MAPLE LEAF

MAPLE LEAF FOODS INC.

Financial Statements
For the First Quarter Ended
March 31, 2021

Consolidated Interim Financial Statements

Consolidated Interim Balance Sheets

(In thousands of Canadian dollars) *(Unaudited)*	***Notes***	**As at March 31, 2021**	As at March 31, 2020	As at December 31, 2020
ASSETS				*(Audited)*
Current assets				
Cash and cash equivalents		**$ 100,977**	$ 86,298	$ 100,828
Accounts receivable	***3***	**185,144**	173,064	159,750
Notes receivable	***3***	**47,414**	52,463	31,550
Inventories	***4***	**453,364**	414,095	398,070
Biological assets	***5***	**166,031**	104,866	125,648
Income taxes recoverable		**1,830**	—	1,830
Prepaid expenses and other assets		**89,064**	58,068	64,517
Assets held for sale		**—**	31,036	575
		$ 1,043,824	$ 919,890	$ 882,768
Property and equipment		**1,869,070**	1,451,025	1,721,487
Right-of-use assets		**221,467**	245,509	222,705
Investments		**15,566**	17,300	15,910
Other long-term assets		**9,136**	10,564	9,568
Deferred tax asset		**19,117**	—	14,070
Goodwill		**650,054**	669,442	652,501
Intangible assets		**334,192**	361,334	341,196
Total assets		**$ 4,162,426**	$ 3,675,064	$ 3,860,205
LIABILITIES AND EQUITY				
Current liabilities				
Accounts payable and accruals		**$ 552,126**	$ 419,314	$ 501,529
Current portion of provisions	***6***	**1,114**	4,413	1,529
Current portion of long-term debt	***7***	**913**	912	900
Current portion of lease obligations		**81,159**	42,717	79,601
Income taxes payable		**8,437**	—	27,639
Other current liabilities		**47,207**	52,980	55,849
		$ 690,956	$ 520,336	$ 667,047
Long-term debt	***7***	**965,459**	726,002	745,048
Lease obligations		**158,078**	219,880	160,636
Employee benefits		**94,601**	128,676	188,946
Provisions	***6***	**44,537**	42,674	44,230
Other long-term liabilities		**7,676**	18,153	11,918
Deferred tax liability		**149,031**	102,987	109,916
Total liabilities		**$ 2,110,338**	$ 1,758,708	$ 1,927,741
Shareholders' equity				
Share capital	***8***	**$ 845,287**	$ 844,161	$ 838,969
Retained earnings		**1,223,485**	1,106,952	1,124,973
Contributed surplus		**16,716**	8,778	5,866
Accumulated other comprehensive loss		**(9,470)**	(13,157)	(13,414)
Treasury stock		**(23,930)**	(30,378)	(23,930)
Total shareholders' equity		**$ 2,052,088**	$ 1,916,356	$ 1,932,464
Total liabilities and equity		**$ 4,162,426**	$ 3,675,064	$ 3,860,205

See accompanying Notes to the Consolidated Interim Financial Statements.

Consolidated Interim Statements of Net Earnings (Loss)

(In thousands of Canadian dollars, except share amounts)		**Three months ended March 31,**	
(Unaudited)	***Notes***	**2021**	2020
Sales		**$ 1,053,083**	$ 1,022,767
Cost of goods sold		**860,129**	895,408
Gross profit		**$ 192,954**	$ 127,359
Selling, general and administrative expenses		**115,880**	118,901
Earnings before the following:		**$ 77,074**	$ 8,458
Restructuring and other related costs (reversals)	***6***	**1,668**	(169)
Other expense		**4,542**	3,769
Earnings before interest and income taxes		**$ 70,864**	$ 4,858
Interest expense and other financing costs	***10***	**4,968**	7,892
Earnings (loss) before income taxes		**$ 65,896**	$ (3,034)
Income tax expense		**18,204**	678
Net earnings (loss)		**$ 47,692**	$ (3,712)
Earnings (loss) per share attributable to common shareholders:	***11***		
Basic earnings (loss) per share		**$ 0.39**	$ (0.03)
Diluted earnings (loss) per share		**$ 0.38**	$ (0.03)
Weighted average number of shares (millions):	***11***		
Basic		**123.2**	123.0
Diluted		**125.2**	123.0

See accompanying Notes to the Consolidated Interim Financial Statements.

Consolidated Interim Statements of Other Comprehensive Income (Loss)

(In thousands of Canadian dollars) *(Unaudited)*	Three months ended March 31, **2021**	2020
Net earnings (loss)	**$ 47,692**	$ (3,712)
Other comprehensive income (loss)		
Actuarial gains (losses) that will not be reclassified to profit or loss (Net of tax of $24.8 million; 2020: $2.5 million)	**$ 72,928**	$ (7,220)
Items that are or may be reclassified subsequently to profit or loss:		
Change in accumulated foreign currency translation adjustment (Net of tax of $0.0 million; 2020: $0.0 million)	**$ (5,465)**	$ 21,600
Change in foreign exchange on long-term debt designated as a net investment hedge (Net of tax of $0.7 million; 2020: $3.5 million)	**3,818**	(19,119)
Change in cash flow hedges (Net of tax of $2.0 million; 2020: $6.5 million)	**5,591**	(18,431)
Total items that are or may be reclassified subsequently to profit or loss	**$ 3,944**	$ (15,950)
Total other comprehensive income (loss)	**$ 76,872**	$ (23,170)
Comprehensive income (loss)	**$ 124,564**	$ (26,882)

See accompanying Notes to the Consolidated Interim Financial Statements.

Consolidated Interim Statements of Changes in Total Equity

(In thousands of Canadian dollars) *(Unaudited)*	***Notes***	**Share capital**	**Retained earnings**	**Contributed surplus**	**Accumulated other comprehensive income (loss)[i]** Foreign currency translation adjustment	**Accumulated other comprehensive income (loss)[i]** Unrealized gains and losses on cash flow hedges	**Treasury stock**	**Total equity**
Balance at December 31, 2020		**$ 838,969**	**1,124,973**	**5,866**	**3,002**	**(16,416)**	**(23,930)**	**$ 1,932,464**
Net earnings		**—**	**47,692**	**—**	**—**	**—**	**—**	**47,692**
Other comprehensive income (loss)[ii]		**—**	**72,928**	**—**	**(1,647)**	**5,591**	**—**	**76,872**
Dividends declared ($0.18 per share)		**—**	**(22,108)**	**—**	**—**	**—**	**—**	**(22,108)**
Share-based compensation expense	***12***	**—**	**—**	**4,702**	**—**	**—**	**—**	**4,702**
Deferred taxes on share-based compensation		**—**	**—**	**350**	**—**	**—**	**—**	**350**
Exercise of stock options		**1,406**	**—**	**—**	**—**	**—**	**—**	**1,406**
Change in obligation for repurchase of shares	***8***	**4,912**	**—**	**5,798**	**—**	**—**	**—**	**10,710**
Balance at March 31, 2021		**$ 845,287**	**1,223,485**	**16,716**	**1,355**	**(10,825)**	**(23,930)**	**$ 2,052,088**

(In thousands of Canadian dollars) *(Unaudited)*	*Notes*	Share capital	Retained earnings	Contributed surplus	Accumulated other comprehensive income (loss)[i] Foreign currency translation adjustment	Accumulated other comprehensive income (loss)[i] Unrealized gains and losses on cash flow hedges	Treasury stock	Total equity
Balance at December 31, 2019		$ 840,005	1,137,450	—	4,274	(1,481)	(30,378)	$ 1,949,870
Net loss		—	(3,712)	—	—	—	—	(3,712)
Other comprehensive income (loss)[ii]		—	(7,220)	—	2,481	(18,431)	—	(23,170)
Dividends declared ($0.16 per share)		—	(19,566)	—	—	—	—	(19,566)
Share-based compensation expense	*12*	—	—	3,866	—	—	—	3,866
Change in obligation for repurchase of shares		4,156	—	4,912	—	—	—	9,068
Balance at March 31, 2020		$ 844,161	1,106,952	8,778	6,755	(19,912)	(30,378)	$ 1,916,356

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

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

See accompanying Notes to the Consolidated Interim Financial Statements.

Consolidated Interim Statements of Cash Flows

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

[i] *Certain comparative figures have been restated to conform with current year presentation.*

See accompanying Notes to the Consolidated Interim Financial Statements.

Notes to the Consolidated Interim Financial Statements

(Tabular amounts in thousands of Canadian dollars unless otherwise indicated)
Three Months Ended March 31, 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®, Schneiders®, 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 months ended March 31, 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 three months ended March 31, 2021 as described below.

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

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 March 31, 2021	As at March 31, 2020	As at December 31, 2020
Trade receivables	**$ 146,235**	$ 138,008	$ 116,297
Less: Allowance for doubtful accounts	**(2,062)**	(2,318)	(2,080)
Net trade receivables	**$ 144,173**	$ 135,690	$ 114,217
Other receivables:			
Commodity taxes receivable	**16,263**	14,364	17,590
Government receivable	**10,327**	7,190	11,424
Other	**14,381**	15,820	16,519
	$ 185,144	$ 173,064	$ 159,750

The aging of trade receivables is as follows:

	As at March 31, 2021	As at March 31, 2020	As at December 31, 2020
Current	**$ 118,989**	$ 103,989	$ 90,983
Past due 0-30 days	**22,644**	20,877	19,658
Past due 31-60 days	**1,732**	3,591	2,266
Past due > 60 days	**2,870**	9,551	3,390
	$ 146,235	$ 138,008	$ 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.

On July 19, 2019, the Company amended its three-year accounts receivable securitization facility (the "Securitization Facility") by extending the maturity to July 19, 2022 and increasing the maximum cash advance available to the Company under the Securitization Facility to $120.0 million (March 31, 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 March 31, 2021, trade accounts receivable being serviced under this program amounted to $155.5 million (March 31, 2020: $172.5 million; December 31, 2020: $134.7 million). In return for the sale of its trade receivables, the Company will receive cash of $120.0 million (March 31, 2020: $120.0 million; December 31, 2020: $103.2 million) and notes receivable in the amount of $35.5 million (March 31, 2020: $52.5 million; December 31, 2020: $31.5 million). The notes receivable are non-interest bearing and are settled on the settlement dates of the securitized accounts receivable. Due to the timing of receipts and disbursements, the Company may, from time to time, also record a receivable or payable related to the Securitization Facility. As at March 31, 2021, the Company recorded a net receivable in the amount of $11.9 million (March 31, 2020: $3.6 million net payable; December 31, 2020: $16.8 million net payable) in notes receivables (March 31, 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 March 31, 2021 and 2020 and the consolidated annual balance sheets as at December 31, 2020.

4. INVENTORIES

	As at March 31, 2021	As at March 31, 2020	As at December 31, 2020
Raw materials	**$ 68,997**	$ 66,992	$ 69,594
Work in process	**37,060**	38,078	33,149
Finished goods	**266,231**	236,187	217,041
Packaging	**22,140**	20,054	21,212
Spare parts	**58,936**	52,784	57,074
	$ 453,364	$ 414,095	$ 398,070

For the three months ended March 31, 2021, inventory in the amount of $807.6 million (2020: $764.7 million) was expensed through cost of goods sold.

As at March 31, 2021, inventories have been reduced by $9.1 million (March 31, 2020: $9.8 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 March 31, 2021 was a gain of $38.5 million (2020: loss of $14.7 million) and was recorded in cost of goods sold.

The fair value measures of commercial hog stock have been categorized as a Level 3 fair value based on inputs to the valuation techniques used. There were no transfers between levels for the three months ended March 31, 2021 and March 31, 2020.

6. PROVISIONS

	Legal	Environ-mental	Restructuring and related provisions: Severance and other employee related costs	Restructuring and related provisions: Site closing and other cash costs	Total
Balance at December 31, 2020 [(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**
Current					**$ 1,114**
Non-current					**44,537**
Total at March 31, 2021					**$ 45,651**

[(i)] *Balance as at December 31, 2020, includes current portion of $1.5 million and non-current portion of $44.2 million.*

	Legal	Environ-mental	Restructuring and related provisions: Severance and other employee related costs	Restructuring and related provisions: Site closing and other cash costs	Total
Balance at December 31, 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
Current					$ 4,413
Non-current					42,674
Total at March 31, 2020					$ 47,087

Restructuring and Other Related Costs

During the three months ended March 31, 2021, the Company recorded restructuring and other related costs of $1.7 million (2020: reversals of $0.2 million). Of this amount, $1.0 million (2020: $1.4 million) related to accelerated depreciation and $0.5 million (2020: reversals of $1.7 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: $0.1 million) related to employee related costs for other organizational restructuring initiatives.

7. LONG-TERM DEBT

	As at March 31, 2021	As at March 31, 2020	As at December 31, 2020
Revolving line of credit	**$ 275,000**	$ —	$ 50,000
U.S. term credit	**333,026**	369,105	337,544
Canadian term credit	**350,000**	350,000	350,000
Government loans	**8,346**	7,809	8,404
Total long-term debt	**$ 966,372**	$ 726,914	$ 745,948
Current	**$ 913**	$ 912	$ 900
Non-current	**965,459**	726,002	745,048
Total long-term debt	**$ 966,372**	$ 726,914	$ 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 following the issuance of the Company's 2020 Sustainability Report. There is no penalty for not achieving the targets. In addition to loans, as at March 31, 2021 the Company had drawn letters of credit of $6.4 million on the Credit Facility (March 31, 2020: $6.4 million; December 31, 2020: $6.4 million).

The Credit Facility requires the maintenance of certain covenants. As at March 31, 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 (March 31, 2020 $125.0 million; December 31, 2020: $125.0 million). As at March 31, 2021, $66.8 million in letters of credit had been issued thereon (March 31, 2020: $79.7 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 (March 31, 2020: 2.9%; December 31, 2020: 2.9%). These facilities are repayable over various terms from 2022 to 2032. As at March 31, 2021, $8.3 million (March 31, 2020: $7.8 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 March 31,	
	2021	2020
Total long-term debt, beginning of period	**$ 745,948**	$ 539,328
Revolving and term credit facilities - net drawings	**$ 225,000**	$ 165,000
Government loans - repayments	**(139)**	(139)
Total cash flow from long-term debt financing activities	**$ 224,861**	$ 164,861
Foreign exchange revaluation	**$ (4,518)**	$ 22,644
Other non-cash changes	**81**	81
Total non-cash changes	**$ (4,437)**	$ 22,725
Total long-term debt, end of period	**$ 966,372**	$ 726,914

8. SHARE CAPITAL

Share Repurchase

On May 21, 2020 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, 2020 and will terminate 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 months ended March 31, 2021, 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 are cancelled. The program commenced on May 24, 2019 and was terminated on May 23, 2020. Under this bid, during the three months ended March 31, 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 March 31, 2021, an obligation for the repurchase of shares of $19.1 million (March 31, 2020: $16.3 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 March 31 are shown below:

	2021			2020		
	Notional amount(i)	**Fair value Asset**(ii)	**Fair value Liability**(ii)	Notional amount(i)	Fair value Asset(ii)	Fair value Liability(ii)
Cash flow hedges						
Foreign exchange contracts	**$ 109,751**	**$ 1,683**	**$ —**	$ 36,687	$ 177	$ 1,879
Commodity contracts	**$ 25,530**	**2,346**	**—**	$ —	—	—
Interest rate swaps	**$ 468,026**	**—**	**14,034**	$ 508,915	—	20,590
		$ 4,029	**$ 14,034**		$ 177	$ 22,469
Fair value hedges(iii)						
Foreign exchange contracts	**$ 135,322**	**$ 3,374**	**$ 44**	$ 28,561	$ 10	$ 1,796
Commodity contracts	**$ 125,531**	**—**	**25,133**	$ 31,781	9,137	—
		$ 3,374	**$ 25,177**		$ 9,147	$ 1,796
Derivatives not designated in a formal hedging relationship						
Foreign exchange contracts	**$ 258,260**	**$ 3,008**	**$ 933**	$ 203,317	$ 7,126	$ 1,522
Commodity contracts	**$ 357,600**	**829**	**11,644**	$ 295,453	—	31,405
		$ 3,837	**$ 12,577**		$ 7,126	$ 32,927
Total fair value		**$ 11,240**	**$ 51,788**		$ 16,450	$ 57,192
Current(ii)(iv)(v)		**$ 11,240**	**$ 44,112**		$ 16,450	$ 42,361
Non-current(ii)		**—**	**7,676**		—	14,831
Total fair value		**$ 11,240**	**$ 51,788**		$ 16,450	$ 57,192

(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 March 31, 2021, the above fair value of current assets has been increased by $7.1 million (March 31, 2020: decreased by $3.1 million; December 31, 2020: increased by $7.4 million), and the above fair value of current liabilities has been decreased by $36.7 million (March 31, 2020: $28.1 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 March 31, 2021, the Company recorded a loss of $14.8 million (2020: loss of $35.7 million) on non-designated financial instruments held for trading.

During the three months ended March 31, 2021, the pre-tax amount of hedge ineffectiveness recognized in cost of goods sold was a loss of $0.0 million (2020: gain of $0.1 million).

The table below sets out fair value measurements of derivative financial instruments as at March 31, 2021 using the fair value hierarchy:

	Level 1	Level 2	Level 3	Total
Assets:				
Foreign exchange contracts	$ —	8,065	—	$ 8,065
Commodity contracts[(i)]	—	829	—	829
	$ —	**8,894**	**—**	**$ 8,894**
Liabilities:				
Foreign exchange contracts	$ —	977	—	$ 977
Commodity contracts[(i)]	34,431	—	—	34,431
Interest rate swaps	—	14,034	—	14,034
	$ 34,431	**15,011**	**—**	**$ 49,442**

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

There were no transfers between levels for the three months ended March 31, 2021 and March 31, 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 March 31, 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: gain of $0.5 million, net of tax of $0.2 million).

As at March 31, 2021, the Company had US$265.0 million (March 31, 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 March 31, 2021, the gain on the net investment hedge recorded in other comprehensive income (loss) was $3.8 million, net of tax of $0.7 million (2020: loss of $19.1 million, net of tax of $3.5 million).

10. INTEREST EXPENSE AND OTHER FINANCING COSTS

	Three months ended March 31,	
	2021	2020
Interest on borrowings from credit facility	**$ 5,186**	$ 4,677
Interest on lease obligations	**1,994**	2,143
Interest on securitized receivables	**202**	669
Interest on government loans	**81**	80
Deferred finance charges	**424**	404
Credit facility standby fees and other interest	**1,052**	1,114
	$ 8,939	$ 9,087
Interest capitalized	**(3,971)**	(1,195)
	$ 4,968	$ 7,892

Interest paid during the three months ended March 31, 2021 was $9.4 million (2020: $8.8 million).

11. EARNINGS (LOSS) PER SHARE

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

Diluted earnings (loss) per share amounts are calculated by dividing the net earnings (loss) 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 (loss) per share (“EPS”):

	2021			2020		
Three months ended March 31,	**Net earnings**	**Weighted average number of shares**(i)	**EPS**	Net loss	Weighted average number of shares(i)	EPS
Basic	**$ 47,692**	**123.2**	**$ 0.39**	$ (3,712)	123.0	$ (0.03)
Stock options(ii)		**2.0**			—	
Diluted	**$ 47,692**	**125.2**	**$ 0.38**	$ (3,712)	123.0	$ (0.03)

(i) *In millions.*

(ii) *Excludes the effect of approximately 2.8 million (2020: 3.7 million) options and performance shares that are anti-dilutive.*

12. SHARE-BASED PAYMENT

Stock Options

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

	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
Options currently exercisable	**4,498,500**	**$ 25.79**	3,586,125	$ 25.35

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

At grant date, each option series is measured at fair value based on the Black-Scholes formula. Expected volatility is estimated by considering historic average share price volatility. The inputs used in this model for the options granted during the three months ended March 31, 2021 and 2020 are shown in the table below(i):

	Three months ended March 31,	
	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.*

The fair value of options granted during the three months ended March 31, 2021 was $5.7 million (2020: $4.4 million). Expenses relating to current and prior year options were $1.2 million (2020: $1.1 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 three months ended March 31 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

The fair value of RSUs and PSUs granted during the three months ended March 31, 2021 was $11.4 million (2020: $12.1 million). Expenses for the three months ended March 31, 2021 relating to current and prior year RSUs and PSUs, were $3.1 million (2020: $2.4 million).

The key assumptions used in the valuation of fair value of RSUs granted during the three months ended March 31, 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 months ended March 31, 2021 was $0.4 million (2020: $0.4 million).

13. SEGMENTED FINANCIAL INFORMATION

The Company has two reportable segments, as described below, these segments offer different products, with separate organizational structures, brands, financial, and marketing strategies. The Company's chief operating decision makers regularly review internal reports for these businesses; performance of the Meat Protein Group is based on revenue growth, Adjusted Operating Earnings and Adjusted EBITDA, while the performance of the Plant Protein Group is based predominantly on revenue growth rates, gross margin optimization and controlling investment levels, which generate high revenue growth rates. Refer to section 19. Non-IFRS Financial Measures, of the Company's Management's Discussion and Analysis for the three months ended March 31, 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 March 31, 2021				Three months ended March 31, 2020			
	Meat Protein Group	**Plant Protein Group**	**Non-Allocated**[(i)]	**Total**[(ii)]	Meat Protein Group	Plant Protein Group	Non-Allocated[(i)]	Total[(ii)]
Sales	**$1,013,712**	**42,605**	**(3,234)**	**$1,053,083**	$ 981,382	46,343	(4,958)	$1,022,767
Gross profit	**$ 166,097**	**143**	**26,714**	**$ 192,954**	$ 157,257	6,787	(36,685)	$ 127,359
Selling, general and administrative expenses	**$ 87,081**	**28,799**	**—**	**$ 115,880**	$ 88,041	30,860	—	$ 118,901
Earnings (loss) before income taxes	**$ 76,210**	**(28,715)**	**18,401**	**$ 65,896**	$ 68,217	(24,080)	(47,171)	$ (3,034)
Interest expense and other financing costs	**—**	**—**	**4,968**	**4,968**	—	—	7,892	7,892
Other expense	**1,138**	**59**	**3,345**	**4,542**	1,168	7	2,594	3,769
Restructuring and other related costs (reversals)	**1,668**	**—**	**—**	**1,668**	(169)	—	—	(169)
Earnings (loss) from operations	**$ 79,016**	**(28,656)**	**26,714**	**$ 77,074**	$ 69,216	(24,073)	(36,685)	$ 8,458
(Increase) decrease in fair value of biological assets	**—**	**—**	**(38,475)**	**(38,475)**	—	—	14,659	14,659
Unrealized loss on derivative contracts	**—**	**—**	**11,761**	**11,761**	—	—	22,026	22,026
Adjusted Operating Earnings	**$ 79,016**	**(28,656)**	**—**	**$ 50,360**	$ 69,216	(24,073)	—	$ 45,143
Depreciation and amortization	**45,477**	**3,753**	**—**	**49,230**	43,021	3,536	—	46,557
Items included in other expense representative of ongoing operations	**(1,232)**	**(59)**	**—**	**(1,291)**	(1,168)	(7)	—	(1,175)
Adjusted EBITDA	**$ 123,261**	**(24,962)**	**—**	**$ 98,299**	$ 111,069	(20,544)	—	$ 90,525

(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 March 31,	
	2021	2020
Meat Protein Group	**$ 144,303**	$ 89,475
Plant Protein Group	**38,018**	3,244
Non-allocated capital expenditures	**2,391**	6,446
Total capital expenditures	**$ 184,712**	$ 99,165

Information About Geographic Areas

The following summarizes sales by country of origin:

	Three months ended March 31,	
	2021	2020
Canada	**$ 771,100**	$ 740,019
U.S.	**124,401**	113,443
Japan	**99,182**	96,450
China	**4,747**	43,170
Other	**53,653**	29,685
Sales	**$ 1,053,083**	$ 1,022,767

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

	As at March 31, 2021	As at March 31, 2020	As at December 31, 2020
Canada	**$ 2,664,823**	$ 2,319,015	$ 2,558,886
U.S.	**420,897**	435,767	391,538
Other	**1,197**	392	205
Total non-current assets[(i)]	**$ 3,086,917**	$ 2,755,174	$ 2,950,629

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

Information About Major Customers

For the three months ended March 31, 2021, the Company reported Meat and Plant Protein sales to two customers representing 12.8% and 11.8% (2020: 12.4% and 11.3%) of total sales. No other sales were made to any one customer that represented in excess of 10.0% of total sales.

14. RELATED PARTY TRANSACTIONS

The Company sponsors a number of defined benefit, defined contribution and post-retirement benefit plans. During the three months ended March 31, 2021, the Company's contributions to these plans were $7.6 million (2020: $7.2 million).

The Company’s largest shareholder is McCain Capital Inc. (“MCI”). The Company has been informed that Mr. Michael H. McCain, Chief Executive Officer and President of the Company, is the controlling shareholder of MCI. For the three months ended March 31, 2021 and 2020, the Company received services from MCI for a nominal amount which represented the market value of the transactions.

McCain Financial Advisory Services ("MFAS"), is an entity jointly controlled by individuals including Mr. Michael H. McCain. For the three months ended March 31, 2021 and 2020, the Company provided services to and received from, MFAS for a nominal amount which represented the market value of the transactions.