



MAPLE LEAF FOODS INC.

Financial Statements
For the Second Quarter Ended
June 30, 2021

Consolidated Interim Financial Statements

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Consolidated Interim Balance Sheets

(In thousands of Canadian dollars)
(Unaudited)

	Notes	As at June 30, 2021	As at June 30, 2020	As at December 31, 2020
ASSETS				
<i>(Audited)</i>				
Current assets				
Cash and cash equivalents		\$ 58,878	\$ 111,229	\$ 100,828
Accounts receivable	3	201,027	163,753	159,750
Notes receivable	3	66,297	33,783	31,550
Inventories	4	442,152	422,308	398,070
Biological assets	5	118,445	78,249	125,648
Income taxes recoverable		1,830	—	1,830
Prepaid expenses and other assets		52,810	43,653	64,517
Assets held for sale		—	34,167	575
		\$ 941,439	\$ 887,142	\$ 882,768
Property and equipment		2,011,453	1,512,093	1,721,487
Right-of-use assets		180,579	237,618	222,705
Investments		15,370	17,076	15,910
Other long-term assets		8,851	10,638	9,568
Deferred tax asset		24,775	—	14,070
Goodwill		647,772	664,598	652,501
Intangible assets		373,663	356,323	341,196
Total assets		\$ 4,203,902	\$ 3,685,488	\$ 3,860,205
LIABILITIES AND EQUITY				
Current liabilities				
Accounts payable and accruals		\$ 499,099	\$ 436,794	\$ 501,529
Current portion of provisions	6	886	3,247	1,529
Current portion of long-term debt	7	5,235	924	900
Current portion of lease obligations		40,276	42,295	79,601
Income taxes payable		14,396	11,060	27,639
Other current liabilities		59,862	40,651	55,849
		\$ 619,754	\$ 534,971	\$ 667,047
Long-term debt	7	1,121,865	716,986	745,048
Lease obligations		154,457	212,871	160,636
Employee benefits		90,879	180,597	188,946
Provisions	6	44,555	43,202	44,230
Other long-term liabilities		6,022	19,768	11,918
Deferred tax liability		140,957	91,067	109,916
Total liabilities		\$ 2,178,489	\$ 1,799,462	\$ 1,927,741
Shareholders' equity				
Share capital	8	\$ 840,230	\$ 844,700	\$ 838,969
Retained earnings		1,210,225	1,075,805	1,124,973
Contributed surplus		3,186	3,240	5,866
Accumulated other comprehensive loss		(9,490)	(13,789)	(13,414)
Treasury stock		(18,738)	(23,930)	(23,930)
Total shareholders' equity		\$ 2,025,413	\$ 1,886,026	\$ 1,932,464
Total liabilities and equity		\$ 4,203,902	\$ 3,685,488	\$ 3,860,205

See accompanying Notes to the Consolidated Interim Financial Statements.

Consolidated Interim Statements of Net Earnings

(In thousands of Canadian dollars, except share amounts) (Unaudited)	Notes	Three months ended June 30,		Six months ended June 30,	
		2021	2020	2021	2020
Sales		\$ 1,158,861	\$ 1,094,574	\$ 2,211,944	\$ 2,117,341
Cost of goods sold		1,023,205	927,260	1,883,334	1,822,668
Gross profit		\$ 135,656	\$ 167,314	\$ 328,610	\$ 294,673
Selling, general and administrative expenses		110,924	117,833	226,804	236,734
Earnings before the following:		\$ 24,732	\$ 49,481	\$ 101,806	\$ 57,939
Restructuring and other related costs	6	1,190	1,507	2,858	1,338
Other expense		3,617	2,719	8,159	6,488
Earnings before interest and income taxes		\$ 19,925	\$ 45,255	\$ 90,789	\$ 50,113
Interest expense and other financing costs	10	5,711	8,068	10,679	15,960
Earnings before income taxes		\$ 14,214	\$ 37,187	\$ 80,110	\$ 34,153
Income tax expense		5,440	11,528	23,644	12,206
Net earnings		\$ 8,774	\$ 25,659	\$ 56,466	\$ 21,947
Earnings per share attributable to common shareholders:	11				
Basic earnings per share		\$ 0.07	\$ 0.21	\$ 0.46	\$ 0.18
Diluted earnings per share		\$ 0.07	\$ 0.21	\$ 0.45	\$ 0.18
Weighted average number of shares (millions):	11				
Basic		123.4	123.1	123.3	123.0
Diluted		125.5	124.2	125.5	124.1

See accompanying Notes to the Consolidated Interim Financial Statements.

Consolidated Interim Statements of Other Comprehensive Income (Loss)

<i>(In thousands of Canadian dollars)</i> <i>(Unaudited)</i>	Three months ended June 30,		Six months ended June 30,	
	2021	2020	2021	2020
Net earnings	\$ 8,774	\$ 25,659	\$ 56,466	\$ 21,947
Other comprehensive income (loss)				
Actuarial gains (losses) that will not be reclassified to profit or loss (Net of tax of \$0.1 million and \$24.9 million; 2020: \$12.7 million and 15.2 million)	\$ 233	\$ (37,066)	\$ 73,161	\$ (44,286)
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 and \$0.0 million; 2020: \$0.0 million and \$0.0 million)	\$ (4,685)	\$ (8,063)	\$ (10,150)	\$ 13,537
Change in foreign exchange on long-term debt designated as a net investment hedge (Net of tax of \$0.8 million and \$1.5 million; 2020: \$1.4 million and \$2.1 million)	3,464	7,819	7,282	(11,300)
Change in cash flow hedges (Net of tax of \$0.5 million and \$2.4 million; 2020: \$0.1 million and \$6.6 million)	1,201	(388)	6,792	(18,819)
Total items that are or may be reclassified subsequently to profit or loss	\$ (20)	\$ (632)	\$ 3,924	\$ (16,582)
Total other comprehensive income (loss)	\$ 213	\$ (37,698)	\$ 77,085	\$ (60,868)
Comprehensive income (loss)	\$ 8,987	\$ (12,039)	\$ 133,551	\$ (38,921)

See accompanying Notes to the Consolidated Interim Financial Statements.

Consolidated Interim Statements of Changes in Total Equity

(In thousands of Canadian dollars) (Unaudited)	Notes	Share capital	Retained earnings	Contributed surplus	Accumulated other comprehensive income (loss) ⁽ⁱ⁾		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		—	56,466	—	—	—	—	56,466
Other comprehensive income (loss) ⁽ⁱⁱ⁾		—	73,161	—	(2,868)	6,792	—	77,085
Dividends declared (\$0.36 per share)		—	(44,375)	—	—	—	—	(44,375)
Share-based compensation expense	12	—	—	9,229	—	—	—	9,229
Deferred taxes on share-based compensation		—	—	(450)	—	—	—	(450)
Exercise of stock options		1,929	—	—	—	—	—	1,929
Settlement of share-based compensation		—	—	(9,679)	—	—	5,192	(4,487)
Change in obligation for repurchase of shares	8	(668)	—	(1,780)	—	—	—	(2,448)
Balance at June 30, 2021		\$ 840,230	1,210,225	3,186	134	(9,624)	(18,738)	\$ 2,025,413

(In thousands of Canadian dollars) (Unaudited)	Notes	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 earnings		—	21,947	—	—	—	—	21,947
Other comprehensive income (loss) ⁽ⁱⁱ⁾		—	(44,286)	—	2,237	(18,819)	—	(60,868)
Dividends declared (\$0.32 per share)		—	(39,306)	—	—	—	—	(39,306)
Share-based compensation expense	12	—	—	7,841	—	—	—	7,841
Deferred taxes on share-based compensation		—	—	500	—	—	—	500
Exercise of stock options		773	—	—	—	—	—	773
Settlement of share-based compensation		—	—	(9,738)	—	—	6,448	(3,290)
Change in obligation for repurchase of shares		3,922	—	4,637	—	—	—	8,559
Balance at June 30, 2020		\$ 844,700	1,075,805	3,240	6,511	(20,300)	(23,930)	\$ 1,886,026

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

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

See accompanying Notes to the Consolidated Interim Financial Statements.

Consolidated Interim Statements of Cash Flows

(In thousands of Canadian dollars) (Unaudited)		Three months ended June 30,		Six months ended June 30,	
	Notes	2021	2020 ⁽ⁱ⁾	2021	2020 ⁽ⁱ⁾
CASH PROVIDED BY (USED IN):					
Operating activities					
Net earnings		\$ 8,774	\$ 25,659	\$ 56,466	\$ 21,947
Add (deduct) items not affecting cash:					
Change in fair value of biological assets	5	51,884	26,676	13,409	41,335
Depreciation and amortization		50,199	48,599	100,401	96,623
Share-based compensation	12	4,527	3,975	9,229	7,841
Deferred income taxes		(16,054)	620	(9,870)	(6,897)
Income tax current		21,494	10,908	33,514	19,103
Interest expense and other financing costs	10	5,711	8,068	10,679	15,960
Loss on sale of long-term assets		406	230	693	566
Asset impairment		436	1,572	436	1,572
Change in fair value of non-designated derivatives		(18,044)	(10,074)	(8,417)	12,666
Change in net pension obligation		(3,409)	2,175	(26)	4,419
Net income taxes paid		(15,426)	—	(46,703)	(8,344)
Interest paid	10	(5,965)	(7,016)	(11,393)	(14,572)
Change in provision for restructuring and other related costs		(109)	(168)	(68)	(2,765)
Change in derivatives margin		35,266	12,163	(396)	(11,794)
Other		(4,964)	368	(1,358)	1,518
Change in non-cash operating working capital		(84,755)	23,384	(146,859)	(77,836)
Cash provided by (used in) operating activities		\$ 29,971	\$ 147,139	\$ (263)	\$ 101,342
Investing activities					
Additions to long-term assets		\$ (161,273)	\$ (91,626)	\$ (322,240)	\$ (177,918)
Interest paid and capitalized	10	(4,638)	(1,816)	(8,609)	(3,011)
Acquisition of business	15	(40,151)	—	(40,151)	—
Proceeds from sale of long-term assets		215	8	768	8
Purchase of investments		—	(101)	—	(13,953)
Cash used in investing activities		\$ (205,847)	\$ (93,535)	\$ (370,232)	\$ (194,874)
Financing activities					
Dividends paid		\$ (22,267)	\$ (19,740)	\$ (44,375)	\$ (39,306)
Net increase in long-term debt	7	164,861	(139)	389,722	164,722
Payment of lease obligation		(9,290)	(9,005)	(18,681)	(18,114)
Exercise of stock options		523	773	1,929	773
Payment of financing fees		(50)	(562)	(50)	(599)
Cash provided by (used in) financing activities		\$ 133,777	\$ (28,673)	\$ 328,545	\$ 107,476
(Decrease) increase in cash and cash equivalents		\$ (42,099)	\$ 24,931	\$ (41,950)	\$ 13,944
Cash and cash equivalents, beginning of period		100,977	86,298	100,828	97,285
Cash and cash equivalents, end of period		\$ 58,878	\$ 111,229	\$ 58,878	\$ 111,229

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

See accompanying Notes to the Consolidated Interim Financial Statements.

Notes to the Consolidated Interim Financial Statements

(Tabular amounts in thousands of Canadian dollars unless otherwise indicated)
Three and Six Months Ended June 30, 2021 and 2020

1. THE COMPANY

Maple Leaf Foods Inc. ("Maple Leaf Foods" or the "Company") is a company with a vision to be the most sustainable protein company on earth, responsibly producing food products under leading brands including Maple Leaf®, Maple Leaf Prime®, Maple Leaf Natural Selections®, Schneiders®, Schneiders® Country Naturals®, Mina®, Greenfield Natural Meat Co.®, Lightlife® and Field Roast™. The Company's portfolio includes prepared meats, ready-to-cook and ready-to-serve meals, snacks kits, valued-added fresh pork and poultry, and plant protein products. The address of the Company's registered office is 6985 Financial Dr., Mississauga, Ontario, L5N 0A1, Canada. The unaudited condensed consolidated interim financial statements ("Consolidated Interim Financial Statements") of the Company as at and for the three and six months ended June 30, 2021 include the accounts of the Company and its subsidiaries. The Company's results are organized into two segments: the Meat Protein Group and the Plant Protein Group.

2. SIGNIFICANT ACCOUNTING POLICIES

The Consolidated Interim Financial Statements should be read in conjunction with the Company's 2020 annual audited consolidated financial statements ("2020 Consolidated Financial Statements").

(a) Statement of Compliance

The Consolidated Interim Financial Statements have been prepared in accordance with International Accounting Standard ("IAS") 34 *Interim Financial Reporting* ("IAS 34") as issued by the International Accounting Standards Board ("IASB") and using the accounting policies, determination of significant estimates and judgments, and corresponding accounting treatments consistent with the Company's 2020 Consolidated Financial Statements, except for new standards adopted during the six months ended June 30, 2021 as described below.

The Consolidated Interim Financial Statements were authorized for issue by the Board of Directors on August 4, 2021.

(b) Accounting Standards Adopted During the Period

Beginning on January 1, 2021, the Company adopted certain International Financial Reporting Standards ("IFRS") and amendments. As required by IAS 34 and IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*, the nature and the effect of these changes are disclosed below:

Interest Rate Benchmark Reform - Phase 2

Beginning January 1, 2021, the Company adopted the amendments to IFRS 9 *Financial Instruments* ("IFRS 9"), IAS 39 *Financial Instruments: Recognition and Measurement* ("IAS 39"), IFRS 7 *Financial Instruments: Disclosures* ("IFRS 7"), IFRS 4 *Insurance Contracts* ("IFRS 4") and IFRS 16 *Leases* ("IFRS 16") to address issues that affect financial reporting after the reform of an interest rate benchmark, including its replacement with alternative benchmark rates. The amendments relate to modification of financial assets, financial liabilities and lease liabilities, specific hedge accounting requirements, and disclosure requirements in applying IFRS 7 to accompany the amendments regarding modifications and hedge accounting. The adoption of the amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 did not have a material impact on the Consolidated Interim Financial Statements.

(c) Accounting Pronouncements Issued But Not Yet Effective

Onerous Contracts - Cost of Fulfilling a Contract

On May 14, 2020, the IASB issued amendments to IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*. The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract or an allocation of other costs that relate directly to fulfilling contracts. These amendments are effective on January 1, 2022. The Company intends to adopt these amendments prospectively in its Consolidated Interim Financial Statements for the annual period beginning January 1, 2022. The extent of the impact of the adoption of these amendments has not yet been determined.

Annual Improvements to IFRS (2018-2020) Cycle

On May 14, 2020, the IASB issued narrow-scope amendments to a total of three standards as part of its annual improvement process. Amendments were made to clarify which fees an entity includes when it applies the '10 per cent' test in assessing whether to derecognize a financial liability in accordance with IFRS 9. The amendments also remove the requirement in IAS 41 *Agriculture* for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique. Lastly, an amendment was made to IFRS 1 *First-time Adoption of International Financial Reporting Standards* for subsidiaries as a first-time adopter. These amendments are effective on January 1, 2022. The Company intends to adopt these amendments prospectively in its Consolidated Interim Financial Statements for the annual period beginning January 1, 2022. The extent of the impact of the adoption of these standards has not yet been determined.

Classification of Liabilities as Current or Non-current

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

Definition of Accounting Estimates (Amendments to IAS 8)

On February 12, 2021, the IASB issued *Definition of Accounting Estimates (Amendments to IAS 8)*. The amendments introduce a new definition for accounting estimates and also clarify the relationship between accounting policies and accounting estimates. The amendments are effective for annual periods beginning on or after January 1, 2023. The Company intends to adopt this amendment in its Consolidated Interim Financial Statements for the annual period beginning January 1, 2023. The extent of the impact of the adoption of this amendment has not yet been determined.

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

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

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

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

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

3. ACCOUNTS RECEIVABLE

	As at June 30, 2021	As at June 30, 2020	As at December 31, 2020
Trade receivables	\$ 165,117	\$ 129,737	\$ 116,297
Less: Allowance for doubtful accounts	(2,335)	(2,302)	(2,080)
Net trade receivables	\$ 162,782	\$ 127,435	\$ 114,217
Other receivables:			
Commodity taxes receivable	17,994	12,436	17,590
Government receivable	4,789	7,709	11,424
Other	15,462	16,173	16,519
	\$ 201,027	\$ 163,753	\$ 159,750

The aging of trade receivables is as follows:

	As at June 30, 2021	As at June 30, 2020	As at December 31, 2020
Current	\$ 133,084	\$ 93,303	\$ 90,983
Past due 0-30 days	24,672	24,415	19,658
Past due 31-60 days	3,143	3,334	2,266
Past due > 60 days	4,218	8,685	3,390
	\$ 165,117	\$ 129,737	\$ 116,297

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

The Company has a three-year accounts receivable securitization facility (the "Securitization Facility") maturing July 19, 2022. The maximum cash advance available to the Company under the Securitization Facility is \$120.0 million (June 30, 2020: \$120.0 million; December 31, 2020: \$120.0 million). The Securitization Facility provides cash funding with a proportion of the Company's receivables being sold, and provides the Company with competitively priced financing and further diversifies its funding sources. Under the Securitization Facility, the Company has sold certain of its trade accounts receivable, with very limited recourse, to an unconsolidated third-party trust financed by an international financial institution with a long-term AA- debt rating, for cash and short-term notes back to the Company. The receivables are sold at a discount to face value based on prevailing money market rates. The Company retains servicing responsibilities for these receivables.

As at June 30, 2021, trade accounts receivable being serviced under this program amounted to \$165.7 million (June 30, 2020: \$153.8 million; December 31, 2020: \$134.8 million). In return for the sale of its trade receivables, the Company will receive cash of \$120.0 million (June 30, 2020: \$120.0 million; December 31, 2020: \$103.2 million) and notes receivable in the amount of \$45.7 million (June 30, 2020: \$33.8 million; December 31, 2020: \$31.6 million). The notes receivable are non-interest bearing and are settled on the settlement dates of the securitized accounts receivable. Due to the timing of receipts and disbursements, the Company may, from time to time, also record a receivable or payable related to the Securitization Facility. As at June 30, 2021, the Company recorded a net receivable in the amount of \$20.6 million (June 30, 2020: \$19.8 million net payable; December 31, 2020: \$16.8 million net payable) in notes receivables (June 30, 2020 and December 31, 2020: accounts payable and accruals).

The sale of trade receivables under the Securitization Facility are treated as a sale from an accounting perspective and as a result, trade receivables sold under this facility are derecognized from the unaudited condensed consolidated interim balance sheets ("Consolidated Interim Balance Sheets") as at June 30, 2021 and 2020 and the 2020 annual audited consolidated balance sheets as at December 31, 2020.

4. INVENTORIES

	As at June 30, 2021	As at June 30, 2020	As at December 31, 2020
Raw materials	\$ 67,436	\$ 74,394	\$ 69,594
Work in process	39,371	36,556	33,149
Finished goods	252,780	232,129	217,041
Packaging	22,496	23,972	21,212
Spare parts	60,069	55,257	57,074
	\$ 442,152	\$ 422,308	\$ 398,070

For the three months ended June 30, 2021, inventory in the amount of \$912.8 million (2020: \$817.9 million) was expensed through cost of goods sold.

For the six months ended June 30, 2021, inventory in the amount of \$1,720.4 million (2020: \$1,582.6 million) was expensed through cost of goods sold.

As at June 30, 2021, inventories have been reduced by \$7.5 million (June 30, 2020: \$10.8 million; December 31, 2020: \$10.2 million) as a result of write-downs to net realizable value. The write-downs are included in the amount expensed through cost of goods sold.

5. BIOLOGICAL ASSETS

The change in fair value of commercial hog stock for the three months ended June 30, 2021 was a loss of \$51.9 million (2020: loss of \$26.7 million) and was recorded in cost of goods sold.

The change in fair value of commercial hog stock for the six months ended June 30, 2021 was a loss of \$13.4 million (2020: loss of \$41.3 million) and was recorded in cost of goods sold.

The fair value measures of commercial hog stock have been categorized as a Level 3 fair value based on inputs to the valuation techniques used. There were no transfers between levels for the three and six months ended June 30, 2021 and June 30, 2020.

6. PROVISIONS

	Legal	Environ- mental	Restructuring and related provisions		Total
			Severance and other employee related costs	Site closing and other cash costs	
Balance at December 31, 2020⁽ⁱ⁾	\$ 739	2,621	42,338	61	\$ 45,759
Charges	—	—	1,009	—	1,009
Reversals	—	(140)	(313)	—	(453)
Cash payments	—	(8)	(607)	(49)	(664)
Balance at March 31, 2021	\$ 739	2,473	42,427	12	\$ 45,651
Charges	—	—	717	37	754
Reversals	(89)	—	(340)	—	(429)
Cash payments	—	(13)	(522)	—	(535)
Balance at June 30, 2021	\$ 650	2,460	42,282	49	\$ 45,441
Current					\$ 886
Non-current					44,555
Total at June 30, 2021					\$ 45,441

⁽ⁱ⁾ Balance as at December 31, 2020, includes current portion of \$1.5 million and non-current portion of \$44.3 million.

	Legal	Environ- mental	Restructuring and related provisions		Total
			Severance and other employee related costs	Site closing and other cash costs	
Balance at December 31, 2019	\$ 289	2,705	45,799	109	\$ 48,902
Charges	850	—	504	—	1,354
Reversals	—	—	(2,197)	—	(2,197)
Cash payments	—	(11)	(961)	—	(972)
Balance at March 31, 2020	\$ 1,139	2,694	43,145	109	\$ 47,087
Charges	—	—	1,276	—	1,276
Reversals	—	—	(657)	(33)	(690)
Cash payments	(400)	(61)	(763)	—	(1,224)
Balance at June 30, 2020	\$ 739	2,633	43,001	76	\$ 46,449
Current					\$ 3,247
Non-current					43,202
Total at June 30, 2020					\$ 46,449

Restructuring and Other Related Costs

During the three months ended June 30, 2021, the Company recorded restructuring and other related costs of \$1.2 million (2020: \$1.5 million). Of this amount, \$0.8 million (2020: \$0.9 million) related to accelerated depreciation and \$0.2 million (2020: \$0.8 million) related to severance and other employee costs as a result of the previously announced future closures of the Brampton, Toronto and St. Mary's poultry plants. The remaining \$0.2 million (2020: reversals of \$0.2 million) related to employee related costs for other organizational restructuring initiatives.

During the six months ended June 30, 2021, the Company recorded restructuring and other related costs of \$2.9 million (2020: \$1.3 million). Of this amount, \$1.7 million (2020: \$2.4 million) related to accelerated depreciation and \$0.8 million (2020: reversals of \$1.0 million) related to severance and other employee costs as a result of the previously announced future closures of the Brampton, Toronto and St. Mary's poultry plants. The remaining \$0.4 million (2020: reversals of \$0.1 million) related to employee related costs for other organizational restructuring initiatives.

7. LONG-TERM DEBT

	As at June 30, 2021	As at June 30, 2020	As at December 31, 2020
Revolving line of credit	\$ 440,000	\$ —	\$ 50,000
U.S. term credit	328,812	360,162	337,544
Canadian term credit	350,000	350,000	350,000
Government loans	8,288	7,748	8,404
Total long-term debt	\$ 1,127,100	\$ 717,910	\$ 745,948
Current	\$ 5,235	\$ 924	\$ 900
Non-current	1,121,865	716,986	745,048
Total long-term debt	\$ 1,127,100	\$ 717,910	\$ 745,948

The Company has a syndicated credit facility (the "Credit Facility") consisting of a \$1,300.0 million unsecured committed revolving line of credit maturing April 30, 2024 and two unsecured committed term credit facilities for US\$265.0 million and \$350.0 million maturing April 30, 2024 and April 30, 2023, respectively. The Credit Facility can be drawn in Canadian or U.S. dollars and bears interest payable monthly, based on Banker's Acceptance and Prime rates for Canadian dollar loans and the London Inter-bank Offered Rate ("Libor") for U.S. dollar loans. The Credit Facility is intended to meet the Company's funding requirements for capital investments in addition to providing appropriate levels of liquidity for general corporate purposes. On December 11, 2019, the Company amended the Credit Facility to reduce interest paid upon achievement of certain sustainability targets. If applicable, this reduction will take effect subsequent to the issuance of the Company's 2020 Sustainability Report. There is no penalty for not achieving the targets. In addition to loans, as at June 30, 2021 the Company had drawn letters of credit of \$6.7 million on the Credit Facility (June 30, 2020: \$6.5 million; December 31, 2020: \$6.4 million).

The Credit Facility requires the maintenance of certain covenants. As at June 30, 2021, the Company was in compliance with all of these covenants.

The Company has additional uncommitted credit facilities for issuing letters of credit up to a maximum of \$125.0 million (June 30, 2020: \$125.0 million; December 31, 2020: \$125.0 million). As at June 30, 2021, \$66.8 million in letters of credit had been issued thereon (June 30, 2020: \$78.7 million; December 31, 2020: \$67.0 million).

The Company has various government loans on specific projects, with contractual interest rates ranging from non-interest bearing to 2.9% per annum (June 30, 2020: 2.9%; December 31, 2020: 2.9%). These facilities are repayable over various terms from 2022 to 2032. As at June 30, 2021, \$8.3 million (June 30, 2020: \$7.7 million; December 31, 2020: \$8.4 million) was outstanding. All of these facilities are committed.

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

	Three months ended June 30,		Six months ended June 30,	
	2021	2020	2021	2020
Total long-term debt, beginning of period	\$ 966,372	\$ 726,914	\$ 745,948	\$ 539,328
Revolving and term credit facilities - net drawings	\$ 165,000	\$ —	\$ 390,000	\$ 165,000
Government loans - repayments	(139)	(139)	(278)	(278)
Total cash flow from long-term debt financing activities	\$ 164,861	\$ (139)	\$ 389,722	\$ 164,722
Foreign exchange revaluation	\$ (4,214)	\$ (8,943)	\$ (8,732)	\$ 13,701
Other non-cash changes	81	78	162	159
Total non-cash changes	\$ (4,133)	\$ (8,865)	\$ (8,570)	\$ 13,860
Total long-term debt, end of period	\$ 1,127,100	\$ 717,910	\$ 1,127,100	\$ 717,910

8. SHARE CAPITAL

Share Repurchase

On May 20, 2021 the Toronto Stock Exchange ("TSX") accepted the Company's notice of intention to commence a Normal Course Issuer Bid ("NCIB"), allowing the Company to repurchase, at its discretion, up to 7.5 million common shares in the open market or as otherwise permitted by the TSX, subject to the normal terms and limitations of such bids. Common shares purchased by the Company are cancelled. The program commenced on May 25, 2021 and will terminate on May 24, 2022, or on such earlier date as the Company completes its purchases pursuant to the notice of intention. Under this bid, during the three and six months ended June 30, 2021, no shares were repurchased for cancellation.

On May 21, 2020 the TSX accepted the Company's notice of intention to commence an NCIB, allowing the Company to repurchase, at its discretion, up to 7.5 million common shares in the open market or as otherwise permitted by the TSX, subject to the normal terms and limitations of such bids. Common shares purchased by the Company are cancelled. The program commenced on May 25, 2020 and was terminated on May 24, 2021, or on such earlier date as the Company completes its purchases pursuant to the notice of intention. Under this bid, during the three and six months ended June 30, 2021, no shares were purchased for cancellation. During the three and six months ended June 30, 2020, no shares were purchased for cancellation.

On May 17, 2019, the TSX accepted the Company's notice of intention to commence an NCIB, allowing the Company to repurchase, at its discretion, up to 7.5 million common shares in the open market or as otherwise permitted by the TSX, subject to the normal terms and limitations of such bids. Common shares purchased by the Company were cancelled. The program commenced on May 24, 2019 and was terminated on May 23, 2020. Under this bid, during the three and six months ended June 30, 2020, no shares were purchased for cancellation.

The Company entered into an Automatic Share Purchase Plan ("ASPP") with a broker that allows the purchase of common shares for cancellation under the NCIB at any time during predetermined trading blackout periods. As at June 30, 2021, an obligation for the repurchase of shares of \$32.2 million (June 30, 2020: \$16.8 million, December 31, 2020: \$29.8 million) was recognized under the ASPP.

9. FINANCIAL INSTRUMENTS

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

The fair values and notional amounts of derivative financial instruments as at June 30 are shown below:

	2021			2020		
	Notional amount ⁽ⁱ⁾	Fair value		Notional amount ⁽ⁱ⁾	Fair value	
		Asset ⁽ⁱⁱ⁾	Liability ⁽ⁱⁱ⁾		Asset ⁽ⁱⁱ⁾	Liability ⁽ⁱⁱ⁾
Cash flow hedges						
Foreign exchange contracts	\$ 42,150	\$ 818	\$ 235	\$ 3,983	\$ 3	\$ 88
Commodity contracts	\$ 14,681	3,352	—	\$ —	—	—
Interest rate swaps	\$ 463,812	—	12,301	\$ 495,162	—	22,733
		\$ 4,170	\$ 12,536		\$ 3	\$ 22,821
Fair value hedges⁽ⁱⁱⁱ⁾						
Foreign exchange contracts	\$ 94,083	\$ 2,389	\$ 267	\$ 11,312	\$ 74	\$ 179
Commodity contracts	\$ 85,334	—	11,545	\$ 10,859	3,290	—
		\$ 2,389	\$ 11,812		\$ 3,364	\$ 179
Derivatives not designated in a formal hedging relationship						
Foreign exchange contracts	\$ 404,591	\$ 3,423	\$ 3,021	\$ 140,292	\$ 1,865	\$ 384
Commodity contracts	\$ 151,287	8,901	—	\$ 158,835	19	17,228
		\$ 12,324	\$ 3,021		\$ 1,884	\$ 17,612
Total fair value		\$ 18,883	\$ 27,369		\$ 5,251	\$ 40,612
Current ^{(i)(iv)(v)}		\$ 18,883	\$ 21,346		\$ 5,251	\$ 24,465
Non-current ⁽ⁱⁱ⁾		—	6,023		—	16,147
Total fair value		\$ 18,883	\$ 27,369		\$ 5,251	\$ 40,612

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

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

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

^(iv) Derivatives are short-term and will impact profit or loss at various dates within the next 12 months.

^(v) As at June 30, 2021, the above fair value of current assets has been decreased by \$2.6 million (June 30, 2020: decreased by \$2.6 million; December 31, 2020: increased by \$7.4 million), and the above fair value of current liabilities has been decreased by \$11.5 million (June 30, 2020: \$15.4 million; December 31, 2020: \$1.8 million) on the Consolidated Interim Balance Sheets, representing the difference in the fair market value of exchange traded commodity contracts and the initial margin requirements. The difference in margin requirements and fair market value is net settled in cash each day with the futures exchange and is recorded within cash and cash equivalents.

During the three months ended June 30, 2021, the Company recorded a pre-tax gain of \$5.3 million (2020: loss of \$4.6 million) on non-designated financial instruments held for trading.

During the six months ended June 30, 2021, the Company recorded a pre-tax loss of \$9.5 million (2020: loss of \$40.3 million) on non-designated financial instruments held for trading.

During the three months ended June 30, 2021, the pre-tax amount of hedge ineffectiveness recognized in cost of goods sold was a loss of \$0.0 million (2020: loss of \$0.0 million).

During the six months ended June 30, 2021, the pre-tax amount of hedge ineffectiveness recognized in cost of goods sold was a loss of \$0.0 million (2020: gain of \$0.0 million).

The table below sets out fair value measurements of derivative financial instruments as at June 30, 2021 using the fair value hierarchy:

	Level 1	Level 2	Level 3	Total
Assets:				
Foreign exchange contracts	\$ —	6,630	—	\$ 6,630
Commodity contracts ⁽ⁱ⁾	—	1,686	—	1,686
	\$ —	8,316	—	\$ 8,316
Liabilities:				
Foreign exchange contracts	\$ —	3,523	—	\$ 3,523
Commodity contracts ⁽ⁱ⁾	978	—	—	978
Interest rate swaps	—	12,301	—	12,301
	\$ 978	15,824	—	\$ 16,802

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

There were no transfers between levels for the three and six months ended June 30, 2021 and June 30, 2020.

Determination of fair value and the resulting hierarchy requires the use of observable market data whenever available and is consistent with the methodology used in the 2020 Consolidated Financial Statements. The classification of a financial instrument in the hierarchy is based upon the lowest level of input that is significant to the measurement of fair value. For financial instruments that are recognized at fair value on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization at the end of each reporting period.

Accumulated other comprehensive income (loss)

The Company estimates that \$1.7 million, net of tax of \$0.6 million, of the unrealized loss included in accumulated other comprehensive income (loss) will be reclassified into net earnings within the next 12 months. The actual amount of this reclassification will be impacted by future changes in the fair value of financial instruments designated as cash flow hedges. The actual amount reclassified could differ from this estimated amount.

During the three months ended June 30, 2021, a gain of \$0.0 million, net of tax of \$0.0 million, was released to earnings from accumulated other comprehensive income (loss) and included in the net change for the year (2020: loss of \$1.6 million, net of tax of \$0.6 million).

During the six months ended June 30, 2021, a loss of \$1.1 million, net of tax of \$0.4 million, was released to earnings from accumulated other comprehensive income (loss) and included in the net change for the year (2020: loss of \$1.1 million, net of tax of \$0.4 million).

As at June 30, 2021, the Company had US\$265.0 million (June 30, 2020: US\$265.0 million; December 31, 2020: US\$265.0 million) drawn on the Credit Facility (see Note 7) that is designated as a net investment hedge of the Company's U.S. operations. Foreign exchange gains and losses on the designated drawings are recorded in shareholders' equity in the foreign currency translation adjustment component of accumulated other comprehensive income and offset translation adjustments on the underlying net assets of the U.S. operations, which are also recorded in accumulated other comprehensive income (loss).

During the three months ended June 30, 2021, the gain on the net investment hedge recorded in other comprehensive income (loss) was \$3.5 million, net of tax of \$0.8 million (2020: gain of \$7.8 million, net of tax of \$1.4 million).

During the six months ended June 30, 2021, the gain on the net investment hedge recorded in other comprehensive income (loss) was \$7.3 million, net of tax of \$1.5 million (2020: loss of \$11.3 million, net of tax of \$2.1 million).

10. INTEREST EXPENSE AND OTHER FINANCING COSTS

	Three months ended June 30,		Six months ended June 30,	
	2021	2020	2021	2020
Interest on borrowings from credit facility	\$ 6,677	\$ 5,211	\$ 11,863	\$ 9,888
Interest on lease obligations	1,879	2,224	3,873	4,367
Interest on securitized receivables	294	784	496	1,453
Interest on government loans	80	96	161	176
Deferred finance charges	425	400	849	804
Credit facility standby fees and other interest	994	1,169	2,046	2,283
	\$ 10,349	\$ 9,884	\$ 19,288	\$ 18,971
Interest paid and capitalized	(4,638)	(1,816)	(8,609)	(3,011)
	\$ 5,711	\$ 8,068	\$ 10,679	\$ 15,960

Interest paid during the three and six months ended June 30, 2021 was \$10.6 million and \$20.0 million (2020: \$8.8 million and \$17.6 million).

11. EARNINGS PER SHARE

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

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

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

	2021			2020		
	Net earnings	Weighted average number of shares ⁽ⁱ⁾	EPS	Net earnings	Weighted average number of shares ⁽ⁱ⁾	EPS
<i>Three months ended June 30,</i>						
Basic	\$ 8,774	123.4	\$ 0.07	\$ 25,659	123.1	\$ 0.21
Stock options ⁽ⁱⁱ⁾		2.1			1.1	
Diluted	\$ 8,774	125.5	\$ 0.07	\$ 25,659	124.2	\$ 0.21
<i>Six months ended June 30,</i>						
Basic	\$ 56,466	123.3	\$ 0.46	\$ 21,947	123.0	\$ 0.18
Stock options ⁽ⁱⁱ⁾		2.2			1.1	
Diluted	\$ 56,466	125.5	\$ 0.45	\$ 21,947	124.1	\$ 0.18

⁽ⁱ⁾ In millions.

⁽ⁱⁱ⁾ Excludes the effect of approximately 3.2 million (2020: 2.4 million) options and performance shares that are anti-dilutive for the three months ended June 30, 2021 and 3.2 million (2020: 3.3 million) for the six months ended June 30, 2021 that are anti-dilutive.

12. SHARE-BASED PAYMENT

Stock Options

A summary of the status of the Company's outstanding stock options during the six months ended June 30 are presented below:

	2021		2020	
	Options outstanding	Weighted average exercise price	Options outstanding	Weighted average exercise price
Outstanding at January 1	5,889,550	\$ 25.48	4,558,250	\$ 26.26
Granted	1,241,250	\$ 25.10	1,408,950	\$ 23.08
Exercised	(63,900)	\$ 21.26	—	\$ —
Forfeited	—	\$ —	(54,200)	\$ 31.39
Outstanding at March 31	7,066,900	\$ 25.45	5,913,000	\$ 25.46
Granted	10,500	\$ 25.10	—	\$ —
Exercised	(24,050)	\$ 23.04	(34,300)	\$ 22.53
Forfeited	(11,100)	\$ 28.38	(150)	\$ 23.08
Outstanding at June 30	7,042,250	\$ 25.46	5,878,550	\$ 25.47
Options currently exercisable	4,463,350	\$ 25.80	3,551,675	\$ 25.38

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

At grant date, each option series is measured at fair value based on the Black-Scholes formula. Expected volatility is estimated by considering historic average share price volatility. The inputs used in this model for the options granted during the six months ended June 30, 2021 and 2020 are shown in the table below⁽ⁱ⁾:

	Six months ended June 30,	
	2021	2020
Share price at grant date	\$26.38	\$22.80
Exercise price	\$25.10	\$23.08
Expected volatility	26.4%	23.3%
Option life (in years) ⁽ⁱⁱ⁾	4.5	4.5
Expected dividend yield	2.7%	2.8%
Risk-free interest rate ⁽ⁱⁱⁱ⁾	0.6%	1.1%

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

⁽ⁱⁱ⁾ Expected weighted average life.

⁽ⁱⁱⁱ⁾ Based on Government of Canada bonds.

There were no stock options granted during the three months ended June 30, 2021 and 2020. Expenses relating to current and prior year options were \$1.3 million (2020: \$1.1 million).

The fair value of options granted during the six months ended June 30, 2021 was \$5.7 million (2020: \$4.4 million). Expenses relating to current and prior year options were \$2.5 million (2020: \$2.2 million).

Restricted Share Units and Performance Share Units

A summary of the status of the Company's RSU plans (including PSUs) as at and for the six months ended June 30 are presented below:

	2021		2020	
	RSUs outstanding	Weighted average fair value at grant	RSUs outstanding	Weighted average fair value at grant
Outstanding at January 1	1,550,135	\$ 24.99	1,245,915	\$ 28.80
Granted	548,050	\$ 24.12	672,360	\$ 20.80
Forfeited	(4,760)	\$ 23.45	—	\$ —
Outstanding at March 31	2,093,425	\$ 24.76	1,918,275	\$ 25.99
Distributed	(319,791)	\$ 30.61	(329,381)	\$ 30.26
Forfeited	(54,933)	\$ 27.98	(60,922)	\$ 28.97
Outstanding at June 30	1,718,701	\$ 23.57	1,527,972	\$ 24.96

There were no RSUs and PSUs granted during the three months ended June 30, 2021 and 2020. Expenses for the three months ended June 30, 2021 relating to current and prior year RSUs and PSUs, were \$3.2 million (2020: \$2.6 million).

The fair value of RSUs and PSUs granted during the six months ended June 30, 2021 was \$11.4 million (2020: \$12.1 million). Expenses for the six months ended June 30, 2021 relating to current and prior year RSUs and PSUs, were \$6.3 million (2020: \$4.9 million).

The key assumptions used in the valuation of fair value of RSUs granted during the six months ended June 30, 2021 and 2020 are shown in the table below⁽ⁱ⁾:

	2021	2020
Expected RSU life (in years)	3.2	3.2
Forfeiture rate	13.9%	13.7%
Risk-free interest rate ⁽ⁱⁱ⁾	0.5%	1.1%

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

⁽ⁱⁱ⁾ Based on Government of Canada bonds.

Director Share Units

The fair value of director share units expensed during the three and six months ended June 30, 2021 was \$0.0 million and \$0.4 million (2020: \$0.3 million and \$0.7 million).

13. SEGMENTED FINANCIAL INFORMATION

The Company has two reportable segments. As described below, these segments offer different products, with separate organizational structures, brands, financial, and marketing strategies. The Company's chief operating decision makers regularly review internal reports for these businesses; performance of the Meat Protein Group is based on revenue growth, Adjusted Operating Earnings and Adjusted EBITDA, while the performance of the Plant Protein Group is based predominantly on revenue growth rates, gross margin optimization and controlling investment levels, which generate high revenue growth rates. Refer to section 20. Non-IFRS Financial Measures, of the Company's Management's Discussion and Analysis for the three and six months ended June 30, 2021, for the definitions of these non-IFRS financial measures. The operations of each segment are described as follows:

- (a) The Meat Protein Group is comprised of prepared meats, ready-to-cook and ready-to-serve meals, hog production and value-added fresh pork and poultry products that are sold to retail, foodservice and industrial channels. The Meat Protein Group includes brands such as Maple Leaf®, Maple Leaf Prime®, Schneiders®, Mina®, Greenfield Natural Meat Co.® and many sub-brands.
- (b) The Plant Protein Group is comprised of refrigerated plant protein products, premium grain-based protein and vegan cheese products sold to retail, foodservice and industrial channels. The Plant Protein Group includes the brands Lightlife® and Field Roast™.

	Three months ended June 30, 2021				Three months ended June 30, 2020			
	Meat Protein Group	Plant Protein Group	Non-Allocated ⁽ⁱ⁾	Total ⁽ⁱⁱ⁾	Meat Protein Group	Plant Protein Group	Non-Allocated ⁽ⁱ⁾	Total ⁽ⁱⁱ⁾
Sales	\$1,117,458	48,077	(6,674)	\$1,158,861	\$1,040,355	60,626	(6,407)	\$1,094,574
Gross profit	\$ 167,041	267	(31,652)	\$ 135,656	\$ 176,628	7,856	(17,170)	\$ 167,314
Selling, general and administrative expenses	\$ 81,172	29,752	—	\$ 110,924	\$ 83,711	34,122	—	\$ 117,833
Earnings (loss) before income taxes	\$ 86,704	(29,593)	(42,897)	\$ 14,214	\$ 92,771	(26,282)	(29,302)	\$ 37,187
Interest expense and other financing costs	—	—	5,711	5,711	—	—	8,068	8,068
Other (income) expense	(2,024)	107	5,534	3,617	(1,360)	15	4,063	2,719
Restructuring and other related costs	1,190	—	—	1,190	1,507	—	—	1,507
Earnings (loss) from operations	\$ 85,870	(29,486)	(31,652)	\$ 24,732	\$ 92,918	(26,267)	(17,170)	\$ 49,481
Decrease in fair value of biological assets	—	—	51,884	51,884	—	—	26,676	26,676
Unrealized gain on derivative contracts	—	—	(20,232)	(20,232)	—	—	(9,506)	(9,506)
Adjusted Operating Earnings	\$ 85,870	(29,486)	—	\$ 56,384	\$ 92,918	(26,267)	—	\$ 66,651
Depreciation and amortization	45,770	3,655	—	49,425	43,969	3,718	—	47,687
Items included in other expense representative of ongoing operations	(1,898)	(106)	—	(2,005)	1,360	(15)	—	1,345
Adjusted EBITDA	\$ 129,742	(25,937)	—	\$ 103,805	\$ 138,247	(22,564)	—	\$ 115,683

⁽ⁱ⁾ 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.

⁽ⁱⁱ⁾ Totals may not add due to rounding.

	Six months ended June 30, 2021				Six months ended June 30, 2020			
	Meat Protein Group	Plant Protein Group	Non-Allocated ⁽ⁱ⁾	Total ⁽ⁱⁱ⁾	Meat Protein Group	Plant Protein Group	Non-Allocated ⁽ⁱ⁾	Total ⁽ⁱⁱ⁾
Sales	\$2,131,171	90,681	(9,908)	\$2,211,944	\$2,021,737	106,968	(11,364)	\$2,117,341
Gross profit	\$ 333,139	409	(4,938)	\$ 328,610	\$ 333,886	14,642	(53,855)	\$ 294,673
Selling, general and administrative expenses	\$ 168,253	58,551	—	\$ 226,804	\$ 171,752	64,982	—	\$ 236,734
Earnings (loss) before income taxes	\$ 162,914	(58,308)	(24,496)	\$ 80,110	\$ 160,989	(50,363)	(76,473)	\$ 34,153
Interest expense and other financing costs	—	—	10,679	10,679	—	—	15,960	15,960
Other (income) expense	(886)	166	8,879	8,159	(193)	23	6,658	6,488
Restructuring and other related costs	2,858	—	—	2,858	1,338	—	—	1,338
Earnings (loss) from operations	\$ 164,886	(58,142)	(4,938)	\$ 101,806	\$ 162,134	(50,340)	(53,855)	\$ 57,939
Decrease in fair value of biological assets	—	—	13,409	13,409	—	—	41,335	41,335
Unrealized (gain) loss on derivative contracts	—	—	(8,471)	(8,471)	—	—	12,519	12,519
Adjusted Operating Earnings	\$ 164,886	(58,142)	—	\$ 106,744	\$ 162,134	(50,340)	—	\$ 111,793
Depreciation and amortization	91,247	7,408	—	98,655	86,990	7,254	—	94,244
Items included in other (expense) income representative of ongoing operations	(3,130)	(166)	—	(3,296)	193	(23)	—	170
Adjusted EBITDA	\$ 253,003	(50,900)	—	\$ 202,103	\$ 249,318	(43,109)	—	\$ 206,207

⁽ⁱ⁾ 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.

⁽ⁱⁱ⁾ Totals may not add due to rounding.

The following summarizes capital expenditures by segments:

	Three months ended June 30,		Six months ended June 30,	
	2021	2020	2021	2020
Meat Protein Group	\$ 147,983	\$ 90,856	\$ 292,286	\$ 180,331
Plant Protein Group	15,841	4,335	53,859	7,579
Non-allocated capital expenditures	2,954	6,833	5,345	13,279
Total capital expenditures	\$ 166,778	\$ 102,024	\$ 351,490	\$ 201,189

Information About Geographic Areas

The following summarizes sales by country of origin:

	Three months ended June 30,		Six months ended June 30,	
	2021	2020	2021	2020
Canada	\$ 842,523	\$ 757,866	\$ 1,613,623	\$ 1,497,885
U.S.	141,571	132,299	265,972	245,742
Japan	105,959	118,606	205,141	215,056
China	2,883	53,834	7,630	97,004
Other	65,925	31,969	119,578	61,654
Sales	\$ 1,158,861	\$ 1,094,574	\$ 2,211,944	\$ 2,117,341

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

	As at June 30, 2021	As at June 30, 2020	As at December 31, 2020
Canada	\$ 2,795,602	\$ 2,371,864	\$ 2,558,886
U.S.	428,573	412,516	391,538
Other	1,105	375	205
Total non-current assets⁽ⁱ⁾	\$ 3,225,280	\$ 2,784,755	\$ 2,950,629

⁽ⁱ⁾ Excludes financial instruments, employee benefits and deferred tax assets.

Information About Major Customers

For the three months ended June 30, 2021, the Company reported Meat and Plant Protein sales to two customers representing 11.9% and 11.1% (2020: 12.5% and 10.7%) of total sales. No other sales were made to any one customer that represented in excess of 10.0% of total sales.

For the six months ended June 30, 2021, the Company reported Meat and Plant Protein sales to two customers representing 12.3% and 11.5% (2020: 12.4% and 11.0%) of total sales. No other sales were made to any one customer that represented in excess of 10.0% of total sales.

14. RELATED PARTY TRANSACTIONS

The Company sponsors a number of defined benefit, defined contribution and post-retirement benefit plans. During the three and six months ended June 30, 2021, the Company contributed \$13.4 million and \$21.0 million (2020: \$7.6 million and \$14.8 million) to these plans.

The Company's largest shareholder is McCain Capital Inc. ("MCI"). The Company has been informed that Mr. Michael H. McCain, Chief Executive Officer and President of the Company, is the controlling shareholder of MCI. For the three and six months ended June 30, 2021, the Company received services from MCI in the amount of \$0.0 million and \$0.0 million (2020: \$0.1 million and \$0.1 million), which represented the market value of the transactions with MCI. As at June 30, 2021, \$0.0 million (June 30, 2020: \$0.1 million; December 31, 2020: \$0.0 million) was owed to MCI relating to these transactions.

McCain Financial Advisory Services ("MFAS"), is an entity jointly controlled by individuals including Mr. Michael H. McCain. For the three and six months ended June 30, 2021 and 2020, the Company provided services to and received from, MFAS for a nominal amount which represented the market value of the transactions.

15. BUSINESS COMBINATIONS

(a) 2021 Acquisition

On June 25, 2021, the Company completed the acquisition of a poultry processing facility and associated supply from Certm Inc. (formerly Cericola Farms Inc.), a privately held Canadian company for total consideration of \$60.2 million (cash due at closing: \$40.0 million; 2018 deposit \$20.2 million) prior to any working capital adjustments. This acquisition concludes the purchase and sale agreement dated June 27, 2018 pursuant to which the Company previously acquired two poultry plants and associated supply, with a put/call option to purchase a third processing facility. The Company has financed the transaction using a combination of cash on hand and drawings on existing credit facilities. The acquisition has been accounted for as a business combination.

No goodwill is expected to be recorded on the transaction.

The Company has not yet finalized the amounts recorded for the acquisition.

The preliminary fair value of the consideration transferred for the poultry processing facility and associated poultry supply consists of the following:

	Consideration June 25, 2021
Purchase price paid upon closing of the put option	\$ 40,000
Cash deposit prepaid in the year ended December 31, 2018	20,185
Working capital and other adjustments	151
Total consideration paid in cash	\$ 60,336

The preliminary fair values of the assets acquired and liabilities recognized at the date of acquisition are as follows:

	<u>Preliminary amounts</u>	
	<u>June 25, 2021</u>	
Current assets		
Accounts receivable ⁽ⁱ⁾	\$	1,339
Prepaid and other assets		70
Non-current assets		
Property and equipment		13,651
Intangible assets		46,155
Current liabilities		
Accounts payable and accruals		(879)
Total net assets acquired	\$	60,336

⁽ⁱ⁾ *Pertain to trade receivables for which contractual cash flows not expected to be collected are not significant.*

(b) Transaction Costs

During the three months ended June 30, 2021, the Company recorded transaction costs of \$0.1 million (2020: \$0.0 million) that have been excluded from the consideration paid and have been recognized as an expense in other expense.

During the six months ended June 30, 2021, the Company recorded transaction costs of \$0.1 million (2020: \$0.0 million) that have been excluded from the consideration paid and have been recognized as an expense in other expense.