# PREMIUM BRANDS HOLDINGS CORPORATION REPORTS RECORD THIRD QUARTER SALES AND ADJUSTED EBITDA, ANNOUNCES TWO ASSET SALES AND DECLARES FOURTH QUARTER DIVIDEND

**VANCOUVER, B.C., November 6, 2024**. Premium Brands Holdings Corporation (TSX: PBH), a leading producer, marketer and distributor of branded specialty food products, announced today its results for the third quarter of 2024.

## THIRD QUARTER HIGHLIGHTS

- Record third quarter revenue of $1.67 billion representing a 1.3%, or $22.0 million, increase as compared to the third quarter of 2023
- Solid progress on Specialty Foods' core U.S. growth initiatives in protein and baked goods, which for the quarter generated organic volume growth rates of 7.8% and 25.3%, respectively. Specialty Foods' U.S. growth initiatives in sandwiches were impacted by consumer demand related challenges faced by a major foodservice customer
- Record third quarter adjusted EBITDA[1] of $159.4 million representing a 0.4%, or $0.6 million, increase as compared to the third quarter of 2023
- Third quarter adjusted EPS[1] of $1.11 per share representing a 12.6%, or $0.16 per share, decrease as compared to the third quarter of 2023
- Declared a dividend of $0.85 per common share for the fourth quarter of 2024
- Announced the sale of a redundant vacant property for $26.0 million, which is expected to close in the fourth quarter of 2024
- Announced the signing of a non-binding letter of intent to sell and lease back a recently expanded production facility located in the State of Washington for US$68.0 million or approximately CA$92.5 million

[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.*

## QUESTIONS AND ANSWERS SESSION

The Company will hold a Q&A session on its third quarter 2024 results today at 10:30 a.m. Vancouver time (1:30 p.m. Toronto time). Management's pre-recorded remarks and an investor presentation that will be referenced on the conference call are available here or by navigating through the Company's website at www.premiumbrandsholdings.com.

Access to the Q&A session may be obtained by calling the operator at (289) 514-5100 or (800) 717-1738 (Conference ID: 98593) 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 11:59 p.m. Toronto time on December 6, 2024 at (289) 819-1325 or (888) 660-6264 (passcode: 98593#). Alternatively, a recording of the conference call will be available on the Company's website at www.premiumbrandsholdings.com.

## SUMMARY FINANCIAL INFORMATION

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

| | 13 weeks ended Sep 28, 2024 | 13 weeks ended Sep 30, 2023 | 39 weeks ended Sep 28, 2024 | 39 weeks ended Sep 30, 2023 |
|---|---|---|---|---|
| Revenue | 1,666.9 | 1,644.9 | 4,831.4 | 4,706.3 |
| Adjusted EBITDA[1] | 159.4 | 158.8 | 445.0 | 421.9 |
| Earnings | 25.4 | 39.4 | 84.2 | 79.2 |
| EPS | 0.57 | 0.89 | 1.90 | 1.78 |
| Adjusted earnings[1] | 49.4 | 56.4 | 130.3 | 141.3 |
| Adjusted EPS[1] | 1.11 | 1.27 | 2.93 | 3.18 |

| | Trailing Four Quarters Ended | |
|---|---|---|
| | Sep 28, 2024 | Dec 30, 2023 |
| Free cash flow[1] | 250.2 | 253.0 |
| Free cash flow per share | 5.64 | 5.70 |
| Declared dividends | 148.1 | 137.5 |
| Declared dividend per share | 3.32 | 3.08 |
| Payout ratio[1] | 59.2% | 54.3% |

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

"Despite temporary headwinds faced by our Sandwich group in the quarter, we remain on course and continue to make steady progress towards achieving our short and long-term strategic objectives," said Mr. George Paleologou, President and CEO.

"Our results for the third quarter were generally in line with our expectations except for a material shortfall in sales to a key customer of our Sandwich group. We believe that this challenge is temporary, and sales to this customer will recover and eventually return to their historic growth rates," added Mr. Paleologou.

"Our Specialty Foods segment's other U.S. business development initiatives are progressing well with our Protein and Bakery groups both generating solid organic volume growth rates in the quarter. Correspondingly, our major U.S. sales initiatives in total generated record third quarter sales of just over $600 million and an organic volume growth rate, after normalizing for the impact of the Sandwich group's sales to its major foodservice customer, of over 8%.

"With many of our Sandwich, Protein and Bakery groups' major U.S. capacity expansion projects either complete or nearing completion, and their combined pipelines of actively pursued U.S. sales opportunities now exceeding $1.4 billion, we are well positioned to accelerate our organic volume growth rate and expand our operating margin in the coming quarters," added Mr. Paleologou.

"Both our Specialty Foods segment's Canadian operations and our Premium Food Distribution segment generated solid progress in recovering from the impacts of a weaker consumer environment. Specialty Foods' Canadian operations generated positive organic volume growth after contracting last quarter and Premium Food Distribution generated positive organic growth after five quarters of contraction. We expect this trend to continue as moderating interest and inflation rates help strengthen the consumer backdrop in Canada.

"Our acquisition pipeline remains full and we expect to close several transactions this quarter. The combination of these transactions, our robust sales pipeline and the generally higher growth rates associated with the product categories we are focused on, provides a clear path to achieving our 2027 targets of $10 billion in sales and a minimum adjusted EBITDA margin of 10%," added Mr. Paleologou.

## FOURTH QUARTER 2024 DIVIDEND

The Company also announced that its Board of Directors approved a cash dividend of $0.85 per common share for the fourth quarter of 2024, which will be payable on January 15, 2025 to shareholders of record at the close of business on December 31, 2024.

Unless indicated otherwise in writing at or before the time the dividend is paid, each dividend paid by the Company in 2024 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 Sep 28, 2024 | % (1) | 13 weeks ended Sep 30, 2023 | % (1) | 39 weeks ended Sep 28, 2024 | % (1) | 39 weeks ended Sep 30, 2023 | % (1) |
|---|---|---|---|---|---|---|---|---|
| Revenue by segment: | | | | | | | | |
| Specialty Foods | 1,067.3 | 64.0% | 1,058.0 | 64.3% | 3,206.5 | 66.4% | 3,091.8 | 65.7% |
| Premium Food Distribution | 599.6 | 36.0% | 586.9 | 35.7% | 1,624.9 | 33.6% | 1,614.5 | 34.3% |
| Consolidated | 1,666.9 | 100.0% | 1,644.9 | 100.0% | 4,831.4 | 100.0% | 4,706.3 | 100.0% |

(1) Expressed as a percentage of consolidated revenue.

Specialty Foods' (SF) revenue for the quarter increased by $9.3 million or 0.9% primarily due to: (i) selling price increases of $8.4 million, which were put into place to address rising chicken, beef and egg costs; and (ii) a $6.7 million increase in the translated value of sales generated by SF's U.S. based businesses due to a weaker Canadian dollar. These factors were partially offset by: (i) a sales volume contraction of $4.0 million or 0.4%; and (ii) the shutdown of SF's Creekside Custom Foods business as its capacity is transitioned to support the growth of SF's Global Gourmet kettle business – this resulted in $1.8 million of lost sales, primarily in the fresh sandwich category.

The contraction in SF's sales volume was due to a decline in sales to a major foodservice customer resulting from reduced consumer spending in the customer's stores in general, and on food in particular. Excluding the impact of this customer, SF's organic volume growth rate (OVGR) was 2.3%, which was driven by: (i) other core U.S. sales growth initiatives in sandwiches, protein and baked goods, which generated an OVGR of 8.1%; and (ii) the stabilization of its Canadian sales, which grew at an OVGR of 0.6% versus a contraction of 1.4% in the previous quarter. These factors were partially offset by: (i) reduced jerky product sales due to weaker consumer spending, increased selling prices resulting from high beef commodity input costs and a change by a customer in the seasonal rotation of a relatively high volume product; (ii) a temporary pullback in SF's growth rate in the U.S. market due to several new major product launches being delayed to 2025 because of longer than expected customer on-boarding timelines; and (iii) generally weaker consumer spending in the foodservice and convenience store channels.

SF's revenue for the first three quarters of 2024 increased by $114.7 million or 3.7% primarily due to: (i) organic volume growth of $111.4 million representing an organic volume growth rate (OVGR) of 3.6%; and (ii) a $15.4 million increase in the translated value of sales generated by SF's U.S. based businesses due to a weaker Canadian dollar. These factors were partially offset by: (i) selling price deflation of $6.7 million; and (ii) the shutdown of SF's Creekside Custom Foods business that resulted in $5.4 million of lost sales.

Premium Food Distribution's (PFD) revenue for the quarter increased by $12.7 million or 2.2% due to: (i) selling price inflation of $21.4 million relating to lobster products and to a lesser extent beef products; (ii) business acquisitions, which generated $7.3 million in growth; and (iii) a $1.1 million increase in the translated value of sales generated by PFD's U.S. based businesses due to a weaker Canadian dollar. These factors were partially offset by a sales volume contraction of $17.1 million.

The contraction in PFD's sales volume was primarily due to lower lobster product sales resulting from: (i) less promotion of live lobsters by retailers caused by a high pricing environment; and (ii) reduced exports of live lobsters to China and processed lobster products to Europe due to weaker consumer spending environments.

PFD's revenue for the first three quarters of 2024 increased by $10.4 million or 0.6% primarily due to (i) selling price inflation of $45.4 million relating primarily to lobster and beef products; (ii) business acquisitions, which generated $17.7 million in growth; and (iii) a $2.0 million increase in the translated value of sales generated by PFD's U.S. based businesses due to a weaker Canadian dollar. These factors were partially offset by a sales volume contraction of $54.7 million.

## Gross Profit

| *(in millions of dollars except percentages)* | 13 weeks ended Sep 28, 2024 | % (1) | 13 weeks ended Sep 30, 2023 | % (1) | 39 weeks ended Sep 28, 2024 | % (1) | 39 weeks ended Sep 30, 2023 | % (1) |
|---|---|---|---|---|---|---|---|---|
| Gross profit by segment: | | | | | | | | |
| Specialty Foods | 234.1 | 21.9% | 235.9 | 22.3% | 712.2 | 22.2% | 671.5 | 21.7% |
| Premium Food Distribution | 90.5 | 15.1% | 84.1 | 14.3% | 259.9 | 16.0% | 241.7 | 15.0% |
| Consolidated | 324.6 | 19.5% | 320.0 | 19.5% | 972.1 | 20.1% | 913.2 | 19.4% |

(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 decreased by 40 basis points primarily due to: (i) higher chicken and beef raw material costs; and (ii) additional plant overhead costs associated with new production capacity being brought online. These factors were partially offset by production efficiency improvements.

SF's gross margin for the first three quarters of 2024 increased by 50 basis points primarily due to the impact of improved production efficiencies and sales leveraging benefits associated with SF's sales growth more than offsetting: (i) additional plant overhead costs associated with new production capacity being brought online; and (ii) the third quarter impact of higher chicken and beef raw material costs.

PFD's gross margin for the quarter and for the first three quarters of 2024 increased by 80 basis points and 100 basis points, respectively, primarily due to: (i) higher margins on processed lobster, resulting from favorable inventory positions; and (ii) lower warehousing and production overhead costs associated with cost savings initiatives and higher inventory levels.

### Selling, General and Administrative Expenses (SG&A)

| *(in millions of dollars except percentages)* | 13 weeks ended Sep 28, 2024 | % (1) | 13 weeks ended Sep 30, 2023 | % (1) | 39 weeks ended Sep 28, 2024 | % (1) | 39 weeks ended Sep 30, 2023 | % (1) |
|---|---|---|---|---|---|---|---|---|
| SG&A by segment: | | | | | | | | |
| Specialty Foods | 122.0 | 11.4% | 119.9 | 11.3% | 385.6 | 12.0% | 364.5 | 11.8% |
| Premium Food Distribution | 49.0 | 8.2% | 48.3 | 8.2% | 153.6 | 9.5% | 147.9 | 9.2% |
| Corporate | 7.6 | | 8.4 | | 27.3 | | 24.5 | |
| Consolidated | 178.6 | 10.7% | 176.6 | 10.7% | 566.5 | 11.7% | 536.9 | 11.4% |

(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 and for the first three quarters of 2024 was relatively stable as: (i) 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; and (ii) wage inflation, which was mostly offset by lower discretionary compensation accruals in the quarter.

PFD's SG&A ratio for the quarter was stable as the impact of lower discretionary compensation accruals was offset by wage and general cost inflation.

PFD's SG&A ratio for the first three quarters of 2024 increased by 30 basis points primarily due to wage inflation and higher freight costs associated with some of PFD's new sales initiatives.

### Adjusted EBITDA [1]

| *(in millions of dollars except percentages)* | 13 weeks ended Sep 28, 2024 | % (2) | 13 weeks ended Sep 30, 2023 | % (2) | 39 weeks ended Sep 28, 2024 | % (2) | 39 weeks ended Sep 30, 2023 | % (2) |
|---|---|---|---|---|---|---|---|---|
| Adjusted EBITDA by segment: | | | | | | | | |
| Specialty Foods | 112.1 | 10.5% | 116.0 | 11.0% | 326.6 | 10.2% | 307.0 | 9.9% |
| Premium Food Distribution | 41.5 | 6.9% | 35.8 | 6.1% | 106.3 | 6.5% | 93.8 | 5.8% |
| Corporate | (7.6) | | (8.4) | | (27.3) | | (24.5) | |
| Interest income from investments | 13.4 | | 15.4 | | 39.4 | | 45.6 | |
| Consolidated | 159.4 | 9.6% | 158.8 | 9.7% | 445.0 | 9.2% | 421.9 | 9.0% |

(1) Adjusted EBITDA is a non-IFRS financial measure. Reconciliation and explanations are included in the Non-IFRS Financial Measures section of this press release.

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

### 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 three quarters of 2024, the Company incurred $29.5 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 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 91,000 square foot artisan bakery in San Francisco, California
- Reconfiguration of two deli meats facilities in Ontario to improve production efficiencies and increase dry cured production capacity
- Start-up of a new cooked protein capacity in Versailles, Ohio
- Reconfiguration of a 27,000 square foot production facility in Richmond, British Columbia, from primarily fresh sandwich production to supporting the Company's Global Gourmet kettle business
- Reconfiguration of a kettle cooking facility in Richmond, British Columbia
- Construction of a new 165,000 square foot distribution center and the related reconfiguration of a sandwich production facility in Columbus, Ohio
- Start-up of a new 60,000 square foot value-added seafood processing facility in Auburn, Maine

### Equity Earnings (Losses) from Investments in Associates

Equity earnings (losses) from investments 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 Sep 28, 2024 | 13 weeks ended Sep 30, 2023 | 39 weeks ended Sep 28, 2024 | 39 weeks ended Sep 30, 2023 |
|---|---|---|---|---|
| Clearwater: | | | | |
| Revenue | 154.1 | 149.6 | 423.9 | 412.0 |
| Earnings before payments to shareholders | 2.7 | 18.5 | 2.8 | 24.6 |
| Net loss | (19.5) | (3.2) | (62.8) | (39.6) |
| The Company: | | | | |
| Equity loss in Clearwater | (9.7) | (1.6) | (31.4) | (19.8) |
| Other net equity earnings (losses) | 0.5 | 0.8 | 0.3 | 0.8 |
| Equity earnings (losses) from investments in associates | (9.2) | (0.8) | (31.1) | (19.0) |

*Clearwater Seafoods Incorporated (Clearwater)*

Clearwater's revenue for the third quarter of 2024 increased by $4.5 million primarily due to: (i) above average harvesting conditions for Argentina scallops; (ii) the sale of clam inventories that were carried over from prior quarters; and (iii) improved turbot catch rates resulting from a replacement harvesting vessel as well as above average harvesting conditions. These factors were partially offset by below average harvesting conditions for Canadian scallops, clams and deep-sea lobsters due to natural variability in the resource and environment.

Clearwater's earnings before payments to shareholders for the third quarter of 2024 decreased by $15.8 million primarily due to: (i) inefficiencies and lost contribution margin associated with the below average harvesting conditions for Canadian scallops, clams and deep sea lobsters – all of these generally earn higher than average margins for Clearwater; and (ii) $4.0 million in start-up costs associated with Clearwater's replacement turbot and frozen-at-sea shrimp harvesting vessel.

**Revenue and Adjusted EBITDA Outlook**

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

<u>2024 Outlook</u>

The Company no longer expects its 2024 results to be within its previous revenue and adjusted EBITDA guidance ranges of $6.65 billion to $6.85 billion and $630 million to $650 million, respectively due to: (i) the sales challenges being faced by one of its major customers, as discussed above; and (ii) several major product launches in the U.S. market being delayed to 2025 due to longer than expected customer on-boarding timelines. The Company does, however, expect (see *Forward Looking Statements*) to accelerate the growth of its revenue and adjusted EBITDA in the coming quarters based on: (i) having a significant pipeline of new sales initiatives, many of which are close to being realized; and (ii) working closely with the major customer referenced earlier to support new initiatives that will help drive short-term and long-term sustainable growth.

<u>5 Year Plan</u>

| *(in millions of dollars)* | 5-Year Target (2027) |
|---|---|
| Revenue | 10,000 |
| Adjusted EBITDA | 1,000 |

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

## SUBSEQUENT EVENTS

Real Estate Sale

Subsequent to the quarter, the Company entered into a binding agreement to sell a redundant piece of land for $26.0 million. The sale is expected to close early December of 2024.

Sale and Leaseback of Property

Subsequent to the quarter, the Company entered into a non-binding letter of intent to sell and lease back a recently expanded production facility located in the State of Washington for US$68.0 million. The transaction will involve a REIT type structure (the "REIT") in which the Company will have a 40% ownership stake. The net proceeds of the transaction, after accounting for transaction costs, taxes and the Company's investment in the REIT, are expected to be approximately US$60 million (see *Forward Looking Statements*).

# Premium Brands Holdings Corporation

## Consolidated Balance Sheets

(in millions of Canadian dollars)

| | Sep 28, 2024 | Dec 30, 2023 | Sep 30, 2023 |
|---|---|---|---|
| Current assets: | | | |
| Cash and cash equivalents | 9.2 | 27.6 | 40.7 |
| Accounts receivable | 410.9 | 509.9 | 545.5 |
| Inventories | 809.4 | 746.7 | 756.7 |
| Prepaid expenses and other assets | 35.1 | 43.8 | 27.6 |
| | 1,264.6 | 1,328.0 | 1,370.5 |
| Capital assets | 1,382.0 | 1,163.9 | 1,066.9 |
| Right of use assets | 564.3 | 565.3 | 551.7 |
| Intangible assets | 530.2 | 540.6 | 547.5 |
| Goodwill | 1,093.4 | 1,084.1 | 1,092.5 |
| Investments in and advances to associates | 453.4 | 453.5 | 554.2 |
| Other assets | 22.3 | 22.7 | 22.7 |
| | 5,310.2 | 5,158.1 | 5,206.0 |
| Current liabilities: | | | |
| Cheques outstanding | 17.5 | 16.4 | 16.7 |
| Bank indebtedness | 47.2 | - | - |
| Dividends payable | 37.9 | 34.4 | 34.4 |
| Accounts payable and accrued liabilities | 472.2 | 470.9 | 480.1 |
| Current portion of puttable interest in subsidiaries | 31.2 | 30.4 | 24.0 |
| Current portion of long-term debt | 1.3 | 2.0 | 2.0 |
| Current portion of lease obligations | 57.8 | 53.9 | 49.6 |
| Current portion of provisions | 4.0 | 29.9 | 29.2 |
| Current portion of convertible unsecured subordinated debentures | 171.0 | - | - |
| | 840.1 | 637.9 | 636.0 |
| Long-term debt | 1,675.8 | 1,510.4 | 1,548.5 |
| Lease obligations | 589.1 | 583.4 | 571.9 |
| Puttable interest in subsidiaries | 42.4 | 42.4 | 48.7 |
| Deferred revenue | 2.7 | 2.8 | 2.8 |
| Provisions | 14.3 | 14.5 | 14.4 |
| Deferred income tax liabilities | 108.5 | 115.7 | 114.0 |
| | 3,272.9 | 2,907.1 | 2,936.3 |
| Convertible unsecured subordinated debentures | 298.2 | 484.5 | 483.0 |
| Equity attributable to shareholders: | | | |
| Retained earnings (deficit) | (10.7) | 18.8 | 39.2 |
| Share capital | 1,707.4 | 1,703.9 | 1,703.9 |
| Reserves | 42.4 | 43.8 | 43.6 |
| | 1,739.1 | 1,766.5 | 1,786.7 |
| | 5,310.2 | 5,158.1 | 5,206.0 |

# Premium Brands Holdings Corporation

## Consolidated Statements of Operations

(in millions of Canadian dollars except per share amounts)

| | 13 weeks ended Sep 28, 2024 | 13 weeks ended Sep 30, 2023 | 39 weeks ended Sep 28, 2024 | 39 weeks ended Sep 30, 2023 |
|---|---|---|---|---|
| Revenue | 1,666.9 | 1,644.9 | 4,831.4 | 4,706.3 |
| Cost of goods sold | 1,342.3 | 1,324.9 | 3,859.3 | 3,793.1 |
| Gross profit before depreciation, amortization, and plant start-up and restructuring costs | 324.6 | 320.0 | 972.1 | 913.2 |
| Interest income from investments in associates | 13.4 | 15.4 | 39.4 | 45.6 |
| Selling, general and administrative expenses before depreciation and amortization | 178.6 | 176.6 | 566.5 | 536.9 |
| Operating profit before depreciation, amortization, and plant start-up and restructuring costs | 159.4 | 158.8 | 445.0 | 421.9 |
| Depreciation of capital assets | 26.4 | 21.7 | 74.3 | 63.0 |
| Amortization of intangible assets | 5.4 | 2.5 | 16.1 | 10.5 |
| Amortization of right of use assets | 16.5 | 15.3 | 49.2 | 45.0 |
| Accretion of lease obligations | 6.9 | 6.5 | 21.1 | 19.7 |
| Plant start-up and restructuring costs | 11.1 | 12.4 | 29.5 | 28.0 |
| Interest and other financing costs | 43.7 | 39.5 | 127.5 | 110.5 |
| Acquisition transaction costs | 1.1 | 1.1 | 3.4 | 3.3 |
| Change in value of puttable interest in subsidiaries | 1.0 | 3.0 | 5.2 | 9.2 |
| Change in value and accretion of provisions | 0.4 | 1.0 | 4.2 | 1.9 |
| Provision released | - | - | (20.5) | - |
| Equity losses (earnings) from investments in associates | 9.2 | 0.8 | 31.1 | 19.0 |
| Change in fair value of option liabilities | - | - | (20.0) | - |
| Others | - | - | 4.8 | - |
| Earnings before income taxes | 37.7 | 55.0 | 119.1 | 111.8 |
| Provision for income taxes (recovery) | | | | |
| Current | 14.8 | 14.2 | 43.2 | 39.1 |
| Deferred | (2.5) | 1.4 | (8.3) | (6.5) |
| | 12.3 | 15.6 | 34.9 | 32.6 |
| Earnings | 25.4 | 39.4 | 84.2 | 79.2 |
| Earnings per share: | | | | |
| Basic | 0.57 | 0.89 | 1.90 | 1.78 |
| Diluted | 0.57 | 0.88 | 1.89 | 1.77 |
| Weighted average shares outstanding (in millions): | | | | |
| Basic | 44.4 | 44.4 | 44.4 | 44.4 |
| Diluted | 44.6 | 44.6 | 44.6 | 44.6 |

# Premium Brands Holdings Corporation

## Consolidated Statements of Cash Flows

(in millions of Canadian dollars)

| | 13 weeks ended Sep 28, 2024 | 13 weeks ended Sep 30, 2023 | 39 weeks ended Sep 28, 2024 | 39 weeks ended Sep 30, 2023 |
|---|---|---|---|---|
| Cash flows from (used in) operating activities: | | | | |
| Earnings | 25.4 | 39.4 | 84.2 | 79.2 |
| Items not involving cash: | | | | |
| Depreciation of capital assets | 26.4 | 21.7 | 74.3 | 63.0 |
| Amortization of intangible assets | 5.4 | 2.5 | 16.1 | 10.5 |
| Amortization of right of use assets | 16.5 | 15.3 | 49.2 | 45.0 |
| Accretion of lease obligations | 6.9 | 6.5 | 21.1 | 19.7 |
| Change in value of puttable interest in subsidiaries | 1.0 | 3.0 | 5.2 | 9.2 |
| Equity losses (earnings) from investments in associates | 9.2 | 0.8 | 31.1 | 19.0 |
| Non-cash financing costs | 2.1 | 2.2 | 5.9 | 6.1 |
| Change in value and accretion of provisions | 0.4 | 1.0 | 4.2 | 1.9 |
| Provision released | - | - | (20.5) | - |
| Change in fair value of option liabilities | - | - | (20.0) | - |
| Deferred income taxes (recovery) | (2.5) | 1.4 | (8.3) | (6.5) |
| Others | - | - | 4.8 | - |
| | 90.8 | 93.8 | 247.3 | 247.1 |
| Change in non-cash working capital | 12.7 | 139.7 | 10.8 | 106.3 |
| | 103.5 | 233.5 | 258.1 | 353.4 |
| Cash flows from (used in) financing activities: | | | | |
| Long-term debt, net | 6.9 | (60.0) | 139.2 | 122.3 |
| Payments for lease obligations | (20.4) | (18.9) | (60.0) | (54.7) |
| Bank indebtedness and cheques outstanding | 26.8 | (16.3) | 48.3 | (20.6) |
| Common shares purchased for cancellation | - | - | - | (1.4) |
| Dividends paid to shareholders | (37.9) | (34.3) | (110.2) | (100.0) |
| | (24.6) | (129.5) | 17.3 | (54.4) |
| Cash flows from (used in) investing activities: | | | | |
| Capital asset additions | (82.1) | (92.9) | (284.5) | (268.1) |
| Payment of provisions | - | (2.2) | (10.7) | (4.3) |
| Payment to shareholders of non-wholly owned subsidiaries | - | - | (3.6) | (1.2) |
| Payments for settlement of puttable interest of non-wholly owned subsidiary | - | - | - | (2.3) |
| Net change in share purchase loans and notes receivable | 0.2 | 0.7 | 1.4 | 0.5 |
| Investments in and advances to associates – net of distributions | 0.1 | 3.7 | 3.6 | 5.7 |
| | (81.8) | (90.7) | (293.8) | (269.7) |
| Change in cash and cash equivalents | (2.9) | 13.3 | (18.4) | 29.3 |
| Cash and cash equivalents – beginning of period | 12.1 | 27.4 | 27.6 | 11.4 |
| Cash and cash equivalents – end of period | 9.2 | 40.7 | 9.2 | 40.7 |
| Interest and other financing costs paid | 46.4 | 38.8 | 125.3 | 108.5 |
| Income taxes paid (recovered) | 8.8 | (5.4) | 37.0 | 24.6 |

## 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 Sep 28, 2024 | 13 weeks ended Sep 30, 2023 | 39 weeks ended Sep 28, 2024 | 39 weeks ended Sep 30, 2023 |
|---|---|---|---|---|
| Earnings before income taxes | 37.7 | 55.0 | 119.1 | 111.8 |
| Plant start-up and restructuring costs | 11.1 | 12.4 | 29.5 | 28.0 |
| Depreciation of capital assets | 26.4 | 21.7 | 74.3 | 63.0 |
| Amortization of intangible assets | 5.4 | 2.5 | 16.1 | 10.5 |
| Amortization of right of use assets | 16.5 | 15.3 | 49.2 | 45.0 |
| Accretion of lease obligations | 6.9 | 6.5 | 21.1 | 19.7 |
| Interest and other financing costs | 43.7 | 39.5 | 127.5 | 110.5 |
| Acquisition transaction costs | 1.1 | 1.1 | 3.4 | 3.3 |
| Change in value of puttable interest in subsidiaries | 1.0 | 3.0 | 5.2 | 9.2 |
| Change in value and accretion of provisions | 0.4 | 1.0 | 4.2 | 1.9 |
| Provision released | - | - | (20.5) | - |
| Equity losses (earnings) from investments in associates | 9.2 | 0.8 | 31.1 | 19.0 |
| Change in fair value of option liabilities | - | - | (20.0) | - |
| Others | - | - | 4.8 | - |
| Adjusted EBITDA | 159.4 | 158.8 | 445.0 | 421.9 |

### Free Cash Flow

| *(in millions of dollars)* | 52 weeks ended Dec 30, 2023 | 39 weeks ended Sep 28, 2024 | 39 weeks ended Sep 30, 2023 | Rolling Four Quarters |
|---|---|---|---|---|
| Cash flow from operating activities | 433.9 | 258.1 | 353.4 | 338.6 |
| Changes in non-cash working capital | (110.6) | (10.8) | (106.3) | (15.1) |
| Lease obligation payments | (74.0) | (60.0) | (54.7) | (79.3) |
| Business acquisition transaction costs | 4.4 | 3.4 | 3.3 | 4.5 |
| Plant start-up and restructuring costs | 45.3 | 29.5 | 28.0 | 46.8 |
| Maintenance capital expenditures | (46.0) | (33.7) | (34.4) | (45.3) |
| Free cash flow | 253.0 | 186.5 | 189.3 | 250.2 |

## Adjusted Earnings and Adjusted Earnings per Share

| *(in millions of dollars except per share amounts)* | 13 weeks ended Sep 28, 2024 | 13 weeks ended Sep 30, 2023 | 39 weeks ended Sep 28, 2024 | 39 weeks ended Sep 30, 2023 |
|---|---|---|---|---|
| Earnings | 25.4 | 39.4 | 84.2 | 79.2 |
| Plant start-up and restructuring costs | 11.1 | 12.4 | 29.5 | 28.0 |
| Acquisition transaction costs | 1.1 | 1.1 | 3.4 | 3.3 |
| Change in value and accretion of provisions | 0.4 | 1.0 | 4.2 | 1.9 |
| Provisions released | - | - | (20.5) | - |
| Equity losses (earnings) from investments in associates | 9.2 | 0.8 | 31.1 | 19.0 |
| Change in value of puttable interest in subsidiaries | 1.0 | 3.0 | 5.2 | 9.2 |
| Amortization of intangible assets associated with acquisitions | 5.4 | 2.5 | 16.1 | 10.5 |
| Change in fair value of option liabilities | - | - | (20.0) | - |
| Others | - | - | 4.8 | - |
| | 53.6 | 60.2 | 138.0 | 151.1 |
| Current and deferred income tax effect of above items, and unusual tax recovery | (4.2) | (3.8) | (7.7) | (9.8) |
| Adjusted earnings | 49.4 | 56.4 | 130.3 | 141.3 |
| Weighted average shares outstanding | 44.4 | 44.4 | 44.4 | 44.4 |
| Adjusted earnings per share | 1.11 | 1.27 | 2.93 | 3.18 |

## 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 November 6, 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 press release 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; property sales; 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 referenced in the *Risks and Uncertainties* section in the Company's MD&A for the 13 and 39 Weeks ended September 28, 2024.

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 with interest rates and inflation continuing to moderate.
- The Company will be able to achieve the projected sales growth and operating efficiency improvement associated with the significant capital investments it has made in recent years.
- 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 zero sugar, 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.
- 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 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 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.
- Weather conditions in the Company's core markets will not have a significant impact on any of its businesses.
- 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, environmental 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 November 6, 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 press release.