

Table of Contents

Call Participants		3
Presentation		4
Question and Answer		8

Call Participants

EXECUTIVES

Curtis Eugene Frank
President, CEO & Director

David Smales
Chief Financial Officer

Omar Javed
Vice President of Investor Relations

ANALYSTS

Etienne Ricard
BMO Capital Markets Equity Research

Irene Ora Nattel
*RBC Capital Markets, Research
Division*

John Zamparo
*Scotiabank Global Banking and
Markets, Research Division*

Mark Robert Petrie
*CIBC Capital Markets, Research
Division*

Martin Landry
*Stifel Nicolaus Canada Inc., Research
Division*

Michael Van Aelst
TD Cowen, Research Division

Vishal Shreedhar
*National Bank Financial, Inc., Research
Division*

Presentation

Operator

Good morning, everyone. Welcome to Maple Leaf Foods Third Quarter 2025 Financial Results Conference Call. As a reminder, this conference call is being webcast and recorded. [Operator Instructions] I would now like to turn the conference call over to Omar Javed, Vice President of Investor Relations at Maple Leaf Foods. Please go ahead, Mr. Javed.

Omar Javed

Vice President of Investor Relations

Thank you, and good morning, everyone. Before we begin, I would like to remind you that some statements made on today's call may constitute forward-looking information, and our future results may differ materially from what we discuss. Please refer to our third quarter 2025 MD&A and financial statements and other information on our website for a broader description of operations and risk factors that could affect the company's performance. We've also updated our third quarter investor presentation to our website. As always, the Investor Relations team will be available after the call for any follow-up questions you may have. With that, I'll turn the call over to our President and CEO, Curtis Frank.

Curtis Eugene Frank

President, CEO & Director

Thank you, Omar, and good morning, everyone. It's great to be with you today to share our third quarter 2025 results. Joining me on today's call is David Smales, our Chief Financial Officer. I'll first speak about the business developments from a strategic and operational standpoint, then Dave will provide a more detailed summary of our financial results, and I'll return with a short summary to close out our call here this morning. This quarter marks a historic moment for Maple Leaf Foods.

On October 1, we completed the spin-off of our pork operations into Canada Packers, one of the most significant portfolio transformations in our company's history. Canada Packers is now an independent public company focused on delivering premium, responsibly produced pork to the world. Maple Leaf Foods now operates as a purpose-driven, protein-focused and brand-led consumer packaged goods company with a bold vision to be the most sustainable protein company on earth. We will maintain a strategic relationship with Canada Packers through a 16% ownership stake and an evergreen supply agreement will ensure long-term security of high-quality, sustainably raised pork supply.

Before diving into our business commentary, I want to take a moment to acknowledge and to thank the entire Maple Leaf and Canada Packers teams who have executed with focus and resilience during this period of intense business transformation. I'm incredibly proud and grateful for their dedication, passion and living expression of our Maple Leaf values. We also wish the Canada Packers team continued success as they prepare to host their first earnings call as an independent public company a little later this morning at 9:30 a.m.

A transaction such as this naturally introduces some additional complexity to our financial reporting for this particular quarter. The third quarter represents the final period in which Maple Leaf Foods will report total company results for our pre-spin-off combined business that are inclusive of the pork operations. Accordingly, David and I will speak to the total company results, which include Canada Packers as well as to the continuing operations of the CPG business, which exclude Canada Packers. Additionally, we have provided pro forma financials for Maple Leaf Foods going back 8 quarters to support comparability and transparency as we transition to our new reporting structure.

Now given the increase in financial reporting materials, our goal is to keep the key messages clear, simple and focused on what matters the most. To that effect, 4 headlines serve as our key takeaways from our quarter. First, we delivered another very strong quarter of results for the total company, highlighted by exceptional top line growth and significantly improved profitability year-over-year. Second, our year-to-date total company performance through the end of Q3 was firmly on a run rate to deliver in line with our previously announced full year 2025 adjusted EBITDA guidance of \$680 million to \$700 million. Third, the composition of these results inside the quarter played out a little differently than we had anticipated given a rapid and sustained increase in raw material markets. This dynamic benefited profitability in our pork operations while driving input cost inflation and short-term margin pressure in our CPG business. And finally, we remain on strategy, and we are tracking well against our priorities for the year.

Underscoring the strength of the quarter was total company sales growth of 8% and adjusted EBITDA increasing 22% to \$171 million. Our adjusted EBITDA margin improved by 140 basis points to 12.6% as compared to 11.2% last year. Our continuing operations also delivered solid results with 8% sales growth and 110 basis points of adjusted EBITDA margin expansion to 11.1%.

Copyright © 2025 S&P Global Market Intelligence, a division of S&P Global Inc. All Rights reserved.

We continue to view our 8% revenue growth, more than 2x the CPG market growth rate in Canada and 3x the CPG market growth rate in the U.S. as an exceptional outcome that underscores the resiliency and the durability of our proven growth strategies. This momentum also drove market share gains in prepared meats, plant protein and poultry, led by double-digit growth in our prime poultry sustainable meats brand. That said, while we delivered year-over-year margin expansion from an EBITDA perspective in our continuing operations, we also experienced short-term margin pressure on a sequential basis driven by the rapid and sustained increase in raw material markets that I noted earlier.

During the quarter, when compared to Q2, key inputs such as pork trims increased by over 70% in a very short period of time. It is quite normal in these periods of rapid inflation to experience temporary margin compression due to the lag time in flowing through price increases to recover costs. These situations are common in CPG, and we know how to respond effectively. In response, we are taking decisive actions to mitigate these effects and to improve profitability looking forward.

But firstly, to address the input cost inflation, we have initiated pass-through price increases in the CPG business. Given the timing of these inflationary impacts and the extended lead times required by retailer policies for all CPG companies during the holiday season, these price increases will fully materialize in the first quarter of 2026.

Second, with the spin-off now complete, we are advancing the next phase of our Fuel for Growth initiative. Last week, we announced a second wave of SG&A reductions designed to streamline operations, enhance cost discipline and align resources with our strategic blueprint. These changes are now being implemented across several areas of the business, including manufacturing and will result in a leaner organizational structure and further cost efficiencies in 2026. And third, with the separation of Canada Packers, our previous natural hedge against rapid fluctuations in pork markets is no longer available. As you know, all CPG food companies experienced some degree of quarter-to-quarter margin movement, the driver of which is simply normal lag times in executing pricing action, which can vary at certain times of the year and in certain market segments. Going forward, we believe we will have to modify the tools we use in an effort to reduce that quarter-to-quarter movement as much as possible.

Our continued success as a purpose-driven protein-focused and brand-led CPG company will depend on the disciplined execution of our proven growth strategies. These include investing in our portfolio of leading brands such as Maple Leaf, Schneider's, Greenfield and Maple Leaf Prime to grow the core business; leveraging our leadership in sustainable meats, expanding our geographic reach into the U.S. market, plugging what makes Maple Leaf unique into our customer strategies and accelerating the pace of impactful innovation.

On the innovation front, this was an especially exciting quarter as we once again demonstrated our capability to shape the next generation of Maple Leaf brands and products. We were very pleased to announce the launch of 2 meaningful new brands, Mighty Protein and Musafir. Mighty Protein positions Maple Leaf to leverage the growing protein moment that is upon us, offering healthy, high-protein fuel on the go. Consumers are seeking lean, nutrient-dense complete protein in convenient formats, and that is exactly what Mighty Protein delivers. It is a poultry-based high-protein meat stick, providing 12 grams of complete protein per serving with only 110 calories. It is gluten-free, sugar-free and made with poultry that is raised without antibiotics or added warmines.

Mighty Protein will be available in 3 distinct flavors across major mass retail, online and convenience channels. Musafir, which means Traveler, expands our presence in the frozen food section of the grocery store with South Asian-inspired protein-forward dishes designed for today's busy households. South Asians represent Canada's largest and fastest-growing demographic and millennials and Gen Z are driving escalating demand for global flavors and convenient meal options. Musafir offers a variety of globally inspired flavors in familiar formats and ready-to-eat meals, including vegetarian and poultry-based options such as burgers, nuggets and savory bites, all prepared with traditional ingredients.

Together, Mighty Protein and Musafir demonstrate the strength of our innovation engine and the momentum behind our CPG growth strategy. As we said last quarter, we are not only brand builders, we are brand creators. Greenfield and MENA have proven this approach and Mighty Protein and Musafir represent the next step in that journey. These new brands alongside over 50 products that we have launched this year, exemplify our commitment to translating consumer insights, disciplined execution and our unique capabilities into compelling growth platforms for the future. With the historic transaction complete and a strong financial and strategic foundation in place, our focus now turns fully to the future.

While our previous consolidated 2025 guidance no longer applies following the completion of the spin-off, our 2025 priorities are clear and remain unchanged. We are focused on delivering strong revenue and adjusted EBITDA growth, generating healthy free cash flow and using it to strengthen the balance sheet. We are not providing updated guidance for the remainder of the year as that would imply quarterly guidance. However, we do plan to update our long-term guidance framework in the months ahead.

As a diversified protein CPG company, armed with a bold vision to be the most sustainable protein company on earth and supported by thousands of passionate Maple Leaf people, we have never been better positioned to take on the future. Leading in protein, one of the most attractive segments of the global food market, which continues to grow at approximately 2x the rate of population growth provides us with tremendous strategic opportunity.

As we look ahead, we are ready to capitalize on this growing consumer demand for protein. We operate in a large and expanding total addressable market, and our strong portfolio of leading protein brands is our advantage. We've established proven revenue growth platforms. Our margin expansion program is well underway, and we remain differentiated by our bold vision and our clear focus on shareholder value creation. It's an exciting time at Maple Leaf Foods. With that, I will now pass the call over to Dave to walk you through the financials.

David Smales
Chief Financial Officer

Thank you, Curtis, and good morning, everyone. I'll begin with a brief overview of our total company results before turning to a discussion of continuing operations, cash flow and balance sheet.

On a total company basis, sales were \$1.36 billion, an increase of 8% compared to last year, while adjusted EBITDA increased by 22% to \$171 million and adjusted EBITDA margin improved by 140 basis points to 12.6% compared to 11.2% in the third quarter last year. Our strong top and bottom line performance for the total company was driven by robust profitable growth in both our CPG business and pork operations compared to a year ago. As Curtis noted, the overriding factor in the quarter for total company results sequentially was the benefit to pork operations from strong market conditions, while the CPG business experienced the opposite side of this through higher raw material input costs in Prepared Foods.

Turning to continuing operations. Sales were \$1 billion, an increase of 8% compared to last year. Prepared Foods sales increased by 5.3%, driven by the impact of inflationary pricing taken earlier in the year, along with improved product mix in the quarter. In poultry, sales were up 15.7% due to improved channel mix with growth in both retail and foodservice volume as well as pricing impacts. Adjusted EBITDA for continuing operations increased by 19% to \$112 million in the quarter versus the third quarter of last year, with adjusted EBITDA margin improving 110 basis points to 11.1% compared to 10%.

Profitability improved in both Prepared Foods and Poultry, supported by favorable mix, efficiency gains and the benefits from the investments in our London poultry and Bacon Center of Excellence facilities. These gains were partially offset by input cost inflation in Prepared Foods, including a 40% increase in pork belly prices and a 50% increase in average poult trim prices versus the same quarter last year. This resulted in a timing impact on margins in the quarter due to the standard lag required to execute appropriate pricing actions. To address this, we have initiated price increases with benefits expected during the first quarter of 2026.

SG&A for continuing operations increased by \$4.7 million in the third quarter compared to last year, driven by higher variable compensation costs, partially offset by a higher level of consulting fees incurred in the third quarter last year. Earnings from continuing operations for the quarter were \$23.3 million or \$0.19 per basic share compared to a loss of \$1.8 million or \$0.01 per basic share last year. After removing the impact of the noncash fair value changes in derivative contracts, start-up and restructuring costs and items included in other expense that are not representative of ongoing operations, adjusted earnings for continuing operations represented \$0.21 per share for the quarter compared to a loss of \$0.01 per share in the third quarter of 2024.

On a total company basis, capital expenditures totaled \$27.8 million for the quarter compared to \$25.8 million in the third quarter of last year and \$77.7 million year-to-date compared to \$65.6 million last year. Total company free cash flow was \$46 million in the quarter and \$378 million over the last 12 months, reflecting the robust performance of the business and disciplined capital spending and following on from the \$385 million generated in full year 2024. This strong free cash flow momentum was reflected on the balance sheet with total company net debt ending the quarter down by \$242 million versus a year ago to approximately \$1.35 billion and down from a peak level of \$1.8 billion during our large capital project investment phase.

In line with our stated priorities, our leverage ratio remains well within an investment-grade range with a total company net debt to trailing 12-month adjusted EBITDA ratio of 2x at the end of the quarter compared to 2.1x at the end of the second quarter of 2025 and 3.1x a year ago. Upon closing the spin-off on October 1, Maple Leaf repaid \$389 million of debt. We also remain focused on disciplined capital allocation, executing on our NCIB in August to repurchase approximately 250,000 shares. And yesterday, Maple Leaf declared its fourth quarter dividend. When combined with the dividend announced by Canada Packers yesterday, the total exceeds the pre-spin quarterly dividend paid by Maple Leaf Foods and reflects our prior commitment that the first post-spin dividends for Maple Leaf and Canada Packers combined would be at least equal to the dividend level immediately prior to the spin-off. I'll now turn the call back to Curtis.

Curtis Eugene Frank
President, CEO & Director

Okay. Thank you, Dave. Before we move to questions, I want to take a moment to bring it all together. This was truly a historic quarter for Maple Leaf Foods. We successfully launched Canada Packers as an independent public company and at the same time, delivered another very strong quarter of results. Our combined third quarter performance for the total company, 8% revenue growth and over 20% increase in adjusted EBITDA reflects the continued strength and the resilience of our business.

In our continuing operations, we have achieved 8% year-to-date sales growth, a 26% increase in adjusted EBITDA to \$358 million year-to-date and a 180 basis point improvement in adjusted EBITDA margin to 12.3% year-to-date. That's an outcome we are all proud of, especially given that our sales growth is materially outpacing the North American CPG market, and our margins continue to show strength relative to our protein industry peers. We're also fully aware that we have work to do to recover the sequential margin pressure we experienced this quarter, and we are taking decisive and proactive actions to restore that momentum. Now stepping back, the big picture is clear. We are on strategy. We are executing against our priorities, and we are building momentum for the future. Lastly, I want to thank the entire Maple Leaf team for their dedication, resilience and hard work, delivering a major spin-off, strong financial results and 2 new brand launches all in 1 quarter is an extraordinary accomplishment, and I couldn't be more proud of what we've accomplished together. With that, operator, please open the line for questions.

Question and Answer

Operator

[Operator Instructions] Your first question comes from Mark Petrie of CIBC.

Mark Robert Petrie

CIBC Capital Markets, Research Division

Maybe first, just on the top line strength. We saw some sequential deceleration in prepared meats, but acceleration in poultry. Could you just give some color on that? How much of that is pricing? And then maybe just some detail on sort of the volume and mix components?

Curtis Eugene Frank

President, CEO & Director

Yes, for sure. Mark, thanks for the question. We were -- as I noted in my comments, especially pleased this quarter with the sustained top line growth that we experienced relative to our CPG peers in North America, relative to our pure protein peers continue to see a very, very solid outcome. At an aggregate level, it was a function predominantly of positive mix benefits and price that recall that we took some level of pricing in Q2, turned out that wasn't adequate. We have to take some steps forward, obviously. And also the volumes were relatively flat, but important to note inside of that, that our branded volumes were quite positive.

You noted in Prepared Foods that the prepared meats component has slowed. And there's a couple of important nuances inside of that. Prepared Foods includes our Prepared meats and our Plant Protein business combined now that we've consolidated plant protein. And we actually saw what I would -- what we view as pretty strong growth in the Prepared Meats business on the top line. I grew at almost 6%, which implies double-digit declines in plant protein in line with the category, and that's kind of exactly what happened. So very strong growth on the prepared meat side as well at nearly 6%. In poultry, -- you would have noted in our supporting materials that the revenue growth was in and around 16-ish percent. And that's really a function of the positive benefits of the London poultry investment really starting to shine through in a material way.

Operationally, everything is obviously on track. It's been an incredible startup. We're through that phase. And the ability now to get more product into a value-added tray with a brand on it is really showing through in better mix. We did have increasing allocations as poultry demand continues to be strong in the Canadian market and allocations are growing alongside of that. So that drove some positive volume impact. And then we also saw the benefits of our sustainable meats business, our Prime RWA brand, in particular, was quite strong in the quarter. We saw double-digit growth in the sustainable meats component of poultry, which was also positive. And you could view 16% maybe structurally as a little on the high side, but there's no question that poultry continues to be a growth category for us and one that's very positive. So all in all, it was a really great outcome on the top line.

Mark Robert Petrie

CIBC Capital Markets, Research Division

Yes. Okay. I appreciate that color. And then just to follow up, you obviously highlighted the pressure from the higher input costs. Could you just give some more detail on the price actions you've taken, some context on how you expect Q4 to be impacted versus what you felt in Q3? And then will those be fully implemented for Q1? Or will there also be some spillover effect to Q1? And obviously, this is pending how the cutout trends from here.

Curtis Eugene Frank

President, CEO & Director

Yes. I mean there's some moving parts inside of that, as you're well aware. But I think the headlines would be, first and foremost, we don't offer quarterly guidance. So we didn't provide an outlook for Q4 specifically. But I do feel as though adding some color is important. In Q3, the headline would be pleased with the progress year-over-year from a margin point of view, added more than 100 basis points of margin. So that was, again, very positive, very constructive and shouldn't get lost in the overall narrative. We did see sequentially, as we noted, I think, with full transparency that there was a sequential headwind mostly due to raw material input costs, and that impacted us on a sequential basis.

As we look to Q4, I think the headline would be expecting kind of more of the same would be similar market conditions overall would probably be the best headline I could give you for Q4, a similar market conditions overall. We have taken steps to proactively restore the margin on a sequential basis. That includes but isn't limited to, includes taking price increases effective Q1. Those take

Copyright © 2025 S&P Global Market Intelligence, a division of S&P Global Inc. All Rights reserved.

effect, Mark, in and around the very first week of February. So think about that as impacting Q1 in most of Q1, I think, would be the headline, and we fully expect to get back right on track after that.

Operator

Your next question comes from Martin Landry of Stifel.

Martin Landry

Stifel Nicolaus Canada Inc., Research Division

I just want to go back to the comments on Q4. You take a lot of effort to highlight the fact that raw materials are rising have risen fast. But I'm not too sure what will be the impact on your margins for Q4. You -- the previous answer was not too clear for me anyways. Just do you expect margins to be under pressure on a year-over-year basis in Q4?

Curtis Eugene Frank

President, CEO & Director

Martin, as I noted, -- we expect similar conditions in Q4 than Q3, which would imply similar types of margin pressure in the fourth quarter as we experienced in Q3. The remedy for that is advancing our pricing forward. And we're doing that now. We've communicated that to our retail customers and our retail partners now, and that will be in place for February. There's a normal period of time that all CPG companies face over the holiday season that's upcoming where the retailers implement what's essentially a blackout policy to protect and preserve the holiday season. So you won't see price changes for all consumer packaged goods companies, all consumer packaged goods, food companies through that time period. That window reopens on February 1, and we're taking steps to improve our pricing in February.

Martin Landry

Stifel Nicolaus Canada Inc., Research Division

Okay. It's not easy to read between the lines, but you're saying that you expect similar market conditions. Your gross -- your profit margins expanded on a year-over-year basis in Q3. So is -- when you say similar market conditions, is that what you imply?

Curtis Eugene Frank

President, CEO & Director

When I say similar market conditions, I'm implying we'll have sustained margin pressures in the fourth quarter like we did in the third quarter.

Martin Landry

Stifel Nicolaus Canada Inc., Research Division

Okay. Okay. And then just to talk about your new brands that you've launched. I understand these are available right now in Canada. Can you talk a little bit about the distribution you have currently and then how that may expand on a go-forward basis?

Curtis Eugene Frank

President, CEO & Director

On the 2 new brand launches?

Martin Landry

Stifel Nicolaus Canada Inc., Research Division

Yes.

Curtis Eugene Frank

President, CEO & Director

Yes, I can. Actually, Martin, the one thing I would add on the margin side that you might want to consider as a follow-up and our team can help as well is to explore the relative margins that we have in the business even under sustained raw material pressures as compared to our protein peers. And our team would be happy to follow up with you and kind of walk you through our view of that because I think it might be helpful and informative.

On the 2 new brand launches, we're really excited about Mighty Protein and Musafir for very different reasons. I kind of dug into that in my opening comments. Both are being incredibly well received in terms of -- they're both being launched into the market in

real time right now to start this fourth quarter. So they'll start to show up on grocery stores in the short next couple of weeks. And the distribution support has been very, very strong. They'll be broadly distributed -- we tend to have really great coverage across all of our brands in the Canadian retail market. These are Canadian brand launches, and they will be incredibly well distributed throughout the Canadian market.

Mighty Protein actually being a shelf-stable product also gets us access to some alternative channels where we traditionally haven't had as much penetration, things like convenience, could be gyms, convenience locations, areas where shelf-stable products are more prevalent. So it actually expands our distribution reach. And that's another reason why we're so excited about that product, both incredibly on trend, taking full advantage of the protein moment, which we don't view as a fad, we view as foundational to the human diet and 2 brand launches that we're really, really excited about. And we have a history of being able to scale up brands in the Canadian market. Last quarter, we highlighted 2 very important ones, I think, in Mina and in our Greenfield Natural Meat Company offering. And these are just the next 2 brands that we're launching in our large portfolio, and we're probably equally, if not more excited about.

Operator

Your next question comes from Michael Van Aelst of TD Cowen.

Michael Van Aelst
TD Cowen, Research Division

So I just wanted to follow up one more time on the Q4 pressures, margin pressures. I mean I fully understand the timing delay in passing on higher costs. The one thing I wanted to ask you about, though, is we obviously came into the quarter with much higher pork costs. But we've seen a big drop off -- a big seasonal drop-off in the hog price over the course of November. So can you explain like how early you lock in prices for the quarter, your cost for the quarter, sorry? And if the hog prices and therefore, the pork cutout were to stay at the current levels for the rest of the quarter, would that create a reasonable amount of relief to the pressures that you saw to start the quarter?

Curtis Eugene Frank
President, CEO & Director

There's a few things that matter inside that question, Mike, first. There is a lag effect in terms of when those cost benefits flow through. So the effects of early -- of late Q3 spill into Q4, the benefits that we'll see in Q4, hopefully, as markets come off, hopefully, we'll experience in the first quarter and so on. There's a combination of risk management programs, the pricing lags that naturally take effect and the time it takes for those meat costs to flow through into the P&L. So that's one component that I think is important.

The other thing is the composition of the cutout in technical terms matters. But really what that means is the cuts of meat that carry the increases are really important. And the cuts that go into the prepared meats business, things like trims and bellies have been particularly impacted. So you have to look beyond the cutout to the individual cuts that are affected from an inflationary point of view. And that's important. And then the last thing I would note is it's not just pork inflation that's impacting the business. And I know we've talked about that a lot, particularly given the communication importance of this quarter with the separation of Canada Packers and the moving parts between the two companies. But beyond pork inflation, we're seeing a situation, I think, as you're well aware, where beef inputs are at all-time highs. Turkey in real time is being impacted by the avian influenza implications in the North American markets. Poultry demand is strong and markets continue to be strong.

So all competing proteins have relative strength all at the same time. And it's really the combination of those inflationary effects that impacted the third quarter, and I think will continue to impact Q4. And as I said, is normal in CPG, you feel inflation there's a normal amount of lead time to flow increase pricing through against that inflation, and we'll do that in the first quarter. Other than that, I'll resist the temptation, as I always say, to give you quarterly guidance because I think that would be inappropriate at this time. But that just gives you some further context for why we're saying we expect similar market conditions to persist into the fourth quarter.

Michael Van Aelst
TD Cowen, Research Division

Okay. Great. That's helpful, Curtis. And then you also touched on or teased us with some comments about how that you plan to modify some tools and use them to minimize the volatility quarter-to-quarter. Can you provide some examples of how you may do that going forward and I guess, why you weren't doing it previously?

Curtis Eugene Frank
President, CEO & Director

Yes. Well, we have -- great question. Thank you, Mike, an important reminder for me to talk about. We have been doing them previously. So the -- there are 3 things we're doing in response to the inflationary impacts we're feeling. We've talked about the pricing changes, and that's one that's important. Always important in these inflationary environments to manage our costs to the best of our ability. And you would have heard me comment in my remarks earlier that we've taken the next step in our Fuel for Growth playbook around cost reduction, and we're completing another SG&A reorganization actually in real time here in the last week or 2, and it's continuing on. So that's -- number two is managing our costs in an effective way.

The third question, which is the one you asked is what steps can we take that we're not taking today. to improve the stability of our margins kind of quarter-to-quarter. I would start by noting, and this is a very important context that all consumer packaged goods companies in food, virtually all of them in food have some level of quarter-to-quarter margin movements embedded in their business. All food CPGs have that. We do too. This just happens to be a quarter where that was clearly evident.

There are 3 things, Mike, that we're exploring given the separation. And we did have a bit of a natural hedge between the pork business and the Prepared Foods business. I think it's important to be transparent about that. We knew that was obviously going to be disrupted. That's not necessarily new news, but this quarter just happened to illuminate the significance of that.

The 3 things that were studying only to see if there's something we can do different beyond what we're doing today are, number one, our pricing mechanisms. How much is on formula relative to list price, how we manage our deal and future pricing inside of any particular quarter. And I think it's just good hygiene to explore those pricing rhythms and pricing mechanisms. So we're just stepping back in that area. The second is the role of physical hedges, meaning using physical inventory as a natural hedge in the procurement function. And there are implications to storage and things like that, that we're evaluating and studying. And then the third is the efficiency and the efficacy of our derivative hedges, our financial hedges. And of course, in pork, you hedge hogs, not individual cuts of meat.

So there isn't always a straight line to perfect efficiency, and we're stepping back to study our effectiveness in that area. It doesn't mean we don't deploy all 3 of these mechanisms today. It does mean that we're taking prudent steps to evaluate whether there are further opportunities to kind of manage the quarter-to-quarter movements in margin. There will always be some. There is in all CPGs. These steps won't be perfect, but we do believe there's potential that they could be helpful.

Operator

Your next question comes from Vishal Shreedhar of National Bank.

Vishal Shreedhar

National Bank Financial, Inc., Research Division

With respect to the pricing, it seems like Q3 got -- had margin impact related to commodity inflation. You anticipate Q4 will as well and then part of Q1 will. So it just seems like a very long lag. And I'm wondering if there's something about Christmas that's causing you to not be able to take pricing quicker than you otherwise would have? Or should we anticipate in an inflationary environment, it could be upwards of a 6-month lag?

Curtis Eugene Frank

President, CEO & Director

That's an excellent question. I appreciate that, and I appreciate you asking and giving me the opportunity to clarify. Normal lead times in consumer packaged goods are about 12 weeks, about, depending on the channel, maybe even 8 to 12 weeks. Christmas, the holiday season is a unique time. And it's a unique time because it has abnormally longer lead times. And all CPGs face those abnormally longer lead times over the holiday season, all CPGs, and we are one of them. And that's because retailers have policies where they don't accept price changes over the holiday season. And the first date they allow after the holidays is February 1, and that's when we're moving forward. So it's an abnormally long period of time. We acknowledge that. And we're simply operating within the normative rules that apply equally to the industry.

Vishal Shreedhar

National Bank Financial, Inc., Research Division

Okay. With respect to the product launches and the 50 new product products that you referenced earlier in the call. Given that this is a new spinout, I'm having difficulty understanding the magnitude of this. Is this a regular year? Is this something strong? And what should we expect from that growth initiative in terms of numerical quantification to help us quantify how meaningful this is?

Curtis Eugene Frank

President, CEO & Director

On the 2 brand launches, Vishal?

Vishal Shreedhar

National Bank Financial, Inc., Research Division

On the 2 brand launches... Yeah... Just in total of your innovation pipeline and how significant I anticipate that to be as I look forward?

Curtis Eugene Frank

President, CEO & Director

It's -- we included a couple of slides in our deck, and that might be the materials that you're referencing. The first slide was just demonstrating the fact that we put out more than 50 items into the market this year. And then the next 2, obviously, highlighting the 2 new brand launches. And those are there for a reason. And I would start by saying if you took a little bit longer lead time, and we were backed up to a certain extent given the implications of the pandemic and the fact that not a lot of innovation went out the door in the pandemic in the early parts of the post-pandemic economy, and we're now getting back into, I would say, above-average rhythm of launching products into the market.

I mean, keep in mind, Maple Leaf is a company that has 8% revenue growth. And when you compare that to the broader consumer packaged goods market to our peers, it's very, very strong. And our desire and goal and commitment is to keep that level of growth sustainable well into the future. So when you're looking to quantify the impact of these -- this is what great CPG companies do. They launch items, they launch items that have the potential to be impactful. Some of them simply are aid in the sustainment of the current trajectory of growth. Some of them tend to be more incremental where you move outside of core categories and into new adjacent categories. That's why we're excited about the meat snacks opportunity, in particular, because it's an adjacency.

But I would think about these more as this is a business that's growing above mid-single-digit levels at or above mid-single-digit levels of growth. We want to sustain that. These are the types of activities that we're taking to sustain that level of growth. This, combined with our leadership position in sustainable meats our U.S. growth platform that we continue to be excited about. The brands we launched last quarter that we highlighted like Mena and Greenfield, the core brands that we have in our portfolio that are #1 and 2 brands in the category, Maple Leaf, Schneider's, Maple Leaf Prime. When you pull all that together, that's the very reason that we're experiencing the outsized growth rates that we are in the market today. And these brand launches are intended for us to continue that level of success.

Vishal Shreedhar

National Bank Financial, Inc., Research Division

Okay. With respect to SG&A, the SG&A initiatives that you have coming in Fuel for Growth, is there an ability for you to give us some sort of magnitude of the benefits I should anticipate in 2026? Is it...

Curtis Eugene Frank

President, CEO & Director

Yes, we will at some stage. I think that would tie into our 2026 outlook, which is which we understand there's a desire to understand and will come after this particular call. What's important to note is even in the last quarter, Vishal, we did pick up 50 basis points of leverage in our SG&A rate as a percentage of sales. So you're starting to see the benefits of some of the reorganization work that we've done shine through, and there's more work coming, obviously. But that will all be embedded in terms of the 2026 benefits of things like our SG&A work, the procurement work that we've already completed, the work we're doing from a manufacturing point of view, that will have a multiyear benefit. You can expect to see that when we provide more clarity on our 2026 outlook.

Vishal Shreedhar

National Bank Financial, Inc., Research Division

Okay. And sorry, just to jump back to the pricing comment and the pricing coming in, in Q1. So is that pricing that's coming in for Q1 reflects the situation today? If the commodities continue to escalate, at what point is there a cutoff such that Q1, you won't be able to pass on the entirety of the price subsequent to that date, that February date that you mentioned. And this commodity impact may linger into Q2 or Q3. Obviously, we don't have the history to gauge MFI's RemainCo vulnerability to these commodity swings. So I want to be able to triangulate that in future quarters should commodity prices continue to run.

Curtis Eugene Frank

President, CEO & Director

We're pricing for all the known inflation we have today. That's essentially what the market kind of allows for. It's very difficult to move forward and price for what we don't know. So we'll continue to adjust our pricing as required moving forward if it's required. But at this stage, we're very confident that we've included all the known inflation that we have in the business. Very uncommon that, that would linger Vishal for several quarters, very uncommon. What we don't know is the consumer response to new pricing in the market and the volume impacts that come with that, and that will certainly play itself out over time. Very important to have the #1 and #2 brands in the category and the type of marketing and innovation support that we do have in inflationary environments like this.

Vishal Shreedhar

National Bank Financial, Inc., Research Division

If -- so to ask my question another way, if the inflationary environment continues to the end of the year, your pricing -- your pricing in December reflect -- in February, sorry, will reflect the commodity price today. Is that -- do I characterize that correctly? -- with that?

Curtis Eugene Frank

President, CEO & Director

Yes.

Operator

Your next question comes from Irene Nattel of RBC Capital Markets.

Irene Ora Nattel

RBC Capital Markets, Research Division

I want to come back to consumer behavior. And obviously, we're hearing a lot of discussion about yesterday, Pet Value used the term uneven. We're hearing a lot about value-seeking behavior. And in the release, you noted promotional spending was up. It was a factor in both poultry and prepared foods in Q3. So I was just wondering what you're seeing out there and also what the retailers are kind of demanding or asking for in terms of promotional support.

Curtis Eugene Frank

President, CEO & Director

I would view the headline for the consumer environment as stable but cautious. And the caution is a result of all the things we know about today, ongoing inflation, some of the geopolitical tension that exists in today's world. And as a result, value seeking continues to be a key theme. And that hasn't changed quarter-over-quarter from our perspective and it is certainly a key theme. Where we're excited is where we're positioned in the market to offer value to value-seeking consumers, I think, is really, really positive.

Number one, we're a protein-focused company at a time when protein demand is very strong and growing. Our leading brands allow us to have capabilities across all value segments in the grocery store, whether that's our leading premium brands, our RWA brands or some of our regional value brands, which give us an opportunity to compete in different areas of our categories and across different parts of the grocery store. We have a scalable growth platform in the U.S. that we're obviously excited about that gives us some level of growth support and our leadership in sustainability and sustainable meats continues to kind of differentiate us in a really positive way.

You combine those things with the innovation that we're putting out and feel really good about our ability to compete and grow inside of what's clearly a difficult and continues to be challenging consumer environment. That will be tested in the first quarter when we take additional inflationary pricing and continue to be really confident that the volume response will be positive. I mean we did already take pricing in the second quarter from an inflationary point of view. So it's not like we didn't see this inflation coming, just the magnitude and the duration exceeded our original forecast, and now we're coming forward with another wave. And the volume response in the last quarter has actually been pretty positive, like the branded volume growth was up this past quarter, and I view that as a success story.

Irene Ora Nattel

RBC Capital Markets, Research Division

That's great. And just on the trade promotion piece of it, would you say that it's sort of normal levels, above normal levels right now?

Curtis Eugene Frank

President, CEO & Director

No, still more promotional, still above kind of "normal levels" Irene, still above. There's still more promotional support required to get the volume and the market share outcomes that we're seeing. And that's, to a certain degree, one of the reasons why you're seeing strong growth, 8% and margins that are pressured somewhat in the short term. You take the combination of the inflation and the consumer environment, those 2 things combined are really what's putting pressure sequentially on the margin. But again, on a relative basis, really happy. On a year-over-year basis, really happy from the top line perspective, really happy, need to own the fact that we've taken a step back sequentially, and we need to get that back on track.

Operator

Next question comes from Etienne Ricard of BMO Capital Markets.

Etienne Ricard
BMO Capital Markets Equity Research

As it relates to the U.S. business, what sales performance are you seeing in this geography? And how would the pricing power differ between Canada and the U.S. given I believe the U.S. tends to be more sustainable meats.

Curtis Eugene Frank
President, CEO & Director

Yes. That's a very important point. I'll answer the second part first. We're obviously a much smaller player, both in terms of our brand presence and our absolute size in the United States market. But what gives us pricing power in the U.S. is our meaningful point of difference in sustainable meats. We've got a leadership position in the sustainable meats segment, while small portion of the United States market growing rapidly. We're growing inside of that. So that gives us pricing confidence. And I don't think given the inflationary support, that's very clear that exists today that we'll have any problem in a material way of passing that through in the U.S. market. So that brand leadership gives us that level of support in sustainable meats, which is a competitive difference and continues to be positive. We did see positive growth in our prepared meats business in the U.S. this past quarter, and we expect that to continue.

Operator

Your next call comes from John Zamparo of Scotiabank.

John Zamparo
Scotiabank Global Banking and Markets, Research Division

I wanted to follow up on trade promotions and specifically the seasonality. But I think in the past, you've said that Q3 is typically the peak. Is that still the case? And I don't suspect you'll quantify a year-over-year change in Q3, but whatever that number was, do you expect it to remain similar in Q4 on a year-over-year basis?

Curtis Eugene Frank
President, CEO & Director

Yes. I don't think you'll see a material departure Q4 versus Q3 from the promotional intensity and frequency that exists in the business. It tends to shift. Summer tends to be hot dogs and sausages, winter tends to be ham and bacon so -- and the peak season throughout the holiday season. So the category dynamics change, but the -- from a materiality perspective, it's not significantly different between Q4 and Q3, I think, in the new business.

John Zamparo
Scotiabank Global Banking and Markets, Research Division

Okay. And I wanted to ask broadly about price elasticity from consumers at the current time. I know there's a lot of uncertainty here. You don't have a crystal ball, but it doesn't seem like you're seeing trade down based on your comments about branded sales and RWA, but I wonder if just the general context of the consumer environment makes you think differently than you otherwise would. And it's early in Q4, but any signs that you've seen any change there?

Curtis Eugene Frank
President, CEO & Director

Well, we've seen a margin impacted by higher levels of promotional intensity for certain. That's happened for certain. Otherwise, we think we'd be operating at higher levels of margin than we are today, even higher than we are today. So that's played out. And I don't expect that will change materially in the quarter ahead.

John Zamparo

Scotiabank Global Banking and Markets, Research Division

Okay. And lastly, on the Buy Canada theme, it's always tough to measure this, but I wonder what you can say about what you thought the impact was in Q3? And is it fair to say we're seeing a more moderate impact in Q4?

Curtis Eugene Frank

President, CEO & Director

I think so. I mean it's -- like you said, it's very difficult to quantify the impact. We'd like to think there's positive tailwinds in that area. There's lots of pride in all things Canada these days as I think there should be. Very difficult to quantify, and I would suspect it's moderating. I've been in the camp squarely that from day 1, we should expect that, that will be momentum that's maybe a little shorter lived than we would all like. And at some point in time, it would moderate. And I think we're -- what you're seeing here in terms of our growth is less by Canada and more really solid execution of what our proven growth strategies in the market are proving to be resilient, durable, effective and growth strategies that we think will take us well into the future.

John Zamparo

Scotiabank Global Banking and Markets, Research Division

Okay. And sorry, just one more. On the long-term guidance framework that's coming near term, I assume you don't want to steal its thunder, but any sense of what investors can expect? Is it likely to focus on a specific margin target? Or are you leaning more towards an overall growth algo? Anything you're willing to share at this point?

Curtis Eugene Frank

President, CEO & Director

Not much I'm willing to share. I think it's premature. We're in the process right now, and this is normal in our business that we'd normal at this stage. Our 2026 budget gets presented to our Board in the month of December, along with our forward-looking strategic plan for the future. And the outcome of that dialogue discussion and approval and alignment process will ultimately guide our communications around guidance. So I think it's premature today. And -- but you should expect us to be coming forward with that in the short coming months ahead.

Operator

[Operator Instructions] Your next question comes from Michael Van Aelst of TD Cowen.

Michael Van Aelst

TD Cowen, Research Division

I just want to follow up actually on the top line growth, which has been impressive this year, even if it is slowing a little bit as we kind of cycle tougher comps as well. But the 2 new brands that you're launching, can you talk about the addressable market for these? And if you don't have a specific number, maybe something what you think relative to the MENA and the RWA, for example?

Curtis Eugene Frank

President, CEO & Director

Well, the Musafir brand, MENA is probably a good proxy, Mike, in terms of the total addressable market, a very fast demographic opportunity in the Canadian market. But what's interesting, and we commented on Gen Z and millennials having a really interest -- having a real and sustained interest in global food flavors and maybe less of a propensity to cook from scratch. And those 2 things combined, the desire for more diversity in flavor offerings, a more diversity in food offerings but in a prepared meal occasion makes the total addressable market for Musafir maybe even larger than the Halal opportunity. So I would say equal to or greater than what we've seen and experienced in MENA Hal without putting a number around it. have to spend some time doing that. I haven't, but I could.

On the meat snacks opportunity, this isn't your normal kind of meat stick. Number one, it's not refrigerated, it's shelf stable. Number two, 12 grams of protein at 110 calories is a really awesome nutritional benefit for people who are looking for healthy protein on the go. And that's a large and very rapidly growing total addressable market. What's exciting about meat sticks is the ability to, number one, have success in our core business, which would be the retail environment, but also extend distribution into alternative channels, health food stores, convenience locations, gas and convenience locations, drugstore offerings, which obviously, as you know, are large and growing gyms, workout facilities, the shelf stable reach makes the distribution opportunities much more material, and we're already having success in gaining distribution in those areas.

So I'm excited to -- looking forward to report out a little bit more news around the success. Right now, we're just getting the product into the market. And our supply is selling out quickly, which is always a very positive outcome in a product launch. And I'm sure we'll give some positive updates along the way.

Michael Van Aelst
TD Cowen, Research Division

Great. That's helpful. And last question. With leverage down at 2x now, what is your -- what's the plan for free cash flow next 12 months? And should we -- and given the weakness in the share price, is it your intention to be active on your NCIB?

Curtis Eugene Frank
President, CEO & Director

David, maybe you'd cover this one.

David Smales
Chief Financial Officer

Mike. Similar to Curtis comments around outlook for 2026, obviously, this view of capital allocation and how that aligns with our view of the next 12 months all kind of wrapped up together. What I can say is -- and consistent with what we say in the outlook, we intend to continue to build on the track record of growth in the annual dividend that is a key focus for us. We are evaluating those future capital allocation opportunities with a desire to return capital to shareholders. And we're just working through the strategy for that, timing for that, the quantum of that, but that will all be wrapped up in the guidance we give going forward as well as our view that the share price is undervalued today. I talked about this last quarter. Nothing has changed in our view today post the spin. And so all those factors will be things that we're considering as we lay that out going forward. But I'm not going to talk to specifics today, but it is a very active conversation.

Michael Van Aelst
TD Cowen, Research Division

Is there anything preventing you from buying back stock this quarter?

David Smales
Chief Financial Officer

Obviously, been in a blackout period up until now this quarter. There's nothing in and of itself presenting any obstacles to implementing share buybacks when we're outside of blackout period. We are mindful of the Butterfly structure, and that has some restrictions around it. But as we demonstrated in August, we have some flexibility to operate within that. And that's all part of the algorithm we're working through right now as we decide on the right strategy going forward.

Operator

There are no further questions at this time. I will now turn the call back over to Mr. Frank. Please continue.

Curtis Eugene Frank
President, CEO & Director

Great. Thank you for joining us today. It was obviously a historic quarter with the completion of the spin-off of Canada Packers. There was lots of complexity required in our reporting this quarter, but we tried our best to simplify the key themes for you that are of most importance and appreciate your patience in taking the time to walk through with us today. On the surface, it was a very successful quarter, 8% growth on the top line, a significant improvement in our adjusted EBITDA. And our focus moving forward is obviously on sustaining the growth momentum we have in the business and continuing to create value in a way that's inspiring and enduring, and we're looking forward to speaking with you next quarter. So thank you, and have a great day.

Operator

Ladies and gentlemen, that concludes today's conference call. Please thank you for your participation. You may now disconnect.

Copyright © 2025 by S&P Global Market Intelligence, a division of S&P Global Inc. All rights reserved.

These materials have been prepared solely for information purposes based upon information generally available to the public and from sources believed to be reliable. No content (including index data, ratings, credit-related analyses and data, research, model, software or other application or output therefrom) or any part thereof (Content) may be modified, reverse engineered, reproduced or distributed in any form by any means, or stored in a database or retrieval system, without the prior written permission of S&P Global Market Intelligence or its affiliates (collectively, S&P Global). The Content shall not be used for any unlawful or unauthorized purposes. S&P Global and any third-party providers, (collectively S&P Global Parties) do not guarantee the accuracy, completeness, timeliness or availability of the Content. S&P Global Parties are not responsible for any errors or omissions, regardless of the cause, for the results obtained from the use of the Content. THE CONTENT IS PROVIDED ON "AS IS" BASIS. S&P GLOBAL PARTIES DISCLAIM ANY AND ALL EXPRESS OR IMPLIED WARRANTIES, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE, FREEDOM FROM BUGS, SOFTWARE ERRORS OR DEFECTS, THAT THE CONTENT'S FUNCTIONING WILL BE UNINTERRUPTED OR THAT THE CONTENT WILL OPERATE WITH ANY SOFTWARE OR HARDWARE CONFIGURATION. In no event shall S&P Global Parties be liable to any party for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, or losses (including, without limitation, lost income or lost profits and opportunity costs or losses caused by negligence) in connection with any use of the Content even if advised of the possibility of such damages. S&P Global Market Intelligence's opinions, quotes and credit-related and other analyses are statements of opinion as of the date they are expressed and not statements of fact or recommendations to purchase, hold, or sell any securities or to make any investment decisions, and do not address the suitability of any security. S&P Global Market Intelligence may provide index data. Direct investment in an index is not possible. Exposure to an asset class represented by an index is available through investable instruments based on that index. S&P Global Market Intelligence assumes no obligation to update the Content following publication in any form or format. The Content should not be relied on and is not a substitute for the skill, judgment and experience of the user, its management, employees, advisors and/or clients when making investment and other business decisions. S&P Global Market Intelligence does not act as a fiduciary or an investment advisor except where registered as such. S&P Global keeps certain activities of its divisions separate from each other in order to preserve the independence and objectivity of their respective activities. As a result, certain divisions of S&P Global may have information that is not available to other S&P Global divisions. S&P Global has established policies and procedures to maintain the confidentiality of certain nonpublic information received in connection with each analytical process.

S&P Global may receive compensation for its ratings and certain analyses, normally from issuers or underwriters of securities or from obligors. S&P Global reserves the right to disseminate its opinions and analyses. S&P Global's public ratings and analyses are made available on its Web sites, www.standardandpoors.com (free of charge), and www.ratingsdirect.com and www.globalcreditportal.com (subscription), and may be distributed through other means, including via S&P Global publications and third-party redistributors. Additional information about our ratings fees is available at www.standardandpoors.com/usratingsfees.

© 2025 S&P Global Market Intelligence.