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Maple Leaf Foods Reports Third Quarter 2023 Financial Results

Meat Protein posts sequential Adjusted EBITDA Margin improvement to 11.4% in the quarter

Plant Protein progressing toward Adjusted EBITDA target of neutral by end of 2023

Mississauga, Ontario, November 2, 2023 - Maple Leaf Foods Inc. ("Maple Leaf Foods" or the "Company") (TSX: MFI) today reported its financial results for the third quarter ended September 30, 2023.

"For the third consecutive quarter, we delivered sequential improvement in Adjusted EBITDA margin in our Meat Protein business, while also making meaningful strides toward achieving our Adjusted EBITDA neutral goal in our Plant Protein business," said Curtis Frank, President and CEO of Maple Leaf Foods. "Delivering 11.4% Adjusted EBITDA margin in our Meat Protein business in the face of improving, but still challenging market conditions, demonstrates clear momentum in our core business."

"Looking ahead, we will continue to build on this momentum by remaining firmly focused on delivering the benefits from our capital investments, executing our strategic Blueprint, and deleveraging our balance sheet," continued Mr. Frank. "We have already started to see some benefits in our results from our two largest capital projects, London Poultry and the Bacon Centre of Excellence, and we expect to exit the year with an annualized run rate of about $130 million in Adjusted EBITDA contribution from these projects. At the same time, we are forecasting lower capital spend as we wrap up these large-scale organic projects."

"Based on the strength of our assets, the power of our leading brands and product innovation, and the passion of our people, we are confident that we are poised to achieve our goal of 14-16% Adjusted EBITDA margin in our Meat Protein business when markets normalize," concluded Mr. Frank.

Third Quarter 2023 Highlights

- Total Company sales grew 1.1% to $1,245.0 million, with an Adjusted Earnings Before Interest, Taxes, Depreciation and Amortization ("EBITDA")[(i)] Margin of 10.4%.
- Meat Protein Group sales grew to $1,211.0 million, an increase of 1.4% year over year. Adjusted EBITDA was $138.4 million, and Adjusted EBITDA Margin was 11.4%, an improvement of 290 basis points compared to the same period last year, and 210 basis points from the second quarter of 2023.
- Plant Protein Group sales were $36.4 million. Plant Protein Group Adjusted EBITDA improved by 61.3% year over year to a loss of $9.4 million, en route to an Adjusted EBITDA target of neutral by the end of 2023.
- Capital expenditures were $50.5 million.
- The London Poultry facility transition is progressing on schedule. Three legacy facilities have fully transitioned their production volumes, and the transition from the fourth facility will begin shortly. The Company expects London Poultry to be fully ramped up by the end of 2023.

Outlook

- **Meat Protein:** Expect mid-single digit sales growth in 2023, and Adjusted EBITDA Margin expansion to achieve a target range of 14% - 16% when markets normalize.
- **Plant Protein:** On track to deliver Adjusted EBITDA neutral by the end of 2023.
- **Capital expenditure:** For 2023 is expected to be roughly $200 million, down from prior guidance of less than $250 million. Approximately half of the spend will be attributable to Maintenance Capital[(i)] and the balance attributable to Growth Capital[(i)].

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

Financial Highlights

Measure[i] *(Unaudited)*	As at or for the Three months ended September 30,			As at or for the Nine months ended September 30,		
	2023	2022	Change	**2023**	2022	Change
Sales	**$ 1,245.0**	$ 1,231.9	1.1 %	**$ 3,689.6**	$ 3,553.5	3.8 %
Net (Loss)	**$ (4.3)**	$ (229.5)	98.1 %	**$ (115.7)**	$ (270.4)	57.2 %
Basic Loss per Share	**$ (0.04)**	$ (1.86)	97.8 %	**$ (0.95)**	$ (2.18)	56.4 %
Adjusted Operating Earnings[ii]	**$ 70.5**	$ 24.1	192.2 %	**$ 135.7**	$ 63.9	112.5 %
Adjusted (Loss) Earnings per Share[ii]	**$ 0.13**	$ (0.01)	nm[iv]	**$ 0.01**	$ 0.02	nm[iv]
Adjusted EBITDA - Meat Protein Group[ii]	**$ 138.4**	$ 100.9	37.2 %	**$ 341.0**	$ 302.6	12.7 %
Adjusted EBITDA - Plant Protein Group[ii]	**$ (9.4)**	$ (24.3)	61.3 %	**$ (33.0)**	$ (85.0)	61.2 %
Free Cash Flow[ii][iii]	**$ 139.9**	$ 92.9	50.6 %	**$ 160.3**	$ 55.1	190.9 %
Construction Capital[ii]				**$ 51.5**	$ 713.6	(92.8)%
Net Debt[ii]				**$ (1,769.5)**	$ (1,522.2)	(16.2)%
Adjusted EBT[ii]	**$ 25.1**	$ 8.4	198.8 %	**$ 17.8**	$ 26.2	(32.1)%

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

(iv) Not meaningful.

Sales for the third quarter of 2023 were $1,245.0 million compared to $1,231.9 million last year, an increase of 1.1%. Sales growth in the Meat Protein Group was mostly offset by a 16.4% sales decline in the Plant Protein Group. For more details on sales performance by operating segment, please refer to Operating Review.

Year-to-date sales for 2023 were $3,689.6 million compared to $3,553.5 million last year, an increase of 3.8%. Meat Protein Group sales grew 4.3% which more than offset the 14.5% decline in the Plant Protein Group during the same period.

Net loss for the third quarter of 2023 was $4.3 million ($0.04 loss per basic share) compared to a loss of $229.5 million ($1.86 loss per basic share) last year. The prior year net loss included a $190.9 million one-time non-cash impairment charge related to the Plant Protein Group, as well as a $31.5 million decrease in the fair value of biological assets compared to a $0.3 million increase in 2023.The Meat Protein Group showed improved commercial results and pork market conditions, partly offset by cost inflation, along with increased start up costs. The Plant Protein Group delivered improved margins along with lower Selling, General, and Administrative ("SG&A") spending as the segment continues to reduce costs as part of its short term strategy. In addition, current year results were negatively impacted by higher interest expense with increased rates and higher debt largely to fund strategic capital expenditures, and by income tax expenses, which were a recovery in the prior year.

Year-to-date net loss for 2023 was $115.7 million ($0.95 loss per basic share) compared to loss of $270.4 million ($2.18 loss per basic share) last year due to similar factors as noted above, with the exception of increased pork market headwinds for the year to date.

Adjusted Operating Earnings for the third quarter of 2023 were $70.5 million compared to $24.1 million last year, and Adjusted Earnings per Share for the third quarter of 2023 was $0.13 compared to loss of $0.01 last year. The increase was a result of improved commercial results and pork market conditions, partly offset by cost inflation.

Year-to-date Adjusted Operating Earnings for 2023 were $135.7 million compared to $63.9 million last year, and Adjusted Earnings per Share for 2023 were a loss of $0.01 compared to earnings of $0.02 last year due to similar factors as noted above, with the exception of increased pork market headwinds for the year to date.

Adjusted Earnings Before Taxes ("Adjusted EBT") for the third quarter of 2023 were $25.1 million compared to $8.4 million last year. Adjusted EBT was driven by improved commercial performance and pork market conditions, partly offset by cost inflation in the Meat Protein Group, as well as improved margins in the Plant Protein group. This was partly offset by higher interest expense with increased rates and higher debt largely to fund strategic capital expenditures.

Year-to-date Adjusted EBT for 2023 were a loss of $17.8 million compared to earnings of $26.2 million last year due to similar factors as noted above with the exception of increased pork market headwinds for the year to date.

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.

Operating Review

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, Adjusted EBITDA, and Adjusted EBT while the performance of the Plant Protein Group in the short term is focused on obtaining Adjusted EBITDA neutral results.

The following table summarizes the Company's sales, gross profit (loss), SG&A, Adjusted Operating Earnings, Adjusted EBITDA, Adjusted EBITDA Margin, and Adjusted EBT by operating segment for the three months ended September 30, 2023 and September 30, 2022.

	Three months ended September 30, 2023				Three months ended September 30, 2022			
($ millions)[(i)] *(Unaudited)*	**Meat Protein Group**	**Plant Protein Group**	**Non-Allocated**[(ii)]	**Total**	Meat Protein Group	Plant Protein Group	Non-Allocated[(ii)]	Total
Sales	**$ 1,211.0**	**36.4**	**(2.5)**	**$ 1,245.0**	$ 1,194.5	43.6	(6.2)	$ 1,231.9
Gross profit (loss)	**$ 143.5**	**(2.2)**	**4.5**	**$ 145.9**	$ 125.6	(9.8)	(33.3)	$ 82.5
Selling, general and administrative expenses	**$ 83.0**	**11.9**	**—**	**$ 94.9**	$ 82.9	19.9	—	$ 102.8
Adjusted Operating Earnings[(iii)]	**$ 84.6**	**(14.1)**	**—**	**$ 70.5**	$ 53.6	(29.5)	—	$ 24.1
Adjusted EBITDA[(iii)]	**$ 138.4**	**(9.4)**	**—**	**$ 129.0**	$ 100.9	(24.3)	—	$ 76.7
Adjusted EBITDA Margin[(iii)]	**11.4 %**	**(25.7)%**	**n/a**	**10.4 %**	8.5 %	(55.6)%	n/a	6.2 %
Adjusted EBT[(iii)]	**$ 39.4**	**(14.3)**	**—**	**$ 25.1**	$ 40.5	(32.1)	—	$ 8.4

(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.*

The following table summarizes the Company's sales, gross profit (loss), SG&A, Adjusted Operating Earnings, Adjusted EBITDA, Adjusted EBITDA Margin, and Adjusted EBT by operating segment for the nine months ended September 30, 2023 and September 30, 2022.

	Nine months ended September 30, 2023				Nine months ended September 30, 2022			
($ millions)[(i)] *(Unaudited)*	**Meat Protein Group**	**Plant Protein Group**	**Non-Allocated**[(ii)]	**Total**	Meat Protein Group	Plant Protein Group	Non-Allocated[(ii)]	Total
Sales	**$ 3,591.6**	**110.5**	**(12.5)**	**$ 3,689.6**	$ 3,444.1	129.3	(19.8)	$ 3,553.5
Gross profit (loss)	**$ 354.2**	**(7.3)**	**(31.0)**	**$ 315.9**	$ 392.5	(26.2)	(42.8)	$ 323.6
Selling, general and administrative expenses	**$ 264.0**	**39.8**	**—**	**$ 303.8**	$ 258.9	77.0	—	$ 335.9
Adjusted Operating Earnings[(iii)]	**$ 182.8**	**(47.1)**	**—**	**$ 135.7**	$ 162.3	(98.4)	—	$ 63.9
Adjusted EBITDA[(iii)]	**$ 341.0**	**(33.0)**	**(0.6)**	**$ 307.4**	$ 302.6	(85.0)	—	$ 217.6
Adjusted EBITDA Margin[(iii)]	**9.5 %**	**(29.8)%**	**n/a**	**8.3 %**	8.8 %	(65.7)%	n/a	6.1 %
Adjusted EBT[(iii)]	**$ 66.3**	**(47.8)**	**(0.6)**	**$ 17.8**	$ 132.3	(106.1)	—	$ 26.2

(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 third quarter of 2023 increased 1.4% to $1,211.0 million compared to $1,194.5 million last year. Sales growth was driven by pricing action implemented in prior quarters to reflect higher input costs, mix-shift and favourable foreign exchange. These factors were partly offset by lower volumes.

Year-to-date sales for 2023 increased 4.3% to $3,591.6 million compared to $3,444.1 million last year. Sales growth was driven by factors consistent with those mentioned above.

Gross profit for the third quarter of 2023 was $143.5 million (gross margin[i] of 11.8%) compared to $125.6 million (gross margin[i] of 10.5%) last year. Gross profit was positively impacted by pricing action to catch up to inflation, and improved pork market conditions including in Japan, partially offset by cost inflation, lower volume, and startup expenses. Gross profit for the third quarter included start-up expenses of $24.1 million (2022: $11.0 million) associated with Construction Capital projects, which are excluded in the calculation of Adjusted Operating Earnings.

Year-to-date gross profit for 2023 was $354.2 million (gross margin[i] of 9.9%) compared to $392.5 million (gross margin[i] of 11.4%) last year. Gross profit was negatively impacted by pork market headwinds, cost inflation, start up expenses, and lower volume, partially offset by pricing action to address inflation. Gross profit year to date included start-up expenses of $92.7 million (2022: $28.7 million) associated with Construction Capital projects, which are excluded in the calculation of Adjusted Operating Earnings.

SG&A expenses for the third quarter of 2023 were consistent with the prior year, at $83.0 million compared to $82.9 million last year.

Year-to-date SG&A expenses for 2023 were $264.0 million compared to $258.9 million last year. The slight increase in SG&A expenses was driven by higher people costs from stabilizing staffing levels and discretionary spend, partially offset by lower advertising and promotional expenses.

Adjusted Operating Earnings for the third quarter of 2023 were $84.6 million compared to $53.6 million last year, driven by factors noted above.

Year-to-date Adjusted Operating Earnings for 2023 were $182.8 million compared to $162.3 million last year, consistent with factors noted above.

Adjusted EBITDA for the third quarter of 2023 were $138.4 million compared to $100.9 million last year, driven by factors consistent with those noted above as well as benefits from the London poultry plant and Bacon Centre of Excellence. Adjusted EBITDA Margin for the third quarter was 11.4% compared to 8.5% last year, driven by factors consistent with those noted above.

Year-to-date Adjusted EBITDA for 2023 were $341.0 million compared to $302.6 million last year, driven by factors consistent with those noted above. Year-to-date Adjusted EBITDA Margin for 2023 was 9.5% compared to 8.8% last year, also driven by factors consistent with those noted above.

During the third quarter of 2023 the Meat Protein Group Adjusted EBT were $39.4 million compared to $40.5 million last year, driven by factors consistent with those noted above, as well as a $28.5 million increase in interest expense as a result of increased interest rates and higher debt, and increased depreciation expense all related to continued capital investment.

Year-to-date Adjusted EBT were $66.3 million compared to $132.3 million last year, driven by factors consistent with those noted above, as well as an $84.1 million increase in interest expense as a result of increased interest rates and higher debt, and increased depreciation expense all related to continued capital investment.

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 third quarter of 2023 decreased 16.4% to $36.4 million compared to $43.6 million last year. Excluding the impact of foreign exchange, sales decreased 18.5%, driven by lower volumes across all channels, partially offset by pricing action implemented in prior quarters to mitigate inflation.

Year-to-date sales for 2023 decreased 14.5% to $110.5 million compared to $129.3 million last year. Excluding the impact of foreign exchange, sales decreased 18.5%, consistent with factors noted above.

Gross profit for the third quarter of 2023 was a loss of $2.2 million (gross margin loss[(i)] of 5.9%) compared to a loss of $9.8 million (gross margin loss[(i)] of 22.5%) last year. The improvement in gross margin was driven by operational improvements, higher pricing, and reduction in start-up expenses, partially offset by lower volumes. Gross profit for the third quarter of 2022 included start-up expenses of $0.2 million associated with Construction Capital projects which are excluded in the calculation of Adjusted Operating Earnings that were not repeated in the third quarter of 2023.

Year-to-date gross profit for 2023 was a loss of $7.3 million (gross margin loss[(i)] of 6.6%) compared to a loss of $26.2 million (gross margin loss[(i)] of 20.2%) last year. The increase in gross profit was also driven by factors consistent with those noted above. Year-to-date gross profit for 2022 included start-up expenses of $4.8 million associated with Construction Capital projects which are excluded in the calculation of Adjusted Operating Earnings, that were not repeated in 2023.

SG&A expenses for the third quarter of 2023 were $11.9 million (32.6% of sales) compared to $19.9 million (45.5% of sales) last year. The decrease in SG&A was largely driven by lower advertising and promotional expenses and lower headcount expenses.

Year-to-date SG&A expenses for 2023 were $39.8 million (36.0% of sales) compared to $77.0 million (59.5% of sales) last year. The decrease in SG&A was driven by factors consistent with those noted above, and well as lower consulting costs.

Adjusted Operating Earnings for the third quarter of 2023 were a loss of $14.1 million compared to a loss of $29.5 million last year. The improvement in Adjusted Operating Earnings is consistent with the factors noted above.

Year-to-date Adjusted Operating Earnings for 2023 were a loss of $47.1 million compared to a loss of $98.4 million last year. The improvement in Adjusted Operating Earnings is consistent with the factors noted above.

Adjusted EBITDA for the third quarter of 2023 were a loss of $9.4 million compared to a loss of $24.3 million last year, driven by factors consistent with those noted above. Adjusted EBITDA Margin for the third quarter was a loss of 25.7% compared to a loss of 55.6% last year, also driven by factors consistent with those noted above.

Year-to-date Adjusted EBITDA for the third quarter of 2023 were a loss of $33.0 million compared to a loss of $85.0 million last year, driven by factors consistent with those noted above. Year-to-date Adjusted EBITDA Margin for the third quarter was a loss of 29.8% compared to a loss of 65.7% last year, also driven by factors consistent with those noted above.

[(i)] *Gross margin is defined as gross profit (loss) divided by sales.*

Other Matters

On November 1, 2023, the Board of Directors approved a quarterly dividend of $0.21 per share, $0.84 per share on an annual basis, payable December 29, 2023 to shareholders of record at the close of business December 8, 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". The Board of Directors has also approved the issuance of common shares from treasury at a two percent discount under the Company's Dividend Reinvestment Plan ("DRIP"). Under the DRIP, investors holding the Company's common shares can receive common shares instead of cash dividend payments. Further details, including how to enroll in the program, are available at https://www.mapleleaffoods.com/investors/stock-information/.

Conference Call

A conference call will be held at 8:00 a.m. ET on November 2, 2023, to review Maple Leaf Foods’ third 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: 113305#).

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

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

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

Outlook

Maple Leaf Foods is a leading consumer protein company, supported by a portfolio of market leading brands. 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 disruption, Maple Leaf Foods expects that its Meat Protein Group will achieve the following:

- Mid-single digit sales growth in 2023, supported by brand leadership, and growth in international markets.
- Adjusted EBITDA Margin expansion to a 14% - 16% target range once markets normalize.

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. The Company's analysis to date confirms 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 information, the Company believes that the category will continue to grow at more modest, but still attractive rates. The Company estimates 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 Adjusted EBITDA in the latter half of 2023. Work is ongoing to implement this pivot. The Company expects steady Adjusted EBITDA improvement to continue throughout the year.

Capital

- The Company currently estimates its capital expenditures for 2023 will be approximately $200 million, down from previous expectations mainly due to timing of projects and disciplined capital management. Additionally the Company estimates its capital expenditures for 2024 will be in the range of $170 million to $190 million, based on expected timing of projects and continued discipline in capital management.
- 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 in Winnipeg, Manitoba to contribute approximately $30 million annually of additional Adjusted EBITDA once fully ramped up by the end 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
- Demand for products and changes in product mix.

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, we have an ongoing program to convert any new sow barns that we acquire.
- *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, Adjusted EBT, 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, Adjusted EBITDA Margin and Adjusted EBT

Adjusted Operating Earnings, Adjusted EBITDA, Adjusted EBITDA Margin and Adjusted EBT are non-IFRS measures used by Management to evaluate financial operating results. Adjusted Operating Earnings is defined as earnings before other income, income taxes and interest expense 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 or related 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 considered representative of ongoing operational activities of the business. Adjusted EBITDA Margin is calculated as Adjusted EBITDA divided by sales. Adjusted EBT is used annually by the Company to evaluate its performance and is a component of calculating bonus entitlements under the Company's short term incentive plan. It is defined as Adjusted EBITDA, less depreciation and amortization, and interest expense. Interest expense is allocated to the operating segments for this metric on a legal entity basis.

The table below provides a reconciliation of earnings (loss) before income taxes as reported under IFRS in the Consolidated Interim Financial Statements to Adjusted Operating Earnings, Adjusted EBITDA and Adjusted EBT for the three and nine months ended September 30, 2023 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 September 30, 2023				Three months ended September 30, 2022			
($ millions)[(i)] *(Unaudited)*	**Meat Protein Group**	**Plant Protein Group**	**Non-Allocated**[(ii)]	**Total**	Meat Protein Group	Plant Protein Group	Non-Allocated[(ii)]	Total
(Loss) earnings before income taxes	**$ 53.6**	**(18.5)**	**(35.3)**	**$ (0.2)**	$ 39.4	(223.0)	(48.2)	$ (231.8)
Interest expense and other financing costs	**—**	**—**	**40.5**	**40.5**	—	—	14.5	14.5
Impairment of goodwill	**—**	**—**	**—**	**—**	—	190.9	—	190.9
Other expense (income)	**7.0**	**0.2**	**(0.6)**	**6.6**	1.2	2.1	0.5	3.7
Restructuring and other related costs	**(0.2)**	**4.3**	**—**	**4.1**	2.0	0.4	—	2.3
Earnings (loss) from operations	**$ 60.5**	**(14.1)**	**4.5**	**$ 50.9**	$ 42.6	(29.7)	(33.3)	$ (20.3)
Start-up expenses from Construction Capital[(iii)]	**24.1**	**—**	**—**	**24.1**	11.0	0.2	—	11.2
Change in fair value of biological assets	**—**	**—**	**(0.3)**	**(0.3)**	—	—	31.5	31.5
Unrealized and deferred loss (gain) on derivative contracts	**—**	**—**	**(4.3)**	**(4.3)**	—	—	1.8	1.8
Adjusted Operating Earnings	**$ 84.6**	**(14.1)**	**—**	**$ 70.5**	$ 53.6	(29.5)	—	$ 24.1
Depreciation and amortization	**60.8**	**4.9**	**—**	**65.7**	48.5	5.2	—	53.8
Items included in other income (expense) representative of ongoing operations[(iv)]	**(7.0)**	**(0.2)**	**—**	**(7.3)**	(1.2)	—	—	(1.2)
Adjusted EBITDA	**$ 138.4**	**(9.4)**	**—**	**$ 129.0**	$ 100.9	(24.3)	—	$ 76.7
Adjusted EBITDA Margin	**11.4%**	**(25.7)%**	**n/a**	**10.4%**	8.5%	(55.6)%	n/a	6.2%
Interest expense and other financing costs	**(40.4)**	**(0.1)**	**—**	**(40.5)**	(11.9)	(2.6)	—	(14.5)
Interest income	**2.3**	**—**	**—**	**2.3**	—	—	—	—
Depreciation and amortization	**(60.8)**	**(4.9)**	**—**	**(65.7)**	(48.5)	(5.2)	—	(53.8)
Adjusted EBT	**$ 39.4**	**(14.3)**	**—**	**$ 25.1**	$ 40.5	(32.1)	—	$ 8.4

(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) *Primarily includes certain costs associated with sustainability projects, gains and losses on the sale of long-term assets, legal settlements, and other miscellaneous expenses.*

($ millions)[i] (Unaudited)	Nine months ended September 30, 2023 Meat Protein Group	Plant Protein Group	Non-Allocated[ii]	Total	Nine months ended September 30, 2022 Meat Protein Group	Plant Protein Group	Non-Allocated[ii]	Total
(Loss) earnings before income taxes	**$ 72.5**	**(63.2)**	**(143.3)**	**$ (133.9)**	$ 123.7	(315.2)	(77.8)	$ (269.4)
Interest expense and other financing costs	**—**	**—**	**109.6**	**109.6**	—	—	33.0	33.0
Impairment of goodwill	**—**	**—**	**—**	**—**	—	190.9	—	190.9
Other expense	**10.2**	**0.6**	**2.7**	**13.5**	4.6	2.2	2.1	8.8
Restructuring and other related costs	**7.4**	**15.5**	**—**	**22.9**	5.4	19.0	—	24.4
Earnings (loss) from operations	**$ 90.1**	**(47.1)**	**(31.0)**	**$ 12.1**	$ 133.6	(103.1)	(42.8)	$ (12.3)
Start-up expenses from Construction Capital[iii]	**92.7**	**—**	**—**	**92.7**	28.7	4.8	—	33.4
Change in fair value of biological assets	**—**	**—**	**28.4**	**28.4**	—	—	42.1	42.1
Unrealized and deferred loss (gain) on derivative contracts	**—**	**—**	**2.6**	**2.6**	—	—	0.7	0.7
Adjusted Operating Earnings	**$ 182.8**	**(47.1)**	**—**	**$ 135.7**	$ 162.3	(98.4)	—	$ 63.9
Depreciation and amortization	**168.4**	**14.7**	**—**	**183.1**	144.9	13.5	—	158.4
Items included in other income (expense) representative of ongoing operations[iv]	**(10.2)**	**(0.6)**	**(0.6)**	**(11.4)**	(4.6)	(0.1)	—	(4.7)
Adjusted EBITDA	**$ 341.0**	**(33.0)**	**(0.6)**	**$ 307.4**	$ 302.6	(85.0)	—	$ 217.6
Adjusted EBITDA Margin	**9.5%**	**(29.8)%**	**n/a**	**8.3%**	8.8%	(65.7)%	n/a	6.1%
Interest expense and other financing costs	**(109.4)**	**(0.2)**	**—**	**(109.6)**	(25.4)	(7.6)	—	(33.0)
Interest income	**3.1**	**—**	**—**	**3.1**	—	—	—	—
Depreciation and amortization	**(168.4)**	**(14.7)**	**—**	**(183.1)**	(144.9)	(13.5)	—	(158.4)
Adjusted EBT	**$ 66.3**	**(47.8)**	**(0.6)**	**$ 17.8**	$ 132.3	(106.1)	—	$ 26.2

(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) *Primarily includes certain costs associated with sustainability projects, gains and losses on the impairment and sale of long-term assets, legal settlements, gains and losses on investments, 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 Interim Financial Statements to Adjusted Earnings per Share for the three and nine months ended September 30 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.

($ per share) (Unaudited)	Three months ended September 30,				Nine months ended September 30,			
		2023		2022		**2023**		2022
Basic loss per share	**$**	**(0.04)**	$	(1.86)	**$**	**(0.95)**	$	(2.18)
Impairment of goodwill		**—**		1.54		**—**		1.54
Restructuring and other related costs[(i)]		**0.03**		0.01		**0.17**		0.17
Items included in other expense not considered representative of ongoing operations[(ii)]		**0.01**		0.02		**0.03**		0.03
Start-up expenses from Construction Capital[(iii)]		**0.15**		0.07		**0.57**		0.21
Change in fair value of biological assets		**—**		0.19		**0.17**		0.25
Change in unrealized and deferred fair value on derivatives		**(0.03)**		0.01		**0.02**		—
Adjusted Earnings per Share[(iv)]	**$**	**0.13**	$	(0.01)	**$**	**0.01**	$	0.02

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

(ii) *Primarily includes legal fees and settlements, 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, net of tax.*

(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 investment in increased further processed poultry capacity in the Prepared Meats facility in Brampton, Ontario. Investments in capacity at the Walker Drive facility in Brampton, Ontario, and the plant protein facility in Indianapolis, Indiana were moved out of construction capital upon completion during the first quarter of 2022, and the London Poultry facility was moved out of construction capital during the fourth quarter of 2022 when commercial production began. The following table is a summary of Construction Capital activity and debt financing for the periods indicated below.

($ thousands) *(Unaudited)*	**2023**	2022
Property and equipment and intangibles at January 1	**$ 2,663,985**	$ 2,554,483
Other capital and intangible assets at January 1[(i)]	**2,654,419**	1,811,164
Construction Capital at January 1	**$ 9,566**	$ 743,319
Additions	**8,822**	54,776
Transfers from Construction Capital	**—**	(182,210)
Construction Capital at March 31	**$ 18,388**	$ 615,885
Additions	**18,896**	49,903
Construction Capital at June 30	**$ 37,284**	$ 665,788
Additions	**14,213**	47,789
Construction Capital at September 30[(ii)]	**$ 51,497**	$ 713,577
Other capital and intangible assets at September 30[(i)]	**2,581,318**	1,957,932
Property and equipment and intangibles at September 30	**$ 2,632,815**	$ 2,671,509
Construction Capital debt financing[(iii)(iv)]	**$ 50,013**	$ 678,635

(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 September 30, 2023, the net book value of Construction Capital includes $0.7 million related to intangible assets (September 30, 2022: $3.3 million; December 31, 2022: $0.0 million).

(iii) Does not include $1,024.3 million in capital that has been transferred out but is still in the start-up stage (2022: $265.2 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 Interim Financial Statements as at September 30 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.

($ thousands) *(Unaudited)*	**As at September 30,**	
	2023	2022
Cash and cash equivalents	**$ 204,598**	$ 106,199
Current portion of long-term debt	**$ (398,685)**	$ (712)
Long-term debt	**(1,575,418)**	(1,627,651)
Total debt	**$(1,974,103)**	$(1,628,363)
Net Debt	**$(1,769,505)**	$(1,522,164)

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. The following table calculates Free Cash Flow for the periods indicated below:

($ thousands) *(Unaudited)*	**Three months ended September 30,**		**Nine months ended September 30,**	
	2023	2022	**2023**	2022
Cash provided by operating activities	**$ 115,161**	$ 75,499	**$ 93,871**	$ 6,998
Maintenance Capital[(i)]	**25,190**	17,491	**67,368**	48,360
Interest paid and capitalized related to Maintenance Capital	**(404)**	(63)	**(890)**	(236)
Free Cash Flow[(ii)]	**$ 139,947**	$ 92,927	**$ 160,349**	$ 55,122

(i) *Maintenance Capital is defined as non-discretionary investment required to maintain the Company's existing operations and competitive position. For the three and nine months ended September 30, 2023, total capital spending of $51.3 million and $156.4 million (2022: $78.5 million and $257.8 million) shown on the Consolidated Statements of Cash Flows is made up of Maintenance Capital of $25.2 million and $67.4 million (2022: $17.5 million and $48.4 million), and Growth Capital of $26.1 million and $89.0 million (2022: $61.1 million and $209.4 million). 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.*

(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:

- assumptions that the major disruptions that influenced the early post-COVID-19 pandemic recovery, have largely resolved and are unlikely to recur with the same severity;
- 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;
- future performance, including future financial objectives, goals and targets, category growth analysis, expected capital spend and expected SG&A expenditures, global pork market dynamics, Japan export market margin outlook, labour markets, inflationary pressures (including the ability to price for inflation);
- potential for a recurrence of a cybersecurity incident on the Company's systems, business and operations, as well as the ability to mitigate the financial and operational impacts, the success of remediation and recovery efforts, the implications of data exfiltration, and other 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;
- 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 adaptations in operations, supply chain, customer and consumer behaviour, economic patterns (including but not limited to global pork markets), foreign exchange rates, international trade dynamics and access to capital, including possible presence or absence of structural changes associated with economic recovery since the pandemic;
- 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;
- potential ongoing impacts of the cybersecurity incident, the potential for a future 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 and access to capital to fund future capital requirements and ongoing operations;
- 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 sales volumes, turnover of inventories and 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:

- presence or absence of adaptations or structural changes arising since the economic recovery from the pandemic which may have implications for 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 (including global pork markets);
- the results of the Company's execution of its business plans, the degree to which benefits are realized or not, and the timing associated realizing those benefits, including the implications on cash flow;
- 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.sedarplus.ca. 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.sedarplus.ca.

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 Interim Balance Sheets

(In thousands of Canadian dollars) *(Unaudited)*	**As at September 30, 2023**	As at September 30, 2022[i]	As at December 31, 2022[i]	As at January 1, 2022[i]
ASSETS				
Cash and cash equivalents	**$ 204,598**	$ 106,199	$ 91,076	$ 162,031
Accounts receivable	**195,196**	180,301	167,611	167,082
Notes receivable	**35,659**	61,301	48,556	33,294
Inventories	**546,747**	494,477	485,979	409,677
Biological assets	**112,029**	112,237	144,169	138,209
Income taxes recoverable	**87,371**	18,997	57,497	1,830
Prepaid expenses and other assets	**28,677**	56,104	50,266	24,988
Assets held for sale	**604**	604	604	—
Total current assets	**$ 1,210,881**	$ 1,030,220	$ 1,045,758	$ 937,111
Property and equipment	**2,281,032**	2,303,981	2,303,424	2,189,165
Right-of-use assets	**150,510**	165,729	159,199	161,662
Investments	**23,489**	23,912	23,712	22,326
Investment property	**19,489**	5,289	5,289	5,289
Employee benefits	**47,735**	—	12,531	—
Other long-term assets	**9,522**	19,995	12,493	9,780
Deferred tax asset	**42,639**	52,165	42,541	39,907
Goodwill	**477,353**	477,353	477,353	658,673
Intangible assets	**351,783**	367,528	360,561	365,318
Total long-term assets	**$ 3,403,552**	$ 3,415,952	$ 3,397,103	$ 3,452,120
Total assets	**$ 4,614,433**	$ 4,446,172	$ 4,442,861	$ 4,389,231
LIABILITIES AND EQUITY				
Accounts payable and accruals	**$ 581,625**	$ 549,723	$ 485,114	$ 526,189
Current portion of provisions	**14,437**	39,939	42,589	842
Current portion of long-term debt	**398,685**	712	921	5,176
Current portion of lease obligations	**38,177**	38,417	38,321	31,375
Income taxes payable	**833**	1,084	2,311	23,853
Other current liabilities	**14,591**	50,532	64,684	81,265
Total current liabilities	**$ 1,048,348**	$ 680,407	$ 633,940	$ 668,700
Long-term debt	**1,575,418**	1,627,651	1,709,493	1,247,073
Lease obligations	**137,904**	149,011	144,569	144,391
Employee benefits	**58,798**	74,808	64,280	97,629
Provisions	**2,272**	7,113	3,799	44,650
Other long-term liabilities	**948**	1,304	1,841	1,057
Deferred tax liability	**243,520**	173,174	221,606	147,060
Total long-term liabilities	**$ 2,018,860**	$ 2,033,061	$ 2,145,588	$ 1,681,860
Total liabilities	**$ 3,067,208**	$ 2,713,468	$ 2,779,528	$ 2,350,560
Shareholders' equity				
Share capital	**$ 866,443**	$ 852,872	$ 850,086	$ 847,016
Retained earnings	**652,837**	880,314	809,616	1,212,244
Contributed surplus	**1,671**	—	—	5,371
Accumulated other comprehensive income	**33,457**	25,434	29,547	286
Treasury shares	**(7,183)**	(25,916)	(25,916)	(26,246)
Total shareholders' equity	**$ 1,547,225**	$ 1,732,704	$ 1,663,333	$ 2,038,671
Total liabilities and equity	**$ 4,614,433**	$ 4,446,172	$ 4,442,861	$ 4,389,231

[i] *Restated, refer to Note 3 of the Consolidated Interim Financial Statements.*

Consolidated Interim Statements of Net Loss

(In thousands of Canadian dollars, except share amounts) *(Unaudited)*	**Three months ended September 30,**		**Nine months ended September 30,**	
	2023	2022	**2023**	2022
Sales	**$ 1,245,021**	$ 1,231,855	**$ 3,689,574**	$ 3,553,541
Cost of goods sold	**1,099,164**	1,149,394	**3,373,675**	3,229,978
Gross profit	**$ 145,857**	$ 82,461	**$ 315,899**	$ 323,563
Selling, general and administrative expenses	**94,908**	102,800	**303,805**	335,865
Earnings (loss) before the following:	**$ 50,949**	$ (20,339)	**$ 12,094**	$ (12,302)
Restructuring and other related costs	**4,135**	2,332	**22,910**	24,389
Other expense	**6,593**	3,733	**13,467**	8,809
Impairment of goodwill	**—**	190,911	**—**	190,911
Earnings (loss) before interest and income taxes	**$ 40,221**	$ (217,315)	**$ (24,283)**	$ (236,411)
Interest expense and other financing costs	**40,467**	14,494	**109,624**	32,996
(Loss) before income taxes	**$ (246)**	$ (231,809)	**$ (133,907)**	$ (269,407)
Income tax expense (recovery)	**4,028**	(2,333)	**(18,251)**	994
Net loss	**$ (4,274)**	$ (229,476)	**$ (115,656)**	$ (270,401)
(Loss) earnings per share attributable to common shareholders:				
Basic loss per share	**$ (0.04)**	$ (1.86)	**$ (0.95)**	$ (2.18)
Diluted loss per share	**$ (0.04)**	$ (1.86)	**$ (0.95)**	$ (2.18)
Weighted average number of shares (millions):				
Basic	**122.0**	123.7	**121.7**	123.9
Diluted	**122.0**	123.7	**121.7**	123.9

Consolidated Interim Statements of Other Comprehensive Income (Loss)

(In thousands of Canadian dollars) *(Unaudited)*	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	**2023**	2022
Net loss	**$ (4,274)**	$ (229,476)	**$ (115,656)**	$ (270,401)
Other comprehensive income (loss)				
Actuarial (losses) gains that will not be reclassified to profit or loss (Net of tax of $1.4 million and $11.0 million; 2022: $6.0 million and $7.6 million)	**$ 3,990**	$ (17,221)	**$ 31,893**	$ 22,185
Change in revaluation surplus (Net of tax of $2.5 million and $4.2 million; 2022: $0.0 million and $0.0 million)	**11,040**	—	**18,033**	—
Total items that will not be reclassified to profit or loss	**$ 15,030**	$ (17,221)	**$ 49,926**	$ 22,185
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)	**8,940**	26,976	**(180)**	35,068
Change in foreign exchange on long-term debt designated as a net investment hedge (Net of tax of $1.3 million and $0.1 million; 2022: $3.9 million and $5.0 million)	**(7,220)**	(20,825)	**(602)**	(26,350)
Change in cash flow hedges (Net of tax of $1.0 million and $2.7 million; 2022: $1.6 million and $5.6 million)	**(2,489)**	4,543	**(6,378)**	16,430
Total items that are or may be reclassified subsequently to profit or loss	**$ (769)**	$ 10,694	**$ (7,160)**	$ 25,148
Total other comprehensive income (loss)	**$ 14,261**	$ (6,527)	**$ 42,766**	$ 47,333
Comprehensive (loss) income	**$ 9,987**	$ (236,003)	**$ (72,890)**	$ (223,068)

Consolidated Interim Statements of Changes in Total Equity

(In thousands of Canadian dollars) (Unaudited)	Share capital	Retained earnings	Contributed surplus	Accumulated other comprehensive income (loss)			Revaluation surplus[iii]	Treasury shares	Total equity
				Foreign currency translation adjustment[i]	Unrealized gains and losses on cash flow hedges[i]	Unrealized gains on fair value of investments[i]			
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	—	(115,656)	—	—	—	—	—	—	(115,656)
Other comprehensive income (loss)[ii]	—	31,893	—	(782)	(6,378)	—	18,033	—	42,766
Dividends declared ($0.63 per share)	5,052	(76,964)	—	—	—	—	—	—	(71,912)
Share-based compensation expense	—	—	7,733	—	—	—	—	—	7,733
Deferred taxes on share-based compensation	—	—	1,100	—	—	—	—	—	1,100
Exercise of stock options	6,792	—	(1,363)	—	—	—	—	—	5,429
Shares re-purchased	(4,498)	—	(11,595)	—	—	—	—	—	(16,093)
Sale of investment property	—	6,963	—	—	—	—	(6,963)	—	—
Sale of treasury stock	—	—	—	—	—	—	—	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 September 30, 2023	**$866,443**	**652,837**	**1,671**	**10,190**	**6,507**	**2,945**	**13,815**	**(7,183)**	**$ 1,547,225**

(In thousands of Canadian dollars) (Unaudited)	Share capital	Retained earnings	Contributed surplus	Accumulated other comprehensive income (loss)[i]			Revaluation surplus[iii]	Treasury shares	Total equity
				Foreign currency translation adjustment[i]	Unrealized gains and losses on cash flow hedges[i]	Unrealized gains on fair value of investments[i]			
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	—	(270,401)	—	—	—	—	—	—	(270,401)
Other comprehensive income (loss)[ii]	—	22,185	—	8,718	16,430	—	—	—	47,333
Dividends declared ($0.60 per share)	—	(74,533)	—	—	—	—	—	—	(74,533)
Share-based compensation expense	—	—	16,945	—	—	—	—	—	16,945
Modification of stock compensation plan	—	—	(3,594)	—	—	—	—	—	(3,594)
Deferred taxes on share-based compensation	—	—	(2,125)	—	—	—	—	—	(2,125)
Exercise of stock options	5,888	—	(1,289)	—	—	—	—	—	4,599
Shares re-purchased	(8,333)	—	(19,231)	—	—	—	—	—	(27,564)
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	8,301	(9,181)	19,483	—	—	—	—	—	18,603
Balance at September 30, 2022	$852,872	880,314	—	10,755	8,989	2,945	2,745	(25,916)	$ 1,732,704

(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 of the Consolidated Interim Financial Statements.*

Consolidated Interim Statements of Cash Flows

(In thousands of Canadian dollars) *(Unaudited)*	Three months ended September 30, **2023**	2022	Nine months ended September 30, **2023**	2022
CASH PROVIDED BY (USED IN):				
Operating activities				
Net loss	**$ (4,274)**	$ (229,476)	**$ (115,656)**	$ (270,401)
Add (deduct) items not affecting cash:				
Change in fair value of biological assets	**(266)**	31,451	**28,408**	42,104
Depreciation and amortization	**70,204**	57,602	**204,000**	172,032
Share-based compensation	**1,671**	2,727	**7,733**	16,485
Deferred income taxes	**19,851**	1,803	**11,833**	6,615
Income tax current	**(15,823)**	(4,136)	**(30,084)**	(5,621)
Interest expense and other financing costs	**40,467**	14,494	**109,624**	32,996
Loss on sale of long-term assets	**960**	104	**1,935**	1,686
Impairment of property and equipment and ROU assets	**2,466**	192,954	**8,996**	209,010
Change in fair value of non-designated derivatives	**(1,266)**	(6,872)	**(6,792)**	(19,407)
Change in net pension obligation	**1,901**	2,496	**2,232**	6,938
Net income taxes paid	**(4,377)**	(3,371)	**(3,011)**	(29,858)
Interest paid, net of capitalized interest	**(41,183)**	(4,026)	**(108,811)**	(34,414)
Change in provision for restructuring and other related costs	**(9,401)**	(1,810)	**(28,952)**	1,648
Change in derivatives margin	**1,302**	(2,379)	**(3,984)**	(2,698)
Cash settlement of derivatives	**(2,877)**	—	**5,397**	—
Other	**(2,196)**	(2,548)	**(5,892)**	(10,361)
Change in non-cash operating working capital	**58,002**	26,486	**16,895**	(109,756)
Cash provided by operating activities	**$ 115,161**	$ 75,499	**$ 93,871**	$ 6,998
Investing activities				
Additions to long-term assets	**$ (51,274)**	$ (78,544)	**$ (156,395)**	$ (257,784)
Interest paid and capitalized	**(1,246)**	(7,019)	**(2,484)**	(16,639)
Proceeds from sale of long-term assets	**10,254**	6	**10,524**	123
Purchase of investments	**(100)**	—	**(200)**	—
Cash used in investing activities	**$ (42,366)**	$ (85,557)	**$ (148,555)**	$ (274,300)
Financing activities				
Dividends paid	**$ (20,660)**	$ (24,759)	**$ (71,912)**	$ (74,533)
Net increase in long-term debt	**647**	84,527	**269,001**	340,474
Payment of lease obligation	**(7,348)**	(8,859)	**(24,728)**	(26,949)
Receipt of lease inducement	**—**	—	**—**	6,847
Exercise of stock options	**2,345**	—	**5,429**	4,599
Repurchase of shares	**—**	(27,564)	**(16,093)**	(27,564)
Sale (purchase) of treasury shares	**—**	—	**9,841**	(7,500)
Payment of financing fees	**(40)**	(59)	**(3,332)**	(3,904)
Cash (used in) provided by financing activities	**$ (25,056)**	$ 23,286	**$ 168,206**	$ 211,470
Increase (decrease) in cash and cash equivalents	**$ 47,739**	$ 13,228	**$ 113,522**	$ (55,832)
Cash and cash equivalents, beginning of period	**156,859**	92,971	**91,076**	162,031
Cash and cash equivalents, end of period	**$ 204,598**	$ 106,199	**$ 204,598**	$ 106,199