MAPLE LEAF FOODS INC.

Financial Statements

For the First Quarter Ended

March 31, 2022

Consolidated Interim Financial Statements

Consolidated Interim Balance Sheets

(In thousands of Canadian dollars) *(Unaudited)*	***Notes***	**As at March 31, 2022**	As at March 31, 2021	As at December 31, 2021
ASSETS				*(Audited)*
Cash and cash equivalents		**$ 66,476**	$ 100,977	$ 162,031
Accounts receivable	***3***	**195,662**	185,144	167,082
Notes receivable	***3***	**55,016**	47,414	33,294
Inventories	***4***	**491,443**	453,364	409,677
Biological assets	***5***	**176,102**	166,031	138,209
Income taxes recoverable		**2,388**	1,830	1,830
Prepaid expenses and other assets		**42,155**	89,064	24,988
Total current assets		**$ 1,029,242**	$ 1,043,824	$ 937,111
Property and equipment		**2,232,105**	1,869,070	2,189,165
Right-of-use assets		**165,080**	221,467	161,662
Investments		**22,085**	15,566	22,326
Employee benefits		**25,709**	—	—
Other long-term assets		**16,483**	9,136	11,644
Deferred tax asset		**46,920**	19,117	39,907
Goodwill		**656,420**	650,054	658,673
Intangible assets		**359,726**	334,192	365,318
Total long-term assets		**$ 3,524,528**	$ 3,118,602	$ 3,448,695
Total assets		**$ 4,553,770**	$ 4,162,426	$ 4,385,806
LIABILITIES AND EQUITY				
Accounts payable and accruals		**$ 561,782**	$ 552,126	$ 526,189
Current portion of provisions	***6***	**8,812**	1,114	842
Current portion of long-term debt	***7***	**5,220**	913	5,176
Current portion of lease obligations		**38,176**	81,159	31,375
Income taxes payable		**—**	8,437	23,853
Other current liabilities		**49,601**	47,207	81,265
Total current liabilities		**$ 663,591**	$ 690,956	$ 668,700
Long-term debt	***7***	**1,351,992**	965,459	1,247,073
Lease obligations		**147,592**	158,078	144,391
Employee benefits		**73,539**	94,601	97,629
Provisions	***6***	**38,336**	44,537	44,650
Other long-term liabilities		**4,988**	7,676	1,057
Deferred tax liability		**179,650**	149,031	146,380
Total long-term liabilities		**$ 1,796,097**	$ 1,419,382	$ 1,681,180
Total liabilities		**$ 2,459,688**	$ 2,110,338	$ 2,349,880
Shareholders' equity				
Share capital	***8***	**$ 859,396**	$ 845,287	$ 847,016
Retained earnings		**1,239,959**	1,223,485	1,212,244
Contributed surplus		**16,879**	16,716	5,371
Accumulated other comprehensive income (loss)		**4,094**	(9,470)	(2,459)
Treasury stock		**(26,246)**	(23,930)	(26,246)
Total shareholders' equity		**$ 2,094,082**	$ 2,052,088	$ 2,035,926
Total liabilities and equity		**$ 4,553,770**	$ 4,162,426	$ 4,385,806

See accompanying Notes to the Consolidated Interim Financial Statements.

Consolidated Interim Statements of Net Earnings

(In thousands of Canadian dollars, except share amounts) *(Unaudited)*	***Notes***	**Three months ended March 31, 2022**	Three months ended March 31, 2021
Sales		**$ 1,126,553**	$ 1,053,083
Cost of goods sold		**972,690**	860,129
Gross profit		**$ 153,863**	$ 192,954
Selling, general and administrative expenses		**119,457**	115,880
Earnings before the following:		**$ 34,406**	$ 77,074
Restructuring and other related costs	***6***	**3,018**	1,668
Other expense		**2,624**	4,542
Earnings before interest and income taxes		**$ 28,764**	$ 70,864
Interest expense and other financing costs	***10***	**7,716**	4,968
Earnings before income taxes		**$ 21,048**	$ 65,896
Income tax expense		**7,361**	18,204
Net earnings		**$ 13,687**	$ 47,692
Earnings per share attributable to common shareholders:	***11***		
Basic earnings per share		**$ 0.11**	$ 0.39
Diluted earnings per share		**$ 0.11**	$ 0.38
Weighted average number of shares (millions):	***11***		
Basic		**124.0**	123.2
Diluted		**126.1**	125.2

See accompanying Notes to the Consolidated Interim Financial Statements.

Consolidated Interim Statements of Other Comprehensive Income (Loss)

(In thousands of Canadian dollars) *(Unaudited)*	**Three months ended March 31,**			
		2022		2021
Net earnings	**$**	**13,687**	$	47,692
Other comprehensive income				
Actuarial gains (losses) that will not be reclassified to profit or loss (Net of tax of $13.4 million; 2021: $24.8 million)	**$**	**38,901**	$	72,928
Items that are or may be reclassified subsequently to profit or loss:				
Change in accumulated foreign currency translation adjustment (Net of tax of $0.0 million; 2021: $0.0 million)	**$**	**(6,973)**	$	(5,465)
Change in foreign exchange on long-term debt designated as a net investment hedge (Net of tax of $0.6 million; 2021: $0.7 million)		**3,561**		3,818
Change in cash flow hedges (Net of tax of $3.4 million; 2021: $2.0 million)		**9,965**		5,591
Total items that are or may be reclassified subsequently to profit or loss	**$**	**6,553**	$	3,944
Total other comprehensive income	**$**	**45,454**	$	76,872
Comprehensive income	**$**	**59,141**	$	124,564

See accompanying Notes to the Consolidated Interim Financial Statements.

Consolidated Interim Statements of Changes in Total Equity

(In thousands of Canadian dollars) (Unaudited)	***Notes***	**Share capital**	**Retained earnings**	**Contributed surplus**	**Accumulated other comprehensive income (loss)[(i)]: Foreign currency translation adjustment**	**Unrealized gains and losses on cash flow hedges**	**Unrealized gains on fair value of investments**	**Treasury stock**	**Total equity**
Balance at December 31, 2021		**$ 847,016**	**1,212,244**	**5,371**	**2,037**	**(7,441)**	**2,945**	**(26,246)**	**$2,035,926**
Net earnings		**—**	**13,687**	**—**	**—**	**—**	**—**	**—**	**13,687**
Other comprehensive income (loss)[(ii)]		**—**	**38,901**	**—**	**(3,412)**	**9,965**	**—**	**—**	**45,454**
Dividends declared ($0.20 per share)		**—**	**(24,873)**	**—**	**—**	**—**	**—**	**—**	**(24,873)**
Share-based compensation expense	***12***	**—**	**—**	**4,396**	**—**	**—**	**—**	**—**	**4,396**
Modification of stock compensation plan	***12***	**—**	**—**	**(3,594)**	**—**	**—**	**—**	**—**	**(3,594)**
Exercise of stock options	***12***	**3,718**	**—**	**—**	**—**	**—**	**—**	**—**	**3,718**
Change in obligation for repurchase of shares	***8***	**8,662**	**—**	**10,706**	**—**	**—**	**—**	**—**	**19,368**
Balance at March 31, 2022		**$ 859,396**	**1,239,959**	**16,879**	**(1,375)**	**2,524**	**2,945**	**(26,246)**	**$2,094,082**

(In thousands of Canadian dollars) (Unaudited)	*Notes*	Share capital	Retained earnings	Contributed surplus	Accumulated other comprehensive income (loss)[(i)]: Foreign currency translation adjustment	Unrealized gains and losses on cash flow hedges	Unrealized gains on fair value of investments	Treasury stock	Total equity
Balance at December 31, 2020		$ 838,969	1,124,973	5,866	3,002	(16,416)	—	(23,930)	$1,932,464
Net earnings		—	47,692	—	—	—	—	—	47,692
Other comprehensive income (loss)[(ii)]		—	72,928	—	(1,647)	5,591	—	—	76,872
Dividends declared ($0.18 per share)		—	(22,108)	—	—	—	—	—	(22,108)
Share-based compensation expense	*12*	—	—	4,702	—	—	—	—	4,702
Deferred taxes on share-based compensation		—	—	350	—	—	—	—	350
Exercise of stock options	*12*	1,406	—	—	—	—	—	—	1,406
Change in obligation for repurchase of shares		4,912	—	5,798	—	—	—	—	10,710
Balance at March 31, 2021		$ 845,287	1,223,485	16,716	1,355	(10,825)	—	(23,930)	$2,052,088

(i) *Items that are or may be subsequently reclassified to profit or loss.*

(ii) *Included in other comprehensive income (loss) is the change in actuarial gains and losses that will not be reclassified to profit or loss and has been reclassified to retained earnings.*

See accompanying Notes to the Consolidated Interim Financial Statements.

Consolidated Interim Statements of Cash Flows

(In thousands of Canadian dollars) *(Unaudited)*	***Notes***	**Three months ended March 31, 2022**	**2021**
CASH PROVIDED BY (USED IN):			
Operating activities			
Net earnings		**$ 13,687**	$ 47,692
Add (deduct) items not affecting cash:			
Change in fair value of biological assets	***5***	**(39,311)**	(38,475)
Depreciation and amortization		**57,191**	50,202
Share-based compensation	***12***	**4,396**	4,702
Deferred income taxes		**7,972**	6,184
Income tax current		**(611)**	12,020
Interest expense and other financing costs	***10***	**7,716**	4,968
Loss on sale of long-term assets		**458**	287
Change in fair value of non-designated derivatives		**1,574**	9,627
Change in net pension obligation		**2,498**	3,383
Net income taxes paid		**(23,612)**	(31,277)
Interest paid, net of capitalized interest	***10***	**(7,676)**	(5,428)
Change in provision for restructuring and other related costs	***6***	**1,713**	41
Change in derivatives margin		**(25,103)**	(35,662)
Other		**(1,251)**	3,606
Change in non-cash operating working capital		**(84,634)**	(62,104)
Cash used in operating activities		**$ (84,993)**	$ (30,234)
Investing activities			
Additions to long-term assets		**$ (97,305)**	$ (160,967)
Interest paid and capitalized	***10***	**(4,497)**	(3,971)
Proceeds from sale of long-term assets		**94**	553
Cash used in investing activities		**$ (101,708)**	$ (164,385)
Financing activities			
Dividends paid		**$ (24,873)**	$ (22,108)
Net increase in long-term debt	***7***	**114,862**	224,861
Payment of lease obligation		**(9,408)**	(9,391)
Receipt of lease inducement		**6,847**	—
Exercise of stock options		**3,718**	1,406
Cash provided by financing activities		**$ 91,146**	$ 194,768
Increase (decrease) in cash and cash equivalents		**$ (95,555)**	$ 149
Cash and cash equivalents, beginning of period		**162,031**	100,828
Cash and cash equivalents, end of period		**$ 66,476**	$ 100,977

See accompanying Notes to the Consolidated Interim Financial Statements.

Notes to the Consolidated Interim Financial Statements

(Tabular amounts in thousands of Canadian dollars unless otherwise indicated)
Three months ended March 31, 2022 and 2021

1. THE COMPANY

Maple Leaf Foods Inc. ("Maple Leaf Foods" or the "Company") is a carbon neutral[(i)] company with a vision to be the most sustainable protein company on earth, responsibly producing food products under leading brands including Maple Leaf®, Maple Leaf Prime®, Maple Leaf Natural Selections®, Schneiders®, Schneiders® Country Naturals®, Mina®, Greenfield Natural Meat Co.®, Lightlife® and Field Roast™. The Company's portfolio includes prepared meats, ready-to-cook and ready-to-serve meals, snacks kits, value-added fresh pork and poultry, and plant protein products. The address of the Company's registered office is 6985 Financial Dr., Mississauga, Ontario, L5N 0A1, Canada. The unaudited condensed consolidated interim financial statements ("Consolidated Interim Financial Statements") of the Company as at and for the three months ended March 31, 2022 include the accounts of the Company and its subsidiaries. The Company's results are organized into two segments: the Meat Protein Group and the Plant Protein Group.

(i) *See the Company's 2021 Sustainability Report that is available on the Maple Leaf Foods website at https://www.mapleleaffoods.com/sustainability.*

2. SIGNIFICANT ACCOUNTING POLICIES

The Consolidated Interim Financial Statements should be read in conjunction with the Company's 2021 annual audited consolidated financial statements ("2021 Consolidated Financial Statements").

(a) Statement of Compliance

The Consolidated Interim Financial Statements have been prepared in accordance with International Accounting Standard ("IAS") 34 *Interim Financial Reporting* ("IAS 34") as issued by the International Accounting Standards Board ("IASB") and using the accounting policies, determination of significant estimates and judgments, and corresponding accounting treatments consistent with the Company's 2021 Consolidated Financial Statements, except for new standards adopted during the three months ended March 31, 2022 as described below.

The Consolidated Interim Financial Statements were authorized for issue by the Board of Directors on May 3, 2022.

(b) Accounting Standards Adopted During the Period

Beginning on January 1, 2022, the Company adopted certain International Financial Reporting Standards ("IFRS") and amendments. As required by IAS 34 and IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*, the nature and the effect of these changes are disclosed below:

Onerous Contracts - Cost of Fulfilling a Contract

Beginning January 1, 2022, the Company adopted the amendment to IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*. The amendment specifies that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to the contract can either be incremental costs of fulfilling that contract or an allocation of other costs that relate directly to fulfilling that contract. The adoption of the amendment did not have a material impact on the Consolidated Interim Financial Statements.

Annual Improvements to IFRS (2018-2020) Cycle

Beginning January 1, 2022, the Company adopted the narrow-scope amendments to three standards as part of its annual improvement process. Amendments were made to clarify which fees an entity includes when it applies the '10 per cent' test in assessing whether to derecognize a financial liability in accordance with IFRS 9. The amendments also remove the requirement in IAS 41 *Agriculture* for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique. Lastly, an amendment was made to IFRS 1 *First-time Adoption of International Financial Reporting Standards* for subsidiaries as a first-time adopter. The adoption of the amendment did not have a material impact on the Consolidated Interim Financial Statements.

(c) Accounting Pronouncements Issued But Not Yet Effective

Classification of Liabilities as Current or Non-current

On January 23, 2020, an amendment was issued to IAS 1 *Presentation of Financial Statements* to address inconsistencies with how entities classify current and non-current liabilities. The amendment serves to address whether debt and other liabilities with an uncertain settlement date should be classified as current or non-current in the consolidated balance sheets. This amendment is effective on January 1, 2023. The Company intends to adopt this amendment in its Consolidated Financial Statements for the annual period beginning January 1, 2023. The extent of the impact of the adoption of this amendment has not yet been determined.

Definition of Accounting Estimates (Amendments to IAS 8)

On February 12, 2021, the IASB issued *Definition of Accounting Estimates (Amendments to IAS 8)*. The amendments will require the disclosure of material accounting policy information rather than disclosing significant accounting policies and clarifies how to distinguish changes in accounting policies from changes in accounting estimates. The amendments are effective for annual periods beginning on or after January 1, 2023. The Company intends to adopt this amendment in its Consolidated Financial Statements for the annual period beginning January 1, 2023. The extent of the impact of the adoption of this amendment has not yet been determined.

Disclosure Initiative – Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)

On February 12, 2021, the IASB issued *Disclosure Initiative – Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements)*. The amendments help companies provide useful accounting policy disclosures. The amendments are effective for annual periods beginning on or after January 1, 2023. The Company intends to adopt this amendment in its Consolidated Financial Statements for the annual period beginning January 1, 2023. The extent of the impact of the adoption of this amendment has not yet been determined.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)

On May 7, 2021 the IASB issued *Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)*. The amendments narrowed the scope of the recognition exemption in paragraphs 15 and 24 of IAS 12 *Income Taxes* (recognition exemption) so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. The amendments are effective for annual reporting periods beginning on or after January 1, 2023. The Company intends to adopt this amendment in its Consolidated Financial Statements for the annual period beginning January 1, 2023. The extent of the impact of the adoption of this amendment has not yet been determined.

All other IFRSs and amendments issued but not yet effective have been assessed by the Company and are not expected to have a material impact on the Consolidated Financial Statements.

3. ACCOUNTS RECEIVABLE

	As at March 31, 2022	As at March 31, 2021	As at December 31, 2021
Trade receivables	**$ 145,511**	$ 146,235	$ 122,030
Less: Allowance for doubtful accounts	**(1,738)**	(2,062)	(2,041)
Net trade receivables	**$ 143,773**	$ 144,173	$ 119,989
Other receivables:			
Commodity taxes receivable	**14,700**	16,263	13,188
Government receivable	**17,783**	10,327	17,871
Other	**19,406**	14,381	16,034
	$ 195,662	$ 185,144	$ 167,082

The aging of trade receivables is as follows:

	As at March 31, 2022	As at March 31, 2021	As at December 31, 2021
Current	**$ 121,973**	$ 118,989	$ 94,110
Past due 0-30 days	**19,554**	22,644	20,088
Past due 31-60 days	**2,008**	1,732	3,473
Past due > 60 days	**1,976**	2,870	4,359
	$ 145,511	$ 146,235	$ 122,030

Trade receivables are impaired when their estimated future cash flows are less than their contractual cash flows. The amount of impairment takes into account the financial condition of the customers, delinquencies in payments, collaterals and credit insurance coverage on the trade receivables.

The Company has a three-year accounts receivable securitization facility (the "Securitization Facility") maturing July 19, 2022. The maximum cash advance available to the Company under the Securitization Facility is $120.0 million (March 31, 2021: $120.0 million; December 31, 2021: $120.0 million). The Securitization Facility provides cash funding with a proportion of the Company's receivables being sold, and provides the Company with competitively priced financing and further diversifies its funding sources. Under the Securitization Facility, the Company has sold certain of its trade accounts receivable, with very limited recourse, to an unconsolidated third-party trust financed by an international financial institution with a long-term AA- debt rating, for cash and short-term notes back to the Company. The receivables are sold at a discount to face value based on prevailing money market rates. The Company retains servicing responsibilities for these receivables.

As at March 31, 2022, trade accounts receivable being serviced under this program amounted to $160.7 million (March 31, 2021: $155.5 million; December 31, 2021: $145.6 million). In return for the sale of its trade receivables, the Company will receive cash of

$120.0 million (March 31, 2021: $120.0 million; December 31, 2021: $112.3 million) and notes receivable in the amount of $40.7 million (March 31, 2021: $35.5 million; December 31, 2021: $33.3 million). The notes receivable are non-interest bearing and are settled on the settlement dates of the securitized accounts receivable. Due to the timing of receipts and disbursements, the Company may, from time to time, also record a receivable or payable related to the Securitization Facility. As at March 31, 2022, the Company recorded a net receivable in the amount of $14.3 million (March 31, 2021: $11.9 million net receivable; December 31, 2021: $7.7 million net payable) in notes receivables (March 31, 2021: notes receivables; December 31, 2021: accounts payable and accruals).

The sale of trade receivables under the Securitization Facility are treated as a sale from an accounting perspective and as a result, trade receivables sold under this facility are derecognized from the unaudited condensed consolidated interim balance sheets ("Consolidated Interim Balance Sheets") as at March 31, 2022 and 2021 and the 2021 annual audited consolidated balance sheet as at December 31, 2021.

4. INVENTORIES

	As at March 31, 2022	As at March 31, 2021	As at December 31, 2021
Raw materials	**$ 80,045**	$ 68,997	$ 73,580
Work in process	**40,675**	37,060	33,964
Finished goods	**281,568**	266,231	217,937
Packaging	**23,477**	22,140	20,752
Spare parts	**65,678**	58,936	63,444
	$ 491,443	$ 453,364	$ 409,677

For the three months ended March 31, 2022, inventory in the amount of $911.4 million (2021: $807.6 million) was expensed through cost of goods sold.

As at March 31, 2022, inventories have been reduced by $10.4 million (March 31, 2021: $9.1 million; December 31, 2021: $10.7 million) as a result of write-downs to net realizable value. The write-downs are included in the amount expensed through cost of goods sold.

5. BIOLOGICAL ASSETS

The change in fair value of commercial hog stock for the three months ended March 31, 2022 was a gain of $39.3 million (2021: gain of $38.5 million) and was recorded in cost of goods sold.

The fair value measures of commercial hog stock have been categorized as a Level 3 fair value based on inputs to the valuation techniques used. There were no transfers between levels for the three months ended March 31, 2022 and March 31, 2021.

6. PROVISIONS

			Restructuring and related provisions		
	Legal	**Environ-mental**	**Severance and other employee related costs**	**Site closing and other cash costs**	**Total**
Balance at December 31, 2021[(i)]	**$ 650**	**2,449**	**42,344**	**49**	**$ 45,492**
Charges	**—**	**—**	**3,997**	**6**	**4,003**
Reversals	**—**	**—**	**(2,132)**	**—**	**(2,132)**
Cash payments	**(20)**	**(37)**	**(103)**	**(55)**	**(215)**
Balance at March 31, 2022	**$ 630**	**2,412**	**44,106**	**—**	**$ 47,148**
Current					**$ 8,812**
Non-current					**38,336**
Total at March 31, 2022					**$ 47,148**

(i) *Balance as at December 31, 2021, includes current portion of $0.8 million and non-current portion of $44.7 million.*

	Legal	Environ-mental	Restructuring and related provisions: Severance and other employee related costs	Restructuring and related provisions: Site closing and other cash costs	Total
Balance at December 31, 2020	$ 739	2,621	42,338	61	$ 45,759
Charges	—	—	1,009	—	1,009
Reversals	—	(140)	(313)	—	(453)
Cash payments	—	(8)	(607)	(49)	(664)
Balance at March 31, 2021	$ 739	2,473	42,427	12	$ 45,651
Current					$ 1,114
Non-current					44,537
Total at March 31, 2021					$ 45,651

Restructuring and Other Related Costs

During the three months ended March 31, 2022, the Company recorded restructuring and other related costs of $3.0 million (2021: $1.7 million). Of this amount, $1.1 million (2021: $1.0 million) related to accelerated depreciation and $1.9 million (2021: $0.5 million) related to severance and other employee costs as a result of the announced future closure of the Schomberg poultry plant as well as the previously announced future closures of the Brampton, Toronto, St. Mary's poultry plants. The remaining $0.2 million in 2021 related to employee related costs for other organizational restructuring initiatives.

7. LONG-TERM DEBT

	As at March 31, 2022	As at March 31, 2021	As at December 31, 2021
Revolving line of credit	**$ 664,376**	$ 275,000	$ 555,219
U.S. term credit	**330,667**	333,026	334,828
Canadian term credit	**350,000**	350,000	350,000
Government loans	**12,169**	8,346	12,202
Total long-term debt	**$ 1,357,212**	$ 966,372	$ 1,252,249
Current	**$ 5,220**	$ 913	$ 5,176
Non-current	**1,351,992**	965,459	1,247,073
Total long-term debt	**$ 1,357,212**	$ 966,372	$ 1,252,249

The Company has a syndicated credit facility (the "Credit Facility") consisting of a $1,300.0 million unsecured committed revolving line of credit maturing April 30, 2024 and two unsecured committed term credit facilities for US$265.0 million and $350.0 million maturing April 30, 2024 and April 30, 2023, respectively. The Credit Facility can be drawn in Canadian or U.S. dollars and bears interest payable monthly, based on Banker's Acceptance and Prime rates for Canadian dollar loans and the London Inter-bank Offered Rate ("Libor") for U.S. dollar loans. The Credit Facility is intended to meet the Company's funding requirements for capital investments in addition to providing appropriate levels of liquidity for general corporate purposes. On December 11, 2019, the Company amended the Credit Facility to reduce interest paid upon achievement of certain sustainability targets. Subsequent to the issuance of the Company's 2020 Sustainability Report, the Company successfully achieved these sustainability targets. This reduction took effect in the fourth quarter of 2021. There is no penalty for not achieving the targets. In addition to the drawings on the revolving facility and the term credit, as at March 31, 2022 the Company had drawn letters of credit of $8.0 million on the Credit Facility (March 31, 2021: $6.4 million; December 31, 2021: $8.2 million).

The Credit Facility requires the maintenance of certain covenants. As at March 31, 2022, the Company was in compliance with all of these covenants. The primary financial covenant requires that the Company maintain a Total Debt to Capitalization ratio below a specified threshold.

The Company has additional uncommitted credit facilities for issuing letters of credit up to a maximum of $125.0 million (March 31, 2021: $125.0 million; December 31, 2021: $125.0 million). As at March 31, 2022, $58.6 million in letters of credit had been issued thereon (March 31, 2021: $66.8 million; December 31, 2021: $66.8 million).

The Company has various government loans on specific projects, with contractual interest rates ranging from non-interest bearing to 2.9% per annum (March 31, 2021: 0.0% to 2.9%; December 31, 2021: 0.0% to 2.9%). These specific facilities are repayable over various terms and are maturing from 2022 to 2032. As at March 31, 2022, $12.2 million (March 31, 2021: $8.3 million; December 31, 2021: $12.2 million) was outstanding. All of these facilities are committed.

The following table reconciles the changes in cash flows from financing activities for long-term debt for the period in the respective years:

	Three months ended March 31,	
	2022	2021
Total long-term debt, beginning of period	**$ 1,252,249**	$ 745,948
Revolving and term credit facilities - net drawings	**$ 115,000**	$ 225,000
Government loans - repayments	**(138)**	(139)
Total cash flow from long-term debt financing activities	**$ 114,862**	$ 224,861
Foreign exchange revaluation	**$ (10,004)**	$ (4,518)
Other non-cash changes	**105**	81
Total non-cash changes	**$ (9,899)**	$ (4,437)
Total long-term debt, end of period	**$ 1,357,212**	$ 966,372

8. SHARE CAPITAL

Share Repurchase

On May 20, 2021 the Toronto Stock Exchange ("TSX") accepted the Company's notice of intention to commence a Normal Course Issuer Bid ("NCIB"), allowing the Company to repurchase, at its discretion, up to 7.5 million common shares in the open market or as otherwise permitted by the TSX, subject to the normal terms and limitations of such bids. Common shares purchased by the Company are cancelled. The program commenced on May 25, 2021 and will terminate on May 24, 2022, or on such earlier date as the Company completes its purchases pursuant to the notice of intention. Under this bid, during the three months ended March 31, 2022, no shares were repurchased for cancellation.

On May 21, 2020 the TSX accepted the Company's notice of intention to commence an NCIB, allowing the Company to repurchase, at its discretion, up to 7.5 million common shares in the open market or as otherwise permitted by the TSX, subject to the normal terms and limitations of such bids. Common shares purchased by the Company are cancelled. The program commenced on May 25, 2020 and was terminated on May 24, 2021. During the three months ended March 31, 2021, no shares were purchased for cancellation.

The Company entered into an Automatic Share Purchase Plan ("ASPP") with a broker that allows the purchase of common shares for cancellation under the NCIB at any time during predetermined trading blackout periods. As at March 31, 2022, an obligation for the repurchase of shares of $29.7 million (March 31, 2021: $19.1 million, December 31, 2021: $49.1 million) was recognized under the ASPP.

9. FINANCIAL INSTRUMENTS

The Company applies hedge accounting as appropriate and uses derivatives and other non-derivative financial instruments to manage its exposures to fluctuations in foreign exchange rates, interest rates, and commodity prices.

The fair values and notional amounts of derivative financial instruments as at March 31 are shown below:

	2022			2021		
	Notional amount[(i)]	**Fair value Asset**[(ii)]	**Fair value Liability**[(ii)]	Notional amount[(i)]	Fair value Asset[(ii)]	Fair value Liability[(ii)]
Cash flow hedges						
Foreign exchange contracts	**$ 122,464**	**$ 1,511**	**$ —**	$ 109,751	$ 1,683	$ —
Commodity contracts	**$ —**	**—**	**—**	$ 25,530	2,346	—
Interest rate swaps	**$ 465,667**	**7,275**	**816**	$ 468,026	—	14,034
		$ 8,786	**$ 816**		$ 4,029	$ 14,034
Fair value hedges[(iii)]						
Foreign exchange contracts	**$ 47,484**	**$ 822**	**$ —**	$ 135,322	$ 3,374	$ 44
Commodity contracts	**$ 44,041**	**—**	**3,545**	$ 125,531	—	25,133
		$ 822	**$ 3,545**		$ 3,374	$ 25,177
Derivatives not designated in a formal hedging relationship						
Interest rate swaps	**$ 467,755**	**$ —**	**$ 3,362**	$ —	$ —	$ —
Foreign exchange contracts	**$ 129,785**	**893**	**949**	$ 258,260	3,008	933
Commodity contracts	**$ 554,661**	**1,631**	**9,113**	$ 357,600	829	11,644
		$ 2,524	**$ 13,424**		$ 3,837	$ 12,577
Total fair value		**$ 12,132**	**$ 17,785**		$ 11,240	$ 51,788
Current[(ii)(iv)(v)]		**$ 7,014**	**$ 17,785**		$ 11,240	$ 44,112
Non-current[(ii)]		**5,118**	**—**		—	7,676
Total fair value		**$ 12,132**	**$ 17,785**		$ 11,240	$ 51,788

(i) *Unless otherwise stated, notional amounts are stated at the contractual Canadian dollar equivalent.*

(ii) *The current portion of derivative assets and liabilities are recorded in prepaid expenses and other assets and other current liabilities, respectively, in the Consolidated Interim Balance Sheets. The non-current portion of derivative assets and liabilities are recorded in other long-term assets and other long-term liabilities, respectively, in the Consolidated Interim Balance Sheets.*

(iii) *The carrying amount of the hedged items in the Consolidated Interim Balance Sheets are recorded at the inverse of the associated hedging instruments and are equal to the accumulated fair value hedge adjustments less hedge ineffectiveness.*

(iv) *Short-term derivatives will impact profit or loss at various dates within the next 12 months.*

(v) *As at March 31, 2022, the above fair value of current assets has been increased by $7.4 million (March 31, 2021: increased by $7.1 million; December 31, 2021: decreased by $0.5 million), and the above fair value of current liabilities has been decreased by $12.5 million (March 31, 2021: $36.7 million; December 31, 2021: $0.0 million) on the Consolidated Interim Balance Sheets, representing the difference in the fair market value of exchange traded commodity contracts and the initial margin requirements. The difference in margin requirements and fair market value is net settled in cash each day with the futures exchange and is recorded within cash and cash equivalents.*

During the three months ended March 31, 2022, the Company recorded a pre-tax loss of $8.2 million (2021: loss of $14.8 million) on non-designated financial instruments held for trading.

During the three months ended March 31, 2022, the pre-tax amount of hedge ineffectiveness recognized in cost of goods sold was a loss of $0.0 million (2021: loss of $0.0 million).

The table below sets out fair value measurements of derivative financial instruments as at March 31, 2022 using the fair value hierarchy:

	Level 1	Level 2	Level 3	Total
Assets:				
Foreign exchange contracts	$ —	3,226	—	$ 3,226
Commodity contracts[(i)]	—	1,631	—	1,631
Interest rate swaps	—	7,275	—	7,275
	$ —	**12,132**	**—**	**$ 12,132**
Liabilities:				
Foreign exchange contracts	$ —	949	—	$ 949
Commodity contracts[(i)]	12,658	—	—	12,658
Interest rate swaps	—	4,178	—	4,178
	$ 12,658	**5,127**	**—**	**$ 17,785**

(i) *Level 1 commodity contracts are net settled and recorded as a net asset or liability on the Consolidated Interim Balance Sheets.*

There were no transfers between levels for the three months ended March 31, 2022 and March 31, 2021.

Determination of fair value and the resulting hierarchy requires the use of observable market data whenever available and is consistent with the methodology used in the 2021 Consolidated Financial Statements. The classification of a financial instrument in the hierarchy is based upon the lowest level of input that is significant to the measurement of fair value. For financial instruments that are recognized at fair value on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization at the end of each reporting period.

Accumulated other comprehensive income (loss)

The Company estimates that $2.1 million, net of tax of $0.7 million, of the unrealized gain included in accumulated other comprehensive income (loss) will be reclassified into net earnings within the next 12 months. The actual amount of this reclassification will be impacted by future changes in the fair value of financial instruments designated as cash flow hedges. The actual amount reclassified could differ from this estimated amount.

During the three months ended March 31, 2022, a loss of $1.0 million, net of tax of $0.4 million, was released to earnings from accumulated other comprehensive income (loss) and included in the net change for the year (2021: loss of $1.1 million, net of tax of $0.4 million).

As at March 31, 2022, the Company had US$265.0 million (March 31, 2021: US$265.0 million; December 31, 2021: US$265.0 million) drawn on the Credit Facility that is designated as a net investment hedge of the Company's U.S. operations. Foreign exchange gains and losses on the designated drawings are recorded in shareholders' equity in accumulated other comprehensive income (loss) and offset translation adjustments on the underlying net assets of the U.S. operations, which are also recorded in accumulated other comprehensive income (loss).

During the three months ended March 31, 2022, the gain on the net investment hedge recorded in other comprehensive income (loss) was $3.6 million, net of tax of $0.6 million (2021: gain of $3.8 million, net of tax of $0.7 million).

10. INTEREST EXPENSE AND OTHER FINANCING COSTS

	Three months ended March 31,	
	2022	2021
Interest on borrowings from credit facility	**$ 8,969**	$ 5,186
Interest on lease obligations	**1,480**	1,994
Interest on securitized receivables	**339**	202
Interest on government loans	**105**	81
Deferred finance charges	**416**	424
Credit facility standby fees and other interest	**904**	1,052
	$ 12,213	$ 8,939
Interest paid and capitalized	**(4,497)**	(3,971)
	$ 7,716	$ 4,968

Interest paid during the three months ended March 31, 2022 was $12.2 million (2021: $9.4 million).

11. EARNINGS PER SHARE

Basic earnings per share amounts are calculated by dividing the net earnings of the Company by the weighted average number of shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the net earnings of the Company by the weighted average number of shares outstanding during the year, adjusted for the effects of potentially dilutive instruments.

The following table sets forth the calculation of basic and diluted earnings per share ("EPS"):

	2022			2021		
Three months ended March 31,	**Net earnings**	**Weighted average number of shares**[(i)]	**EPS**	Net earnings	Weighted average number of shares[(i)]	EPS
Basic	**$ 13,687**	**124.0**	**$ 0.11**	$ 47,692	123.2	$ 0.39
Stock options[(ii)]		**2.1**			2.0	
Diluted	**$ 13,687**	**126.1**	**$ 0.11**	$ 47,692	125.2	$ 0.38

(i) *In millions.*

(ii) *Excludes the effect of approximately 1.5 million (2021: 2.8 million) options and performance shares that are anti-dilutive.*

12. SHARE-BASED PAYMENT

Stock Options

A summary of the status of the Company's outstanding stock options three months ended March 31 are presented below:

	2022		2021	
	Options outstanding	**Weighted average exercise price**	Options outstanding	Weighted average exercise price
Outstanding at January 1	**6,076,750**	**$ 26.22**	5,889,550	$ 25.48
Granted	**730,500**	**$ 28.20**	1,241,250	$ 25.10
Exercised	**(164,970)**	**$ 22.53**	(63,900)	$ 21.26
Outstanding at March 31	**6,642,280**	**$ 26.53**	7,066,900	$ 25.45
Options currently exercisable	**4,585,430**	**$ 26.88**	4,498,500	$ 25.79

All outstanding stock options vest and become exercisable over a period not exceeding five years (time vesting) from the date of grant. The outstanding options have a term of seven years.

At grant date, each option series is measured at fair value based on the Black-Scholes formula. Expected volatility is estimated by considering historic average share price volatility. The inputs used in this model for the options granted during the three months ended March 31, 2022 and 2021 are shown in the table below(i):

	Three months ended March 31,	
	2022	2021
Share price at grant date	**$29.91**	$26.38
Exercise price	**$28.20**	$25.10
Expected volatility	**28.4%**	26.4%
Option life (in years)(ii)	**4.5**	4.5
Expected dividend yield	**3.3%**	2.7%
Risk-free interest rate(iii)	**2.0%**	0.6%

(i) *Weighted average based on number of units granted.*

(ii) *Expected weighted average life.*

(iii) *Based on Government of Canada bonds.*

The fair value of options granted during the three months ended March 31, 2022 was $4.2 million (2021: $5.7 million). Expenses relating to current and prior year options were $1.2 million (2021: $1.2 million).

Restricted Share Units and Performance Share Units

A summary of the status of the Company's Restricted Share Units ("RSUs") plans (including Performance Share Units ("PSUs")) as at and for the three months ended March 31 are presented below:

	2022		2021	
	RSUs outstanding	**Weighted average fair value at grant**	RSUs outstanding	Weighted average fair value at grant
Outstanding at January 1	**1,742,421**	**$ 23.59**	1,550,135	$ 24.99
Granted	**659,980**	**$ 27.11**	548,050	$ 24.12
Forfeited	**(4,307)**	**$ 23.79**	(4,760)	$ 23.45
Outstanding at March 31	**2,398,094**	**$ 24.56**	2,093,425	$ 24.76

The fair value of RSUs and PSUs granted during the three months ended March 31, 2022 was $15.1 million (2021: $11.4 million). Expenses for the three months ended March 31, 2022 relating to current and prior year RSUs and PSUs were $4.2 million (2021: $3.1 million), of which $1.4 million (2021: $0.0 million) will be paid in cash and the remainder settled in shares.

During the three months ended March 31, 2022 the Company stated its intention to settle a portion of the outstanding Restricted Share Units and Performance Share Units in cash, and an amount of $3.6 million was re-classified from equity to other liabilities. The total liability recorded for these units is $5.0 million.

The key assumptions used in the valuation of fair value of RSUs granted during the three months ended March 31, 2022 and 2021 are shown in the table below(i):

	2022	2021
Expected RSU life (in years)	**3.1**	3.2
Forfeiture rate	**15.6%**	13.9%
Risk-free interest rate(ii)	**2.0%**	0.5%

(i) *Weighted average based on number of units granted.*

(ii) *Based on Government of Canada bonds.*

Deferred Share Units

Expenses for the three months ended March 31, 2022 relating to director share units were $0.4 million (2021: $0.4 million).

13. SEGMENTED FINANCIAL INFORMATION

The Company has two reportable segments. As described below, these segments offer different products, with separate organizational structures, brands, financial, and marketing strategies. The Company's chief operating decision makers regularly review internal reports for these businesses; performance of the Meat Protein Group is based on revenue growth, Adjusted Operating Earnings and Adjusted EBITDA, while the performance of the Plant Protein Group is based predominantly on revenue growth rates, gross margin optimization and controlling investment levels, which generate high revenue growth rates. Refer to section 19. Non-IFRS Financial Measures, of the Company's Management's Discussion and Analysis for the three months ended March 31, 2022, for the definitions of these non-IFRS financial measures. The operations of each segment are described as follows:

(a) The Meat Protein Group is comprised of prepared meats, ready-to-cook and ready-to-serve meals, value-added fresh pork and poultry products that are sold to retail, foodservice and industrial channels, and agricultural operations in pork and poultry. The Meat Protein Group includes leading brands such as Maple Leaf®, Maple Leaf Prime®, Maple Leaf Natural Selections®, Schneiders®, Schneiders® Country Naturals®, Mina®, Greenfield Natural Meat Co.®, and many leading regional brands.

(b) The Plant Protein Group is comprised of refrigerated plant protein products, premium grain-based protein and vegan cheese products sold to retail, foodservice and industrial channels. The Plant Protein Group includes the brands Lightlife® and Field Roast™.

	Three months ended March 31, 2022				Three months ended March 31, 2021			
	Meat Protein Group	**Plant Protein Group**	**Non-Allocated*(i)***	**Total*(ii)***	Meat Protein Group	Plant Protein Group	Non-Allocated*(i)*	Total*(ii)*
Sales	**$1,089,365**	**44,878**	**(7,690)**	**$1,126,553**	$1,013,712	42,605	(3,234)	$1,053,083
Gross profit (loss)	**$ 130,960**	**(6,263)**	**29,166**	**$ 153,863**	$ 166,097	143	26,714	$ 192,954
Selling, general and administrative expenses	**$ 88,624**	**30,832**	**—**	**$ 119,457**	$ 87,081	28,799	—	$ 115,880
Earnings (loss) before income taxes	**$ 37,809**	**(37,127)**	**20,367**	**$ 21,048**	$ 76,210	(28,715)	18,401	$ 65,896
Interest expense and other financing costs	**—**	**—**	**7,716**	**7,716**	—	—	4,968	4,968
Other expense	**1,509**	**32**	**1,083**	**2,624**	1,138	59	3,345	4,542
Restructuring and other related costs	**3,018**	**—**	**—**	**3,018**	1,668	—	—	1,668
Earnings (loss) from operations	**$ 42,336**	**(37,095)**	**29,166**	**$ 34,406**	$ 79,016	(28,656)	26,714	$ 77,074
Start-up expenses from Construction Capital*(iii)(iv)*	**8,652**	**2,224**	**—**	**10,876**	600	576	—	1,176
Change in fair value of biological assets	**—**	**—**	**(39,311)**	**(39,311)**	—	—	(38,475)	(38,475)
Unrealized loss on derivative contracts	**—**	**—**	**10,145**	**10,145**	—	—	11,761	11,761
Adjusted Operating Earnings*(iv)*	**$ 50,988**	**(34,871)**	**—**	**$ 16,116**	$ 79,616	(28,080)	—	$ 51,536
Depreciation and amortization*(v)*	**48,039**	**4,216**	**—**	**52,255**	45,477	3,753	—	49,230
Items included in other (expense) income representative of ongoing operations	**(1,509)**	**(33)**	**—**	**(1,542)**	(1,232)	(59)	—	(1,291)
Adjusted EBITDA*(iv)*	**$ 97,518**	**(30,688)**	**—**	**$ 66,830**	$ 123,861	(24,386)	—	$ 99,475

(i) *Non-Allocated includes eliminations of inter-segment sales and associated cost of goods sold, and non-allocated costs which are comprised of income and expenses not separately identifiable to reportable segments or are not part of the measures used by the Company when assessing a segment's operating results.*

(ii) *Totals may not add due to rounding.*

(iii) *Start-up expenses are temporary costs as a result of operating new facilities that are or have been classified as Construction Capital. These costs include but are not limited to training, product testing, yield and labour efficiency variances, duplicative overheads and other temporary expenses required to ramp-up production.*

(iv) *Certain comparative figures have been restated to conform with current year presentation.*

(v) *Depreciation and Amortization has been adjusted to remove amounts included in start-up expenses.*

The following summarizes capital expenditures by segments:

	Three months ended March 31,	
	2022	2021
Meat Protein Group	**$ 81,873**	$ 144,303
Plant Protein Group	**3,871**	38,018
Non-allocated capital expenditures	**3,632**	2,391
Total capital expenditures	**$ 89,376**	$ 184,712

Information About Geographic Areas

The following summarizes sales by country of origin:

	Three months ended March 31,	
	2022	2021
Canada	**$ 829,961**	$ 771,100
U.S.	**147,987**	124,401
Japan	**98,673**	99,182
Other	**49,932**	58,400
Sales	**$ 1,126,553**	$ 1,053,083

The following summarizes the location of non-current assets by country:

	As at March 31, 2022	As at March 31, 2021	As at December 31, 2021
Canada	**$ 2,960,550**	$ 2,664,823	$ 2,910,048
U.S.	**471,038**	420,897	478,062
Other	**829**	1,197	963
Total non-current assets[(i)]	**$ 3,432,417**	$ 3,086,917	$ 3,389,073

[(i)] *Excludes financial instruments, investments designated as financial instruments, employee benefits, and deferred tax assets.*

Information About Major Customers

For the three months ended March 31, 2022, the Company reported Meat and Plant Protein sales to two customers representing 11.5% and 11.3% (2021: 11.8% and 12.8%) of total sales. No other sales were made to any one customer that represented in excess of 10.0% of total sales.

14. RELATED PARTY TRANSACTIONS

The Company sponsors a number of defined benefit, defined contribution and post-retirement benefit plans. During the three months ended March 31, 2022, the Company contributed $7.7 million (2021: $7.6 million) to these plans.

The Company's largest shareholder is McCain Capital Inc. ("MCI"). The Company has been informed that Mr. Michael H. McCain, Chief Executive Officer and President of the Company, is the controlling shareholder of MCI. For the three months ended March 31, 2022, the Company received services from MCI and companies directly or indirectly owned by MCI in the amount of $0.8 million (2021: $0.0 million), which represented the market value of these transactions. As at March 31, 2022, $0.3 million (March 31, 2021: $0.0 million; December 31, 2021: $0.6 million) was owed to MCI and companies directly or indirectly owned by MCI relating to these transactions.

McCain Financial Advisory Services ("MFAS"), is an entity jointly controlled by individuals including Mr. Michael H. McCain. For the three months ended March 31, 2022 and 2021, the Company provided services to and received services from, MFAS for a nominal amount which represented the market value of the transactions.