



TSX: MFI

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Maple Leaf Foods Reports First Quarter 2021 Financial Results

Meat Protein delivers another strong quarter, with solid top-line growth and robust Adjusted EBITDA Margin expansion to 12.2%

Mississauga, Ontario, May 5, 2021 - Maple Leaf Foods Inc. ("Maple Leaf Foods" or the "Company") (TSX: MFI) today reported its financial results for the first quarter ended March 31, 2021.

"Maple Leaf remains committed to delivering shared value, and to building an enduring company, with a vision to be the most sustainable protein company on earth," said Michael H. McCain, President and CEO. "We continue to deliver on our commitments. As we cross the one-year mark of the COVID-19 pandemic, I continue to be inspired by our dedicated front-line team members who come into work each day to produce the food we all need to stay healthy. Our number one priority is to keep our people healthy during this global crisis, and beyond. At the same time, we are delivering on our financial commitments, including both significant revenue growth and margin expansion in our meat protein business, while re-investing for extremely high long-term revenue growth in the strategically important plant protein business.

Our long-term focus means we measure our success over years, while ensuring we understand and calibrate the mid-term performance of our business against our business strategy. Our strategy's success is evident in our strength in high growth food categories, which now represent over 20% of our overall business. As a carbon neutral company, we are ready for an exciting future in the next challenge of climate crisis we must collectively overcome."

First Quarter 2021 Highlights

- Total Company sales up 3.0% to \$1,053.1 million, with an Adjusted Earnings Before Interest, Taxes, Depreciation and Amortization ("EBITDA")⁽ⁱ⁾ Margin of 9.3%, up 40 basis points ("bps") from last year.
- Meat Protein Group sales up 3.3% to \$1,013.7 million, while Adjusted EBITDA Margin expanded 90 bps to 12.2%.
- Plant Protein Group sales declined 8.1%, or 2.5% excluding foreign exchange impacts. Selling, general and administrative ("SG&A") expenses were \$28.8 million, similar to last year as a percentage of sales.
- Net earnings were \$47.7 million, compared to a loss of \$3.7 million last year, assisted by a net gain of \$26.7 million (2020: net loss of \$36.7 million) from non-cash fair value changes in biological assets and derivative contracts.
- Capital expenditures were \$184.7 million and consisted predominantly of Construction Capital⁽ⁱ⁾ of \$152.3 million, the majority of which was related to ongoing construction of the London, Ontario poultry facility.
- Balance sheet remained strong with Net Debt of \$865.4 million and undrawn committed credit of over \$1 billion.
- **2021 Outlook unchanged:** Meat Protein Group sales growth coupled with Adjusted EBITDA Margin expansion; Plant Protein Group sales growth broadly in-line with strategic target of 30%, supported by SG&A expenses similar to 2020.

⁽ⁱ⁾ Refer to the section titled *Non-IFRS Financial Measures* in this news release.

Financial Highlights

Measure ⁽ⁱ⁾ (Unaudited)	Three months ended March 31,		
	2021	2020	Change
Sales	\$ 1,053.1	\$ 1,022.8	3.0 %
Net Earnings (Loss)	\$ 47.7	\$ (3.7)	nm ⁽ⁱⁱⁱ⁾
Basic Earnings (Loss) per Share	\$ 0.39	\$ (0.03)	nm ⁽ⁱⁱⁱ⁾
Adjusted Operating Earnings ⁽ⁱⁱ⁾	\$ 50.4	\$ 45.1	11.6 %
Adjusted Earnings per Share ⁽ⁱⁱ⁾	\$ 0.26	\$ 0.21	23.8 %
Adjusted EBITDA - Meat Protein Group ⁽ⁱⁱ⁾	\$ 123.3	\$ 111.1	11.0 %
Sales - Plant Protein Group	\$ 42.6	\$ 46.3	(8.0)%
Free Cash Flow ⁽ⁱⁱ⁾	\$ (195.2)	\$ (133.3)	46.4 %
Construction Capital ⁽ⁱⁱ⁾	\$ 592.9	\$ 164.6	260.2 %
Net Debt ⁽ⁱⁱ⁾	\$ (865.4)	\$ (640.6)	35.1 %

⁽ⁱ⁾ All financial measures in millions of dollars except Basic and Adjusted Earnings per Share.

⁽ⁱⁱ⁾ Refer to the section titled Non-IFRS Financial Measures in this news release.

⁽ⁱⁱⁱ⁾ Not meaningful.

Sales for the first quarter of 2021 were \$1,053.1 million compared to \$1,022.8 million last year, an increase of 3.0%, driven by higher sales in the Meat Protein Group, partially offset by lower sales in the Plant Protein Group. For more details on sales performance by operating segment, please refer to the section titled Operating Review.

Net earnings for the first quarter of 2021 were \$47.7 million (\$0.39 per basic share) compared to a loss of \$3.7 million (a loss of \$0.03 per basic share) last year. Strong operating and commercial performance in the Meat Protein Group more than offset lower sales volume and capacity utilization in the Plant Protein Group. Results were also impacted by a net gain of \$26.7 million (2020: net loss of \$36.7 million) from non-cash fair value changes in biological assets and derivative contracts, which are both excluded in the calculation of Adjusted Operating Earnings below.

Adjusted Operating Earnings for the first quarter of 2021 were \$50.4 million compared to \$45.1 million last year, and Adjusted Earnings per Share for the first quarter of 2021 were \$0.26 compared to \$0.21 last year due to similar factors as noted above.

For further discussion on key metrics and a discussion of results by operating segment, refer to the section titled Operating Review.

Note: Several items are excluded from the discussions of underlying earnings performance as they are not representative of ongoing operational activities. Refer to the section entitled Non-IFRS Financial Measures at the end of this news release for a description and reconciliation of all non-IFRS financial measures.

Response to COVID-19

As an essential service, Maple Leaf Foods is focused on protecting the health and well-being of its people, maintaining business continuity, and broadening its social outreach. To manage through this unprecedented environment, the Company has taken a number of measures in its business and operating practices that include heightened safety policies and procedures, and close communication and collaboration with public health authorities. Most recently, Maple Leaf Foods has commenced on-site vaccine clinics at several of its manufacturing plants in coordination with Public Health Authorities, and hopes to continue these efforts across all of its sites as soon as possible. The measures enacted to protect the health and safety of employees have increased the Company's cost structure due to higher labour, personal protective equipment, sanitation and other expenses associated with the pandemic. Continuing COVID-19 structural costs have been incorporated in the Company's 2021 operating plan.

Overall, the Company believes its proactive and comprehensive efforts have, and should continue to mitigate adverse operational impacts. As the COVID-19 situation evolves, Maple Leaf Foods will continue to adapt and adopt best practices that prioritize the health and safety of its employees and the stability of the food supply. As part of Maple Leaf Foods' broader social responsibility, the Company has provided extensive support to front-line staff, emergency food relief efforts and health care providers.

Operating Review

The Company has two reportable segments. 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 SG&A investment levels, which generate high revenue growth rates.

The following table summarizes the Company's sales, gross profit, SG&A expenses, Adjusted Operating Earnings, Adjusted EBITDA, and Adjusted EBITDA Margin by operating segment for the three months ended March 31, 2021 and March 31, 2020.

(\$ millions) ⁽ⁱ⁾ (Unaudited)	Three months ended March 31, 2021				Three months ended March 31, 2020			
	Meat Protein Group	Plant Protein Group	Non-Allocated ⁽ⁱⁱ⁾	Total	Meat Protein Group	Plant Protein Group	Non-Allocated ⁽ⁱⁱ⁾	Total
Sales	\$ 1,013.7	42.6	(3.2)	\$ 1,053.1	\$ 981.4	46.3	(5.0)	\$ 1,022.8
Gross profit	\$ 166.1	0.1	26.7	\$ 193.0	\$ 157.3	6.8	(36.7)	\$ 127.4
Selling, general and administrative expenses	\$ 87.1	28.8	—	\$ 115.9	\$ 88.0	30.9	—	\$ 118.9
Adjusted Operating Earnings⁽ⁱⁱⁱ⁾	\$ 79.0	(28.7)	—	\$ 50.4	\$ 69.2	(24.1)	—	\$ 45.1
Adjusted EBITDA⁽ⁱⁱⁱ⁾	\$ 123.3	(25.0)	—	\$ 98.3	\$ 111.1	(20.5)	—	\$ 90.5
Adjusted EBITDA Margin⁽ⁱⁱⁱ⁾	12.2 %	(58.6)%	n/a	9.3 %	11.3 %	(44.3)%	n/a	8.9 %

⁽ⁱ⁾ Totals may not add due to rounding.

⁽ⁱⁱ⁾ Non-allocated includes eliminations of inter-segment sales and associated cost of goods sold, changes in the fair value of biological assets and derivatives, and non-allocated costs which are comprised of expenses not separately identifiable to reportable segments and are not part of the measures used by the Company when assessing a segment's operating results.

⁽ⁱⁱⁱ⁾ Refer to the section titled Non-IFRS Financial Measures in this news release.

Meat Protein Group

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®, Schneiders®, Mina®, Greenfield Natural Meat Co.® and many leading regional brands.

Sales for the first quarter of 2021 increased 3.3% to \$1,013.7 million compared to \$981.4 million last year. Sales growth was driven by pricing action implemented in the fourth quarter of 2020 to mitigate inflation and structural cost increases, favourable mix-shift towards sustainable meats and branded product, including growth in the United States, and higher fresh pork sales related to an increase in hogs processed. These factors more than offset an unfavourable impact from foreign exchange, lower prepared meats volumes as the business lapped the surge in retail demand in late March 2020 tied to COVID-19, and lower sales to China.

Gross profit for the first quarter of 2021 was \$166.1 million (gross margin of 16.4%) compared to \$157.3 million (gross margin of 16.0%) last year. Gross profit performance benefited from strong operating performance across the business, and mix-shift benefits towards branded product and sustainable meats, which more than offset lower profits in China. Anticipated inflation and structural increases in operating costs were offset by pricing action implemented in the fourth quarter of 2020.

SG&A expenses for the first quarter of 2021 were \$87.1 million compared to \$88.0 million last year. Reductions in discretionary spend and the lapping of donations made in March 2020 to support front-line health care workers at the outset of the

COVID-19 pandemic more than offset higher personnel costs. As a percentage of sales, SG&A expenses improved to 8.6% from 9.0% last year.

Adjusted Operating Earnings for the first quarter of 2021 were \$79.0 million compared to \$69.2 million last year, consistent with factors noted above.

Adjusted EBITDA for the first quarter of 2021 were \$123.3 million compared to \$111.1 million last year, driven by factors consistent with those noted above. Adjusted EBITDA Margin for the first quarter was 12.2% compared to 11.3% last year, also driven by factors consistent with those noted above.

Plant Protein Group

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 leading brands Lightlife® and Field Roast™.

Sales for the the first quarter of 2021 were \$42.6 million compared to \$46.3 million last year. Excluding the impact of foreign exchange, sales declined 2.5%, driven by lower volumes in fresh retail products. This more than offset continued growth in core retail volumes and pricing action implemented in the fourth quarter of 2020 to mitigate inflation and structural cost increases.

Gross profit for the first quarter of 2021 was \$0.1 million (gross margin of 0.3%) compared to \$6.8 million (gross margin of 14.6%) last year. The decrease in gross profit was attributed to lower sales volumes and capacity utilization, which more than offset improvements in distribution costs. Anticipated inflation and structural increases in operating costs were offset by pricing action implemented in the fourth quarter of 2020.

SG&A expenses for the first quarter of 2021 were \$28.8 million (67.6% of sales) compared to \$30.9 million (66.6% of sales) last year. The decrease in SG&A expenses was driven by the timing of certain advertising & promotional expenses, which more than offset increased expenses related to organizational capacity. As a percentage of sales, SG&A expenses were similar to last year.

Adjusted Operating Earnings for the first quarter of 2021 were a loss of \$28.7 million compared to a loss of \$24.1 million last year. The decline in Adjusted Operating Earnings is consistent with the factors noted above.

Other Matters

On May 4, 2021, the Board of Directors approved a quarterly dividend of \$0.18 per share, \$0.72 per share on an annual basis, payable June 30, 2021 to shareholders of record at the close of business June 8, 2021. Unless indicated otherwise by the Company at or before the time the dividend is paid, the dividend will be considered an eligible dividend for the purposes of the "Enhanced Dividend Tax Credit System".

Conference Call

A conference call will be held at 8:00 a.m. ET on May 5, 2021, to review Maple Leaf Foods' first quarter financial results. To participate in the call, please dial 416-764-8650 or 1-888-664-6383. For those unable to participate, playback will be made available an hour after the event at 416-764-8677 or 1-888-390-0541 (Passcode: 456102#).

A webcast of the first quarter conference call will also be available at:

<https://www.mapleleaffoods.com>

The Company's full unaudited condensed consolidated interim financial statements ("Consolidated Interim Financial Statements") and related Management's Discussion and Analysis are available on the Company's website.

An investor presentation related to the Company's first quarter financial results is available at www.mapleleaffoods.com and can be found under *Presentations and Webcasts* on the *Investors* page.

2021 Outlook

Throughout the COVID-19 pandemic, Maple Leaf Foods has remained focused on protecting its employees and ensuring continuity of its supply chain. As a result, the current environment does increase certain operating costs and potential for short-term processing disruptions to protect the health and safety of plant personnel. Continuing COVID-19 structural costs have been incorporated in the Company's 2021 operating plan.

Maple Leaf Foods expects to achieve the following in 2021:

Meat Protein Group - Driving Profitable Growth

- Mid-to-high single digit sales growth on a 52-week comparable basis, driven by continued momentum in sustainable meats, leveraging brand renovation, and growth into the U.S. market.
- Adjusted EBITDA margin expansion, progressing towards the 2022 target of 14% - 16%, driven by mix-shift benefits in prepared meats resulting from growth in sustainable meats and brand renovation, as well as operational efficiencies, while assuming pork complex conditions in-line with the 5-year average. This outlook incorporates the

impact of an unexpected surge in grain and hog price inflation, which should moderately compress margins in the second quarter before fully recovering in the back half of the year as related pricing action takes effect.

Plant Protein Group - Investing for Growth

- Sales growth for the year to be broadly in-line with the strategic target of 30%, excluding any impact from fluctuations in foreign exchange. Growth is expected to be driven by continued momentum in the core product line, product innovation, improved velocities and distribution in the fresh line and resurgence in foodservice activity which is largely tied to the abatement of COVID-19 restrictions. Growth is expected to accelerate as the year progresses.
- Gross margin is expected to be volatile in the near-term, as benefits from structural improvements in the supply chain may be impacted by investment opportunities to drive sales growth in a rapidly evolving market, as well as ongoing effects of COVID-19.
- SG&A expenses broadly in-line with 2020 levels, excluding any impact from fluctuations in foreign exchange, while declining as a percentage of sales as the Company leverages investments in advertising, promotion and marketing to elevate the Lightlife® and Field Roast™ brand renovations, drive innovation and build scale in the business.

Capital

- The Company's capital expenditure estimate for the full year of 2021 remains unchanged and in the range of \$550 million to \$650 million, with approximately 75% to be comprised of Construction Capital. A significant portion of the Construction Capital is related to the London, Ontario poultry facility, the acquisition and build-out of the plant protein facility in Indianapolis, Indiana and other projects to add capacity and improve efficiency in our prepared meats business.

Factors that could have an impact on our business, which we cannot estimate or control due to the COVID-19 pandemic, include:

- Volatility in the pork and poultry commodity and foreign exchange markets.
- The balance between retail and foodservice demand.
- Potential future production disruptions or shutdowns.
- The duration of government measures, including social distancing.

In addition to financial and operational priorities, Maple Leaf Foods believes that shared value and operating its business for the benefit of all stakeholders is crucial. The Company's guiding pillars to be the "Most Sustainable Protein Company on Earth" include Better Food, Better Care, Better Communities, Better Planet and are core to how Maple Leaf Foods conducts itself. To that end, the Company's priorities include:

- *Better Food* - leading the real food movement and transitioning key brands to 100% "raised without antibiotics".
- *Better Care* - further advancement of animal care, including progress towards transitioning all sows under management to open housing systems by 2022.
- *Better Communities* - investing approximately 1% of pre-tax profit to advance sustainable food security.
- *Better Planet* - continuing to amplify its commitment to carbon neutrality, while focusing on eliminating waste in any resources it consumes, including food, energy, water, packaging, and time.

Non-IFRS Financial Measures

The Company uses the following non-IFRS measures: Adjusted Operating Earnings, Adjusted Earnings per Share, Adjusted EBITDA, Adjusted EBITDA Margin, Construction Capital, Net Debt, Free Cash Flow and Return on Net Assets. Management believes that these non-IFRS measures provide useful information to investors in measuring the financial performance of the Company for the reasons outlined below. These measures do not have a standardized meaning prescribed by IFRS and therefore they may not be comparable to similarly titled measures presented by other publicly traded companies and should not be construed as an alternative to other financial measures determined in accordance with IFRS.

Adjusted Operating Earnings, Adjusted EBITDA and Adjusted EBITDA Margin

Adjusted Operating Earnings, Adjusted EBITDA and Adjusted EBITDA Margin are non-IFRS measures used by Management to evaluate financial operating results. Adjusted Operating Earnings is defined as earnings before income taxes and interest expense adjusted for items that are not considered representative of ongoing operational activities of the business and items where the economic impact of the transactions will be reflected in earnings in future periods when the underlying asset is sold or transferred. Adjusted EBITDA is defined as Adjusted Operating Earnings plus depreciation and intangible asset amortization, adjusted for items included in other expense that are considered representative of ongoing operational activities of the business. Adjusted EBITDA Margin is calculated as Adjusted EBITDA divided by sales.

The tables below provide a reconciliation of earnings (loss) before income taxes as reported under IFRS in the Consolidated Interim Financial Statements to Adjusted Operating Earnings and Adjusted EBITDA for the three months ended March 31, as indicated below. Management believes that these non-IFRS measures are useful in assessing the performance of the Company's ongoing operations and its ability to generate cash flows to fund its cash requirements, including the Company's capital investment program.

(\$ millions) ⁽ⁱ⁾ (Unaudited)	Three months ended March 31, 2021				Three months ended March 31, 2020			
	Meat Protein Group	Plant Protein Group	Non-Allocated ⁽ⁱⁱ⁾	Total	Meat Protein Group	Plant Protein Group	Non-Allocated ⁽ⁱⁱ⁾	Total
Earnings (loss) before income taxes	\$ 76.2	(28.7)	18.4	\$ 65.9	\$ 68.2	(24.1)	(47.2)	\$ (3.0)
Interest expense and other financing costs	—	—	5.0	5.0	—	—	7.9	7.9
Other expense	1.1	0.1	3.3	4.5	1.2	—	2.6	3.8
Restructuring and other related costs (reversals)	1.7	—	—	1.7	(0.2)	—	—	(0.2)
Earnings (loss) from operations	\$ 79.0	(28.7)	26.7	\$ 77.1	\$ 69.2	(24.1)	(36.7)	\$ 8.5
(Increase) decrease in fair value of biological assets	—	—	(38.5)	(38.5)	—	—	14.7	14.7
Unrealized loss on derivative contracts	—	—	11.8	11.8	—	—	22.0	22.0
Adjusted Operating Earnings	\$ 79.0	(28.7)	—	\$ 50.4	\$ 69.2	(24.1)	—	\$ 45.1
Depreciation and amortization	45.5	3.8	—	49.2	43.0	3.5	—	46.6
Items included in other expense representative of ongoing operations ⁽ⁱⁱⁱ⁾	(1.2)	(0.1)	—	(1.3)	(1.2)	—	—	(1.2)
Adjusted EBITDA	\$ 123.3	(25.0)	—	\$ 98.3	\$ 111.1	(20.5)	—	\$ 90.5
Adjusted EBITDA Margin	12.2 %	(58.6)%	n/a	9.3 %	11.3 %	(44.3)%	n/a	8.9 %

⁽ⁱ⁾ Totals may not add due to rounding.

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

⁽ⁱⁱⁱ⁾ Primarily includes gain/loss on sale of long-term assets and other miscellaneous expenses.

Adjusted Earnings per Share

Adjusted Earnings per Share, a non-IFRS measure, is used by Management to evaluate financial operating results. It is defined as basic earnings per share and is adjusted on the same basis as Adjusted Operating Earnings. The table below provides a reconciliation of basic earnings per share as reported under IFRS in the Consolidated Interim Financial Statements to Adjusted Earnings per Share for the three months ended March 31, as indicated below. Management believes this basis is the most appropriate on which to evaluate financial results as they are representative of the ongoing operations of the Company.

(\$ per share) (Unaudited)	Three months ended March 31,	
	2021	2020
Basic earnings (loss) per share	\$ 0.39	\$ (0.03)
Restructuring and other related costs ⁽ⁱ⁾	0.01	—
Items included in other expense not considered representative of ongoing operations ⁽ⁱⁱ⁾	0.02	0.02
Change in fair value of biological assets	(0.23)	0.09
Unrealized loss on derivatives	0.07	0.13
Adjusted Earnings per Share⁽ⁱⁱⁱ⁾	\$ 0.26	\$ 0.21

⁽ⁱ⁾ Includes per share impact of restructuring and other related costs, net of tax.

⁽ⁱⁱ⁾ Primarily includes legal fees and provisions and transaction related costs, net of tax.

⁽ⁱⁱⁱ⁾ Totals may not add due to rounding.

Construction Capital

Construction Capital, a non-IFRS measure, is used by Management to evaluate the amount of capital resources invested in specific strategic development projects that have not yet entered commercial production. It is defined as investments and related financing charges in projects over \$50.0 million that are related to longer-term strategic initiatives, with no returns expected for at least 12 months in the future and the asset will be re-categorized from Construction Capital once operational. Current strategic initiatives primarily include the investments in the London, Ontario poultry production facility, further capacity and efficiency improvements in the prepared meats business, investments in plant protein capacity at the Walker Drive facility

in Brampton, Ontario, and the plant protein production facilities in Indiana. The following table is a summary of Construction Capital activity and debt financing for the periods indicated below.

(\$ thousands) (Unaudited)	As at March 31,	
	2021	2020
Opening balance at January 1	\$ 440,590	\$ 106,831
Additions	148,520	56,926
Interest paid and capitalized ⁽ⁱ⁾	3,821	871
Balance at March 31	\$ 592,931	\$ 164,628
Construction Capital debt financing⁽ⁱⁱ⁾	\$ 580,227	\$ 162,137

⁽ⁱ⁾ Certain comparative figures have been restated to conform with current year presentations.

⁽ⁱⁱ⁾ Assumed to be fully funded by debt to the extent that the Company has Net Debt outstanding.

Net Debt

The following table reconciles Net Debt to amounts reported under IFRS in the Company's Consolidated Interim Financial Statements as at March 31, as indicated below. The Company calculates Net Debt as cash and cash equivalents, less long-term debt and bank indebtedness. Management believes this measure is useful in assessing the amount of financial leverage employed.

(\$ thousands) (Unaudited)	As at March 31,	
	2021	2020
Cash and cash equivalents	\$ 100,977	\$ 86,298
Current portion of long-term debt	\$ (913)	\$ (912)
Long-term debt	(965,459)	(726,002)
Total debt	\$ (966,372)	\$ (726,914)
Net Debt	\$ (865,395)	\$ (640,616)

Free Cash Flow

Free Cash Flow, a non-IFRS measure, is used by Management to evaluate cash flow after investing in the maintenance or expansion of the Company's asset base. It is defined as cash provided by operations, less cash additions to long-term assets and capitalized interest. The following table calculates Free Cash Flow for the periods indicated below:

(\$ thousands) (Unaudited)	Three months ended March 31,	
	2021	2020
Cash used in operating activities	\$ (30,234)	\$ (45,797)
Additions to long-term assets	(160,967)	(86,292)
Interest paid and capitalized ⁽ⁱ⁾	(3,971)	(1,195)
Free Cash Flow	\$ (195,172)	\$ (133,284)

⁽ⁱ⁾ Certain comparative figures have been restated to conform with current year presentations.

Return on Net Assets

Return on Net Assets ("RONA") is calculated by dividing tax effected earnings from operations (adjusted for items which are not considered representative of the underlying operations of the business) by average monthly net assets. Net assets are defined as total assets (excluding cash and deferred tax assets) less non-interest bearing liabilities (excluding deferred tax liabilities). Management believes that RONA is an appropriate basis upon which to evaluate long-term financial performance.

Forward-Looking Statements

This document contains, and the Company's oral and written public communications often contain, "forward-looking information" within the meaning of applicable securities law. These statements are based on current expectations, estimates, projections, beliefs, judgments and assumptions based on information available at the time the applicable forward-looking statement was made and in light of the Company's experience combined with its perception of historical trends. Such statements include, but are not limited to, statements with respect to objectives and goals, in addition to statements with respect to beliefs, plans, targets, goals, objectives, expectations, anticipations, estimates, and intentions. Forward-looking statements are typically identified by words such as "anticipate", "continue", "estimate", "expect", "may", "will", "project", "should", "could", "would", "believe", "plan", "intend", "design", "target", "undertake", "view", "indicate", "maintain", "explore", "entail", "schedule", "objective", "strategy", "likely", "potential", "outlook", "aim", "propose", "goal", and similar expressions suggesting future events or future performance. These statements are not guarantees of future performance and involve assumptions, risks and uncertainties that are difficult to predict.

By their nature, forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. The Company believes the expectations reflected in the forward-looking statements are reasonable, but no assurance can be given that these expectations will prove to be correct and such forward-looking statements should not be unduly relied upon.

Specific forward-looking information in this document may include, but is not limited to, statements with respect to:

- implications of COVID-19;
- future performance, including future financial objectives, goals and targets, expected capital spend and expected SG&A expenditures for the Company and each of its operating segments;
- the execution of the Company's business strategy, including the development and expected timing of business initiatives, brand expansion and repositioning, and other growth opportunities, as well as the impact thereof;
- the impact of international trade conditions on the Company's business, including access to markets, implications associated with the spread of foreign animal disease (such as African Swine Fever ("ASF")), and other social, economic and political factors that affect trade;
- competitive conditions and the Company's ability to position itself competitively in the markets in which it competes;
- capital projects, including planning, construction, estimated expenditures, schedules, approvals, expected capacity, in-service dates and anticipated benefits of construction of new facilities and expansions of existing facilities;
- the Company's dividend policy, including future levels and sustainability of cash dividends, the tax treatment thereof and future dividend payment dates;
- the impact of commodity prices on the Company's operations and financial performance, including the use and effectiveness of hedging instruments;
- expected future cash flows and the sufficiency thereof, sources of capital at attractive rates, future contractual obligations, future financing options, renewal of credit facilities, and availability of capital to fund growth plans, operating obligations and dividends;
- operating risks, including the execution, monitoring and continuous improvement of the Company's food safety programs, animal health initiatives and cost reduction initiatives;
- the implementation, cost and impact of environmental sustainability initiatives, as well as the anticipated future cost of remediating environmental liabilities;
- the adoption of new accounting standards and the impact of such adoption on the financial position of the Company;
- expectations regarding pension plan performance, including future pension plan assets, liabilities and contributions; and
- developments and implications of actual or potential legal actions.

Various factors or assumptions are typically applied by the Company in drawing conclusions or making the forecasts, projections, predictions or estimations set out in the forward-looking statements. These factors and assumptions are based on information currently available to the Company, including information obtained by the Company from third-party sources and include but are not limited to the following:

- expectations regarding the impact and future implications of COVID-19 and adaptations in operations, customer and consumer behaviour, economic patterns and international trade;
- the competitive environment, associated market conditions and market share metrics, the expected behaviour of competitors and customers and trends in consumer preferences;
- the success of the Company's business strategy, including execution of the strategy in each of the Meat Protein and Plant Protein Groups;
- prevailing commodity prices, interest rates, tax rates and exchange rates;
- the economic condition of and the socio-political dynamics between Canada, the U.S., Japan and China, and the ability of the Company to access markets in these countries;
- the spread of foreign animal disease (including ASF), preparedness strategies to manage such spread, and implications for all protein markets;
- the availability of capital to fund future capital requirements associated with existing operations, assets and projects;
- expectations regarding participation in and funding of the Company's pension plans;
- the availability of insurance coverage to manage certain liability exposures;
- the extent of future liabilities and recoveries related to legal claims;
- prevailing regulatory, tax and environmental laws; and
- future operating costs and performance, including the Company's ability to achieve operating efficiencies and maintain high sales volumes, high turnover of inventories and high turnover of accounts receivable.

Readers are cautioned that these assumptions may prove to be incorrect in whole or in part. The Company's actual results may differ materially from those anticipated in any forward-looking statements.

Factors that could cause actual results or outcomes to differ materially from the results expressed, implied, or projected in the forward-looking statements contained in this document include, among other things, risks associated with the following:

- implications of COVID-19 on the operations and financial performance of the Company, as well the implications for macro socio-economic trends;
- competition, market conditions and the activities of competitors and customers;
- food safety, consumer liability and product recalls;
- the health status of livestock, including the impact of potential pandemics;
- international trade and access to markets, as well as social, political and economic dynamics affecting same;
- availability of and access to capital;
- decision respecting the return of capital to shareholders;
- the execution of capital projects, including cost, schedule and regulatory variables;
- food safety, consumer liability and product recalls;
- cyber security and the maintenance and operation of the Company's information systems and processes;
- acquisitions and divestitures;
- climate change;
- fluctuations in the debt and equity markets;
- fluctuations in interest rates and currency exchange rates;
- pension assets and liabilities;
- cyclical nature of the cost and supply of hogs and the competitive nature of the pork market generally;
- the effectiveness of commodity and interest rate hedging strategies;
- impact of changes in the market value of the biological assets and hedging instruments;
- the supply management system for poultry in Canada;
- availability of plant protein ingredients;
- intellectual property, including product innovation, product development, brand strategy and trademark protection;
- consolidation of operations and focus on protein;
- the use of contract manufacturers;
- reputation;
- weather;
- compliance with government regulation and adapting to changes in laws;
- actual and threatened legal claims;
- consumer trends and changes in consumer tastes and buying patterns;
- environmental regulation and potential environmental liabilities;
- consolidation in the retail environment;
- employment matters, including complying with employment laws across multiple jurisdictions, the potential for work stoppages due to non-renewal of collective agreements, recruiting and retaining qualified personnel, reliance on key personnel and succession planning;
- pricing of products;
- managing the Company's supply chain;
- changes in International Financial Reporting Standards and other accounting standards that the Company is required to adhere to for regulatory purposes; and
- other factors as set out under the heading "Risk Factors" in the Company's Management Discussion and Analysis for the year ended December 31, 2020.

The Company cautions readers that the foregoing list of factors is not exhaustive.

Readers are further cautioned that some of the forward-looking information, such as statements concerning future capital expenditures, Adjusted EBITDA Margin growth in the Meat Protein Group, expected sales and growth margin targets in the Plant Protein Group and SG&A spend, may be considered to be financial outlooks for purposes of applicable securities

legislation. These financial outlooks are presented to evaluate potential future earnings and anticipated future uses of cash flows and may not be appropriate for other purposes. Readers should not assume these financial outlooks will be achieved.

More information about risk factors can be found under the heading "Risk Factors" in the Company's Annual Management's Discussion and Analysis for the year ended December 31, 2020, that is available on SEDAR at www.sedar.com. The reader should review such section in detail. Additional information concerning the Company, including the Company's Annual Information Form, is available on SEDAR at www.sedar.com.

All forward-looking statements included herein speak only as of the date hereof. Unless required by law, the Company does not undertake any obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. All forward-looking statements contained herein are expressly qualified by this cautionary statement.

About Maple Leaf Foods Inc.

Maple Leaf Foods is a carbon neutral 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®, Schneiders®, Mina®, Greenfield Natural Meat Co.®, Lightlife® and Field Roast™. The Company employs approximately 13,500 people and does business primarily in Canada, the U.S. and Asia. The Company is headquartered in Mississauga, Ontario and its shares trade on the Toronto Stock Exchange (MFI).

Consolidated Interim Balance Sheets

<i>(In thousands of Canadian dollars)</i> <i>(Unaudited)</i>	As at March 31, 2021	As at March 31, 2020	As at December 31, 2020
ASSETS			<i>(Audited)</i>
Current assets			
Cash and cash equivalents	\$ 100,977	\$ 86,298	\$ 100,828
Accounts receivable	185,144	173,064	159,750
Notes receivable	47,414	52,463	31,550
Inventories	453,364	414,095	398,070
Biological assets	166,031	104,866	125,648
Income taxes recoverable	1,830	—	1,830
Prepaid expenses and other assets	89,064	58,068	64,517
Assets held for sale	—	31,036	575
	\$ 1,043,824	\$ 919,890	\$ 882,768
Property and equipment	1,869,070	1,451,025	1,721,487
Right-of-use assets	221,467	245,509	222,705
Investments	15,566	17,300	15,910
Other long-term assets	9,136	10,564	9,568
Deferred tax asset	19,117	—	14,070
Goodwill	650,054	669,442	652,501
Intangible assets	334,192	361,334	341,196
Total assets	\$ 4,162,426	\$ 3,675,064	\$ 3,860,205
LIABILITIES AND EQUITY			
Current liabilities			
Accounts payable and accruals	\$ 552,126	\$ 419,314	\$ 501,529
Current portion of provisions	1,114	4,413	1,529
Current portion of long-term debt	913	912	900
Current portion of lease obligations	81,159	42,717	79,601
Income taxes payable	8,437	—	27,639
Other current liabilities	47,207	52,980	55,849
	\$ 690,956	\$ 520,336	\$ 667,047
Long-term debt	965,459	726,002	745,048
Lease obligations	158,078	219,880	160,636
Employee benefits	94,601	128,676	188,946
Provisions	44,537	42,674	44,230
Other long-term liabilities	7,676	18,153	11,918
Deferred tax liability	149,031	102,987	109,916
Total liabilities	\$ 2,110,338	\$ 1,758,708	\$ 1,927,741
Shareholders' equity			
Share capital	\$ 845,287	\$ 844,161	\$ 838,969
Retained earnings	1,223,485	1,106,952	1,124,973
Contributed surplus	16,716	8,778	5,866
Accumulated other comprehensive loss	(9,470)	(13,157)	(13,414)
Treasury stock	(23,930)	(30,378)	(23,930)
Total shareholders' equity	\$ 2,052,088	\$ 1,916,356	\$ 1,932,464
Total liabilities and equity	\$ 4,162,426	\$ 3,675,064	\$ 3,860,205

Consolidated Interim Statements of Net Earnings (Loss)

(In thousands of Canadian dollars, except share amounts)
(Unaudited)

Three months ended March 31,

	2021	2020
Sales	\$ 1,053,083	\$ 1,022,767
Cost of goods sold	860,129	895,408
Gross profit	\$ 192,954	\$ 127,359
Selling, general and administrative expenses	115,880	118,901
Earnings before the following:	\$ 77,074	\$ 8,458
Restructuring and other related costs (reversals)	1,668	(169)
Other expense	4,542	3,769
Earnings before interest and income taxes	\$ 70,864	\$ 4,858
Interest expense and other financing costs	4,968	7,892
Earnings (loss) before income taxes	\$ 65,896	\$ (3,034)
Income tax expense	18,204	678
Net earnings (loss)	\$ 47,692	\$ (3,712)
Earnings (loss) per share attributable to common shareholders:		
Basic earnings (loss) per share	\$ 0.39	\$ (0.03)
Diluted earnings (loss) per share	\$ 0.38	\$ (0.03)
Weighted average number of shares (millions):		
Basic	123.2	123.0
Diluted	125.2	123.0

Consolidated Interim Statements of Other Comprehensive Income (Loss)

(In thousands of Canadian dollars)
(Unaudited)

Three months ended March 31,

	2021	2020
Net earnings (loss)	\$ 47,692	\$ (3,712)
Other comprehensive income (loss)		
Actuarial gains (losses) that will not be reclassified to profit or loss (Net of tax of \$24.8 million; 2020: \$2.5 million)	\$ 72,928	\$ (7,220)
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; 2020: \$0.0 million)	\$ (5,465)	\$ 21,600
Change in foreign exchange on long-term debt designated as a net investment hedge (Net of tax of \$0.7 million; 2020: \$3.5 million)	3,818	(19,119)
Change in cash flow hedges (Net of tax of \$2.0 million; 2020: \$6.5 million)	5,591	(18,431)
Total items that are or may be reclassified subsequently to profit or loss	\$ 3,944	\$ (15,950)
Total other comprehensive income (loss)	\$ 76,872	\$ (23,170)
Comprehensive income (loss)	\$ 124,564	\$ (26,882)

Consolidated Interim Statements of Changes in Total Equity

(In thousands of Canadian dollars) (Unaudited)	Share capital	Retained earnings	Contributed surplus	Accumulated other comprehensive income (loss) ⁽ⁱ⁾		Treasury stock	Total equity
				Foreign currency translation adjustment	Unrealized gains and losses on cash flow hedges		
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	—	—	4,702	—	—	—	4,702
Deferred taxes on share-based compensation	—	—	350	—	—	—	350
Exercise of stock options	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

(In thousands of Canadian dollars) (Unaudited)	Share capital	Retained earnings	Contributed surplus	Accumulated other comprehensive income (loss) ⁽ⁱ⁾		Treasury stock	Total equity
				Foreign currency translation adjustment	Unrealized gains and losses on cash flow hedges		
Balance at December 31, 2019	\$ 840,005	1,137,450	—	4,274	(1,481)	(30,378)	\$1,949,870
Net loss	—	(3,712)	—	—	—	—	(3,712)
Other comprehensive income (loss) ⁽ⁱⁱ⁾	—	(7,220)	—	2,481	(18,431)	—	(23,170)
Dividends declared (\$0.16 per share)	—	(19,566)	—	—	—	—	(19,566)
Share-based compensation expense	—	—	3,866	—	—	—	3,866
Change in obligation for repurchase of shares	4,156	—	4,912	—	—	—	9,068
Balance at March 31, 2020	\$ 844,161	1,106,952	8,778	6,755	(19,912)	(30,378)	\$1,916,356

⁽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.

Consolidated Interim Statements of Cash Flows

(In thousands of Canadian dollars)
(Unaudited)

Three months ended March 31,

	2021	2020 ⁽ⁱ⁾
CASH PROVIDED BY (USED IN):		
Operating activities		
Net earnings (loss)	\$ 47,692	\$ (3,712)
Add (deduct) items not affecting cash:		
Change in fair value of biological assets	(38,475)	14,659
Depreciation and amortization	50,202	48,024
Share-based compensation	4,702	3,866
Deferred income taxes	6,184	(7,517)
Income tax current	12,020	8,195
Interest expense and other financing costs	4,968	7,892
Loss on sale of long-term assets	287	336
Change in fair value of non-designated derivatives	9,627	22,740
Change in net pension obligation	3,383	2,244
Net income taxes paid	(31,277)	(8,344)
Interest paid	(5,428)	(7,556)
Change in provision for restructuring and other related costs	41	(2,597)
Change in derivatives margin	(35,662)	(23,957)
Other	3,606	1,150
Change in non-cash operating working capital	(62,104)	(101,220)
Cash used in operating activities	\$ (30,234)	\$ (45,797)
Investing activities		
Additions to long-term assets	\$ (160,967)	\$ (86,292)
Interest paid and capitalized	(3,971)	(1,195)
Proceeds from sale of long-term assets	553	—
Purchase of investments	—	(13,852)
Cash used in investing activities	\$ (164,385)	\$ (101,339)
Financing activities		
Dividends paid	\$ (22,108)	\$ (19,566)
Net increase in long-term debt	224,861	164,861
Payment of lease obligation	(9,391)	(9,109)
Exercise of stock options	1,406	—
Payment of financing fees	—	(37)
Cash provided by financing activities	\$ 194,768	\$ 136,149
Increase (decrease) in cash and cash equivalents	\$ 149	\$ (10,987)
Cash and cash equivalents, beginning of period	100,828	97,285
Cash and cash equivalents, end of period	\$ 100,977	\$ 86,298

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