Interim Management's Discussion & Analysis

Third quarter ended October 1, 2022

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1. Basis of Presentation

The following Management's Discussion and Analysis ("MD&A") presents the factors that had a significant impact on the results, financial position, and cash flows of Lassonde Industries Inc. ("Lassonde" or the "Corporation"). This MD&A should be read in conjunction with the Corporation's unaudited interim condensed consolidated financial statements ("interim consolidated financial statements") and accompanying notes. It should also be read in conjunction with its 2021 audited annual consolidated financial statements and accompanying notes thereto and with its 2021 annual MD&A. In addition to containing an analysis of the three- and nine-month periods ended October 1, 2022, this MD&A reports on items deemed significant that have taken place from October 1, 2022 up to and including November 11, 2022, which is the date on which this MD&A was approved by the Corporation's Board of Directors.

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 ending December 31, 2021, additional documents, press releases, certifications of filings for the third quarter of 2022, and more information about the Corporation on the SEDAR website at www.sedar.com. Printed copies of such documents may be obtained by contacting Lassonde's Corporate Secretary's Office. The Class A subordinate voting shares of Lassonde Industries Inc. are listed for trading on the Toronto Stock Exchange under the ticker symbol LAS.A.

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.

This document contains financial measures not in accordance with IFRS. Please refer to section 9 of this MD&A for additional details.

This document contains forward-looking statements. Please refer to section 18 of this MD&A for additional details.

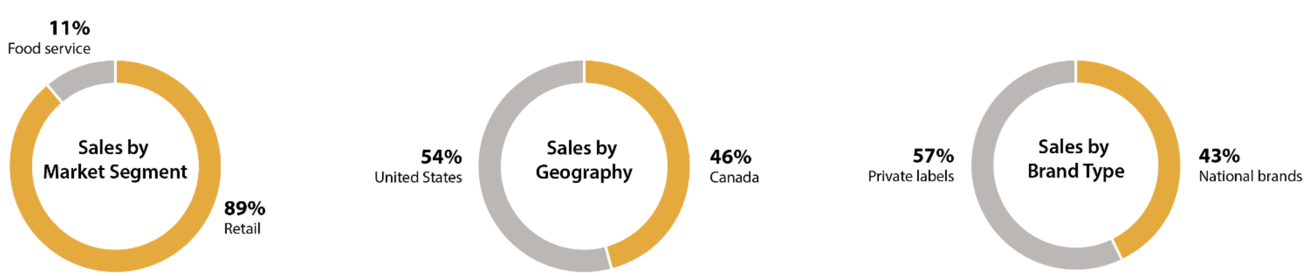
2. Corporate Profile

Lassonde Industries Inc. is a leader in the food and beverages industry across North America. It 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 committed to delivering great tasting products to more hands, serving more needs, across more occasions, every day by crafting quality food and beverages that consumers love, clients value, employees are proud of, and that demonstrate care for our planet.

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 ("U.S.") and is active in two market segments: the retail segment and the food service segment.

- 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 (2021)



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. Lassonde produces superior quality products through the expertise of more than 2,700 people working in 17 plants across Canada and the U.S.

3. Multi-Year Strategy

To provide clarity and orientation on the opportunities to pursue and to 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 focussing on three strategic pillars.

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

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

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

Associated Incremental Operating Expenses

In 2022, the Corporation anticipates incurring incremental operating expenses related to the Strategy of between $10 and $12 million. During the third quarter of 2022, the Corporation continued its strategic review and implementation of new cloud-based management systems, including demand planning and transportation management systems. As a result, the Corporation reported additional expenses of $2.8 million and $8.2 million in the third quarter and after nine months into 2022, respectively.

Associated Capital Expenditures

During the third quarter of 2022, and in support of its Strategy, the Corporation dedicated capital expenditures toward growth and optimization projects. These investments included a project to improve production capacity and efficiency in Canada, along with initial investments in the U.S. to increase production capacity. Altogether, these investments totalled $15.1 million in the third quarter and $23.5 million after nine months into 2022.

Refer to Section 7 for further information on the Corporation's capital expenditures for the first nine months of 2022 and to Section 19 for an outlook on capital expenditures for the full year.

Project Eagle

While the Corporation is actively pursuing all the aspects of its Strategy, the initial focus is primarily on improving the performance of its U.S. operations through Project Eagle as well as the implementation of new management systems and the upgrading of technology infrastructures, first in the U.S. and then throughout the Corporation. Project Eagle is the component of the Corporation's Strategy specifically aimed at revitalizing its underperforming U.S. operations, with the objective to capture growth, improve margins, and drive long-term sustainable performance.

In addition to reviewing the U.S. operations' products and customers portfolio, Project Eagle also seeks to identify and address key issues hampering performance within its supply chain and manufacturing facilities from process realignment, employee training to specific capital deployments, improving plant performance and supply chain execution. The capital designated in support of Project Eagle will be deployed in three areas: (i) updating existing equipment to limit unscheduled downtime, (ii) increasing throughput on existing capacity by securing new equipment, and (iii) investing in new equipment in support of increased capacity in on-trend formats. Although this extensive transformation process is creating short-term disruptions, the Corporation expects these will be significantly outweighed by the medium- to long-term benefits anticipated as a result of the transformation.

After completing the diagnostics phase of Project Eagle, the Corporation recently took important steps to reduce its stock keeping units ("SKU") complexity; harmonize packaging formats, consolidate formulas, and rationalize low-margin products and/or customers. The portfolio simplification should allow the Corporation to reduce execution complexity, which would limit downtime related to production changeovers and ultimately increase throughput. The Corporation also completed the first phase of the implementation of an improved cloud-based transportation management system.

4. Financial Highlights

Third quarter ended October 1, 2022:

- Sales of $556.4 million. Excluding a $10.9 million favourable foreign exchange impact, sales were up $76.2 million (16.3%) from the same quarter last year, mainly due to a favourable impact of selling price adjustments and to an increase in the sales volume of private label products in Canada.
- Gross profit of $125.4 million (22.5% of sales), down $0.7 million from the same quarter in 2021.
- Operating profit of $19.9 million, down $5.5 million from the same quarter last year;
  - $8.5 million increase in transportation costs, resulting from higher fuel surcharges and base transportation rates, incurred to deliver products to clients;
  - $7.6 million decrease in performance-related salary expenses;
  - $2.8 million in expenses related to the multi-year strategy; and
  - Lower gross profit.
- EBITDA[1] of $34.5 million, down $6.0 million from the same quarter last year.
- Profit attributable to the Corporation's shareholders of $14.5 million, resulting in basic and diluted earnings per share of $2.11, down $2.3 million and $0.32, respectively, from the same quarter in 2021.
- Operating activities used $0.7 million in cash compared to $23.9 million generated in the same quarter last year. This increase in cash outflows was essentially due to a change in non-cash operating working capital items, which used $20.8 million more than in the same quarter of 2021, mainly attributable to higher inventory levels.

First nine months ended October 1, 2022:

- Sales of $1,595.0 million. Excluding a $22.4 million favourable foreign exchange impact, sales were up $167.3 million (11.9%) from the same period last year, mainly due to a favourable impact of selling price adjustments and by a favourable change in the sales mix of private label sales in the U.S.
- Gross profit of $399.7 million (25.1% of sales), up $11.9 million from the same period of 2021.
- Operating profit of $64.6 million, down $22.1 million from the same period last year;
  - $32.1 million increase in transportation costs, resulting from higher fuel surcharges and base transportation rates, incurred to deliver products to clients;
  - Higher gross profit;
  - $8.6 million decrease in performance-related salary expenses; and

[1] EBITDA is a financial measure that does not have any standardized meaning prescribed by IFRS and may therefore not be comparable to similar measures presented by other companies. Please refer to section 9 for definitions and reconciliations.

- $8.2 million in expenses related to the multi-year strategy.

- EBITDA[2] of $109.1 million, down $22.9 million from the same period last year.
- Profit attributable to the Corporation's shareholders of $43.5 million, resulting in basic and diluted earnings per share of $6.31, down $12.2 million and $1.72, respectively, from the same period in 2021.
- Operating activities used $27.8 million in cash compared to $75.2 million generated in the same period last year. This increase in cash outflows was essentially due to a change in non-cash operating working capital items, which used $88.2 million more than in the same period of 2021, mainly attributable to a higher inventory level.
- As at October 1, 2022, long-term debt, including the current portion, stood at $259.6 million, up $84.2 million from December 31, 2021.

5. Financial Information

5.1 Consolidated Income Data

(in millions of dollars, unless otherwise indicated)	Third quarters ended			First nine months ended		
	October 1, 2022	October 2, 2021	Δ	**October 1, 2022**	October 2, 2021	Δ
	$	$	$	**$**	$	$
Sales	**556.4**	469.3	87.1	**1,595.0**	1,405.3	189.7
Cost of sales	**431.0**	343.1	87.9	**1,195.3**	1,017.5	177.8
Gross profit	**125.4**	126.1	(0.7)	**399.7**	387.8	11.9
Selling and administrative expenses	**105.6**	100.7	4.9	**335.2**	301.1	34.1
(Gains) losses on capital assets	**(0.0)**	-	(0.0)	**(0.1)**	(0.0)	(0.1)
Operating profit	**19.9**	25.4	(5.5)	**64.6**	86.7	(22.1)
Share in the profit or (loss) of an associate	**(0.3)**	(0.1)	(0.2)	**(0.6)**	(0.5)	(0.1)
Financial expenses	**2.6**	2.6	0.0	**7.3**	8.4	(1.1)
Other (gains) losses	**(2.5)**	(0.5)	(2.0)	**(2.2)**	1.0	(3.2)
Profit before income taxes	**19.3**	23.3	(4.0)	**58.8**	76.8	(18.0)
Income tax expense	**5.1**	6.1	(1.0)	**15.6**	20.2	(4.6)
Profit	**14.2**	17.2	(3.0)	**43.2**	56.7	(13.4)
Attributable to:						
Corporation's shareholders	**14.5**	16.8	(2.3)	**43.5**	55.7	(12.2)
Non-controlling interest	**(0.3)**	0.3	(0.6)	**(0.2)**	1.0	(1.2)
	14.2	17.2	(3.0)	**43.2**	56.7	(13.4)
Basic and diluted earnings per share *(in $)*	**2.11**	2.43	(0.32)	**6.31**	8.03	(1.72)
Weighted average number of shares outstanding *(in thousands)*	**6,870**	6,934	(64)	**6,889**	6,934	(45)
EBITDA[2]	**34.5**	40.5	(6.0)	**109.1**	132.0	(22.9)

5.2 Analysis of Results

Over the last 12 to 18 months, the Corporation has observed significant disruptions in the global supply chain network. These disruptions include items such as limited freight transportation, labour, raw materials and packaging availability issues, which have negatively impacted its margins and ability to service demand during the nine-month period ended October 1, 2022. In response, it has implemented supply chain and labour initiatives. To alleviate supply chain disruptions, the Corporation implemented initiatives such as reviewing its

[2] EBITDA a financial measure that does not have any standardized meaning prescribed by IFRS and therefore, may not be comparable to similar measures presented by other companies. Please refer to section 9 for definitions and reconciliations.

products portfolio and its formulas, together with securing additional suppliers and transportation partners. To better attract and/or retain talent, different retention and recruitment initiatives were put forward such as increase of hourly labour rates, referral bonuses, one-time retention bonuses and a new employer branding strategy to increase attraction. Although labour-related issues appear to be slowly fading during the third quarter of 2022, the production rate in the U.S. has remained relatively unchanged from the same quarter last year due to a variety of factors, including: (i) supply chain and mechanical issues resulting in the temporary halt or slowdown of production in some U.S. plants; and (ii) a fatal workplace accident at one of the Corporation's U.S. plants in September 2022 that halted the production and shipping of products for multiple days and that affected cranberry sauce production for the remainder of the quarter and beyond the date of this MD&A.

The Corporation continued to experience significant, and, in some situations, sudden cost increases compared to 2021 across raw materials, packaging, fuel, energy, and commodities, including the main concentrates (apple, orange, cranberry and grape) and packaging (PET resin, aseptic cartons, glass jars, and aluminum and steel cans). Additionally, following the invasion of Ukraine by Russia in February 2022, and while Lassonde has a limited direct exposure to Russia or Ukraine, this conflict has multiple indirect impacts that are exacerbating inflation in a multitude of the Corporation’s cost items, including, but not limited to, oil & gas related costs. The Corporation has managed the impact of cost increases, wherever possible, on commercially reasonable terms, by locking in buying prices on the quantities it was expecting to require to meet its production requirements. In addition, as input costs were rising, it sought to offset inflation by implementing price adjustments. However, its pricing actions often lagged input, conversion, warehousing, and transportation cost increases. In certain instances, the Corporation has not been able to pass along the full effect of such increases.

Sales

The 2022 third-quarter sales were up $87.1 million (18.6%) compared to the same quarter of 2021. Excluding a $10.9 million favourable foreign exchange impact, sales were up $76.2 million (16.3%) year over year, mainly due to the combined impact of the following items:

(i) selling price adjustments that had a $32.2 million favourable impact on the Corporation’s private label sales, including $23.1 million in the U.S. and $9.1 million in Canada;

(ii) selling price adjustments that had a $23.1 million favourable impact on the Corporation’s national brand sales, including $13.4 million in Canada and 9.7 million in the U.S.;

(iii) a $13.3 million net increase in the sales volume of private label products resulting from a $14.7 million increase in Canada, partly offset by a $1.4 million decrease in the U.S.;

(iv) a favourable change in the sales mix of private label sales, generating a $4.3 million net increase in sales and resulting from an $8.5 million increase in the U.S., partly offset by a $4.2 million decrease in Canada;

(v) a favourable change in the sales mix of national brands, resulting in a $2.7 million increase in sales;

(vi) a favourable impact of a $0.5 million decrease in slotting fees; and

(vii) a $0.2 million net increase in the sales volume of national brands resulting from a $5.3 million increase in Canada, partly offset by a $5.1 million decrease in the U.S., as certain co-packers were not able to meet the Corporation’s demand for products.

For the first nine months of 2022, sales were up $189.7 million (13.5%) compared to the same period of 2021. Excluding a $22.4 million favourable foreign exchange impact, sales were up $167.3 million (11.9%) year over year, mainly due to the combined impact of the following items:

(i) selling price adjustments that had a $76.1 million favourable impact on the Corporation’s private label sales, including $56.1 million in the U.S. and $20.0 million in Canada;

(ii) selling price adjustments that had a $59.8 million favourable impact on the Corporation’s national brand sales, including $31.9 million in Canada and $27.9 million in the U.S.;

(iii) a favourable change in the sales mix of private label sales, generating a $16.7 million net increase in sales and resulting from a $26.1 million increase in the U.S., partly offset by a $9.4 million decrease in Canada;

(iv) an $8.8 million net increase in the sales volume of national brands resulting from a $13.3 million increase in Canada, partly offset by a $4.5 million decrease in the U.S., as certain co-packers were not able to meet the Corporation’s demand for products;

(v) a $2.8 million net increase in the sales volume of private label products resulting from a $33.6 million increase in Canada, partly offset by a $30.8 million decrease in the U.S., as certain plants experienced a slower production rate given labour-related issues; and

(vi) a favourable change in the sales mix of national brands, resulting in a $3.4 million increase in sales, mainly in Canada.

Cost of sales

The 2022 third-quarter cost of sales was up $87.9 million or 25.6% from the same quarter of 2021. When compared to the 18.6% increase in sales, this 25.6% increase in cost of sales essentially reflects:

(i) higher input costs, especially apple and orange concentrates and PET resin, including an increase in the cost of transporting them to the Corporation's plants;

(ii) an increase in manufacturing overhead costs, mainly related to higher raw material warehousing, energy and labour costs;

(iii) a $2.2 million increase in provisions related to client claims; and

(iv) a $2.1 million expense in 2021 resulting from an adjustment related to taxes not recoverable by the Corporation.

For the first nine months of 2022, cost of sales was up $177.8 million or 17.5% year over year. When compared to the 13.5% increase in sales, this 17.5% increase in cost of sales essentially reflects:

(i) higher input costs, especially apple and orange concentrates and PET resin, including an increase in the cost of transporting them to the Corporation's plants;

(ii) an unfavourable impact of a slower production rate in the U.S. on the allocation of manufacturing overhead costs to product costs;

(iii) an increase in some manufacturing overhead costs, mainly related to higher raw material warehousing, energy and labour costs;

(iv) a $3.4 million increase in provisions related to client claims;

(v) a $2.1 million expense in 2021 resulting from an adjustment related to taxes not recoverable by the Corporation; and

(vi) a favourable foreign exchange effect, partially resulting from foreign currency hedging contracts, that impacted the purchases of raw materials in foreign currencies made by the Canadian subsidiaries.

Gross profit

As a result of the aforementioned factors, gross profit amounted to $125.4 million (22.5% of sales) in the third quarter of 2022 down slightly compared to $126.1 million in the third quarter of 2021. For the first nine months of 2022, gross profit was $399.7 million (25.1% of sales), up 3.1% versus $387.8 million in the same period of 2021.

Selling and administrative expenses

The 2022 third-quarter selling and administrative expenses were up $4.9 million compared to the same quarter in 2021. Excluding $2.8 million in expenses related to the multi-year strategy, selling and administrative expenses were up $2.1 million. This increase was essentially due to:

(i) an $8.5 million increase in transportation costs, resulting from higher fuel surcharges and base transportation rates, incurred to deliver products to clients;

(ii) higher warehousing costs caused by a combination of a higher level of finished good storage and a greater cost for external storage;

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

(iv) a $7.6 million decrease in performance-related salary expenses; and

(v) lower marketing expenses.

For the first nine months of 2022, selling and administrative expenses were up $34.1 million year over year. Excluding $8.2 million in expenses related to the multi-year strategy, selling and administrative expenses were up $25.9 million. This increase was essentially due to a $32.1 million increase in transportation costs, higher warehousing costs, and an 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 an $8.6 million decrease in performance-related salary expenses and lower marketing expenses.

Operating profit

As a result of the aforementioned factors, the Corporation's operating profit totalled $19.9 million and $64.6 million, respectively, in the three- and nine-month periods ended October 1, 2022 versus $25.4 million and $86.7 million, respectively, in the three- and nine-month periods ended October 2, 2021.

Financial expenses

The 2021 and 2022 third-quarter financial expenses remained stable at $2.6 million.

For the first nine months of 2022, financial expenses were down $1.1 million year over year, essentially due to a lower interest expense on long-term debt owing mainly to a lower weighted average interest rate.

Other (gains) losses

The 2022 third-quarter gain was essentially driven by foreign exchange gains, whereas the 2021 third-quarter gain came mainly from a change in the fair value of financial instruments. For the first nine months of 2022, the gain was essentially driven by foreign exchange gains, whereas the 2021 nine-month loss came mainly from a change in the fair value of financial instruments.

Profit before income taxes

Profit before income taxes totalled $19.3 million and $58.8 million, respectively, in the three- and nine-month periods ended October 1, 2022, down from $23.3 million and $76.8 million, respectively, in the same periods of 2021.

Income tax expense

At 26.5%, the 2022 third-quarter effective income tax rate was slightly higher than the 26.2% rate in the same quarter of 2021. At 26.5%, the effective income tax rate for the first nine months of 2022 was slightly higher than the 26.3% rate in the same period of 2021. These higher 2022 effective income tax rates were essentially attributable to the geographic distribution of profit or loss before income taxes.

Profit

For the three- and nine-month periods ended October 1, 2022, profit totalled $14.2 million and $43.2 million, respectively, down from $17.2 million and $56.7 million, respectively, in the same periods of 2021.

Profit attributable to the Corporation's shareholders

For the third quarter of 2022, profit attributable to the Corporation's shareholders totalled $14.5 million, resulting in basic and diluted earnings per share of $2.11 compared to $16.8 million and $2.43, respectively, in the same quarter of 2021.

For the first nine months of 2022, profit attributable to the Corporation's shareholders was $43.5 million, or $6.31 per basic and diluted share, versus $55.7 million, or $8.03 per share, in the same period of 2021.

6. Interim Results

(in millions of dollars, unless otherwise indicated)	**Q3 2022**	**Q2 2022**	**Q1 2022**	**Q4 2021**	**Q3 2021**	**Q2 2021**	**Q1 2021**	**Q4 2020**
	$	$	$	$	$	$	$	$
Sales	**556.4**	529.5	509.0	487.5	469.3	469.3	466.8	515.1
Operating profit	**19.9**	22.3	22.4	31.6	25.4	29.9	31.4	38.9
Profit attributable to the Corporation's shareholders	**14.5**	14.2	14.8	21.8	16.8	18.8	20.1	23.5
Basic and diluted earnings per share *(in $)*	**2.11**	2.06	2.14	3.15	2.43	2.71	2.90	3.39

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

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

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

7. Financial Position

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 $1.2678 CAD per USD as at December 31, 2021 to $1.3707 CAD per USD as at October 1, 2022. The following table presents the main Consolidated Statement of Financial Position items that were significantly affected by the movement in exchange rates.

(in millions of dollars)	**As at Oct. 1, 2022**	**As at Dec. 31, 2021**	**Increase (decrease)** Foreign exchange impact	Variance, excluding foreign exchange impact
	$	$	$	$
Accounts receivable	**201.2**	154.4	8.7	38.1
Inventories	**381.6**	309.7	13.6	58.3
Property, plant and equipment	**397.4**	384.4	12.5	0.5
Intangible assets	**205.1**	204.0	13.5	(12.4)
Goodwill	**331.9**	308.4	23.5	-
Accounts payable and accrued liabilities	**271.9**	269.1	11.5	(8.7)
Long-term debt, including the current portion	**259.6**	175.4	15.5	68.7
Deferred tax liabilities	**105.5**	91.4	4.1	10.0

7.1 Assets

As at October 1, 2022, the Corporation had total assets of $1,607.0 million versus $1,419.6 million as at December 31, 2021, a 13.2% increase arising mainly from a higher conversion rate as at October 1, 2022 as well as from increases in inventories, accounts receivable, and the value of derivatives instruments.

As at October 1, 2022, current assets totalled $630.9 million versus $489.7 million as at December 31, 2021.

Cash and cash equivalents stood at $0.4 million as at October 1, 2022 compared to $0.3 million as at December 31, 2021.

Accounts receivable totalled $201.2 million as at October 1, 2022 compared to $154.4 million as at December 31, 2021. Excluding the foreign exchange impact, accounts receivable were up $38.1 million, essentially due to a $38.4 million increase in trade accounts receivable, resulting from higher sales in the third quarter of 2022 compared to the fourth quarter of 2021 and from a longer collection period.

Inventories went from $309.7 million as at December 31, 2021 to $381.6 million as at October 1, 2022. Excluding the foreign exchange impact, inventories increased by $58.3 million. This increase came from a $36.0 million increase in inventories of raw materials and supplies owing essentially to the higher cost thereof and from a $22.3 million increase in finished goods inventories explained as much by a higher volume as a higher cost.

As at October 1, 2022, the fair value of derivative instruments recorded as current assets was $15.4 million compared to $1.7 million as at December 31, 2021. This Statement of Financial Position item essentially reflects the favourable variances between the rates on the foreign exchange forward contracts held by the Corporation to cover its foreign currency requirements for up to nine months following its reporting date and the exchange rates on that date. It also reflects the favourable variances between the rates of certain interest rate swaps held by the Corporation to cover interest rate fluctuations and the interest rate in effect on that date.

The net defined benefit asset went from $23.0 million as at December 31, 2021 to $33.0 million as at October 1, 2022, a $10.0 million increase that was due to an $11.7 million actuarial gain, partly offset by $1.7 million in plan-related expenses.

Property, plant and equipment went from $384.4 million as at December 31, 2021 to $397.4 million as at October 1, 2022. Excluding the foreign exchange impact, property, plant and equipment increased by $0.5 million. This increase was mainly due to the fact that the Corporation purchased $30.4 million in property, plant and equipment and recognized $1.4 million in new right-of-use assets, while depreciation expense stood at $27.4 million and the Corporation recognized a $4.0 million downward net revaluation in the value of right-of-use assets.

Intangible assets went from $204.0 million as at December 31, 2021 to $205.1 million as at October 1, 2022. Excluding the foreign exchange impact, intangible assets decreased by $12.4 million, as an amortization expense of $17.2 million was partly offset by intangible asset purchases of $4.8 million.

The Corporation’s capital expenditures fall into three categories: (a) Growth and optimization projects; (b) Maintenance and regulatory projects; and (c) Technology projects. During the first nine months of 2022, the Corporation invested a total amount of $35.2 million, with growth and optimization projects representing $17.9 million, maintenance and regulatory projects representing $11.7 million, and technology projects representing $5.6 million.

7.2 Liabilities

Current liabilities went from $370.3 million at the end of 2021 to $388.2 million as at October 1, 2022.

The Corporation’s bank overdraft stood at $18.0 million as at October 1, 2022 compared to $5.0 million as at December 31, 2021.

Accounts payable and accrued liabilities went from $269.1 million as at December 31, 2021 to $271.9 million as at October 1, 2022. Excluding the foreign exchange impact, accounts payable and accrued liabilities decreased by $8.7 million. This decrease was mainly due to (i) a $16.6 million decrease in the “Salaries and accrued vacation payable” item, essentially due to the payment of the 2021 performance-related salary expenses during the first quarter, partly offset by (ii) an $8.6 million increase in trade marketing costs payable that was partly driven by higher sales in the third quarter of 2022 compared to the fourth quarter of 2021.

Long-term debt, including the current portion, was $259.6 million as at October 1, 2022 compared to $175.4 million as at December 31, 2021. Excluding the foreign exchange impact, long-term debt increased by $68.7 million. This increase was essentially due to a $70.7 million draw on the Canadian revolving credit, mainly resulting from a higher inventory level, and to a $6.8 million draw on the U.S. revolving operating credit. However, the Corporation repaid $2.6 million on its Canadian term debts. Regarding the Corporation’s lease liabilities, they decreased by $6.6 million, essentially due to a $4.0 million downward revaluation of the lease liabilities and to repayments of $4.0 million, partly offset by the recognition of $1.4 million in new lease liabilities. It should also be noted that the Corporation amortized $0.3 million in financial expenses.

Deferred tax liabilities went from $91.4 million as at December 31, 2021 to $105.5 million as at October 1, 2022. Excluding the foreign exchange impact, deferred tax liabilities increased by $10.0 million. This increase came mainly from the tax impact of recognizing, in comprehensive income, an actuarial gain and gains on financial instruments designated as cash flow hedges as well as from the tax amortization of goodwill.

7.3 Shareholders’ Equity

Equity attributable to the Corporation’s shareholders totalled $881.7 million as at October 1, 2022, up $73.3 million from $808.4 million as at December 31, 2021. Accumulated other reserves increased by $48.7 million given a $41.6 million increase in the foreign currency translation reserve resulting mainly from a higher October 1, 2022 conversion rate applicable to closing balances denominated in U.S. dollars compared to that of December 31, 2021 and also given a $7.1 million increase in the hedging reserve. Retained earnings rose $25.8 million to total $728.9 million at the end of the third quarter of 2022. This increase essentially reflects $43.5 million in profit attributable to the Corporation’s shareholders for the first nine months of 2022 and the recognition of an $8.6 million actuarial gain, net of tax, in other comprehensive income, less $15.7 million in dividends paid and the $10.6 million excess of the purchase price of repurchased Class A shares over the stated capital.

8. Analysis of the Consolidated Cash Flows

8.1 Summary of Consolidated Cash Flows

	Third quarters ended		First nine months ended	
(in millions of dollars)	**Oct. 1, 2022**	**Oct. 2, 2021**	**Oct. 1, 2022**	**Oct. 2, 2021**
	$	$	**$**	$
Operating activities	**(0.7)**	23.9	**(27.8)**	75.2
Financing activities	**0.5**	(15.2)	**43.4**	(55.2)
Investing activities	**(9.7)**	(8.9)	**(27.8)**	(29.6)
Increase (decrease) in cash and cash equivalents	**(9.8)**	(0.3)	**(12.2)**	(9.6)
Cash and cash equivalents at beginning	**(7.4)**	(2.4)	**(4.7)**	6.8
Effect of exchange rate changes on cash and cash equivalents	**(0.4)**	0.0	**(0.7)**	0.1
Cash and cash equivalents at end	**(17.6)**	(2.7)	**(17.6)**	(2.7)

8.2 Cash flows related to operating activities

For the third quarter of 2022, operating activities used $0.7 million in cash, whereas these activities had generated $23.9 million in cash during the third quarter of 2021. This increase in cash outflows was essentially due to a change in non-cash operating working capital items that used $33.6 million in cash during the third quarter of 2022 compared to $12.8 million in cash used in the same period last year, for a $20.8 million increase in cash outflows. This fluctuation in the change in working capital was due to the combined impact of the following items:

a) a change in accounts payable and accrued liabilities that used $15.9 million during the third quarter of 2022 compared to $7.1 million generated during the third quarter of 2021;

b) a change in accounts receivable that used $21.2 million during the third quarter of 2022 compared to $5.0 million used during the same quarter of 2021;

c) a change in inventories that generated $0.5 million during the third quarter of 2022 compared to $10.9 million used in the third quarter of 2021; and

d) a change in other current assets and liabilities that generated $3.1 million during the third quarter of 2022 compared to $3.9 million used in the same quarter of 2021.

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

(i) a $4.3 million decrease in earnings before interest, taxes, depreciation and amortization (including a $2.0 million favourable change in other (gains) losses);

(ii) a $1.2 million decrease in non-cash expenses recognized in profit or loss and related to changes in the fair value of financial instruments; and

(iii) a $1.1 million decrease in settlements of derivative instruments.

The downward change in operating cash flows was limited by the following item:

(i) $4.2 million in unrealized foreign exchange losses during the third quarter of 2022 compared to $1.0 million in unrealized foreign exchange losses during the same quarter of 2021.

For the first nine months of 2022, operating activities used $27.8 million in cash, whereas these activities had generated $75.2 million during the first nine months of 2021. This increase in cash outflows was essentially due to a change in non-cash operating working capital items that used $114.2 million in cash during the first nine months of 2022 compared to $26.0 million in cash used in the same period last year, for an $88.2 million increase in cash outflows. This fluctuation in the change in working capital was due to the combined impact of the following items:

a) a change in accounts payable and accrued liabilities that used $17.3 million during the first nine months of 2022 compared to $18.4 million generated during the first nine months of 2021;

b) a change in inventories that used $58.3 million during the first nine months of 2022 compared to $25.1 million used in the first nine months of last year;

c) a change in accounts receivable that used $38.2 million during the first nine months of 2022 compared to $16.7 million used in the first nine months of 2021; and

d) a change in other current assets and liabilities that used $0.5 million during the first nine months of 2022 compared to $2.6 million used during the first nine months of last year.

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

(i) a $19.9 million decrease in earnings before interest, taxes, depreciation and amortization (including a $3.1 million favourable change in other (gains) losses);

(ii) a $4.1 million decrease in income tax received; and

(iii) a $3.9 million decrease in non-cash expenses recognized in profit or loss and related to changes in the fair value of financial instruments.

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

(i) a $6.6 million decrease in the funding of the defined benefit pension plans;

(ii) $5.2 million in unrealized foreign exchange losses during the first nine months of 2022 compared to $0.1 million in unrealized foreign exchange gains during the same period of 2021; and

(iii) a $2.8 million decrease in income tax paid.

8.3 Cash flows related to financing activities

For the third quarter of 2022, financing activities generated $0.5 million in cash, whereas these activities had used $15.2 million in cash during the third quarter of 2021. This increase in cash inflows was due to (i) a $10.9 million inflow from revolving operating credit during the third quarter of 2022 compared to a $1.1 million repayment on the revolving operating credit in the third quarter of 2021, to (ii) a $5.6 million decrease in long-term debt repayments, and to (iii) a $1.3 million decrease in dividends paid on Class A and B shares, partly offset by $3.2 million in share repurchases during the third quarter of 2022.

For the first nine months of 2022, financing activities generated $43.4 million in cash, whereas these activities had used $55.2 million in cash during the first nine months of 2021. This increase in cash inflows was mainly due to a $77.5 million inflow from revolving operating credit during the first nine months of 2022 compared to a $4.8 million repayment on the revolving operating credit in the same period of 2021 and to a $26.9 million decrease in long-term debt repayments, partly offset by $11.8 million in share repurchases during the first nine months of 2022.

8.4 Cash flows related to investing activities

For the third quarter of 2022, investing activities used $9.7 million in cash compared to $8.9 million used in the third quarter of 2021. This upward change came essentially from a $0.5 million increase in cash outflows to acquire property, plant and equipment and a $0.4 million increase in cash outflows to acquire intangible assets.

For the first nine months of 2022, investing activities used $27.8 million in cash compared to $29.6 million used in the same period of 2021. This downward change was mainly due to a $1.1 million decrease in cash outflows to acquire property, plant and equipment and to a $1.0 million payment in 2021 related to a loan to an associate.

9. Financial Measures Not in Accordance With IFRS

Working capital and the working capital ratio, the days operating working capital measure and other working capital indicators, the shareholders' equity to total assets financial measure, the return on capital employed ratio, the earnings before interest, taxes, depreciation, and amortization ("EBITDA") financial measure, and the net debt to EBITDA ratio 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. Comparing them to similar financial measures or ratios presented by other issuers may not be possible.

9.1 Working Capital and Working Capital Ratio

The Corporation uses working capital as a financial measure to assess whether it has sufficient current assets to cover current liabilities. Working capital is equal to current assets minus current liabilities, whereas the working capital ratio is obtained by dividing current assets by current liabilities.

(in millions of dollars, except the working capital ratio)	**As at Oct. 1, 2022**	**As at Dec. 31, 2021**
	$	$
Current assets	**630.9**	489.7
Current liabilities	**388.2**	370.3
Working capital	**242.7**	119.4
Working capital ratio	**1.63:1**	1.32:1

It should be noted that the U.S. subsidiaries' term loan is maturing in December 2022, thereby increasing current liabilities by $82.2 million as at October 1, 2022 and by $76.1 million as at December 31, 2021. The Corporation intends to use its U.S. revolving operating credit, revised upward during the second quarter of 2021, to repay any outstanding balance at maturity. Excluding this item, the Corporation's working capital would have totalled $324.9 million as at October 1, 2022, translating into a ratio of 2.06:1, and $195.5 million at the end of fiscal 2021, translating into a ratio of 1.66:1.

9.2 Days Operating Working Capital

Days operating working capital is a financial 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 multiplied by 91 days and divided by the quarter's sales, as they are presented in the Corporation's Consolidated Statement of Income. 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 Oct. 1, 2022**	**As at Dec. 31, 2021**
	$	$
Accounts receivable	**201.2**	154.4
Inventories	**381.6**	309.7
Less: Accounts payable and accrued liabilities	**271.9**	269.1
Operating working capital	**310.9**	195.0
Multiplied by 91 days:	**28,291.9**	17,745.0
Sales	**556.4**	487.5
Days operating working capital *(in days)*	**50.8**	36.4

(in days)	**Q3 2022**	**Q2 2022**	**Q1 2022**	**Q4 2021**	**Q3 2021**	**Q2 2021**	**Q1 2021**	**Q4 2020**
Operating working capital days	**50.8**	47.6	42.8	36.4	33.5	31.6	33.5	26.2

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:

9.2.1 Days Sales Outstanding

Days sales outstanding ("DSO") is a financial measure used by the Corporation to represent the average number of days that it takes the Corporation to collect payment for a sale. To calculate this financial measure, accounts receivable, as they are presented in the Consolidated Statement of Financial Position, are multiplied by 91 days, and divided by the quarter's sales, as they are presented in the Consolidated Statement of Income.

(in millions of dollars, except DSO)	**As at Oct. 1, 2022**	**As at Dec. 31, 2021**
	$	$
Accounts receivable	**201.2**	154.4
Multiplied by 91 days:	**18,309.2**	14,050.4
Sales	**556.4**	487.5
DSO *(in days)*	**32.9**	28.8

(in days)	**Q3 2022**	**Q2 2022**	**Q1 2022**	**Q4 2021**	**Q3 2021**	**Q2 2021**	**Q1 2021**	**Q4 2020**
DSO	**32.9**	29.7	32.1	28.8	31.8	30.4	31.2	26.1

9.2.2 Days Sales of Inventory

Days sales of inventory ("DSI") is a financial measure used by the Corporation to represent the average number of days the Corporation takes to turn its inventory into sales. To calculate this financial measure, inventories, as they are presented in the Consolidated Statement of Financial Position, are multiplied by 91 days, and divided by the quarter's cost of sales, as it is presented in the Consolidated Statement of Income.

(in millions of dollars, except DSI)	**As at Oct. 1, 2022**	**As at Dec. 31, 2021**
	$	$
Inventories	**381.6**	309.7
Multiplied by 91 days:	**34,725.6**	28,182.7
Cost of sales	**431.0**	353.4
DSI *(in days)*	**80.6**	79.7

(in days)	**Q3 2022**	**Q2 2022**	**Q1 2022**	**Q4 2021**	**Q3 2021**	**Q2 2021**	**Q1 2021**	**Q4 2020**
DSI	**80.6**	86.4	82.4	79.7	75.5	72.6	71.9	64.5

9.2.3 Days Payable Outstanding

Days payable outstanding ("DPO") is a financial measure used by the Corporation to represent the average number of days the Corporation takes to pay its accounts payable and accrued liabilities. To calculate this financial measure, accounts payable and accrued liabilities, as they are presented in the Consolidated Statement of Financial Position, are multiplied by 91 days, and divided by the quarter's cost of sales, as it is presented in the Consolidated Statement of Income.

(in millions of dollars, except DPO)	**As at Oct. 1, 2022**	**As at Dec. 31, 2021**
	$	$
Accounts payable and accrued liabilities	**271.9**	269.1
Multiplied by 91 days:	**24,742.9**	24,488.1
Cost of sales	**431.0**	353.4
DPO *(in days)*	**57.4**	69.3

(in days)	**Q3 2022**	**Q2 2022**	**Q1 2022**	**Q4 2021**	**Q3 2021**	**Q2 2021**	**Q1 2021**	**Q4 2020**
DPO	**57.4**	62.2	67.7	69.3	73.3	70.9	68.6	64.4

9.3 Shareholders' Equity to Total Assets

The Corporation uses the shareholders' equity to total assets financial measure to determine the shareholders' investment as a proportion of the Corporation's total assets. To calculate the shareholders' equity to total assets ratio, shareholders' equity is divided by total assets, as they are presented on the Consolidated Statement of Financial Position.

(in millions of dollars, unless otherwise indicated)	**As at Oct. 1, 2022**	**As at Dec. 31, 2021**
	$	$
Shareholders' equity	**943.2**	865.5
Total assets	**1,607.0**	1,419.6
Shareholders' equity / total assets ratio *(in %)*	**58.7**	61.0

9.4 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 operating profit from the last four quarters is divided by the capital employed. Capital employed is the sum of the long-term debt, including the current portion, and shareholders' equity, as they are presented in the Corporation's Consolidated Statement of Financial Position.

(in millions of dollars, unless otherwise indicated)	**As at Oct. 1, 2022**	**As at Dec. 31, 2021**
	$	$
Sum of operating profit from the last four quarters	**96.2**	118.3
Current portion of long-term debt	**91.3**	84.4
Long-term debt	**168.3**	91.0
Shareholders' equity	**943.2**	865.5
Capital employed	**1,202.8**	1,040.9
Return on capital employed ratio *(in %)*	**8.0**	11.4

(in %)	**Q3 2022**	**Q2 2022**	**Q1 2022**	**Q4 2021**	**Q3 2021**	**Q2 2021**	**Q1 2021**	**Q4 2020**
ROCE	**8.0**	8.9	10.1	11.4	12.2	14.0	14.8	15.0

9.5 Earnings Before Interest, Taxes, Depreciation and Amortization

Earnings before interest, taxes, depreciation, and amortization 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. EBITDA consists of operating profit, the "depreciation of property, plant and equipment and amortization of intangible assets" item shown in the Consolidated Statement of Cash Flows, and "(Gains) losses on capital assets," if applicable.

	Third quarters ended		**First nine months ended**	
(in millions of dollars)	**Oct. 1, 2022**	**Oct. 2, 2021**	**Oct. 1, 2022**	**Oct. 2, 2021**
	$	$	**$**	$
Operating profit	**19.9**	25.4	**64.6**	86.7
Depreciation of property, plant and equipment and amortization of intangible assets	**14.7**	15.1	**44.6**	45.3
(Gains) losses on capital assets	**(0.0)**	-	**(0.1)**	(0.0)
EBITDA	**34.5**	40.5	**109.1**	132.0

For the third quarter, depreciation and amortization expense went from $15.1 million in 2021 to $14.7 million in 2022. Excluding a $0.3 million unfavourable foreign exchange impact, the depreciation and amortization expense decreased by $0.7 million, mainly given the end of the amortization of certain intangible assets during the third quarter of 2021 and the downward revaluation in the value of a right-of-use asset during the third quarter of 2022.

For the first nine months, depreciation and amortization expense went from $45.3 million in 2021 to $44.6 million in 2022. Excluding a $0.7 million unfavourable foreign exchange impact, the depreciation and amortization expense decreased by $1.4 million, mainly given the end of the amortization of certain intangible assets during the third quarter of 2021.

(in millions of dollars)	**Q3 2022**	**Q2 2022**	**Q1 2022**	**Q4 2021**	**Q3 2021**	**Q2 2021**	**Q1 2021**	**Q4 2020**
	$	$	$	$	$	$	$	$
EBITDA	**34.5**	37.2	37.3	45.8	40.5	44.8	46.6	56.8

9.6 Net Debt to EBITDA

Net debt to EBITDA is a financial measure used by the Corporation to assess its ability to pay off its existing debt and to define its available borrowing capacity. To calculate the net debt to EBITDA ratio, net debt is divided by the sum of 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 EBITDA ratio)	**As at Oct. 1, 2022**	**As at Dec. 31, 2021**
	$	$
Current portion of long-term debt	**91.3**	84.4
Long-term debt	**168.3**	91.0
Less: Cash and cash equivalents	**0.4**	0.3
Net debt	**259.2**	175.1
Sum of EBITDA from the last four quarters	**154.8**	177.8
Net debt to EBITDA ratio	**1.67**	0.98

10. Off-Consolidated-Statement-of-Financial-Position Arrangements

As at October 1, 2022, the Corporation had letters of credit outstanding totalling $0.5 million.

Commitments are presented in Note 30 to the Corporation's audited consolidated financial statements for the year ended December 31, 2021.

11. Share Information

As at October 1, 2022, the Corporation's issued and outstanding share capital consisted of 3,089,700 Class A subordinate voting shares and 3,752,620 Class B multiple voting shares.

In December 2021, the Corporation has re-established its share repurchase program through the Toronto Stock Exchange ("TSX") in accordance with its policies and regulations. Consequently, the Corporation is 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 are made at market prices without exceeding the price limit set by the Corporation's management.

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 $3.2 million.

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 $11.8 million.

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 $0.7 million.

12. Dividends

In accordance with the Corporation's dividend policy, the Board of Directors today declared a quarterly dividend of $0.70 per share, payable on December 15, 2022 to all registered holders of Class A and Class B shares on November 23, 2022. On an annualized basis, this dividend represents approximately 25% of the 2021 profit attributable to the Corporation's shareholders. This dividend is an eligible dividend.

13. Subsequent Event

As of November 11, 2022, there was no subsequent event to report.

14. Adoption of IFRS Standards

14.1 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.

15. 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, 2021. The future accounting changes are presented in Note 5 to the consolidated financial statements for the year ended December 31, 2021. The interim consolidated financial statements do not include all of the notes required in the annual consolidated financial statements.

16. Disclosure Controls and Procedures ("DC&P")

The Corporation's Chief Executive Officer and Chief Financial Officer 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, they 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 Corporation's Chief Executive Officer and Chief Financial Officer have concluded that the design of the disclosure controls and procedures as at October 1, 2022 provides reasonable assurance that significant information relevant to the Corporation, including that of its consolidated subsidiaries, is reported to them during the preparation of disclosure documents.

17. 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 Chief Executive Officer and the Chief Financial Officer, the Corporation has conducted an evaluation of the design of the Corporation's internal control over financial reporting as at October 1, 2022, based on the framework issued by the Committee of Sponsoring Organizations ("COSO") of the Treadway Commission.

During the third quarter of 2022, 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.

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

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

	FORWARD-LOOKING STATEMENTS				
KEY ASSUMPTIONS	**Sales growth rate**	**Capital expenditures**	**Initiatives to revitalize U.S. operations**	**Inventory levels**	**Expenses associated with the Strategy**
No material disruption of the Corporation's operations (including workforce availability) or of its supply chain	√	√	√	√	√
Effectiveness of the Corporation's selling price adjustment initiatives	√				
Limited impact of the Corporation's selling price adjustment initiatives on demand for its products	√				
Limited additional price (costs) increases from suppliers	√			√	
Continuity of recently observed normalized trends in key U.S. plants throughput level	√		√		
Continuity of recently observed market trends for the Corporation's products	√				
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	√				
Adequate availability of key commodities	√			√	
Expected lead time for new manufacturing material		√			
Adequate contractors' or consultants' availability		√			√
Conclusion of contractual agreements within the usual timeframes		√			

These assumptions are based on currently observed macroeconomic trends, including employment, inflation and interest rates; strength of the U.S. dollar (compared to the Canadian dollar); and risk of economic slowdown or recession. These assumptions are also based on currently observed geopolitical and competitive environments as well as consumer behaviours. It should be noted that some of these macroeconomic trends are currently highly volatile and rapidly evolving. In preparing its outlook, the Corporation made assumptions that do not consider extraordinary events or circumstances beyond its control. The Corporation believes the expectations reflected in the forward-looking statements are reasonable, but no assurance can be given that these expectations will prove to be correct and such forward-looking statements should not be unduly relied upon.

Such forward-looking statements relate to future events, are by their very nature subject to many important factors that could cause actual results to differ materially from those contemplated. Readers are cautioned that the assumptions considered by the Corporation to support these statements may prove to be incorrect in whole or in part. Factors that could cause actual results to differ materially from the results expressed, implied, or projected in the forward-looking statements contained in this document include, among other things, risks associated with the following: the scarcity of labour in North America and the related impact on the hiring, training, developing, retaining and reliance of qualified and/or key personnel together with their productivity, employment matters (including compensation), compliance with employment laws across multiple jurisdictions, and the potential for work stoppages due to non-renewal of collective bargaining agreements; the availability of raw materials (including as a result of climate change, extreme weather, global or local supply chain disruptions, loss of key suppliers or supplier concentration, impact of pandemics, geopolitical developments, military conflicts, and trade sanctions) and related price variations, fluctuations in inbound and outbound freight costs, impact of oil (and its derivatives) prices on the Corporation's direct and indirect costs, along with the Corporation's ability to transfer those increases through price increases or other means, if any, to its clients in competitive market conditions; the availability and reliability of co-packers; the successful deployment of the Corporation's Strategy, including significant components such as Project Eagle; cyber threats and other information technology-related risks relating to business disruptions, confidentiality, data integrity, and business email compromise-related fraud; changes and developments affecting our industry, including customer preferences, tastes and buying patterns, market conditions and the activities of competitors and clients; major events, such as systems and equipment failure, pandemics and natural disasters, or increased frequency or intensity of extreme weather conditions (including as a result of climate change), could lead to unanticipated business disruptions at any of the Corporation's facilities or at certain suppliers; crisis management and the execution of the business continuity plan; changes made to laws (including tax and tariffs), regulations, rules and policies that affect the Corporation's activities as well as the interpretation thereof, and new positions adopted by relevant authorities; disruptions in or failures of the Corporation's information technology systems, including the ability to access and implement all technology necessary to achieve the Corporation's targets, commitments, and goals, as well as the development and performance of technology, innovation and the future use and deployment of technology and associated expected future outcome; the increasing concentration of clients in the food industry, giving clients significant bargaining power that could limit the Corporation's ability to raise its prices to offset inflationary pressures; failure to adapt to ever evolving consumer habits, tastes and preferences, including the increased demand for low-sugar products; the implementation, cost and impact of environmental sustainability initiatives, as well as the cost of remediating environmental liabilities; failure to maintain the safety and integrity 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; the successful deployment of the Corporation's health and safety programs, laws and regulations; serious injuries to an employee or the death of an employee, which could have a serious impact on the Corporation's business continuity and reputation and lead to compliance-related costs; the implications and outcome of potential legal actions, litigations and regulatory proceedings to which the Corporation may be a party; the sufficiency of insurance coverage; threats to the reputation of the Corporation and its brands; the incurrence of restructuring, disposal, or other related charges together with the recognition of impairment charges on goodwill or long-lived assets, particularly in a context of challenging performance and rising cost of capital; fluctuations in interest rates and currency exchange rates; the effectiveness of commodity and interest rate hedging strategies; pension plan performance, including the adequacy of pension contributions, assets, and potential pension liabilities; and expected future cash flows and the sufficiency thereof, sources of capital at attractive rates, future contractual obligations, future financing options, renewal of credit facilities, and availability of capital to fund growth plans, operating obligations and dividends.

The Corporation cautions readers that the foregoing list of factors is not exhaustive. Readers are further cautioned that some of the forward-looking statements in this report, such as statements concerning sales growth rate, capital expenditures, inventory levels and expenses associated with the Corporation's Strategy, may be considered to be financial outlooks for the purposes of applicable securities legislation. These financial outlooks are presented to evaluate potential future earnings and anticipated future uses of cash flows and may not be appropriate for other purposes. Readers should not assume these financial outlooks will be achieved.

More information about risk factors can be found under the "Uncertainties and Principal Risk Factors" section of the 2021 annual MD&A. Readers should review this section in detail. The annual MD&A is available on the Lassonde Industries Inc. website at www.lassonde.com and on the Corporation's SEDAR profile at www.sedar.com.

Additional information concerning the Corporation, including its Annual Information Form, is available on the Corporation's SEDAR profile at www.sedar.com. 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.

19. Outlook

According to industry data, sales volume in the Canadian and U.S. fruit juice and drink markets decreased during the third quarter of 2022 compared to the same period last year. During the first nine months of 2022 and intensifying in the summer months, the private-label product value proposition is increasingly becoming the alternative of choice for consumers as inflation is being reflected in higher retail prices. The Corporation has noticed stronger demand for its private label products in the third quarter and early into the fourth quarter, while demand for its branded products has remained relatively stable.

Excluding the foreign exchange impact, Lassonde's sales were up 12.0% in the first nine months of 2022 compared to the same period of 2021, mainly due to selling price adjustments. However, the Corporation's U.S. operations have continued to endure labour- and equipment-related challenges in addition to those related to the supply of certain raw materials and finished products affecting all its business units. While the overall demand is tapering, these challenges are impacting the Corporation's ability to fully meet client demand in certain regions.

Lassonde's profitability decreased in the first nine months of 2022, mainly due to manufacturing challenges and to inflationary pressures that are strongly affecting its key commodities as well as warehousing and transportation costs. To counter inflationary pressures and improve its profitability, the Corporation has implemented pricing actions on its branded and private label product offerings and has adjusted contracts with some clients to recover costs and it expects these pricing actions should continue to take effect throughout the remainder of 2022 and into early 2023.

As previously mentioned, Lassonde developed, in the first quarter of 2022, a multi-year strategy designed to drive long-term value, accelerate growth, as well as improve overall margins and profitability. During the last quarter of 2022, Lassonde plans to continue deploying its strategic review, revitalizing its U.S. operations, and upgrading its technology infrastructures. It also plans to continue implementing new demand planning and transportation management systems in the U.S., the aim being to improve customer service and lower overall distribution costs.

For the last quarter of 2022, barring any significant external shocks and excluding foreign exchange impacts, Lassonde expects that its sales growth rate should be slightly higher than that observed in the first nine months of the year, mainly driven by selling price adjustments. The Corporation is, however, closely monitoring the evolution of consumer food habits in the context of a contraction of the economy. The Corporation continues to address supply chain, labour and production challenges (in part due to a tight labour market) and continued inflationary pressures, which are particularly affecting packaging, apple and orange concentrates, and transportation costs. The U.S. dollar has been strengthening compared to most foreign currencies. Given that a large part of purchases of 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 those purchases that are integrated in products sold mainly in the Canadian market. Although the foreign exchange risk management mechanism protects the Corporation's exposure to rapid and temporary fluctuations in currencies, it does not offset the entirety of the exposure nor its coverage beyond the protected window. However, despite the current volatile environment, the impact of early initiatives to revitalize U.S. operations and the run-rate effect of selling price adjustments, including for its private label contracts, should deliver increasing benefits. As supply challenges appear to be slowly fading, the Corporation has revised its inventory accumulation strategy and expects to reduce its inventory quantity levels to levels that should progressively converge towards historical averages. However, that strategy might be impacted by opportunistic decisions to secure inventory ahead of potential additional price increases from suppliers.

Earlier in the year, the Corporation's overall capital expenditures program for 2022 was estimated to reach $100 million. Although maintaining its initial intent in terms of investments, the Corporation now anticipates capital expenditures for 2022 of approximately $55 million given the uncertain market environment and given supply-chain challenges that are resulting in longer lead times from equipment manufacturers and contractors. However, it should be noted that commitments made by the Corporation over the last few months toward its capital expenditures program far exceed the amount of capital expenditures currently recorded in the financial statements.

November 11, 2022