Lassonde

Interim Management's Discussion & Analysis

Third quarter ended September 30, 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 third quarter ended September 30, 2023, this MD&A reports on items deemed significant that have taken place from September 30, 2023 up to and including November 10, 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.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 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 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, which include, but are not limited to, statements on objectives and goals of the Corporation, 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 7 – "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 growth rate, productivity and service level, key commodity and input costs, expenses (including expenses related to the multi-year strategy (the "Strategy", defined in *Section 5 – "Multi-Year Strategy"* of the 2022 annual MD&A)), 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.

Various factors or assumptions are typically applied by the Corporation in elaborating the forward-looking statements. These factors and assumptions are based on information currently available to the Corporation, including information obtained by the Corporation from third-party sources. Readers are cautioned that the assumptions considered by the Corporation to support these forward-looking statements may prove to be incorrect in whole or in part.

The significant factors that could cause actual results to differ materially from the conclusions, forecasts or projections contained in the forward-looking statements contained herein include, among other things, risks associated with the following: the availability of raw materials and related price variations (including the price of orange concentrate, a key commodity for the Corporation, which has continued to trade above historical highs for the past several months and shows no sign of abating); 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 and considering demand elasticity; the ability to maintain strong sourcing and manufacturing platforms and efficient distribution channels; disruptions in or failures of the Corporation's information technology systems, as well as the development and performance of technology; cyber threats and other information-technology-related risks relating to business disruptions, confidentiality, data integrity, and business email compromise-related fraud; the scarcity of labour and the related impact on the hiring, training, developing, retaining and reliance of personnel together with their productivity, employment matters, compliance with employment laws across multiple jurisdictions, and the potential for work stoppages due to non-renewal of collective bargaining agreements or other reasons; the successful deployment of the Corporation's health and safety programs in compliance with applicable laws and regulations; serious injuries or fatalities, which could have a material impact on the Corporation's business continuity and reputation and lead to compliance-related costs; the successful deployment of the Corporation's Strategy, 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; the increasing concentration of customers in the food industry, providing them with significant bargaining power; the implementation, cost and impact of environmental sustainability initiatives, as well as the cost of remediating environmental liabilities; changes made to laws that affect the Corporation's activities 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 clients; 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; 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; the sufficiency of insurance coverage; and the implications and outcome of potential legal actions, litigation and 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 environmental 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 and performance of technology, innovation and the future use and deployment of technology and associated expected future results, and environmental regulation. The Corporation's ability to achieve its ESG commitments is further subject to, among other factors, its ability to leverage its supplier relationships.

Assumptions, expectations, and estimates made in the preparation of forward-looking statements and risks and uncertainties that could cause actual results to differ materially from forward-looking statements are discussed in the Corporation's materials filed with the Canadian securities regulatory authorities from time to time, including information about risk factors that can be found in *Section 19 – "Uncertainties and Principal Risk Factors"* of the 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.

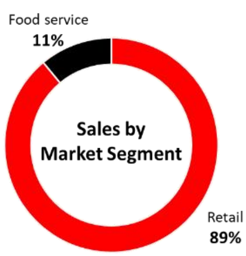
The Company operates 16 plants located in Canada and the United States ("U.S.") and produces its superior quality products through the expertise of over 2,700 full-time equivalent employees. To learn more, visit www.lassonde.com.

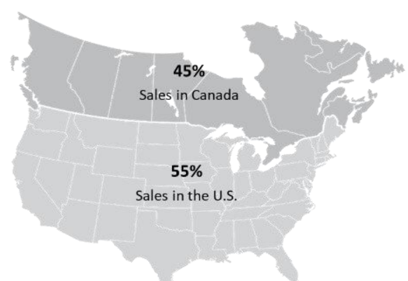
The Corporation is active in two market segments:

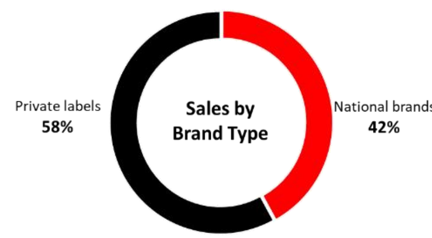
- Retail sales consist of (i) sales to food retailers and wholesalers such as supermarket chains, independent grocers, superstores, warehouse clubs, major pharmacy chains and (ii) online sales; and

- 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 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 is focused on **Driving sustainable performance** by increasing investments in its manufacturing network, strengthening its supply chain activities, maximizing top-line value through revenue growth management, 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 investments decisions for the future.

- The third pillar, **Improving capacity to act,** focuses on modernizing its operating model to accelerate innovation, improve costs and increase productivity by leveraging its scale, capturing synergies, simplifying its operations, and investing in new tools and technologies. It is also focused on fortifying capabilities in the areas of operational excellence, innovation, data & analytics, and revenue growth management to enable the execution of its growth strategy.

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. Furthermore, the Corporation is considering various options to take advantage of market opportunities in the specialty food business, including capacity expansion and/or acquisitions.

To anchor its growth plan and strategy on tangible goals, the Corporation presented certain financial objectives during its first Investor Day held on September 19, 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 revenue increases based on existing assets and capacity. Investment-driven growth is comprised of two sources: additional revenue coming from projects known to this date, and new growth investments related to capacity expansion and/or acquisitions. The Corporation anticipates a relatively similar contribution from each source, allowing for a range of possibilities depending on inflation and exchange rate assumptions, market conditions, timing and available opportunities. The Corporation also stated that profitability growth will prevail over its sales growth objective.

Associated Incremental Operating Expenses

During the first nine months of 2023, the Corporation has mainly continued its implementation of new cloud-based management systems and made additional investments to optimize its production network. For this purpose, the Corporation reported expenses of $1.2 million and $4.3 million, respectively, in the third quarter and first nine months 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 include (i) three projects to improve production efficiency and capacity in Canada, (ii) further upgrades to the enterprise resource planning ("ERP") software in Canada along with (iii) 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 nine months of 2023 and to *Section 7 – "Outlook"* of this MD&A for an outlook on capital expenditures for fiscal 2023.

Project Eagle

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

The Corporation 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 reduces execution complexity by limiting downtime related to production changeovers, which should increase throughput. The Corporation also completed the implementation of a cloud-based transportation management system, and more recently, implemented a demand planning system and deployed a new supply planning and production scheduling tool. Some of these initiatives will ultimately benefit the rest of the organization; for instance, the transportation management and demand planning systems are first rolled out in the U.S. and then throughout the Corporation.

Benefits from those initiatives began materializing in the performance of the first nine months of 2023, and the Corporation expects further benefits as it gradually builds back volume following the portfolio simplification.

5 Selected Financial Information

(in millions of dollars, unless otherwise indicated)	Third quarters ended Sept. 30, 2023	Oct. 1, 2022	First nine months ended Sept. 30, 2023	Oct. 1, 2022
	$	$	**$**	$
Related to operations				
Sales	**583.4**	556.4	**1,710.2**	1,595.0
Operating profit	**35.7**	19.9	**103.3**	64.6
Adjusted operating profit[1]	**37.2**	24.2	**108.5**	74.3
Adjusted EBITDA[1]	**52.9**	38.9	**154.6**	118.8
Profit attributable to the Corporation's shareholders	**24.3**	14.5	**66.5**	43.5
Basic and diluted earnings per share ("EPS") *(in $)*	**3.56**	2.11	**9.75**	6.31
Dividends declared per share for Class A and B shares *(in $)*	**0.50**	0.70	**1.70**	2.28
Cash flows from operating activities	**76.0**	(0.7)	**147.1**	(27.8)

(in millions of dollars, unless otherwise indicated)	As at Sept. 30, 2023	As at Dec. 31, 2022
	$	$
Related to financial position		
Total assets	**1,625.6**	1,604.7
Operating working capital[1]	**268.6**	280.7
Days operating working capital[1] *(in days)*	**41.9**	45.9
Long-term debt, including the current portion	**208.6**	249.4
Net debt to adjusted EBITDA ratio[1]	**0.98:1**	1.57:1
Return on capital employed[1] *(in %)*	**11.0**	8.4

6 Financial Highlights

Third quarter ended September 30, 2023:

- Sales of $583.4 million. Excluding an $8.1 million favourable foreign exchange impact, sales were up $18.9 million (3.4%) from the same quarter last year, mainly due to the favourable impact of selling price adjustments, partly offset by a decrease in sales volume, essentially in the U.S.;

- Gross profit of $146.3 million (25.1% of sales), up $20.8 million from the same quarter in 2022. Excluding a $3.3 million unfavourable foreign exchange impact, gross profit was up $24.1 million from the same quarter last year;

  - Higher gross profit for all of the Corporation's divisions;
  - Favourable impact of selling price adjustments to offset cost increases;
  - Higher cost for certain inputs, especially apple and orange concentrates; and
  - Gross profit loss of $1.5 million in 2022 following a production interruption on the cranberry sauce line at the Corporation's New Jersey plant.

- Operating profit of $35.7 million, up $15.9 million from the same quarter last year;

  - Higher gross profit;
  - $14.3 million increase in performance-related salary expenses; and

[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.

- $11.1 million decrease in transportation costs incurred to deliver products to clients, resulting (i) from decreases in fuel surcharges and in base transportation rates, (ii) from savings related to the use of new processes and the transportation management system in the U.S. and (iii) from a decrease in sales volume.

- Excluding items impacting comparability, adjusted EBITDA[2] was $52.9 million (9.1% of sales), up $14.0 million from the same quarter last year.

- Profit attributable to the Corporation's shareholders of $24.3 million, resulting in basic and diluted earnings per share of $3.56, up $9.8 million and $1.45, respectively, from the same quarter in 2022. Excluding items impacting comparability, adjusted EPS[2] was $3.67 compared to $2.54 in the same quarter last year.

- Operating activities generated $76.0 million in cash compared to $0.7 million used in the same quarter last year. This increase in cash inflows was mainly due to a change in non-cash operating working capital items, which generated $57.1 million more than in the same quarter of 2022, and to a higher operating result.

- Dividend of $0.50 per share, paid on September 15, 2023.

First nine months ended September 30, 2023:

- Sales of $1,710.2 million. Excluding a $42.7 million favourable foreign exchange impact, sales were up $72.5 million (4.5%) from the same period last year, mainly due to the favourable impact of 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, essentially in the U.S.;

- Gross profit of $435.2 million (25.4% of sales), up $35.5 million from the same period in 2022. Excluding a $1.2 million unfavourable foreign exchange impact, gross profit was up $36.7 million from the same period last year;

  - Higher gross profit for all of the Corporation's divisions;

  - Higher cost for all inputs, especially apple and orange concentrates;

  - Increase in the Corporation's conversion costs; and

  - Gross profit loss of $1.5 million in 2022 following a production interruption on the cranberry sauce line at the Corporation's New Jersey plant.

- Operating profit of $103.3 million, up $38.8 million from the same period last year;

  - Higher gross profit;

  - $34.7 million decrease in transportation costs incurred to deliver products to clients, resulting (i) from decreases in fuel surcharges and in base transportation rates, (ii) from savings related to the use of new processes and the transportation management system in the U.S. and (iii) from a decrease in sales volume;

  - $20.6 million increase in performance-related salary expenses;

  - $6.3 million unfavourable foreign exchange impact that affected the conversion of the selling and administrative expenses of the U.S. entities into Canadian dollars;

  - $6.3 million increase in certain administrative expenses; and

  - $4.8 million decrease in expenses related to the Strategy and its deployment.

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[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.

- Excluding items impacting comparability, adjusted EBITDA[3] was $154.6 million (9.0% of sales), up $35.8 million from the same period last year.

- Profit attributable to the Corporation's shareholders of $66.5 million, resulting in basic and diluted earnings per share of $9.75, up $23.0 million and $3.44, respectively, from the same period in 2022. Excluding items impacting comparability, adjusted EPS[3] was $10.03 compared to $7.27 in the same period last year.

- As at September 30, 2023, the Corporation had total assets of $1,625.6 million versus $1,604.7 million as at December 31, 2022, a 1.3% increase arising mainly from higher accounts receivable and an increase in property, plant and equipment, partly offset by lower inventories.

- As at September 30, 2023, long-term debt, including the current portion, stood at $208.6 million, representing a net debt to adjusted EBITDA ratio[3] of 0.98:1. This is down $40.8 million from December 31, 2022.

- Operating activities generated $147.1 million in cash compared to $27.8 million used in the same period last year. This increase in cash inflows was mainly due to a change in non-cash operating working capital items, which generated $126.2 million more than in the same period of 2022, and to a higher operating result.

- Total dividends of $1.70 per share, paid in the first nine months of 2023.

7 Outlook

The Corporation is making the following forward-looking statements for fiscal 2023:

Sales growth rate

- During the first nine months of 2023, the Corporation has taken additional pricing action on its branded and private label product offerings, including adjusting contracts with certain private label customers to recover as much as possible the cost increases it incurred. It expects the run rate effects of such pricing action to continue to be felt during the fourth quarter. The Corporation is also taking further pricing action during the fourth quarter, mainly due to the higher cost of orange concentrate.

- For 2023, barring any significant external shocks and excluding foreign exchange impacts, Lassonde expects that its sales growth rate should be in the mid-single-digit range, mainly driven by selling price adjustments partly offset by lower volumes. The Corporation keeps 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, have thus far helped, and should continue to help during the fourth quarter, to improve the Corporation's ability to meet demand and return to historical order fill rate levels, particularly in the U.S.

Key commodity and input costs

- So far in 2023, the Corporation has noticed some stabilization in the inflation trend of most of its input costs and is expecting this trend to continue until the end of the year. However, the Corporation is closely monitoring the price of orange concentrate, a key commodity for the Corporation, which has been trading at historically high levels for the last 12 months, even reaching a new peak of US$4.32/lbs sol. in October 2023. The information currently available indicates that this trend will continue to persist for a foreseeable future. The Corporation is also monitoring the price of cranberries and sweeteners.

- Given that a large portion of the raw material and packaging 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.

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Expenses, including expenses related to the Strategy

- In 2022, the Corporation had experienced a $13.9 million decrease in performance-related salary expenses, whereas in 2023, all other things being equal, these expenses should return to the upper range of the levels seen in the past.

- 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 systems, the aim being to improve customer service and lower overall distribution costs. It also intends to upgrade its U.S. ERP. Spending in support of its Strategy is expected to reach approximately $7.5 million in 2023.

- The interest expense for the fourth quarter of 2023 will be higher than that of fourth-quarter 2022 given higher rates on floating rate debt.

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 expects to progressively reduce its inventory levels. As a result, its Days Operating Working Capital[4] 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 cost ahead of potential 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 this ratio to return 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 were 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 any other 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. For additional information, refer to *Section 2 – "Forward-Looking Statements"* of this MD&A.

[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.

8 Analysis of the Consolidated Results

8.1 Consolidated Results Data

(in millions of dollars, unless otherwise indicated)	Third quarters ended Sept. 30, 2023	Oct. 1, 2022	Δ	First nine months ended Sept. 30, 2023	Oct. 1, 2022	Δ
	$	$	$	$	$	$
Sales	**583.4**	556.4	27.0	**1,710.2**	1,595.0	115.2
Cost of sales	**437.2**	431.0	6.2	**1,275.0**	1,195.3	79.7
Gross profit	**146.3**	125.4	20.8	**435.2**	399.7	35.5
Selling and administrative expenses	**110.5**	105.6	4.9	**331.9**	335.2	(3.3)
Operating profit	**35.7**	19.9	15.9	**103.3**	64.6	38.8
Share in the profit or (loss) of an associate	**(0.5)**	(0.3)	(0.2)	**(1.6)**	(0.6)	(1.0)
Financial expenses	**4.2**	2.6	1.5	**12.9**	7.3	5.6
Other (gains) losses	**(2.2)**	(2.5)	0.2	**(4.1)**	(2.2)	(1.9)
Profit before income taxes	**33.3**	19.3	13.9	**92.8**	58.8	34.0
Income tax expense	**9.0**	5.1	3.8	**25.1**	15.6	9.5
Profit	**24.3**	14.2	10.1	**67.7**	43.2	24.5
Attributable to:						
Corporation's shareholders	**24.3**	14.5	9.8	**66.5**	43.5	23.0
Non-controlling interest	**0.0**	(0.3)	0.3	**1.2**	(0.2)	1.4
	24.3	14.2	10.1	**67.7**	43.2	24.5
EPS *(in $)*	**3.56**	2.11	1.45	**9.75**	6.31	3.44
Weighted average number of shares outstanding *(in thousands)*	**6,822**	6,870	(48)	**6,822**	6,889	(67)
Adjusted operating profit[5]	**37.2**	24.2	13.0	**108.5**	74.3	34.2
Adjusted EBITDA[5]	**52.9**	38.9	14.0	**154.6**	118.8	35.8
Adjusted EPS[5] ***(in $)***	**3.67**	2.54	1.13	**10.03**	7.27	2.76

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 at a rate above the mid-single-digit range during the third quarter of 2023 compared to the same period last year.

During the third quarter of 2023, the Corporation continued to observe some stabilization in the inflation trend affecting the costs of its key inputs, except for the price of orange concentrate, which continues to reach new all-time highs month over month. It should be noted that apples and oranges (in all their forms) represent approximately 25% of the Corporation's cost of sales. Lassonde 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 benefits of the deployment of its transportation management system ("TMS") together with a review of its processes and other logistic management supporting tools.

Moreover, and as previously discussed, the Corporation is seeing positive impacts from Project Eagle, more specifically from the review of the product and customer portfolio, which resulted in an improved sales mix. The Corporation has also noticed greater operational efficiencies at U.S. plants together with an abatement of labour-related issues for the first nine months of 2023. The Corporation believes that its U.S. plants are now in a good position to support the demand build back phase of Project Eagle.

From a supply chain perspective, except for the first quarter of 2023, the Corporation no longer encountered the same level of disruptions in the U.S. as that observed in 2022, more specifically around the availability of (i) aseptic production capacity from its co-packers and

[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.

(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 only during the first quarter.

Sales

(in millions of dollars)	Third quarters Private labels	National brands	Total	First nine months Private labels	National brands	Total
	$	$	$	$	$	$
Sales 2022	**323.4**	**233.0**	**556.4**	**924.0**	**671.0**	**1,595.0**
Selling price adjustments impact	27.0	20.1	**47.1**	96.0	65.2	**161.2**
Volume impact	(21.6)	(8.7)	**(30.3)**	(74.9)	(33.3)	**(108.2)**
Change in the sales mix impact	3.3	(0.4)	**2.9**	17.8	2.0	**19.8**
Other impacts, net	-	(0.8)	**(0.8)**	-	(0.4)	**(0.4)**
Growth excluding foreign exchange impact	8.7	10.2	**18.9**	38.9	33.5	**72.5**
	2.7%	*4.4%*	***3.4%***	*4.2%*	*5.0%*	***4.5%***
Foreign exchange impact	5.9	2.2	**8.1**	30.2	12.5	**42.7**
Sales 2023	**338.0**	**245.4**	**583.4**	**993.1**	**717.0**	**1,710.2**

The 2023 third-quarter sales rose $27.0 million (4.9%) compared to the same quarter of 2022. Excluding an $8.1 million favourable foreign exchange impact, sales were up $18.9 million (3.4%) year over year, essentially due to selling price adjustments coming mainly from Canada but also from the U.S., partly offset by a decrease in sales volume, including $22.2 million in the U.S., resulting from lower demand but also due to the above-described portfolio optimization process.

For the first nine months of 2023, sales rose $115.2 million (7.2%) compared to the same period last year. Excluding a $42.7 million favourable foreign exchange impact, sales were up $72.5 million (4.5%) 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 were partly offset by a decrease in sales volume, including $97.9 million in the U.S., resulting from lower demand but also from the above-described portfolio optimization process and supply chain challenges.

Cost of sales

The 2023 third-quarter cost of sales was up $6.2 million or 1.4% from the same quarter of 2022. Excluding an $11.4 million unfavourable foreign exchange impact, cost of sales was down $5.2 million (1.2%) year over year. When compared to the 3.4% increase in sales, this 1.2% decrease in cost of sales essentially reflects:

(i) the impact of lower sales volume on the cost of sales;

(ii) higher cost for certain inputs, especially apple and orange concentrates;

(iii) a $2.6 million decrease in provisions related to client claims; and

(iv) a $0.3 million expense resulting from an adjustment related to taxes not recoverable by the Corporation.

For the first nine months of 2023, cost of sales was up $79.7 million or 6.7% from the same period last year. Excluding a $43.9 million unfavourable foreign exchange impact, cost of sales was up $35.8 million (3.0%) year over year. When compared to the 4.5% increase in sales, this 3.0% increase in cost of sales essentially reflects:

(i) higher cost for all inputs, especially apple and orange concentrates;

(ii) the impact of lower sales volume on the cost of sales;

(iii) an increase in the Corporation's conversion costs;

(iv) a $1.6 million decrease in provisions related to client claims; and

(v) a $0.9 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 $146.3 million (25.1% of sales) in the third quarter of 2023, up 16.6% from $125.4 million in the third quarter of 2022. For the first nine months of 2023, gross profit was $435.2 million (25.4% of sales), up 8.9% from $399.7 million in the same period of 2022.

Selling and administrative expenses

The 2023 third-quarter selling and administrative expenses were up $4.9 million year over year. This increase was essentially due to:

(i) a $14.3 million increase in performance-related salary expenses;

(ii) a $1.9 million increase in certain administrative expenses; and

(iii) a $1.2 million unfavourable foreign exchange impact that affected the conversion of the selling and administrative expenses of the U.S. entities into Canadian dollars;

partly offset by:

(i) an $11.1 million decrease in transportation costs incurred to deliver products to clients, resulting (i) from decreases in fuel surcharges and in base transportation rates, (ii) from savings related to the use of new processes and transportation management system in the U.S., and (iii) from a decrease in U.S. sales volume; and

(ii) a $1.6 million decrease in expenses related to the Strategy and its deployment.

For the first nine months of 2023, selling and administrative expenses were down $3.3 million year over year. This decrease was essentially due to:

(i) a $34.7 million decrease in transportation costs incurred to deliver products to clients, resulting (i) from decreases in fuel surcharges and in base transportation rates, (ii) from savings related to the use of the new transportation management system in the U.S., and (iii) from a decrease in U.S. sales volume; and

(ii) a $4.8 million decrease in expenses related to the Strategy and its deployment;

partly offset by:

(i) a $20.6 million increase in performance-related salary expenses;

(ii) a $6.3 million unfavourable foreign exchange impact that affected the conversion of the selling and administrative expenses of the U.S. entities into Canadian dollars;

(iii) a $6.3 million increase in certain administrative expenses;

(iv) a $1.8 million increase in warehousing costs; and

(v) $0.9 million in expenses related to production network optimization.

Operating profit

As a result of the aforementioned factors, the Corporation's operating profit totalled $35.7 million and $103.3 million, respectively, in the three- and nine-month periods ended September 30, 2023 versus $19.9 million and $64.6 million, respectively, in the three- and nine-month periods ended October 1, 2022.

Financial expenses

For the third quarter and the first nine months of 2023, financial expenses were up $1.5 million and $5.6 million, respectively, from the same periods of 2022. These increases came mainly from an increase in interest expense on long-term debt given higher interest rates.

Other (gains) losses

The gain in the third quarter 2023 came essentially from $1.6 million in foreign exchange gains and from a $0.5 million gain related to the preliminary settlement of an insurance claim, whereas the 2022 third-quarter gain was mainly due to foreign exchange gains.

For the first nine months, the 2023 gain came essentially from $2.6 million in gains related to the preliminary settlement of insurance claims and from $1.4 million in foreign exchange gains, whereas the 2022 nine-month gain was mainly due to $2.6 million in foreign exchange gains, partly offset by a $0.5 million loss resulting from a change in the fair value of financial instruments.

Profit before income taxes

Profit before income taxes totalled $33.3 million and $92.8 million, respectively, in the three- and nine-month periods ended September 30, 2023, up from $19.3 million and $58.8 million, respectively, in the same periods of 2022.

Income tax expense

At 26.9%, the 2023 third-quarter effective income tax rate was higher than the 26.5% rate in the same quarter of 2022. At 27.1%, the effective income tax rate for the first nine months of 2023 was higher than the 26.5% rate in the same period last year. These higher 2023 effective income tax rates are essentially explained by the geographic distribution of profit or loss before income taxes.

Profit

For the three- and nine-month periods ended September 30, 2023, profit totalled $24.3 million and $67.7 million, respectively, up from $14.2 million and $43.2 million, respectively, in the same periods of 2022.

Profit attributable to the Corporation's shareholders

For the third quarter of 2023, profit attributable to the Corporation's shareholders totalled $24.3 million, resulting in basic and diluted earnings per share of $3.56 compared to $14.5 million and $2.11, respectively, in the same quarter of 2022.

For the first nine months of 2023, profit attributable to the Corporation's shareholders totalled $66.5 million, resulting in basic and diluted earnings per share of $9.75 compared to $43.5 million and $6.31, respectively, in the same period last year.

9 Summary of Quarterly Results

(in millions of dollars, unless otherwise indicated)	**Q3 2023**	**Q2 2023**	**Q1 2023**	**Q4 2022**	**Q3 2022**	**Q2 2022**	**Q1 2022**	**Q4 2021**
	$	$	$	$	$	$	$	$
Sales	**583.4**	579.4	547.3	556.0	556.4	529.5	509.0	487.5
Operating profit	**35.7**	41.3	26.2	16.7	19.9	22.3	22.4	31.6
Adjusted EBITDA[6]	**52.9**	58.6	43.1	38.2	38.9	40.2	39.7	46.5
Profit attributable to the Corporation's shareholders	**24.3**	25.1	17.1	10.5	14.5	14.2	14.8	21.8
EPS *(in $)*	**3.56**	3.68	2.51	1.53	2.11	2.06	2.14	3.15
Adjusted EPS[6] *(in $)*	**3.67**	3.89	2.48	2.09	2.54	2.36	2.37	3.22

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 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.

[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 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

(in millions of dollars)	**As at Sept. 30, 2023**	**As at Dec. 31, 2022**	**Increase (decrease)** Foreign exchange impact[7]	**Increase (decrease)** Variance, excluding foreign exchange impact
	$	$	$	$
Assets				
Current				
Cash and cash equivalents	**20.2**	2.7	-	17.5
Accounts receivable	**197.8**	173.7	(0.6)	24.7
Income tax recoverable	**4.8**	12.2	-	(7.4)
Inventories	**381.9**	414.0	(0.2)	(31.9)
Derivative instruments	**4.5**	7.4	-	(2.9)
Other current assets	**23.8**	28.8	(0.2)	(4.8)
	633.0	638.8	(1.0)	(4.8)
Property, plant and equipment	**439.9**	400.0	(0.1)	40.0
Intangible assets	**187.0**	198.4	(0.4)	(11.0)
Net defined benefit asset	**29.5**	30.9	-	(1.4)
Other non-current assets	**8.5**	8.6	-	(0.1)
Goodwill	**327.6**	328.2	(0.6)	-
	1,625.6	1,604.7	(2.0)	22.9
Liabilities				
Current				
Bank overdraft	**-**	4.4	-	(4.4)
Accounts payable and accrued liabilities	**311.1**	307.0	(1.3)	5.4
Income tax payable	**6.9**	-	-	6.9
Derivative instruments	**0.0**	0.7	-	(0.7)
Other current liabilities	**3.4**	5.6	-	(2.2)
Current portion of long-term debt	**7.1**	100.8	(0.8)	(92.9)
	328.5	418.6	(2.1)	(88.0)
Long-term debt	**201.5**	148.6	0.6	52.3
Other non-current liabilities	**4.0**	2.0	-	2.0
Deferred tax liabilities	**101.4**	98.1	(0.1)	3.4
	635.3	667.1	(1.6)	(30.2)
Shareholders' equity	**990.3**	937.6	(0.4)	53.1
	1,625.6	1,604.7	(2.0)	22.9

[7] 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 $1.3520 CAD per USD as at September 30, 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 $197.8 million (representing 30.9 Days of Sales Outstanding[8]) as at September 30, 2023 compared to $173.7 million (28.4 Days of Sales Outstanding[8]) as at December 31, 2022. Excluding the foreign exchange impact, accounts receivable were up $24.7 million, essentially due to a $25.5 million increase in trade accounts receivable resulting from higher sales in September 2023 compared to December 2022 and from a longer collection period. This increase was partly offset by a $1.8 million decrease in discounts receivable from suppliers.

Inventories went from $414.0 million (representing 87.1 Days of Inventory Outstanding[8]) as at December 31, 2022 to $381.9 million (79.5 Days of Inventory Outstanding[8]) as at September 30, 2023. Excluding the foreign exchange impact, inventories decreased by $31.9 million. This decrease came from (i) a $59.3 million decrease in inventories of raw materials and supplies, explained by a lower inventory level, partly offset by a higher cost and from (ii) a $27.4 million increase in finished goods inventories explained as much by a higher inventory level as by their higher cost.

Property, plant and equipment ("PP&E") went from $400.0 million as at December 31, 2022 to $439.9 million as at September 30, 2023. Excluding the foreign exchange impact, property, plant and equipment increased by $40.0 million. This increase was mainly due to $61.3 million in PP&E acquisitions and the recognition of $7.2 million in new right-of-use assets, partly offset by a $28.2 million depreciation expense.

Intangible assets went from $198.4 million as at December 31, 2022 to $187.0 million as at September 30, 2023. Excluding the foreign exchange impact, intangible assets decreased by $11.0 million, as an amortization expense of $17.9 million was partly offset by intangible asset purchases of $6.9 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 nine months of 2023, the Corporation invested a total amount of $68.2 million in capital expenditures, with growth and optimization projects representing $30.2 million, maintenance and regulatory projects representing $29.1 million, and technology projects representing $8.9 million.

10.2 Liabilities

Accounts payable and accrued liabilities went from $307.0 million (representing 64.6 Days of Payable Outstanding[8]) as at December 31, 2022 to $311.1 million (64.8 Days of Payable Outstanding[8]) as at September 30, 2023. Excluding the foreign exchange impact, accounts payable and accrued liabilities increased by $5.4 million. This increase was mainly due to a $19.6 million increase in the "Salaries and accrued vacation payable" item, essentially due to the change in the provision for performance-related salary expenses, and to a $17.5 million increase in trade marketing costs payable resulting from higher sales in September 2023 compared to December 2022. These increases were partly offset by a $32.7 million decrease in trade payables and accrued expenses, explained mainly by variations in supplier payment terms.

Long-term debt, including the current portion, was $208.6 million as at September 30, 2023 compared to $249.4 million as at December 31, 2022. Excluding the foreign exchange impact, long-term debt decreased by $40.6 million. This decrease was essentially due to a $44.9 million repayment on the Canadian revolving credit, while the Corporation drew $2.0 million on the U.S. revolving operating credit. Moreover, the Corporation repaid $3.1 million on its Canadian term debts. Regarding the Corporation's lease liabilities, they increased by $5.4 million, mainly due to the recognition of $8.5 million in new lease liabilities, partly offset by $3.3 million in repayments.

Deferred tax liabilities went from $98.1 million as at December 31, 2022 to $101.4 million as at September 30, 2023. Excluding the foreign exchange impact, deferred tax liabilities increased by $3.4 million. This 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 $928.7 million as at September 30, 2023, up $51.5 million from $877.2 million as at December 31, 2022. **Accumulated other reserves** decreased by $2.3 million given a $1.3 million decrease in the hedging reserve and also given a $1.0 million decrease in the foreign currency translation reserve. **Retained earnings** rose $53.8 million to total $788.8 million at the end of the third quarter of 2023. This increase reflects $66.5 million in profit attributable to the Corporation's shareholders for the first nine months of 2023, less $11.6 million in dividends paid and the recognition of a $1.1 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 $61.6 million as at September 30, 2023. The non-controlling interest represents a minority interest's share in the equity of the Corporation's U.S. subsidiaries.

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[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 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

(in millions of dollars)	**Third quarters ended**		**First nine months ended**	
	Sept. 30, 2023	**Oct. 1, 2022**	**Sept. 30, 2023**	**Oct. 1, 2022**
	$	$	**$**	$
Operating activities	**76.0**	(0.7)	**147.1**	(27.8)
Financing activities	**(36.1)**	0.5	**(61.7)**	43.4
Investing activities	**(21.6)**	(9.6)	**(63.2)**	(27.8)
Change in cash and cash equivalents	**18.3**	(9.8)	**22.1**	(12.2)
Cash and cash equivalents at beginning	**2.1**	(7.4)	**(1.7)**	(4.7)
Effect of exchange rate changes on cash and cash equivalents	**(0.2)**	(0.4)	**(0.3)**	(0.7)
Cash and cash equivalents at end	**20.2**	(17.6)	**20.2**	(17.6)

Cash flows related to operating activities

For the third quarter of 2023, operating activities generated $76.0 million in cash, whereas these activities had used $0.7 million in cash during the third quarter of 2022. This increase in cash inflows was due, among other factors, to a change in non-cash operating working capital items that generated $23.5 million in cash during the third quarter of 2023 compared to $33.6 million used in the same quarter last year, for a $57.1 million increase in cash inflows. 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 $57.5 million during the third quarter of 2023 compared to $0.5 million generated in the third quarter of 2022;

b) a change in accounts receivable that used $7.0 million during the third quarter of 2023 compared to $21.2 million used during the same quarter of 2022;

c) a change in accounts payable and accrued liabilities that used $25.8 million during the third quarter of 2023 compared to $15.9 million used during the third quarter of 2022; and

d) a change in other current assets and liabilities that used $1.2 million during the third quarter of 2023 compared to $3.1 million generated in the same quarter of 2022.

The following items also contributed to the upward change in cash flows generated by operating activities:

(i) a $16.4 million increase in earnings before interest, taxes, depreciation and amortization (including a $0.3 million unfavourable change in other (gains) losses); and

(ii) an $8.7 million increase in net income tax received.

The upward change in operating cash flows was limited by the following items:

(i) a $4.0 million increase in net interest paid; and

(ii) $0.8 million in unrealized foreign exchange losses during the third quarter of 2023 compared to $4.2 million in unrealized foreign exchange losses during the same quarter of 2022.

For the first nine months of 2023, operating activities generated $147.1 million in cash, whereas these activities had used $27.8 million in cash during the first nine months of 2022. This increase in cash inflows was due, among other factors, to a change in non-cash operating working capital items that generated $12.0 million in cash during the first nine months of 2023 compared to $114.2 million used in the same period last year, for a $126.2 million increase in cash inflows. 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 $32.0 million during the first nine months of 2023 compared to $58.3 million used in the first nine months of 2022;

b) a change in accounts payable and accrued liabilities that generated $2.9 million during the first nine months of 2023 compared to $17.3 million used during the same period of 2022;

c) a change in accounts receivable that used $24.7 million during the first nine months of 2023 compared to $38.2 million used in the first nine months of 2022; and

d) a change in other current assets and liabilities that generated $1.8 million during the first nine months of 2023 compared to $0.5 million used during the same period of 2022.

The following items also contributed to the upward change in cash flows generated by operating activities:

(i) a $41.3 million increase in earnings before interest, taxes, depreciation and amortization (including a $1.9 million favourable change in other (gains) losses); and

(ii) a $15.6 million decrease in net income tax paid.

The upward change in operating cash flows was limited by the following items:

(i) a $5.8 million increase in net interest paid; and

(ii) $0.5 million in unrealized foreign exchange gains during the first nine months of 2023 compared to $5.2 million in unrealized foreign exchange losses during the same period of 2022.

Cash flows related to financing activities

For the third quarter of 2023, financing activities used $36.1 million in cash, whereas these activities had generated $0.5 million in cash during the third quarter of 2022. This increase in cash outflows was due to a $30.5 million repayment on the revolving operating credit during the third quarter of 2023 compared to a $10.9 million inflow in the third quarter of 2022, partly offset by (i) $3.2 million in share repurchases during the third quarter of 2022 and by (ii) a $1.4 million decrease in dividends paid on Class A and B shares.

For the first nine months of 2023, financing activities used $61.7 million in cash, whereas these activities had generated $43.4 million in cash during the first nine months of 2022. This increase in cash outflows was mainly due to a $42.9 million repayment on the revolving operating credit during the first nine months of 2023 compared to a $77.5 million inflow in the first nine months of 2022, partly offset by (i) $11.8 million in share repurchases during the first nine months of 2022 and by (ii) a $4.1 million decrease in dividends paid on Class A and B shares.

Cash flows related to investing activities

For the third quarter of 2023, investing activities used $21.6 million in cash compared to $9.6 million used in the third quarter of 2022. This upward change came essentially from an $11.0 million increase in cash outflows to acquire property, plant and equipment and a $1.1 million increase in cash outflows to acquire intangible assets.

For the first nine months of 2023, investing activities used $63.2 million in cash compared to $27.8 million used in the first nine months of 2022. This upward change came essentially from a $33.6 million increase in cash outflows to acquire property, plant and equipment and a $2.0 million increase in cash outflows to acquire intangible assets.

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

As at September 30, 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 third quarter of 2022, the Corporation had repurchased for cancellation 28,400 Class A subordinate voting shares at an average price of $113.09 per share for a cash consideration of $3.2 million.

During the first nine months of 2022, the Corporation had repurchased for cancellation 90,700 Class A subordinate voting shares at an average price of $130.35 per share for a cash consideration of $11.8 million.

As at September 30, 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 December 15, 2023 to all registered holders of Class A and Class B shares on November 23, 2023. This dividend is an eligible dividend.

15 Subsequent Event

As of November 10, 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:

	Third quarters ended		First nine months ended	
(in millions of dollars)	**Sept. 30, 2023**	**Oct. 1, 2022**	**Sept. 30, 2023**	**Oct. 1, 2022**
	$	$	**$**	$
Costs related to the Strategy	**0.7**	1.5	**1.3**	6.1
Implementation costs of new cloud-based systems	**0.5**	1.3	**2.1**	2.1
Production interruption of a line in New Jersey	**-**	1.5	**-**	1.5
Production network optimization	**-**	-	**0.9**	-
Adjustment related to non-recoverable sales taxes	**0.3**	-	**0.9**	-
Sum of items impacting comparability on operating profit and EBITDA:	**1.5**	4.3	**5.2**	9.8
Item impacting comparability on "Other (gains) losses":				
Gain related to the preliminary settlement of an insurance claim	**(0.5)**	-	**(2.6)**	-
Tax impact of previous items	**(0.3)**	(1.1)	**(0.7)**	(2.5)
Impact on profit	**0.7**	3.2	**1.9**	7.2
Attributable to:				
Corporation's shareholders	**0.7**	2.9	**1.9**	6.7
Non-controlling interest	**0.0**	0.3	**(0.0)**	0.5

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.

	Third quarters ended		First nine months ended	
(in millions of dollars)	**Sept. 30, 2023**	**Oct. 1, 2022**	**Sept. 30, 2023**	**Oct. 1, 2022**
	$	$	**$**	$
Operating profit	**35.7**	19.9	**103.3**	64.6
Sum of items impacting comparability	**1.5**	4.3	**5.2**	9.8
Adjusted operating profit	**37.2**	24.2	**108.5**	74.3

(in millions of dollars)	**Q3 2023**	**Q2 2023**	**Q1 2023**	**Q4 2022**	**Q3 2022**	**Q2 2022**	**Q1 2022**	**Q4 2021**
	$	$	$	$	$	$	$	$
Adjusted operating profit	**37.2**	43.3	27.9	23.2	24.2	25.3	24.8	32.3

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.

	Third quarters ended		**First nine months ended**	
(in millions of dollars)	**Sept. 30, 2023**	**Oct. 1, 2022**	**Sept. 30, 2023**	**Oct. 1, 2022**
	$	$	**$**	$
Operating profit	**35.7**	19.9	**103.3**	64.6
Depreciation of property, plant and equipment and amortization of intangible assets	**15.7**	14.7	**46.1**	44.6
EBITDA	**51.4**	34.5	**149.4**	109.1
Sum of items impacting comparability	**1.5**	4.3	**5.2**	9.8
Adjusted EBITDA	**52.9**	38.9	**154.6**	118.8

For the third quarter, the depreciation and amortization expense went from $14.7 million in 2022 to $15.7 million in 2023. Excluding a $0.3 million unfavourable foreign exchange impact, the depreciation and amortization expense increased by $0.7 million, mainly given an increase in the depreciation of property, plant and equipment after assets were put into use during the second quarter of 2023.

For the first nine months, the depreciation and amortization expense went from $44.6 million in 2022 to $46.1 million in 2023. Excluding a $1.3 million unfavourable foreign exchange impact, the depreciation and amortization expense increased by $0.2 million, mainly given an increase in the depreciation of property, plant and equipment after assets were put into use during the second quarter of 2023, partly offset by 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.

(in millions of dollars)	**Q3 2023**	**Q2 2023**	**Q1 2023**	**Q4 2022**	**Q3 2022**	**Q2 2022**	**Q1 2022**	**Q4 2021**
	$	$	$	$	$	$	$	$
EBITDA	**51.4**	56.6	41.4	31.7	34.5	37.2	37.3	45.8
Adjusted EBITDA	**52.9**	58.6	43.1	38.2	38.9	40.2	39.7	46.5

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.

	Third quarters ended		**First nine months ended**	
(in millions of dollars, unless otherwise indicated)	**Sept. 30, 2023**	**Oct. 1, 2022**	**Sept. 30, 2023**	**Oct. 1, 2022**
	$	$	**$**	$
Profit attributable to the Corporation's shareholders	**24.3**	14.5	**66.5**	43.5
Sum of items impacting comparability	**0.7**	2.9	**1.9**	6.7
Adjusted profit attributable to the Corporation's shareholders	**25.0**	17.4	**68.4**	50.2
Weighted average number of shares outstanding *(in thousands)*	**6,822**	6,870	**6,822**	6,889
Adjusted EPS *(in $)*	**3.67**	2.54	**10.03**	7.27

(in millions of dollars, except adjusted EPS)	**Q3 2023**	**Q2 2023**	**Q1 2023**	**Q4 2022**	**Q3 2022**	**Q2 2022**	**Q1 2022**	**Q4 2021**
	$	$	$	$	$	$	$	$
Adjusted profit attributable to the Corporation's shareholders	**25.0**	26.5	16.9	14.3	17.4	16.3	16.4	22.3
Adjusted EPS *(in $)*	**3.67**	3.89	2.48	2.09	2.54	2.36	2.37	3.22

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.

(in millions of dollars, except the net debt to adjusted EBITDA ratio)	**As at Sept. 30, 2023**	**As at Dec. 31, 2022**
	$	$
Current portion of long-term debt	**7.1**	100.8
Long-term debt	**201.5**	148.6
Less: Cash and cash equivalents	**(20.2)**	(2.7)
Net debt	**188.4**	246.7
Sum of adjusted EBITDA from the last four quarters	**192.8**	157.1
Net debt to adjusted EBITDA ratio	**0.98:1**	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.

(in millions of dollars, except days operating working capital)	**As at Sept. 30, 2023**	**As at Dec. 31, 2022**
	$	$
Accounts receivable	**197.8**	173.7
Inventories	**381.9**	414.0
Less: Accounts payable and accrued liabilities	**(311.1)**	(307.0)
Operating working capital	**268.6**	280.7
Divided by: Last quarter's sales	**583.4**	556.0
	0.46	0.50
Days operating working capital *(in days)*	**41.9**	45.9

(in days)	**Q3 2023**	**Q2 2023**	**Q1 2023**	**Q4 2022**	**Q3 2022**	**Q2 2022**	**Q1 2022**	**Q4 2021**
Days operating working capital	**41.9**	45.8	52.0	45.9	50.8	47.6	42.8	36.4

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.

(in millions of dollars, except DSO)	**As at Sept. 30, 2023**	**As at Dec. 31, 2022**
	$	$
Accounts receivable	**197.8**	173.7
Divided by: Last quarter's sales	**583.4**	556.0
	0.34	0.31
DSO *(in days)*	**30.9**	28.4

(in days)	**Q3 2023**	**Q2 2023**	**Q1 2023**	**Q4 2022**	**Q3 2022**	**Q2 2022**	**Q1 2022**	**Q4 2021**
DSO	**30.9**	29.6	32.0	28.4	32.9	29.7	32.1	28.8

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.

(in millions of dollars, except DIO)	**As at Sept. 30, 2023**	**As at Dec. 31, 2022**
	$	$
Inventories	**381.9**	414.0
Divided by: Last quarter's cost of sales	**437.2**	432.3
	0.87	0.96
DIO *(in days)*	**79.5**	87.1

(in days)	**Q3 2023**	**Q2 2023**	**Q1 2023**	**Q4 2022**	**Q3 2022**	**Q2 2022**	**Q1 2022**	**Q4 2021**
DIO	**79.5**	92.6	94.6	87.1	80.6	86.4	82.4	79.7

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.

(in millions of dollars, except DPO)	**As at Sept. 30, 2023**	**As at Dec. 31, 2022**
	$	$
Accounts payable and accrued liabilities	**311.1**	307.0
Divided by: Last quarter's cost of sales	**437.2**	432.3
	0.71	0.71
DPO *(in days)*	**64.8**	64.6

(in days)	**Q3 2023**	**Q2 2023**	**Q1 2023**	**Q4 2022**	**Q3 2022**	**Q2 2022**	**Q1 2022**	**Q4 2021**
DPO	**64.8**	70.7	67.9	64.6	57.4	62.2	67.7	69.3

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 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 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.

(in millions of dollars)	**As at Sept. 30, 2023**	**As at Dec. 31, 2022**
	$	$
Capital employed		
Accounts receivable	**197.8**	173.7
Inventories	**381.9**	414.0
Less: Accounts payable and accrued liabilities	**(311.1)**	(307.0)
Operating working capital	**268.6**	280.7
Income tax recoverable	**4.8**	12.2
Other current assets	**23.8**	28.8
Derivative instruments asset, including the current portion	**6.2**	7.7
Investment in an associate	**5.8**	7.4
Property, plant and equipment	**439.9**	400.0
Intangible assets	**187.0**	198.4
Net defined benefit asset	**29.5**	30.9
Other non-current assets	**1.1**	0.9
Goodwill	**327.6**	328.2
Less: Income tax payable	**(6.9)**	-
Less: Other current liabilities	**(3.4)**	(5.6)
Less: Derivative instruments liability, including the current portion	**(0.0)**	(0.7)
Less: Long-term incentive plan liabilities	**(3.3)**	(1.4)
Less: Pension plan liabilities	**(0.7)**	(0.5)
Less: Deferred tax liabilities	**(101.4)**	(98.1)
	1,178.7	1,188.7
Sources of capital		
Bank overdraft	**-**	4.4
Long-term debt, including the current portion	**208.5**	249.4
Shareholders' equity	**990.3**	937.6
Less: Cash and cash equivalents	**(20.2)**	(2.7)
	1,178.7	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 Sept. 30, 2023**	**As at Dec. 31, 2022**
	$	$
Sum of adjusted operating profit from the last four quarters	**131.7**	97.5
Average capital employed from the last four quarters	**1,193.9**	1,161.4
Return on capital employed ratio *(in %)*	**11.0**	8.4

(in %)	**Q3 2023**	**Q2 2023**	**Q1 2023**	**Q4 2022**	**Q3 2022**	**Q2 2022**	**Q1 2022**	**Q4 2021**
ROCE	**11.0**	9.8	8.4	8.4	9.5	10.2	11.0	11.8

17 Adoption of IFRS Standards

17.1 IAS 12 Income taxes

In May 2023, the International Accounting Standards Board ("IASB") amended IAS 12 "Income taxes" to provide exceptions to the recognition and disclosure of deferred tax assets and liabilities under Pillar 2 tax rules of the OECD model. The Corporation has adopted the amended version of the standard which applies to annual periods beginning on or after January 1, 2023.

The adoption of this amended standard had no impact on the Corporation's consolidated financial statements.

18 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, whereas those added after the publication of the annual financial statements are presented in Note 14 to the interim consolidated financial statements for the third quarter of 2023. The interim consolidated financial statements do not include all of the notes required in the annual consolidated financial statements.

19 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 30, 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.

20 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 30, 2023, based on the framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (“COSO”).

During the third 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.

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November 10, 2023