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Maple Leaf Foods Reports Fourth Quarter and Full Year 2022 Financial Results

Meat Protein delivers top-line growth of 5.9% and Adjusted EBITDA Margin of 6.6% in the quarter

Plant Protein progressing toward Adjusted EBITDA target of neutral or better in the latter half of 2023

Mississauga, Ontario, March 9, 2023 - Maple Leaf Foods Inc. ("Maple Leaf Foods" or "the Company") (TSX: MFI) today reported its financial results for the fourth quarter and full year ended December 31, 2022.

"2022 was clearly a year of unprecedented challenges for us on many fronts, including hyper-inflation, dislocation in the pork markets, supply chain dysfunction, job vacancies and a cyber-attack," said Michael H. McCain, Chief Executive Officer of Maple Leaf Foods. "Despite this tumultuous environment, we have maintained a steady hand on executing our plans including aggressively building our sustainability platform, starting up over a $1 billion of new assets and converting our plant-based business model to profitable growth. Of course, our fourth quarter results are not where we like them to be, given these unprecedented market conditions and the impacts of the cyber-attack, but the underlying health of the business in normal markets is solid and in-line with where we expected to be at this point."

"We continue to see an inflection point in our business," continued Mr. McCain, "the start-up of the London Poultry plant is going exceptionally well and on schedule, we are on-track to get to Adjusted EBITDA neutral or better in our plant-based business this year, our supply chains are normalizing now, the imbalance in our pricing for inflation is now coming into line and important Asian regions have opened up again for us. These unprecedented markets will normalize; they always do."

Fourth Quarter 2022 Highlights

- Total Company sales growth of 5.8% to $1,185.5 million, with an Adjusted Earnings Before Interest, Taxes, Depreciation and Amortization ("EBITDA")[(i)] margin of 4.7%.
- Meat Protein Group sales grew to $1,149.6 million, an increase of 5.9% year over year. Adjusted EBITDA was $76.1 million, Adjusted EBITDA margin was 6.6%.
- Plant Protein Group sales were $40.0 million. Plant Protein Group Adjusted EBITDA improved by 53.5% year over year to a loss of $20.4 million, en route to an Adjusted EBITDA target of neutral or better in the latter half of 2023.
- Capital expenditures were $56.8 million.
- The London Poultry facility started commercial production in the quarter, on schedule.
- The Company was affected by a cybersecurity incident, which had an estimated adverse economic impact of at least $23 million.

2022 Highlights

- Total Company sales grew by 4.8% to $4,739.1 million, with an Adjusted EBITDA margin of 5.8%.
- Meat Protein Group sales grew to $4,593.6 million, an increase of 5.2%. Adjusted EBITDA was $378.7 million and Adjusted EBITDA Margin was 8.2%.
- Plant Protein Group Sales were $169.3 million. Plant Protein Group Adjusted EBITDA improved by 17.1% to a loss of $105.4 million.
- Capital expenditures of $312.1 million included Construction Capital[(i)] of $163.7 million, the majority of which was related to long-term investments in the London Poultry facility.
- The balance sheet remains strong, with Net Debt[(i)] of $1,619.3 million and undrawn committed credit of $291.5 million.

Outlook

- **Meat Protein:** Expect mid-to-high single digit sales growth in 2023, and Adjusted EBITDA Margin expansion to achieve a target range of 14% - 16% when conditions normalize.
- **Plant Protein:** Targeting to deliver neutral or better Adjusted EBITDA in the latter half of 2023.
- **Capital expenditure:** for 2023 is expected to be less than $250 million with up to $120 million attributable to maintenance projects and the balance attributable to growth capital.

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

Financial Highlights

Measure[(i)] *(Unaudited)*	Three months ended December 31, 2022	2021	Change	As at or for the Twelve months ended December 31, 2022	2021	Change
Sales	**$ 1,185.5**	$ 1,120.5	5.8 %	**$ 4,739.1**	$ 4,521.1	4.8 %
Net (Loss) Earnings	**$ (41.5)**	$ 1.9	nm[(iii)]	**$ (311.9)**	$ 102.8	nm[(iii)]
Basic (Loss) Earnings per Share	**$ (0.34)**	$ 0.02	nm[(iii)]	**$ (2.52)**	$ 0.83	nm[(iii)]
Adjusted Operating Earnings[(ii)]	**$ 1.8**	$ 30.0	(93.8)%	**$ 65.7**	$ 210.3	(68.7)%
Adjusted (Loss) Earnings per Share[(ii)]	**$ (0.28)**	$ 0.09	(411.1)%	**$ (0.26)**	$ 1.03	(125.2)%
Adjusted EBITDA - Meat Protein Group[(ii)]	**$ 76.1**	$ 120.7	(37.0)%	**$ 378.7**	$ 527.1	(28.2)%
Adjusted EBITDA - Plant Protein Group[(ii)]	**$ (20.4)**	$ (43.9)	53.5 %	**$ (105.4)**	$ (127.2)	17.1 %
Sales - Plant Protein Group	**$ 40.0**	$ 45.5	(12.1)%	**$ 169.3**	$ 184.1	(8.0)%
Free Cash Flow[(ii)(iv)]	**$ 20.7**	$ 144.2	(85.6)%	**$ (20.9)**	$ 213.0	(109.8)%
Construction Capital[(ii)]				**$ 9.6**	$ 743.3	(98.7)%
Net Debt[(ii)]				**$ (1,619.3)**	$ (1,090.2)	(48.5)%

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

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

(iii) *Not meaningful.*

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

Fourth Quarter 2022

Sales for the fourth quarter increased 5.8% to $1,185.5 million compared to $1,120.5 million last year. The increase is attributable to pricing actions taken earlier in the year, growth in sustainable meats, and foreign exchange which were partially offset by lower volumes.

Net loss for the fourth quarter of 2022 was $41.5 million ($0.34 loss per basic share) compared to net earnings of $1.9 million ($0.02 per basic share) last year. Net loss for the quarter was negatively impacted by weaker markets in pork and an estimated economic impact of at least $23 million from the cybersecurity incident, which more than offset strong performance in packaged meats, growth in sustainable meats, and a reduction in Plant Protein losses resulting from the shift to a strategy of profitable growth. Net loss for the fourth quarter of 2022 also included start-up expenses of $25.8 million (2021: $7.7 million) associated with Construction Capital projects.

Adjusted Operating Earnings for the fourth quarter of 2022 were $1.8 million compared to $30.0 million last year, consistent with the factors noted above.

Adjusted EBITDA Margin for the fourth quarter decreased to 4.7% from 6.8% last year, consistent with the factors noted above.

Basic Earnings per Share was a loss of $0.34 for the fourth quarter of 2022 compared to $0.02 last year, consistent with the factors described above.

Adjusted Earnings per Share in the fourth quarter of 2022 was a loss of $0.28 compared to $0.09 last year.

Full Year 2022

Sales for 2022 were $4,739.1 million compared to $4,521.1 million last year, an increase of 4.8%, driven by pricing action to mitigate inflation, growth in sustainable meats, and foreign exchange partly offset by lower volumes.

Net loss for 2022 was $311.9 million ($2.52 loss per basic share) compared to earnings of $102.8 million ($0.83 per basic share) last year. Strong performance in the packaged meats portfolio was more than offset by weaker results in pork processing and hog production operations, inflation, and labour challenges, as well as an estimated economic impact of the cybersecurity incident of at least $23 million. Interest expense increased by $33.2 million, reflecting the net debt levels associated with Construction Capital projects and increases in variable borrowing rates. Net Loss for the year also included a $190.9 million one-time impairment charge related to the Plant Protein Group, start-up expenses of $59.3 million (2021: $13.4 million) associated with Construction Capital projects, as well as net losses from non-cash fair value changes in biological assets and derivative contracts of $14.0 million (2021: $4.9 million), all of which are excluded in the calculation of Adjusted Operating Earnings.

Adjusted Operating Earnings for 2022 were $65.7 million compared to $210.3 million last year, and Adjusted Earnings per Share for 2022 was a loss of $0.26 compared to $1.03 last year.

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

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

Cybersecurity Incident

On November 6, 2022 the Company confirmed that it experienced a system outage stemming from a cybersecurity incident. Upon learning of the incident, Maple Leaf Foods took immediate action and engaged cybersecurity and recovery experts. The Company executed is business continuity plans as it restored the impacted systems, and worked with customers and suppliers to minimize service disruptions. While the Company was able to maintain operations throughout the event, normal business activities were interrupted. The Company estimates that the direct and indirect economic impact of this event in the fourth quarter was at least $23 million.

Response to COVID-19

As an essential service, Maple Leaf Foods is focused on protecting the health and well-being of its people, maintaining business continuity and broadening its social outreach. To manage through this unprecedented environment, the Company has taken a number of measures in its business and operating practices that include heightened safety policies and procedures, adopting a vaccination mandate for all employees and contractors, and close communication and collaboration with public health authorities, including hosting on-site vaccination clinics in 2021. The measures enacted to protect the health and safety of employees increased the Company's cost structure during the pandemic due to higher labour, personal protective equipment, sanitation and other expenses.

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

Operating Review

During the year ended December 31, 2022, the Company had two reportable segments. These segments offer different products, with separate organizational structures, brands, and 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 profitable revenue growth, Adjusted Operating Earnings and Adjusted EBITDA, while the performance of the Plant Protein Group in the short term is focused on obtaining Adjusted EBITDA neutral or better results.

Fourth Quarter 2022

The following table summarizes the Company's sales, gross profit, SG&A expenses, Adjusted Operating Earnings, Adjusted EBITDA, and Adjusted EBITDA Margin by operating segment for the fourth quarters ended December 31, 2022 and December 31, 2021:

	Three months ended December 31, 2022				Three months ended December 31, 2021			
($ millions)[(i)] *(Unaudited)*	**Meat Protein Group**	**Plant Protein Group**	**Non-Allocated**[(ii)]	**Total**	Meat Protein Group	Plant Protein Group	Non-Allocated[(ii)]	Total
Sales	**$ 1,149.6**	**40.0**	**(4.1)**	**$ 1,185.5**	$ 1,085.2	45.5	(10.2)	$ 1,120.5
Gross profit (loss)	**$ 82.2**	**(10.3)**	**28.7**	**$ 100.6**	$ 152.2	(10.0)	0.1	$ 142.3
Selling, general and administrative expenses	**$ 80.0**	**15.8**	**—**	**$ 95.9**	$ 80.2	39.8	—	$ 120.0
Adjusted Operating (Loss) Earnings[(iii)]	**$ 28.0**	**(26.2)**	**—**	**$ 1.8**	$ 77.8	(47.8)	—	$ 30.0
Adjusted EBITDA[(iii)]	**$ 76.1**	**(20.4)**	**(0.5)**	**$ 55.3**	$ 120.7	(43.9)	(0.4)	$ 76.3
Adjusted EBITDA Margin[(iii)]	**6.6 %**	**(51.0)%**	**n/a**	**4.7 %**	11.1 %	(96.6)%	n/a	6.8 %

(i) *Totals may not add due to rounding.*

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

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

Meat Protein Group

The Meat Protein Group is comprised of prepared meats, ready-to-cook and ready-to-serve meals, snack kits, 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®, Maple Leaf Natural Selections®, Schneiders®, Schneiders® Country Naturals®, Mina®, Greenfield Natural Meat Co.®, and other leading regional brands.

Sales for the fourth quarter increased 5.9% to $1,149.6 million compared to $1,085.2 million last year. Sales growth was driven by pricing action implemented in prior quarters to mitigate inflation and structural cost increases, growth in sustainable meats and favorable foreign exchange, partially offset by lower volumes including the impact of the cybersecurity incident.

Gross profit for the fourth quarter of 2022 was $82.2 million (gross margin of 7.2%) compared to $152.2 million (gross margin of 14.0%) last year. The decrease was driven by market headwinds, impact of the cybersecurity incident, inflation and labour challenges partially offset by pricing actions taken earlier in the year. Gross profit for the fourth quarter of 2022 also included start-up expenses of $25.8 million (2021: $5.8 million) associated with Construction Capital projects which are excluded in the calculation of Adjusted Operating Earnings.

SG&A expenses for the fourth quarter of 2022 were $80.0 million consistent with $80.2 million last year including incremental cybersecurity incident related costs offset by lower variable compensation.

Adjusted Operating Earnings for the fourth quarter of 2022 were $28.0 million compared to $77.8 million last year, driven by the factors noted above.

Adjusted EBITDA Margin for the fourth quarter was 6.6% compared to 11.1% last year, consistent with the factors noted above.

Plant Protein Group

The Plant Protein Group is comprised of refrigerated plant protein products, premium grain-based protein, and vegan cheese products sold to retail, foodservice and industrial channels. The Plant Protein Group includes the leading brands Lightlife® and Field Roast™.

Sales for the fourth quarter were $40.0 million compared to $45.5 million last year, representing a decline of 11.9%, or 18.2% excluding the impact of foreign exchange. Sales decline was driven by lower retail and foodservice product volumes, partially offset by price increases.

Gross profit for the fourth quarter of 2022 was a loss of $10.3 million (gross margin loss of 25.8%) compared to a loss of $10.0 million (gross margin loss of 21.9%) last year. The decrease in gross profit was driven by inflation in materials, freight, and labour as well as strategic investments in capacity to build for anticipated demand, which has resulted in increased overhead costs. This was partially offset by pricing action. Gross profit for the fourth quarter of 2021 included start-up expenses of $2.0 million associated with Construction Capital projects which are excluded in the calculation of Adjusted Operating Earnings.

SG&A expenses for the fourth quarter of 2022 were $15.8 million (39.5% of sales), compared to $39.8 million (87.6% of sales) last year. The decrease in SG&A expenses was primarily attributable to lower advertising expenses and people costs as a result of the restructuring plan implemented towards the end of the second quarter.

Adjusted Operating Earnings for the fourth quarter of 2022 were a loss of $26.2 million compared to a loss of $47.8 million last year. The improvement in Adjusted Operating Earnings is consistent with the factors noted above.

Adjusted EBITDA for the fourth quarter of 2022 was a loss of $20.4 million compared to a loss of $43.9 million last year, consistent with the factors noted above.

Full Year 2022

The following table summarizes the Company's sales, gross profit, SG&A expenses, Adjusted Operating Earnings, Adjusted EBITDA, and Adjusted EBITDA Margin by operating segment for the years ended December 31, 2022 and December 31, 2021.

	2022				2021			
($ millions)[(i)]	**Meat Protein Group**	**Plant Protein Group**	**Non-Allocated**[(ii)]	**Total**	Meat Protein Group	Plant Protein Group	Non-Allocated[(ii)]	Total
Sales	**$ 4,593.6**	**169.3**	**(23.9)**	**$ 4,739.1**	$ 4,366.7	184.1	(29.8)	$ 4,521.1
Gross profit (loss)	**$ 474.7**	**(36.5)**	**(14.0)**	**$ 424.1**	$ 676.8	(12.8)	(4.9)	$ 659.1
Selling, general and administrative expenses	**$ 338.9**	**92.8**	**—**	**$ 431.7**	$ 334.3	132.8	—	$ 467.1
Adjusted Operating (Loss) Earnings[(iii)]	**$ 190.3**	**(124.5)**	**—**	**$ 65.7**	$ 352.4	(142.1)	—	$ 210.3
Adjusted EBITDA[(iii)]	**$ 378.7**	**(105.4)**	**(0.5)**	**$ 272.9**	$ 527.1	(127.2)	(0.4)	$ 399.5
Adjusted EBITDA Margin[(iii)]	**8.2 %**	**(62.2)%**	**n/a**	**5.8 %**	12.1 %	(69.1)%	n/a	8.8 %

(i) *Totals may not add due to rounding.*

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

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

Meat Protein Group

Sales for 2022 increased 5.2% to $4,593.6 million compared to $4,366.7 million last year. Sales growth was driven by pricing actions to mitigate inflationary cost increases, favourable mix-shift towards sustainable meats, growth in the United States and favourable foreign exchange. These positive factors were partially offset by lower sales volume.

Gross profit for 2022 was $474.7 million (gross margin of 10.3%) compared to $676.8 million (gross margin of 15.5%) last year. Gross profit was negatively impacted by labour and supply chain disruptions, inflationary cost increases, volume declines, pork market headwinds, including challenges in the Japanese market, and the cybersecurity incident. This was partially offset by pricing actions. Gross profit also included start-up expenses of $54.5 million (2021: $9.9 million) associated with Construction Capital projects, which are excluded in the calculation of Adjusted Operating Earnings.

SG&A expenses for 2022 were $338.9 million which is consistent with last year's expenses of $334.3 million.

Adjusted Operating Earnings for 2022 were $190.3 million compared to $352.4 million last year, driven by factors noted above.

Adjusted EBITDA for 2022 were $378.7 million compared to $527.1 million last year, driven by factors consistent with those noted above. Adjusted EBITDA Margin for 2022 was 8.2% compared to 12.1% last year, also driven by factors consistent with those noted above.

Plant Protein Group

Sales for 2022 were $169.3 million compared to $184.1 million last year, representing a decrease of 8.0%, or 11.4% after excluding the impacts of foreign exchange. The sales decline was driven by lower retail product volumes, which more than offset pricing action implemented throughout 2022 to mitigate inflation and structural cost increases.

Gross loss for 2022 was a loss of $36.5 million (gross margin loss of 21.6%) compared to a gross loss of $12.8 million (gross margin loss of 7.0%) last year. The decrease in gross profit was attributed to lower sales volumes and strategic investments in capacity to build for anticipated demand, which has resulted in increased overhead and transitory costs, as well as inflationary pressures on distribution and input costs. Gross loss for 2022 also included start-up expenses of $4.8 million (2021: $3.5 million) associated with Construction Capital projects which are excluded in the calculation of Adjusted Operating Earnings.

SG&A expenses for 2022 were $92.8 million (54.8% of sales) compared to $132.8 million (72.1% of sales) last year. The decrease in SG&A expenses was primarily attributable to lower advertising expenses and people costs as a result of the restructuring activities implemented towards the end of the second quarter of 2022 in response to the change in strategic plan, as further described in the Outlook section of this document, partially offset by higher consulting costs.

Adjusted Operating Earnings for 2022 were a loss of $124.5 million compared to a loss of $142.1 million last year. This improvement is consistent with the factors noted above.

Adjusted EBITDA for 2022 was a loss of $105.4 million compared to a loss of $127.2 million last year. This improvement is consistent with the factors noted above.

<u>Other Matters</u>

On March 8, 2023, the Board of Directors approved a quarterly dividend of $0.21 per share (an increase of $0.01 per share from the 2022 fourth quarter dividends), $0.84 per share on an annual basis, payable March 31, 2023 to shareholders of record at the close of business March 24, 2023. Unless indicated otherwise by the Company at or before the time the dividend is paid, the dividend will be considered an eligible dividend for the purposes of the “Enhanced Dividend Tax Credit System".

<u>Conference Call</u>

A conference call will be held at 8:00 a.m. ET on March 9, 2023, to review Maple Leaf Foods’ fourth quarter financial results. To participate in the call, please dial 416-764-8650 or 1-888-664-6383. For those unable to participate, playback will be made available an hour after the event at 416-764-8677 or 1-888-390-0541 (Passcode: 672805#).

A webcast of the fourth quarter conference call will also be available at: https://www.mapleleaffoods.com

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

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

<u>Outlook</u>

Maple Leaf Foods is a leading consumer protein company, supported by a portfolio of market leading brands, a solid balance sheet and capital structure that provide financial flexibility. Over the last several years, the Company has developed a foundation to pursue compelling growth vectors across its business and to create value for all stakeholders.

Meat Protein Group

In Meat Protein, the Company’s strategy is to drive profitable growth. Given the unprecedented market dynamics, marked by a challenging post-pandemic economy, the conflict in Europe, high inflation and significant market and supply chain disruption, Maple Leaf Foods expects that its Meat Protein Group will achieve the following:

- Mid-to-high single digit sales growth in 2023, driven by continued momentum in sustainable meats, leveraging brand leadership, and growth into the U.S. market.
- Adjusted EBITDA Margin expansion to a 14% - 16% target range once markets normalize including a pork complex in-line with the five year average.

Plant Protein Group

- In late 2021, the Company announced that it was re-evaluating its outlook for the Plant Protein Group and launching a comprehensive review of the overall plant protein category. This decision was driven by a pronounced slowdown in growth rates in the category, particularly in the second half of the year, which fueled the Company's imperative to identify and thoroughly assess the causes, near and long-term trends, and overall implications. While the Company's analysis is ongoing, the results to date confirm that the very high category growth rates previously predicted by many industry experts are unlikely to be achieved given current customer feedback, experience, buy rates and household penetration. Based on this new information, the Company believes that the category will continue to grow at more modest, but still attractive rates. Current estimates suggest that the category will grow at an average annual rate of 10% to 15%, making it a $6 billion to $10 billion market by 2030. Accordingly, the Company has pivoted its strategy and investment thesis for the Plant Protein Group and has set a new goal to deliver neutral or better Adjusted EBITDA in the latter half of 2023. Work is ongoing to implement this strategy. The Company expects at least a 50% improvement in Adjusted EBITDA losses in the first quarter of 2023 versus the same period last year, representing another sequential improvement versus the fourth quarter of 2022.

Capital

- For 2023, the Company estimates total capital expenditures to be less than $250 million. The lower estimated capital spend for the year compared to the prior estimate of $275 million to $325 million is primarily driven by the expected timing of project execution. Up to $120 million will be maintenance capital with the remainder being growth capital. The growth capital will mainly consist of an increase in further processed poultry capacity at the Prepared Meats facility in Brampton, Ontario, residual expenditures for the London Poultry facility, an increase in raised without antibiotics hog barn capacity and expanded capacity in the snacking kits category.
- The Company expects the London, Ontario poultry facility to start to deliver approximately $100 million annually of additional Adjusted EBITDA once fully ramped up which is expected to be by the end of 2023. Additionally, the Company expects the Bacon Centre of Excellence to contribute approximately $30 million annually of additional Adjusted EBITDA once fully ramped up which is expected to be in the second half of 2023.

The ongoing effects of the post-pandemic economy induced supply chain disruptions and the war in Ukraine are unpredictable and may impact a number of factors that drive growth in the business, including:

- Agricultural commodity and foreign exchange markets;
- Inflationary cost pressures;
- Disruptions in the global supply chain;
- Availability of labour; and
- The balance between retail and foodservice demand.

For more information on the impact of COVID-19 on the business and the associated risks, refer to the section titled Response to COVID-19, and for more information on the factors that may influence future performance, see the section titled Forward-Looking Statements in this news release.

The execution of the Company's financial and operational priorities are embedded in a commitment to deliver shared value for the benefit of all stakeholders. The Company's guiding pillars to be the "Most Sustainable Protein Company on Earth" include Better Food, Better Care, Better Communities, Better Planet and are core to how Maple Leaf Foods conducts itself. To that end, the Company's priorities include:

- *Better Food* - leading the real food movement and transitioning key brands to 100% "raised without antibiotics".
- *Better Care* - further advancement of animal care, after achieving our transition of all sows under management to open housing systems in 2021, and advancing plans to convert sow barns acquired in 2022 by the end of 2023.
- *Better Communities* - investing a minimum of approximately 1% of pre-tax profit to advance sustainable food security.
- *Better Planet* - continuing to amplify its commitment to carbon neutrality, while focusing on eliminating waste in any resources it consumes, including food, energy, water, packaging, and time.

Non-IFRS Financial Measures

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

Adjusted Operating Earnings, Adjusted EBITDA and Adjusted EBITDA Margin

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

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

	Three months ended December 31, 2022				Three months ended December 31, 2021			
($ millions)[i] *(Unaudited)*	**Meat Protein Group**	**Plant Protein Group**	**Non-Allocated**[ii]	**Total**	Meat Protein Group	Plant Protein Group	Non-Allocated[ii]	Total
Earnings (loss) before income taxes	**$ (0.4)**	**(29.4)**	**0.2**	**$ (29.6)**	$ 67.8	(49.9)	(10.7)	$ 7.3
Interest expense and other financing costs	**—**	**—**	**23.0**	**23.0**	—	—	6.5	6.5
Impairment of goodwill	**—**	**—**	**—**	**—**	—	—	—	—
Other expense (income)	**0.5**	**(0.4)**	**5.5**	**5.5**	3.0	0.1	4.2	7.3
Restructuring and other related costs	**2.1**	**3.6**	**—**	**5.7**	1.2	—	—	1.2
Earnings (loss) from operations	**$ 2.2**	**(26.2)**	**28.7**	**$ 4.7**	$ 72.0	(49.8)	0.1	$ 22.3
Start-up expenses from Construction Capital[iii]	**25.8**	**—**	**—**	**25.8**	5.8	2.0	—	7.7
Change in fair value of biological assets	**—**	**—**	**(27.0)**	**(27.0)**	—	—	(0.3)	(0.3)
Unrealized (gain) loss on derivative contracts	**—**	**—**	**(1.7)**	**(1.7)**	—	—	0.2	0.2
Adjusted Operating Earnings	**$ 28.0**	**(26.2)**	**—**	**$ 1.8**	$ 77.8	(47.8)	—	$ 30.0
Depreciation and amortization	**48.6**	**5.4**	**—**	**54.0**	45.9	4.1	—	49.9
Items included in other income (expense) representative of ongoing operations[iv]	**(0.5)**	**0.4**	**(0.5)**	**(0.6)**	(3.0)	(0.1)	(0.4)	(3.5)
Adjusted EBITDA	**$ 76.1**	**(20.4)**	**(0.5)**	**$ 55.3**	$ 120.7	(43.9)	(0.4)	$ 76.3
Adjusted EBITDA Margin	**6.6%**	**(51.0)%**	**n/a**	**4.7%**	11.1%	(96.6)%	n/a	6.8%

(i) *Totals may not add due to rounding.*

(ii) *Non-allocated includes eliminations of inter-segment sales and associated cost of goods sold, and non-allocated costs which are comprised of 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.*

(iii) *Start-up expenses are temporary costs as a result of operating new facilities that are or have been classified as Construction Capital. These costs can include training, product testing, yield and labour efficiency variances, duplicative overheads and other temporary expenses required to ramp-up production.*

(iv) *2022 primarily includes legal settlements, gains and losses on investments, gains and losses on the sale of long-term assets, and other miscellaneous expenses. 2021 primarily includes legal settlements, gains and losses on the sale of long-term assets, and other miscellaneous expenses.*

($ millions)[i] (Unaudited)	Twelve months ended December 31, 2022 Meat Protein Group	Plant Protein Group	Non-Allocated[ii]	Total	Twelve months ended December 31, 2021 Meat Protein Group	Plant Protein Group	Non-Allocated[ii]	Total
Earnings (loss) before income taxes	**$ 123.2**	**(344.6)**	**(77.6)**	**$ (299.0)**	$ 336.1	(146.1)	(40.3)	$ 149.7
Interest expense and other financing costs	**—**	**—**	**56.0**	**56.0**	—	—	22.9	22.9
Impairment of goodwill	**—**	**190.9**	**—**	**190.9**	—	—	—	—
Other expense	**5.0**	**1.8**	**7.5**	**14.4**	1.5	0.5	12.5	14.5
Restructuring and other related costs	**7.5**	**22.6**	**—**	**30.1**	4.9	—	—	4.9
Earnings (loss) from operations	**$ 135.8**	**(129.3)**	**(14.0)**	**$ (7.6)**	$ 342.5	(145.6)	(4.9)	$ 192.0
Start-up expenses from Construction Capital[iii]	**54.5**	**4.8**	**—**	**59.3**	9.9	3.5	—	13.4
Change in fair value of biological assets	**—**	**—**	**15.1**	**15.1**	—	—	6.5	6.5
Unrealized gain on derivative contracts	**—**	**—**	**(1.1)**	**(1.1)**	—	—	(1.6)	(1.6)
Adjusted Operating Earnings	**$ 190.3**	**(124.5)**	**—**	**$ 65.7**	$ 352.4	(142.1)	—	$ 210.3
Depreciation and amortization	**193.5**	**18.9**	**—**	**212.4**	180.2	15.4	—	195.6
Items included in other income (expense) representative of ongoing operations[iv]	**(5.0)**	**0.2**	**(0.5)**	**(5.3)**	(5.5)	(0.5)	(0.4)	(6.5)
Adjusted EBITDA	**$ 378.7**	**(105.4)**	**(0.5)**	**$ 272.9**	$ 527.1	(127.2)	(0.4)	$ 399.5
Adjusted EBITDA Margin	**8.2%**	**(62.2%)**	**n/a**	**5.8%**	12.1%	(69.1%)	n/a	8.8%

(i) *Totals may not add due to rounding.*

(ii) *Non-allocated includes eliminations of inter-segment sales and associated cost of goods sold, and non-allocated costs which are comprised of 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.*

(iii) *Start-up expenses are temporary costs as a result of operating new facilities that are or have been classified as Construction Capital. These costs can include training, product testing, yield and labour efficiency variances, duplicative overheads and other temporary expenses required to ramp-up production.*

(iv) *2022 primarily includes legal settlements, gains and losses on investments, gains and losses on the sale of long-term assets, and other miscellaneous expenses. 2021 primarily includes legal settlements, gains and losses on the sale of long-term assets, and other miscellaneous expenses.*

Adjusted Earnings per Share

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

($ per share) (Unaudited)	Three months ended December 31,				Twelve months ended December 31,			
		2022		2021		**2022**		2021
Basic (loss) earnings per share	**$**	**(0.34)**	$	0.02	**$**	**(2.52)**	$	0.83
Impairment of goodwill		**—**		—		**1.54**		—
Restructuring and other related costs[(i)]		**0.04**		0.01		**0.20**		0.03
Items included in other expense not considered representative of ongoing operations[(ii)]		**0.03**		0.02		**0.06**		0.06
Start-up expenses from Construction Capital[(iii)]		**0.16**		0.05		**0.36**		0.08
Change in fair value of biological assets		**(0.16)**		—		**0.09**		0.04
Change in unrealized fair value on derivatives		**(0.01)**		—		**(0.01)**		(0.01)
Adjusted Earnings per Share[(iv)]	**$**	**(0.28)**	$	0.09	**$**	**(0.26)**	$	1.03

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

(ii) *Primarily includes legal fees, gains or losses on investment property, and transaction related costs, net of tax.*

(iii) *Start-up expenses are temporary costs as a result of operating new facilities that are or have been classified as Construction Capital. These costs can include training, product testing, yield and labour efficiency variances, duplicative overheads and other temporary expenses required to ramp-up production.*

(iv) *Totals may not add due to rounding.*

Construction Capital

Construction Capital, a non-IFRS measure, is used by Management to evaluate the amount of capital resources invested in specific strategic development projects that are not yet operational. It is defined as investments and related financing charges in projects over $50.0 million that are related to longer-term strategic initiatives, with no returns expected for at least 12 months from commencement of construction and the asset is re-categorized from Construction Capital once operational. The current balance of Construction Capital includes investments to increase further processed poultry capacity in the Prepared Meats facility in Brampton, Ontario. The expansion of the Bacon Centre of Excellence in Winnipeg, Manitoba, was completed in the fourth quarter of 2021 and recategorized. Investments in capacity at the Walker Drive facility in Brampton, Ontario, the plant protein production facility in Indianapolis, Indiana and the London, Ontario poultry production facility were completed in the first and fourth quarters of 2022 respectively, and have been recategorized. The following table is a summary of Construction Capital activity and debt financing for the periods indicated below.

($ thousands)	**2022**	2021
Property and equipment and intangibles at January 1	**$ 2,554,483**	$ 2,062,683
Other capital and intangible assets at January 1[(i)]	**1,811,164**	1,622,094
Construction Capital at January 1	**$ 743,319**	$ 440,589
Additions	**163,665**	494,048
Transfers from Construction Capital	**(897,418)**	(191,318)
Construction Capital at December 31[(ii)]	**$ 9,566**	$ 743,319
Other capital and intangible assets at December 31[(i)]	**2,654,419**	1,811,164
Property and equipment and Intangibles at December 31	**$ 2,663,985**	$ 2,554,483
Construction Capital debt financing[(iii)(iv)]	**$ 9,461**	$ 719,216

(i) *Other capital and intangible assets consists of property and equipment and intangibles that do not meet the definition of Construction Capital.*

(ii) *As at December 31, 2022, the net book value of Construction Capital does not include costs related to intangible assets of nil (2021: $2.5 million).*

(iii) *Does not include $993.1 million in capital that has been transferred out but is still in the start-up stage (2021: $195.3 million).*

(iv) *Assumed to be fully funded by debt to the extent that the Company has Net Debt outstanding. Construction Capital debt financing excludes interest paid and capitalized.*

Net Debt

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

	As at December 31,	
($ thousands)	**2022**	2021
Cash and cash equivalents	**$ 91,076**	$ 162,031
Current portion of long-term debt	**$ (921)**	$ (5,176)
Long-term debt	**(1,709,493)**	(1,247,073)
Total debt	**$ (1,710,414)**	$ (1,252,249)
Net Debt	**$ (1,619,338)**	$ (1,090,218)

Free Cash Flow

Free Cash Flow, a non-IFRS measure, is used by Management to evaluate cash flow after investing in the maintenance of the Company's asset base. It is defined as cash provided by operations, less Maintenance Capital(i) and associated interest paid and capitalized. During 2022 Management has re-evaluated the definition of Free Cash flow, moving from deducting total capital expenditure to deducting only Maintenance Capital in the calculation as this more accurately represents cash that is available for capital allocation. The following table calculates Free Cash Flow for the periods indicated below:

($ thousands)	Three months ended December 31,		Twelve months ended December 31,	
(Unaudited)	**2022**	2021	**2022**	2021
Cash provided by operating activities	**$ 42,320**	$ 168,290	**$ 49,318**	$ 304,791
Maintenance Capital(i)	**(21,528)**	(23,946)	**(69,889)**	(91,172)
Interest paid and capitalized related to Maintenance Capital	**(88)**	(134)	**(323)**	(603)
Free Cash Flow(ii)	**$ 20,704**	$ 144,210	**$ (20,894)**	$ 213,016

(i) *Maintenance Capital is defined as non-discretionary investment required to maintain the Company's existing operations and competitive position. Growth Capital is defined as discretionary investment meant to create stakeholder value through initiatives that for example, expand margins, increase capacities or create further competitive advantage. For the twelve months ended December 31, total capital spending of $355.7 million (2021: $580.4 million) shown on the Consolidated Statements of Cash Flows is made up of Maintenance Capital of $69.9 million (2021: $91.2 million), and Growth Capital of $285.8 million (2021: $489.2 million). For the three months ended December 31, total capital spending of $98.0 million (2021: $121.7 million) is made up of Maintenance Capital of $21.5 million (2021: $23.9 million), and Growth Capital of $ 76.5 million (2021: $97.8 million).*

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

Return on Net Assets ("RONA")

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

Forward-Looking Statements

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

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

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

- implications of COVID-19 and post-pandemic recovery, including impact on supply chain, workforce availability and consumption patterns;
- future performance, including future financial objectives, goals and targets, category growth analysis, expected capital spend and expected SG&A expenditures, North American pork market dynamics, Japan export market margin outlook, labour markets and inflationary pressures (including the ability to price for inflation);
- the nature, cause and impact of the cybersecurity incident on the Company's systems, business and operations, as well as the ability to mitigate the financial and operational impact of the cybersecurity incident, the success of remediation and recovery efforts, the implications of data exfiltration, and ongoing risks associated with cybersecurity;
- the execution of the Company's business strategy, including the development and expected timing of business initiatives, brand expansion and repositioning, plant protein category investment and performance, market access in China and Japan, capital allocation decisions (including investment in share repurchases under the NCIB) and investment in potential growth opportunities and the expected returns associated therewith;
- the impact of international trade conditions and markets on the Company's business, including access to markets, implications associated with the spread of foreign animal disease (such as African Swine Fever ("ASF")) and other animal diseases such as Avian Influenza, as well as other social, economic and political factors that affect trade, including the war in Ukraine;
- competitive conditions and the Company's ability to position itself competitively in the markets in which it competes;
- capital projects, including planning, construction, estimated expenditures, schedules, approvals, expected capacity, in-service dates and anticipated benefits of construction of new facilities and expansions of existing facilities;
- the Company's dividend policy, including future levels and sustainability of cash dividends, the tax treatment thereof and future dividend payment dates;
- the impact of commodity prices and foreign exchange impacts on the Company's operations and financial performance, including the use and effectiveness of hedging instruments;
- expected future cash flows and the sufficiency thereof, sources of capital at attractive rates, future contractual obligations, future financing options, renewal of credit facilities, compliance with credit facility covenants, and availability of capital to fund growth plans, operating obligations and dividends;
- operating risks, including the execution, monitoring and continuous improvement of the Company's food safety programs, animal health initiatives, cost reduction initiatives, and service levels (including service level penalties);
- the implementation, cost and impact of environmental sustainability initiatives, the ability of the Company to achieve its sustainability objectives, changing climate and sustainability laws and regulation, changes in customer and consumer expectations related to sustainability matters, as well as the anticipated future cost of remediating environmental liabilities;
- the adoption of new accounting standards and the impact of such adoption on the financial position of the Company;
- expectations regarding pension plan performance, including future pension plan assets, liabilities and contributions; and
- developments and implications of actual or potential legal actions.

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

- expectations regarding the ongoing impact and future implications of COVID-19 and post-pandemic recovery, including adaptations in operations, supply chain, customer and consumer behaviour, economic patterns (including but not limited to pork markets in North America and internationally), foreign exchange rates and international trade dynamics;
- the competitive environment, associated market conditions and market share metrics, category growth or contraction, the expected behaviour of competitors and customers and trends in consumer preferences;
- the success of the Company's business strategy, including execution of the strategy in the Meat Protein Group, the execution of the Adjusted EBITDA neutral strategy for the Plant Protein Group and the relationship between pricing, inflation, volume and sales of the Company's products;
- prevailing commodity prices (especially in pork and feed markets), interest rates, tax rates and exchange rates;
- the timing and complexity of recovery from the cybersecurity incident, the risks associated with data exfiltration, the availability of insurance, the effectiveness of remediation and prevention activities, third party activities, ongoing impacts, customer, consumer and supplier responses and regulatory considerations;
- the economic condition of and the sociopolitical dynamics between Canada, the U.S., Japan and China, and the ability of the Company to access markets and source ingredients and other inputs in light of global sociopolitical disruption, and the ongoing impact of the war in Ukraine on international relations, trade and markets;
- the spread of foreign animal disease (including ASF and Avian Influenza), preparedness strategies to manage such spread, and implications for all protein markets;

- the availability of capital to fund future capital requirements associated with existing operations, assets and projects;
- expectations regarding participation in and funding of the Company's pension plans;
- the availability of insurance coverage to manage certain liability exposures;
- the extent of future liabilities and recoveries related to legal claims;
- prevailing regulatory, tax and environmental laws; and
- future operating costs and performance, including the Company's ability to achieve operating efficiencies and maintain high sales volumes, high turnover of inventories and high turnover of accounts receivable.

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

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

- implications of COVID-19 and post-pandemic recovery on the operations and financial performance of the Company, as well the ongoing implications for macro socio-economic trends;
- macro economic trends, including inflation, recessionary indicators, labour availability and labour market dynamics and international trade trends;
- competition, market conditions, and the activities of competitors and customers, including the expansion or contraction of key categories. pork market dynamics and Japan export margins;
- cybersecurity and maintenance and operation of the Company's information systems, processes and data, recovery, restoration and long term impacts of the cybersecurity event, the risk of future cybersecurity events, actions of third parties, risks of data exfiltration, effectiveness of business continuity planning and execution, and availability of insurance;
- the health status of livestock, including the impact of potential pandemics;
- international trade and access to markets and supplies, as well as social, political and economic dynamics, including the war in Ukraine;
- operating performance, including manufacturing operating levels, fill rates and penalties;
- availability of and access to capital, and compliance with credit facility covenants;
- decision respecting the return of capital to shareholders;
- the execution of capital projects, including cost, schedule and regulatory variables, all of which impact expected returns on investment;
- food safety, consumer liability and product recalls;
- climate change, climate regulation and the Company's sustainability performance;
- strategic risk management, including execution of the Adjusted EBITDA neutral strategy in the plant protein segment;
- acquisitions and divestitures;
- fluctuations in the debt and equity markets;
- fluctuations in interest rates and currency exchange rates;
- pension assets and liabilities;
- cyclical nature of the cost and supply of hogs and the competitive nature of the pork market generally;
- the effectiveness of commodity and interest rate hedging strategies;
- impact of changes in the market value of the biological assets and hedging instruments;
- the supply management system for poultry in Canada;
- availability of plant protein ingredients;
- intellectual property, including product innovation, product development, brand strategy and trademark protection;
- consolidation of operations and focus on protein;
- the use of contract manufacturers;
- reputation;
- weather;
- compliance with government regulation and adapting to changes in laws;
- actual and threatened legal claims;
- consumer trends and changes in consumer tastes and buying patterns;
- environmental regulation and potential environmental liabilities;

- consolidation in the retail environment;
- employment matters, including complying with employment laws across multiple jurisdictions, the potential for work stoppages due to non-renewal of collective agreements, recruiting and retaining qualified personnel, reliance on key personnel and succession planning;
- pricing of products;
- managing the Company’s supply chain;
- changes in International Financial Reporting Standards and other accounting standards that the Company is required to adhere to for regulatory purposes; and
- other factors as set out under the heading "Risk Factors" in the Company's Management Discussion and Analysis for the year ended December 31, 2022.

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

Readers are further cautioned that some of the forward-looking information, such as statements concerning future capital expenditures, Adjusted EBITDA Margin growth in the Meat Protein Group, and Adjusted EBITDA target in the Plant Protein Group (including the timing, pace and impact of restructuring activities), may be considered to be financial outlooks for purposes of applicable securities legislation. These financial outlooks are presented to evaluate potential future earnings and anticipated future uses of cash flows and may not be appropriate for other purposes. Readers should not assume these financial outlooks will be achieved.

More information about risk factors can be found under the heading “Risk Factors” in the Company's Annual Management's Discussion and Analysis for the year ended December 31, 2022, that is available on SEDAR at www.sedar.com. The reader should review such section in detail. Additional information concerning the Company, including the Company’s Annual Information Form, is available on SEDAR at www.sedar.com.

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

About Maple Leaf Foods Inc.

Maple Leaf Foods is a carbon neutral company with a vision to be the most sustainable protein company on earth, responsibly producing food products under leading brands including Maple Leaf®, Maple Leaf Prime®, Maple Leaf Natural Selections®, Schneiders®, Schneiders® Country Naturals®, Mina®, Greenfield Natural Meat Co.®, Lightlife® and Field Roast™. The Company employs approximately 14,000 people and does business primarily in Canada, the U.S. and Asia. The Company is headquartered in Mississauga, Ontario and its shares trade on the Toronto Stock Exchange (MFI).

Consolidated Balance Sheets

(In thousands of Canadian dollars) *(Audited)*	**As at December 31, 2022**	As at December 31, 2021
ASSETS		
Cash and cash equivalents	**$ 91,076**	$ 162,031
Accounts receivable	**167,611**	167,082
Notes receivable	**48,556**	33,294
Inventories	**485,979**	409,677
Biological assets	**144,169**	138,209
Income and other taxes recoverable	**57,497**	1,830
Prepaid expenses and other assets	**50,266**	24,988
Assets held for sale	**604**	—
Total current assets	**$ 1,045,758**	$ 937,111
Property and equipment	**2,303,424**	2,189,165
Right-of-use assets	**159,199**	161,662
Investments	**23,712**	22,326
Employee benefits	**12,531**	—
Other long-term assets	**14,357**	11,644
Deferred tax asset	**42,541**	39,907
Goodwill	**477,353**	658,673
Intangible assets	**360,561**	365,318
Total long-term assets	**$ 3,393,678**	$ 3,448,695
Total assets	**$ 4,439,436**	$ 4,385,806
LIABILITIES AND EQUITY		
Accounts payable and accruals	**$ 485,114**	$ 526,189
Current portion of provisions	**42,589**	842
Current portion of long-term debt	**921**	5,176
Current portion of lease obligations	**38,321**	31,375
Income taxes payable	**2,311**	23,853
Other current liabilities	**64,684**	81,265
Total current liabilities	**$ 633,940**	$ 668,700
Long-term debt	**1,709,493**	1,247,073
Lease obligations	**144,569**	144,391
Employee benefits	**64,280**	97,629
Provisions	**3,799**	44,650
Other long-term liabilities	**1,841**	1,057
Deferred tax liability	**220,926**	146,380
Total long-term liabilities	**$ 2,144,908**	$ 1,681,180
Total liabilities	**$ 2,778,848**	$ 2,349,880
Shareholders' equity		
Share capital	**$ 850,086**	$ 847,016
Retained earnings	**809,616**	1,212,244
Contributed surplus	**—**	5,371
Accumulated other comprehensive income (loss)	**26,802**	(2,459)
Treasury stock	**(25,916)**	(26,246)
Total shareholders' equity	**$ 1,660,588**	$ 2,035,926
Total liabilities and equity	**$ 4,439,436**	$ 4,385,806

Consolidated Statements of Net Earnings

	Three months ended December 31,		Twelve months ended December 31,	
(In thousands of Canadian dollars, except share amounts)	**2022**	2021	**2022**	2021
	(Unaudited)	*(Unaudited)*	*(Audited)*	*(Audited)*
Sales	**$ 1,185,522**	$ 1,120,495	**$ 4,739,063**	$ 4,521,082
Cost of goods sold	**1,084,947**	978,188	**4,314,925**	3,862,007
Gross profit	**$ 100,575**	$ 142,307	**$ 424,138**	$ 659,075
Selling, general and administrative expenses	**95,850**	120,000	**431,715**	467,067
(Loss) earnings before the following:	**$ 4,725**	$ 22,307	**$ (7,577)**	$ 192,008
Restructuring and other related costs	**5,694**	1,212	**30,083**	4,910
Other expense (income)	**5,547**	7,328	**14,356**	14,522
Impairment of goodwill	**—**	—	**190,911**	—
(Loss) earnings before interest and income taxes	**$ (6,516)**	$ 13,767	**$ (242,927)**	$ 172,576
Interest expense and other financing costs	**23,045**	6,508	**56,041**	22,870
(Loss) earnings before income taxes	**$ (29,561)**	$ 7,259	**$ (298,968)**	$ 149,706
Income tax expense	**11,931**	5,381	**12,925**	46,883
Net (loss) earnings	**$ (41,492)**	$ 1,878	**$ (311,893)**	$ 102,823
(Loss) earnings per share attributable to common shareholders:				
Basic (loss) earnings per share	**$ (0.34)**	$ 0.02	**$ (2.52)**	$ 0.83
Diluted (loss) earnings per share	**$ (0.34)**	$ 0.01	**$ (2.52)**	$ 0.82
Weighted average number of shares (millions):				
Basic	**122.5**	123.9	**123.6**	123.5
Diluted	**122.5**	125.3	**123.6**	124.7

Consolidated Statements of Other Comprehensive Income (Loss)

	Three months ended December 31,		Twelve months ended December 31,	
(In thousands of Canadian dollars)	**2022**	2021	**2022**	2021
	(Unaudited)	*(Unaudited)*	*(Audited)*	*(Audited)*
Net (loss) earnings	**$ (41,492)**	$ 1,878	**$ (311,893)**	$ 102,823
Other comprehensive income (loss)				
Actuarial (losses) gains that will not be reclassified to profit or loss (Net of tax of $0.0 million and $14.6 million; 2021: $1.2 million and $24.6 million)	**$ 17,910**	$ (2,215)	**$ 40,095**	$ 73,502
Items that are or may be reclassified subsequently to profit or loss:				
Change in fair value of investments (Net of tax of $0.0 million and $0.0 million; 2021: $0.0 million and $1.0 million)	**$ —**	$ —	**$ —**	$ 2,945
Change in accumulated foreign currency translation adjustment (Net of tax of $0.0 million and $0.0 million; 2021: $0.0 million and $0.0 million)	**(6,096)**	702	**28,972**	(3,181)
Change in foreign exchange on long-term debt designated as a net investment hedge (Net of tax of $0.0 million and $3.8 million; 2021: $0.1 million and $0.5 million)	**6,313**	390	**(20,037)**	2,216
Change in cash flow hedges (Net of tax of $0.0 million and $6.3 million; 2021: $1.5 million and $3.2 million)	**3,896**	4,338	**20,326**	8,975
Total items that are or may be reclassified subsequently to profit or loss	**$ 4,113**	$ 5,430	**$ 29,261**	$ 10,955
Total other comprehensive income	**$ 22,023**	$ 3,215	**$ 69,356**	$ 84,457
Comprehensive (loss) income	**$ (19,469)**	$ 5,093	**$ (242,537)**	$ 187,280

Consolidated Statements of Changes in Total Equity

(In thousands of Canadian dollars) (Unaudited)	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	Accumulated other comprehensive income (loss)[i]: Unrealized gains on fair value of investments	Treasury stock	Total equity
Balance at December 31, 2021	**$ 847,016**	**1,212,244**	**5,371**	**2,037**	**(7,441)**	**2,945**	**(26,246)**	**$ 2,035,926**
Net loss	**—**	**(311,893)**	**—**	**—**	**—**	**—**	**—**	**(311,893)**
Other comprehensive income (loss)[ii]	**—**	**40,095**	**—**	**8,935**	**20,326**	**—**	**—**	**69,356**
Dividends declared ($0.80 per share)	**—**	**(99,084)**	**—**	**—**	**—**	**—**	**—**	**(99,084)**
Share-based compensation expense	**—**	**—**	**20,121**	**—**	**—**	**—**	**—**	**20,121**
Modification of stock compensation plan	**—**	**—**	**(3,595)**	**—**	**—**	**—**	**—**	**(3,595)**
Deferred taxes on share-based compensation	**—**	**—**	**(1,350)**	**—**	**—**	**—**	**—**	**(1,350)**
Exercise of stock options	**7,433**	**—**	**(1,289)**	**—**	**—**	**—**	**—**	**6,144**
Shares re-purchased	**(17,400)**	**(10,758)**	**(30,719)**	**—**	**—**	**—**	**—**	**(58,877)**
Shares purchased by RSU trust	**—**	**—**	**—**	**—**	**—**	**—**	**(7,500)**	**(7,500)**
Settlement of share-based compensation	**—**	**—**	**(15,560)**	**—**	**—**	**—**	**7,830**	**(7,730)**
Change in obligation for repurchase of shares	**13,037**	**(20,988)**	**27,021**	**—**	**—**	**—**	**—**	**19,070**
Balance at December 31, 2022	**$ 850,086**	**809,616**	**—**	**10,972**	**12,885**	**2,945**	**(25,916)**	**$ 1,660,588**

(In thousands of Canadian dollars) (Unaudited)	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	Accumulated other comprehensive income (loss)[i]: Unrealized gains on fair value of investments	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	—	102,823	—	—	—	—	—	102,823
Other comprehensive income (loss)[ii]	—	73,502	—	(965)	8,975	2,945	—	84,457
Dividends declared ($0.72 per share)	—	(89,054)	—	—	—	—	—	(89,054)
Share-based compensation expense	—	—	21,960	—	—	—	—	21,960
Deferred taxes on share-based compensation	—	—	975	—	—	—	—	975
Exercise of stock options	16,414	—	(2,882)	—	—	—	—	13,532
Settlement of share-based compensation	—	—	(9,679)	—	—	—	5,192	(4,487)
Shares purchased by RSU trust	—	—	—	—	—	—	(7,508)	(7,508)
Change in obligation for repurchase of shares	(8,367)	—	(10,869)	—	—	—	—	(19,236)
Balance at December 31, 2021	$ 847,016	1,212,244	5,371	2,037	(7,441)	2,945	(26,246)	$ 2,035,926

[i] *Items that are or may be subsequently reclassified to profit or loss.*

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

Consolidated Statements of Cash Flows

	Three months ended December 31,		Twelve months ended December 31,	
(In thousands of Canadian dollars)	**2022**	2021	**2022**	2021
CASH PROVIDED BY (USED IN):	*(Unaudited)*	*(Unaudited)*	*(Audited)*	*(Audited)*
Operating activities				
Net earnings	**$ (41,492)**	$ 1,878	**$ (311,893)**	$ 102,823
Add (deduct) items not affecting cash:				
Change in fair value of biological assets	**(26,996)**	(304)	**15,108**	6,474
Depreciation and amortization	**61,905**	52,654	**233,937**	200,855
Share-based compensation	**2,902**	4,222	**19,387**	21,960
Deferred income taxes	**50,791**	369	**57,406**	(17,325)
Income tax current	**(38,860)**	5,012	**(44,481)**	64,208
Interest expense and other financing costs	**23,045**	6,508	**56,041**	22,870
Loss on sale of long-term assets	**280**	1,900	**1,966**	3,819
Impairments	**3,353**	308	**212,363**	744
Change in fair value of non-designated derivatives	**14,451**	12,586	**(4,956)**	10,211
Change in net pension obligation	**1,826**	3,151	**8,764**	6,745
Net income taxes paid	**(304)**	(12,347)	**(30,162)**	(69,595)
Interest paid, net of capitalized interest	**(20,483)**	(5,322)	**(54,897)**	(22,088)
Change in provision for restructuring and other related costs	**(653)**	218	**995**	(6)
Change in derivatives margin	**4,710**	5,446	**2,012**	9,938
Other	**6,027**	8,045	**(4,334)**	2,057
Change in non-cash operating working capital	**1,818**	83,966	**(107,938)**	(38,899)
Cash provided by operating activities	**$ 42,320**	$ 168,290	**$ 49,318**	$ 304,791
Investing activities				
Additions to long-term assets	**$ (97,950)**	$ (121,763)	**$ (355,734)**	$ (580,349)
Acquisition of business	**—**	—	**—**	(41,928)
Interest paid and capitalized	**(5,578)**	(5,819)	**(22,217)**	(20,344)
Proceeds from sale of long-term assets	**484**	731	**607**	1,499
Purchase of investments	**(600)**	—	**(600)**	(3,184)
Proceeds from legal settlement	**929**	—	**929**	20,822
Cash used in investing activities	**$ (102,715)**	$ (126,851)	**$ (377,015)**	$ (623,484)
Financing activities				
Dividends paid	**$ (24,551)**	$ (22,394)	**$ (99,084)**	$ (89,054)
Net increase in long-term debt	**106,571**	81,242	**447,045**	500,297
Payment of lease obligation	**(6,943)**	(9,037)	**(33,892)**	(36,843)
Receipt of lease inducement	**1**	—	**6,848**	—
Exercise of stock options	**1,545**	4,821	**6,144**	13,532
Repurchase of shares	**(31,313)**	—	**(58,877)**	—
Payment of financing fees	**(38)**	—	**(3,942)**	(528)
Purchase of treasury stock	**—**	(7,508)	**(7,500)**	(7,508)
Cash provided by financing activities	**$ 45,272**	$ 47,124	**$ 256,742**	$ 379,896
(Decrease) increase in cash and cash equivalents	**(15,123)**	88,563	**(70,955)**	61,203
Cash and cash equivalents, beginning of period	**106,199**	73,468	**162,031**	100,828
Cash and cash equivalents, end of period	**$ 91,076**	$ 162,031	**$ 91,076**	$ 162,031