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Premium Brands

## Second Quarter 2023 Conference Call

August 14, 2023

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Forward looking statements are based on a number of key expectations and assumptions made by the Company, including, without limitation the expectations and assumptions outlined in the Company's Management's Discussion and Analysis ("MD&A") for the 13 and 26 weeks ended July 1, 2023, a copy of which is filed electronically through SEDAR and is available online at [www.sedar.com](http://www.sedar.com). Although the forward looking statements contained in this presentation are based on what the Company's management believes to be reasonable assumptions, the Company cannot assure investors that actual results will be consistent with such forward looking statements.

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## Today's Presenters

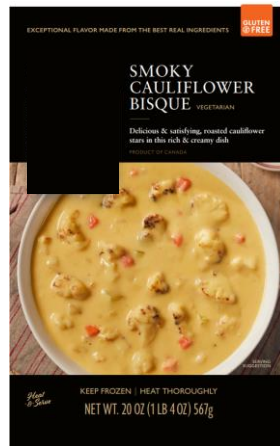
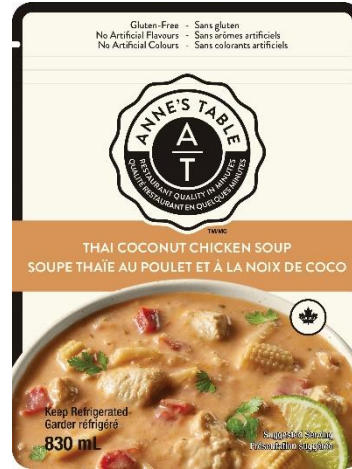
- **George Paleologou**  
*President & Chief Executive Officer*
- **Will Kalutycz**  
*Chief Financial Officer*

# Key Messages

- Record second quarter results
  - Sales up 7.3% to \$1.63 billion
  - Adjusted EBITDA up 16.5% to \$152.4 million
- Adjusted EPS at \$1.27 per share
- Specialty Foods segment organic volume growth rate of 8.1% while Premium Food Distribution segment was down slightly due to transitory factors
- Commissioned a new state-of-the-art 67,000 square foot sandwich facility in Edmonton, Alberta
- Announced plans to consolidate three Ontario production facilities into a new state-of-the-art 109,000 square foot facility in Brampton, Ontario
- Sales and adjusted EBITDA guidance for 2023 reaffirmed
- Posted new annual CEO Letter to Shareholders on our website

## Acquisition Opportunities *(millions of dollars except transactions)*

Platform	<i>Agreed to terms and in due diligence</i>		<i>In negotiations</i>		<i>In discussions</i>		<i>Identified future opportunity</i>		<i>Past discussions and currently on hold</i>		Total	
	Advanced		Active		Early Stage		Opportunity		Inactive			
	#	Sales	#	Sales	#	Sales	#	Sales	#	Sales	#	Sales
Seafood	-	-	7	406	4	310	1	54	9	1,448	21	2,218
Distribution	1	30	1	150	5	1,093	1	944	2	60	10	2,277
Protein	-	-	2	145	12	1,989	3	333	9	508	26	2,975
Sandwich	-	-	-	-	1	438	4	796	1	1,349	6	2,583
Bakery	-	-	-	-	1	60	2	81	4	217	7	358
Culinary	-	-	-	-	1	75	3	1,159	3	227	7	1,461
	1	30	10	701	24	3,965	14	3,367	28	3,809	77	11,872



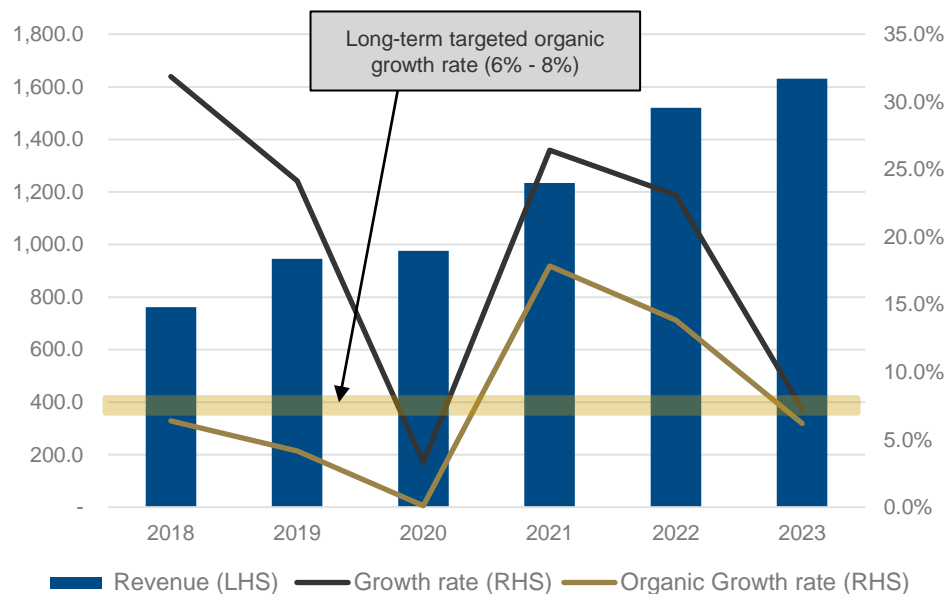




# Q2-2023 Financial Update

## Quarter Sales Performance *(millions of dollars except percentages)*

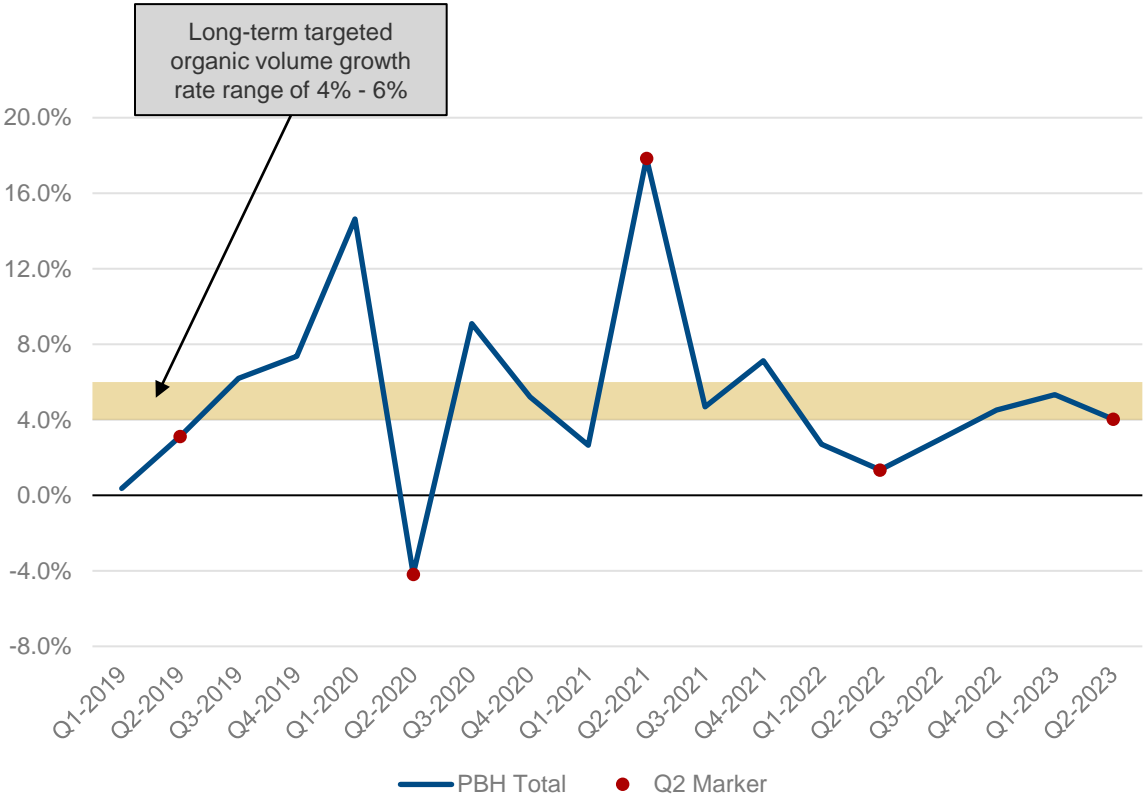
	2018	2019	2020	2021	2022	2023
Revenue	761.5	945.4	976.6	1,234.7	1,519.9	1,630.9
OGR	6.4%	4.2%	0.1%	17.9%	13.9%	6.2%
OVGR	7.2%	5.5%	(4.2%)	17.9%	1.3%	4.0%



### Growth Drivers

- Organic volume growth – **\$61.2m**
- A weaker CAD relative to the USD – **\$29.0m**
- Acquisitions – **\$16.9m**
- Net selling price inflation – **\$3.9m**

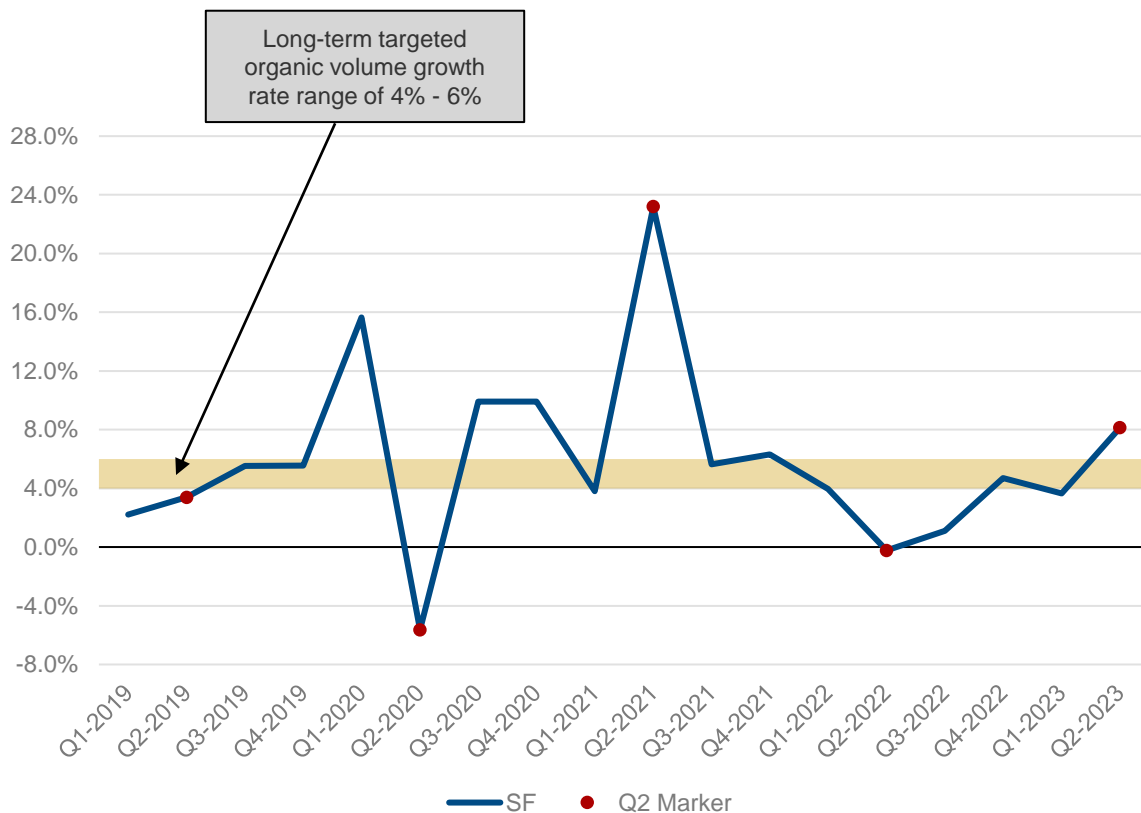
# Organic Volume Growth Rate



Factors impacting the Company's Q2-2023 OVGR:

- Chicken sandwich launched in Q2-2022 and recalled in Q3-2022 – normalized for this OVGR is **5.2%**
- PFD's challenges on the sale of premium seafood and beef products into the retail channel, including reduced featuring by several large retailers

# Specialty Foods – Organic Volume Growth Rate

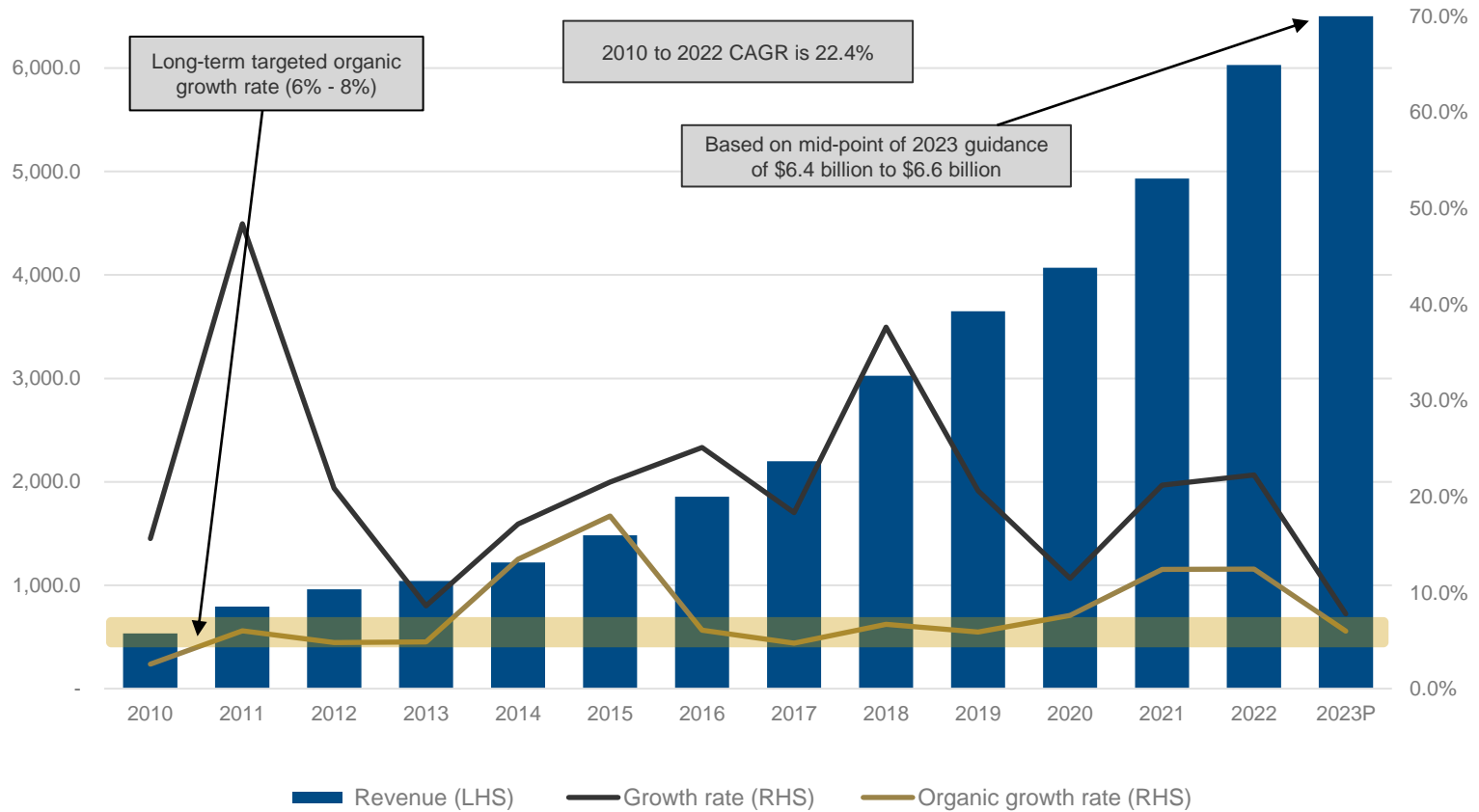


## Factors impacting the SF's Q2-2023 OVGR:

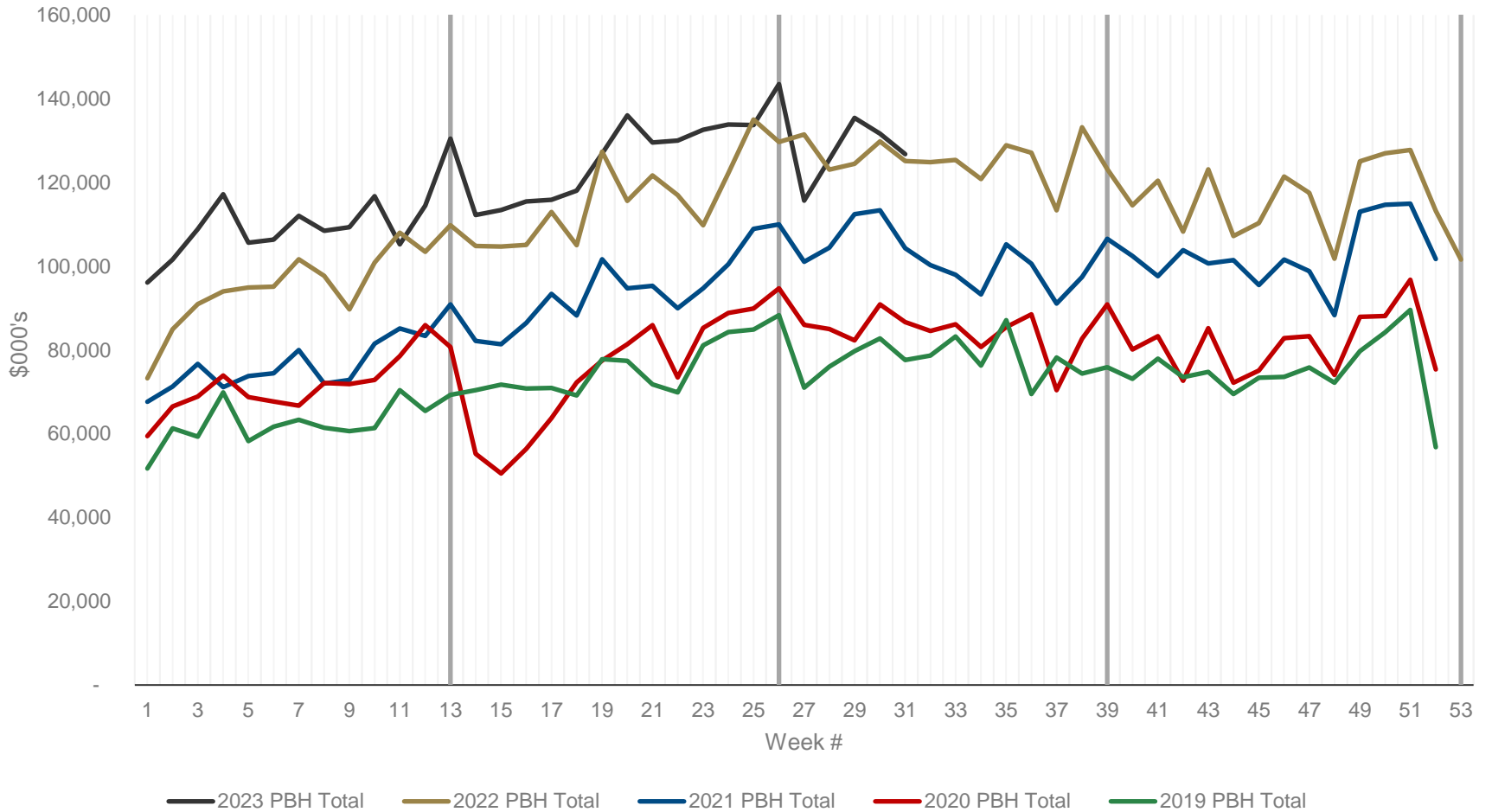
- Chicken sandwich launched in Q2-2022 and recalled in Q3-2022 – normalized for this OVGR is **10.2%**
- Lack of capacity in certain product categories, which will be addressed by capacity expansion projects coming on stream later this year

# Revenue Trend *(millions of dollars except percentages)*

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023P
Revenue	535.2	794.3	960.1	1,043.0	1,221.8	1,484.5	1,857.5	2,198.3	3,025.8	3,649.4	4,068.9	4,931.7	6,029.8	6,500.0
OGR	2.6%	6.0%	4.8%	4.9%	13.5%	18.0%	6.1%	4.7%	6.7%	5.9%	7.6%	12.4%	12.4%	6.0%

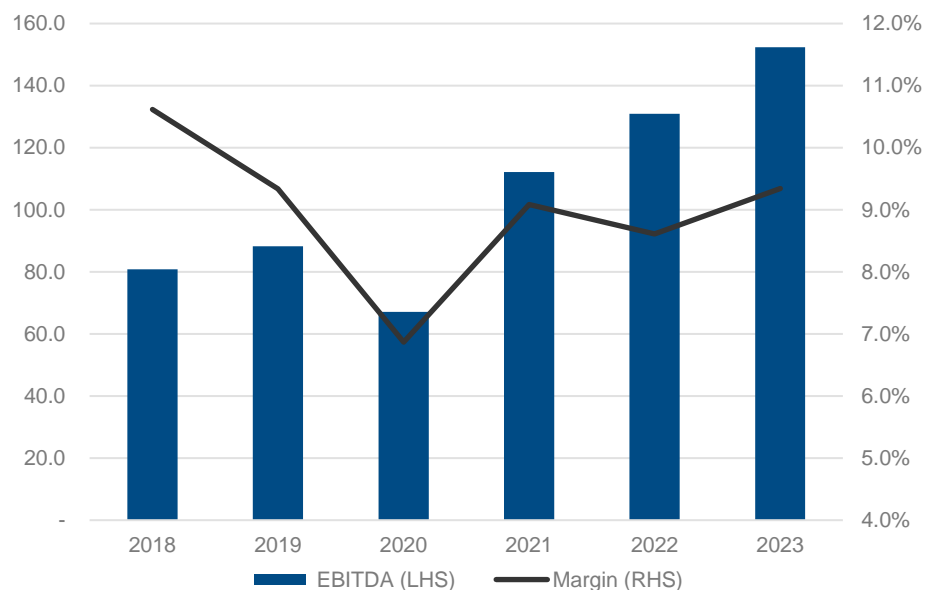


# Weekly Sales Trend



## Quarter Adjusted EBITDA Performance *(millions of dollars except percentages)*

	2018	2019	2020	2021	2022	2023
EBITDA	80.8	88.2	67.1	112.2	130.8	152.4
Margin	10.6%	9.3%	6.9%	9.1%	8.6%	9.3%



### Positive factors

- Price inflation net of raw material, wage and freight cost inflation / deflation
- Organic sales growth
- Plant efficiencies

### Negative factors

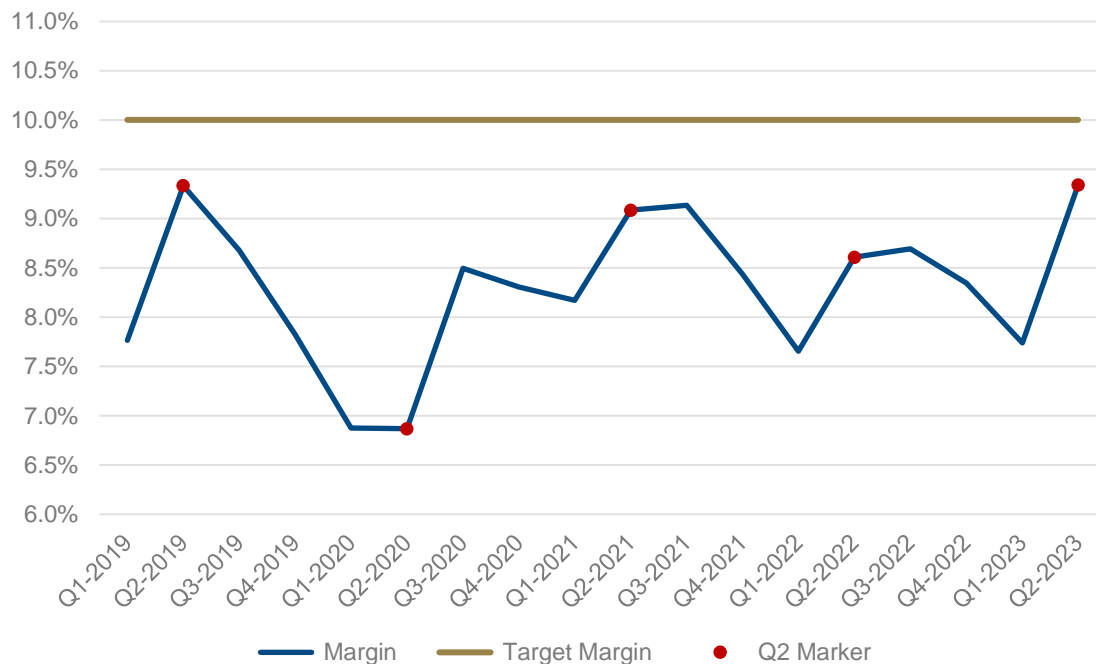
- Incentive based compensation
- Discretionary promotion (does not include featuring rebates)
- Plant overhead
- Reduced overhead absorption
- SG&A staff infrastructure
- Customer bankruptcy

## Margin Recovery *(millions of dollars except percentages)*

	Q1-2022	Q2-2022	Q3-2022	Q4-2022	Q1-2023	Q2-2023
Selling price increases	122.6	134.4	89.5	61.9	42.6	3.9
Raw material, wage and freight costs	(124.5)	(130.9)	(77.5)	(45.8)	(24.7)	21.0
Margin dollar impact	(1.9)	3.5	12.0	16.1	17.9	24.9
Margin impact	-	2.6%	13.4%	26.0%	42.0%	-
<i>Impact of retailer selling price increase notice periods</i>	<i>16.2</i>	<i>12.7</i>	<i>4.6</i>	<i>8.6</i>	<i>1.7</i>	<i>1.6</i>
<i>Margin impact with additional pricing</i>	<i>10.3%</i>	<i>11.0%</i>	<i>17.6%</i>	<i>35.0%</i>	<i>44.2%</i>	<i>-</i>



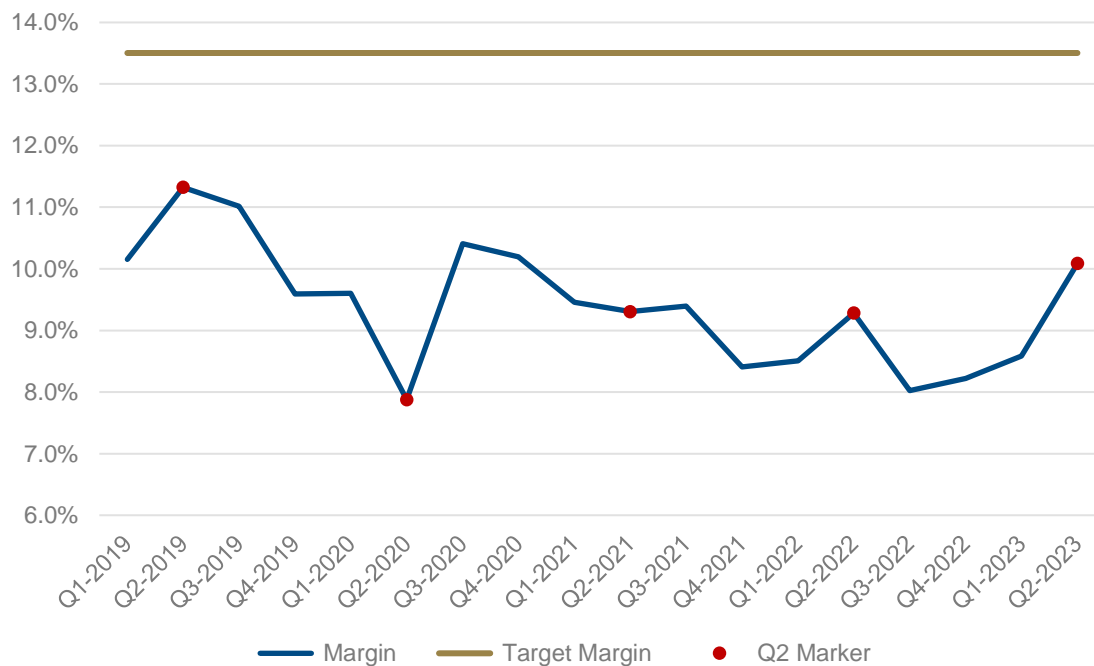
# Adjusted EBITDA Margin



Factors impacting the Company's Q2-2023 EBITDA margin relative to 10% target:

- Unutilized production capacity
- Lost overhead absorption due to inventory reduction initiatives – **22 bps**
- Inventory write-off resulting from customer bankruptcy filing – **12 bps**
- Delayed pricing – **10 bps**

# Specialty Foods – Adjusted EBITDA Margin

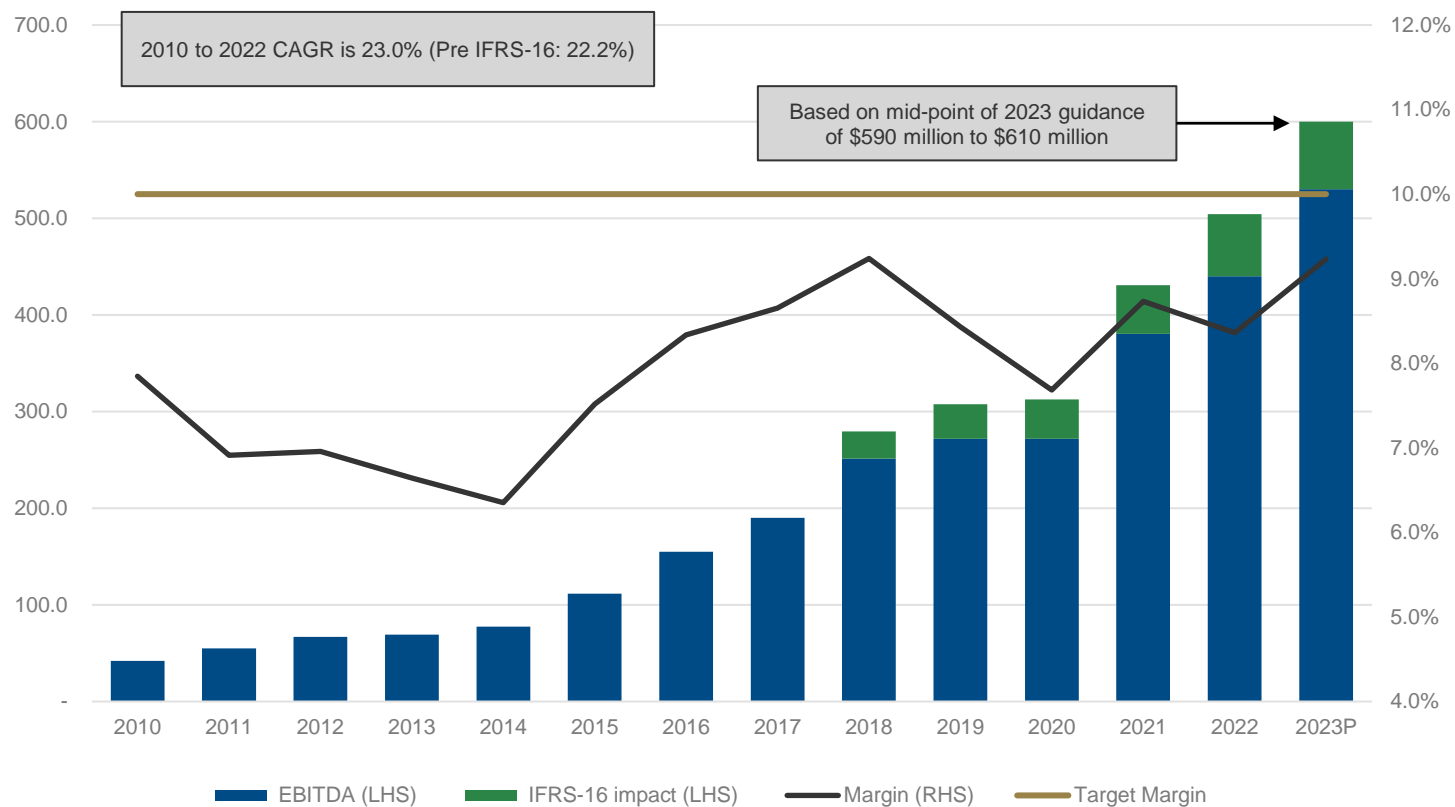


Factors impacting SF's Q2-2023 EBITDA margin:

- Unutilized production capacity
- Lost overhead absorption due to inventory reduction initiatives – **30 bps**
- Inventory write-off resulting from customer bankruptcy filing – **18 bps**
- Delayed pricing – **15 bps**

## EBITDA Trend *(millions of dollars except percentages)*

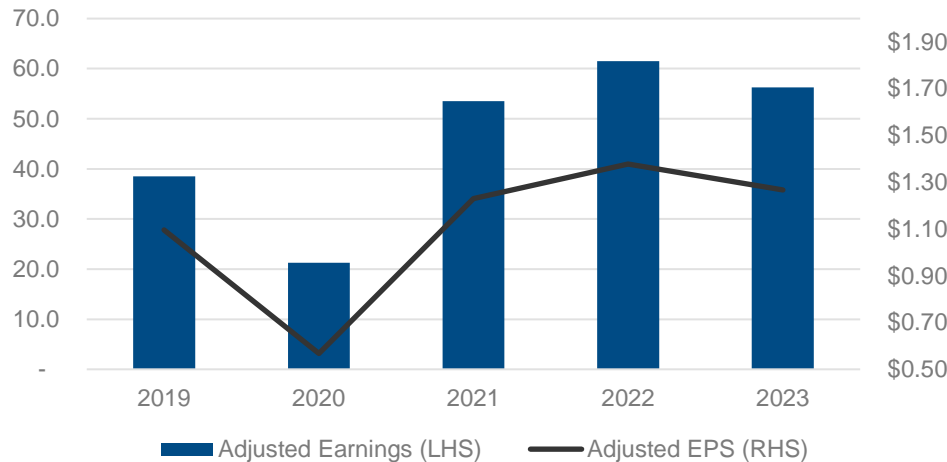
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023P
EBITDA	42.0	54.9	66.8	69.3	77.6	111.6	154.8	190.2	280.2	307.7	312.6	430.7	504.2	600.0
Margin	7.8%	6.9%	7.0%	6.6%	6.4%	7.5%	8.3%	8.7%	9.3%	8.4%	7.7%	8.7%	8.4%	9.2%



# Quarter Adjusted Earnings Performance

(millions of dollars except per share amounts)

	2019	2020	2021	2022	2023
Adj earnings	38.5	21.2	53.5	61.5	56.3
Adj EPS	1.10	0.57	1.23	1.38	1.27



## Major positive factors:

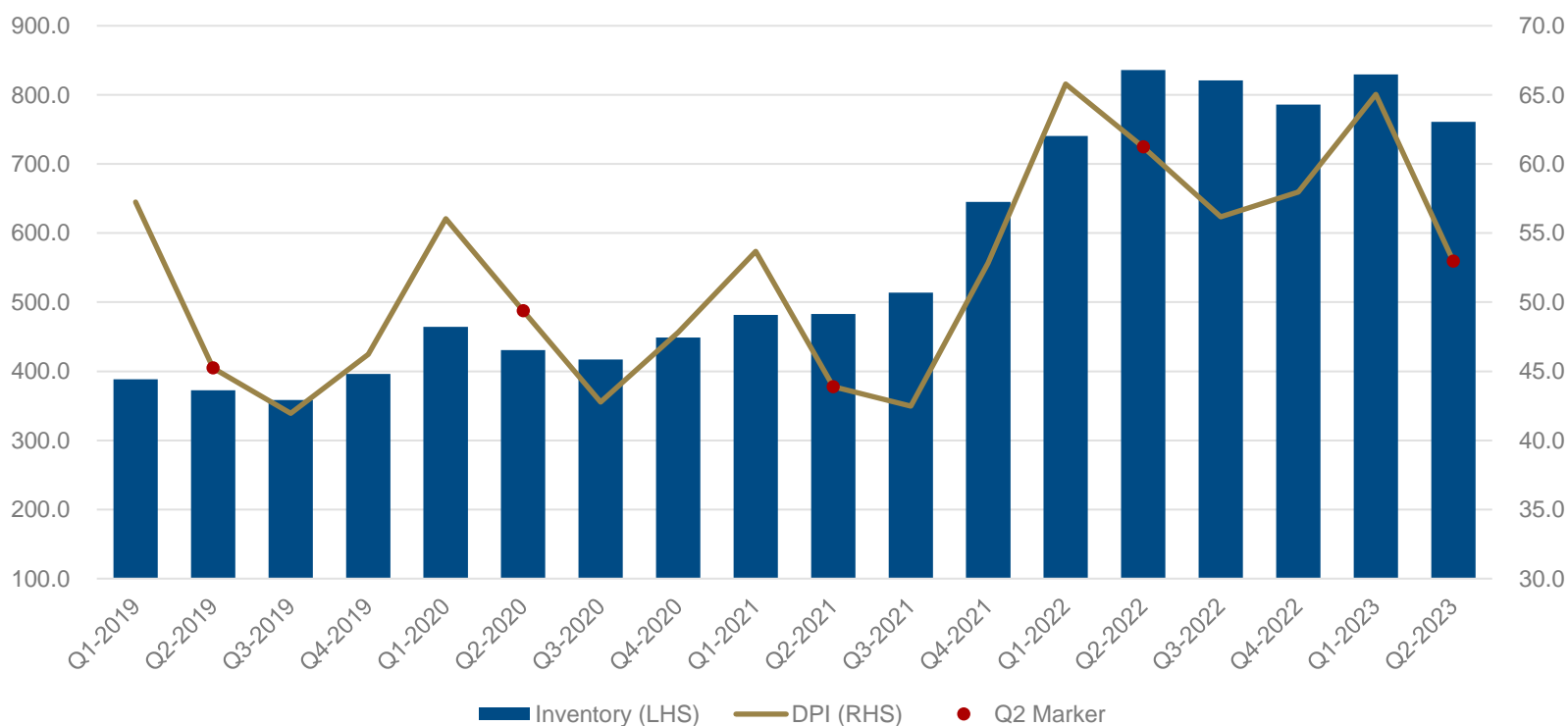
- EBITDA growth – **\$21.6m**
- Decreased income taxes – **\$0.8m**

## Major negative factors:

- Growth investment – **\$12.7m**
  - Interest (\$7.3m)
  - Amortization of right-of-use assets and accretion of lease obligations (\$2.9m)
  - Depreciation (\$2.5m)
- Interest rates and FX – **\$14.7m**

# Inventory Trend Analysis *(millions of dollars unless noted otherwise)*

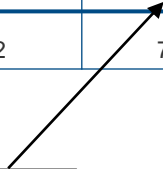
	Q1-19	Q2-19	Q3-19	Q4-19	Q1-20	Q2-20	Q3-20	Q4-20	Q1-21	Q2-21	Q3-21	Q4-21	Q1-22	Q2-22	Q3-22	Q4-22	Q1-23	Q2-23
Inventory	388.2	372.5	358.6	396.2	464.3	430.5	417.0	448.8	481.5	483.0	513.6	645.2	740.5	836.2	821.1	786.1	829.7	760.9
DPI	57.3	45.2	42.0	46.2	56.0	49.4	42.8	47.8	53.7	43.9	42.5	52.8	65.8	61.2	56.2	58.0	65.0	53.0



## Capital Allocations – Project Capex *(millions of dollars except percentages)*

	Q2-2023	YTD-2023	Investment To-Date	Investment Expected	Expected IRR
Project capital expenditures	87.5	149.6	325.6	692.5	15% or greater
Maintenance capital expenditures	13.4	25.6	25.6	52.5	-
	100.9	175.2	351.2	745.0	

Based on mid-point of 2023 guidance of \$50 million to \$55 million



# Liquidity *(millions of dollars except ratios)*

