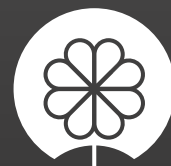


LASSONDE INDUSTRIES INC.



Interim Report

THIRD QUARTER ENDED
OCTOBER 1, 2022



LASSONDE

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Interim Condensed Consolidated Statements of Income

(in thousands of Canadian dollars unless otherwise indicated)

(unaudited)

	Notes	Third quarters ended		Nine months ended	
		Oct. 1, 2022	Oct. 2, 2021	Oct. 1, 2022	Oct. 2, 2021
		\$	\$	\$	\$
Sales		556,432	469,263	1,595,023	1,405,349
Cost of sales		430,985	343,116	1,195,302	1,017,518
Gross profit		125,447	126,147	399,721	387,831
Selling and administrative expenses		105,623	100,739	335,224	301,146
(Gains) losses on capital assets		(26)	–	(67)	(37)
Operating profit		19,850	25,408	64,564	86,722
Share in the profit or (loss) of an associate		(343)	(102)	(618)	(532)
Financial expenses	4	2,628	2,560	7,334	8,408
Other (gains) losses	5	(2,467)	(511)	(2,183)	964
Profit before income taxes		19,346	23,257	58,795	76,818
Income tax expense	6	5,135	6,084	15,563	20,168
Profit		14,211	17,173	43,232	56,650
Attributable to:					
Corporation's shareholders		14,510	16,832	43,478	55,686
Non-controlling interest		(299)	341	(246)	964
		14,211	17,173	43,232	56,650
Basic and diluted earnings per share (in \$)		2.11	2.43	6.31	8.03
Weighted average number of shares outstanding (in thousands)		6,870	6,934	6,889	6,934

Interim Condensed Consolidated Statements of Comprehensive Income

(in thousands of Canadian dollars)

(unaudited)

	Third quarters ended		Nine months ended	
	Oct. 1, 2022	Oct. 2, 2021	Oct. 1, 2022	Oct. 2, 2021
	\$	\$	\$	\$
Profit	14,211	17,173	43,232	56,650
Other comprehensive income:				
To be reclassified subsequently to profit or loss:				
Net change in the cash flow hedge of financial assets and liabilities:				
Gains (losses) on financial instruments designated as hedges	208	46	1,425	229
Reclassification of (gains) losses on financial instruments designated as hedges	(86)	522	210	1,730
Income tax expense	(31)	(143)	(421)	(498)
	91	425	1,214	1,461
Translation difference:				
Exchange difference on translating foreign operations	36,862	13,426	46,251	(3,258)
	36,953	13,851	47,465	(1,797)
Not to be reclassified subsequently to profit or loss:				
Net change in the cash flow hedge of non-financial assets:				
Gains (losses) on financial instruments designated as hedges	9,285	2,983	12,816	(1,397)
Income tax expense	(2,431)	(775)	(3,349)	376
	6,854	2,208	9,467	(1,021)
Benefit cost of the defined benefit plans:				
Remeasurements of the net defined benefit asset or liability	(3,112)	4,013	11,748	15,258
Income tax expense	831	(1,047)	(3,137)	(3,982)
	(2,281)	2,966	8,611	11,276
	4,573	5,174	18,078	10,255
Total other comprehensive income (loss)	41,526	19,025	65,543	8,458
Comprehensive income	55,737	36,198	108,775	65,108
Attributable to:				
Corporation's shareholders	52,317	34,328	104,251	64,191
Non-controlling interest	3,420	1,870	4,524	917
	55,737	36,198	108,775	65,108

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

	Notes	As at Oct. 1, 2022 \$	As at Dec. 31, 2021 \$
Assets			
Current			
Cash and cash equivalents		389	305
Accounts receivable		201,233	154,369
Income tax recoverable		10,582	4,587
Inventories		381,600	309,748
Derivative instruments		15,388	1,657
Other current assets		21,668	19,083
		630,860	489,749
Derivative instruments		85	578
Investment in an associate		7,735	8,353
Property, plant and equipment		397,363	384,389
Intangible assets		205,068	203,983
Net defined benefit asset		33,039	22,990
Other non-current assets		1,007	1,182
Goodwill		331,887	308,371
		1,607,044	1,419,595
Liabilities			
Current			
Bank overdraft		18,037	5,028
Accounts payable and accrued liabilities		271,863	269,115
Income tax payable		-	5,638
Derivative instruments		151	1,102
Other current liabilities		6,865	5,068
Current portion of long-term debt		91,260	84,387
		388,176	370,338
Derivative instruments		-	16
Long-term debt		168,319	91,045
Long-term incentive plan liabilities		1,335	852
Pension plan liabilities		454	413
Deferred tax liabilities		105,529	91,424
		663,813	554,088
Shareholders' equity			
Share capital		46,935	48,136
Contributed surplus		1,363	1,375
Accumulated other reserves	10	104,504	55,760
Retained earnings		728,911	703,144
Non-controlling interest		61,518	57,092
		943,231	865,507
		1,607,044	1,419,595

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 ⁱ⁾	Retained earnings		
	\$	\$	\$	\$	\$	\$
Balance as at December 31, 2021	48,136	1,375	55,760	703,144	57,092	865,507
Profit	–	–	–	43,478	(246)	43,232
Other comprehensive income (loss)	–	–	52,162	8,611	4,770	65,543
Transfer of cash flow hedge (gains) losses to non-financial assets	–	–	(3,418)	–	(98)	(3,516)
Dividends	–	–	–	(15,713)	–	(15,713)
Repurchase of Class A shares ⁱⁱ⁾	(1,201)	(12)	–	(10,609)	–	(11,822)
Balance as at October 1, 2022	46,935	1,363	104,504	728,911	61,518	943,231
Balance as at December 31, 2020	48,143	1,375	51,322	638,797	56,096	795,733
Profit	–	–	–	55,686	964	56,650
Other comprehensive income (loss)	–	–	(2,633)	11,138	(47)	8,458
Transfer of cash flow hedge (gains) losses to non-financial assets	–	–	5,551	–	(39)	5,512
Dividends	–	–	–	(16,710)	–	(16,710)
Balance as at October 2, 2021	48,143	1,375	54,240	688,911	56,974	849,643

i) Includes the hedging reserve and the foreign currency translation reserve, which are presented in Note 10.

ii) Information about the repurchase of Class A shares is presented in Note 9.3.

Additional information about shareholders' equity is presented in Note 9.

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

	Notes	Nine months ended	
		Oct. 1, 2022	Oct. 2, 2021
		\$	\$
Operating activities			
Profit		43,232	56,650
Adjustments for:			
Income tax expense	6	15,563	20,168
Interest expense	4	6,616	7,798
Depreciation of property, plant and equipment and amortization of intangible assets		44,567	45,291
Change in the fair value of financial instruments		(2,968)	913
Cost of the long-term incentive plan		2,237	760
Cost of pension plans recognized in profit or loss, net of contributions		1,740	(2,864)
Share in the (profit) or loss of an associate		618	532
(Gains) losses on capital assets		(67)	(37)
Unrealized foreign exchange (gains) losses		5,227	(120)
Other		159	(47)
		116,924	129,044
Change in non-cash operating working capital items	11	(114,228)	(26,044)
Income tax received		556	4,652
Income tax paid		(22,661)	(25,474)
Interest received		50	163
Interest paid		(6,525)	(7,006)
Settlements of derivative instruments		(1,877)	(179)
		(27,761)	75,156
Financing activities			
Change in revolving operating credit, net of transaction costs		77,510	(4,961)
Repayment of long-term debt		(6,593)	(33,479)
Dividends paid on Class A shares		(7,157)	(7,666)
Dividends paid on Class B shares		(8,556)	(9,044)
Repurchase of Class A shares	9	(11,822)	–
		43,382	(55,150)
Investing activities			
Acquisition of property, plant and equipment		(22,500)	(23,569)
Acquisition of intangible assets		(5,137)	(4,767)
Net proceeds from the disposal of property, plant and equipment		10	4
Acquisition of other non-current assets		(186)	(1,302)
		(27,813)	(29,634)
Increase (decrease) in cash and cash equivalents		(12,192)	(9,628)
Cash and cash equivalents at beginning		(4,723)	6,803
Effect of exchange rate changes on cash and cash equivalents		(733)	141
Cash and cash equivalents at end		(17,648)	(2,684)

Additional cash flow information is presented in Note 11.

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* and is listed on the Toronto Stock Exchange. The head office is located at 755 Principale Street in Rougemont, Québec, Canada.

Lassonde Industries Inc. and its subsidiaries (collectively, "the Corporation") is a leader in the food and beverages industry across North America. The Corporation develops, manufactures, and markets a wide range of products, including ready-to-drink juices and drinks, fruit-based snacks in the form of bars and bites as well as frozen juice concentrates. The Corporation is also a key producer of cranberry sauces and develops, manufactures, and markets specialty food products such as pasta sauces, soups as well as fondue broths and sauces.

The Corporation is the largest producer of fruit juices and drinks in Canada and one of the two largest producers of store brand shelf stable fruit juices and drinks in the United States.

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, 2021. The Corporation's annual consolidated financial statements for the year ended December 31, 2021 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, 2021. The Corporation's interim condensed consolidated financial statements and annual consolidated financial statements are available on the SEDAR website at www.sedar.com and on the Corporation's website at www.lassonde.com.

The Board of Directors approved these interim condensed consolidated financial statements on November 11, 2022.

Note 3. Adoption of IFRS Standards

3.1 IAS 16 Property, Plant and Equipment

On January 1, 2022, the Corporation adopted the amended version of IAS 16 *Property, Plant and Equipment*, which applies to fiscal years beginning on or after January 1, 2022.

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

Note 4. Financial Expenses

	Third quarters ended		Nine months ended	
	Oct. 1, 2022	Oct. 2, 2021	Oct. 1, 2022	Oct. 2, 2021
	\$	\$	\$	\$
Interest on long-term debt	1,892	1,574	4,554	5,383
Interest on lease liabilities	398	466	1,312	1,434
Amortization of transaction costs directly attributable to arranging financing	86	311	566	1,098
Other interest, net of interest income	52	21	184	(117)
Interest expense	2,428	2,372	6,616	7,798
Bank expenses	200	188	718	610
	2,628	2,560	7,334	8,408

Notes to the Interim Condensed Consolidated Financial Statements

(tabular amounts are in thousands of Canadian dollars unless otherwise indicated)
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Note 5. Other (Gains) Losses

	Third quarters ended		Nine months ended	
	Oct. 1, 2022	Oct. 2, 2021	Oct. 1, 2022	Oct. 2, 2021
	\$	\$	\$	\$
Foreign exchange (gains) losses	(2,715)	59	(2,642)	145
Change in the fair value of derivative financial instruments	268	(570)	525	819
Other (gains) losses	(20)	–	(66)	–
	(2,467)	(511)	(2,183)	964

Note 6. Income Tax Expense

	Third quarters ended		Nine months ended	
	Oct. 1, 2022	Oct. 2, 2021	Oct. 1, 2022	Oct. 2, 2021
	\$	\$	\$	\$
Current tax	3,594	3,982	11,180	13,778
Deferred tax	1,541	2,102	4,383	6,390
	5,135	6,084	15,563	20,168

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 7. Financial Instruments

7.1 Fair value

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

	As at October 1, 2022		As at December 31, 2021	
	Carrying value	Fair value	Carrying value	Fair value
	\$	\$	\$	\$
Long-term debt ⁱ⁾	259,579	256,830	175,432	177,156

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

During the first nine months ended October 1, 2022 and October 2, 2021, all of the Corporation's financial instruments, including derivative financial 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

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

7.2 Classification

	As at Oct. 1, 2022	As at Dec. 31, 2021
	\$	\$
Financial assets		
Amortized cost		
Cash and cash equivalents	389	305
Accounts receivable	201,233	154,369
Fair value through profit or loss		
Derivative instruments ⁱ⁾	2,688	550
Fair value through other comprehensive income		
Derivative instruments ⁱ⁾	12,785	1,685
Financial liabilities		
Amortized cost		
Bank overdraft	18,037	5,028
Accounts payable and accrued liabilities	271,863	269,115
Long-term debt ⁱⁱ⁾	259,579	175,432
Fair value through profit or loss		
Derivative instruments ⁱ⁾	–	863
Fair value through other comprehensive income		
Derivative instruments ⁱ⁾	151	255

i) Includes current and non-current derivative instruments.

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

Note 8. Long-Term Debt

8.1 U.S. credit facilities

In May 2022, the U.S. credit facilities were amended to extend the term loan maturity date by seven months to December 2022.

Note 9. Shareholders' Equity

9.1 Dividend per share

During the first nine months of 2022, the Corporation declared and paid dividends totalling \$2.28 per share (\$2.41 per share during the first nine months of 2021) to the holders of Class A and B shares.

Notes to the Interim Condensed Consolidated Financial Statements

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

9.2 Dividends paid to related parties

	Nine months ended	
	Oct. 1, 2022	Oct. 2, 2021
	\$	\$
3346625 Canada Inc.	8,587	9,076
Key management personnel	54	66
	8,641	9,142

9.3 Share repurchase

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.

During the third quarter of 2022, the Corporation repurchased for cancellation 28,400 Class A subordinate voting shares at an average price of \$113.09 per share for a cash consideration of \$3,211,000.

During the first nine months of 2022, the Corporation repurchased for cancellation 90,700 Class A subordinate voting shares at an average price of \$130.35 per share for a cash consideration of \$11,822,000.

Since the end of the third quarter of 2022 and until November 8, 2022, the Corporation repurchased 6,300 Class A subordinate voting shares for a consideration of \$710,000.

Note 10. Accumulated Other Reserves

	Hedging reserve	Foreign currency translation reserve	Total
	\$	\$	\$
Balance as at December 31, 2021	988	54,772	55,760
Other comprehensive income (loss)	10,544	41,618	52,162
Transfer of cash flow hedge (gains) losses to non-financial assets	(3,418)	—	(3,418)
Balance as at October 1, 2022	8,114	96,390	104,504
Balance as at December 31, 2020	(5,406)	56,728	51,322
Other comprehensive income (loss)	298	(2,931)	(2,633)
Transfer of cash flow hedge (gains) losses to non-financial assets	5,551	—	5,551
Balance as at October 2, 2021	443	53,797	54,240

Notes to the Interim Condensed Consolidated Financial Statements

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

Note 11. Additional Cash Flow Information

11.1 Change in non-cash operating working capital items

	Nine months ended	
	Oct. 1, 2022	Oct. 2, 2021
	\$	\$
Accounts receivable	(38,152)	(16,736)
Inventories	(58,253)	(25,078)
Other current assets	(2,232)	(2,259)
Accounts payable and accrued liabilities	(17,279)	18,406
Other current liabilities	1,688	(377)
	(114,228)	(26,044)

11.2 Non-cash transactions

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

	Nine months ended	
	Oct. 1, 2022	Oct. 2, 2021
	\$	\$
Unpaid acquisitions of property, plant and equipment at the beginning of the period	3,424	5,023
Unpaid acquisitions of property, plant and equipment at the end of the period	11,556	2,352
Unpaid acquisitions of intangible assets at the beginning of the period	379	318
Unpaid acquisitions of intangible assets at the end of the period	32	118
Depreciation of a right-of-use asset incorporated into the cost of an intangible asset	8	11
Net increase (decrease) in right-of-use assets	(2,509)	370
Net increase (decrease) in lease liabilities	(2,631)	327

Note 12. Additional Lease Information

The following tables present additional information about leases:

	As at Oct. 1, 2022	As at Dec. 31, 2021
	\$	\$
Right-of-use assets	33,056	38,919
Lease liabilities	35,765	41,336

	Nine months ended	
	Oct. 1, 2022	Oct. 2, 2021
	\$	\$
Depreciation of right-of-use assets	4,284	4,801
Lease liability payments:		
Interest	1,312	1,434
Principal	3,973	4,223

Notes to the Interim Condensed Consolidated Financial Statements

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

Note 13. Contingencies

13.1 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 consolidated financial position or profit or loss.

Note 14. Segment Information

The Corporation has determined that it has only one reportable operating segment, i.e., the development, manufacturing and marketing of a wide range of ready-to-drink juices and drinks, fruit-based snacks, frozen juice concentrates and specialty food products. This single operating segment generates revenues from the sale of these products and from rendering services related to the sale of these products.

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

14.1 Sales by geographic segment

	Third quarters ended		Nine months ended	
	Oct. 1, 2022	Oct. 2, 2021	Oct. 1, 2022	Oct. 2, 2021
	\$	\$	\$	\$
Canada	250,142	223,394	713,358	644,792
United States	305,048	244,986	878,295	756,734
Other	1,242	883	3,370	3,823
	556,432	469,263	1,595,023	1,405,349

14.2 Certain non-current assets and goodwill by geographic segment

	As at October 1, 2022		
	Canada	United States	Total
	\$	\$	\$
Property, plant and equipment	228,409	168,954	397,363
Intangible assets	28,102	176,966	205,068
Goodwill	18,637	313,250	331,887

	As at December 31, 2021		
	Canada	United States	Total
	\$	\$	\$
Property, plant and equipment	226,940	157,449	384,389
Intangible assets	24,728	179,255	203,983
Goodwill	18,637	289,734	308,371