



PREMIUM BRANDS HOLDINGS CORPORATION

Management's Discussion and Analysis

For the 13 Weeks Ended March 30, 2024

The following Management's Discussion and Analysis (MD&A) is a review of the financial performance and position of Premium Brands Holdings Corporation (the Company or Premium Brands) and is current to May 10, 2024. It should be read in conjunction with the Company's unaudited interim condensed consolidated financial statements for the period ended March 30, 2024, and its fiscal 2023 audited consolidated financial statements and the notes thereto, both of which are prepared in accordance with International Financial Reporting Standards (IFRS). These documents, as well as additional information on the Company, are filed electronically through SEDAR+ and are available online at www.sedarplus.ca.

All amounts are expressed in Canadian dollars except as noted otherwise.

BUSINESS OVERVIEW

Premium Brands is an investment platform focused on acquiring and building food businesses in partnership with talented entrepreneurial management teams. Its current holdings consist primarily of:

Specialty food businesses. The Company considers the key characteristic of a specialty food business to be that a consumer's and/or customer's decision to purchase its products is based primarily on factors other than price, such as quality, convenience, health and/or lifestyle. As a result, specialty food businesses generally earn higher and more consistent selling margins relative to food companies that focus on less differentiated products. Furthermore, due to a variety of consumer trends impacting the food industry, these businesses tend to generate higher sales growth rates as compared to general industry growth rates.

Differentiated food distribution and wholesale businesses (“premium food distribution businesses”). The Company considers the key characteristic of a premium food distribution business to be that it offers its customers specialized and/or unique products and services in addition to logistical solutions. This enables it to generate higher and more consistent selling margins relative to the large national and international food distributors that are primarily focused on logistics.

The Company’s premium food distribution businesses also enable it to generate and sustain additional margin by using these businesses to provide its specialty food businesses with proprietary access to a broad and diversified customer base that includes regional and specialty grocery retailers, restaurants, hotels and institutions.

RESULTS OF OPERATIONS

The Company reports on two reportable segments, Specialty Foods and Premium Food Distribution, as well as non-segmented investment income and corporate costs (Corporate). The Specialty Foods segment consists of the Company’s specialty food manufacturing businesses while the Premium Food Distribution segment consists of the Company’s differentiated distribution and wholesale businesses as well as certain seafood processing businesses. Investment income includes interest and management fees generated from the Company’s businesses that are accounted for using the equity method.

Revenue

<i>(in millions of dollars except percentages)</i>				
	13 weeks ended Mar 30, 2024	% (1)	13 weeks ended Apr 1, 2023	% (1)
Revenue by segment:				
Specialty Foods	987.4	67.5%	948.8	66.3%
Premium Food Distribution	474.4	32.5%	481.7	33.7%
Consolidated	1,461.8	100.0%	1,430.5	100.0%

(1) Expressed as a percentage of consolidated revenue.

Specialty Foods’ (SF) revenue for the quarter increased by \$38.6 million or 4.1% primarily due to: (i) organic volume growth of \$53.0 million representing an organic volume growth rate (OVGR) of 5.6%; and (ii) a \$0.3 million increase in the translated value of sales generated by SF’s U.S. based businesses due to a slightly weaker Canadian dollar. These factors were partially offset by: (i) selling price deflation of \$13.1 million relating primarily to a cost-plus contract with a major foodservice customer; and (ii) the shutdown of SF’s Creekside Custom Foods business as its capacity is transitioned to our rapidly growing Global Gourmet kettle business – this resulted in \$1.6 million of lost sales, primarily in the fresh sandwich category.

SF’s OVGR was driven by its core U.S. sales growth initiatives in sandwiches, protein and baked goods, which generated an OVGR of 9.7% and total sales of \$580.8 million for the quarter. This performance was despite experiencing temporarily lower sandwich sales growth while a customer implements a new merchandising strategy – normalizing for this factor the OVGR for SF’s core U.S. sales growth initiatives is 12.2%.

SF’s OVGR was negatively impacted by: (i) a below normal OVGR in Canada of 1.1% mainly due to general weakness in consumer spending in the retail and foodservice channels; and (ii) reduced beef jerky product sales due to a combination of factors including consumer price sensitivity and high selling prices resulting from high beef commodity input costs. SF expects (see *Forward Looking Statements*) these challenges to be transitory and in the meantime is implementing a variety of strategies to counter them including targeted promotion, product development, and developing new markets.

Premium Food Distribution's (PFD) revenue for the quarter decreased by \$7.3 million or 1.5% due to a sales volume contraction of \$25.5 million. This was partially offset by: (i) selling price inflation of \$15.8 million relating primarily to lobster-based products; and (ii) business acquisitions, which generated \$2.4 million in growth.

The contraction in PFD's sales volume was primarily due to lobster supply shortages caused mainly by a decline in the Maine lobster catch of approximately 20% in the third quarter of 2023 and a poor southwest Nova Scotia fishery in the fourth quarter of 2023. The decreases in both fisheries, which were the result of unusually cold waters and poor weather that prevented vessels from harvesting, are expected (see *Forward Looking Statements*) to be transitory. Excluding the impacts of the lobster supply issue, PFD's sales were flat as the success of several retail salmon features, driven by large Atlantic salmon harvests on the east coast of Canada, were offset by lower Canadian premium beef and seafood sales caused by weaker consumer spending.

Gross Profit

<i>(in millions of dollars except percentages)</i>				
	13 weeks ended Mar 30, 2024	% (1)	13 weeks ended Apr 1, 2023	% (1)
Gross profit by segment:				
Specialty Foods	223.0	22.6%	199.3	21.0%
Premium Food Distribution	74.7	15.7%	70.5	14.6%
Consolidated	297.7	20.4%	269.8	18.9%

(1) Expressed as a percentage of the corresponding segment's revenue.

SF's gross profit as a percentage of its revenue (gross margin) for the quarter increased by 160 basis points primarily due to: (i) a combination of lower raw material input costs and selling price increases on certain products; (ii) production efficiency improvements resulting from investments in automation, continuous improvement projects and a more stable labor market; and (iii) sales leveraging benefits associated with SF's organic volume growth. These factors were partially offset by: (i) wage inflation; and (ii) investments in additional plant infrastructure to support SF's current and future growth.

PFD's gross margin for the quarter increased by 110 basis points primarily due to higher margins on lobster-based products resulting from: (i) lower than normal margins in the first quarter of 2023; and (ii) a generally improved pricing environment caused by a shortage of supply.

Selling, General and Administrative Expenses (SG&A)

<i>(in millions of dollars except percentages)</i>				
	13 weeks ended Mar 30, 2024	% (1)	13 weeks ended Apr 1, 2023	% (1)
SG&A by segment:				
Specialty Foods	129.4	13.1%	117.8	12.4%
Premium Food Distribution	50.7	10.7%	48.1	10.0%
Corporate	9.5		8.3	
Consolidated	189.6	13.0%	174.2	12.2%

(1) Expressed as a percentage of the corresponding segment's revenue.

SF's SG&A as a percentage of sales (SG&A ratio) for the quarter increased by 70 basis points primarily due to: (i) wage inflation; and (ii) higher outside storage costs, which were mostly the result of providing a major customer with additional services, the cost of which is recovered through increased selling prices on applicable products. These factors were partially offset by the sales leveraging benefits associated with SF's organic growth.

PFD's SG&A ratio for the quarter increased by 70 basis points primarily due to the impact of sales deleveraging associated with the contraction in its sales volumes.

Adjusted EBITDA

Adjusted EBITDA is not defined under IFRS and, as a result, may not be comparable to similarly titled measures presented by other publicly traded entities, nor should it be construed as an alternative to other earnings measures determined in accordance with IFRS.

The Company believes that adjusted EBITDA is a useful indicator of the amount of normalized income generated by operating businesses controlled by the Company before taking into account its financing strategies, consumption of capital and intangible assets, taxable position and the ownership structure of non-wholly owned businesses. This measure is widely used by investors in the valuation and comparison of companies. In addition, it is used in the calculation of certain financial debt covenants associated with the Company's senior credit facilities (see *Liquidity and Capital Resources – Debt Financing Activities*).

The following table provides a reconciliation of adjusted EBITDA to earnings before income taxes:

<i>(in millions of dollars)</i>	13 weeks ended Mar 30, 2024	13 weeks ended Apr 1, 2023
Earnings before income taxes	15.4	8.5
Plant start-up and restructuring costs ⁽¹⁾	10.8	5.8
Depreciation of capital assets ⁽²⁾	24.4	22.2
Amortization of intangible assets ⁽²⁾	5.5	4.0
Amortization of right of use assets ⁽²⁾	16.8	14.8
Accretion of lease obligations ⁽³⁾	7.4	6.6
Interest and other financing costs ⁽³⁾	40.4	33.4
Acquisition transaction costs ⁽¹⁾	1.1	1.0
Change in value of puttable interest in subsidiaries ⁽⁴⁾	2.6	1.6
Accretion of provisions ⁽³⁾	3.3	0.5
Equity loss in investments in associates ⁽⁵⁾	13.3	12.3
Change in fair value of option liabilities ^{(1) (3)}	(20.0)	-
Adjusted EBITDA	121.0	110.7

(1) Amount is not part of the Company's normal operating costs and/or gains.

(2) Amount relates to the consumption of the Company's capital assets, intangible assets or other assets.

(3) Amount relates to the Company's financing strategies.

(4) Amount relates to the valuation of provisions or minority shareholders' interest in certain subsidiaries of the Company.

(5) Amount relates to businesses that the Company does not consolidate as it does not own a controlling interest.

<i>(in millions of dollars except percentages)</i>	13 weeks ended Mar 30, 2024	% (1)	13 weeks ended Apr 1, 2023	% (1)
Adjusted EBITDA by segment:				
Specialty Foods	93.6	9.5%	81.5	8.6%
Premium Food Distribution	24.0	5.1%	22.4	4.7%
Corporate	(9.5)		(8.3)	
Interest Income from Investments	12.9		15.1	
Consolidated	121.0	8.3%	110.7	7.7%

(1) Expressed as a percentage of the corresponding segment's revenue.

Revenue and Adjusted EBITDA Outlook

See *Forward Looking Statements* for a discussion of the risks and assumptions associated with forward looking statements.

2024 Outlook

<i>(in millions of dollars)</i>	Bottom of Range	Top of Range
Revenue guidance range	6,650	6,850
Adjusted EBITDA guidance range	630	650

The Company's 2024 guidance for sales of \$6.65 billion to \$6.85 billion and adjusted EBITDA of \$630 million to \$650 million remains unchanged. These estimates are based on a range of assumptions (see *Forward Looking Statements*) including: (i) reasonably stable economic environments in Canada and the U.S. with inflation and interest rates moderating over the course of the year; (ii) stable raw material costs; and (iii) a stable Canadian dollar relative to the U.S. dollar.

The Company's sales and adjusted EBITDA outlook for 2024 do not incorporate any provisions for potential future acquisitions, however, it remains active on this front and is pursuing several opportunities (see *Forward Looking Statements*).

5 Year Plan

<i>(in millions of dollars)</i>	5-Year Target (2027)
Revenue	10,000
Adjusted EBITDA	1,000

The Company remains on track (see *Forward Looking Statements*) to meet or exceed the five-year targets it set at the beginning of 2023.

Plant Start-up and Restructuring Costs

Plant start-up and restructuring costs consist of expenses associated with: (i) the start-up of new production capacity; (ii) the reconfiguration of existing capacity to gain efficiencies and/or additional capacity; and/or (iii) the restructuring of a business to improve its profitability. The Company expects (see *Forward Looking Statements*) these investments to result in improvements in its future earnings and cash flows.

During the first quarter of 2024, the Company incurred \$10.8 million in plant start-up and restructuring costs relating primarily to the following projects, all of which are expected to expand its capacity and/or generate improved operating efficiencies (see *Forward Looking Statements*):

- Start-up of a new cooked protein capacity in Versailles, Ohio
- Reconfiguration of a cooked protein facility in Scranton, Pennsylvania, including the addition of another cooked products production line
- Start-up of a new 91,000 square foot artisan bakery in San Francisco, California
- Reconfiguration of a meat snack facility in Kent, Washington
- Start-up of new capacity associated with a 107,000 square foot expansion and reconfiguration of a meat snack and processed meats facility in Ferndale, Washington
- Start-up of a new 67,000 square foot sandwich production facility in Edmonton, Alberta
- Construction of a new 165,000 square foot distribution center and the related reconfiguration of a sandwich production facility in Columbus, Ohio
- Reconfiguration of a kettle cooking facility in Richmond, British Columbia
- Reconfiguration of a 27,000 square foot production facility from primarily fresh sandwich production to supporting the Company's Global Gourmet kettle business
- Construction of a new 60,000 square foot value-added seafood processing facility in Auburn, Maine

Depreciation and Amortization of Intangibles (D&A)

<i>(in millions of dollars)</i>	13 weeks ended Mar 30, 2024	13 weeks ended Apr 1, 2023
Depreciation and amortization of intangible assets by segment:		
Specialty Foods	24.3	21.7
Premium Food Distribution	5.3	4.2
Corporate	0.3	0.3
Consolidated	29.9	26.2

The Company's D&A expense for the first quarter of 2024 as compared to the first quarter of 2023 increased by \$3.7 million primarily due to additional depreciation associated with the recent completion of several larger capital projects.

Interest and Other Financing Costs

The Company's interest and other financing costs for the first quarter of 2024 as compared to the first quarter of 2023 increased by \$7.0 million primarily due to: (i) higher levels of funded debt (see *Liquidity and Capital Resources – Debt Financing Activities*); and (ii) increased average interest rates on the Company's revolving senior credit facility resulting from general market rate increases.

Change in Value of Puttable Interest in Subsidiaries

Change in value of puttable interest in subsidiaries (put expense) represents an estimate (see *Forward Looking Statements*) of the change in the value of options (the put options) held by non-controlling shareholders of certain subsidiaries of the Company that entitle such shareholders to require the Company to purchase their interest in the applicable subsidiary (see *Liquidity and Capital Resources – Corporate Investments – Puttable Interest in Subsidiaries*).

Equity Earnings (Loss) in Investment in Associates

Equity earnings (loss) in investment in associates includes the Company's proportionate share of the earnings and losses of its investments in associates (see *Liquidity and Capital Resources – Corporate Investments – Investments in Associates*).

<i>(in millions of dollars)</i>	13 weeks ended Mar 30, 2024	13 weeks ended Apr 1, 2023
Clearwater:		
Revenue	123.5	124.5
Loss before payments to shareholders	(6.9)	(3.0)
Net loss	(25.9)	(24.1)
The Company:		
Equity loss in Clearwater	(13.0)	(12.0)
Other net equity losses	(0.3)	(0.3)
Equity loss in investment in associates	(13.3)	(12.3)

Clearwater Seafoods Incorporated (Clearwater)

Clearwater's sales for the quarter decreased by \$1.0 million primarily due to: (i) the sale of excess snow crab inventories from the prior year in the first quarter of 2023; and (ii) lobster supply shortages (see *Results of Operations – Revenue*). These factors were partially offset by: (i) increased turbot and frozen-at-sea shrimp sales, which were the result of a new harvesting vessel as well as higher opening inventories; and (ii) higher than normal opening inventories for scallops and clams.

Clearwater's earnings before payments to shareholders for the quarter decreased by \$3.9 million primarily due to: (i) lower harvesting and production efficiencies resulting from reduced catch rates, caused by challenging weather conditions, and normal gradings relative to favorable gradings in the first quarter of 2023; (ii) challenging consumer environments in several markets, and in particular Europe, that impacted margins generated on certain premium seafood products; (iii) increased depreciation, primarily related to a new shrimp and turbot harvesting vessel; (iv) restructuring costs associated with several corporate initiatives; and (v) higher interest due mainly to general market rate increases. These factors were partially offset by lower SG&A costs that were the result of the timing of certain expenditures.

Income Taxes

The Company's provision for income taxes as a percentage of earnings (tax rate) can be impacted by a variety of factors including: (i) changes in enacted tax laws, in general, and tax rates, in particular, in the tax jurisdictions in which the Company operates; (ii) the proportionate mix of the Company's taxable income by tax jurisdiction; (iii) differences in the treatment of certain income and expense items for income tax and accounting purposes; and (iv) the Company's equity loss or earnings in investments in associates not held in an income flow-through structure as this amount is excluded in the calculation of the Company's tax provision.

Based on current enacted tax rates in the tax jurisdictions the Company operates, the expected mix of its taxable income by tax jurisdiction (see *Forward Looking Statements*), the Company's general structuring of its tax affairs, there being no unusual revenue and/or expenses that are treated differently for income tax and accounting purposes, and excluding from the calculation equity earnings or loss in investments in associates relating to businesses not held in an income flow-through structure, the expected range for the Company's tax rate is approximately 24% to 26% (see *Forward Looking Statements*).

The Company's tax rate for the first quarter of 2024 is 26.0% after adjusting its pre-tax earnings for: (i) \$13.7 million in equity losses relating to investments in associates not held in an income flow-through structure; and (ii) accretion of provisions and change in value of puttable interest in subsidiaries, neither of which is an eligible deduction for income tax purposes.

SUMMARY OF QUARTERLY RESULTS

The following is a summary of select quarterly consolidated financial information. All amounts, except adjusted EBITDA (see *Results of Operations – Adjusted EBITDA*), are derived from the Company's unaudited interim condensed consolidated financial statements for each of the eight most recently completed quarters.

<i>(in millions of dollars except per share amounts)</i>								
	Q2-22	Q3-22	Q4-22	Q1-23	Q2-23	Q3-23	Q4-23	Q1-24
Revenue	1,519.9	1,623.9	1,634.8	1,430.5	1,630.9	1,644.9	1,554.7	1,461.8
Adjusted EBITDA	130.8	141.2	136.4	110.7	152.4	158.8	137.2	121.0
Earnings	63.3	43.5	30.9	5.9	33.9	39.4	15.0	6.3
Earnings per share – basic	1.42	0.97	0.69	0.13	0.76	0.89	0.34	0.14
Earnings per share – diluted	1.41	0.97	0.69	0.13	0.76	0.88	0.34	0.14

The financial performance of many of the Company's businesses is subject to fluctuations associated with the impact on consumer demand from seasonal changes in weather. As a result, the Company's performance varies with the seasons (see *Forward Looking Statements*).

In general terms, its results are weakest in the first quarter of the year due to winter weather conditions which result in: (i) less consumer travelling and outdoor activities and, in turn, reduced consumer traffic through many of the Company's convenience oriented customers' stores such as restaurants, convenience stores, gas stations and concessionary venues; and (ii) reduced consumer demand for its outdoor oriented products including barbeque and on-the-go convenience foods. The Company's results then generally peak in the spring and summer months due to favorable weather conditions and decline in the fourth quarter due to a return to poorer weather conditions (see *Forward Looking Statements*).

In addition to seasonal factors, over the last eight quarters, the trends in the Company's sales, adjusted EBITDA, earnings and earnings per share have been impacted by: (i) business acquisitions and a variety of organic growth initiatives that have generally resulted in year over year increases; and (ii) an extra week of operations in the fourth quarter of 2022.

The trends in the Company's earnings and earnings per share were also impacted by: (i) a \$19.8 million fair value gain on investments in associates in the second quarter of 2022; (ii) an increasing number of major capacity expansion and production automation projects coming online starting in the middle of 2022 and continuing through to the first quarter of 2024 resulting in rising plant start-up and restructuring costs; and (iii) higher debt levels and rising interest rates over the course of 2022 and into 2024.

LIQUIDITY AND CAPITAL RESOURCES

Net Working Capital Requirements

Net Working Capital

Net working capital is not defined under IFRS, and as a result, may not be comparable to similarly titled measures presented by other publicly traded entities. The Company believes that net working capital is a useful indicator of the cash needed to fund the Company's working capital requirements.

The following table provides the calculation of net working capital:

<i>(in millions of dollars)</i>	As at Mar 30, 2024	As at Apr 1, 2023
Accounts receivable	491.2	538.7
Inventories	801.5	829.7
Prepaid expenses	39.4	30.9
Accounts payable and accrued liabilities	(476.9)	(440.8)
Net working capital	855.2	958.5

The Company's net working capital needs are seasonal in nature and generally peak (see *Forward Looking Statements*) in the spring and summer months and around festive holiday seasons (e.g. Easter, Thanksgiving and Christmas) as inventories are built up in anticipation of, and accounts receivable grow because of, increased consumer demand (see *Summary of Quarterly Results*). The cash requirements resulting from seasonal fluctuations in the Company's net working capital are managed primarily through draws and repayments on its revolving senior credit facility. The cash requirements for increases in the Company's net working capital resulting from its growth initiatives are, over the longer term, financed through the associated growth in the Company's free cash flow.

The following table shows certain non-GAAP ratios relating to the Company's accounts receivable and inventory balances:

<i>(in days)</i>	As at Mar 30, 2024	As at Apr 1, 2023
Days sales in accounts receivable ⁽¹⁾	30.6	34.3
Days cost of sales in inventory ⁽²⁾	62.7	65.0

(1) Calculated as accounts receivable divided by sales for the applicable quarter multiplied by the number of days in the quarter.

(2) Calculated as inventory divided by cost of sales for the applicable quarter multiplied by the number of days in the quarter.

The Company's days sales in accounts receivable at the end of the first quarter of 2024 as compared to the end of the first quarter of 2023 decreased by 3.7 days primarily due to the expansion of its trade receivable finance program; partially offset by general fluctuations in the timing of sales and accounts receivable collections.

The Company's days cost of sales in inventory at the end of the first quarter of 2024 as compared to the end of the first quarter of 2023 decreased by 2.3 days primarily due to: (i) the continued unwinding of conservative inventory positions taken by the Company's businesses in reaction to global supply chain, inflation and certain capacity challenges in the recent past; and (ii) general fluctuations in the timing of sales, production and purchasing of inventory.

Debt Financing Activities

Credit Facilities

As at March 30, 2024, the Company's credit facilities and the unutilized portion of those facilities were as follows:

<i>(in millions of dollars)</i>	Credit Facilities	Amount Drawn on Facility	Unutilized Credit Capacity
Revolving senior credit facility ⁽¹⁾	2,132.2	1,627.9	504.3
4.65% debentures ⁽²⁾	169.8	169.8	-
4.20% debentures ⁽³⁾	153.7	153.7	-
5.40% debentures ⁽⁴⁾	142.6	142.6	-
Industrial Development Revenue Bond ⁽⁵⁾	8.3	8.3	-
Vendor take-back notes	4.4	4.4	-
Other term loans	0.4	0.4	-
Other revolving credit facilities	114.7	13.8	100.9
Cheques outstanding	-	18.9	(18.9)
Cash and cash equivalents	-	(10.2)	10.2
	2,726.1	2,129.6	596.5

- (1) Represents the Company's main revolving senior credit facility, consisting of an \$1.5 billion Canadian dollar denominated line of credit and a US\$475.0 million U.S. dollar denominated line of credit, less approximately \$11.5 million in outstanding letters of credit. The facility matures in November 2026, can be used to fund the Company's working capital and general operating needs, capital projects and acquisitions, and has no principal payments prior to its maturity date.
- (2) Represents the present value of the outstanding portion of the \$172.5 million in 4.65% convertible unsecured subordinated debentures issued by the Company in April 2018 plus the value attributed to the cash conversion option associated with the debentures. The outstanding face value of these debentures, which mature on April 30, 2025 and have no principal payments prior to that date, was \$172.5 million as at March 30, 2024. The 4.65% debentures trade on the Toronto Stock Exchange under the symbol PBH.DB.G.
- (3) Represents the present value of the outstanding portion of the \$150.0 million in 4.20% convertible unsecured subordinated debentures issued by the Company in July 2020 plus the value attributed to the cash conversion option associated with the debentures. The outstanding face value of these debentures, which mature on September 30, 2027 and have no principal payments prior to that date, was \$150.0 million as at March 30, 2024. The 4.20% debentures trade on the Toronto Stock Exchange under the symbol PBH.DB.H.
- (4) Represents the present value of the outstanding portion of the \$150.0 million in 5.40% convertible unsecured subordinated debentures issued by the Company in June 2022 plus the value attributed to the cash conversion option associated with the debentures. The outstanding face value of these debentures, which mature on September 30, 2029 and have no principal payments prior to that date, was \$150.0 million as at March 30, 2024. The 5.40% debentures trade on the Toronto Stock Exchange under the symbol PBH.DB.I.
- (5) The bond, which was issued by one of the Company's U.S. subsidiaries, is denominated in U.S. dollars (US\$6.1 million), matures in 2036 and has no principal payments due prior to its maturity date.

Funded Debt

Senior funded debt and total funded debt are not defined under IFRS and, as a result, may not be comparable to similarly titled measures presented by other publicly traded entities. The Company believes that senior funded debt and total funded debt, used in conjunction with its adjusted EBITDA, are useful indicators of its financial strength and ability to access additional debt financing. Senior funded debt is also used in the calculation of certain debt covenants associated with the Company's revolving senior credit facility (see *Liquidity and Capital Resources – Debt Financing Activities – Banking Covenants*).

The following table provides the calculation of senior funded debt and total funded debt:

<i>(in millions of dollars)</i>	As at Mar 30, 2024	As at Dec 30, 2023	As at Apr 1, 2023
Cheques outstanding	18.9	16.4	18.8
Bank indebtedness	14.9	-	2.3
Current portion of long-term debt	2.4	2.0	4.4
Long-term debt	1,633.6	1,510.4	1,496.5
Deferred financing costs ⁽¹⁾	3.9	3.6	4.0
	1,673.7	1,532.4	1,526.0
Less: cash and cash equivalents	(10.2)	(27.6)	(30.6)
Senior funded debt	1,663.5	1,504.8	1,495.4
4.65% debentures	169.8	174.3	172.5
4.20% debentures	153.7	164.2	163.0
5.40% debentures	142.6	146.0	144.5
Total funded debt	2,129.6	1,989.3	1,975.4

(1) Deferred financing costs are included as an offsetting amount in long-term debt in the Company's consolidated financial statements.

Debt Activities

During the first quarter of 2024, the Company's significant debt activities consisted of the following:

<i>(in millions of dollars)</i>	13 weeks ended Mar 30, 2024
Opening total funded debt at December 30, 2023	1,989.3
Funding for capital expenditures	98.0
Payment of dividends	34.4
Foreign currency translation adjustment ⁽¹⁾	32.9
Changes in net working capital	32.3
Payments to shareholders of non-wholly owned subsidiaries	3.0
Accretion of debentures	1.6
Notes issued for the settlement of puttable interests in a non-wholly owned subsidiary	1.6
Payment of provisions	1.4
Scheduled principal payments	(0.2)
Cash flows relating to investments in and advances to associates	(1.8)
Revaluation of options on convertible debentures	(20.0)
Net cash flow applied to revolving senior credit facility and other term loans	(42.9)
	2,129.6

(1) Adjustment is the result of changes in the currency exchange rate used to translate the Company's U.S. dollar denominated debt into Canadian dollars.

Financial Leverage

Two of the key indicators that the Company uses to assess the appropriateness of its financial leverage are its senior funded debt to adjusted EBITDA and total funded debt to adjusted EBITDA ratios. The Company has set 2.5 : 1.0 to 3.0 : 1.0 as the long-term targeted range for its senior funded debt to adjusted EBITDA ratio and 3.5 : 1.0 to 4.0 : 1.0 as the long-term targeted range for its total funded debt to adjusted EBITDA ratio. These ranges are based on several considerations including:

- The risks associated with the consistency and sustainability of the Company's cash flows;
- The financial covenants associated with the Company's senior credit facilities;
- The Company's dividend policy;
- The tax benefits associated with financing the Company's operations with debt; and
- The terms and risk characteristics of the convertible debentures issued by the Company.

At the end of the first quarter of 2024, the Company's senior funded debt to adjusted EBITDA ratio of 3.3 : 1 and its total funded debt to adjusted EBITDA ratio of 4.3 : 1 were both above their respective long-term targeted ranges primarily due to recent and ongoing investments in a variety of capital expenditure projects that are expected to (see *Forward Looking Statements*) drive future growth in adjusted EBITDA (see *Liquidity and Capital Resources – Capital Expenditures – Project Capital Expenditures*). Both ratios were, however, well within the Company's shorter term operating parameters.

Banking Covenants

The financial covenants associated with the Company's revolving senior credit facility are as follows:

	Covenant Requirement	Mar 30, 2024 Ratio
Senior funded debt to adjusted EBITDA ratio ^{(1) (3)}	=< 4.0 : 1.0	3.3 : 1.0
Interest coverage ratio ^{(2) (3)}	>= 3.0 : 1.0	3.9 : 1.0

(1) Adjusted EBITDA includes a full year's adjusted EBITDA for new acquisitions and senior funded debt excludes cheques outstanding.

(2) Ratio is calculated based on the combined statements of operations of certain subsidiaries of the Company and therefore will not necessarily equal the ratio calculated based on the Company's consolidated statement of operations.

(3) Ratio excludes the impact of adopting IFRS-16 accounting standard, which is the basis on which its banking covenants are calculated.

Dividends

Free Cash Flow

Free cash flow is not defined under IFRS and, as a result, may not be comparable to similarly titled measures presented by other publicly traded entities, nor should it be construed as an alternative to other cash flow measures determined in accordance with IFRS.

The Company believes that free cash flow is a useful indicator of the amount of cash it generates that is available for the payment of dividends to shareholders, debt repayment, project capital expenditures (see *Liquidity and Capital Resources – Capital Expenditures*), plant start-up and business restructuring initiatives and business acquisitions.

The following table provides a reconciliation of free cash flow to cash flow from operating activities:

<i>(in millions of dollars)</i>	52 weeks ended Dec 30, 2023	13 weeks ended Mar 30, 2024	13 weeks ended Apr 1, 2023	Rolling Four Quarters
Cash flow from operating activities	433.9	28.1	85.8	376.2
Changes in non-cash working capital ⁽¹⁾	(110.6)	32.3	(21.6)	(56.7)
Lease obligation payments ⁽²⁾	(74.0)	(19.6)	(17.4)	(76.2)
Business acquisition transaction costs ⁽³⁾	4.4	1.1	1.0	4.5
Plant start-up and restructuring costs ⁽⁴⁾	45.3	10.8	5.8	50.3
Maintenance capital expenditures ⁽⁵⁾	(46.0)	(13.3)	(12.2)	(47.1)
Free cash flow	253.0	39.4	41.4	251.0

(1) Cash used for increases in the Company's non-cash working capital is funded primarily through draws on its revolving credit facilities, while cash resulting from decreases in its non-cash working capital is used primarily to pay down these facilities. Item is excluded from calculation based on increases over the long-term generally being due to the Company's growth.

(2) Amount normalizes for the Company's adoption of IFRS-16 accounting standard.

(3) Amount relates to the Company's business acquisition activities.

(4) Amount relates to the Company's plant start-up and restructuring initiatives.

(5) Amount represents the portion of the Company's capital expenditures necessary for maintaining its existing capital asset base (see *Liquidity and Capital Resources – Capital Expenditures*).

The Company's free cash flow for the rolling four quarters ended March 30, 2024 decreased by \$2.0 million as compared to the rolling four quarters ended December 30, 2023 primarily due to costs associated with the Company's recent investments in production capacity and efficiencies, namely higher interest and lease costs. These were partially offset by an increase in adjusted EBITDA.

Dividend Policy

The Company considers a variety of factors in setting its dividend policy including the following:

- The ratio of its dividends to its free cash flow on a rolling four quarter basis;
- Its financial leverage ratios relative to targeted ranges (see *Liquidity and Capital Resources – Debt Financing Activities – Financial Leverage*);
- Debt principal repayment and senior lender loan covenant obligations;
- Financing requirements for project capital expenditures (see *Liquidity and Capital Resources – Capital Expenditures*), plant start-up and business restructuring initiatives and business acquisitions;
- Ability to access reasonably priced debt and equity financing;
- The ratio of its annual dividend per share to the trading price of its shares on the Toronto Stock Exchange (i.e. dividend yield);
- Maintaining a stable quarterly dividend per share;
- Maintaining regular annual increases in its dividend per share; and
- Significant changes, if any, in the status of one or more of the risk factors facing the Company.

In the first quarter of 2024, the Company increased its quarterly dividend by 10.4% to \$0.85 per share, or \$3.40 per share on an annual basis.

The Company is continually assessing its dividend policy based on the considerations outlined above as well as other possible factors that may become relevant in the future. Looking forward (see *Forward Looking Statements*), it intends to continue increasing its dividend, however, due to the general risks and uncertainties inherent in its business (see *Risks and Uncertainties*), there can be no assurance that it will be able to do so or that its current quarterly dividend will be maintained.

Dividend History

The Company declared its first distribution to equity holders in August 2005. The following table outlines the Company's distribution / dividend payment history since 2006, which was its first full year of declared distributions.

(in millions of dollars except per share amounts and ratios)

	Declared Shareholder Dividends / Distributions	Nature of Distribution	Free Cash Flow	Ratio ⁽¹⁾	Average Dividend / Distribution Per Share / Unit
Trailing four quarters ended:					
March 30, 2024	141.1	Dividend	251.0	56.2%	\$3.1600
December 30, 2023	137.5	Dividend	253.0	54.3%	\$3.0800
December 31, 2022	125.3	Dividend	285.8	43.8%	\$2.8000
December 25, 2021	111.5	Dividend	263.3	42.3%	\$2.5400
December 26, 2020	92.0	Dividend	188.8	48.7%	\$2.3100
December 28, 2019	76.7	Dividend	177.8	43.1%	\$2.1000
December 29, 2018	62.7	Dividend	164.6	38.1%	\$1.9000
December 30, 2017	50.6	Dividend	131.3	38.5%	\$1.6800
December 31, 2016	44.5	Dividend	121.5	36.6%	\$1.5200
December 26, 2015	35.0	Dividend	81.1	43.2%	\$1.3800
December 27, 2014	27.8	Dividend	57.4	48.4%	\$1.2500
December 28, 2013	26.5	Dividend	49.2	53.9%	\$1.2315
December 29, 2012	24.4	Dividend	46.0	53.0%	\$1.1760
December 31, 2011	22.7	Dividend	38.2	59.4%	\$1.1760
December 25, 2010	21.0	Dividend	32.2	65.2%	\$1.1760
December 26, 2009	20.7	(2)	29.3	70.6%	\$1.1760
December 31, 2008	20.6	Trust distribution	29.6	69.6%	\$1.1760
December 31, 2007	20.5	Trust distribution	26.4	77.7%	\$1.1760
December 31, 2006	18.4	Trust distribution	17.3	106.4%	\$1.1760

(1) Ratio of dividends / distributions declared to free cash flow for the corresponding trailing four quarter period.

(2) Consisted of trust distributions for the first two quarters of the period and dividends for the last two quarters of the period.

Normal Course Issuer Bid

On July 27, 2023, the Company put into place a normal course issuer bid (NCIB) under which it is authorized to purchase for cancellation up to 2,231,469 common shares, representing 5% of its issued and outstanding common share at that time, on or before July 30, 2024. Any purchases under the NCIB will be subject to the terms and limitations applicable to it and will be made through the facilities of the TSX at the market price at the time of purchase.

No common shares have been purchased under the NCIB.

Capital Expenditures

Expenditure Classification

The Company categorizes its capital expenditures into project capital expenditures and maintenance capital expenditures. Project capital expenditures are capital expenditures that are generally expected to earn an internal rate of return of 15% or more on an after tax, unlevered basis (see *Forward Looking Statements*). Maintenance capital expenditures include all capital expenditures that do not qualify as a project capital expenditure, and consist mainly of expenditures necessary for maintaining the Company's existing level of production capacity and operating efficiencies.

Maintenance capital expenditures are financed primarily through free cash flow (see *Liquidity and Capital Resources – Dividends*) while project capital expenditures are generally funded through the Company's credit facilities; however, larger expenditures, such as the building of a new plant or a major expansion of an existing plant, may also be funded through the issuance of new debt and/or equity.

Changes in Capital Assets

The following table shows the changes in the Company's capital assets during the first quarter of 2024:

<i>(in millions of dollars)</i>	13 weeks ended Mar 30, 2024
Opening capital assets at December 30, 2023	1,163.9
Depreciation	(24.4)
Disposals	(0.3)
Foreign currency translation adjustment ⁽¹⁾	15.2
Capital expenditures:	
Project	84.7
Maintenance	13.3
Closing capital assets	1,252.4

(1) Adjustment is the result of changes in the currency exchange rate used to translate the Company's U.S. based operations, which are denominated in U.S. dollars, into Canadian dollars.

Project Capital Expenditures

During the first quarter of 2024, the Company invested \$84.7 million in project capital expenditures consisting of: (i) \$70.0 million for larger projects as outlined below; and (ii) \$14.7 million for a variety of smaller projects.

(in millions of dollars)

Project ⁽¹⁾	2024 Expenditure	Future Expenditure ⁽¹⁾	Expected Completion Date ⁽¹⁾
An 8,000 square foot expansion combined with major production line reconfigurations and upgrades at a 100,500 square foot cooked protein production facility in Versailles, OH	US0.9	US0.7	Complete
Set up of a 165,000 square foot refrigerated distribution facility in Columbus, OH in conjunction with the conversion of existing warehouse and distribution space at the Company's Columbus, OH sandwich facility into production space	US5.4	US7.5	Q2-2024
New processing equipment and building modifications to gain processing efficiencies and increase the capacity of a 120,000 square foot cooked protein production facility in Scranton, PA	US6.1	US9.2	Q2-2024
New processing equipment to expand the capacity of a 106,000 square foot meat snack production facility in Brantford, ON	0.5	1.6	Q2-2024
Renovation of legacy space as part of a 107,000 square foot expansion of a 52,000 square foot meat snack and processed meats production facility in Ferndale, WA	US7.2	US7.3	Q3-2024
A new 60,000 square foot value-add cooked seafood facility in Auburn, ME that will replace an existing 6,000 square foot processing facility in Topsham, ME	US0.8	US2.2	Q3-2024
Phase II buildout of a new 91,000 square foot USDA inspected artisan bakery in San Francisco, CA	US2.0	US12.0	Q4-2024
New processing equipment to expand capacity of a 75,000 square foot cooked protein production facility in Montreal, QC	-	9.1	Q4-2024
Conversion of a deli meats processing facility in Arthur, ON to dry cured meats production, and the upgrade and reconfiguration of a deli meats production facility in Waterloo, ON to gain production capacity and improve operating efficiencies	3.2	37.4	Q1-2025
New processing equipment to expand the capacity and improve efficiencies of a 146,000 square foot sandwich production facility in Shannon, MS	US0.6	US5.4	Q1-2025
Phase I of a two phased project that will result in a new 525,000 square foot sandwich production facility in Cleveland, TN by 2029. The first phase will result in a new 330,000 square foot facility. The future expenditures amount is before expected proceeds from the sale & leaseback of the facility	US25.6	US104.0	Q2-2025
Consolidation of three ON production facilities into a new 108,000 square foot facility to gain production capacity and improve operating efficiencies. The future expenditures amount is before expected proceeds from the sale & leaseback of the facility	0.3	44.8	Q3-2025
Reconfiguration of kettle cooking facility in Richmond, BC to expand capacity and improve operating efficiencies	0.4	3.2	Q3-2025

(1) See *Forward Looking Statements*.

Historical Maintenance Capital Expenditures

The following table outlines the Company's historical maintenance capital expenditures since 2006:

<i>(in millions of dollars)</i>	
Trailing four quarters ended:	
March 30, 2024	47.1
December 30, 2023	46.0
December 31, 2022	43.2
December 25, 2021	29.3
December 26, 2020	27.1
December 28, 2019	26.5
December 29, 2018	19.8
December 30, 2017	12.0
December 31, 2016	8.6
December 26, 2015	6.4
December 27, 2014	4.8
December 28, 2013	4.3
December 29, 2012	2.9
December 31, 2011	2.9
December 25, 2010	1.7
December 26, 2009	2.0
December 31, 2008	2.6
December 31, 2007	1.8
December 31, 2006	1.9

Looking forward, for 2024 the Company expects its maintenance capital expenditures to be between \$50.0 million and \$55.0 million (see *Forward Looking Statements*).

Right of Use Assets and Lease Obligations

The following table shows the changes in the Company's right of use assets during the first quarter of 2024:

<i>(in millions of dollars)</i>	13 weeks ended Mar 30, 2024
Opening right of use assets at December 30, 2023	565.3
Additions	22.7
Disposals	(0.3)
Amortization	(16.8)
Foreign currency translation adjustment ⁽¹⁾	4.1
Closing right of use assets	575.0

(1) Adjustment is the result of changes in the currency exchange rate used to translate the Company's U.S. based operations, which are denominated in U.S. dollars, into Canadian dollars.

The following table shows the changes in the Company's lease obligations during the first quarter of 2024:

<i>(in millions of dollars)</i>	13 weeks ended Mar 30, 2024
Opening lease obligation at December 30, 2023 ⁽¹⁾	637.3
Additions	22.7
Payments	(19.6)
Disposals	(0.3)
Accretion	7.4
Foreign currency translation adjustment ⁽²⁾	4.6
Closing lease obligations ⁽¹⁾	652.1

(1) Includes both the current and long-term portions.

(2) Adjustment is the result of changes in the currency exchange rate used to translate the Company's U.S. based operations, which are denominated in U.S. dollars, into Canadian dollars.

Minimum lease payments in respect of lease obligations and the effect of discounting cash flows are as follows:

<i>(in millions of dollars)</i>	As at Mar 30, 2024
Undiscounted minimum lease payments	876.7
Effect of discounting	(224.6)
Present value of minimum lease payments ⁽¹⁾	652.1

(1) Includes both the current and long-term portions.

Corporate Investments

Corporate investments consist primarily of three activities: (i) business acquisitions; (ii) equity investments in non-controlled businesses; and (iii) loans to non-controlled businesses. Corporate investments, in general, and business acquisitions, in particular, are a core part of the Company's growth strategy.

The financing for corporate investments depends primarily on the size of the transaction. Smaller transactions are generally financed through the Company's credit facilities (see *Liquidity and Capital Resources – Debt Financing Activities*), while larger transactions can be financed through a variety of sources including existing credit facilities and the issuance of new debt and/or equity.

Business Acquisitions

During the first quarter the Company did not complete any business acquisitions, however, it remains very active on this front and expects (see *Forward Looking Statements*) to complete several transactions during the year.

Investments in Associates

Investments in associates consists of the Company's investments in businesses which it does not control, including its: (i) 50% interest in Clearwater; (ii) 35% to 40% interests in real estate investment limited partnerships (REILPs) which, on a combined basis, own and lease to the Company seven industrial real estate properties; and (iii) investments in a variety of specialty food companies that are generally in the early stages of their respective business plans.

The following table shows the changes in investments in associates during the first quarter of 2024:

<i>(in millions of dollars)</i>	13 weeks ended Mar 30, 2024
Opening investments in associates at December 30, 2023	453.5
Investments in and interest-bearing advances to and receipts from associates	9.2
Equity loss in associates	(13.3)
Foreign currency translation adjustment ⁽¹⁾	0.7
Closing investments in associates	450.1

(1) Adjustment is the result of changes in the currency exchange rate used to translate the Company's investments in U.S. based associates, which are denominated in U.S. dollars, into Canadian dollars.

Goodwill and Intangible Assets

Primarily all the Company's goodwill and intangible assets (consisting of brand names and customer relationships) are the result of business and asset acquisitions.

The following table shows the changes in the combined total of the Company's goodwill and intangible assets during the first quarter of 2024:

<i>(in millions of dollars)</i>	13 weeks ended Mar 30, 2024
Opening goodwill and intangible assets at December 30, 2023	1,624.7
Amortization of intangible assets	(5.5)
Foreign currency translation adjustment ⁽¹⁾	17.6
Closing goodwill and intangible assets	1,636.8

(1) Adjustment is the result of changes in the currency exchange rate used to translate the Company's U.S. based operations, which are denominated in U.S. dollars, into Canadian dollars.

Puttable Interest in Subsidiaries

Puttable interest in subsidiaries (puttable interest) represents the fair value estimate of put options held by non-controlling shareholders of certain subsidiaries of the Company that entitle such shareholders to require the Company to purchase their remaining interest in the applicable subsidiary at a formula-based price, which is generally a multiple of the applicable subsidiary's average adjusted EBITDA for a defined period.

The following table shows the changes in puttable interest in subsidiaries during the first quarter of 2024:

<i>(in millions of dollars)</i>	13 weeks ended Mar 30, 2024
Opening puttable interest in subsidiaries at December 30, 2023 ⁽¹⁾	72.8
Change in value of puttable interest in subsidiaries	2.6
Purchase of remaining interest in non-wholly owned subsidiary pursuant to put option	(1.6)
Cash distributions to non-controlling shareholders with puttable interests	(3.0)
Foreign currency translation adjustment ⁽²⁾	1.0
Closing puttable interest in subsidiaries ⁽¹⁾	71.8

(1) Includes both the current and long-term portions.

(2) Adjustment is the result of changes in the currency exchange rate used to translate the Company's U.S. based operations, which are denominated in U.S. dollars, into Canadian dollars.

Provisions

Provisions consist of: (i) contingent consideration relating to business acquisitions and calculated as the discounted present value of amounts expected (see *Forward Looking Statements*) to be paid to the vendors based on the associated businesses achieving defined performance targets; and (ii) lease restoration obligations, which are calculated as the present value of estimated (see *Forward Looking Statements*) future site restoration costs associated with certain leased facilities.

The following table shows the changes in the provisions during the first quarter of 2024:

<i>(in millions of dollars)</i>	13 weeks ended Mar 30, 2024
Opening provisions at December 30, 2023 ⁽¹⁾	44.4
Change in value and accretion of provisions	3.3
Cash payments	(1.4)
Foreign currency translation adjustment ⁽²⁾	0.9
Closing provisions ⁽¹⁾	47.2

(1) Includes both the current and long-term portions.

(2) Amount relates to changes in the currency exchange rate used to translate the Company's U.S. dollars denominated provisions into Canadian dollars.

OUTLOOK

See *Forward Looking Statements* for a discussion of the risks and assumptions associated with forward looking statements.

See *Results of Operations* for details on the Company's revenue, adjusted EBITDA, and income tax rate outlooks.

See *Liquidity and Capital Resources – Debt Financing Activities* for details on the Company's liquidity outlook.

See *Liquidity and Capital Resources – Dividends – Dividend Policy* for details on the Company's dividend payment policy.

See *Liquidity and Capital Resources – Capital Expenditures* for details on the Company's project and maintenance capital expenditure outlooks.

In terms of business acquisitions, the Company intends (see *Forward Looking Statements*) to continue to pursue opportunities and, correspondingly, is in the process of evaluating several potential transactions.

SUBSEQUENT EVENTS

No material events occurred subsequent to March 30, 2024.

OFF BALANCE SHEET ARRANGEMENTS

The Company does not have any off-balance sheet arrangements.

CONTRACTUAL OBLIGATIONS

The payments due on the Company's significant contractual obligations as at March 30, 2024 are as follows:

<i>(in millions of dollars)</i>	Total	1 year out	2 years out	3 years out	4 years out	5 years out	There-after
Long-term debt	1,639.9	2.4	0.9	1,627.4	0.6	0.2	8.4
4.65% debentures	172.5	-	172.5	-	-	-	-
4.20% debentures	150.0	-	-	-	150.0	-	-
5.40% debentures	150.0	-	-	-	-	-	150.0
Lease obligations ⁽¹⁾	876.7	76.5	75.2	72.3	66.4	80.7	505.6
Total	2,989.1	78.9	248.6	1,699.7	217.0	80.9	664.0

(1) Includes the impact of lease renewal options based on the likelihood of renewal (see *Forward Looking Statements*).

FORWARD LOOKING STATEMENTS

This MD&A contains forward looking statements with respect to the Company, including, without limitation, statements regarding its business operations, strategy and financial performance and condition, cash distributions, proposed acquisitions, budgets, projected costs and plans and objectives of or involving the Company. While management believes that the expectations reflected in such forward looking statements are reasonable and represent the Company's internal expectations and belief as of May 10, 2024, there can be no assurance that such expectations will prove to be correct as such forward looking statements involve unknown risks and uncertainties beyond the Company's control which may cause its actual performance and results in future periods to differ materially from any estimates or projections of future performance or results expressed or implied by such forward looking statements.

Forward looking statements generally can be identified by the use of the words "may", "could", "should", "would", "will", "expect", "intend", "plan", "estimate", "project", "anticipate", "believe" or "continue", or the negative thereof or similar variations. Forward looking statements in this MD&A include statements with respect to the Company's expectations and/or projections on its: revenue; adjusted EBITDA; plant start-up and restructuring costs; income tax rates; dividends and dividend policy; capital expenditures and business acquisitions; convertible debentures; net working capital; liquidity outlook; provisions; financial leverage ratios; value of puttable interests; and sale and leaseback and lease renewal transactions.

Some of the factors that could cause actual results to differ materially from the Company's expectations are outlined below under *Risks and Uncertainties*.

Assumptions used by the Company to develop forward looking statements contained or incorporated by reference in this MD&A are based on information currently available to it and include those outlined below as well as those outlined elsewhere in this document. Readers are cautioned that this information is not exhaustive.

- Economic conditions in the United States will remain relatively stable and in Canada will improve in the later part of 2024.
- The average cost of the basket of procured products and raw materials purchased by the Company will remain relatively stable.
- The Company will be able to access sufficient goods and services for its manufacturing and distribution operations.
- The Company will be able to access sufficient skilled and unskilled labor at reasonable wage levels.
- The value of the Canadian dollar relative to the U.S. dollar will fluctuate in line with the levels seen over the last several months.
- The Company's major capital projects, plant start-up and restructuring, and business acquisition initiatives will progress in line with its expectations.
- The Company will be able to achieve its projected operating efficiency improvements.
- There will not be any material changes in the competitive environment of the markets in which the Company's businesses compete.
- There will not be any material changes in the long-term food trends that have been driving growth in many of the Company's businesses. These include: (i) growing demand for higher quality foods made with simpler, more wholesome ingredients and/or with differentiated attributes such as antibiotic free, no added hormones or use of organic ingredients; (ii) increased reliance on healthier and less processed convenience-oriented foods both for on-the-go snacking as well as easy meal preparation, both at home and in foodservice; (iii) healthier eating, including reduced sugar consumption and an increased emphasis on animal protein and seafood; (iv) increased snacking in between and in place of meals; (v) increased interest in understanding the provenance of individual food products; and (vi) increased social awareness of issues such as reconciliation with Indigenous Peoples, sustainability, and ethical supply chain practices.

- Weather conditions in the Company's core markets will not have a significant impact on any of its businesses.
- There will not be any material changes in the Company's relationships with its larger customers including the loss of a major product listing and/or being forced to give significant product pricing concessions.
- There will not be any material changes in the trade relationship between Canada and the U.S.
- The Company will be able to negotiate new collective agreements with no labor disruptions.
- The Company will be able to access reasonably priced debt and equity capital.
- Contractual counterparties will continue to fulfill their obligations to the Company.
- There will be no material changes to the tax and other regulatory requirements governing the Company.

Management has set out the above summary of assumptions related to forward looking statements included in this discussion and analysis to provide a more complete perspective on the Company's future operations. Readers are cautioned that these statements may not be appropriate for other purposes.

Unless otherwise indicated, the forward looking statements in this discussion and analysis are made as of May 10, 2024 and, except as required by applicable law, will not be publicly updated or revised. This cautionary statement expressly qualifies the forward-looking statements in this discussion and analysis.

RISKS AND UNCERTAINTIES

The Company is subject to risks and uncertainties related to its businesses that may have adverse effects on its results of operations and financial position. Details on some of these can be found in its Management's Discussion and Analysis (MD&A) for the fiscal year ended December 30, 2023 under the heading "Risks and Uncertainties", which is incorporated by reference herein. The Company's MD&A has been filed electronically through SEDAR+ and is available online at www.sedarplus.ca. Prospective investors should carefully review and evaluate these risk factors together with all other information contained in this discussion and analysis. Furthermore, it should be noted that the risk factors described in the fiscal 2023 MD&A are not the only risk factors facing the Company and it may be subject to risks and uncertainties not described therein or that it is not presently aware of or that it may currently deem insignificant (see *Forward Looking Statements*).

CRITICAL ACCOUNTING ESTIMATES

The preparation of the Company's consolidated financial statements requires management to make certain estimates and assumptions, which are based on the Company's experience and management's understanding of current facts and circumstances. These estimates affect the reported amounts of assets, liabilities, contingencies, revenues and expenses included in the Company's consolidated financial statements and may differ materially from actual results.

Significant areas requiring the use of management estimates include inventories, goodwill and intangible assets, capital assets, right of use assets and lease obligations, income tax provisions, puttable interest in subsidiaries, convertible unsecured subordinated debentures, business acquisitions and contingent consideration, provisions, and plant start-up and restructuring costs. Details on these items can be found in the Company's 2023 audited consolidated financial statements and interim condensed consolidated financial statements for the period ended March 30, 2024, which are incorporated by reference herein, have been filed electronically through SEDAR+ and are available online at www.sedarplus.ca.

NEW ACCOUNTING POLICIES

The International Accounting Standards Board (IASB) periodically issues new standards and amendments or interpretations to existing standards. Details on the expected impact (see *Forward Looking Statements*) of any such changes can be found in the Company's interim condensed consolidated financial statements for the period ended March 30, 2024, which are incorporated by reference herein and have been filed electronically through SEDAR+ and are available online at www.sedarplus.ca.

FINANCIAL INSTRUMENTS

Foreign Currency Contracts

To reduce the risk associated with purchases denominated in currencies other than Canadian dollars, the Company, from time to time, enters into foreign currency contracts. The Company does not hold foreign currency contracts for speculative purposes.

Details on the Company's outstanding foreign currency contracts can be found in its interim condensed consolidated financial statements for the period ended March 30, 2024, which are incorporated by reference herein.

OTHER

Outstanding Shares

The shares outstanding in the Company as of May 10, 2024 were 44,629,382. Under IFRS, which requires that shares issued under employee share benefit plans that have not yet vested be deducted from shares outstanding, the shares outstanding in the Company as of May 10, 2024 were 44,411,669.

Disclosure Controls and Procedures and Internal Control over Financial Reporting

Management has designed, or caused to be designed under their supervision, the Company's disclosure controls and procedures (DCP) and internal control over financial reporting (ICFR) as defined under National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings (NI 52-109).

Management has evaluated the Company's DCP as of March 30, 2024 and has concluded that such procedures are adequately designed for providing reasonable assurance that: (i) material information relating to the Company, including its consolidated subsidiaries, is made known to management on a timely basis to ensure adequate disclosure and (ii) information required to be disclosed by the Company in its annual filings or other reports filed and submitted under applicable securities legislation is recorded, processed, summarized and reported within the prescribed time period.

Management has also evaluated the Company's ICFR as of March 30, 2024 and has concluded that the Company's ICFR is adequately designed for providing reasonable assurance that the reliability of financial reporting and the preparation of financial statements for external purposes are in accordance with IFRS.

Although the Company's assessment of DCP and ICFR are based on the integrated framework developed by the Committee of Sponsoring Organizations of the Treadway Commission (2017 COSO), both DCP and ICFR, no matter how well designed, have inherent limitations. Therefore, DCP and ICFR can only provide reasonable assurance and thus may not prevent or detect all misstatements.

The Company's Management has also concluded that there have been no changes to the Company's ICFR during the fiscal period ending March 30, 2024 that have materially affected, or are reasonably likely to affect, its ICFR.

Responsibilities of Management and Board of Directors

Management is responsible for the reliability and timeliness of content disclosed in this MD&A, which is current as of May 10, 2024. It is the responsibility of the Company's Audit Committee to provide oversight in reviewing the MD&A and the Company's Board of Directors to approve the MD&A.

The Company's Board of Directors and its Audit Committee also review all material matters relating to the necessary systems, controls and procedures in place to ensure the appropriateness and timeliness of MD&A disclosures.

This MD&A, dated May 10, 2024, has been approved by the Company's Board of Directors.

Additional Information

Additional information, including the Company's Annual Information Form, has been filed electronically through SEDAR+ and is available online at www.sedarplus.ca.