MAPLE LEAF FOODS INC.

Financial Statements

For the Second Quarter Ended

June 30, 2023

Consolidated Interim Financial Statements

Consolidated Interim Balance Sheets

(In thousands of Canadian dollars) *(Unaudited)*	***Notes***	**As at June 30, 2023**	As at June 30, 2022[(i)]	As at December 31, 2022[(i)]	As at January 1, 2022[(i)]
ASSETS					
Cash and cash equivalents		**$ 156,859**	$ 92,971	$ 91,076	$ 162,031
Accounts receivable	***4***	**205,930**	191,199	167,611	167,082
Notes receivable	***4***	**48,159**	62,609	48,556	33,294
Inventories	***5***	**523,377**	507,489	485,979	409,677
Biological assets	***6***	**111,796**	129,181	144,169	138,209
Income taxes recoverable		**69,521**	6,297	57,497	1,830
Prepaid expenses and other assets		**36,786**	50,774	50,266	24,988
Assets held for sale	***7***	**11,204**	604	604	—
Total current assets		**$ 1,163,632**	$ 1,041,124	$ 1,045,758	$ 937,111
Property and equipment		**2,285,314**	2,262,609	2,303,424	2,189,165
Right-of-use assets		**150,211**	158,328	159,199	161,662
Investments		**22,869**	22,667	23,712	22,326
Investment property	***8***	**5,289**	7,244	5,289	5,289
Employee benefits		**49,699**	15,873	12,531	—
Other long-term assets		**9,601**	18,928	12,493	9,780
Deferred tax asset		**41,450**	48,725	42,541	39,907
Goodwill		**477,353**	662,261	477,353	658,673
Intangible assets		**350,025**	360,765	360,561	365,318
Total long-term assets		**$ 3,391,811**	$ 3,557,400	$ 3,397,103	$ 3,452,120
Total assets		**$ 4,555,443**	$ 4,598,524	$ 4,442,861	$ 4,389,231
LIABILITIES AND EQUITY					
Accounts payable and accruals		**$ 528,481**	$ 545,432	$ 485,114	$ 526,189
Current portion of provisions	***9***	**23,837**	32,680	42,589	842
Current portion of long-term debt	***10***	**398,394**	1,029	921	5,176
Current portion of lease obligations		**37,749**	37,522	38,321	31,375
Income taxes payable		**1,600**	—	2,311	23,853
Other current liabilities		**17,998**	43,106	64,684	81,265
Total current liabilities		**$ 1,008,059**	$ 659,769	$ 633,940	$ 668,700
Long-term debt	***10***	**1,565,822**	1,513,124	1,709,493	1,247,073
Lease obligations		**137,029**	142,462	144,569	144,391
Employee benefits		**64,251**	64,964	64,280	97,629
Provisions	***9***	**2,281**	16,197	3,799	44,650
Other long-term liabilities		**928**	2,232	1,841	1,057
Deferred tax liability		**223,190**	177,360	221,606	147,060
Total long-term liabilities		**$ 1,993,501**	$ 1,916,339	$ 2,145,588	$ 1,681,860
Total liabilities		**$ 3,001,560**	$ 2,576,108	$ 2,779,528	$ 2,350,560
Shareholders' equity					
Share capital	***11***	**$ 859,046**	$ 862,688	$ 850,086	$ 847,016
Retained earnings		**671,870**	1,160,951	809,616	1,212,244
Contributed surplus		**—**	9,969	—	5,371
Accumulated other comprehensive income		**30,150**	14,724	29,547	286
Treasury shares		**(7,183)**	(25,916)	(25,916)	(26,246)
Total shareholders' equity		**$ 1,553,883**	$ 2,022,416	$ 1,663,333	$ 2,038,671
Total liabilities and equity		**$ 4,555,443**	$ 4,598,524	$ 4,442,861	$ 4,389,231

[(i)] *Restated, refer to Note 3.*

Subsequent event (Note 18)

See accompanying Notes to the Consolidated Interim Financial Statements.

Consolidated Interim Statements of Net Loss

(In thousands of Canadian dollars, except share amounts)		**Three months ended June 30,**		**Six months ended June 30,**	
(Unaudited)	***Notes***	**2023**	2022	**2023**	2022
Sales		**$ 1,269,664**	$ 1,195,133	**$ 2,444,553**	$ 2,321,686
Cost of goods sold		**1,176,069**	1,107,894	**2,274,511**	2,080,584
Gross profit		**$ 93,595**	$ 87,239	**$ 170,042**	$ 241,102
Selling, general and administrative expenses		**106,184**	113,608	**208,897**	233,065
(Loss) earnings before the following:		**$ (12,589)**	$ (26,369)	**$ (38,855)**	$ 8,037
Restructuring and other related costs	***9***	**11,026**	19,039	**18,775**	22,057
Other expense		**2,579**	2,452	**6,874**	5,076
(Loss) before interest and income taxes		**$ (26,194)**	$ (47,860)	**$ (64,504)**	$ (19,096)
Interest expense and other financing costs	***13***	**37,554**	10,786	**69,157**	18,502
(Loss) before income taxes		**$ (63,748)**	$ (58,646)	**$ (133,661)**	$ (37,598)
Income tax (recovery) expense		**(10,070)**	(4,034)	**(22,279)**	3,327
Net loss		**$ (53,678)**	$ (54,612)	**$ (111,382)**	$ (40,925)
(Loss) earnings per share attributable to common shareholders:	***14***				
Basic loss per share		**$ (0.44)**	$ (0.44)	**$ (0.92)**	$ (0.33)
Diluted loss per share		**$ (0.44)**	$ (0.44)	**$ (0.92)**	$ (0.33)
Weighted average number of shares (millions):	***14***				
Basic		**121.5**	124.1	**121.5**	124.0
Diluted		**121.5**	124.1	**121.5**	124.0

See accompanying Notes to the Consolidated Interim Financial Statements.

Consolidated Interim Statements of Other Comprehensive Income (Loss)

(In thousands of Canadian dollars) *(Unaudited)*	***Notes***	**Three months ended June 30,**		**Six months ended June 30,**	
		2023	2022	**2023**	2022
Net loss		**$ (53,678)**	$ (54,612)	**$(111,382)**	$ (40,925)
Other comprehensive income					
Actuarial (losses) gains that will not be reclassified to profit or loss (Net of tax of $8.9 million and $9.6 million; 2022: $0.2 million and $13.6 million)		**$ 25,779**	$ 505	**$ 27,903**	$ 39,406
Change in revaluation surplus (Net of tax of $0.0 million and $1.7 million; 2022: $0.0 million and $0.0 million)	***8***	**—**	—	**6,993**	—
Total items that will not be reclassified to profit or loss		**$ 25,779**	$ 505	**$ 34,896**	$ 39,406
Items that are or may be reclassified subsequently to profit or loss:					
Change in accumulated foreign currency translation adjustment (Net of tax of $0.0 million and $0.0 million; 2022: $0.0 million and $0.0 million)		**(8,686)**	15,063	**(9,119)**	8,092
Change in foreign exchange on long-term debt designated as a net investment hedge (Net of tax of $1.2 million and $1.2 million; 2022: $1.7 million and $1.1 million)		**6,498**	(9,085)	**6,618**	(5,525)
Change in cash flow hedges (Net of tax of $0.8 million and $1.8 million; 2022: $0.7 million and $4.1 million)		**(782)**	1,907	**(3,889)**	11,871
Total items that are or may be reclassified subsequently to profit or loss		**$ (2,970)**	$ 7,885	**$ (6,390)**	$ 14,438
Total other comprehensive income		**$ 22,809**	$ 8,390	**$ 28,506**	$ 53,844
Comprehensive (loss) income		**$ (30,869)**	$ (46,222)	**$ (82,876)**	$ 12,919

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): Foreign currency translation adjustment(i)**	**Accumulated other comprehensive income (loss): Unrealized gains and losses on cash flow hedges(i)**	**Accumulated other comprehensive income (loss): Unrealized gains on fair value of investments(i)**	**Revaluation Surplus(iii)**	**Treasury shares**	**Total equity**
Balance at December 31, 2022(iii)		**$850,086**	**809,616**	**—**	**10,972**	**12,885**	**2,945**	**2,745**	**(25,916)**	**$ 1,663,333**
Net loss		**—**	**(111,382)**	**—**	**—**	**—**	**—**	**—**	**—**	**(111,382)**
Other comprehensive income (loss)(ii)		**—**	**27,903**	**—**	**(2,501)**	**(3,889)**	**—**	**6,993**	**—**	**28,506**
Dividends declared ($0.42 per share)		**—**	**(51,252)**	**—**	**—**	**—**	**—**	**—**	**—**	**(51,252)**
Share-based compensation expense	***15***	**—**	**—**	**6,062**	**—**	**—**	**—**	**—**	**—**	**6,062**
Deferred taxes on share-based compensation		**—**	**—**	**1,100**	**—**	**—**	**—**	**—**	**—**	**1,100**
Exercise of stock options		**4,447**	**—**	**(1,363)**	**—**	**—**	**—**	**—**	**—**	**3,084**
Shares re-purchased	***11***	**(4,498)**	**—**	**(11,595)**	**—**	**—**	**—**	**—**	**—**	**(16,093)**
Shares sold by RSU trust		**—**	**—**	**—**	**—**	**—**	**—**	**—**	**9,841**	**9,841**
Settlement of share-based compensation		**—**	**(3,015)**	**(15,192)**	**—**	**—**	**—**	**—**	**8,892**	**(9,315)**
Change in obligation for repurchase of shares		**9,011**	**—**	**20,988**	**—**	**—**	**—**	**—**	**—**	**29,999**
Balance at June 30, 2023		**$859,046**	**671,870**	**—**	**8,471**	**8,996**	**2,945**	**9,738**	**(7,183)**	**$ 1,553,883**

(In thousands of Canadian dollars) (Unaudited)	*Notes*	Share capital	Retained earnings	Contributed surplus	Accumulated other comprehensive income (loss): Foreign currency translation adjustment(i)	Accumulated other comprehensive income (loss): Unrealized gains and losses on cash flow hedges(i)	Accumulated other comprehensive income (loss): Unrealized gains on fair value of investments(i)	Revaluation Surplus(iii)	Treasury shares	Total equity
Balance at January 1, 2022(iii)		$847,016	1,212,244	5,371	2,037	(7,441)	2,945	2,745	(26,246)	$ 2,038,671
Net loss		—	(40,925)	—	—	—	—	—	—	(40,925)
Other comprehensive income (loss)(ii)		—	39,406	—	2,567	11,871	—	—	—	53,844
Dividends declared ($0.40 per share)		—	(49,774)	—	—	—	—	—	—	(49,774)
Share-based compensation expense	*15*	—	—	13,758	—	—	—	—	—	13,758
Modification of stock compensation plan	*15*	—	—	(3,594)	—	—	—	—	—	(3,594)
Deferred taxes on share-based compensation		—	—	(800)	—	—	—	—	—	(800)
Exercise of stock options		5,888	—	(1,289)	—	—	—	—	—	4,599
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		9,784	—	12,083	—	—	—	—	—	21,867
Balance at June 30, 2022		$862,688	1,160,951	9,969	4,604	4,430	2,945	2,745	(25,916)	$ 2,022,416

(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.*

(iii) *Restated, refer to Note 3.*

See accompanying Notes to the Consolidated Interim Financial Statements.

Consolidated Interim Statements of Cash Flows

(In thousands of Canadian dollars)		**Three months ended June 30,**		**Six months ended June 30,**	
(Unaudited)	***Notes***	**2023**	2022	**2023**	2022
CASH PROVIDED BY (USED IN):					
Operating activities					
Net loss		**$ (53,678)**	$ (54,612)	**$ (111,382)**	$ (40,925)
Add (deduct) items not affecting cash:					
Change in fair value of biological assets	***6***	**27,547**	49,963	**28,674**	10,652
Depreciation and amortization		**66,371**	57,239	**133,796**	114,430
Share-based compensation	***15***	**4,050**	9,362	**6,062**	13,758
Deferred income taxes		**(5,144)**	(3,160)	**(8,018)**	4,812
Income tax current		**(4,926)**	(874)	**(14,261)**	(1,485)
Interest expense and other financing costs	***13***	**37,554**	10,786	**69,157**	18,502
Loss on sale of long-term assets		**741**	1,124	**975**	1,582
Impairment of property and equipment and ROU assets		**6,530**	16,056	**6,530**	16,056
Change in fair value of non-designated derivatives		**(8,635)**	(14,109)	**(5,526)**	(12,535)
Change in net pension obligation		**(136)**	1,944	**331**	4,442
Net income taxes paid		**3,143**	(2,875)	**1,366**	(26,487)
Interest paid, net of capitalized interest	***13***	**(33,838)**	(22,712)	**(67,628)**	(30,388)
Change in provision for restructuring and other related costs	***9***	**(13,545)**	1,743	**(19,551)**	3,456
Change in derivatives margin		**8,454**	24,784	**(5,286)**	(319)
Cash settlement of derivatives		**(2,735)**	—	**8,274**	—
Other		**(3,913)**	(6,559)	**(3,696)**	(7,810)
Change in non-cash operating working capital		**(84,844)**	(51,608)	**(41,107)**	(136,242)
Cash (used in) provided by operating activities		**$ (57,004)**	$ 16,492	**$ (21,290)**	$ (68,501)
Investing activities					
Additions to long-term assets		**$ (55,869)**	$ (81,935)	**$ (105,121)**	$ (179,240)
Interest paid and capitalized	***13***	**(757)**	(5,123)	**(1,238)**	(9,620)
Proceeds from sale of long-term assets		**206**	23	**270**	117
Purchase of investments		**(100)**	—	**(100)**	—
Cash used in investing activities		**$ (56,520)**	$ (87,035)	**$ (106,189)**	$ (188,743)
Financing activities					
Dividends paid		**$ (25,693)**	$ (24,901)	**$ (51,252)**	$ (49,774)
Net increase in long-term debt	***10***	**219,554**	141,085	**268,354**	255,947
Payment of lease obligation		**(7,462)**	(8,682)	**(17,380)**	(18,090)
Receipt of lease inducement		**—**	—	**—**	6,847
Exercise of stock options		**2,315**	881	**3,084**	4,599
Repurchase of shares		**(5,324)**	—	**(16,093)**	—
Sale (purchase) of treasury shares		**9,841**	(7,500)	**9,841**	(7,500)
Payment of financing fees	***10***	**(2,281)**	(3,845)	**(3,292)**	(3,845)
Cash provided by financing activities		**$ 190,950**	$ 97,038	**$ 193,262**	$ 188,184
Increase (decrease) in cash and cash equivalents		**$ 77,426**	$ 26,495	**$ 65,783**	$ (69,060)
Cash and cash equivalents, beginning of period		**79,433**	66,476	**91,076**	162,031
Cash and cash equivalents, end of period		**$ 156,859**	$ 92,971	**$ 156,859**	$ 92,971

See accompanying Notes to the Consolidated Interim Financial Statements.

Notes to the Consolidated Interim Financial Statements

(Tabular amounts in thousands of Canadian dollars unless otherwise indicated)
Three and six months ended June 30, 2023 and 2022

1. THE COMPANY

Maple Leaf Foods Inc. (“Maple Leaf Foods” or the "Company") is a carbon neutral[(i)] company with a vision to be the most sustainable protein company on earth, responsibly producing food products under leading brands including Maple Leaf®, Maple Leaf Prime®, Maple Leaf Natural Selections®, Schneiders®, Schneiders® Country Naturals®, Mina®, Greenfield Natural Meat Co.®, Lightlife® and Field Roast™. The Company's portfolio includes prepared meats, ready-to-cook and ready-to-serve meals, snacks kits, value-added fresh pork and poultry, and plant protein products. The address of the Company's registered office is 6985 Financial Dr., Mississauga, Ontario, L5N 0A1, Canada. The unaudited condensed consolidated interim financial statements ("Consolidated Interim Financial Statements") of the Company as at and for the three and six months ended June 30, 2023 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.

(i) *See the Company's 2022 Integrated Report that is available on the Maple Leaf Foods website at https://www.mapleleaffoods.com/wp-content/uploads/sites/6/2023/06/MLF-2022-Integrated-Report_Final.pdf*

2. SIGNIFICANT ACCOUNTING POLICIES

The Consolidated Interim Financial Statements should be read in conjunction with the Company’s 2022 Annual Audited Consolidated Financial Statements ("2022 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 2022 Consolidated Financial Statements, except for new standards adopted during the six months ended June 30, 2023 as described below or as otherwise addressed within Note 3.

The Consolidated Interim Financial Statements were authorized for issue by the Board of Directors on August 2, 2023.

(b) Accounting Standards Adopted During the Period

Beginning on January 1, 2023, 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:

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

Beginning on January 1, 2023, the Company adopted the amendments to *IAS 1 Presentation of financial statements and IFRS Practice Statement 2 Making Materiality Judgements*. The amendments help companies provide useful accounting policy disclosures. The adoption of the amendments did not have a material impact on the Consolidated Interim Financial Statements.

Definition of Accounting Estimates (Amendments to IAS 8)

Beginning on January 1, 2023, the Company adopted the amendments to *IAS 8 Accounting policies, changes in accounting estimates and errors*. The amendments require the disclosure of material accounting policy information rather than disclosing significant accounting policies and clarifies how to distinguish changes in accounting policies from changes in accounting estimates. The adoption of the amendments did not have a material impact on the Consolidated Interim Financial Statements.

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

Beginning on January 1, 2023, the Company adopted the amendments to *IAS 12 Income taxes*. The amendments narrowed the scope of the recognition exemption in paragraphs 15 and 24 of *IAS 12* so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. The adoption of the amendments did not have a material impact on the Consolidated Interim Financial Statements.

Classification of Liabilities as Current or Non-current (Amendments to IAS 1)

Beginning on January 1, 2023, the Company adopted the amendments to *IAS 1 Presentation of financial statements.* The amendments address inconsistencies with how entities classify current and non-current liabilities. It serves to address whether debt and other liabilities with an uncertain settlement date should be classified as current or non-current in the Consolidated Balance Sheets. The adoption of the amendments did not have a material impact on the Consolidated Interim Financial Statements.

Non-current Liabilities with Covenants (Amendments to IAS 1)

Beginning on January 1, 2023, the Company adopted the amendments to *IAS 1 Presentation of financial statements.* The amendments improve the information an entity provides when its right to defer settlement of a liability for at least twelve months is subject to compliance with covenants. The adoption of the amendments did not have a material impact on the Consolidated Interim Financial Statements.

Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)

Beginning on January 1, 2023, the Company adopted the amendments to *IFRS 16 Leases.* The amendments added subsequent measurement requirements for sale and leaseback transactions with variable payments. The adoption of the amendments did not have a material impact on the Consolidated Interim Financial Statements.

International Tax Reform—Pillar Two Model Rules (Amendments to IAS 12)

Beginning April 1, 2023, the Company adopted amendments to *IAS 12 Income Taxes.* This introduced a temporary exception to the requirements to recognize and disclose information about deferred tax assets and liabilities related to Pillar Two income taxes and targeted disclosure requirements for affected entities. The adoption of the amendments did not have a material impact on the Consolidated Interim Financial Statements.

(c) Accounting Pronouncements Issued But Not Yet Effective

Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)

On May 23, 2023 the IASB issued *Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7).* The amendments require an entity to provide additional disclosures about its supplier finance arrangements. The amendments are effective for annual periods beginning on or after January 1, 2024. The Company intends to adopt this amendment in its Consolidated Interim Financial Statements for the annual period beginning January 1, 2024. The adoption of this amendment is not expected to have a material impact on the Consolidated Interim Financial Statements.

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. CHANGE IN ACCOUNTING POLICY

Except as described below, the accounting policies applied in these Consolidated Interim Financial Statements are the same as those applied in the 2022 Consolidated Financial Statements.

The Company has changed its policy for the measurement of investment properties to the fair value model, as permitted under IAS 40 Investment Property, as at January 1, 2023. The Company previously recorded investment properties at historical cost. The fair value of these assets differs significantly from historical cost. Measuring Investment Property at cost is therefore no longer the most reliable measure of the value of these assets. Therefore, a change in accounting policy from historical cost to fair value provides more relevant and reliable information of the value of these assets.

Under the fair value model, investments are initially measured at cost and subsequently measured at fair value. Fair value is determined based on available market evidence. If market evidence is not readily available in less active markets, the Company uses alternative valuation methods such as recent transaction prices or anticipated cash flows. Gains and losses from changes in the fair value are recognized in Other Comprehensive Income within Revaluation Surplus in the period in which they arise.

The comparative period has been restated to reflect the retrospective change in accounting policy, and as a result, effective January 1, 2022, Investment Property, Deferred Income Tax Liabilities, and Revaluation Surplus were increased by $3.4 million, $0.7 million, and $2.7 million, respectively. Refer to Note 8 for the pre-tax reconciliation of Investment Property.

4. ACCOUNTS RECEIVABLE

	As at June 30, 2023	As at June 30, 2022	As at December 31, 2022
Trade receivables	**$ 175,326**	$ 145,424	$ 129,274
Less: Allowance for doubtful accounts	**(2,243)**	(1,745)	(1,554)
Net trade receivables	**$ 173,083**	$ 143,679	$ 127,720
Other receivables:			
Commodity taxes receivable	**19,705**	15,834	22,374
Government receivable	**2,989**	20,476	1,858
Other	**10,153**	11,210	15,659
	$ 205,930	$ 191,199	$ 167,611

The aging of trade receivables is as follows:

	As at June 30, 2023	As at June 30, 2022	As at December 31, 2022
Current	**$ 137,935**	$ 116,451	$ 94,722
Past due 0-30 days	**30,529**	25,898	25,201
Past due 31-60 days	**3,698**	1,391	5,073
Past due > 60 days	**3,164**	1,684	4,278
	$ 175,326	$ 145,424	$ 129,274

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 trade receivables.

On June 24, 2022, the Company amended its accounts receivable securitization facility (the "Securitization Facility") by extending the maturity to June 24, 2024. The maximum cash advance available to the Company under the Securitization Facility is $135.0 million (June 30, 2022: $135.0 million; December 31, 2022: $135.0 million). The Securitization Facility provides cash funding with a proportion of the Company's receivables being sold, and provides the Company with competitively priced financing and further diversifies its funding sources. Under the Securitization Facility, the Company has sold certain of its trade accounts receivable, with very limited recourse, to an unconsolidated third-party trust financed by an international financial institution with a long-term AA- debt rating, for cash and short-term notes back to the Company. The receivables are sold at a discount to face value based on prevailing money market rates. The Company retains servicing responsibilities for these receivables.

As at June 30, 2023, trade accounts receivable being serviced under this program amounted to $126.4 million (June 30, 2022: $182.6 million; December 31, 2022: $171.1 million). In return for the sale of its trade receivables, the Company will receive cash of $87.8 million (June 30, 2022: $135.0 million; December 31, 2022: $132.6 million) and notes receivable in the amount of $38.6 million (June 30, 2022: $47.6 million; December 31, 2022: $38.5 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 June 30, 2023, the Company recorded a net receivable in the amount of $9.6 million (June 30, 2022: $15.0 million net receivable; December 31, 2022: $10.1 million net receivable) in notes receivable (June 30, 2022: notes receivables; December 31, 2022: notes receivable).

The sale of trade receivables under the Securitization Facility are treated as a sale from an accounting perspective and as a result, trade receivables sold under this facility are derecognized from the unaudited condensed consolidated interim balance sheets ("Consolidated Interim Balance Sheets") as at June 30, 2023 and 2022 and the 2022 annual audited consolidated balance sheet as at December 31, 2022.

5. INVENTORIES

	As at June 30, 2023	As at June 30, 2022	As at December 31, 2022
Raw materials	**$ 74,683**	$ 89,864	$ 74,211
Work in process	**40,846**	40,656	38,653
Finished goods	**298,920**	284,461	269,636
Packaging	**26,754**	25,481	27,360
Spare parts	**82,174**	67,027	76,119
	$ 523,377	$ 507,489	$ 485,979

For the three months ended June 30, 2023, inventory in the amount of $1,014.1 million (2022: $964.3 million) was expensed through cost of goods sold.

For the six months ended June 30, 2023, inventory in the amount of $1,996.4 million (2022: $1,875.7 million) was expensed through cost of goods sold.

As at June 30, 2023, inventories have been reduced by $19.3 million (June 30, 2022: $13.7 million; December 31, 2022: $18.6 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.

6. BIOLOGICAL ASSETS

The change in fair value of commercial hog stock for the three months ended June 30, 2023 was a loss of $27.5 million (2022: loss of $50.0 million) and was recorded in cost of goods sold.

The change in fair value of commercial hog stock for the six months ended June 30, 2023 was a loss of $28.7 million (2022: loss of $10.7 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 and six months ended June 30, 2023 and June 30, 2022.

7. ASSETS HELD FOR SALE

As at June 30, 2023, assets held for sale consisted of the land and building of the St. Mary's, Ontario poultry facility that was closed during the first quarter of 2023 as well as a parking lot located in Toronto, Ontario for a total of $11.2 million (June 30, 2022: $0.6 million; December 31, 2022: $0.6 million).

8. INVESTMENT PROPERTY

Restated net balance, December 31, 2022	**$**	**5,289**
Fair value adjustment		**8,713**
Additions[i]		**1,887**
Transfer to assets held for sale		**(10,600)**
Net balance, March 31, 2023	**$**	**5,289**
Fair value adjustment		**—**
Net balance, June 30, 2023	**$**	**5,289**

Net balance, December 31, 2021[ii]	$	1,864
Change in accounting policy[iii]		3,425
Restated net balance, January 1, 2022	$	5,289
Fair value adjustment		—
Restated net balance, March 31, 2022	$	5,289
Fair value adjustment		—
Additions[i]		1,955
Restated net balance, June 30, 2022	$	7,244

(i) *Includes amounts reclassified from land and buildings at cost.*

(ii) *Presented within Other Long-Term Assets.*

(iii) *Restated as the Company has changed the measurement of investment properties to fair value from historical cost under IAS 40 Investment Property as at January 1, 2023. Refer to Note 3 for the change in accounting policy.*

During the three months ended June 30, 2023, the Company did not recognize any additional fair value adjustments (2022: $0.0 million), net of tax of (2022: $0.0 million), included in accumulated other comprehensive income (loss) which will be reclassified into retained earnings when sold.

During the six months ended June 30, 2023, the Company recognized $7.0 million (2022: $2.7 million), net of tax of $1.7 million (2022: $0.7 million), included in accumulated other comprehensive income (loss) which will be reclassified into retained earnings when sold.

9. PROVISIONS

				Restructuring and related provisions		
		Legal	**Environ-mental**	**Severance and other employee related costs**	**Site closing and other cash costs**	**Total**
Balance at December 31, 2022[i]	**$**	**630**	**2,370**	**43,388**	**—**	**$ 46,388**
Charges		**—**	**—**	**1,785**	**503**	**2,288**
Reversals		**(200)**	**—**	**(455)**	**—**	**(655)**
Cash payments		**(430)**	**(7)**	**(7,473)**	**(369)**	**(8,279)**
Foreign currency translation		**—**	**—**	**3**	**—**	**3**
Balance at March 31, 2023	**$**	**—**	**2,363**	**37,248**	**134**	**$ 39,745**
Charges		**—**	**—**	**3,175**	**1,239**	**4,414**
Reversals		**—**	**(13)**	**(996)**	**(869)**	**(1,878)**
Cash payments		**—**	**(69)**	**(15,555)**	**(481)**	**(16,105)**
Foreign currency translation		**—**	**—**	**(54)**	**(4)**	**(58)**
Balance at June 30, 2023	**$**	**—**	**2,281**	**23,818**	**19**	**$ 26,118**
Current						**$ 23,837**
Non-current						**2,281**
Total at June 30, 2023						**$ 26,118**

[i] *Balance as at December 31, 2022, includes current portion of $42.6 million and non-current portion of $3.8 million.*

				Restructuring and related provisions		
		Legal	Environ-mental	Severance and other employee related costs	Site closing and other cash costs	Total
Balance at December 31, 2021	$	650	2,449	42,344	49	$ 45,492
Charges		—	—	3,997	6	4,003
Reversals		—	—	(2,132)	—	(2,132)
Cash payments		(20)	(37)	(103)	(55)	(215)
Balance at March 31, 2022	$	630	2,412	44,106	—	$ 47,148
Charges		—	—	3,004	468	3,472
Reversals		—	—	(1,681)	—	(1,681)
Cash payments		—	(16)	(46)	—	(62)
Balance at June 30, 2022	$	630	2,396	45,383	468	$ 48,877
Current						$ 32,680
Non-current						16,197
Total at June 30, 2022						$ 48,877

Restructuring and Other Related Costs

During the three months ended June 30, 2023, the Company recorded restructuring and other related costs of $11.0 million (2022: $19.0 million). The $11.0 million consists of $6.7 million (2022: $18.6 million) in the Plant Protein Group and $4.3 million (2022: $0.4 million) in the Meat Protein Group.

Of the $6.7 million (2022: $18.6 million) in the Plant Protein Group, $5.0 million (2022: $15.8 million) is related to asset impairments, $0.4 million (2022: $0.0 million) is related to inventory impairments, and $1.3 million (2022: $2.8 million) is related to severance and other employee related costs, as the Company continues to change focus and reorganize SG&A and manufacturing operations in response to slower than previously anticipated segment growth.

Of the $4.3 million (2022: $0.4 million) in the Meat Protein Group, $0.8 million (2022: $1.4 million) related to accelerated depreciation, $1.0 million (2022: $0.0 million) related to asset impairment, $1.7 million (2022: $0.0 million) related to other cash costs and decommissioning costs, and $0.8 million (2022: reversal of $1.0 million) related to severance and other employee costs related to the closures of the Toronto and St. Mary's poultry plants and the previously announced future closures of the Brampton and Schomberg poultry plants.

During the six months ended June 30, 2023, the Company recorded restructuring and other related costs of $18.8 million (2022: $22.1 million). The $18.8 million consists of $11.2 million (2022: $18.6 million) in the Plant Protein Group and $7.6 million (2022: $3.5 million) in the Meat Protein Group.

Of the $11.2 million (2022: $18.6 million) in the Plant Protein Group, $5.0 million (2022: $15.8 million) is related to asset impairments, $4.4 million (2022: $0.0 million) is related to inventory impairments, $1.7 million (2022: $2.8 million) is related to severance and other employee related costs, and $0.1 million (2022: $0.0 million) is related to decommissioning and other cash costs, as the Company changes focus and reorganizes SG&A and manufacturing operations in response to slower than previously anticipated segment growth.

Of the $7.6 million (2022: $3.5 million) in the Meat Protein Group, $2.2 million (2022: $2.6 million) related to accelerated depreciation, $1.0 million (2022: $0.0 million) related to asset impairment, $2.8 million (2022: $0.0 million) related to other cash costs and decommissioning costs, and $1.1 million (2022: $0.9 million) related to severance and other employee costs related to the closures of Toronto and St. Mary's poultry plants and the previously announced future closures of the Brampton and Schomberg poultry plants. The remaining amount of $0.5 million (2022: $0.0 million) was related to employee related costs for other organizational restructuring initiatives.

10. LONG-TERM DEBT

	As at June 30, 2023	As at June 30, 2022	As at December 31, 2022
Revolving line of credit	**$ 863,400**	$ 815,000	$ 999,523
U.S. term credit Tranche 1	**350,847**	341,453	358,664
Canadian term credit Tranche 2	**350,000**	350,000	350,000
Canadian term credit Tranche 3	**400,000**	—	—
Government loans	**6,917**	7,700	7,027
Deferred financing charges	**(6,948)**	—	(4,800)
Total long-term debt	**$ 1,964,216**	$ 1,514,153	$ 1,710,414
Current	**$ 398,394**	$ 1,029	$ 921
Non-current	**1,565,822**	1,513,124	1,709,493
Total long-term debt	**$ 1,964,216**	$ 1,514,153	$ 1,710,414

On June 20, 2023, the Company amended its existing syndicated sustainability-linked credit facility (the "Credit Facility") by adding an additional $400.0 million unsecured committed term credit tranche maturing June 20, 2024, and adjusting the financial covenants to facilitate access to the new tranche. In February 2023, the financial covenants were amended to reflect the extended effect of the post-pandemic economy.

On June 29, 2022, the Company renewed the Credit Facility by extending the maturity date of the $1,300.0 million unsecured committed revolving line of credit to June 29, 2027, and extending the maturity dates of the US$265.0 million and $350.0 million unsecured committed term credit facilities to June 29, 2027 and June 29, 2026, 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 based on the Secured Overnight Financing Rate ("SOFR") 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. The interest rate on the Credit Facility may be adjusted up or down by a maximum of 5 basis points based on the Company's performance compared to specified sustainability targets.

In addition to the drawings on the revolving facility and the term credit, as at June 30, 2023 the Company had drawn letters of credit of $9.3 million on the Credit Facility (June 30, 2022: $7.9 million; December 31, 2022: $8.9 million).

The Credit Facility requires the maintenance of certain covenants. As at June 30, 2023, the Company was in compliance with all of these covenants. The primary financial covenant requires that the Company maintain a net debt to capitalization ratio below a specified threshold.

The Company has additional uncommitted credit facilities for issuing letters of credit up to a maximum of $125.0 million (June 30, 2022: $125.0 million; December 31, 2022: $125.0 million). As at June 30, 2023, $46.7 million in letters of credit had been issued thereon (June 30, 2022: $58.6 million; December 31, 2022: $58.9 million).

The Company has various government loans on specific projects. As at June 30, 2023, these loans are non-interest bearing facilities (June 30, 2022: 0.0%; December 31, 2022: 0.0%). These specific facilities are repayable over various terms and are maturing from 2024 to 2032. As at June 30, 2023, $6.9 million (June 30, 2022: $7.7 million; December 31, 2022: $7.0 million) was outstanding. All of these facilities are committed.

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

	Three months ended June 30,		Six months ended June 30,	
	2023	2022	**2023**	2022
Total long-term debt, beginning of period	**$ 1,756,690**	$ 1,357,212	**$ 1,710,414**	$ 1,252,249
Revolving and term credit facilities - net drawings	**$ 219,646**	$ 145,645	**$ 268,586**	$ 260,645
Government loans - repayments	**(92)**	(4,560)	**(232)**	(4,698)
Payment of financing fees	**$ (2,281)**	$ —	**(3,292)**	—
Total cash flow from long-term debt financing activities	**$ 217,273**	$ 141,085	**$ 265,062**	$ 255,947
Foreign exchange revaluation	**$ (10,548)**	$ 15,764	**$ (12,526)**	$ 5,760
Other non-cash changes	**801**	92	**1,266**	197
Total non-cash changes	**$ (9,747)**	$ 15,856	**$ (11,260)**	$ 5,957
Total long-term debt, end of period	**$ 1,964,216**	$ 1,514,153	**$ 1,964,216**	$ 1,514,153

11. SHARE CAPITAL

Share Repurchase

On May 20, 2023 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 7.2 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, 2023 and will terminate on May 24, 2024, or on such earlier date as the Company completes its purchases pursuant to the notice of intention. Under this bid, during the three and six months ended June 30, 2023, no shares were repurchased for cancellation.

On May 20, 2022 the TSX accepted the Company's notice of intention to commence a 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, 2022 and terminated on May 24, 2023. Under this bid, during the three months ended June 30, 2023, 0.2 million shares at an average price of $27.00 per share were repurchased for cancellation. During the six months ended June 30, 2023, 0.6 million shares at an average price of $26.06 per share were repurchased for cancellation.

On May 20, 2021 the TSX accepted the Company's notice of intention to commence a NCIB, allowing the Company to repurchase, at its discretion, up to 7.5 million common shares in the open market or as otherwise permitted by the TSX, subject to the normal terms and limitations of such bids. Common shares purchased by the Company are cancelled. The program commenced on May 25, 2021 and terminated on May 24, 2022. Under this bid, during the three and six months ended June 30, 2022, no shares were purchased for cancellation.

The Company did not adopt an Automatic Share Purchase Plan ("ASPP") in connection with the NCIB that it put in place in on May 20, 2023. As at June 30, 2023, there was no obligation for the repurchase of shares (June 30, 2022: $27.2 million, December 31, 2022: $30.0 million) recognized under an ASPP.

12. FINANCIAL INSTRUMENTS

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

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

	2023			2022		
	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	**$ 27,434**	**$ 737**	**$ 43**	$ 93,017	$ 225	$ 939
Interest rate swaps	**$ 350,847**	**2,780**	**—**	$ 476,453	11,216	—
		$ 3,517	**$ 43**		$ 11,441	$ 939
Fair value hedges(iii)						
Foreign exchange contracts	**$ 4,426**	**$ 40**	**$ 9**	$ 26,970	$ 7	$ 351
Commodity contracts	**$ 4,104**	**21**	**—**	$ 25,133	895	—
		$ 61	**$ 9**		$ 902	$ 351
Derivatives not designated in a formal hedging relationship						
Foreign exchange contracts	**$ 129,821**	**$ 1,024**	**$ 806**	$ 120,644	$ 1,765	$ 373
Commodity contracts	**$ 146,066**	**260**	**—**	$ 296,644	2,016	199
		$ 1,284	**$ 806**		$ 3,781	$ 572
Total fair value		**$ 4,862**	**$ 858**		$ 16,124	$ 1,862
Current(ii)(iv)		**$ 4,862**	**$ 858**		$ 11,593	$ 1,862
Non-current(ii)		**—**	**—**		4,531	—
Total fair value		**$ 4,862**	**$ 858**		$ 16,124	$ 1,862

(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 and will impact profit or loss at various dates within the next 12 months. 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) *As at June 30, 2023, the above fair value of current assets has been increased by $2.1 million (June 30, 2022: decreased by $0.5 million; December 31, 2022: decreased by $2.7 million), and the above fair value of current liabilities has been decreased by $0.6 million (June 30, 2022: decreased by $0.2 million; December 31, 2022: decreased by $0.0 million) on the Consolidated Interim Balance Sheets, representing the difference in the fair market value of exchange traded commodity contracts and the initial margin requirements. The difference in margin requirements and fair market value is net settled in cash each day with the futures exchange and is recorded within cash and cash equivalents.*

During the three months ended June 30, 2023, the Company recorded a pre-tax loss of $1.2 million (2022: gain of $24.0 million) on non-designated financial instruments held for trading.

During the six months ended June 30, 2023, the Company recorded a pre-tax loss of $12.0 million (2022: gain of $15.8 million) on non-designated financial instruments held for trading.

During the three months ended June 30, 2023, the pre-tax amount of hedge ineffectiveness recognized in cost of goods sold was a loss of $0.0 million (2022: gain of $0.0 million).

During the six months ended June 30, 2023, the pre-tax amount of hedge ineffectiveness recognized in cost of goods sold was a gain of $0.0 million (2022: gain of $0.0 million).

The table below sets out fair value measurements of derivative financial instruments as at June 30, 2023 using the fair value hierarchy:

	Level 1	Level 2	Level 3	Total
Assets:				
Foreign exchange contracts	$ —	1,801	—	$ 1,801
Commodity contracts[(i)]	281	—	—	281
Interest rate swaps	—	2,780	—	2,780
	$ 281	**4,581**	**—**	**$ 4,862**
Liabilities:				
Foreign exchange contracts	$ —	858	—	$ 858
	$ —	**858**	**—**	**$ 858**

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

There were no transfers between levels for the three and six months ended June 30, 2023 and June 30, 2022.

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 2022 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 $8.5 million, net of tax of $2.9 million, of the unrealized gain included in accumulated other comprehensive income (loss) will be reclassified into net (loss) earnings within the next 12 months. The actual amount of this reclassification will be impacted by future changes in the fair value of financial instruments designated as cash flow hedges. The actual amount reclassified could differ from this estimated amount.

During the three months ended June 30, 2023, a gain of $5.3 million, net of tax of $1.8 million, was released to net (loss) earnings from accumulated other comprehensive income (loss) and included in the net change for the year (2022: gain of $0.3 million, net of tax of $0.1 million).

During the six months ended June 30, 2023, a gain of $8.2 million, net of tax of $2.8 million, was released to net (loss) earnings from accumulated other comprehensive income (loss) and included in the net change for the year (2022: loss of $0.7 million, net of tax of $0.2 million).

As at June 30, 2023, the Company had US$265.0 million (June 30, 2022: US$265.0 million; December 31, 2022: US$265.0 million) drawn on the Credit Facility 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 accumulated other comprehensive income (loss) and offset translation adjustments on the underlying net assets of the U.S. operations, which are also recorded in accumulated other comprehensive income (loss).

During the three months ended June 30, 2023, the gain on the net investment hedge recorded in other comprehensive income (loss) was $6.5 million, net of tax of $1.2 million (2022: loss of $9.1 million, net of tax of $1.7 million).

During the six months ended June 30, 2023, the gain on the net investment hedge recorded in other comprehensive income (loss) was $6.6 million, net of tax of $1.2 million (2022: loss of $5.5 million, net of tax of $1.1 million).

13. INTEREST EXPENSE AND OTHER FINANCING COSTS

	Three months ended June 30,		Six months ended June 30,	
	2023	2022	**2023**	2022
Interest on borrowings from credit facility	**$ 33,998**	$ 12,508	**$ 62,019**	$ 21,477
Interest on lease obligations	**1,490**	1,474	**2,992**	2,954
Interest on securitized receivables	**1,338**	594	**3,075**	933
Interest on government loans	**60**	91	**122**	196
Amortization of deferred financing charges	**740**	416	**1,144**	832
Credit facility standby fees and other interest	**685**	826	**1,043**	1,730
	$ 38,311	$ 15,909	**$ 70,395**	$ 28,122
Interest paid and capitalized	**(757)**	(5,123)	**(1,238)**	(9,620)
	$ 37,554	$ 10,786	**$ 69,157**	$ 18,502

Interest paid during the three and six months ended June 30, 2023 was $34.6 million and $68.9 million (2022: $27.8 million and $40.0 million).

14. LOSS PER SHARE

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

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

The following table sets forth the calculation of basic and diluted loss per share (“EPS”):

	2023			2022		
Three months ended June 30,	**Net loss**	**Weighted average number of shares**(i)	**EPS**	Net loss	Weighted average number of shares(i)	EPS
Basic	**$ (53,678)**	**121.5**	**$ (0.44)**	$ (54,612)	124.1	$ (0.44)
Stock options(ii)		**—**			—	
Diluted	**$ (53,678)**	**121.5**	**$ (0.44)**	$ (54,612)	124.1	$ (0.44)
Six months ended June 30,						
Basic	**$ (111,382)**	**121.5**	**$ (0.92)**	$ (40,925)	124.0	$ (0.33)
Stock options(ii)		**—**			—	
Diluted	**$ (111,382)**	**121.5**	**$ (0.92)**	$ (40,925)	124.0	$ (0.33)

(i) *In millions.*

(ii) *Excludes the effect of approximately 5.4 million (2022: 5.4 million) options and performance shares that are anti-dilutive for the three months ended June 30, 2023 and 5.3 million (2022: 4.6 million) for the six months ended June 30, 2023 that are anti-dilutive.*

15. SHARE-BASED PAYMENT

Stock Options

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

	2023		2022	
	Options outstanding	**Weighted average exercise price**	Options outstanding	Weighted average exercise price
Outstanding at January 1	**6,099,680**	**$ 26.82**	6,076,750	$ 26.22
Granted	**831,600**	**$ 24.15**	730,500	$ 28.20
Exercised	**(33,630)**	**$ 22.88**	(164,970)	$ 22.53
Outstanding at March 31	**6,897,650**	**$ 26.52**	6,642,280	$ 26.53
Granted	**226,100**	**$ 26.39**	—	$ —
Exercised	**(449,500)**	**$ 22.53**	(355,200)	$ 22.52
Outstanding at June 30	**6,674,250**	**$ 26.78**	6,287,080	$ 26.76
Options currently exercisable	**4,755,700**	**$ 27.27**	4,230,230	$ 27.25

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

At grant date, each option series is measured at fair value based on the Black-Scholes formula. Expected volatility is estimated by considering historic average share price volatility. The inputs used in this model for the options granted during the six months ended June 30, 2023 and 2022 are shown in the table below[(i)]:

	2023	2022
Share price at grant date	**$24.88**	$29.91
Exercise price	**$24.63**	$28.20
Expected volatility	**31.9%**	28.4%
Option life (in years)[(ii)]	**4.4**	4.5
Expected dividend yield	**4.1%**	3.3%
Risk-free interest rate[(iii)]	**3.1%**	2.0%

(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 June 30, 2023 was $1.4 million (2022: $0.0 million). Expenses relating to current and prior year options during the three months ended June 30, 2023 were $1.2 million (2022: $1.2 million).

The fair value of options granted during the six months ended June 30, 2023 was $5.4 million (2022: $4.2 million). Expenses relating to current and prior year options during the six months ended June 30, 2023 were $2.3 million (2022: $2.3 million).

Restricted Share Units and Performance Share Units

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

	2023		2022	
	Share units outstanding	**Weighted average fair value at grant**	Share units outstanding	Weighted average fair value at grant
Outstanding at January 1	**1,881,158**	**$ 23.93**	1,742,421	$ 23.59
Granted	**852,950**	**$ 21.53**	659,980	$ 27.11
Forfeited	**(42,143)**	**$ 24.11**	(4,307)	$ 23.79
Outstanding at March 31	**2,691,965**	**$ 23.17**	2,398,094	$ 24.56
Granted	**19,450**	**$ 23.72**	39,940	$ 24.70
Distributed	**(639,053)**	**$ 20.94**	(498,842)	$ 26.52
Forfeited	**(5,260)**	**$ 23.94**	(18,414)	$ 23.90
Outstanding at June 30	**2,067,102**	**$ 23.86**	1,920,778	$ 24.06

The fair value of RSUs and PSUs granted during the three months ended June 30, 2023 was $0.4 million (2022: $0.8 million). Expenses for the three months ended June 30, 2023 relating to current and prior year RSUs and PSUs, were $3.0 million (2022: $6.8 million), of which $0.6 million (2022: $1.0 million) will be paid in cash and the remainder settled in shares.

The fair value of RSUs and PSUs granted during the six months ended June 30, 2023 was $16.4 million (2022: $15.9 million). Expenses for the six months ended June 30, 2023 relating to current and prior year RSUs and PSUs were $3.7 million (2022: $11.0 million), of which $0.8 million (2022: $0.4 million) will be paid in cash and the remainder settled in shares.

A portion of the outstanding RSUs and PSUs will be settled in cash. During the six months ended June 30, 2022 the Company stated its intention to settle a portion of the outstanding Restricted Share Units and Performance Share Units in cash, and an amount of $3.6 million was re-classified from equity to other liabilities. The total liability recorded for these units is $1.0 million (June 30, 2022: $2.2 million, December 31, 2022: $1.8 million).

The key assumptions used in the valuation of fair value of RSUs and PSUs granted during the six months ended June 30, 2023 and 2022 are shown in the table below[(i)]:

	2023	2022
Expected RSU life (in years)	**3.0**	3.1
Forfeiture rate	**12.8%**	15.5%
Risk-free interest rate[(ii)]	**3.2%**	2.0%

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

(ii) *Based on Government of Canada bonds.*

Deferred Share Units

Expenses for the three and six months ended June 30, 2023 relating to deferred share units were $0.5 million and $0.9 million (2022: $0.4 million and $0.8 million).

16. SEGMENTED FINANCIAL INFORMATION

The Company has 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. Refer to section 19. Non-IFRS Financial Measures, of the Company's Management's Discussion and Analysis for the three and six months ended June 30, 2023, 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, 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.

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

	Three months ended June 30, 2023				Three months ended June 30, 2022			
	Meat Protein Group	**Plant Protein Group**	**Non-Allocated**[(i)]	**Total**[(ii)]	Meat Protein Group	Plant Protein Group	Non-Allocated[(i)]	Total[(ii)]
Sales	**$1,236,661**	**36,674**	**(3,671)**	**$1,269,664**	$1,160,243	40,824	(5,934)	$1,195,133
Gross profit (loss)	**$ 120,150**	**(1,848)**	**(24,707)**	**$ 93,595**	$ 135,970	(10,076)	(38,655)	$ 87,239
Selling, general and administrative expenses	**$ 91,746**	**14,437**	**—**	**$ 106,184**	$ 87,327	26,282	—	$ 113,608
(Loss) earnings before income taxes	**$ 22,451**	**(23,236)**	**(62,961)**	**$ (63,748)**	$ 46,390	(55,083)	(49,955)	$ (58,646)
Interest expense and other financing costs	**—**	**—**	**37,554**	**37,554**	—	—	10,786	10,786
Other expense	**1,685**	**194**	**700**	**2,579**	1,866	72	514	2,452
Restructuring and other related costs	**4,268**	**6,757**	**—**	**11,026**	387	18,653	—	19,039
Earnings (loss) from operations	**$ 28,404**	**(16,285)**	**(24,707)**	**$ (12,589)**	$ 48,643	(36,358)	(38,655)	$ (26,369)
Start-up expenses from Construction Capital[(iii)]	**33,767**	**—**	**—**	**33,767**	9,022	2,314	—	11,336
Change in fair value of biological assets	**—**	**—**	**27,547**	**27,547**	—	—	49,963	49,963
Unrealized and deferred loss (gain) on derivative contracts	**—**	**—**	**(2,840)**	**(2,840)**	—	—	(11,308)	(11,308)
Adjusted Operating Earnings	**$ 62,171**	**(16,285)**	**—**	**$ 45,886**	$ 57,665	(34,044)	—	$ 23,622
Depreciation and amortization	**54,845**	**4,856**	**—**	**59,701**	48,293	4,084	—	52,378
Items included in other (expense) income representative of ongoing operations	**(1,684)**	**(195)**	**(574)**	**(2,453)**	(1,866)	(71)	—	(1,938)
Adjusted EBITDA	**$ 115,332**	**(11,624)**	**(574)**	**$ 103,134**	$ 104,092	(30,031)	—	$ 74,062
Interest expense and other financing costs	**$ (37,493)**	**(61)**	**—**	**$ (37,554)**	$ (8,272)	(2,514)	—	$ (10,786)
Interest income	**823**	**—**	**—**	**823**	—	—	—	—
Depreciation and amortization	**(54,845)**	**(4,856)**	**—**	**(59,701)**	(48,293)	(4,084)	—	(52,378)
Adjusted EBT	**$ 23,817**	**(16,541)**	**(574)**	**$ 6,702**	$ 47,527	(36,629)	—	$ 10,898

(i) *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.*

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

(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 include but are not limited to training, product testing, yield and labour efficiency variances, duplicative overheads and other temporary expenses required to ramp-up production.*

	Six months ended June 30, 2023				Six months ended June 30, 2022			
	Meat Protein Group	**Plant Protein Group**	**Non-Allocated(i)**	**Total(ii)**	Meat Protein Group	Plant Protein Group	Non-Allocated(i)	Total(ii)
Sales	**$2,380,528**	**74,061**	**(10,036)**	**$2,444,553**	$2,249,608	85,702	(13,624)	$2,321,686
Gross profit (loss)	**$ 210,668**	**(5,117)**	**(35,509)**	**$ 170,042**	$ 266,930	(16,339)	(9,489)	$ 241,102
Selling, general and administrative expenses	**$ 180,989**	**27,907**	**—**	**$ 208,897**	$ 175,951	57,114	—	$ 233,065
(Loss) earnings before income taxes	**$ 18,944**	**(44,630)**	**(107,973)**	**$ (133,661)**	$ 84,199	(92,210)	(29,588)	$ (37,598)
Interest expense and other financing costs	**—**	**—**	**69,157**	**69,157**	—	—	18,502	18,502
Other expense	**3,176**	**391**	**3,307**	**6,874**	3,375	104	1,597	5,076
Restructuring and other related costs	**7,559**	**11,215**	**—**	**18,775**	3,405	18,653	—	22,057
Earnings (loss) from operations	**$ 29,679**	**(33,024)**	**(35,509)**	**$ (38,855)**	$ 90,979	(73,453)	(9,489)	$ 8,037
Start-up expenses from Construction Capital(iii)	**68,530**	**—**	**—**	**68,530**	17,674	4,538	—	22,212
Change in fair value of biological assets	**—**	**—**	**28,674**	**28,674**	—	—	10,652	10,652
Unrealized and deferred loss (gain) on derivative contracts	**—**	**—**	**6,835**	**6,835**	—	—	(1,163)	(1,163)
Adjusted Operating Earnings	**$ 98,209**	**(33,024)**	**—**	**$ 65,185**	$ 108,653	(68,915)	—	$ 39,738
Depreciation and amortization	**107,591**	**9,795**	**—**	**117,386**	96,332	8,300	—	104,632
Items included in other (expense) income representative of ongoing operations	**(3,175)**	**(392)**	**(574)**	**(4,141)**	(3,375)	(104)	—	(3,479)
Adjusted EBITDA	**$ 202,625**	**(23,621)**	**(574)**	**$ 178,430**	$ 201,610	(60,719)	—	$ 140,891
Interest expense and other financing costs	**(69,037)**	**(120)**	**—**	**(69,157)**	(13,486)	(5,016)	—	(18,502)
Interest income	**823**	**—**	**—**	**823**	—	—	—	—
Depreciation and amortization	**(107,591)**	**(9,795)**	**—**	**(117,386)**	(96,332)	(8,300)	—	(104,632)
Adjusted EBT	**$ 26,820**	**(33,536)**	**(574)**	**$ (7,290)**	$ 91,792	(74,035)	—	$ 17,757

(i) *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.*

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

(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 include but are not limited to training, product testing, yield and labour efficiency variances, duplicative overheads and other temporary expenses required to ramp-up production.*

The following summarizes capital expenditures by segments:

	Three months ended June 30,		**Six months ended June 30,**	
	2023	2022	**2023**	2022
Meat Protein Group	**$ 46,736**	$ 82,221	**$ 94,335**	$ 164,094
Plant Protein Group	**1,246**	3,653	**3,815**	7,524
Non-allocated capital expenditures	**4,766**	3,825	**7,221**	7,457
Total capital expenditures	**$ 52,748**	$ 89,699	**$ 105,371**	$ 179,075

Information About Geographic Areas

The following summarizes sales by country of origin:

	Three months ended June 30,		Six months ended June 30,	
	2023	2022	**2023**	2022
Canada	**$ 939,425**	$ 886,870	**$ 1,803,042**	$ 1,716,831
U.S.	**128,125**	149,102	**265,254**	297,089
Japan	**89,008**	102,370	**186,796**	201,043
China	**29,769**	798	**33,531**	1,335
Other	**83,337**	55,993	**155,930**	105,388
Sales	**$ 1,269,664**	$ 1,195,133	**$ 2,444,553**	$ 2,321,686

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

	As at June 30, 2023	As at June 30, 2022[(ii)]	As at December 31, 2022[(ii)]	As at January 1, 2022[(ii)]
Canada	**$ 2,988,289**	$ 2,992,756	$ 3,016,992	$ 2,913,474
U.S.	**291,307**	479,257	303,320	478,062
Other	**456**	703	673	963
Total non-current assets[(i)]	**$ 3,280,052**	$ 3,472,716	$ 3,320,985	$ 3,392,499

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

(ii) *Restated, refer to Note 3.*

Information About Major Customers

For the three months ended June 30, 2023, the Company reported Meat and Plant Protein sales to two customers representing 11.3% and 11.0% (2022: 11.6% and 10.9%) of total sales. No other sales were made to any one customer that represented in excess of 10.0% of total sales.

For the six months ended June 30, 2023, the Company reported Meat and Plant Protein sales to two customers representing 11.7% and 11.3% (2022: 11.6% and 11.1%) of total sales. No other sales were made to any one customer that represented in excess of 10.0% of total sales.

17. RELATED PARTY TRANSACTIONS

The Company sponsors a number of defined benefit, defined contribution and post-retirement benefit plans. During the three and six months ended June 30, 2023, the Company contributed $8.6 million and $16.4 million (2022: $8.4 million and $16.1 million) to these plans.

The Company's largest shareholder is McCain Capital Inc. ("MCI"). The Company has been informed that Mr. Michael H. McCain, Executive Chairman of the Board, is the controlling shareholder of MCI. For the three and six months ended June 30, 2023, the Company received services from MCI and companies directly or indirectly owned by MCI in the amount of $0.2 million and $0.4 million (2022: $0.8 million and $1.6 million), which represented the market value of these transactions. As at June 30, 2023, $0.3 million (June 30, 2022: $0.4 million; December 31, 2022: $0.1 million) was owed to MCI and companies directly or indirectly owned by MCI relating to these transactions.

McCain Financial Advisory Services ("MFAS"), is an entity jointly controlled by individuals including Mr. Michael H. McCain. For the three and six months ended June 30, 2023 and 2022, the Company provided services to and received services from MFAS for a nominal amount which represented the market value of the transactions.

18. SUBSEQUENT EVENT

On July 20, 2023, the conditional period ended for the sale of land and building of the St. Mary's, Ontario poultry facility that ceased production during the first quarter of 2023. The sale has a closing period of thirty days following the waiver of conditions. The Company will not generate a material gain or loss within the Consolidated Interim Statements of Net (Loss) Earnings on the closing of the transaction.