

# Consolidated Interim Financial Statements

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# Consolidated Interim Balance Sheets

<i>(In thousands of Canadian dollars)</i> <i>(Unaudited)</i>	<i>Notes</i>	<b>As at September 30, 2021</b>	<b>As at September 30, 2020</b>	<b>As at December 31, 2020</b>
<b>ASSETS</b>				
<i>(Audited)</i>				
<b>Current assets</b>				
Cash and cash equivalents		\$ 73,468	\$ 178,190	\$ 100,828
Accounts receivable	3	200,544	136,827	159,750
Notes receivable	3	69,455	32,107	31,550
Inventories	4	432,502	401,339	398,070
Biological assets	5	131,257	121,828	125,648
Income taxes recoverable		1,830	—	1,830
Prepaid expenses and other assets		34,373	50,156	64,517
Assets held for sale		—	734	575
		<b>\$ 943,429</b>	<b>\$ 921,181</b>	<b>\$ 882,768</b>
Property and equipment		2,110,055	1,576,653	1,721,487
Right-of-use assets		173,879	230,771	222,705
Investments		22,731	16,398	15,910
Other long-term assets		9,304	10,121	9,568
Deferred tax asset		31,822	5,900	14,070
Goodwill		651,295	661,599	652,501
Intangible assets		374,066	351,587	341,196
Total assets		<b>\$ 4,316,581</b>	<b>\$ 3,774,210</b>	<b>\$ 3,860,205</b>
<b>LIABILITIES AND EQUITY</b>				
<b>Current liabilities</b>				
Accounts payable and accruals		\$ 531,703	\$ 468,113	\$ 501,529
Current portion of provisions	6	773	2,710	1,529
Current portion of long-term debt	7	5,279	937	900
Current portion of lease obligations		38,664	41,797	79,601
Income taxes payable		31,592	3,482	27,639
Other current liabilities		56,966	35,572	55,849
		<b>\$ 664,977</b>	<b>\$ 552,611</b>	<b>\$ 667,047</b>
Long-term debt	7	1,157,736	712,147	745,048
Lease obligations		149,475	207,072	160,636
Employee benefits		91,063	183,563	188,946
Provisions	6	44,504	43,773	44,230
Other long-term liabilities		4,742	18,303	11,918
Deferred tax liability		137,030	117,622	109,916
Total liabilities		<b>\$ 2,249,527</b>	<b>\$ 1,835,091</b>	<b>\$ 1,927,741</b>
<b>Shareholders' equity</b>				
Share capital	8	\$ 847,013	\$ 845,986	\$ 838,969
Retained earnings		1,234,975	1,121,233	1,124,973
Contributed surplus		11,694	8,708	5,866
Accumulated other comprehensive loss		(7,890)	(12,878)	(13,414)
Treasury stock		(18,738)	(23,930)	(23,930)
Total shareholders' equity		<b>\$ 2,067,054</b>	<b>\$ 1,939,119</b>	<b>\$ 1,932,464</b>
Total liabilities and equity		<b>\$ 4,316,581</b>	<b>\$ 3,774,210</b>	<b>\$ 3,860,205</b>

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 September 30,		Nine months ended September 30,	
		2021	2020	2021	2020
Sales		\$ 1,188,643	\$ 1,057,169	\$ 3,400,587	\$ 3,174,510
Cost of goods sold		1,000,485	829,055	2,883,819	2,651,723
Gross profit		\$ 188,158	\$ 228,114	\$ 516,768	\$ 522,787
Selling, general and administrative expenses		120,263	127,165	347,067	363,899
Earnings before the following:		\$ 67,895	\$ 100,949	\$ 169,701	\$ 158,888
Restructuring and other related costs	6	840	1,732	3,698	3,070
Other (income) expense		(965)	1,378	7,194	7,866
Earnings before interest and income taxes		\$ 68,020	\$ 97,839	\$ 158,809	\$ 147,952
Interest expense and other financing costs	10	5,683	7,474	16,362	23,434
Earnings before income taxes		\$ 62,337	\$ 90,365	\$ 142,447	\$ 124,518
Income tax expense		17,858	24,389	41,502	36,595
Net earnings		\$ 44,479	\$ 65,976	\$ 100,945	\$ 87,923
Earnings per share attributable to common shareholders:	11				
Basic earnings per share		\$ 0.36	\$ 0.54	\$ 0.82	\$ 0.72
Diluted earnings per share		\$ 0.35	\$ 0.53	\$ 0.80	\$ 0.71
Weighted average number of shares (millions):	11				
Basic		123.5	123.2	123.4	123.2
Diluted		125.5	124.6	125.7	124.3

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>	<b>Three months ended September 30,</b>		<b>Nine months ended September 30,</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
Net earnings	\$ 44,479	\$ 65,976	\$ 100,945	\$ 87,923
Other comprehensive income (loss)				
Actuarial gains (losses) that will not be reclassified to profit or loss (Net of tax of \$0.9 million and \$25.8 million; 2020: \$0.2 million and \$15.4 million)	\$ 2,556	\$ (677)	\$ 75,717	\$ (44,963)
Items that are or may be reclassified subsequently to profit or loss:				
Change in fair value of investments (Net of tax of \$1.0 million and \$1.0 million; 2020: \$0.0 million and \$0.0 million)	\$ 2,945	\$ —	\$ 2,945	\$ —
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)	6,267	(4,885)	(3,883)	8,652
Change in foreign exchange on long-term debt designated as a net investment hedge (Net of tax of \$1.1 million and \$0.4 million; 2020: \$0.8 million and \$1.2 million)	(5,456)	4,413	1,826	(6,887)
Change in cash flow hedges (Net of tax of \$0.7 million and \$1.7 million; 2020: \$0.5 million and \$6.1 million)	(2,157)	1,383	4,636	(17,436)
Total items that are or may be reclassified subsequently to profit or loss	\$ 1,599	\$ 911	\$ 5,524	\$ (15,671)
Total other comprehensive income (loss)	\$ 4,155	\$ 234	\$ 81,241	\$ (60,634)
Comprehensive income	\$ 48,634	\$ 66,210	\$ 182,186	\$ 27,289

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) <sup>(i)</sup>			Treasury stock	Total equity
					Foreign currency translation adjustment	Unrealized gains and losses on cash flow hedges	Unrealized gains on fair value of investments		
<b>Balance at December 31, 2020</b>		\$ 838,969	1,124,973	5,866	3,002	(16,416)	—	(23,930)	\$1,932,464
Net earnings		—	100,945	—	—	—	—	—	100,945
Other comprehensive income (loss) <sup>(ii)</sup>		—	75,717	—	(2,057)	4,636	2,945	—	81,241
Dividends declared (\$0.54 per share)		—	(66,660)	—	—	—	—	—	(66,660)
Share-based compensation expense	12	—	—	17,738	—	—	—	—	17,738
Deferred taxes on share-based compensation		—	—	(450)	—	—	—	—	(450)
Exercise of stock options		8,711	—	—	—	—	—	—	8,711
Settlement of share-based compensation		—	—	(9,679)	—	—	—	5,192	(4,487)
Change in obligation for repurchase of shares	8	(667)	—	(1,781)	—	—	—	—	(2,448)
<b>Balance at September 30, 2021</b>		\$ 847,013	1,234,975	11,694	945	(11,780)	2,945	(18,738)	\$2,067,054

(In thousands of Canadian dollars) (Unaudited)	Notes	Share capital	Retained earnings	Contributed surplus	Accumulated other comprehensive income (loss) <sup>(i)</sup>			Treasury stock	Total equity
					Foreign currency translation adjustment	Unrealized gains and losses on cash flow hedges	Unrealized gains on fair value of investments		
Balance at December 31, 2019		\$ 840,005	1,137,450	—	4,274	(1,481)	—	(30,378)	\$1,949,870
Net earnings		—	87,923	—	—	—	—	—	87,923
Other comprehensive income (loss) <sup>(ii)</sup>		—	(44,963)	—	1,765	(17,436)	—	—	(60,634)
Dividends declared (\$0.48 per share)		—	(59,177)	—	—	—	—	—	(59,177)
Share-based compensation expense	12	—	—	12,161	—	—	—	—	12,161
Deferred taxes on share-based compensation		—	—	400	—	—	—	—	400
Exercise of stock options		1,012	—	—	—	—	—	—	1,012
Settlement of share-based compensation		—	—	(9,738)	—	—	—	6,448	(3,290)
Change in obligation for repurchase of shares		4,969	—	5,885	—	—	—	—	10,854
<b>Balance at September 30, 2020</b>		\$ 845,986	1,121,233	8,708	6,039	(18,917)	—	(23,930)	\$1,939,119

<sup>(i)</sup> Items that are or may be subsequently reclassified to profit or loss.

<sup>(ii)</sup> 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 September 30,		Nine months ended September 30,	
	Notes	2021	2020 <sup>(i)</sup>	2021	2020 <sup>(i)</sup>
<b>CASH PROVIDED BY (USED IN):</b>					
<b>Operating activities</b>					
Net earnings		\$ 44,479	\$ 65,976	\$ 100,945	\$ 87,923
Add (deduct) items not affecting cash:					
Change in fair value of biological assets	5	(6,630)	(40,176)	6,779	1,159
Depreciation and amortization		47,800	48,699	148,201	145,242
Share-based compensation	12	8,509	4,320	17,738	12,161
Deferred income taxes		(7,824)	19,432	(17,694)	12,535
Income tax current		25,682	4,957	59,196	24,060
Interest expense and other financing costs	10	5,683	7,474	16,362	23,434
Loss (gain) on sale of long-term assets		1,226	(2,724)	1,919	(2,158)
Asset impairment		—	(18)	436	1,554
Change in fair value of non-designated derivatives		6,042	(23,693)	(2,375)	(11,027)
Change in net pension obligation		3,620	2,059	3,594	6,478
Net income taxes paid		(10,545)	(12,807)	(57,248)	(21,151)
Interest paid, net of capitalized interest	10	(5,373)	(8,536)	(16,766)	(23,108)
Change in provision for restructuring and other related costs	6	(156)	(90)	(224)	(2,776)
Change in derivatives margin		4,888	19,194	4,492	7,400
Other		(4,631)	3,386	(5,989)	4,905
Change in non-cash operating working capital		23,994	47,749	(122,865)	(30,087)
Cash provided by operating activities		\$ 136,764	\$ 135,202	\$ 136,501	\$ 236,544
<b>Investing activities</b>					
Additions to long-term assets		\$ (136,346)	\$ (75,167)	\$ (458,586)	\$ (253,085)
Interest paid and capitalized	10	(5,916)	(2,235)	(14,525)	(5,246)
Acquisition of business	15	(1,777)	—	(41,928)	—
Proceeds from sale of long-term assets		—	36,846	768	36,854
Purchase of investments		(3,184)	(100)	(3,184)	(14,053)
Proceeds from legal settlement		20,822	—	20,822	—
Cash used in investing activities		\$ (126,401)	\$ (40,656)	\$ (496,633)	\$ (235,530)
<b>Financing activities</b>					
Dividends paid		\$ (22,285)	\$ (19,871)	\$ (66,660)	\$ (59,177)
Net increase in long-term debt	7	29,333	1,018	419,055	165,740
Payment of lease obligation		(9,125)	(8,971)	(27,806)	(27,085)
Exercise of stock options		6,782	239	8,711	1,012
Payment of financing fees		(478)	—	(528)	(599)
Cash provided by (used in) financing activities		\$ 4,227	\$ (27,585)	\$ 332,772	\$ 79,891
<b>Increase (decrease) in cash and cash equivalents</b>		<b>\$ 14,590</b>	<b>\$ 66,961</b>	<b>\$ (27,360)</b>	<b>\$ 80,905</b>
Cash and cash equivalents, beginning of period		58,878	111,229	100,828	97,285
Cash and cash equivalents, end of period		\$ 73,468	\$ 178,190	\$ 73,468	\$ 178,190

<sup>(i)</sup> 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 Nine Months Ended September 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 nine months ended September 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 nine months ended September 30, 2021 as described below.

The Consolidated Interim Financial Statements were authorized for issue by the Board of Directors on November 3, 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 Company's Consolidated Financial Statements.

### (c) Accounting Pronouncements Issued But Not Yet Effective

#### *Onerous Contracts - Cost of Fulfilling a Contract*

On May 14, 2020, the IASB issued an amendment to IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*. The amendment specifies that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to the contract can either be incremental costs of fulfilling that contract or an allocation of other costs that relate directly to fulfilling that contract. The amendment is effective on January 1, 2022 and is to be applied prospectively. The extent of the impact of the adoption of the amendment has not yet been determined.

#### *Annual Improvements to IFRS (2018-2020) Cycle*

On May 14, 2020, the IASB issued narrow-scope amendments to three standards as part of its annual improvement process. Amendments were made to clarify which fees an entity includes when it applies the '10 per cent' test in assessing whether to derecognize a financial liability in accordance with IFRS 9. The amendments also remove the requirement in IAS 41 *Agriculture* for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique. Lastly, an amendment was made to IFRS 1 *First-time Adoption of International Financial Reporting Standards* for subsidiaries as a first-time adopter. These amendments are effective on January 1, 2022 and are to be applied prospectively. 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 classify current and non-current liabilities. The amendment serves to address whether debt and other liabilities with an uncertain settlement date should be classified as current or non-current in the consolidated balance sheets. This amendment is effective on January 1, 2023. The Company intends to adopt this amendment in its Consolidated Financial Statements for the annual period beginning January 1, 2023. The extent of the impact of the adoption of this amendment has not yet been determined.

*Definition of Accounting Estimates (Amendments to IAS 8)*

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

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

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

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

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

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

**3. ACCOUNTS RECEIVABLE**

	As at September 30, 2021	As at September 30, 2020	As at December 31, 2020
Trade receivables	\$ 170,697	\$ 104,874	\$ 116,297
Less: Allowance for doubtful accounts	(2,315)	(2,293)	(2,080)
Net trade receivables	\$ 168,382	\$ 102,581	\$ 114,217
Other receivables:			
Commodity taxes receivable	16,326	13,552	17,590
Government receivable	4,838	9,762	11,424
Other	10,998	10,932	16,519
	\$ 200,544	\$ 136,827	\$ 159,750

The aging of trade receivables is as follows:

	As at September 30, 2021	As at September 30, 2020	As at December 31, 2020
Current	\$ 138,366	\$ 78,030	\$ 90,983
Past due 0-30 days	24,947	18,138	19,658
Past due 31-60 days	2,664	2,058	2,266
Past due > 60 days	4,720	6,648	3,390
	\$ 170,697	\$ 104,874	\$ 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 (September 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 September 30, 2021, trade accounts receivable being serviced under this program amounted to \$168.7 million (September 30, 2020: \$150.5 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 (September 30, 2020: \$118.4 million; December 31, 2020: \$103.2 million) and notes receivable in the amount of \$48.7 million (September 30, 2020: \$32.1 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 September 30, 2021, the Company recorded a net receivable in the amount of \$20.8 million (September 30, 2020: \$24.1 million net payable; December 31, 2020: \$16.8 million net payable) in notes receivables (September 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 September 30, 2021 and 2020 and the 2020 annual audited consolidated balance sheets as at December 31, 2020.

#### 4. INVENTORIES

	As at September 30, 2021	As at September 30, 2020	As at December 31, 2020
Raw materials	\$ 69,818	\$ 66,021	\$ 69,594
Work in process	39,978	37,745	33,149
Finished goods	239,575	217,161	217,041
Packaging	21,816	24,246	21,212
Spare parts	61,315	56,166	57,074
	<b>\$ 432,502</b>	<b>\$ 401,339</b>	<b>\$ 398,070</b>

For the three months ended September 30, 2021, inventory in the amount of \$948.7 million (2020: \$781.2 million) was expensed through cost of goods sold.

For the nine months ended September 30, 2021, inventory in the amount of \$2,669.1 million (2020: \$2,363.7 million) was expensed through cost of goods sold.

As at September 30, 2021, inventories have been reduced by \$9.1 million (September 30, 2020: \$8.8 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 September 30, 2021 was a gain of \$6.6 million (2020: gain of \$40.2 million) and was recorded in cost of goods sold.

The change in fair value of commercial hog stock for the nine months ended September 30, 2021 was a loss of \$6.8 million (2020: loss of \$1.2 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 nine months ended September 30, 2021 and September 30, 2020.

## 6. PROVISIONS

	Restructuring and related provisions				Total
	Legal	Environmental	Severance and other employee related costs	Site closing and other cash costs	
<b>Balance at December 31, 2020<sup>(i)</sup></b>	\$ 739	2,621	42,338	61	\$ 45,759
Charges	—	—	1,009	—	1,009
Reversals	—	(140)	(313)	—	(453)
Cash payments	—	(8)	(607)	(49)	(664)
<b>Balance at March 31, 2021</b>	\$ 739	2,473	42,427	12	\$ 45,651
Charges	—	—	717	37	754
Reversals	(89)	—	(340)	—	(429)
Cash payments	—	(13)	(522)	—	(535)
<b>Balance at June 30, 2021</b>	\$ 650	2,460	42,282	49	\$ 45,441
Charges	—	—	562	—	562
Reversals	—	—	(543)	—	(543)
Cash payments	—	(8)	(175)	—	(183)
<b>Balance at September 30, 2021</b>	\$ 650	2,452	42,126	49	\$ 45,277
Current					\$ 773
Non-current					44,504
<b>Total at September 30, 2021</b>					\$ 45,277

<sup>(i)</sup> 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
Charges	—	—	793	84	877
Reversals	—	—	(104)	—	(104)
Cash payments	—	(1)	(654)	(84)	(739)
Balance at September 30, 2020	\$ 739	2,632	43,036	76	\$ 46,483
Current					\$ 2,710
Non-current					43,773
Total at September 30, 2020					\$ 46,483

### Restructuring and Other Related Costs

During the three months ended September 30, 2021, the Company recorded restructuring and other related costs of \$0.8 million (2020: \$1.7 million). This amount related to accelerated depreciation as a result of the previously announced future closures of the Brampton, Toronto and St. Mary's poultry plants. During the three months ended September 30, 2020, the amount consisted of accelerated depreciation of \$1.0 million, and severance and other employee costs of \$0.6 million as a result of the same announced closures. The remaining amount of \$0.1 million in 2020 was related to employee related costs for other organizational restructuring initiatives.

During the nine months ended September 30, 2021, the Company recorded restructuring and other related costs of \$3.7 million (2020: \$3.1 million). Of this amount, \$2.6 million (2020: \$3.3 million) related to accelerated depreciation and \$0.7 million (2020: reversals of \$0.3 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: \$0.1 million) related to employee related costs for other organizational restructuring initiatives.

### 7. LONG-TERM DEBT

	As at September 30, 2021	As at September 30, 2020	As at December 31, 2020
Revolving line of credit	\$ 470,000	\$ —	\$ 50,000
U.S. term credit	335,318	354,623	337,544
Canadian term credit	350,000	350,000	350,000
Government loans	7,697	8,461	8,404
<b>Total long-term debt</b>	<b>\$ 1,163,015</b>	<b>\$ 713,084</b>	<b>\$ 745,948</b>
Current	\$ 5,279	\$ 937	\$ 900
Non-current	1,157,736	712,147	745,048
<b>Total long-term debt</b>	<b>\$ 1,163,015</b>	<b>\$ 713,084</b>	<b>\$ 745,948</b>

The Company has a syndicated credit facility (the "Credit Facility") consisting of a \$1,300.0 million unsecured committed revolving line of credit maturing April 30, 2024 and two unsecured committed term credit facilities for US\$265.0 million and \$350.0 million maturing April 30, 2024 and April 30, 2023, respectively. The Credit Facility can be drawn in Canadian or U.S. dollars and bears interest payable

monthly, based on Banker's Acceptance and Prime rates for Canadian dollar loans and the London Inter-bank Offered Rate ("Libor") for U.S. dollar loans. The Credit Facility is intended to meet the Company's funding requirements for capital investments in addition to providing appropriate levels of liquidity for general corporate purposes. On December 11, 2019, the Company amended the Credit Facility to reduce interest paid upon achievement of certain sustainability targets. Subsequent to the issuance of the Company's 2020 Sustainability Report, the Company successfully achieved these sustainability targets. This reduction will take effect in the fourth quarter of 2021. There is no penalty for not achieving the targets. In addition to term credit, as at September 30, 2021 the Company had drawn letters of credit of \$8.1 million on the Credit Facility (September 30, 2020: \$6.7 million; December 31, 2020: \$6.4 million).

The Credit Facility requires the maintenance of certain covenants. As at September 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 (September 30, 2020: \$125.0 million; December 31, 2020: \$125.0 million). As at September 30, 2021, \$66.8 million in letters of credit had been issued thereon (September 30, 2020: \$78.5 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 (September 30, 2020: 0.0% to 2.9%; December 31, 2020: 0.0% to 2.9%). These specific facilities are repayable over various terms and are maturing from 2022 to 2032. As at September 30, 2021, \$7.7 million (September 30, 2020: \$8.5 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 September 30,		Nine months ended September 30,	
	2021	2020	2021	2020
<b>Total long-term debt, beginning of period</b>	<b>\$ 1,127,100</b>	<b>\$ 717,910</b>	<b>\$ 745,948</b>	<b>\$ 539,328</b>
Revolving and term credit facilities - net drawings	\$ 30,000	\$ —	\$ 420,000	\$ 165,000
Government loans - new issuance	—	1,684	—	1,684
Government loans - repayments	(667)	(666)	(945)	(944)
<b>Total cash flow from long-term debt financing activities</b>	<b>\$ 29,333</b>	<b>\$ 1,018</b>	<b>\$ 419,055</b>	<b>\$ 165,740</b>
Foreign exchange revaluation	\$ 6,506	\$ (5,539)	\$ (2,226)	\$ 8,162
Other non-cash changes	76	(305)	238	(146)
<b>Total non-cash changes</b>	<b>\$ 6,582</b>	<b>\$ (5,844)</b>	<b>\$ (1,988)</b>	<b>\$ 8,016</b>
<b>Total long-term debt, end of period</b>	<b>\$ 1,163,015</b>	<b>\$ 713,084</b>	<b>\$ 1,163,015</b>	<b>\$ 713,084</b>

## 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 nine months ended September 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. Under this bid, during the nine months ended September 30, 2021, no shares were purchased for cancellation. During the three and nine months ended September 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 nine months ended September 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 September 30, 2021, an obligation for the

repurchase of shares of \$32.3 million (September 30, 2020: \$14.5 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 September 30 are shown below:

	2021			2020		
	Notional amount <sup>(i)</sup>	Fair value		Notional amount <sup>(i)</sup>	Fair value	
		Asset <sup>(ii)</sup>	Liability <sup>(ii)</sup>		Asset <sup>(ii)</sup>	Liability <sup>(ii)</sup>
<b>Cash flow hedges</b>						
Foreign exchange contracts	\$ 14,340	\$ 8	\$ 220	\$ —	\$ —	\$ —
Interest rate swaps	\$ 470,318	—	11,023	\$ 488,020	—	20,948
		\$ 8	\$ 11,243		\$ —	\$ 20,948
<b>Fair value hedges<sup>(iii)</sup></b>						
Foreign exchange contracts	\$ 50,326	\$ 101	\$ 651	\$ 44,631	\$ 162	\$ 191
Commodity contracts	\$ 45,633	—	3,719	\$ 44,654	—	1,086
		\$ 101	\$ 4,370		\$ 162	\$ 1,277
<b>Derivatives not designated in a formal hedging relationship</b>						
Foreign exchange contracts	\$ 265,038	\$ 2,095	\$ 1,168	\$ 103,745	\$ 219	\$ 655
Commodity contracts	\$ 292,278	2,334	—	\$ 139,330	9,567	1,165
		\$ 4,429	\$ 1,168		\$ 9,786	\$ 1,820
<b>Total fair value</b>		\$ 4,538	\$ 16,781		\$ 9,948	\$ 24,045
Current <sup>(ii)(iv)(v)</sup>		\$ 4,538	\$ 12,039		\$ 9,948	\$ 9,659
Non-current <sup>(ii)</sup>		—	4,742		—	14,386
<b>Total fair value</b>		\$ 4,538	\$ 16,781		\$ 9,948	\$ 24,045

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

<sup>(ii)</sup> 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.

<sup>(iii)</sup> 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.

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

<sup>(v)</sup> As at September 30, 2021, the above fair value of current assets has been increased by \$2.2 million (September 30, 2020: decreased by \$7.4 million; December 31, 2020: increased by \$7.4 million), and the above fair value of current liabilities has been decreased by \$3.7 million (September 30, 2020: \$1.1 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 September 30, 2021, the Company recorded a pre-tax gain of \$0.3 million (2020: gain of \$11.2 million) on non-designated financial instruments held for trading.

During the nine months ended September 30, 2021, the Company recorded a pre-tax loss of \$9.2 million (2020: loss of \$29.1 million) on non-designated financial instruments held for trading.

During the three months ended September 30, 2021, the pre-tax amount of hedge ineffectiveness recognized in cost of goods sold was a gain of \$0.1 million (2020: gain of \$0.0 million).

During the nine months ended September 30, 2021, the pre-tax amount of hedge ineffectiveness recognized in cost of goods sold was a gain of \$0.1 million (2020: gain of \$0.1 million).

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

	Level 1	Level 2	Level 3	Total
<b>Assets:</b>				
Foreign exchange contracts	\$ —	2,204	—	\$ 2,204
Commodity contracts <sup>(i)</sup>	—	1,167	—	1,167
	\$ —	3,371	—	\$ 3,371
<b>Liabilities:</b>				
Foreign exchange contracts	\$ —	2,039	—	\$ 2,039
Commodity contracts <sup>(i)</sup>	2,552	—	—	2,552
Interest rate swaps	—	11,023	—	11,023
	\$ 2,552	13,062	—	\$ 15,614

<sup>(i)</sup> 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 nine months ended September 30, 2021 and September 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 \$4.8 million, net of tax of \$1.7 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 September 30, 2021, a gain of \$1.8 million, net of tax of \$0.6 million, was released to earnings from accumulated other comprehensive income (loss) and included in the net change for the year (2020: loss of \$1.2 million, net of tax of \$0.4 million).

During the nine months ended September 30, 2021, a gain of \$0.6 million, net of tax of \$0.2 million, was released to earnings from accumulated other comprehensive income (loss) and included in the net change for the year (2020: loss of \$2.3 million, net of tax of \$0.8 million).

As at September 30, 2021, the Company had US\$265.0 million (September 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 September 30, 2021, the loss on the net investment hedge recorded in other comprehensive income (loss) was \$5.5 million, net of tax of \$1.1 million (2020: gain of \$4.4 million, net of tax of \$0.8 million).

During the nine months ended September 30, 2021, the gain on the net investment hedge recorded in other comprehensive income (loss) was \$1.8 million, net of tax of \$0.4 million (2020: loss of \$6.9 million, net of tax of \$1.2 million).

**10. INTEREST EXPENSE AND OTHER FINANCING COSTS**

	Three months ended September 30,		Nine months ended September 30,	
	2021	2020	2021	2020
Interest on borrowings from credit facility	\$ 8,149	\$ 5,064	\$ 20,012	\$ 14,952
Interest on lease obligations	1,560	2,100	5,433	6,467
Interest on securitized receivables	313	674	809	2,127
Interest on government loans	76	60	237	236
Deferred finance charges	416	459	1,265	1,263
Credit facility standby fees and other interest	1,085	1,352	3,131	3,635
	\$ 11,599	\$ 9,709	\$ 30,887	\$ 28,680
Interest paid and capitalized	(5,916)	(2,235)	(14,525)	(5,246)
	\$ 5,683	\$ 7,474	\$ 16,362	\$ 23,434

Interest paid during the three and nine months ended September 30, 2021 was \$11.3 million and \$31.3 million (2020: \$10.8 million and \$28.4 million).

**11. EARNINGS PER SHARE**

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

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

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

	2021			2020		
	Net earnings	Weighted average number of shares <sup>(i)</sup>	EPS	Net earnings	Weighted average number of shares <sup>(i)</sup>	EPS
<i>Three months ended September 30,</i>						
Basic	\$ 44,479	123.5	\$ 0.36	\$ 65,976	123.2	\$ 0.54
Stock options <sup>(ii)</sup>		2.0			1.4	
Diluted	\$ 44,479	125.5	\$ 0.35	\$ 65,976	124.6	\$ 0.53
<i>Nine months ended September 30,</i>						
Basic	\$ 100,945	123.4	\$ 0.82	\$ 87,923	123.2	\$ 0.72
Stock options <sup>(ii)</sup>		2.3			1.1	
Diluted	\$ 100,945	125.7	\$ 0.80	\$ 87,923	124.3	\$ 0.71

<sup>(i)</sup> In millions.

<sup>(ii)</sup> Excludes the effect of approximately 3.4 million (2020: 2.4 million) options and performance shares that are anti-dilutive for the three months ended September 30, 2021 and 3.4 million (2020: 2.4 million) for the nine months ended September 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 nine months ended September 30 are presented below:

	2021		2020	
	Options outstanding	Weighted average exercise price	Options outstanding	Weighted average exercise price
<b>Outstanding at January 1</b>	<b>5,889,550</b>	<b>\$ 25.48</b>	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
<b>Outstanding at March 31</b>	<b>7,066,900</b>	<b>\$ 25.45</b>	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
<b>Outstanding at June 30</b>	<b>7,042,250</b>	<b>\$ 25.46</b>	5,878,550	\$ 25.47
Exercised	(334,400)	\$ 20.28	(11,800)	\$ 20.28
<b>Outstanding at September 30</b>	<b>6,707,850</b>	<b>\$ 25.72</b>	5,866,750	\$ 25.49
<b>Options currently exercisable</b>	<b>4,142,350</b>	<b>\$ 26.26</b>	3,539,875	\$ 25.40

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 nine months ended September 30, 2021 and 2020 are shown in the table below<sup>(i)</sup>:

	Nine months ended September 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) <sup>(ii)</sup>	4.5	4.5
Expected dividend yield	2.7%	2.8%
Risk-free interest rate <sup>(iii)</sup>	0.8%	1.1%

<sup>(i)</sup> Weighted average based on number of units granted.

<sup>(ii)</sup> Expected weighted average life.

<sup>(iii)</sup> Based on Government of Canada bonds.

There were no stock options granted during the three months ended September 30, 2021 and 2020. Expenses relating to current and prior year options were \$1.4 million (2020: \$1.1 million).

The fair value of options granted during the nine months ended September 30, 2021 was \$5.8 million (2020: \$4.4 million). Expenses relating to current and prior year options were \$3.9 million (2020: \$3.4 million).



### Restricted Share Units and Performance Share Units

A summary of the status of the Company's Restricted Share Units ("RSUs") plans (including Performance Share Units ("PSUs")) as at and for the nine months ended September 30 are presented below:

	2021		2020	
	RSUs outstanding	Weighted average fair value at grant	RSUs outstanding	Weighted average fair value at grant
<b>Outstanding at January 1</b>	<b>1,550,135</b>	<b>\$ 24.99</b>	1,245,915	\$ 28.80
Granted	<b>548,050</b>	<b>\$ 24.12</b>	672,360	\$ 20.80
Forfeited	<b>(4,760)</b>	<b>\$ 23.45</b>	—	\$ —
<b>Outstanding at March 31</b>	<b>2,093,425</b>	<b>\$ 24.76</b>	1,918,275	\$ 25.99
Distributed	<b>(319,791)</b>	<b>\$ 30.61</b>	(329,381)	\$ 30.26
Forfeited	<b>(54,933)</b>	<b>\$ 27.98</b>	(60,922)	\$ 28.97
<b>Outstanding at June 30</b>	<b>1,718,701</b>	<b>\$ 23.57</b>	1,527,972	\$ 24.96
Granted	<b>24,760</b>	<b>\$ 24.79</b>	14,220	\$ 26.73
Forfeited	<b>(1,040)</b>	<b>\$ 24.12</b>	(2,630)	\$ 23.23
<b>Outstanding September 30</b>	<b>1,742,421</b>	<b>\$ 23.59</b>	1,539,562	\$ 24.95

The fair value of RSUs and PSUs granted during the three months ended September 30, 2021 was \$0.5 million (2020: \$0.3 million). Expenses for the three months ended September 30, 2021 relating to current and prior year RSUs and PSUs, were \$6.7 million (2020: \$2.8 million).

The fair value of RSUs and PSUs granted during the nine months ended September 30, 2021 was \$11.9 million (2020: \$12.4 million). Expenses for the nine months ended September 30, 2021 relating to current and prior year RSUs and PSUs, were \$13.0 million (2020: \$7.7 million).

The key assumptions used in the valuation of fair value of RSUs granted during the nine months ended September 30, 2021 and 2020 are shown in the table below<sup>(i)</sup>:

	2021	2020
Expected RSU life (in years)	<b>3.1</b>	3.2
Forfeiture rate	<b>13.8%</b>	13.7%
Risk-free interest rate <sup>(ii)</sup>	<b>0.5%</b>	1.1%

<sup>(i)</sup> Weighted average based on number of units granted.

<sup>(ii)</sup> Based on Government of Canada bonds.

### Director Share Units

Expenses for the three and nine months ended September 30, 2021 relating to director share units were \$0.4 million and \$0.8 million (2020: \$0.4 million and \$1.1 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 nine months ended September 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, 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.
- (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 September 30, 2021				Three months ended September 30, 2020			
	Meat Protein Group	Plant Protein Group	Non-Allocated <sup>(i)</sup>	Total <sup>(ii)</sup>	Meat Protein Group	Plant Protein Group	Non-Allocated <sup>(i)</sup>	Total <sup>(ii)</sup>
<b>Sales</b>	\$1,150,338	47,967	(9,662)	\$1,188,643	\$1,014,423	51,369	(8,624)	\$1,057,169
<b>Gross profit</b>	\$ 191,483	(3,263)	(62)	\$ 188,158	\$ 160,649	3,391	64,073	\$ 228,114
<b>Selling, general and administrative expenses</b>	\$ 85,859	34,404	—	\$ 120,263	\$ 80,655	46,509	—	\$ 127,165
<b>Earnings (loss) before income taxes</b>	\$ 105,345	(37,857)	(5,151)	\$ 62,337	\$ 79,829	(43,165)	53,701	\$ 90,365
Interest expense and other financing costs	—	—	5,683	5,683	—	—	7,474	7,474
Other (income) expense	(561)	190	(594)	(965)	(1,567)	47	2,898	1,378
Restructuring and other related costs	840	—	—	840	1,732	—	—	1,732
<b>Earnings (loss) from operations</b>	\$ 105,624	(37,667)	(62)	\$ 67,895	\$ 79,994	(43,118)	64,073	\$ 100,949
Change in fair value of biological assets	—	—	(6,630)	(6,630)	—	—	(40,176)	(40,176)
Unrealized loss (gain) on derivative contracts	—	—	6,692	6,692	—	—	(23,896)	(23,896)
<b>Adjusted Operating Earnings</b>	\$ 105,624	(37,667)	—	\$ 67,957	\$ 79,994	(43,118)	—	\$ 36,876
Depreciation and amortization	43,112	3,915	—	47,027	44,099	3,599	—	47,699
Items included in other income (expense) representative of ongoing operations	562	(191)	—	371	(1,490)	(47)	(469)	(2,007)
<b>Adjusted EBITDA</b>	\$ 149,298	(33,943)	—	\$ 115,355	\$ 122,603	(39,565)	(469)	\$ 82,568

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

<sup>(ii)</sup> Totals may not add due to rounding.

	Nine months ended September 30, 2021				Nine months ended September 30, 2020			
	Meat Protein Group	Plant Protein Group	Non-Allocated <sup>(i)</sup>	Total <sup>(ii)</sup>	Meat Protein Group	Plant Protein Group	Non-Allocated <sup>(i)</sup>	Total <sup>(ii)</sup>
<b>Sales</b>	\$3,281,509	138,648	(19,570)	\$3,400,587	\$3,036,160	158,337	(19,988)	\$3,174,510
<b>Gross profit</b>	\$ 524,622	(2,854)	(5,000)	\$ 516,768	\$ 494,535	18,033	10,218	\$ 522,787
<b>Selling, general and administrative expenses</b>	\$ 254,112	92,955	—	\$ 347,067	\$ 252,407	111,491	—	\$ 363,899
<b>Earnings (loss) before income taxes</b>	\$ 268,259	(96,165)	(29,647)	\$ 142,447	\$ 240,818	(93,528)	(22,772)	\$ 124,518
Interest expense and other financing costs	—	—	16,362	16,362	—	—	23,434	23,434
Other (income) expense	(1,447)	356	8,285	7,194	(1,760)	70	9,556	7,866
Restructuring and other related costs	3,698	—	—	3,698	3,070	—	—	3,070
<b>Earnings (loss) from operations</b>	\$ 270,510	(95,809)	(5,000)	\$ 169,701	\$ 242,128	(93,458)	10,218	\$ 158,888
Change in fair value of biological assets	—	—	6,779	6,779	—	—	1,159	1,159
Unrealized gain on derivative contracts	—	—	(1,779)	(1,779)	—	—	(11,377)	(11,377)
<b>Adjusted Operating Earnings</b>	\$ 270,510	(95,809)	—	\$ 174,701	\$ 242,128	(93,458)	—	\$ 148,670
Depreciation and amortization	134,359	11,323	—	145,682	131,089	10,853	—	141,942
Items included in other (expense) income representative of ongoing operations	(2,568)	(356)	—	(2,924)	(1,297)	(70)	(469)	(1,836)
<b>Adjusted EBITDA</b>	\$ 402,301	(84,842)	—	\$ 317,459	\$ 371,920	(82,675)	(469)	\$ 288,776

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

<sup>(ii)</sup> Totals may not add due to rounding.

The following summarizes capital expenditures by segments:

	Three months ended September 30,		Nine months ended September 30,	
	2021	2020	2021	2020
Meat Protein Group	\$ 128,277	\$ 92,699	\$ 420,563	\$ 273,030
Plant Protein Group	21,213	5,776	75,072	13,355
Non-allocated capital expenditures	3,455	4,520	8,800	17,799
<b>Total capital expenditures</b>	\$ 152,945	\$ 102,995	\$ 504,435	\$ 304,184

### Information About Geographic Areas

The following summarizes sales by country of origin:

	Three months ended September 30,		Nine months ended September 30,	
	2021	2020	2021	2020
Canada	\$ 879,827	\$ 789,439	\$ 2,493,450	\$ 2,287,324
U.S.	147,075	113,887	413,047	359,629
Japan	111,585	100,130	316,726	315,186
China	1,401	24,533	9,031	121,537
Other	48,755	29,180	168,333	90,834
<b>Sales</b>	\$ 1,188,643	\$ 1,057,169	\$ 3,400,587	\$ 3,174,510

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

	<b>As at September 30, 2021</b>	As at September 30, 2020	As at December 31, 2020
Canada	<b>\$ 2,865,924</b>	\$ 2,424,814	\$ 2,558,886
U.S.	<b>454,616</b>	408,642	391,538
Other	<b>1,048</b>	292	205
<b>Total non-current assets<sup>(i)</sup></b>	<b>\$ 3,321,588</b>	\$ 2,833,748	\$ 2,950,629

<sup>(i)</sup> Excludes financial instruments, investments designated as financial instruments, employee benefits, and deferred tax assets.

#### Information About Major Customers

For the three months ended September 30, 2021, the Company reported Meat and Plant Protein sales to two customers representing 11.9% and 10.7% (2020: 13.2% and 11.5%) of total sales. No other sales were made to any one customer that represented in excess of 10.0% of total sales.

For the nine months ended September 30, 2021, the Company reported Meat and Plant Protein sales to two customers representing 12.2% and 11.2% (2020: 12.7% and 11.1%) 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 nine months ended September 30, 2021, the Company contributed \$7.6 million and \$28.6 million (2020: \$7.5 million and \$22.3 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 nine months ended September 30, 2021, the Company received services from MCI in the amount of \$0.0 million and \$0.0 million (2020: \$0.0 million and \$0.1 million), which represented the market value of the transactions with MCI. As at September 30, 2021, September 30, 2020, and December 31, 2020, a nominal amount 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 nine months ended September 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:

	<b>Purchase Price June 25, 2021</b>
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	1,928
<b>Total consideration paid in cash</b>	<b>\$ 62,113</b>

During the third quarter of 2021 the Company recorded the following adjustments to the preliminary purchase price allocation:

	June 25, 2021		
	Preliminary amounts	Adjustments	Valuation as at September 30, 2021
<b>Current assets</b>			
Accounts receivable <sup>(i)</sup>	\$ 1,339	—	\$ 1,339
Prepaid and other assets	70	—	70
<b>Non-current assets</b>			
Property and equipment	13,651	—	13,651
Intangible assets	46,155	1,777	47,932
<b>Current liabilities</b>			
Accounts payable and accruals	(879)	—	(879)
<b>Total net assets acquired</b>	<b>\$ 60,336</b>	<b>1,777</b>	<b>\$ 62,113</b>

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

**(b) Transaction Costs**

During the three and nine months ended September 30, 2021, the Company recorded transaction costs pertaining to acquisitions of \$0.1 million that have been excluded from the consideration paid and have been recognized as an expense in other (income) expense.