



# Interim Report

FIRST QUARTER

ENDED APRIL 1, 2023



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Lassonde  
Industries Inc.



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## Interim Condensed Consolidated Statements of Income

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

	Note	First quarters ended	
		April 1, 2023	April 2, 2022
		\$	\$
<b>Sales</b>		<b>547,311</b>	509,047
Cost of sales		<b>410,686</b>	373,464
Gross profit		<b>136,625</b>	135,583
Selling and administrative expenses		<b>110,382</b>	113,164
Operating profit		<b>26,243</b>	22,419
Share in the profit or (loss) of an associate		<b>(259)</b>	354
Financial expenses	3	<b>4,019</b>	2,170
Other (gains) losses	4	<b>(2,126)</b>	387
Profit before income taxes		<b>24,091</b>	20,216
Income tax expense	5	<b>6,446</b>	5,201
<b>Profit</b>		<b>17,645</b>	15,015
Attributable to:			
Corporation's shareholders		<b>17,109</b>	14,789
Non-controlling interest		<b>536</b>	226
		<b>17,645</b>	15,015
<b>Basic and diluted earnings per share (in \$)</b>		<b>2.51</b>	2.14
<b>Weighted average number of shares outstanding (in thousands)</b>		<b>6,822</b>	6,924

**Interim Condensed Consolidated Statements of Comprehensive Income***(in thousands of Canadian dollars)**(unaudited)*

	First quarters ended	
	April 1, 2023	April 2, 2022
	\$	\$
<b>Profit</b>	<b>17,645</b>	15,015
<b>Other comprehensive income:</b>		
<b>To be reclassified subsequently to profit or loss:</b>		
Net change in the cash flow hedge of financial assets and liabilities:		
Gains (losses) on financial instruments designated as hedges	5	741
Reclassification of (gains) losses on financial instruments designated as hedges	(833)	290
Income tax expense	213	(267)
	<b>(615)</b>	764
Exchange difference on translating foreign operations	<b>(555)</b>	(7,514)
	<b>(1,170)</b>	(6,750)
<b>Not to be reclassified subsequently to profit or loss:</b>		
Net change in the cash flow hedge of non-financial assets:		
Gains (losses) on financial instruments designated as hedges	476	(782)
Income tax expense	(118)	209
	<b>358</b>	(573)
Benefit cost of the defined benefit plans:		
Remeasurements of the net defined benefit asset or liability	(908)	8,579
Income tax expense	242	(2,290)
	<b>(666)</b>	6,289
	<b>(308)</b>	5,716
<b>Total other comprehensive income (loss)</b>	<b>(1,478)</b>	(1,034)
<b>Comprehensive income</b>	<b>16,167</b>	13,981
Attributable to:		
Corporation's shareholders	<b>15,676</b>	14,442
Non-controlling interest	491	(461)
	<b>16,167</b>	13,981

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

	Note	As at April 1, 2023 \$	As at Dec. 31, 2022 \$
<b>Assets</b>			
Current			
Cash and cash equivalents		641	2,678
Accounts receivable		192,279	173,654
Income tax recoverable		14,924	12,206
Inventories		426,976	414,043
Derivative instruments		3,937	7,417
Other current assets		34,447	28,765
		<b>673,204</b>	<b>638,763</b>
Derivative instruments		6	279
Investment in an associate		7,180	7,439
Property, plant and equipment		402,929	399,969
Intangible assets		193,402	198,394
Net defined benefit asset		29,992	30,855
Other non-current assets		1,275	854
Goodwill		327,911	328,162
		<b>1,635,899</b>	<b>1,604,715</b>
<b>Liabilities</b>			
Current			
Bank overdraft		6,780	4,388
Accounts payable and accrued liabilities		306,569	307,037
Derivative instruments		894	673
Other current liabilities		6,111	5,632
Current portion of long-term debt	7	8,149	100,821
		<b>328,503</b>	<b>418,551</b>
Derivative instruments		212	–
Long-term debt	7	260,204	148,574
Long-term incentive plan liabilities		1,291	1,442
Pension plan liabilities		517	523
Deferred tax liabilities		98,388	98,058
		<b>689,115</b>	<b>667,148</b>
<b>Shareholders' equity</b>			
Share capital		46,660	46,660
Contributed surplus		1,360	1,360
Accumulated other reserves	8	91,162	94,102
Retained earnings		746,712	735,044
Non-controlling interest		60,890	60,401
		<b>946,784</b>	<b>937,567</b>
		<b>1,635,899</b>	<b>1,604,715</b>

Approved by the Board of Directors



Pierre-Paul Lassonde  
Director



Chantal Bélanger  
Director

## Interim Condensed Consolidated Statements of Shareholders' Equity

(in thousands of Canadian dollars)

(unaudited)

	Attributable to the Corporation's shareholders				Non-controlling interest	Total shareholders' equity
	Share capital	Contributed surplus	Accumulated other reserves <sup>i)</sup>	Retained earnings		
	\$	\$	\$	\$	\$	\$
Balance as at December 31, 2022	46,660	1,360	94,102	735,044	60,401	937,567
Profit	–	–	–	17,109	536	17,645
Other comprehensive income (loss)	–	–	(767)	(666)	(45)	(1,478)
Cash flow hedge <sup>ii)</sup>	–	–	(2,173)	–	(2)	(2,175)
Dividends	–	–	–	(4,775)	–	(4,775)
<b>Balance as at April 1, 2023</b>	<b>46,660</b>	<b>1,360</b>	<b>91,162</b>	<b>746,712</b>	<b>60,890</b>	<b>946,784</b>
Balance as at December 31, 2021	48,136	1,375	55,760	703,144	57,092	865,507
Profit	–	–	–	14,789	226	15,015
Other comprehensive income (loss)	–	–	(6,636)	6,289	(687)	(1,034)
Cash flow hedge <sup>ii)</sup>	–	–	(668)	–	(17)	(685)
Dividends	–	–	–	(6,093)	–	(6,093)
Repurchase of Class A shares <sup>iii)</sup>	(351)	(4)	–	(3,570)	–	(3,925)
Balance as at April 2, 2022	47,785	1,371	48,456	714,559	56,614	868,785

i) Includes the hedging reserve and the foreign currency translation reserve, which are presented in Note 8.4.

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

iii) Information about the repurchase of Class A shares is presented in Note 8.3.

Additional information about shareholders' equity is presented in Note 8.

**Interim Condensed Consolidated Statements of Cash Flows***(in thousands of Canadian dollars)**(unaudited)*

	Note	First quarters ended	
		April 1, 2023	April 2, 2022
		\$	\$
<b>Operating activities</b>			
Profit		17,645	15,015
Adjustments for:			
Income tax expense	5	6,446	5,201
Net interest expense	3	3,822	2,005
Depreciation of property, plant and equipment and amortization of intangible assets		15,138	14,916
Change in the fair value of financial instruments		156	(937)
Cost of the long-term incentive plan		1,056	947
Cost of pension plans recognized in profit or loss, net of contributions		(51)	956
Share in the (profit) or loss of an associate		259	(354)
Unrealized foreign exchange (gains) losses		(72)	(859)
Other		13	63
		<b>44,412</b>	<b>36,953</b>
Change in non-cash operating working capital items	9	<b>(38,329)</b>	<b>(43,892)</b>
Net income tax paid		<b>(7,673)</b>	<b>(11,144)</b>
Net interest paid		<b>(3,170)</b>	<b>(2,225)</b>
Settlements of derivative instruments		<b>(119)</b>	<b>(277)</b>
		<b>(4,879)</b>	<b>(20,585)</b>
<b>Financing activities</b>			
Change in revolving operating credit, net of transaction costs		20,424	41,531
Repayment of long-term debt		(2,192)	(2,159)
Dividends paid on Class A shares		(2,148)	(2,791)
Dividends paid on Class B shares		(2,627)	(3,302)
Repurchase of Class A shares	8	–	(3,925)
		<b>13,457</b>	<b>29,354</b>
<b>Investing activities</b>			
Net acquisition of property, plant and equipment		(11,274)	(7,630)
Acquisition of intangible assets		(1,585)	(1,414)
Acquisition of other non-current assets		–	(62)
		<b>(12,859)</b>	<b>(9,106)</b>
Change in cash and cash equivalents		<b>(4,281)</b>	<b>(337)</b>
Cash and cash equivalents at beginning		<b>(1,710)</b>	<b>(4,723)</b>
Effect of exchange rate changes on cash and cash equivalents		<b>(148)</b>	<b>–</b>
<b>Cash and cash equivalents at end</b>		<b>(6,139)</b>	<b>(5,060)</b>

Additional cash flow information is presented in Note 9.

## Notes to the Interim Condensed Consolidated Financial Statements

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## Notes to the Interim Condensed Consolidated Financial Statements

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

### Note 1. Description of the Business

Lassonde Industries Inc. is incorporated under the *Canada Business Corporations Act*. Its Class A subordinate voting shares are listed on the Toronto Stock Exchange under the ticker symbol LAS.A. The head office is located at 755 Principale Street in Rougemont, Québec, Canada.

Lassonde Industries Inc. and its subsidiaries (collectively, “the Corporation”) is a leader in the food and 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. The Corporation 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.

The Corporation’s national brands are sold in various packages under several proprietary trademarks as well as under trademarks for which the Corporation is a licensed user. The Corporation also manufactures private label products for the vast majority of major retailers and wholesalers in North America.

### Note 2. Statement of Compliance

The Corporation’s interim condensed consolidated financial statements have been prepared in compliance with IAS 34 *Interim Financial Reporting* and using the same accounting policies as those described in the Corporation’s annual consolidated financial statements for the year ended December 31, 2022. The Corporation’s annual consolidated financial statements for the year ended December 31, 2022 were prepared in compliance with International Financial Reporting Standards (“IFRS”).

These interim condensed consolidated financial statements do not include all of the information required under IFRS for complete financial statements, and they should therefore be read in conjunction with the Corporation’s annual consolidated financial statements for the year ended December 31, 2022. The Corporation’s interim condensed consolidated financial statements and annual consolidated financial statements are available on the SEDAR website at [www.sedar.com](http://www.sedar.com) and on the Corporation’s website at [www.lassonde.com](http://www.lassonde.com).

The Board of Directors approved these interim condensed consolidated financial statements on May 12, 2023.

### Note 3. Financial Expenses

	First quarters ended	
	April 1, 2023	April 2, 2022
	\$	\$
Interest on long-term debt	3,023	1,222
Interest on lease liabilities	372	462
Amortization of transaction costs	372	271
Other interest, net of interest income	55	50
Net interest expense	3,822	2,005
Bank expenses	197	165
	<b>4,019</b>	<b>2,170</b>

## Notes to the Interim Condensed Consolidated Financial Statements

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### Note 4. Other (Gains) Losses

	First quarters ended	
	April 1, 2023	April 2, 2022
	\$	\$
Exchange (gains) losses	(54)	203
Change in the fair value of derivative instruments	25	184
Other <sup>i)</sup>	(2,097)	–
	<b>(2,126)</b>	<b>387</b>

i) Represents a gain related to the preliminary settlement of an insurance claim resulting from property damage to a building in the United States.

### Note 5. Income Tax Expense

	First quarters ended	
	April 1, 2023	April 2, 2022
	\$	\$
Current tax	4,971	3,818
Deferred tax	1,475	1,383
	<b>6,446</b>	<b>5,201</b>

The tax rate for the quarter is based on the geographic distribution of profit or loss before income taxes, the exchange rates applicable to profit or loss before income taxes in foreign currencies, non-deductible expenses, and non-taxable income.

### Note 6. Financial Instruments

#### 6.1 Fair value

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

	As at April 1, 2023		As at December 31, 2022	
	Carrying value	Fair value	Carrying value	Fair value
	\$	\$	\$	\$
Long-term debt <sup>i)</sup>	268,353	266,290	249,395	246,631

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

During the first quarters ended April 1, 2023 and April 2, 2022, all of the Corporation's financial instruments, including derivative instruments, were classified as Level 2, and no financial instruments were transferred between levels 1, 2 and 3.

## Notes to the Interim Condensed Consolidated Financial Statements

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### 6.2 Classification

	As at April 1, 2023	As at Dec. 31, 2022
	\$	\$
<b>Financial assets</b>		
<b>Amortized cost:</b>		
Cash and cash equivalents	641	2,678
Accounts receivable	192,279	173,654
<b>Fair value through profit or loss:</b>		
Derivative instruments <sup>i)</sup>	6	421
<b>Fair value through other comprehensive income:</b>		
Derivative instruments <sup>i)</sup>	3,937	7,275
<b>Financial liabilities</b>		
<b>Amortized cost:</b>		
Bank overdraft	6,780	4,388
Accounts payable and accrued liabilities	306,569	307,037
Long-term debt <sup>ii)</sup>	268,353	249,395
<b>Fair value through profit or loss:</b>		
Derivative instruments <sup>i)</sup>	819	558
<b>Fair value through other comprehensive income:</b>		
Derivative instruments <sup>i)</sup>	287	115

i) Includes current and non-current derivative instruments.

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

## Note 7. Long-Term Debt

### 7.1 U.S. credit facilities

On January 6, 2023, the Corporation entered into an agreement to amend the U.S. credit facilities to include the various requests for amendments accepted between May 31, 2018 and January 5, 2023, to extend the expiry date by two years and seven months, and to raise the authorized amount of the revolving operating credit ("U.S. revolving credit") by US\$60,000,000. As a result of this agreement, the credit facilities comprise a U.S. revolving credit committed for a period of three years for an authorized amount of US\$160,000,000.

The credit facilities bear interest at base rate plus 0.25% to 1.00% and/or at the Secured Overnight Financing Rate ("SOFR") plus 1.25% to 2.00%. Interest margins vary based on a prescribed financial ratio.

The credit facilities contain certain conditions and restrictive covenants, including an obligation to maintain certain prescribed financial ratios.

## Note 8. Shareholders' Equity

### 8.1 Dividend per share

During the first quarter of 2023, the Corporation declared and paid dividends totalling \$0.70 per share (\$0.88 per share during the first quarter of 2022) to the holders of Class A and B shares.

## Notes to the Interim Condensed Consolidated Financial Statements

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### 8.2 Dividends paid to related parties

	First quarters ended	
	April 1, 2023	April 2, 2022
	\$	\$
3346625 Canada Inc.	2,636	3,314
Key management personnel	16	21
	<b>2,652</b>	<b>3,335</b>

### 8.3 Share repurchase

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 \$3,925,000.

The Company did not renew its normal course issuer bid program that ended on December 22, 2022.

### 8.4 Accumulated Other Reserves

	Hedging reserve	Foreign currency translation reserve	Total
	\$	\$	\$
Balance as at December 31, 2022	4,305	89,797	94,102
Other comprehensive income (loss)	(266)	(501)	(767)
Cash flow hedge <sup>i)</sup>	(2,173)	—	(2,173)
<b>Balance as at April 1, 2023</b>	<b>1,866</b>	<b>89,296</b>	<b>91,162</b>
Balance as at December 31, 2021	988	54,772	55,760
Other comprehensive income (loss)	125	(6,761)	(6,636)
Cash flow hedge <sup>i)</sup>	(668)	—	(668)
Balance as at April 2, 2022	445	48,011	48,456

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

## Note 9. Additional Cash Flow Information

### 9.1 Change in non-cash operating working capital items

	First quarters ended	
	April 1, 2023	April 2, 2022
	\$	\$
Accounts receivable	(18,843)	(26,368)
Inventories	(13,003)	(30,392)
Other current assets	(5,784)	(1,063)
Accounts payable and accrued liabilities	(733)	13,463
Other current liabilities	34	468
	<b>(38,329)</b>	<b>(43,892)</b>

## Notes to the Interim Condensed Consolidated Financial Statements

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### 9.2 Non-cash transactions

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

	First quarters ended	
	April 1, 2023	April 2, 2022
	\$	\$
Unpaid acquisitions of property, plant and equipment at the beginning of the period	5,270	3,424
Unpaid acquisitions of property, plant and equipment at the end of the period	6,274	1,580
Unpaid acquisitions of intangible assets at the beginning of the period	470	379
Unpaid acquisitions of intangible assets at the end of the period	36	288
Net increase in right-of-use assets	–	1,959
Net increase in lease liabilities	–	1,959

### Note 10. Additional Lease Information

The following tables present additional information about leases:

	As at	As at
	April 1, 2023	Dec. 31, 2022
	\$	\$
Right-of-use assets	31,276	32,561
Lease liabilities	33,844	35,014

	First quarters ended	
	April 1, 2023	April 2, 2022
	\$	\$
Depreciation of right-of-use assets	1,276	1,487
Lease liability payments:		
Interest	372	462
Principal	1,160	1,331

### Note 11. Contingencies

#### 11.1 Proceedings and claims

In the ordinary course of business, the Corporation is exposed to various proceedings and claims. The Corporation assesses the validity of these proceedings and claims. Provisions are made whenever a penalty seems probable and the amount can be reliably estimated. Management believes that any settlement arising from these claims will not have a significant effect on the Corporation's current consolidated financial position or profit or loss.

## Notes to the Interim Condensed Consolidated Financial Statements

(tabular amounts are in thousands of Canadian dollars unless otherwise indicated)  
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### Note 12. Segment Information

The Corporation has determined that it has only one reportable operating segment. This single operating segment generates revenues from the sale of a wide range of products, including ready-to-drink beverages, fruit-based snacks, frozen juice concentrates and specialty food products as well as from rendering services related to the sale of these products.

Sales are attributed to the geographic segment based on the location where the Corporation has transferred control of the goods to the customer. The geographic segment of non-current assets and goodwill is based on the locations of the assets.

#### 12.1 Sales by geographic segment

	First quarters ended	
	April 1, 2023	April 2, 2022
	\$	\$
Canada	242,580	225,654
United States	304,241	282,087
Other	490	1,306
	<b>547,311</b>	<b>509,047</b>

#### 12.2 Certain non-current assets and goodwill by geographic segment

	As at April 1, 2023		
	Canada	United States	Total
	\$	\$	\$
Property, plant and equipment	228,033	174,896	402,929
Intangible assets	29,802	163,600	193,402
Goodwill	18,637	309,274	327,911

	As at December 31, 2022		
	Canada	United States	Total
	\$	\$	\$
Property, plant and equipment	230,139	169,830	399,969
Intangible assets	29,093	169,301	198,394
Goodwill	18,637	309,525	328,162