PREMIUM BRANDS HOLDINGS CORPORATION

Management's Discussion and Analysis

For the 13 Weeks Ended March 26, 2022

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 5, 2022. It should be read in conjunction with the Company's unaudited interim condensed consolidated financial statements for the period ended March 26, 2022, and its fiscal 2021 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 the System for Electronic Document Analysis and Retrieval (SEDAR) and are available online at www.sedar.com.

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 large national and international food companies.

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. 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 Mar 26, 2022	% (1)	13 weeks ended Mar 27, 2021	% (1)
Revenue by segment:				
Specialty Foods	789.2	63.1%	655.9	65.0%
Premium Food Distribution	462.0	36.9%	353.9	35.0%
Consolidated	1,251.2	100.0%	1,009.8	100.0%

(1) Expressed as a percentage of consolidated revenue.

Specialty Foods' (SF) revenue for the quarter increased by $133.3 million or 20.3% primarily due to: (i) selling price inflation of $66.5 million, which was driven by increases implemented in reaction to inflationary pressures across a broad range of input costs; (ii) business acquisitions, which accounted for $40.1 million of SF's growth; and (iii) organic volume growth of $28.1 million representing an organic volume growth rate (OVGR) of 4.3%. These factors were partially offset by a $1.4 million reduction in the translated value of sales generated by SF's U.S. based businesses due to a stronger Canadian dollar – approximately 52.5% of SF's revenue for the quarter was generated by these businesses.

SF's OVGR of 4.3%, which was driven primarily by its artisan sandwich and meat snack initiatives in the U.S., was at the bottom end of the Company's long-term targeted range of 4% to 6% due to several temporary headwinds including: (i) less featuring of branded products in the retail channel, which was done to mitigate the margin impact of record increases in input costs while selling price increases were being implemented; (ii) approximately $22.8 million in lost sales opportunities caused by supply chain disruptions and labor shortages that resulted in lower than normal customer order fill rates – adjusting for these, SF's OVGR is 7.7%; and (iii) approximately $3.2 million in delayed sales resulting from a later Easter holiday season relative to the timing of Easter in 2021. Furthermore, SF historically generates a lower organic growth rate in the first quarter of the year due to seasonal factors.

Premium Food Distribution's (PFD) revenue for the quarter increased by $108.1 million or 30.5% due to: (i) selling price inflation of $56.1 million, which was driven by increases implemented in reaction to inflationary pressures across a broad range of input costs; and (ii) business acquisitions, which accounted for $53.0 million of PFD's growth. These factors were partially offset by: (i) a slightly negative OVGR of 0.2%; and (ii) a $0.2 million reduction in the translated value of sales generated by PFD's U.S. based businesses due to a stronger Canadian dollar.

PFD's negative OVGR of 0.2% was primarily due to: (i) the ongoing development of PFD's processed lobster strategies that resulted in additional inventory being created for the busy spring and summer seasons and less trading of lower margin live lobsters in the off season; (ii) approximately $6.0 million in lost sales opportunities caused by a variety of supply chain disruptions that resulted in less protein trading opportunities and lower than normal customer order fill rates; and (iii) sales mix changes associated with a variety of successful new sales initiatives for lower priced protein products being offset in dollar terms by retailers doing less featuring of PFD's premium protein and seafood products – normalizing for this as well as the impact of supply chain disruptions, PFD's OVGR is 3.1%. Furthermore, like SF, PFD historically generates a lower organic growth rate in the first quarter of the year due to seasonal factors.

Gross Profit

(in millions of dollars except percentages)	13 weeks ended Mar 26, 2022	% (1)	13 weeks ended Mar 27, 2021	% (1)
Gross profit by segment:				
Specialty Foods	162.9	20.6%	141.2	21.5%
Premium Food Distribution	63.9	13.8%	52.2	14.7%
Consolidated	226.8	18.1%	193.4	19.2%

(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 90 basis points primarily due to: (i) significantly higher costs for a broad range of inputs including raw materials, freight and labor, which exceeded SF's selling price increases due mainly to delays associated with retailer minimum notice periods – adjusting for a full quarter's impact of price increases implemented during the quarter, SF's normalized gross margin is approximately 22.6%; and (ii) additional outside storage costs associated with building inventory for the busy spring and summer seasons as well as to help mitigate the impact of rising production input costs and industry wide supply chain disruptions. These factors were partially offset by: (i) sales leveraging associated with SF's organic growth; (ii) improved production efficiencies driven by investments in automation and various continuous improvement initiatives; and (iii) the reversal of certain pandemic related costs incurred in the first quarter of 2021.

PFD's gross margin for the quarter decreased by 90 basis points primarily due to: (i) significantly higher costs for a broad range of inputs including procured products, raw materials, freight and wages – PFD was able to offset these increased costs with selling price increases (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 (ii) the acquisition of Westmorland, which due to the timing of its annual sales cycle, has a very low gross margin in the first quarter of the year. These factors were partially offset by improved production efficiencies driven by various continuous improvement initiatives.

Selling, General and Administrative Expenses (SG&A)

(in millions of dollars except percentages)	13 weeks ended Mar 26, 2022	% (1)	13 weeks ended Mar 27, 2021	% (1)
SG&A by segment:				
Specialty Foods	96.3	12.2%	80.5	12.3%
Premium Food Distribution	43.6	9.4%	35.1	9.9%
Corporate	5.9		5.4	
Consolidated	145.8	11.7%	121.0	12.0%

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

SF's SG&A for the quarter increased by $15.8 million mainly due to business acquisitions and freight and wage inflation.

PFD's SG&A for the quarter increased by $8.5 million primarily due to business acquisitions.

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:

(in millions of dollars)	13 weeks ended Mar 26, 2022	13 weeks ended Mar 27, 2021
Earnings before income taxes	30.9	28.6
Plant start-up and restructuring costs (1)	3.5	0.5
Depreciation of capital assets (2)	17.5	17.6
Amortization of intangible assets (2)	7.5	6.6
Amortization of right of use assets (2)	10.8	8.1
Accretion of lease obligations (3)	5.3	3.8
Interest and other financing costs (3)	11.4	10.4
Acquisition transaction costs (1)	1.2	3.3
Accretion of provisions (3)	2.8	1.8
Equity loss in investments in associates (4)	4.9	6.0
Clearwater closing risk fee (1)	-	(2.4)
Acquisition bargain purchase gain (1)	-	(1.8)
Adjusted EBITDA	95.8	82.5

(1) Amount is not part of the Company's normal operating costs.
(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 businesses that the Company does not consolidate as it does not own a controlling interest.

(in millions of dollars except percentages)	13 weeks ended Mar 26, 2022	% (1)	13 weeks ended Mar 27, 2021	% (1)
Adjusted EBITDA by segment:				
Specialty Foods	66.6	8.4%	60.7	9.3%
Premium Food Distribution	20.3	4.4%	17.1	4.8%
Corporate	(5.9)		(5.4)	
Interest Income from Investments	14.8		10.1	
Consolidated	95.8	7.7%	82.5	8.2%

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

The Company's adjusted EBITDA for the quarter of $95.8 million, while being $13.3 million or 16.1% higher as compared to the first quarter of 2021, was significantly below what it would have been in a normal operating environment. The two primary challenges impacting the Company's first quarter adjusted EBITDA were: (i) delays associated with retailer minimum notice periods for putting through selling price increases; and (ii) lost sales opportunities caused by supply chain disruptions and labor shortages.

The Company's adjusted EBITDA margin for the quarter of 7.7% was below its long-term annual target of 10% primarily due to: (i) the factors outline above – adjusting for these the Company's adjusted EBITDA is approximately 9.2%; (ii) the acquisition of Westmorland, which generates nominal EBITDA in the first quarter of the year as a result of the timing of its annual sales cycle; and (iii) the Company's adjusted EBITDA margin in the first quarter generally being lower than its average margin for the year as a result of seasonal factors.

Sales and Adjusted EBITDA Outlook

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

2022

The Company is maintaining its sales and adjusted EBITDA guidance for 2022, which is for sales to be between $5.60 billion and $5.85 billion and for adjusted EBITDA to be between $510.0 million and $530.0 million. These estimates are based on a range of assumptions (see *Forward Looking Statements*) including: (i) economic conditions in Canada and the United States will remain relatively stable with no major changes in consumer buying habits in the short to medium term; (ii) the average cost of the basket of procured products and raw materials purchased by the Company will stabilize and start to moderate in the short to medium term relative to recent increased volatility and inflationary trends; (iii) global supply chains will start to normalize in the short to medium term enabling the Company to access sufficient goods and services for its manufacturing and distribution operations; and (iv) stabilization of the Canadian dollar relative to the U.S. dollar at current levels.

The Company's sales and adjusted EBITDA outlooks for 2022 do not incorporate any amounts for potential future acquisitions.

5 Year Plan

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.

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 2022, the Company incurred $3.5 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, and installation of new freezing technology at its lobster processing facility in Maine.

Depreciation and Amortization (D&A)

(in millions of dollars)	13 weeks ended Mar 26, 2022	13 weeks ended Mar 27, 2021
Depreciation and amortization of intangible assets (D&A) by segment:		
Specialty Foods	18.3	18.8
Premium Food Distribution	6.3	5.1
Corporate	0.4	0.3
Consolidated	25.0	24.2

The Company's D&A expense for the quarter increased by $0.8 million primarily due to: (i) business acquisitions; and (ii) the recent completion of a variety of capital projects; partially offset by certain capital assets in the SF segment now being fully depreciated.

Interest and Other Financing Costs

The Company's interest and other financing costs for the first quarter of 2022 as compared to the first quarter of 2021 increased by $1.0 million, primarily due to: (i) an increase in the Company's total funded debt (see *Liquidity and Capital Resources – Debt Financing Activities*); and (ii) higher average interest rates resulting from general market rate increases and higher cash flow ratio-based credit spreads on the Company's revolving senior credit facility. These factors were partially offset by the early conversion of certain convertible debentures (see *Liquidity and Capital Resources – Debt Financing Activities*).

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*).

(in millions of dollars)	13 weeks ended Mar 26, 2022	13 weeks ended Apr 3, 2021
Clearwater:		
Sales	121.0	93.9
Gross profit	38.4	31.2
SG&A	13.1	11.1
	25.3	20.1
Depreciation and amortization	11.4	7.6
Interest – senior debt	2.3	4.5
Income from investments	1.2	1.4
Unrealized foreign exchange gain	(1.5)	(5.1)
	11.9	11.7
Interest – shareholder debt	11.5	8.4
Payments to shareholders	8.5	5.4
Acquisition related costs	-	12.1
Closing risk fee paid to Premium Brands	-	2.4
Income tax expense	0.5	0.4
Earnings (loss)	(8.6)	(17.0)
Pre-close earnings (loss) (1)	-	(4.3)
	(8.6)	(12.7)
Ownership	50.0%	50.0%
Clearwater net equity earnings (loss)	(4.3)	(6.4)
Other net equity earnings (loss)	(0.6)	0.4
Equity earnings (loss) in investment in associates	(4.9)	(6.0)

(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 increased by 28.9% or $27.1 million primarily due to the easing of pandemic related restrictions and a corresponding reopening of economies in North America, Europe and Asia, which resulted in stronger demand and higher pricing for most of the species sold by Clearwater. This was partially offset by a stronger Canadian dollar relative to the U.S. dollar and the Euro as a significant portion of Clearwater's sales are denominated in these currencies.

Clearwater's gross margin for the quarter decreased by 150 basis points to 31.7% primarily due to (i) the elimination of pandemic related wage subsidies received in the first quarter of 2021; and (ii) higher harvesting and processing costs for certain species because of catch rate changes and general cost inflation. These factors were partially offset by an overall stronger pricing environment.

Clearwater's SG&A for the quarter increased by $2.0 million primarily due to: (i) increased accruals for incentive-based compensation; and (ii) the elimination of pandemic related wage subsidies received in 2021.

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, 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 the Company's equity earnings or loss in investments in associates from the calculation, the expected range for the Company's tax rate is 24% to 27% (see *Forward Looking Statements*).

After adjusting the Company's pre-tax earnings for $4.9 million in equity losses relating to investments in associates not held in an income flow-through structure, its tax rate for the quarter is 23.6%. This is slightly below its targeted range primarily due to an annual adjustment made for certain employee incentive programs that resulted in a permanent timing difference.

SUMMARY OF QUARTERLY RESULTS

The following is a summary of selected 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.

(in millions of dollars except per share amounts)	Q2-20	Q3-20	Q4-20	Q1-21	Q2-21	Q3-21	Q4-21	Q1-22
Revenue	976.6	1,101.1	1,056.2	1,009.8	1,234.7	1,341.8	1,345.4	1,251.2
Adjusted EBITDA	67.1	93.5	87.7	82.5	112.2	122.6	113.4	95.8
Earnings	13.5	34.7	23.3	19.8	28.0	46.9	38.0	22.4
Earnings per share – basic	0.36	0.88	0.57	0.45	0.65	1.08	0.87	0.50
Earnings per share – diluted	0.36	0.88	0.57	0.45	0.64	1.07	0.87	0.50

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 such as 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.

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) the impacts of the pandemic, which began in the first quarter of 2020 and was most severe in the second quarter of 2020.

The trends in the Company's earnings and earnings per share were also impacted by: (i) a recovery recognized in the second quarter of 2020 on its puttable interest in subsidiaries; (ii) an unusual tax recovery in the third quarter of 2020; (iii) the Company's investment in Clearwater in the first quarter of 2021, which is accounted for using the equity method; and (iv) a significant revaluation of the conversion options associated with the Company's outstanding convertible debentures in the second quarter of 2021.

The trend in the Company's earnings per share was further impacted by share issuances in the third and fourth quarters of 2020.

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:

(in millions of dollars)	As at Mar 26, 2022	As at Mar 27, 2021
Accounts receivable	508.9	536.1
Inventories	740.5	481.5
Prepaid expenses	27.3	20.6
Accounts payable and accrued liabilities	(420.2)	(380.5)
Net working capital	856.5	657.7

The Company's net working capital needs are seasonal in nature and generally peak 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 as a result 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.

Net working capital at the end of the first quarter of 2022 as compared to the end of the first quarter of 2021 increased by $198.8 million primarily due to: (i) the Company's organic growth, including the impacts of inflation; (ii) business acquisitions; (iii) additional finished goods inventory produced during the first quarter in preparation for the busier spring and summer seasons; (iv) higher inventory levels associated with the Company's hedging strategies, which are being used to mitigate the risks of rising raw material costs and supply chain disruptions; and (v) general fluctuations in the timing of sales, accounts receivable collections, accounts payable payments and inventory purchases. These factors were partially offset by: (i) the collection of a receivable relating to the sale and leaseback transaction completed at the end of the first quarter of 2021; and (ii) a reduction in the translated value of the Company's U.S. based businesses' net working capital due to a stronger Canadian dollar.

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

(in days)	As at Mar 26, 2022	As at Mar 27, 2021
Days sales in accounts receivable (1)	37.0	48.3
Days cost of sales in inventory (2)	65.8	53.7

(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 2022 as compared to the end of the first quarter of 2021 decreased by 11.3 days primarily due to the collection of a receivable relating to a sale and leaseback transaction completed at the end of the first quarter of 2021; partially offset by: (i) the return to normal payment terms by certain customers who for the first three quarters of 2021 accelerated their payments in order to support their supply networks through the pandemic; and (ii) 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 2022 as compared to the end of the first quarter of 2021 increased by 12.1 days primarily due to: (i) additional finished goods inventory produced during the first quarter in preparation for the busier spring and summer seasons; (ii) higher inventory levels associated with the Company's hedging strategies, which are being used to mitigate the risks of rising raw material costs and supply chain disruptions; and (iii) general fluctuations in the timing of sales, production and the purchase of raw materials.

Debt Financing Activities

Credit Facilities

As at March 26, 2022, the Company's credit facilities and the unutilized portion of those facilities were as follows:

(in millions of dollars)	Credit Facilities	Amount Drawn on Facility	Unutilized Credit Capacity
Revolving senior credit facility [(1)]	1,491.1	1,240.7	250.4
4.65% debentures (2018) [(2)]	170.4	170.4	-
4.20% debentures [(3)]	161.4	161.4	-
Industrial Development Revenue Bond [(4)]	7.7	7.7	-
Vendor take-back notes	12.9	12.9	-
Other term loans	0.6	0.6	-
Other revolving credit facilities	64.4	12.2	52.2
Cheques outstanding	-	25.9	(25.9)
Cash and cash equivalents	-	(28.5)	28.5
	1,908.5	1,603.3	305.2

(1) Represents the Company's main revolving senior credit facility, consisting of an $1.0 billion Canadian dollar denominated line of credit and a US$400.0 million U.S. dollar denominated line of credit, less approximately $9.0 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 26, 2022. 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 26, 2022. The 4.20% debentures trade on the Toronto Stock Exchange under the symbol PBH.DB.H.

(4) 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:

(in millions of dollars)	As at Mar 26, 2022	As at Dec 25, 2021	As at Mar 27, 2021
Cheques outstanding	25.9	18.7	12.3
Bank indebtedness	12.3	16.3	1.4
Current portion of long-term debt	4.3	4.6	7.3
Long-term debt	1,252.5	1,074.0	869.3
Deferred financing costs (1)	5.0	5.5	3.2
	1,300.0	1,119.1	893.5
Less: cash and cash equivalents	(28.5)	(16.5)	(29.9)
Senior funded debt	1,271.5	1,102.6	863.6
4.60% Debentures	-	-	112.1
4.65% Debentures (2018)	170.4	169.9	170.2
4.20% Debentures	161.4	161.1	144.4
Total funded debt	1,603.3	1,433.6	1,290.3

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

Debt Activities

During 2022, the Company's significant debt activities consisted of the following:

(in millions of dollars)	13 weeks ended Mar 26, 2022
Opening total funded debt at December 25, 2021	1,433.6
Funding for changes in net working capital	123.4
Funding for capital expenditures	43.3
Funding for business acquisitions	35.7
Payment of dividends	28.4
Funding for investments in and advances to associate companies – net of distributions	10.7
Payment of provisions	2.0
Accretion of debentures	0.8
Scheduled principal payments	(0.6)
Foreign currency translation adjustment (1)	(18.7)
Net cash flow applied to revolving senior credit facility and other term loans	(55.3)
	1,603.3

(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.

Banking Covenants

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

	Covenant Requirement	Mar 26, 2022 Ratio
Senior funded debt to adjusted EBITDA ratio (1) (3)	=< 4.0 : 1.0	3.0 : 1.0
Interest coverage ratio (2) (3)	>= 4.0 : 1.0	19.0 : 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.

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 to 3.0 : 1 as the long-term targeted range for its senior funded debt to adjusted EBITDA ratio and 3.5 : 1 to 4.0 : 1 as the long-term targeted range for its total funded debt to adjusted EBITDA ratio. These ranges are based on a number of 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;
- Obtaining an investment grade credit rating;
- 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 2022, the Company's senior funded debt to adjusted EBITDA ratio of 3.0 : 1 and its total funded debt to adjusted EBITDA ratio of 3.8 : 1 were both at the top end of the Company's respective targeted ranges. Looking forward (see *Forward Looking Statements*), based on the Company's current portfolio of businesses, it expects both ratios to steadily decrease over the coming quarters because of: (i) continued growth in its EBITDA; and (ii) decreases in its inventory as large positions built up for the busy spring and summer seasons naturally unwind. Furthermore, as global supply chains and commodity protein markets normalize this should also have a favorable impact on the Company's debt to EBITDA ratios as it is able to reverse inventory hedging strategies put into place to mitigate the impact of supply chain disruptions and severe raw material cost inflation (see *Liquidity and Capital Resources – Net Working Capital Requirements – Net Working Capital*).

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:

(in millions of dollars)	52 weeks ended Dec 25, 2021	13 weeks ended Mar 26, 2022	13 weeks ended Mar 27, 2021	Rolling Four Quarters
Cash flow from operating activities	66.3	(51.0)	22.0	(6.7)
Changes in non-cash working capital (1)	253.8	123.4	26.7	350.5
Lease obligation payments (2)	(50.4)	(13.4)	(10.5)	(53.3)
Business acquisition transaction costs (3)	7.7	1.2	3.3	5.6
Clearwater closing risk fee (3)	(2.4)	-	(2.4)	-
Plant start-up and restructuring costs (4)	2.1	3.5	0.5	5.1
Income taxes on sale and leaseback transaction (5)	15.5	-	14.2	1.3
Maintenance capital expenditures (6)	(29.3)	(9.5)	(6.1)	(32.7)
Free cash flow	263.3	54.2	47.7	269.8

(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.

(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 relates to the Company's financing activities (see *Liquidity and Capital Resources – Capital Expenditures – Changes in Capital Assets*).

(6) 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).*

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 2022, the Company increased its quarterly dividend by 10.2% to $0.70 per share, or $2.80 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 26, 2022	115.2	Dividend	269.8	42.7%	$2.6050
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.

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 efficiency.

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 2022:

(in millions of dollars)	13 weeks ended Mar 26, 2022
Opening capital assets at December 25, 2021	617.3
Depreciation	(17.5)
Foreign currency translation adjustment (1)	(5.9)
Acquisitions	16.4
Capital expenditures:	
Project	33.8
Maintenance	9.5
Closing capital assets	653.6

(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 2022, the Company invested $33.8 million in project capital expenditures consisting of: (i) $20.8 million for larger projects as outlined below; and (ii) $13.0 million for a variety of smaller projects.

(in millions of dollars) Project	2022 Expenditures	Future Expenditures (1)	Expected Completion Date (1)
A 41,000 square foot capacity expansion of a 66,000 square foot artisan bakery in Langley, BC	1.1	4.7	Q2-2022
A 26,000 square foot expansion of an 80,000 square foot meat snack production facility in Brantford, ON	3.6	1.7	Q2-2022
A 42,600 square foot expansion of a 91,600 square foot sandwich and ready-to-eat meals production facility in Lakeville, MN	US4.4	US5.8	Q2-2022
Two third generation automated sandwich lines for installation at the Company's Phoenix, AZ and Reno, NV sandwich production facilities	US0.6	US8.7	Q3-2022
A new 144,000 square foot sandwich production facility in Hilliard, OH	US0.8	US39.8	Q1-2023
A new 67,000 square foot sandwich production facility in Edmonton, AB, which will replace the Company's existing 23,000 square foot sandwich production facility in Edmonton, AB	0.2	16.4	Q1-2023
A 56,500 square foot expansion of a 32,000 square foot value-added protein facility in Vaudreuil, QC including the addition of cooking capacity	-	9.5	Q2-2023
A 107,000 square foot expansion of a 52,000 square foot meat snack and processed meats production facility in Ferndale, WA	US4.7	US76.5	Q2-2023
Equipment purchases and building modifications to gain processing efficiencies and increase the capacity of a 170,000 square foot meat snack production facility in Kent, WA	US1.8	US9.4	Q3-2023
Reconfiguration of kettle cooking facility in Richmond, BC to expand capacity and improve operating efficiencies	0.4	8.7	Q4-2023

(1) See *Forward Looking Statements*.

Subsequent to the quarter, the Company approved the following major capital projects:

(in millions of dollars) Project	Future Expenditures	Expected Completion Date
A new 91,000 square foot USDA inspected artisan bakery in San Leandro, CA	US22.7	Q4-2022
A 26,000 square foot expansion of a 65,000 square foot distribution and value-added protein processing facility in Quebec City	7.7	Q2-2023
A 159,000 square foot expansion of a 97,000 square foot distribution facility in Waterloo, ON, with the new space being used for deli meats production. This project will allow for the shutdown of an aging deli meats production facility in Waterloo, ON while adding incremental production capacity and creating significant operating efficiencies	114.3	Q4-2024

Historical Maintenance Capital Expenditures

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

(in millions of dollars)	
Trailing four quarters ended:	
March 26, 2022	32.7
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 2022 the Company expects its maintenance capital expenditures to be between $40.0 million and $45.0 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 2022:

(in millions of dollars)	13 weeks ended Mar 26, 2022
Opening right of use assets at December 25, 2021	464.5
Acquired through business and asset acquisitions	8.9
Additions	3.7
Disposals	(0.4)
Amortization	(10.8)
Foreign currency translation adjustment (1)	(2.5)
Closing right of use assets	463.4

(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.

The following table shows the changes in the Company's lease obligations during 2022:

(in millions of dollars)	13 weeks ended Mar 26, 2022
Opening lease obligation at December 25, 2021 (1)	510.3
Acquired through business and asset acquisitions	8.9
Additions	3.7
Payments	(13.4)
Disposals	(0.4)
Accretion	5.3
Foreign currency translation adjustment (2)	(2.6)
Closing lease obligations (1)	511.8

(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.

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

(in millions of dollars)	As at Mar 26, 2022
Undiscounted minimum lease payments	706.1
Effect of discounting	(194.3)
Present value of minimum lease payments (1)	511.8

(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 2022, the Company invested $41.6 million, consisting of $39.5 million in cash and cash payable and $2.1 million in contingent consideration, in the following business acquisitions:

(in millions of dollars except percentages)					
Business	Primary Business Activity	Annual Sales	Investment Interest	Segment	Purchase Date
Shaw Bakers LLC	Artisan bread production	US25	From 50% to 73.72%	SF	Dec 31, 2021
Leonetti Food Distributors Inc.	Sandwich production	US5	100%	SF	Feb 28, 2022
Rocky Mountain Flatbread (1)	Artisan pizza production	(2)	100%	SF	Feb 28, 2022
Beechgrove Country Foods Inc.	Cooked protein production	16	100%	SF	Mar 4, 2022

(1) The transaction relates to the acquisition of intellectual property and intangible assets.
(2) The initial incremental sales impact is nominal as the transaction relates to the acquisition of intellectual property and intangible assets.

Investments in Associates

Investments in associates consists of the Company's investments in businesses which it does not control, including: (i) its 50% interest in Clearwater Seafoods; (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 investment in associates during 2022:

(in millions of dollars)	13 weeks ended Mar 26, 2022
Opening investment in associates at December 25, 2021	568.8
Investments in and interest-bearing advances to associates	24.8
Acquisition of control of an associate – Shaw Bakers (1)	(18.4)
Equity loss in associates	(4.9)
Cash distribution from associates	(1.0)
Foreign currency translation adjustment (2)	(0.6)
Closing investment in associates	568.7

(1) The Company previously accounted for its investment in Shaw Bakers LLC (Shaw) using the equity method. On December 31, 2021, it acquired a controlling interest in Shaw and, accordingly, now accounts for Shaw on a consolidated basis.
(2) 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 of 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 2022:

(in millions of dollars)	13 weeks ended Mar 26, 2022
Opening goodwill and intangible assets at December 25, 2021	1,527.5
Business and asset acquisitions	52.8
Amortization of intangible assets	(7.5)
Foreign currency translation adjustment (1)	(15.3)
Closing goodwill and intangible assets	1,557.5

(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 during 2022:

(in millions of dollars)	13 weeks ended Mar 26, 2022
Opening puttable interest at December 25, 2021	27.1
Business and asset acquisitions	11.0
Closing puttable interest	38.1

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 2022:

(in millions of dollars)	13 weeks ended Mar 26, 2022
Opening provisions at December 25, 2021 (1)	71.1
Business and asset acquisitions	2.1
Accretion of provisions	2.8
Cash payments	(2.0)
Foreign currency translation adjustment (2)	(1.1)
Closing provisions (1)	72.9

(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 outlooks on its revenue, adjusted EBITDA and income tax rate.

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 expectations.

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.

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 26, 2022 are as follows:

(in millions of dollars)	Total	1 year out	2 years out	3 years out	4 years out	5 years out	There-after
Long-term debt	1,261.8	4.3	6.3	1.7	0.5	1,240.8	8.2
4.65% Debentures (2018)	172.5	-	-	-	172.5	-	-
4.20% Debentures	150.0	-	-	-	-	-	150.0
Lease obligations (1)	706.1	55.4	52.7	48.6	46.9	44.6	457.9
Total	2,290.4	59.7	59.0	50.3	219.9	1,285.4	616.1

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

FORWARD LOOKING STATEMENTS

This discussion and analysis 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 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 discussion and analysis 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; and (xii) financial leverage ratios.

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 discussion and analysis 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 no major changes in consumer buying habits in the short to medium term.
- The average cost of the basket of procured products and raw materials purchased by the Company will stabilize and start to moderate in the short to medium term relative to recent increased volatility and inflationary trends.
- Global supply chains will start 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*) 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 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 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 discussion and analysis.

RISKS AND UNCERTAINTIES

The Company is subject to a number of 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 25, 2021 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.sedar.com. Prospective investors should carefully review and evaluate these risk factors together with all the other information contained in this discussion and analysis. Furthermore, it should be noted that the risk factors described in the fiscal 2021 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 2021 audited consolidated financial statements and interim condensed consolidated financial statements for the period ended March 26, 2022, which are incorporated by reference herein, have been filed electronically through SEDAR and are available online at www.sedar.com.

NEW ACCOUNTING POLICIES

The International Accounting Standards Board (IASB) periodically issues new standards and amendments or interpretations to existing standards. Details on the 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 26, 2022, which are incorporated by reference herein and have been filed electronically through SEDAR and are available online at www.sedar.com.

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 26, 2022, which are incorporated by reference herein.

Interest Rate Swap Contracts

To reduce its exposure to rising interest rates, the Company, from time to time, enters into interest rate swap contracts. The Company does not hold interest rate swaps for speculative purposes.

Details on the Company's outstanding interest rate swap contracts can be found in its interim condensed consolidated financial statements for the period ended March 26, 2022, which are incorporated by reference herein.

OTHER

Outstanding Shares

The shares outstanding in the Company as of May 5, 2022 were 44,797,746. 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 5, 2022 were 44,641,469.

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 26, 2022 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 26, 2022 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 period ending March 26, 2022 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 5, 2022. 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 5, 2022, 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 the System for Electronic Document Analysis and Retrieval (SEDAR) and is available online at www.sedar.com.