0.96						
DIO <i>(in days)</i>	94.6	87.1						
<i>(in days)</i>	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021
DIO	94.6	87.1	80.6	86.4	82.4	79.7	75.5	72.6

16.6.3 Days of Payables Outstanding

Days of payables outstanding (“DPO”) is a financial efficiency measure used by the Corporation to represent the average number of days the Corporation takes to pay its accounts payable and accrued liabilities. To calculate this financial measure, accounts payable and accrued liabilities, as they are presented in the Consolidated Statement of Financial Position, are divided by the last quarter’s cost of sales, as it is presented in *Section 8 – “Analysis of the Consolidated Results”* of this MD&A, and multiplied by 91 days.

<i>(in millions of dollars, except DPO)</i>	As at April 1, 2023	As at Dec. 31, 2022						
	\$	\$						
Accounts payable and accrued liabilities	306.6	307.0						
Divided by: Last quarter’s cost of sales	410.7	432.3						
	0.75	0.71						
DPO <i>(in days)</i>	67.9	64.6						
<i>(in days)</i>	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021
DPO	67.9	64.6	57.4	62.2	67.7	69.3	73.3	70.9

16.7 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 utilisation of capital. Capital employed is the sum of all assets (except cash and cash equivalents), less all liabilities (except bank overdraft as well as long-term debt and its current portion), as they are presented in the Corporation's Consolidated Statement of Financial Position. Sources of capital 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 April 1, 2023	As at Dec. 31, 2022
	\$	\$
Capital employed		
Accounts receivable	192.3	173.7
Inventories	427.0	414.0
Less: Accounts payable and accrued liabilities	(306.6)	(307.0)
Operating working capital	312.7	280.7
Income tax recoverable	14.9	12.2
Other current assets	34.4	28.8
Derivative instruments asset, including the current portion	3.9	7.7
Investment in an associate	7.2	7.4
Property, plant and equipment	402.9	400.0
Intangible assets	193.4	198.4
Net defined benefit asset	30.0	30.9
Other non-current assets	1.3	0.9
Goodwill	327.9	328.2
Less: Other current liabilities	(6.1)	(5.6)
Less: Derivative instruments liability, including the current portion	(1.1)	(0.7)
Less: Long-term incentive plan liabilities	(1.3)	(1.4)
Less: Pension plan liabilities	(0.5)	(0.5)
Less: Deferred tax liabilities	(98.4)	(98.1)
	1,221.3	1,188.7
Sources of capital		
Bank overdraft	6.8	4.4
Long-term debt, including the current portion	268.4	249.4
Shareholders' equity	946.8	937.6
Less: Cash and cash equivalents	(0.6)	(2.7)
	1,221.3	1,188.7

16.8 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 April 1, 2023	As at Dec. 31, 2022
	\$	\$
Sum of adjusted operating profit from the last four quarters	100.6	97.5
Average capital employed from the last four quarters	1,194.5	1,161.4
Return on capital employed ratio <i>(in %)</i>	8.4	8.4

<i>(in %)</i>	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021
ROCE	8.4	8.4	9.5	10.2	11.0	11.8	12.6	13.6

17 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, 2022. The future accounting changes are presented in Note 5 to the consolidated financial statements for the year ended December 31, 2022. The interim consolidated financial statements do not include all of the notes required in the annual consolidated financial statements.

18 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 April 1, 2023 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.

19 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 April 1, 2023, based on the framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (“COSO”).

During the first quarter of 2023, 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.

May 12, 2023