PREMIUM BRANDS HOLDINGS CORPORATION REPORTS RECORD SECOND QUARTER RESULTS, TWO ACQUISITIONS AND DECLARES THIRD QUARTER DIVIDEND

VANCOUVER, B.C., August 5, 2022. Premium Brands Holdings Corporation (TSX: PBH), a leading producer, marketer and distributor of branded specialty food products, announced today its results for the second quarter of 2022.

SECOND QUARTER HIGHLIGHTS

- Record second quarter revenue of $1.52 billion representing a 23.1%, or $285.2 million, increase as compared to the second quarter of 2021
- Record second quarter adjusted EBITDA[1] of $130.8 million representing a 16.6%, or $18.6 million, increase as compared to the second quarter of 2021
- Record second quarter adjusted EPS[1] of $1.38 per share representing a 12.2%, or $0.15 per share, increase as compared to the second quarter of 2021
- The Company increased its 2022 revenue guidance range to $5.75 billion to $6.0 billion and maintained its 2022 adjusted EBITDA guidance range of $510.0 million to $530.0 million
- Clearwater Seafoods generated record second quarter adjusted EBITDA of $31.3 million and earnings before distributions to shareholders of $10.7 million
- The Company announced the acquisitions of King's Command, an Ohio based cooked protein manufacturer, and Golden Valley Farms, an Ontario based deli meats manufacturer
- The Company declared a dividend of $0.70 per share for the third quarter of 2022

1 *The Company reports its financial results in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board. Adjusted EBITDA and adjusted EPS are non-IFRS financial measures. Reconciliations and explanations for all non-IFRS measures are included in the Non-IFRS Financial Measures section of this press release.*

CONFERENCE CALL

The Company will hold a conference call to discuss its second quarter 2022 results today at 10:30 a.m. PDT (1:30 p.m. EDT). An investor presentation that will be referenced on the conference call is available here or on the Company's website at www.premiumbrandsholdings.com.

Access to the call may be obtained by calling the operator at (416) 764-8646 or (888) 396-8049 (Conference ID: 94465746) up to ten minutes prior to the scheduled start time. For those who are unable to participate, a recording of the conference call will be available through to 10:30 a.m. eastern time on September 5, 2022 at (416) 764-8692 or (877) 674-7070 (passcode: 465746#). Alternatively, a recording of the conference call will be available at the Company's website at www.premiumbrandsholdings.com.

SUMMARY FINANCIAL INFORMATION

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

	13 weeks ended Jun 25, 2022	**13 weeks ended Jun 26, 2021**	**26 weeks ended Jun 25, 2022**	**26 weeks ended Jun 26, 2021**
Revenue	1,519.9	1,234.7	2,771.1	2,244.5
Adjusted EBITDA[1]	130.8	112.2	226.6	194.7
Earnings	63.3	28.0	85.7	47.8
EPS	1.42	0.65	1.92	1.10
Adjusted earnings[1]	61.5	53.5	100.9	84.8
Adjusted EPS[1]	1.38	1.23	2.26	1.95

	Trailing Four Quarters Ended	
	Jun 25, 2022	**Jun 26, 2021**
Free cash flow[1]	276.3	238.4
Free cash flow per share	6.27	5.79
Declared dividends	118.8	104.0
Declared dividend per share	2.67	2.425
Payout ratio[1]	43.0%	43.6%

1 *Reconciliations for all non-IFRS measures are included in the Non-IFRS Financial Measures section of this press release*.

“We are finally seeing tangible signs of a return to more normal market conditions after over two years of pandemic driven challenges and disruptions,” said Mr. George Paleologou, President and CEO. “The second quarter was, however, not without headwinds and operational issues, but despite these we once again generated record sales, adjusted EBITDA, adjusted earnings and free cash flow per share.

“Our protein group of businesses was impacted particularly hard this quarter. Poor spring weather, less retail featuring (which was done to mitigate the margin impact of record increases in input costs while higher selling prices were being implemented), labor issues, a shift in consumer spending from the retail channel to the foodservice channel and acute price inflation combined to create a very difficult sales environment. The good news is that most of these challenges are temporary, and the group is already generating improved growth and operational performance in the third quarter. Furthermore, our results for the quarter again demonstrated the strength of our diversification strategies as we were still able to generate net organic volume growth as our foodservice focused businesses benefited from some of the challenges faced by our protein group of businesses.

“As the economic environment stabilizes, and labor and global supply chains continue to normalize, we expect to see a strong acceleration in our performance based on the investments we have made and initiatives we have implemented over the last several years,” added Mr. Paleologou.

“Throughout the chaos caused by the pandemic, we maintained our focus on the long-term and continued to invest in our people and businesses. This past quarter was no different with us making $133.5 million in new capital allocation decisions, including the acquisitions of King’s Command and Golden Valley Farms. Both of these businesses will play a significant role in supporting our organic growth initiatives as they provide us with much needed capacity solutions in two very exciting growth categories, namely cooked protein and dry cured meats.

“Looking forward, we are now positioned to exceed our 2023 objectives of $6.0 billion in sales and $600 million in adjusted EBITDA and to achieve our longer-term goal of being one of North America’s leading specialty foods companies. In addition, we continue to enjoy a robust pipeline of acquisition opportunities that spans all our platforms and provides us with the ability to further accelerate our growth,” said Mr. Paleologou.

THIRD QUARTER 2022 DIVIDEND

The Company also announced that its Board of Directors approved a cash dividend of $0.70 per share for the third quarter of 2022, which will be payable on October 17, 2022 to shareholders of record at the close of business on September 30, 2022.

Unless indicated otherwise in writing at or before the time the dividend is paid, each dividend paid by the Company in 2022 or a subsequent year is an eligible dividend for the purposes of the Enhanced Dividend Tax Credit System.

ABOUT PREMIUM BRANDS

Premium Brands owns a broad range of leading specialty food manufacturing and differentiated food distribution businesses with operations across Canada and the United States. For further information, please contact George Paleologou, President and CEO or Will Kalutycz, CFO at (604) 656-3100.

www.premiumbrandsholdings.com

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

(in millions of dollars except percentages)	13 weeks ended Jun 25, 2022	% (1)	13 weeks ended Jun 26, 2021	% (1)	26 weeks ended Jun 25, 2022	% (1)	26 weeks ended Jun 26, 2021	% (1)
Revenue by segment:								
Specialty Foods	929.3	61.1%	775.4	62.8%	1,718.5	62.0%	1,431.3	63.8%
Premium Food Distribution	590.6	38.9%	459.3	37.2%	1,052.6	38.0%	813.2	36.2%
Consolidated	1,519.9	100.0%	1,234.7	100.0%	2,771.1	100.0%	2,244.5	100.0%

(1) Expressed as a percentage of consolidated revenue.

Specialty Foods' (SF) revenue for the quarter increased by $153.9 million or 19.8% primarily due to: (i) selling price inflation of $88.7 million, which was driven by increases implemented in reaction to inflationary pressures across a broad range of costs; (ii) business acquisitions, which accounted for $51.7 million of SF's growth; and (iii) a $17.4 million increase in the translated value of sales generated by SF's U.S. based businesses due to a weaker Canadian dollar – approximately 50.0% of SF's revenue for the quarter was generated by these businesses. These factors were partially offset by organic volume contraction of $3.9 million or 0.5%.

SF's lack of organic volume growth was primarily due to: (i) reduced branded protein sales resulting from a range of challenges including poor spring weather across most of Canada, less featuring (which was done to mitigate the margin impact of record increases in input costs while higher selling prices are being implemented), consumer spending shifting from retail to foodservice and price related demand destruction in certain limited product categories (primarily beef jerky); and (ii) higher customer order short shipments resulting from the reconfiguration of SF's Phoenix sandwich plant's labor force, which is being done to maximize the plant's potential capacity but during the transition is negatively impacting its capacity – normalizing for the higher customer order short shipments, SF's organic volume growth rate (OVGR) is 2.2%.

SF's revenue for the first two quarters of 2022 increased by $287.2 million or 20.1% primarily due to: (i) selling price inflation of $155.3 million; (ii) business acquisitions, which accounted for $92.0 million of the increase; (iii) organic volume growth of $24.0 million representing an OVGR of 4.3%; and (iv) a $15.9 million increase in the translated value of sales generated by the Company's U.S. based businesses.

Premium Food Distribution's (PFD) revenue for the quarter increased by $131.3 million or 28.6% due to: (i) business acquisitions, which accounted for $62.4 million of PFD's growth; (ii) selling price inflation of $45.7 million, which was driven by increases implemented in reaction to inflationary pressures across a broad range of costs; (iii) organic volume growth of $20.5 million representing an OVGR of 4.4%; and (iv) a $2.7 million increase in the translated value of sales generated by SF's U.S. based businesses due to a weaker Canadian dollar.

PFD's OVGR of 4.4% was primarily due to a recovery in its foodservice and cruise line sales post the lifting of pandemic related restrictions. This was partially offset by: (i) the ongoing development of PFD's processed lobster strategies that resulted in additional inventory being created for the back half of 2022 and correspondingly less trading of live lobsters in the quarter; (ii) less featuring by retailers and restaurants of premium seafood products because of record high prices; and (iii) reduced exports of lobsters to China resulting from pandemic related shutdowns in that country and a lack of air transport capacity.

PFD's revenue for the first two quarters of 2022 increased by $239.4 million or 29.4% primarily due to: (i) business acquisitions, which accounted for $115.4 million of the increase; (ii) selling price inflation of $101.8 million; (iii) organic volume growth of $19.7 million representing an OVGR of 2.4%; and (iv) a $2.5 million increase in the translated value of sales generated by the Company's U.S. based businesses.

Gross Profit

(in millions of dollars except percentages)	13 weeks ended Jun 25, 2022	% (1)	13 weeks ended Jun 26, 2021	% (1)	26 weeks ended Jun 25, 2022	% (1)	26 weeks ended Jun 26, 2021	% (1)
Gross profit by segment:								
Specialty Foods	191.2	20.6%	158.1	20.4%	354.1	20.6%	299.3	20.9%
Premium Food Distribution	85.9	14.5%	74.9	16.3%	149.8	14.2%	127.1	15.6%
Consolidated	277.1	18.2%	233.0	18.9%	503.9	18.2%	426.4	19.0%

(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 20 basis points primarily due to: (i) sales mix changes; and (ii) recent business acquisitions generating higher average gross margins. These factors were partially offset by: (i) retailer notice-period requirements which delayed the implementation of selling price increases being put through to address inflation across a broad range of costs including raw materials, wages and freight – adjusting for a full quarter's impact of price increases implemented during the quarter, SF's normalized gross margin is approximately 21.6%; and (ii) additional outside storage costs associated with higher inventory levels – SF's higher inventory levels are expected (see *Forward Looking Statements*) to partially reverse in the second half of 2022.

SF's gross margin for the first two quarters of 2022 decreased by 30 basis points primarily due to: (i) retailer notice-period related delays – adjusting for the full half year's impact of price increases implemented in the first two quarters of 2022, SF's normalized gross margin is approximately 21.9%; and (ii) additional outside storage costs. These factors were partially offset by: (i) sales mix changes and sales leveraging associated with SF's organic growth; and (ii) recent business acquisitions generating higher average gross margins.

PFD's gross margin for the quarter and for the first two quarters of 2022 decreased by 180 basis points and 140 basis points, respectively, primarily due to: (i) lower than normal margins on lobster products due to unusually volatile market prices and sales mix changes associated with reduced exports to China; (ii) significantly higher costs for a broad range of inputs including procured products, raw materials, freight and wages – PFD was able to offset these increases by raising its selling prices (in general, PFD's businesses have much more dynamic pricing structures relative to SF's businesses) but did not maintain the same margin percentage due to a variety of factors including temporarily providing its customers with time to adapt to the higher price environment and a portion of its business being structured on a cost-plus basis; and (iii) lower average gross margins on recent business acquisitions. These factors were partially offset by sales leveraging associated with PFD's organic growth.

Selling, General and Administrative Expenses (SG&A)

(in millions of dollars except percentages)	13 weeks ended Jun 25, 2022	% (1)	13 weeks ended Jun 26, 2021	% (1)	26 weeks ended Jun 25, 2022	% (1)	26 weeks ended Jun 26, 2021	% (1)
SG&A by segment:								
Specialty Foods	107.0	11.5%	88.4	11.4%	203.3	11.8%	168.9	11.8%
Premium Food Distribution	48.3	8.2%	40.9	8.9%	91.9	8.7%	76.0	9.3%
Corporate	6.1		5.8		12.0		11.2	
Consolidated	161.4	10.6%	135.1	10.9%	307.2	11.1%	256.1	11.4%

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

SF's SG&A for the quarter and for the first two quarters of 2022 increased by $18.6 million and $34.4 million, respectively, primarily due to: (i) freight and wage inflation; (ii) business acquisitions; and (iii) a variety of additional infrastructure investments made to support the segment's long-term growth objectives. These factors were partially offset by lower incentive-based compensation accruals.

PFD's SG&A for the quarter and for the first two quarters of 2022 increased by $7.4 million and $15.9 million, respectively, primarily due to: (i) freight and wage inflation; and (ii) business acquisitions.

Adjusted EBITDA [1]

(in millions of dollars except percentages)	13 weeks ended Jun 25, 2022	% (2)	13 weeks ended Jun 26, 2021	% (2)	26 weeks ended Jun 25, 2022	% (2)	26 weeks ended Jun 26, 2021	% (2)
Adjusted EBITDA by segment:								
Specialty Foods	84.2	9.1%	69.7	9.0%	150.8	8.8%	130.4	9.1%
Premium Food Distribution	37.6	6.4%	34.0	7.4%	57.9	5.5%	51.1	6.3%
Corporate	(6.1)		(5.8)		(12.0)		(11.2)	
Interest Income from Investments	15.1		14.3		29.9		24.4	
Consolidated	130.8	8.6%	112.2	9.1%	226.6	8.2%	194.7	8.7%

(1) Adjusted EBITDA is a non-IFRS financial measure. Reconciliation and explanation is included in the Non-IFRS Financial Measures section of this press release
(2) Expressed as a percentage of the corresponding segment's revenue.

The Company's adjusted EBITDA for the quarter of $130.8 million, while being $18.6 million or 16.6% higher as compared to the second quarter of 2021, was at the lower end of its expected range primarily due to: (i) the sales challenges impacting SF, and in particular the poor spring weather across most of Canada; (ii) higher freight inflation and (iii) lower than normal lobster product margins. These factors were partially offset by: (i) lower than projected costs for certain raw materials; and (ii) lower incentive-based compensation accruals.

The Company's adjusted EBITDA margin for the first two quarters of 2022 of 8.2% was below its long-term annual target of 10% primarily due to: (i) delays in implementing selling prices due to retailer notice-period requirements – adjusting for the full half year's impact of price increases implemented in the first two quarters of 2022, the Company's normalized adjusted EBITDA margin is approximately 9.1%; (ii) the sales challenges impacting SF in the second quarter; and (iii) lower than normal lobster product margins.

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 two quarters of 2022, the Company incurred $5.3 million in plant start-up and restructuring costs relating to a variety of projects, including a 42,000 square foot expansion of its artisan bakery in British Columbia, a 26,000 square foot expansion of its meat snack production facility in Ontario, installation of fully automated sandwich production lines in its plants in Arizona and Nevada, installation of new packaging technology at its sandwich production facility in Mississippi, and installation of new freezing technology at its lobster processing facility in Maine.

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.

(in millions of dollars)	13 weeks ended Jun 25, 2022	13 weeks ended Jul 3, 2021	26 weeks ended Jun 25, 2022	26 weeks ended Jul 3, 2021
Clearwater:				
Sales	133.3	138.9	254.2	232.8
Gross profit	44.4	41.2	82.8	70.7
SG&A	13.1	13.2	26.1	22.6
	31.3	28.0	56.7	48.1
Depreciation and amortization	11.3	12.3	22.8	19.9
Interest – senior debt	3.1	2.5	5.4	7.0
Income from investments	1.6	-	2.8	1.4
Unrealized foreign exchange loss (gain)	8.5	(4.3)	7.0	(9.4)
	6.8	17.5	18.7	29.2
Interest on shareholder debt	12.5	11.6	24.0	20.0
Payments to shareholders	8.5	6.3	17.0	11.7
Acquisition related costs	0.2	0.7	0.2	12.8
Closing risk fee paid to Premium Brands	-	-	-	2.4
Income tax expense (recovery)	(1.6)	(3.6)	(1.1)	(3.2)
Earnings (loss)	(12.8)	2.5	(21.4)	(14.5)
Pre-close earnings (loss) (1)	-	-	-	(4.3)
	(12.8)	2.5	(21.4)	(10.2)
Ownership	50.0%	50.0%	50.0%	50.0%
Clearwater net equity earnings (loss)	(6.4)	1.2	(10.7)	(5.1)
Other net equity earnings (loss)	(0.4)	(0.1)	(1.0)	0.2
Equity earnings (loss) in investment in associates	(6.8)	1.1	(11.7)	(4.9)

(1) Amount relates to Clearwater earnings prior to acquisition on January 25, 2021 and acquisition-related adjustments not included in Company's equity loss in investments in associates.

Clearwater Seafoods Incorporated (Clearwater)

Clearwater's sales for the quarter decreased by 4.0% or $5.6 million primarily due to: (i) lower snow crab volumes as Clearwater held back sales while it waits for prices to stabilize – pricing in the snow crab market was very volatile in the quarter due to a range of factors including: (a) higher than normal retail channel inventories carried over from the first quarter; (b) unusual geopolitical factors that lead to a large amount of product being imported into North America earlier in the year; and (c) strong spring landings in Atlantic Canada; and (ii) a stronger Canadian dollar relative to the Yen, GBP and Euro. These factors were partially offset by strong pricing for Clearwater's core harvested species (scallops, clams and frozen at sea shrimp) driven by: (i) strength in various global markets resulting from increased travel and foodservice activity as pandemic related restrictions were lifted; and (ii) the differentiated premium nature of Clearwater's products.

Clearwater's gross margin for the quarter increased by 360 basis points primarily due to: (i) the strong pricing environment for Clearwater's core harvested species; and (ii) changes in sales mix resulting from lower snow crab sales. These factors were partially offset by: (i) general cost inflation; and (ii) the reclassification of certain costs from SG&A.

Clearwater's SG&A for the quarter was relatively flat as the decrease resulting from the reclassification of certain costs to cost of sales was offset by: (i) discretionary promotional activity and travel returning to pre-pandemic levels; (ii) wage inflation; and (iii) elimination of pandemic related subsidies.

Sales and Adjusted EBITDA Outlook

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

<u>2022</u>

(in millions of dollars)	Bottom of Range	Top of Range
Previous revenue guidance	5,600.0	5,850.0
Revised revenue guidance	5,750.0	6,000.0
Adjusted EBITDA guidance (unchanged)	510.0	530.0

The Company is increasing its revenue guidance for 2022 (see *Forward Looking Statements*) based on: (i) the acquisitions of King's Command and Golden Valley Farms; and (ii) a weaker Canadian dollar relative to the U.S. dollar, which results in the favorable translation of the Company's U.S. based businesses' revenue. These factors are expected to be partially offset by: (i) lower-than-expected sales of branded protein products as a result of the factors impacting SF's sales in the second quarter, some of which are projected to continue into the second half of the year; and (ii) lower lobster selling prices as a result of a variety of factors including pandemic related demand destruction (particularly in China) and strong spring landings in the Canadian east coast fishery.

While the Company is maintaining its adjusted EBITDA guidance for 2022, it is assigning a higher probability to being at the lower end of its range based on: (i) reduced sales of higher margin branded protein products; (ii) a reduced likelihood of the cost of certain raw materials moderating in the back half of the year; and (iii) higher than originally anticipated freight inflation (see *Forward Looking Statements*). Furthermore, due to the Company's acquisitions of King's Command and Golden Valley Farms being based on medium to long-term capacity solutions, these businesses are expected to generate only nominal adjusted EBITDA in 2022.

The Company's revenue and adjusted EBITDA guidance ranges do not incorporate any amounts for potential future acquisitions and are based on a range of assumptions (see *Forward Looking Statements*) including: (i) economic conditions in Canada and the U.S. remaining relatively stable; (ii) the average cost of the basket of procured products and raw materials purchased by the Company stabilizing at current levels; (iii) global supply chains continuing to normalize; and (iv) the Canadian dollar relative to the U.S. dollar stabilizing at current levels.

<u>5 Year Plan</u>

The Company continues to make solid progress on the execution of its growth and value creation strategies and is confident (see *Forward Looking Statements*) that it will exceed its five-year targets set in 2018 of $6 billion in sales and $600 million in adjusted EBITDA by 2023.

Premium Brands Holdings Corporation

Consolidated Balance Sheets

(in millions of Canadian dollars)

	Jun 25, 2022	Dec 25, 2021	Jun 26, 2021
Current assets:			
Cash and cash equivalents	13.8	16.5	24.2
Accounts receivable	617.5	521.7	453.3
Inventories	836.2	645.2	483.0
Prepaid expenses and other assets	29.9	28.6	25.5
	1,497.4	1,212.0	986.0
Capital assets	772.7	617.3	558.6
Right of use assets	471.6	464.5	433.8
Intangible assets	558.7	526.3	507.9
Goodwill	1,033.3	1,001.2	859.9
Investments in and advances to associates	555.9	568.8	576.1
Other assets	21.8	18.8	15.6
	4,911.4	4,408.9	3,937.9
Current liabilities:			
Cheques outstanding	19.1	18.7	21.9
Bank indebtedness	14.1	16.3	1.0
Dividends payable	31.4	28.4	27.7
Accounts payable and accrued liabilities	448.9	445.5	403.3
Current portion of puttable interest in subsidiaries	26.4	27.1	27.8
Current portion of long-term debt	4.3	4.6	7.1
Current portion of lease obligations	38.3	32.9	28.0
Current portion of provisions	9.6	7.7	11.2
	592.1	581.2	528.0
Long-term debt	1,374.6	1,074.0	780.8
Lease obligations	484.5	477.4	449.3
Puttable interest in subsidiaries	11.4	-	-
Deferred revenue	2.8	2.8	3.7
Provisions	62.4	63.4	61.2
Deferred income taxes	114.9	105.2	92.3
	2,642.7	2,304.0	1,915.3
Convertible unsecured subordinated debentures	475.8	331.0	452.1
Equity attributable to shareholders:			
Retained earnings	58.6	35.6	3.6
Share capital	1,712.4	1,713.3	1,563.6
Reserves	21.9	25.0	3.3
	1,792.9	1,773.9	1,570.5
	4,911.4	4,408.9	3,937.9

Premium Brands Holdings Corporation

Consolidated Statements of Operations

(in millions of Canadian dollars except per share amounts)

	13 weeks ended Jun 25, 2022	13 weeks ended Jun 26, 2021	26 weeks ended Jun 25, 2022	26 weeks ended Jun 26, 2021
Revenue	1,519.9	1,234.7	2,771.1	2,244.5
Cost of goods sold	1,242.8	1,001.7	2,267.2	1,818.1
Gross profit before depreciation, amortization and plant start-up and restructuring costs	277.1	233.0	503.9	426.4
Interest income from investments in associates	(15.1)	(14.3)	(29.9)	(24.4)
Selling, general and administrative expenses	161.4	135.1	307.2	256.1
	130.8	112.2	226.6	194.7
Plant start-up and restructuring costs	1.8	0.5	5.3	1.0
Depreciation of capital assets	18.2	17.2	35.7	34.8
Amortization of intangible assets	7.7	6.8	15.2	13.4
Amortization of right of use assets	11.2	9.2	22.0	17.3
Accretion of lease obligations	5.5	5.0	10.8	8.8
Interest and other financing costs	15.7	10.9	27.1	21.3
Change in fair value of option liabilities	-	24.3	-	24.3
Change in value of puttable interest in subsidiaries	-	0.5	-	0.5
Acquisition transaction costs	2.5	1.1	3.7	4.4
Accretion of provisions	1.7	1.8	4.5	3.6
Equity loss (earnings) in investments in associates	6.8	(1.1)	11.7	4.9
Fair value gains on investments in associates	(19.8)	-	(19.8)	-
Clearwater closing risk fee	-	-	-	(2.4)
Acquisition bargain purchase gain	-	-	-	(1.8)
Earnings before income taxes	79.5	36.0	110.4	64.6
Provision for income taxes (recovery)				
Current	18.3	13.7	26.9	37.0
Deferred	(2.1)	(5.7)	(2.2)	(20.2)
	16.2	8.0	24.7	16.8
Earnings	63.3	28.0	85.7	47.8
Earnings per share:				
Basic	1.42	0.65	1.92	1.10
Diluted	1.41	0.64	1.91	1.10
Weighted average shares outstanding (in millions):				
Basic	44.6	43.4	44.6	43.4
Diluted	44.8	43.6	44.8	43.6

Premium Brands Holdings Corporation

Consolidated Statements of Cash Flows

(in millions of Canadian dollars)

	13 weeks ended Jun 25, 2022	13 weeks ended Jun 26, 2021	26 weeks ended Jun 25, 2022	26 weeks ended Jun 26, 2021
Cash flows from (used in) operating activities:				
Earnings	63.3	28.0	85.7	47.8
Items not involving cash:				
Depreciation of capital assets	18.2	17.2	35.7	34.8
Amortization of intangible assets	7.7	6.8	15.2	13.4
Amortization of right of use assets	11.2	9.2	22.0	17.3
Accretion of lease obligations	5.5	5.0	10.8	8.8
Change in value of puttable interest in subsidiaries	-	0.5	-	0.5
Equity loss (earnings) in investments in associates	6.8	(1.1)	11.7	4.9
Change in fair value of option liabilities	-	24.3	-	24.3
Non-cash financing costs	1.5	1.4	2.8	2.7
Accretion of provisions	1.7	1.8	4.5	3.6
Deferred income taxes (recovery)	(2.1)	(5.7)	(2.2)	(20.2)
Fair value gains on investments in associates	(19.8)	-	(19.8)	-
Acquisition bargain purchase gain	-	-	-	(1.8)
	94.0	87.4	166.4	136.1
Change in non-cash working capital	(165.1)	(75.8)	(288.5)	(102.5)
	(71.1)	11.6	(122.1)	33.6
Cash flows from (used in) financing activities:				
Long-term debt, net	93.6	(78.0)	290.1	273.7
Payments for lease obligations	(14.2)	(12.0)	(27.6)	(22.5)
Bank indebtedness and cheques outstanding	(5.0)	9.2	(1.8)	3.8
Dividends paid to shareholders	(31.4)	(27.7)	(59.8)	(52.9)
Proceeds from issuance of convertible debentures – net of issuance costs	143.0	-	143.0	-
	186.0	(108.5)	343.9	202.1
Cash flows from (used in) investing activities:				
Capital asset additions	(57.1)	(34.4)	(100.4)	(68.6)
Business acquisitions	(81.8)	(1.6)	(117.5)	(179.0)
Payments to shareholders of non-wholly owned subsidiaries	(0.6)	(0.8)	(0.6)	(0.8)
Payment of provisions	(4.3)	-	(6.3)	(6.3)
Proceeds from sale-leaseback	-	150.0	-	150.0
Net change in share purchase loans and notes receivable	0.1	0.3	(3.1)	0.5
Investment in and advances to associates – net of distributions	14.1	(22.3)	3.4	(470.3)
	(129.6)	91.2	(224.5)	(574.5)
Change in cash and cash equivalents	(14.7)	(5.7)	(2.7)	(338.8)
Cash and cash equivalents – beginning of period	28.5	29.9	16.5	363.0
Cash and cash equivalents – end of period	13.8	24.2	13.8	24.2
Interest and other financing costs paid	18.0	13.0	24.0	19.8
Income taxes paid	18.6	8.1	56.6	23.0

NON-IFRS FINANCIAL MEASURES

The Company uses certain non-IFRS financial measures including adjusted EBITDA, free cash flow, adjusted earnings and adjusted earnings per share, which are not defined under IFRS and, as a result, may not be comparable to similarly titled measures presented by other publicly traded entities, nor should they be construed as an alternative to other earnings measures determined in accordance with IFRS. These non-IFRS measures are calculated as follows:

Adjusted EBITDA

(in millions of dollars)	13 weeks ended Jun 25, 2022	13 weeks ended Jun 26, 2021	26 weeks ended Jun 25, 2022	26 weeks ended Jun 26, 2021
Earnings before income taxes	79.5	36.0	110.4	64.6
Plant start-up and restructuring costs	1.8	0.5	5.3	1.0
Depreciation of capital assets	18.2	17.2	35.7	34.8
Amortization of intangible assets	7.7	6.8	15.2	13.4
Amortization of right of use assets	11.2	9.2	22.0	17.3
Accretion of lease obligations	5.5	5.0	10.8	8.8
Interest and other financing costs	15.7	10.9	27.1	21.3
Change in fair value of option liabilities	-	24.3	-	24.3
Business acquisition transaction costs	2.5	1.1	3.7	4.4
Change in value of puttable interest in subsidiaries	-	0.5	-	0.5
Accretion of provisions	1.7	1.8	4.5	3.6
Equity loss (earnings) in investments in associates	6.8	(1.1)	11.7	4.9
Fair value gains on investments in associates	(19.8)	-	(19.8)	-
Clearwater closing risk fee	-	-	-	(2.4)
Acquisition bargain purchase gain	-	-	-	(1.8)
Adjusted EBITDA	130.8	112.2	226.6	194.7

Free Cash Flow

(in millions of dollars)	52 weeks ended Dec 25, 2021	26 weeks ended Jun 25, 2022	26 weeks ended Jun 26, 2021	Rolling Four Quarters
Cash flow from operating activities	66.3	(122.1)	33.6	(89.4)
Changes in non-cash working capital	253.8	288.5	102.5	439.8
Lease obligation payments	(50.4)	(27.6)	(22.5)	(55.5)
Business acquisition transaction costs	7.7	3.7	4.4	7.0
Clearwater closing risk fee	(2.4)	-	(2.4)	-
Plant start-up and restructuring costs	2.1	5.3	1.0	6.4
Income taxes on sale and leaseback transaction	15.5	-	14.2	1.3
Maintenance capital expenditures	(29.3)	(19.1)	(15.1)	(33.3)
Free cash flow	263.3	128.7	115.7	276.3

Adjusted Earnings and Adjusted Earnings per Share

(in millions of dollars except per share amounts)	13 weeks ended Jun 25, 2022	13 weeks ended Jun 26, 2021	26 weeks ended Jun 25, 2022	26 weeks ended Jun 26, 2021
Earnings	63.3	28.0	85.7	47.8
Plant start-up and restructuring costs	1.8	0.5	5.3	1.0
Business acquisition transaction costs	2.5	1.1	3.7	4.4
Accretion of provisions	1.7	1.8	4.5	3.6
Equity loss (earnings) from associates in start-up	6.8	(1.1)	11.7	4.9
Change in value of puttable interest in subsidiaries	-	0.5	-	0.5
Amortization of intangibles associated with acquisitions	7.7	6.8	15.2	13.4
Fair value gains on investments in associates	(19.8)	-	(19.8)	-
Change in fair value of option liabilities	-	24.3	-	24.3
Clearwater closing risk fee	-	-	-	(2.4)
Acquisition bargain purchase gain	-	-	-	(1.8)
	64.0	61.9	106.3	95.7
Current and deferred income tax effect of above items, and unusual tax recovery	(2.5)	(8.4)	(5.4)	(10.9)
Adjusted earnings	61.5	53.5	100.9	84.8
Weighted average shares outstanding	44.6	43.4	44.6	43.4
Adjusted earnings per share	1.38	1.23	2.26	1.95

FORWARD LOOKING STATEMENTS

This press release 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 August 5, 2022, 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 press release include statements with respect to the Company's expectations and/or projections on its: (i) revenue; (ii) adjusted EBITDA; (iii) plant start-up and restructuring costs; (iv) income tax rates; (v) dividends and dividend policy; (vi) capital expenditures and business acquisitions; (vii) convertible debentures; (viii) net working capital; (ix) liquidity outlook; (x) provisions; (xi) 5 year plan; (xii) financial leverage ratios; and (xiii) value of puttable interests.

Some of the factors that could cause actual results to differ materially from the Company's expectations are outlined in the Company's MD&A for the 13 and 26 Weeks Ended June 25, 2022.

Assumptions used by the Company to develop forward looking statements contained or incorporated by reference in this press release 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 Canada and the United States will remain relatively stable.
- The average cost of the basket of procured products and raw materials purchased by the Company will remain relatively stable in the short to medium term.
- Global supply chains will continue to normalize in the short to medium term enabling the Company to access sufficient goods and services for its manufacturing and distribution operations.
- The conflict between Russia and Ukraine (see *Risks and Uncertainties outlined in the Company's MD&A for the 13 and 52 Weeks Ended December 25, 2021*) will not: (i) materially impact the cost of raw materials purchased by the Company or its ability to procure them; or (ii) result in other retaliatory actions that adversely impact the Company's operations or the operations of its customers and suppliers.
- Labor availability will continue to improve in Canada and the U.S, enabling the Company to access sufficient skilled and unskilled labor at reasonable wage levels.
- The value of the Canadian dollar relative to the U.S. dollar will continue to 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 various 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 differentiating attributes such as antibiotic free, no added hormones or use of organic ingredients; (ii) increased reliance on convenience oriented foods both for on-the-go snacking as well as easy home meal preparation;

(iii) healthier eating including reduced sugar consumption and increased emphasis on protein and seafood; (iv) increased snacking in between and in place of meals; (v) increased interest in understanding the background and stories behind food products being consumed; and (vi) increased social awareness on issues such as sustainability, sourcing products locally, animal welfare and food waste.

- 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., particularly with respect to certain protein commodities such as beef, pork and chicken.
- 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.
- The Company's average interest cost on floating rate debt will remain relatively stable in the near to medium future.
- 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 press release 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 press release are made as of August 5, 2022 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 press release.