MAPLE LEAF FOODS INC.

Management's Discussion and Analysis

For the Year Ended

December 31, 2023

Management’s Discussion and Analysis

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Management’s Discussion and Analysis

All dollar amounts are presented in Canadian dollars unless otherwise noted.

February 22, 2024

1. THE BUSINESS

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 Company employs approximately 13,500 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).

(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. FINANCIAL OVERVIEW

($ millions except earnings per share) *(Unaudited)*	**As at or for the Twelve months ended December 31,**		
	2023	2022	% Change
Sales	**$ 4,867.9**	$ 4,739.1	2.7 %
Net (Loss)	**$ (125.0)**	$ (311.9)	59.9 %
Basic Loss per Share	**$ (1.03)**	$ (2.52)	59.1 %
Adjusted Operating Earnings[(i)]	**$ 193.2**	$ 65.7	194.0 %
Adjusted (Loss) Earnings per Share[(i)]	**$ 0.09**	$ (0.26)	nm[(ii)]
Adjusted EBITDA - Meat Protein Group[(i)]	**$ 463.0**	$ 378.7	22.3 %
Adjusted EBITDA - Plant Protein Group[(i)]	**$ (32.9)**	$ (105.4)	68.8 %
Free Cash Flow[(i)]	**$ 89.0**	$ (20.9)	nm[(ii)]
Construction Capital[(i)]	**$ —**	$ 9.6	nm[(ii)]
Net Debt[(i)]	**$ (1,747.5)**	$ (1,619.3)	7.9 %
Adjusted EBT[(i)]	**$ 34.2**	$ 4.4	677.3 %

(i) *Refer to section 31. Non-IFRS Financial Measures of this document for the definition of these non-IFRS measures.*

(ii) *Not meaningful.*

Sales for 2023 were $4,867.9 million compared to $4,739.1 million last year, an increase of 2.7%. Sales growth in the Meat Protein Group was partly offset by a decline in the Plant Protein Group. For more details on sales performance by operating segment, please refer to section 5. Operating Review.

Net loss for 2023 was $125.0 million ($1.03 loss per basic share) compared to a net loss of $311.9 million ($2.52 loss per basic share) last year. In the Meat Protein Group stronger commercial performance more than offset market headwinds and inflation. In the Plant Protein Group improved operational performance more than offset lower volumes. In the prior year, the Plant Protein Group also included a $190.9 million one-time impairment charge. Interest expense increased by $94.8 million, reflecting the net debt levels associated with Construction Capital projects and increases in borrowing rates. Net loss for the year also included start-up expenses of $122.3 million (2022: $59.3 million) associated with Construction Capital projects, as well as net losses from non-cash fair value changes in biological assets and derivative contracts of $24.6 million (2022: $14.0 million), all of which are excluded in the calculation of Adjusted Operating Earnings.

Adjusted Operating Earnings for 2023 were $193.2 million compared to $65.7 million last year, and Adjusted Earnings per Share for 2023 was $0.09 compared to loss of $0.26 last year.

Adjusted Earnings Before Taxes ("Adjusted EBT") for 2023 were $34.2 million compared to $4.4 million last year due to similar factors as noted above.

For further discussion on key metrics and a discussion of results by operating segment, refer to section 5. Operating Review below.

3. SELECTED FINANCIAL INFORMATION

The following table summarizes selected financial information for the three years ended December 31:

($ millions except earnings per share)	**2023**	2022	2021
Sales	**$ 4,867.9**	$ 4,739.1	$ 4,521.1
Net (loss) earnings	**$ (125.0)**	$ (311.9)	$ 102.8
Basic (loss) earnings per share	**$ (1.03)**	$ (2.52)	$ 0.83
Diluted (loss) earnings per share	**$ (1.03)**	$ (2.52)	$ 0.82
Total assets[ii]	**$ 4,603.1**	$ 4,442.9	$ 4,389.2
Total long-term liabilities[ii]	**$ 2,055.9**	$ 2,145.6	$ 1,681.9
Cash provided by operating activities	**$ 176.9**	$ 49.3	$ 304.8
Cash dividends per share	**$ 0.84**	$ 0.80	$ 0.72

The following table summarizes selected adjusted financial information for the two years ended December 31:

($ millions except EBITDA % margin, earnings per share, and RONA)[i]	**2023**	2022
Adjusted Operating Earnings	**$ 193.2**	$ 65.7
Adjusted EBITDA	**$ 427.6**	$ 272.9
Adjusted EBITDA Margin	**8.8%**	5.8%
Adjusted (Loss) Earnings per Share	**$ 0.09**	$ (0.26)
Construction Capital	**$ —**	$ 9.6
Net Debt	**$ (1,747.5)**	$ (1,619.3)
Return on Net Assets ("RONA")	**3.2%**	0.3%
Free Cash Flow	**$ 89.0**	$ (20.9)

[i] *Refer to section 31. Non-IFRS Financial Measures of this document for the definition of these non-IFRS measures.*

[ii] *Certain comparative figures have been restated to conform with current year accounting policies.*

4. COMPANY VISION AND STRATEGIC PLAN

As a purpose-driven company, Maple Leaf Foods has an inspiring vision to become the most sustainable protein company on Earth. Driven by this vision, together with its purpose to Raise the Good in Food, the Company believes in creating shared value by delivering commercial and financial results that sustain the business, while engaging in social issues, advocating for solutions and building trust with stakeholders in order to contribute to positive societal outcomes that make the planet a better place. The Company's vision and purpose are deeply embedded within the organization and inform its decision-making and strategies which evolve over time.

In February 2024, Maple Leaf Foods announced a refreshed strategic blueprint that reflects the next phase in the evolution of achieving its vision. The Company is moving from a phase of intensive investing in, building, and commissioning new plants, to a new phase of harvesting the benefits of the investments it has made. With the renewed focus brought by this strategic blueprint, Maple Leaf Foods intends to deliver shared value creation by:

- Leading the Way:
  - Making Better Food,
  - Taking Better Care, and
  - Nurturing a Better Planet
- Building Loved Brands:
  - Growing Consumer Relevance,
  - Delivering Impactful Innovation, and
  - Leveraging its Unique Capabilities

- Broadening its Impact:
  - Expanding its Geographic Reach,
  - Developing new Channels and Categories, and
  - Diversifying its Protein Portfolio
- Operating with Excellence:
  - Harnessing Advanced Technologies,
  - Applying Data Science and Analytics, and
  - Driving Cost Efficiency
- Developing Extraordinary Talent:
  - Embedding its Values-Based Culture,
  - Investing in Future Ready Leaders, and
  - Inspiring Enduring Engagement

5. OPERATING REVIEW

During the year ended December 31, 2023, the Company had two reportable segments. These segments offer different products, with separate organizational structures, brands, and financial and marketing strategies. The Company's Chief Operating Decision Makers regularly review internal reports for these businesses. Performance of the Meat Protein Group is based on profitable revenue growth, Adjusted Operating Earnings, Adjusted Earnings Before Interest, Taxes, Depreciation and Amortization ("Adjusted EBITDA"), and Adjusted Earnings Before Taxes ("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), Selling, General and Administrative expenses ("SG&A"), Adjusted Operating Earnings, Adjusted EBITDA, Adjusted EBITDA Margin, and Adjusted EBT by operating segment for the years ended December 31, 2023 and December 31, 2022.

	2023				2022			
($ millions)[i]	**Meat Protein Group**	**Plant Protein Group**	**Non-Allocated**[ii]	**Total**	Meat Protein Group	Plant Protein Group	Non-Allocated[ii]	Total
Sales	**$ 4,736.2**	**147.0**	**(15.3)**	**$ 4,867.9**	$ 4,593.6	169.3	(23.9)	$ 4,739.1
Gross profit (loss)	**$ 478.2**	**(2.2)**	**(24.6)**	**$ 451.4**	$ 474.7	(36.5)	(14.0)	$ 424.1
Selling, general and administrative expenses	**$ 355.4**	**49.7**	**—**	**$ 405.1**	$ 338.9	92.8	—	$ 431.7
Adjusted Operating (Loss) Earnings[iii]	**$ 245.2**	**(51.9)**	**—**	**$ 193.2**	$ 190.3	(124.5)	—	$ 65.7
Adjusted EBITDA[iii]	**$ 463.0**	**(32.9)**	**(2.5)**	**$ 427.6**	$ 378.7	(105.4)	(0.5)	$ 272.9
Adjusted EBITDA Margin[iii]	**9.8%**	**(22.4%)**	**n/a**	**8.8%**	8.2%	(62.2%)	n/a	5.8%
Adjusted EBT[iii]	**$ 89.5**	**(52.8)**	**(2.5)**	**$ 34.2**	$ 139.0	(134.1)	(0.5)	$ 4.4

(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 section 31. Non-IFRS Financial Measures of this document for the definition of these non-IFRS measures.*

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 2023 increased 3.1% to $4,736.2 million compared to $4,593.6 million last year. Sales growth was driven by pricing actions implemented to reflect higher input costs, favourable sales mix and foreign exchange. These positive factors were partially offset by commodity market headwinds and lower sales volumes.

Gross profit for 2023 was largely flat year over year at $478.2 million (gross margin[(i)] of 10.1%) compared to $474.7 million (gross margin[(i)] of 10.3%) last year as pricing actions were offset largely by higher input costs, market headwinds and start up expenses. Gross profit for 2023 included start-up expenses of $122.3 million (2022: $54.5 million) associated with Construction Capital[(ii)] projects, which are excluded in the calculation of Adjusted Operating Earnings.

SG&A expenses for 2023 were $355.4 million compared to $338.9 million last year. The increase in SG&A expenses was driven by inflationary pressures on base compensation and discretionary spending, partially offset by lower variable compensation.

Adjusted Operating Earnings for 2023 were $245.2 million compared to $190.3 million last year, driven by factors noted above.

Adjusted EBITDA for 2023 were $463.0 million compared to $378.7 million last year, driven by factors consistent with those noted above, in addition to increased depreciation expenses added back as a result of significant capital expansion largely in London. Adjusted EBITDA Margin for 2023 was 9.8% compared to 8.2% last year, also driven by factors consistent with those noted above.

Adjusted EBT for 2023 were $89.5 million compared to $139.0 million last year, driven by factors consistent with those noted above, as well as a $104.3 million increase in interest expense as a result of increased interest rates and higher debt 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 2023 were $147.0 million compared to $169.3 million last year, representing a decrease of 13.2%, or 16.3% after excluding the impact of foreign exchange. The sales decline was driven by lower volumes in retail and foodservice products, partially offset by pricing action implemented in prior quarters to mitigate inflation.

Gross profit for 2023 was a loss of $2.2 million (gross margin loss[(i)] of 1.5%) compared to a gross loss of $36.5 million (gross margin loss[(i)] of 21.6%) last year.The improvement in gross profit was driven by operational improvements, higher pricing to offset inflation, and reduction in start-up expenses, partially offset by lower volumes. Gross profit for 2023 included start-up expenses of nil (2022: $4.8 million) associated with Construction Capital[(ii)] projects which are excluded in the calculation of Adjusted Operating Earnings.

SG&A expenses for 2023 were $49.7 million (33.8% of sales) compared to $92.8 million (54.8% of sales) last year. The decrease in SG&A expenses was driven by lower advertising and promotional expense, lower people costs and lower consulting costs.

Adjusted Operating Earnings for 2023 were a loss of $51.9 million compared to a loss of $124.5 million last year. This improvement is consistent with the factors noted above.

Adjusted EBITDA for 2023 was a loss of $32.9 million compared to a loss of $105.4 million last year. This improvement is consistent with the factors noted above.

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

[(ii)] *Refer to section 31. Non-IFRS Financial Measures of this document for the definition of these non-IFRS measures.*

6. CYBERSECURITY INCIDENT

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

7. RESTRUCTURING AND OTHER RELATED COSTS

For the year ended December 31, 2023, the Company recorded restructuring and other related costs of $23.7 million. The $23.7 million consists of $15.4 million in the Plant Protein Group and $8.3 million in the Meat Protein Group.

Of the $15.4 million in the Plant Protein Group, $7.3 million is related to asset impairments, $4.7 million is related to inventory write-offs, $3.2 million is related to severance and other employee related costs, and $0.2 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 $8.3 million in the Meat Protein Group, $3.8 million of costs related to accelerated depreciation, $1.0 million related to asset impairment, $5.8 million related to other cash costs and decommissioning costs, and a net reversal of $2.8 million related to severance and other employee costs related to the closures of Brampton, Toronto, Schomberg, and St. Mary's poultry plants. The remaining amount of $0.5 million was related to employee related costs for other organizational restructuring initiatives.

For the year ended December 31, 2022, the Company recorded restructuring and other related costs of $30.1 million. The $30.1 million consists of $22.6 million in the Plant Protein Group and $7.5 million in the Meat Protein Group.

Of the $22.6 million in the Plant Protein Group, $19.0 million related to asset impairment, $2.9 million related to severance and other employee related costs, and $0.7 million related to decommissioning and other cash costs, as the Company changed its focus and reorganized SG&A and manufacturing operations in response to slower than previously anticipated segment growth.

Of the $7.5 million in the Meat Protein Group, $5.9 million related to accelerated depreciation, $1.0 million related to decommissioning costs, and $0.6 million related to severance and other employee costs as a result of the previously announced closures of the Brampton, Toronto, St. Mary's, and Schomberg poultry plants.

8. INTEREST EXPENSE AND OTHER FINANCING COSTS

Interest expense and other financing costs for 2023 were $150.9 million compared to $56.0 million in the prior year. The increase was mainly due to higher interest rates, increased borrowing levels from the Company's credit facility, and lower capitalized interest. Refer to section 10. Capital Resources and Liquidity of this document for further details.

9. INCOME TAXES

The Company's effective rate of income tax in 2023 differed from the Canadian statutory tax rate of 26.2% primarily due to the Company not recognizing a deferred tax recovery on losses of its Plant Protein subsidiary. The effective tax rate in 2022 differed from the Canadian statutory tax rate of 26.2% primarily due to the non-deductible impairment of goodwill charge and the Company not recognizing a deferred tax recovery on losses of its Plant Protein subsidiary incurred after the first quarter. The effective tax rate in 2023 used in determining Adjusted Earnings per Share is 68.7% (2022: 833.7%). The effective tax rate in determining the Adjusted Earnings per Share in 2023 and 2022 differed from the Canadian statutory tax rates primarily due to the reasons described above.

10. CAPITAL RESOURCES AND LIQUIDITY

The consumer foods industry in which the Company operates is generally characterized by high sales volume and high turnover of inventories and accounts receivable. In general, accounts receivable and inventories are readily convertible into cash. Investment in working capital is affected by fluctuations in the price of raw materials, seasonal and other market-related fluctuations. The Company has consistently generated a strong base level of operating cash flow, even in periods of higher commodity prices and during the restructuring of its operations. These operating cash flows provide a base of underlying liquidity that the Company supplements with credit facilities and cash on hand to provide longer-term funding and to finance fluctuations in working capital levels.

The Company's cash balance as at December 31, 2023 was $203.4 million (2022: $91.1 million). Cash is held in demand and short-term investment deposits with Canadian financial institutions having long-term debt ratings of A or higher.

The composition of long-term debt is shown below:

	As at December 31,	
($ thousands)	**2023**	2022
Revolving line of credit	**$ 843,400**	$ 999,523
U.S. term credit Tranche 1	**350,873**	358,664
Canadian term credit Tranche 2	**350,000**	350,000
Canadian term credit Tranche 3	**400,000**	—
Government loans	**7,147**	7,027
Supplier financing	**4,202**	—
Deferred financing charges	**(4,807)**	(4,800)
Total long-term debt	**$ 1,950,815**	$ 1,710,414
Current	**$ 400,735**	$ 921
Non-current	**1,550,080**	1,709,493
Total long-term debt	**$ 1,950,815**	$ 1,710,414
Construction Capital[(i)] included in total long-term debt	**$ —**	$ 9,461

[(i)] *Refer to section 31. Non-IFRS Financial Measures of this document for the definition of this non-IFRS measure.*

In February 2023 the Company amended the covenants in it's existing syndicated sustainability-linked credit facility (the "Credit Facility") to reflect the extended effect of the post-pandemic economy. On June 20, 2023, the Credit Facility was further amended 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. The Company expects to either repay the tranche due in June 2024 with a combination of cash generated by operations and available undrawn credit on the existing facilities noted below, or to secure an extension or replacement financing on commercially reasonable terms.

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 December 31, 2023 the Company had drawn letters of credit of $9.4 million on the Credit Facility (2022: $8.9 million).

The Credit Facility requires the maintenance of certain covenants. As at December 31, 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 $105.0 million (2022: $125.0 million). As at December 31, 2023, $46.7 million in letters of credit had been issued thereon (2022: $58.9 million).

The Company has various government loans on specific projects. As at December 31, 2023 and 2022, these loans are non-interest bearing facilities. These specific facilities are repayable over various terms and are maturing from 2024 to 2033. As at December 31, 2023, $7.1 million (2022: $7.0 million) was outstanding. All of these facilities are committed.

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 (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 December 31, 2023, trade accounts receivable being serviced under this program amounted to $112.7 million (2022: $171.1 million). As consideration for the sale of its trade receivables, the Company will receive cash of $79.4 million (2022: $132.6 million) and notes receivable in the amount of $33.3 million (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 December 31, 2023, the Company recorded a net payable in the amount of $55.6 million in accounts payable and accruals (2022: $10.1 million in notes receivable).

The Securitization Facility is subject to certain restrictions, including the maintenance of covenants. The Company was in compliance with all of the requirements of this facility as at December 31, 2023. If the Securitization Facility were to be terminated, the Company would recognize the related amounts on the Company's 2023 audited consolidated balance sheets ("Consolidated Balance Sheets") and consider alternative financing if required.

11. CAPITAL EXPENDITURES

Capital expenditures for 2023 were $196.6 million compared to $312.1 million last year. The decrease in capital expenditures was primarily attributable to the completion of the construction of the London, Ontario poultry facility and expansions in raised without antibiotics hog barns, partially offset by investments to increase further processed poultry capacity at the Prepared Meats facility in Brampton, Ontario.

The Company's capital expenditure estimate for the full year of 2024 remains unchanged in the range of $170 million to $190 million, based on the expected timing of projects and continued discipline in capital management.

12. NORMAL COURSE ISSUER BID

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 year ended December 31, 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 year ended December 31, 2023, 0.6 million (2022: 2.5 million) shares at an average price of $26.06 (2022: $23.51) 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 was terminated on May 24, 2022. Under this bid, no shares were repurchased for cancellation.

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

13. CASH FLOW AND FINANCING

Cash and cash equivalents were $203.4 million at the end of 2023, compared to $91.1 million in 2022. The increase in cash and cash equivalents for the year ended December 31, 2023 was primarily due to cash earnings, loans drawn on the Credit Facility, income tax refund, proceeds from sale of a poultry facility in St. Mary's Ontario, and reduced investment in working capital. This was partially offset by investments in property and equipment, dividend payments, interest payments, cash payments for restructuring and the repurchase of shares under the NCIB program.

Cash Flow from Operating Activities

Cash provided by operating activities for 2023 was $176.9 million compared to $49.3 million in 2022. The increase was primarily due to the higher cash earnings, income tax refunds, and reduced investment in working capital, partially offset by higher interest payments.

Cash Flow from Investing Activities

Cash used in investing activities for 2023 was $188.6 million compared to $377.0 million in 2022. The decrease was primarily due to lower investment in property as London poultry construction completed, and proceeds from sale of a poultry facility in St. Mary's, Ontario.

Cash Flow from Financing Activities

Cash provided by financing activities for 2023 was $124.0 million compared to $256.7 million in 2022. The decrease was mainly due to lower drawings on the Credit Facility, proceeds from sale of treasury shares (compared to purchases in the prior year), and fewer share repurchases under the NCIB program.

14. CONTRACTUAL OBLIGATIONS

The following table provides information about certain of the Company's significant contractual obligations as at December 31, 2023. This table presents the undiscounted cash flows payable in respect of financial liabilities and commitments.

Undiscounted payments due by fiscal year:

($ thousands)	**Due within 1 year**	**Due between 1 and 3 years**	**Due between 3 and 5 years**	**Due after 5 years**	**Total**
Financial liabilities					
Accounts payable and accruals	$ 548,444	—	—	—	$ 548,444
Long-term debt	402,310	354,142	1,196,763	3,630	1,956,845
Foreign exchange contracts	819	—	—	—	819
Commodity futures contracts	1,682	—	—	—	1,682
Lease obligations	38,500	63,009	43,205	61,559	206,273
Other liabilities	32,112	718	—	—	32,830
	$1,023,867	**417,869**	**1,239,968**	**65,189**	**$2,746,893**

The Company entered into a number of contracts related to the construction of new and expanded facilities. As at December 31, 2023 these contract commitments were approximately $8.0 million (2022: $45.0 million).

Management believes its cash flow, cash on hand, and available sources of financing provide the Company with resources to finance ongoing business requirements and its planned capital expenditure program for at least the next 12 months. Additional details concerning financing are set out in Note 18 and Note 22 of the Consolidated Financial Statements.

15. GOODWILL

On September 30, 2022, the Company performed impairment testing on the Plant Protein Cash Generating Unit ("CGU") group. This test was triggered by the changes in macro-economic conditions which resulted in a significant increase in the discount rate of the Plant Protein CGU. This resulted in the Company recognizing non-cash impairment charges of $190.9 million related to goodwill during the third quarter of 2022, which represents 100% of the goodwill that was assigned to the Plant Protein CGU group.

Additional details are set out in Note 15 of the Consolidated Financial Statements.

16. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Through the normal course of business, the Company is exposed to financial and market risks that have the potential to affect its operating results. In order to manage these risks, the Company operates under risk management policies and guidelines which govern the management of price and market risk in the foreign exchange, interest rate, and commodity markets, as well as funding and investing activities.

The Company uses derivative financial instruments to manage price and market risk associated with core operating exposures and does not engage in significant trading activity of a speculative nature.

The Company's Risk Management Committee meets frequently to discuss current market conditions, review current risk management programs and trading activity, and approve any new hedging or trading strategies.

There have been no material changes to the Company's risk management activities during the year ended December 31, 2023.

Financial Instruments

The Company's financial assets and liabilities are classified into the following categories:

Cash and cash equivalents	Fair value through profit or loss
Accounts receivable	Amortized cost
Notes receivable	Amortized cost
Accounts payable and accruals	Amortized cost
Long-term debt	Amortized cost
Derivative instruments[i]	Fair value through profit or loss
Investments	Fair value through other comprehensive income

[i] *These derivative instruments may be designated as cash flow hedges, fair value hedges or net investments in foreign operations hedges as appropriate. Derivatives designated as cash flow hedges are classified as fair value through other comprehensive income.*

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 December 31, are shown below:

	2023			2022		
	Notional	**Fair value**		Notional	Fair value	
($ thousands)	**amount[i]**	**Asset[ii]**	**Liability[ii]**	amount[i]	Asset[ii]	Liability[ii]
Cash flow hedges						
Foreign exchange contracts	**$ 27,860**	**$ 962**	**$ —**	$ 18,033	$ 537	$ 1
Interest rate swaps	**$ 350,873**	**1,073**	**—**	$ 493,664	16,755	—
		$ 2,035	**$ —**		$ 17,292	$ 1
Fair value hedges[iii]						
Foreign exchange contracts	**$ 3,467**	**$ 24**	**$ 13**	$ 9,164	$ 17	$ 316
Commodity contracts	**$ 2,924**	**424**	**—**	$ 8,925	143	—
		$ 448	**$ 13**		$ 160	$ 316
Derivatives not designated in a formal hedging relationship						
Interest rate swaps	**$ —**	**$ —**	**$ —**	$ 897,677	$ —	$ 6,526
Foreign exchange contracts	**$ 98,588**	**1,305**	**806**	$ 223,438	618	1,880
Commodity contracts	**$ 48,927**	**—**	**1,682**	$ 72,962	3,418	—
		$ 1,305	**$ 2,488**		$ 4,036	$ 8,406
Total fair value		**$ 3,788**	**$ 2,501**		$ 21,488	$ 8,723
Current[ii][iv]		**$ 3,788**	**$ 2,501**		$ 18,117	$ 8,723
Non-current[ii]		**—**	**—**		3,371	—
Total fair value		**$ 3,788**	**$ 2,501**		$ 21,488	$ 8,723

[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 Balance Sheets. The non-current portion of derivative assets and liabilities are recorded in other long-term assets and other long-term liabilities, respectively, in the Consolidated Balance Sheets.*

[iii] *The carrying amount of the hedged items in the Consolidated 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 December 31, 2023, the above fair value of current assets has been increased by $2.3 million (December 31, 2022: decreased by $2.7 million), and the above fair value of current liabilities has decreased by $1.7 million (December 31, 2022: $0.0 million) on the Consolidated 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.*

The Company's financial assets and liabilities include accounts receivable, notes receivable and accounts payable and accruals for which fair value approximates the carrying value due to their short-term nature.

The carrying value of long-term debt as at December 31, 2023 and 2022 approximates its fair value. The fair value of the Company's long-term debt has been classified as Level 2 in the fair value hierarchy and was estimated based on discounted future cash flows using current rates for similar financial instruments subject to similar risks and maturities.

The Company's cash and cash equivalents, and derivative instruments are recorded at fair value. The fair value of cash and cash equivalents approximates carrying value due to the short-term nature of the assets and has been classified as Level 1 in the fair value hierarchy. The fair values of the Company's interest rate and foreign exchange derivative instruments were estimated using current market measures for interest rates and foreign exchange rates. Commodity futures and commodity options contracts are exchange-traded and over-the-counter. Fair value is determined based on exchange prices and other observable market data.

Net gains and losses on financial instruments recognized at fair value through profit or loss consist of realized and unrealized gains and losses on derivatives that were de-designated or were otherwise not in a formal hedging relationship.

For the year ended December 31, 2023, the Company recorded a loss of $8.5 million (2022: gain of $16.5 million) on financial instruments recognized at fair value through profit or loss.

The table below sets out fair value measurements of derivative financial instruments as at December 31, 2023 using the fair value hierarchy:

($ thousands)		**Level 1**	**Level 2**	**Level 3**		**Total**
Assets:						
Foreign exchange contracts	$	—	2,291	—	$	2,291
Interest rate swaps		—	1,073	—		1,073
	$	**—**	**3,364**	**—**	**$**	**3,364**
Liabilities:						
Foreign exchange contracts	$	—	819	—	$	819
Commodity contracts[(i)]		1,258	—	—		1,258
	$	**1,258**	**819**	**—**	**$**	**2,077**

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

There were no transfers between levels for the year ended December 31, 2023. Determination of fair value and the resulting hierarchy requires the use of observable market data whenever available. 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.

Capital

The Company's objective is to maintain a robust, cost-effective capital structure that ensures resilience, supports its long-term growth strategy, and maximizes operating flexibility. In allocating capital to investments to support its earnings goals, the Company establishes internal hurdle return rates for capital initiatives. Capital projects are generally financed with internal cash flows and senior debt where required.

The Company uses leverage in its capital structure to reduce the cost of capital. The Company's goal is to achieve primary credit ratios that provide access to investment-grade credit pricing and terms. The Company measures its credit profile using a number of metrics, some of which are non-IFRS measures, primarily cash and cash equivalents, less long-term debt and bank indebtedness ("Net Debt") and Adjusted EBITDA.

In addition to credit facilities and equity, the Company uses leases and a very limited recourse accounts receivable securitization program as additional sources of financing.

The Company has maintained a stable dividend distribution that is based on a long-term sustainable net earnings base. From time to time, the Company has purchased shares for cancellation pursuant to normal course issuer bids and to satisfy awards under its Restricted Share Unit Plan described in Note 25 of the Consolidated Financial Statements.

Credit Risk

Credit risk refers to the risk of losses due to failure of the Company's customers and counterparties to meet their payment obligations.

In the normal course of business, the Company is exposed to credit risk from its customers, substantially all of which are in the retail, foodservice, and industrial channels. The Company performs ongoing credit evaluations of new and existing customers' financial condition and reviews the collectibility of its trade accounts receivable and other receivables in order to mitigate any possible credit losses. The Company records a loss allowance of expected credit losses for financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance at an amount equal to the lifetime expected credit losses if the credit risk on its financial assets has increased significantly since initial recognition. If credit risk has not significantly increased since initial recognition, the Company measures the loss allowance at an amount equal to the 12-month expected credit losses. Average accounts receivable days sales outstanding for the year is consistent with historic trends.

Management believes concentrations of credit risk with respect to accounts receivable are limited due to the generally high credit quality of the Company's major customers, the large number and geographic dispersion of smaller customers, and the operation of the accounts receivable securitization facility as described in Note 28 of the Consolidated Financial Statements. The Company does, however, conduct a significant amount of business with a small number of large grocery retailers. The Company's two largest customers as at December 31, 2023 comprise approximately 23.3% (2022: two largest customers representing 23.1%) of total sales.

The Company is also exposed to credit risk on its notes receivable from an unconsolidated structured entity in respect of the accounts receivable securitization program as described in Note 28 of the Consolidated Financial Statements. Management believes that this credit risk is limited by the long-term AA- debt rating held by the financial institution financing the third-party trust. The Company is exposed to credit risk on its cash and cash equivalents (comprising primarily of deposits with Canadian chartered banks) and non-exchange-traded derivative contracts. The Company mitigates this credit risk by transacting primarily with counterparties that are major

international financial institutions with long-term debt ratings of A or higher. The Company's maximum exposure to credit risk at the balance sheet date consisted primarily of the carrying value of non-derivative financial assets and non-exchange-traded derivatives with positive fair values.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities.

The Company manages liquidity risk by monitoring forecasted and actual cash flows, minimizing reliance on any single source of credit, maintaining sufficient undrawn committed credit facilities and managing the maturity profiles of financial assets and financial liabilities to minimize re-financing risk.

As at December 31, 2023, the Company had available undrawn committed credit of $447.2 million (2022: $291.5 million) under the terms of its principal banking arrangements as described in Note 18 of the Consolidated Financial Statements. These banking arrangements are subject to certain covenants and other restrictions.

Market Risk

Interest Rate Risk

Interest rate risk refers to the risk that the value of a financial instrument or cash flows associated with the instrument will fluctuate due to changes in market interest rates.

The Company's interest rate risk arises from long-term borrowings issued at fixed rates that create fair value interest rate risk and variable-rate borrowings that create cash flow interest rate risk. In addition, the Company's cash balances are typically invested in short-term interest-bearing assets.

The Company manages its interest rate risk exposure by using a mix of fixed and variable-rate debt and periodically using interest rate derivatives to achieve the desired proportion of variable to fixed-rate debt.

As at December 31, 2023, the Company had variable-rate debt of $1,944.3 million with a weighted average interest rate of 8.2% (2022: $1,708.2 million at a weighted average interest rate of 7.0%). The Company has converted $350.9 million of the variable-rate debt to fixed-rate debt using interest rate swaps with a weighted average interest rate of 4.7% (2022: $493.7 million at a weighted average interest rate of 4.2%). In addition, the Company was exposed to floating interest rates on its accounts receivable securitization program. As at December 31, 2023, the cash advance received pursuant to this program was $135.0 million at a weighted average interest rate of 5.7% (2022: $122.5 million at a weighted average interest rate of 4.6%). The maximum amount available to the Company under these programs is $135.0 million (2022: $135.0 million).

As at December 31, 2023, the Company had fixed-rate debt of $7.1 million (2022: $7.0 million) with a weighted average effective interest rate of 3.8% (2022: 3.6%). Changes in market interest rates cause the fair value of long-term debt with fixed interest rates to fluctuate but do not affect net earnings, as the Company's debt is carried at amortized cost and the carrying value does not change as interest rates change.

Foreign Exchange Risk

Foreign exchange risk refers to the risk that the value of financial instruments or cash flows will fluctuate due to changes in foreign exchange rates.

The Company's foreign exchange risk arises primarily from transactions in currencies other than Canadian dollars, including sales and purchases in foreign currencies, foreign denominated borrowings, and investments in foreign operations. The primary currencies to which the Company is exposed to are the U.S. dollar and the Japanese yen.

The Company uses foreign exchange forward contracts to manage foreign exchange transaction exposures. The Company uses cross-currency interest rate swaps to manage its foreign denominated borrowings.

Commodity Price Risk

The Company is exposed to price risk related to commodities such as live hogs, fuel, and purchases of certain other agricultural commodities used as raw materials, including feed grains. The Company uses fixed price futures and options contracts with suppliers as well as exchange-traded and over-the-counter futures and options to manage its exposure to price fluctuations on operating results.

Derivatives designated as a hedge of an anticipated or forecasted transaction are accounted for either as cash flow or fair value hedges and are managed within the Company's hedge accounting portfolio.

The Company applies the "own use exception" classification to certain contracts that are entered into for the purpose of procuring commodities to be used in production and are not recognized on the Consolidated Balance Sheets until delivery.

For a comprehensive discussion on the Company's risk management practices and derivative exposures, please refer to Note 22 of the Consolidated Financial Statements.

17. EMPLOYEE BENEFIT PLANS

The cost of pensions and other post-retirement benefits earned by employees is actuarially determined using the projected unit credit method calculated on service and Management's best estimate of salary escalation, retirement ages of employees and expected health care costs. Management employs external experts to advise them when deciding upon the appropriate estimates to use to value employee benefit plan obligations and expenses. These estimates are determined at the beginning of each year and re-evaluated if changes in factors influencing the plan and market conditions indicate that there may be a significant effect on the Company's Consolidated Financial Statements.

During 2023, the Company recorded a pre-tax gain of $16.7 million through other comprehensive income (loss) related to the re-measurement of plan assets and liabilities. This included a pre-tax loss of $48.7 million related to differences between plan experience compared to actuarial assumptions and a pre-tax gain of $65.8 million related to differences between plan asset returns compared to the discount rate.

During 2022, the Company recorded a pre-tax gain of $54.7 million through other comprehensive income (loss) related to the re-measurement of plan assets and liabilities. This includes a pre-tax gain of $241.6 million related to differences between plan experience compared to actuarial assumptions and a pre-tax loss of $186.7 million related to differences between plan asset returns compared to the discount rates.

The Company operates both defined contribution and defined benefit plans. The assets of the defined benefit plans are invested primarily in pooled funds that are subject to fluctuations in market prices. Discount rates used to measure plan liabilities are based on long-term market interest rates. Fluctuations in these market prices and rates can impact pension expense and funding requirements. The investment return before expenses on the Company's defined benefit pension plan assets was a gain of 12.5% in 2023 compared to a loss of 14.3% in 2022.

The Company's contributions are funded through cash flows generated from operations. Management anticipates that future cash flows from operations will be sufficient to fund expected future cash contributions. The Company's contributions to defined benefit plans during 2023 were $9.5 million (2022: $12.7 million).

The Company expects to contribute $34.7 million to the pension plans in 2024, inclusive of defined benefit, defined contribution and multi-employer plans.

18. TRANSACTIONS WITH RELATED PARTIES

Transactions between the Company and its consolidated entities have been eliminated in the Company's Consolidated Financial Statements.

The Company sponsors a number of defined benefit, defined contribution and post-retirement benefit plans. During the year ended December 31, 2023, the Company contributed $30.6 million (2022: $32.3 million) to these plans.

Key Management Personnel are those persons having authority and responsibility for planning, directing, and controlling the activities of the Company, directly or indirectly, including any external director of the Company.

Remuneration of Key Management Personnel of the Company is comprised of the following expenses:

($ thousands)		**2023**		2022
Short-term employee benefits				
Salaries, bonuses, and fees	**$**	**10,650**	$	10,277
Company car allowances		**348**		410
Other benefits		**370**		402
Total short-term employee benefits	**$**	**11,368**	$	11,089
Severance benefits		**2,254**		1,082
Post-employment benefits		**740**		795
Share-based compensation		**7,198**		9,815
Total remuneration	**$**	**21,560**	$	22,781

During the year ended December 31, 2023, Key Management Personnel of the Company exercised 0.6 million share options (2022: 0.4 million share options) granted under the Maple Leaf Foods share option plans for an amount of $14.3 million (2022: $9.5 million).

The Company's largest shareholder is McCain Capital Inc. ("MCI"). The Company has been informed that Mr. Michael H. McCain, Executive Chair of the Company, is the controlling shareholder of MCI. For the year ended December 31, 2023, the Company received services from MCI and companies directly or indirectly owned by MCI in the amount of $1.1 million (2022: $2.6 million), which

represented the market value of these transactions with MCI. As at December 31, 2023, $0.5 million (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 years ended December 31, 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.

19. GOVERNMENT INCENTIVES

During the year ended December 31, 2023, the Company recognized government incentives totaling $9.9 million (2022: $18.6 million).

During the year ended December 31, 2023, the Company recognized $4.9 million (2022: $17.1 million) of government incentives as a reduction in the cost of related assets. Of this amount, $1.3 million was from the Government of Canada to assist with the design, development and construction of the London, Ontario poultry facility. In addition, the Company received $2.6 million from the City of Hamilton and $1.0 million in other incentives.

During the year ended December 31, 2023, the Company recognized $5.0 million (2022: $1.5 million) of government incentives in net (loss) earnings. Of this amount, $3.0 million of ongoing incentives were received from the Government of Canada to support agricultural business. An additional $1.0 million of property tax rebates was received from the City of Indianapolis as an incentive for area revitalization. In addition, the Company received $1.0 million in other incentives.

The Company currently recognizes $7.1 million (2022: $7.0 million) of government debt on the Consolidated Balance Sheets from the Government of Canada to assist in innovation within the agricultural sector in Canada. Refer to Note 18 of the Consolidated Financial Statements.

20. SHARE CAPITAL

As at December 31, 2023, there were 122,704,659 voting common shares issued and outstanding (2022: 122,548,872). As at February 14, 2024, there were 122,704,659 common shares issued and outstanding.

In each of the quarters of 2023, the Company declared and paid cash dividends of $0.21 (2022: $0.20) per voting common share, representing a total annual dividend of $0.84 (2022: $0.80) per voting common share and declared total dividends of $102.7 million (2022: $99.1 million).

21. OTHER MATTERS

On February 21, 2024, the Board of Directors approved a quarterly dividend of $0.22 per share (an increase of $0.01 per share from the 2023 fourth quarter dividends), $0.88 per share on an annual basis, payable March 28, 2024 to shareholders of record at the close of business March 8, 2024. 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.com.

22. SUMMARY OF QUARTERLY RESULTS

The following is a summary of unaudited quarterly financial information for each quarter in the last two fiscal years:

	Fourth Quarter		Third Quarter		Second Quarter		First Quarter	
($ millions)[i] *(Unaudited)*	**2023**	2022	2023	2022	2023	2022	2023	2022
Sales								
Meat Protein Group[iv]	**$1,159.0**	$1,149.6	$1,204.3	$1,194.5	$1,232.8	$1,160.2	$1,140.0	$1,089.4
Plant Protein Group	**36.5**	40.0	36.4	43.6	36.7	40.8	37.4	44.9
Non-allocated[ii]	**(2.8)**	(4.1)	(2.5)	(6.2)	(3.7)	(5.9)	(6.4)	(7.7)
Total Sales[iv]	**$1,192.7**	$1,185.5	$1,238.3	$1,231.9	$1,265.8	$1,195.1	$1,171.1	$1,126.6
Gross Profit								
Meat Protein Group	**$ 124.0**	$ 82.2	$ 143.5	$ 125.6	$ 120.2	$ 136.0	$ 90.5	$ 131.0
Plant Protein Group	**5.1**	(10.3)	(2.2)	(9.8)	(1.8)	(10.1)	(3.3)	(6.3)
Non-allocated[ii]	**6.4**	28.7	4.5	(33.3)	(24.7)	(38.7)	(10.8)	29.2
Total Gross Profit	**$ 135.5**	$ 100.6	$ 145.9	$ 82.5	$ 93.6	$ 87.2	$ 76.4	$ 153.9
SG&A								
Meat Protein Group	**$ 91.3**	$ 80.0	$ 83.0	$ 82.9	$ 91.7	$ 87.3	$ 89.2	$ 88.6
Plant Protein Group	**9.9**	15.8	11.9	19.9	14.4	26.3	13.5	30.8
Total SG&A	**$ 101.3**	$ 95.9	$ 94.9	$ 102.8	$ 106.2	$ 113.6	$ 102.7	$ 119.5
Net Earnings (Loss)	**$ (9.3)**	$ (41.5)	$ (4.3)	$ (229.5)	$ (53.7)	$ (54.6)	$ (57.7)	$ 13.7
Earnings (Loss) Per Share								
Basic	**$ (0.08)**	$ (0.34)	$ (0.04)	$ (1.86)	$ (0.44)	$ (0.44)	$ (0.48)	$ 0.11
Diluted	**$ (0.08)**	$ (0.34)	$ (0.04)	$ (1.86)	$ (0.44)	$ (0.44)	$ (0.48)	$ 0.11
Adjusted Operating Earnings[iii]								
Meat Protein Group	**$ 62.3**	$ 28.0	$ 84.6	$ 53.6	$ 62.2	$ 57.7	$ 36.0	$ 51.0
Plant Protein Group	**(4.8)**	(26.2)	(14.1)	(29.5)	(16.3)	(34.0)	(16.7)	(34.9)
Total Adjusted Operating Earnings	**$ 57.5**	$ 1.8	$ 70.5	$ 24.1	$ 45.9	$ 23.6	$ 19.3	$ 16.1
Adjusted EBITDA[iii]								
Meat Protein Group	**$ 122.0**	$ 76.1	$ 138.4	$ 100.9	$ 115.3	$ 104.1	$ 87.3	$ 97.5
Plant Protein Group	**0.1**	(20.4)	(9.4)	(24.3)	(11.6)	(30.0)	(12.0)	(30.7)
Non-allocated[ii]	**(1.9)**	(0.5)	—	—	(0.6)	—	—	—
Total Adjusted EBITDA	**$ 120.2**	$ 55.3	$ 129.0	$ 76.7	$ 103.1	$ 74.1	$ 75.3	$ 66.8
Adjusted EBITDA Margin[iii]								
Meat Protein Group[iv]	**10.5 %**	6.6 %	11.5 %	8.5 %	9.4 %	9.0 %	7.7 %	9.0 %
Plant Protein Group	**0.3 %**	(51.0)%	(25.7)%	(55.6)%	(31.7)%	(73.6)%	(32.1)%	(68.4)%
Total Adjusted EBITDA Margin[iv]	**10.1 %**	4.7 %	10.4 %	6.2 %	8.1 %	6.2 %	6.4 %	5.9 %

[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] *Refer to section 31. Non-IFRS Financial Measures of this document.*

[iv] *Quarterly amounts for 2023 have been restated to eliminate new sales agreements entered into during the year that contained an expectation of repurchase, which had previously been reported as external sales.*

Fluctuations in quarterly sales can be attributed to changes in pricing, volume, sales mix, and the impact of foreign exchange translation.

Fluctuations in quarterly net earnings can be attributed to similar factors as noted above, pork and poultry industry processing margins, restructuring and other related costs, operating efficiencies, changes in the fair value of derivative and non-derivative financial instruments and biological assets, transitional costs incurred, provision adjustments, impairment losses, gains/losses on disposal of assets, changes in interest rates and long-term debt, and changes in tax regulations.

For an explanation and analysis of quarterly results, refer to the Company's Management's Discussion and Analysis for each of the respective quarterly periods which are filed on SEDAR+ and also available on the Company's website at www.mapleleaffoods.com.

23. SUMMARY OF 2023 FOURTH QUARTER RESULTS

The following table summarizes the Company's sales, gross profit, SG&A expenses, Adjusted Operating Earnings, Adjusted EBITDA, Adjusted EBITDA Margin and Adjusted EBT by operating segment and net earnings, earnings per share, adjusted earnings per share and adjusted EBT for the total Company for the fourth quarters ended December 31, 2023 and December 31, 2022:

	Three months ended December 31, 2023				Three months ended December 31, 2022			
($ millions except earnings per share)[(i)]	**Meat Protein Group**	**Plant Protein Group**	**Non-Allocated**[(ii)]	**Total**	Meat Protein Group	Plant Protein Group	Non-Allocated[(ii)]	Total
Sales	**$ 1,159.0**	**36.5**	**(2.8)**	**$ 1,192.7**	$ 1,149.6	40.0	(4.1)	$ 1,185.5
Gross profit (loss)	**$ 124.0**	**5.1**	**6.4**	**$ 135.5**	$ 82.2	(10.3)	28.7	$ 100.6
Selling, general and administrative expenses	**$ 91.3**	**9.9**	**—**	**$ 101.3**	$ 80.0	15.8	—	$ 95.9
Adjusted Operating (Loss) Earnings[(iii)]	**$ 62.3**	**(4.8)**	**—**	**$ 57.5**	$ 28.0	(26.2)	—	$ 1.8
Adjusted EBITDA[(iii)]	**$ 122.0**	**0.1**	**(1.9)**	**$ 120.2**	$ 76.1	(20.4)	(0.5)	$ 55.3
Adjusted EBITDA Margin[(iii)]	**10.5%**	**0.3 %**	**n/a**	**10.1%**	6.6 %	(51.0)%	n/a	4.7%
Net (Loss)	**n/a**	**n/a**	**n/a**	**$ (9.3)**	n/a	n/a	n/a	$ (41.5)
Basic Loss per Share	**n/a**	**n/a**	**n/a**	**$ (0.08)**	n/a	n/a	n/a	$ (0.34)
Adjusted Earnings per Share[(iii)]	**n/a**	**n/a**	**n/a**	**$ 0.08**	n/a	n/a	n/a	$ (0.28)
Adjusted EBT[(iii)]	**$ 23.2**	**(5.0)**	**(1.9)**	**$ 16.4**	$ 6.7	(28.0)	(0.5)	$ (21.7)

(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 section 31. Non-IFRS Financial Measures of this document for the definition of these non-IFRS measures.*

Sales for the fourth quarter increased 0.6% to $1,192.7 million compared to $1,185.5 million last year. Sales growth in the Meat Protein Group was partly offset by an 8.9% sales decline in the Plant Protein Group.

Net loss for the fourth quarter of 2023 was $9.3 million ($0.08 loss per basic share) compared to net loss of $41.5 million ($0.34 loss per basic share) last year. The improvement in performance for the quarter was driven by pricing to mitigate inflation, stronger pork markets, benefits from strategic construction projects, and the non-repeated estimated impact of $23 million from the cybersecurity incident in 2022 combined with achieving the goal of Adjusted EBITDA neutral performance in the Plant Protein segment. This was partially offset by higher input costs and increased interest expense. Net loss for the fourth quarter of 2023 also included start-up expenses of $29.7 million (2022: $25.8 million) associated with Construction Capital[(ii)] projects, and lower gains on biological assets mark to market adjustments, both of which are excluded from the calculation of Adjusted Operating Earnings.

Adjusted Operating Earnings for the fourth quarter of 2023 were $57.5 million compared to $1.8 million last year, consistent with the factors noted above.

Adjusted EBITDA Margin for the fourth quarter increased to 10.1% from 4.7% last year, consistent with the factors noted above.

Adjusted Earnings Before Taxes ("Adjusted EBT") for the fourth quarter of 2023 were $16.4 million compared to a loss of $21.7 million last year, consistent with the factors noted above.

Basic Earnings per Share was a loss of $0.08 for the fourth quarter of 2023 compared to a loss of $0.34 last year, consistent with the factors described above.

Adjusted Earnings per Share in the fourth quarter of 2023 was $0.08 compared to a loss of $0.28 last year.

Meat Protein Group

Sales for the fourth quarter increased 0.8% to $1,159.0 million compared to $1,149.6 million last year. Sales growth was driven by volume growth, pricing action implemented in prior quarters to mitigate the impact of inflation, and favourable mix shift. Prior year sales volumes were also impacted by the cybersecurity incident.

Gross profit for the fourth quarter of 2023 was $124.0 million (gross margin[i] of 10.7%) compared to $82.2 million (gross margin[i] of 7.2%) last year. Gross profit was positively impacted by pricing action to catch up to inflation, improved pork market conditions, and benefits from strategic capital, partially offset by cost inflation, unfavourable product mix, and start up expenses. Prior year results were impacted by the cybersecurity incident. Gross profit for the fourth quarter of 2023 included start-up expenses of $29.7 million (2022: $25.8 million) associated with Construction Capital[ii] projects which are excluded from the calculation of Adjusted Operating Earnings.

SG&A expenses for the fourth quarter of 2023 were $91.3 million an increase from $80.0 million last year. The increase was due to inflationary pressures on base compensation as well as higher advertising and promotional spend.

Adjusted Operating Earnings for the fourth quarter of 2023 were $62.3 million compared to $28.0 million last year, driven by the factors noted above.

Adjusted EBITDA Margin for the fourth quarter was 10.5% compared to 6.6% last year, consistent with the factors noted above as well as benefits from London poultry plant and Bacon Centre of Excellence.

Adjusted EBT for the fourth quarter of 2023 were $23.2 million compared to $6.7 million last year, driven by factors consistent with those noted above, as well as a $20.3 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

Sales for the fourth quarter were $36.5 million compared to $40.0 million last year, representing a decline of 8.9%, or 9.1% excluding the impact of foreign exchange. Sales decline was driven by lower retail volumes, partially offset by pricing action implemented in prior quarters to mitigate inflation.

Gross profit for the fourth quarter of 2023 was $5.1 million (gross margin[i] of 13.9%) compared to a loss of $10.3 million (gross margin loss[i] of 25.8%) last year. The improvement in gross profit was driven by operational improvements, higher pricing, partially offset by lower volumes.

SG&A expenses for the fourth quarter of 2023 were $9.9 million (27.2% of sales), compared to $15.8 million (39.5% of sales) last year. The decrease in SG&A expenses was primarily attributable to lower advertising and promotional expenses and lower people costs as a result of restructuring in prior quarters.

Adjusted Operating Earnings for the fourth quarter of 2023 were a loss of $4.8 million compared to a loss of $26.2 million last year. The improvement in Adjusted Operating Earnings is consistent with the factors noted above.

Adjusted EBITDA for the fourth quarter of 2023 was $0.1 million compared to a loss of $20.4 million last year, consistent with the factors noted above.

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

[ii] *Refer to section 31. Non-IFRS Financial Measures of this document for the definition of these non-IFRS measures.*

24. DISCUSSION OF FACTORS IMPACTING THE COMPANY'S OPERATIONS AND RESULTS

Impact of Currency

The following table outlines the changes in currency rates that have affected the Company's business and financial results:

(Unaudited)	**As at December 31, 2023**	Annual Averages					
		2023	2022	2021	2020	2019	2018
Canadian dollars per U.S. dollar[i]	**$ 1.32**	**$ 1.35**	$ 1.30	$ 1.25	$ 1.34	$ 1.33	$ 1.30
Japanese yen per Canadian dollar[i]	**¥106.54**	**¥ 104.20**	¥ 100.94	¥ 87.65	¥ 79.68	¥ 82.18	¥ 85.25

[i] *Source: Bloomberg.*

During 2023, the U.S. dollar, on average strengthened relative to the Canadian dollar by 3.7%. In general, a stronger U.S. dollar increases the value of the Company's U.S. dollar denominated sales and the sales prices achieved by the Company's primary pork processing and hog production operations. Conversely, it increases the cost of raw materials and ingredients across the business. Over the longer-term, a stronger U.S. dollar increases the relative competitiveness of the domestic Canadian packaged goods operation, as imports of competing products from the U.S. become less competitive, and exporting into the U.S. market becomes more attractive to the Company.

During 2023, the Japanese yen, on average weakened relative to the Canadian dollar by 3.1%. In general, a weaker Japanese yen reduces export margins to Japan in the Company's fresh pork business.

The Company ultimately seeks to manage currency fluctuations through pricing, cost reduction, or investment in value-added products.

The Company uses derivatives and other non-derivative financial instruments to manage its exposures to fluctuations in foreign exchange rates.

Market Influences for the Pork Value Chain

The following table outlines the change in key commodity prices that affected the Company's business and financial results:

(Unaudited)	**As at December 31, 2023**	Annual Averages								
		2023	2022	2021	2020	2019	2018	2017	2016	2015
Pork cutout (USD per cwt)[(i)(ii)]	**$ 84.76**	**$ 89.74**	$103.71	$104.23	$ 77.02	$ 77.04	$ 75.21	$ 84.13	$78.66	$79.13
Hog market price per cwt (USD per cwt)[(i)(ii)]	**$ 64.78**	**$ 81.49**	$ 98.14	$ 92.88	$ 60.22	$ 67.33	$ 65.12	$ 71.42	$65.09	$70.59
Hog market price per cwt (CAD per cwt)[(i)(ii)]	**$ 85.76**	**$109.97**	$127.76	$116.44	$ 80.75	$ 89.34	$ 84.40	$ 92.72	$86.23	$90.28
Corn (US$ per bushel)[(ii)(iii)]	**$ 4.71**	**$ 5.65**	$ 6.95	$ 5.77	$ 3.65	$ 3.83	$ 3.68	$ 3.59	$ 3.58	$ 3.81

(i) *As at December 31, 2023, based on last published spot prices for the week ended December 31, 2023 (Sources: CME and USDA).*

(ii) *Annual averages based on five-day averages (Sources: CME and USDA).*

(iii) *Daily close prices of first nearby future (Sources: Bloomberg and CME).*

The pork cutout reflects the market selling price of pork products, which the Company sells directly to customers and uses as an input to its prepared meats business. The hog market price reflects the cost that the business pays for its externally sourced hogs, which account for less than half of the Company's hog supply. Corn costs are a key factor into the cost of feed and therefore is a significant input cost to hogs raised by the Company.

In aggregate for 2023, the impact of market pricing for hog and pork prices was unfavourable compared to the five-year average due to a combination of elevated feed costs and weaker pork processing margins. Management uses a comparison to the five-year average in evaluating performance and expectations; due to the impact in the market of COVID-19 during 2021 and 2022 Management believes a comparison to the five year average from 2015 to 2019 is more reflective of normal market conditions. The Company uses derivatives and other non-derivative financial instruments to manage its exposures to fluctuations in commodity prices.

Seasonality

The Company is sufficiently large and diversified, with a balanced portfolio, that seasonal factors within various parts of its operations tend to offset each other. Variations in quarterly sales patterns can occur from year to year, however, over time the business shows consistent sales levels in the second quarter through the fourth, with a slight dip, or weakness, in the first quarter of each year.

25. ENVIRONMENT

Maple Leaf Foods is committed to maintaining high standards of environmental responsibility and positive relationships in the communities where it operates. It operates within the framework of a policy entitled "Our Environmental Sustainability Commitment" that is approved by the Board of Directors' Safety and Sustainability Committee (the "SSC"). The Environmental Sustainability Commitment can be found on the Company's website.

The Company's environmental program is monitored on a regular basis by the SSC, including compliance with regulatory requirements and the use of internal environmental specialists and independent, external environmental experts. The Company continues to invest in environmental infrastructure related to water, waste, and air emissions to ensure that environmental standards continue to be met or exceeded, while implementing procedures to reduce the impact of operations on the environment.

On June 29, 2022, the Company renewed its syndicated sustainability-linked credit facility – a partnership with nine global banks to encourage maintenance of carbon neutrality and reductions in Green House Gas ("GHG") emissions. The Credit Facility consists of a $1,300.0 million unsecured committed revolving line of credit maturing June 29, 2027 and two unsecured committed term credit facilities for US$265.0 million and $350.0 million maturing June 29, 2027 and June 29, 2026, respectively. On June 20, 2023, the Credit Facility was further amended 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. This Sustainability-Linked Credit Facility is intended to meet the Company's funding requirements for capital investments and for general corporate purposes. The interest rate on the sustainability-linked credit facility may be adjusted up or down based on the Company's performance compared to specific sustainability targets. The Company has benefited from lower interest rates under this Credit Facility since 2021.

Expenditures related to current environmental requirements are not expected to have a material effect on the financial position or earnings of the Company. However, it is possible that events could occur causing environmental expenditures to be significant and have

a material adverse effect on the Company's financial condition or results of operations. Such events could include, but not be limited to, additional environmental regulation or the occurrence of an adverse event at one of the Company's locations. (See the section of this MD&A titled "Risk Factors"). The Company currently has a provision of $2.0 million related to expected environmental remediation costs. Please refer to Note 17 of the consolidated financial statements. As a large food company there are health, environmental, and social issues that go beyond short-term profitability that the Company believes must shape its business if it is to realize a sustainable future. Increasingly, moving beyond compliance to materially reducing the Company's environmental footprint is critical to addressing mounting environmental issues and realizing increased operating efficiencies and cost reductions.

In 2015, the Company set targets to reduce its environmental footprint by 50% by 2025 (2014 baseline), in five key areas: electricity, natural gas, water, solid waste (2015 baseline) and food loss and waste (2016 baseline).

The Company has made progress toward these ambitious targets, but the pace of progress has been hampered by a number of factors, including the impact of the global pandemic which delayed a number of initiatives, as well as the timing of ramping up its new facilities and the lag in decommissioning associated legacy plants. As a result of these timing impacts, the Company is not on track to meet its 2025 goals, but it is no less committed to reducing its environmental footprint. With advantage of the learnings it has gained since 2015, including better scientific insights, Maple Leaf Foods is advancing work on a number of fronts to accelerate reductions across its key environmental performance indicators. These actions include: deploying a sustainability execution task force, executing ambitious on-the-ground action plans across its network, and advancing several longer-term large-scale high impact projects, including scaling up its regenerative agriculture initiatives and investments, and approving the next phase of engineering work on anaerobic digestion.

Drawing on best available science, together with new standards and protocols that weren't available when the Company originally set its goals, it is re-evaluating its key environmental performance indicators to set new, meaningful, science-backed environmental targets over the course of this year. As it re-sets its formal targets, it will not slow its efforts to reduce its environmental footprint and will continue to be a thought leader in climate change and pursue its commitment to be a world leader in sustainability.

Science-Based Targets

Science-Based Targets ("SBT"s) provide companies with a clearly defined pathway to future-proof growth by specifying how much and how quickly companies need to reduce GHG emissions to meet the requirements of the global Paris Climate Accord. On September 9, 2019, the Science-Based Target initiative ("SBTi") approved Maple Leaf Foods' SBTs for GHG emissions reduction. The SBTi verified the Company's comprehensive carbon inventory that was developed in accordance with the internationally accepted Greenhouse Gas Protocol which was developed by the World Resources Institute and World Business Council for Sustainable Development. Maple Leaf Foods committed to reduce its absolute Scope 1 and 2 GHG emissions by 30% and its Scope 3 GHG emissions by 30% per 1,000kg of production by 2030 against a 2018 baseline. Aligned with SBTi requirements, the Company must update its SBTs every five years.

Along with refreshing its other environmental targets, the Company is assessing new standards and protocols to update its GHG emissions targets in line with the best available science and alignment with evolving global reporting standards and expectations.

Carbon Neutrality

The Company manages its goal of maintaining carbon neutrality through a combination of prioritizing avoidance and reductions in its greenhouse gas emissions, and purchasing high-impact environmental project verified emissions reduction credits to offset currently unavoidable emissions. Through this methodology, neutralizes its Scope 1 & 2 emissions and a portion of its Scope 3 greenhouse gas emissions.

Details on the Company's environmental performance and carbon strategy can be found in the Company's 2022 Integrated Report that is available on the Company's website.

26. RISK FACTORS

In carrying out its business and operations, the Company faces many risks. Many of these risks are described below, including those risks that the Company currently considers to be most material. These risk factors, along with other risks and uncertainties not currently known to the Company, or that the Company currently considers immaterial, could materially and adversely affect the Company's performance, operating results and ability to pay dividends or return capital to shareholders. Such risks could cause actual events to differ materially from those described in any forward-looking statements, including any financial outlooks, targets or goals. Many of the risks are beyond the Company's control and, in spite of any efforts the Company may make to manage or mitigate its risk exposure, there is no guarantee that such risk management or mitigation activities will be successful. Readers should carefully consider the risk factors set out below, along with the other information contained in this document and the Company's other public filings before making an investment decision.

Pandemic and Post-Pandemic Environment

The Company's business operations and financial condition have been materially affected by pandemic conditions, including the associated government responses and changes in customer and consumer behaviour in the last several years. Thus resulted in increased costs to implement health and safety measures; higher absenteeism; operational slow-downs; the temporary suspension of operations in geographic locations in which the Company operates; disruption in global and local supply chains, limiting the availability of key inputs for the Company's operations as well as its ability to ship products to market; disruptions in international trade and access

to markets (including restrictions on pork exports to China); operational restrictions and restrictions on gatherings of individuals; delays in the completion of capital projects; reduced ability to execute product innovation initiatives; counterparty credit risk; volatility in financial and commodity markets; risks to physical and mental health and safety of its employees and contractors; shifts in customer and consumer demand; and supply chain disruptions. If risk of a future pandemic materializes, governments may re-impose restrictions, directives, orders or regulations that could adversely affect the Company's operations, suppliers, customers, counterparties, employee health, workforce productivity, insurance premiums and coverage, and ability to advance its business strategy.

The Company will follow recommendations from applicable government agencies, public health authorities and leading international health organizations in order to maintain the continued safe operation of its business operations. The disruptions that have marked the post-pandemic environment continue to create uncertainty and the degree to which it may continue to affect the Company's business operations and financial results will depend on future developments, which cannot be predicted with certainty. Depending on the continued evolution of the instability that has marked the post-pandemic economic recovery, the impact may increase the effect of the other risks described in this Management Discussion and Analysis. The dynamics of the post-pandemic environment may continue to contribute to instability including economic uncertainty in trade, supply chains, labour markets, inflation and geopolitics and it is possible that this instability may have a material adverse effect on the Company's business, operations and financial performance.

Competition, Market Conditions and the Activities of Competitors and Customers

The food industry is intensely competitive. In many product categories in which the Company operates there are low barriers to entry. Competition is based on factors such as product availability, product quality and taste, price, brand recognition, product variety, product packaging and design, shelf space, reputation, nutritional and other claims, effective promotions, and the ability to target changing consumer preferences. The Company may experience price pressure as a result of, among other things, competitors' promotional effort and strategies to grab market share, as well as in product categories characterized by low capacity utilization.

Competitive pressures from existing competitors, as well as new entrants into various markets could result in reduced sales, margins, profits, and market share, all of which could have a material adverse effect on the Company's financial condition and results of operations. The Company has seen intense competitive pressure in the plant protein space in anticipation of high growth rates, which has been followed by significant market contraction. The evolving nature of the plant protein business creates some volatility and unpredictability. The Company's assumptions about the potential growth of the plant protein sector did not materialize, and therefore in in 2022 it adjusted its "high growth" strategy, and adopted a target of reaching Adjusted EBITDA neutral by the latter half of 2023. The Company achieved this objective, but there is no guarantee that its plant protein business will deliver profitable growth going forward.

Overall, the Company's ability to increase revenue and execute its business strategy depends in part on its ability to cost-effectively attract new customers and consumers and retain existing customers and consumers. If the Company is unable to do this, its business, financial condition and operating results may be materially adversely affected. Further, if customers or consumers do not perceive the Company's product offerings to be of sufficient value and quality, or if it fails to offer new and relevant product offerings, it may not be able to attract or retain customers or engage existing customers so that they continue to purchase products. For example, if growth in demand for sustainable meat does not materialize or if the expected benefits associated with brand renovation are not realized, the Company may not reach its Adjusted EBITDA targets in the Meat Protein Group or its consolidated growth targets.

The Company competes with other companies who may have greater financial and other resources, lower operating costs and lower cost of capital. In some instances, this could force the Company to lower prices, resulting in lower profitability or, in the alternative, cause it to lose market share if it fails to lower prices. Consumers may also choose to trade-down to lower priced competitive products, including private label products, in the face of inflationary pressures which could put pressure on the Company's performance. In addition, some competitors may be more innovative, have more resources and/or be able to bring new products to market faster. This could put the Company at a disadvantage in keeping up with the pace of innovation and ability to introduce new products that appeal to evolving consumer trends. Innovation, speed to market and brand identification have been particularly important drivers in the plant protein market.

Overall, these competitive pressures, together with customer and consumer behaviour, could cause the Company to lose market share, which may require it to lower prices, increase marketing and advertising expenditures, and/or increase the use of discounting or promotional campaigns, each of which could adversely affect its margins, could result in a decrease in its operating results and profitability and cause it to miss the growth targets it has set.

Hog and Pork Market Cyclicality and Supply

The Company's results of operations and financial condition are partially dependent upon the cost and supply of hogs as well as the selling prices for fresh meat products, both of which are influenced by constantly changing market forces of supply and demand over which the Company has little or no control. These prices, for the most part, are denominated in or related to U.S. dollars, which adds further variability due to fluctuations in exchange rates. The North American primary pork processing markets are highly competitive, with major and regional companies competing in each market. The market prices for pork products regularly experience periods of supply and demand imbalance and are sensitive to changes in industry processing capacity. Other factors that can influence the supply and market price of live hogs include: fluctuations in the size of herds maintained by North American hog suppliers; environmental and conservation regulations; global and regional economic conditions; the relative cost of feed for hogs; weather; livestock diseases; and changes to foreign jurisdiction restrictions on drugs, vitamin and feed additives used in hogs raised in Canada. There can be no

assurance that all or part of any such increased costs experienced by the Company from time to time can be passed along to consumers of the Company's products directly or in a timely manner or that meat restricted from certain foreign markets can be sold at acceptable prices. Further, in recent years, vertically integrated pork processing margins have been significantly challenged, as the cost to raise hogs has at times exceeded the price at which the meat was sold. It is not possible to predict how long these atypical conditions will continue, or the degree to which the Company will continue to be negatively impacted.

The factors described above may also impact the supply of hogs available for processing at the Company's pork processing plants by negatively impacting the financial strength of the various independent farming operations upon which the Company relies to meet its requirements for hogs. Any of these could have a material adverse effect on the Company's financial condition and results of operations.

Over the long term, a reduction in the availability of livestock at the Company's processing plant may result in higher transportation costs if livestock is sourced from more distant growing areas or result in higher capital costs if the Company is required to relocate processing facilities. There can be no assurance that those extra operating costs or capital costs can be passed on to customers which may have a material adverse effect on the Company's financial condition and results of operations.

The Company has been focused on increasing its sales of raised without antibiotic meat products and in turn expanding the portion of its hog supply raised without antibiotics. Animals raised without antibiotics have a higher cost of production and command higher prices. If the Company fails to find markets or buyers willing to pay the premium price for all the raised without antibiotic meat produced, a portion of the higher cost meat will be sold through lower price conventional channels.

Furthermore, the Company's supply of raised without antibiotic meats may be at a greater risk of supply disruption in the event of an animal disease outbreak. Refer to the subheading "Livestock Health and Risks Associated with Animal Disease".

Product Pricing

The Company's profitability is dependent, in large part, on the Company's ability to make pricing decisions regarding its products that, on one hand encourage consumers to buy, yet on the other hand recoup development and other costs associated with those products. Products that are priced too high will not sell and products priced too low will not generate an adequate return. In an inflationary environment, there can also be a misalignment between the impact of rising cost pressures on the Company's operations and inputs, and its ability to price in the market to maintain its margins. Accordingly, any failure by the Company to properly price its products could have a material adverse effect on the Company's financial condition and results of operations.

Cyber Security and Overall Management of the Company's Information Systems

The Company relies on information technology systems in all areas of its business and operations. These systems are subject to an increasing number of sophisticated cyber threats. The methods used to obtain unauthorized access, disable or degrade service or sabotage systems are constantly evolving. In late 2022 the Company experienced a cybersecurity incident that disrupted the Company's business and operations, interfered with its ability to access critical data, resulted in a breach of sensitive information and exposed it to a ransom demand that it refused to pay. While the Company was able to continue to operate through the event, it did impact operations and had an economic impact on the Company's financial performance. The Company has taken even further steps to protect itself, but it is not immune to a future attack. Any cybersecurity event could result in Maple Leaf Foods' ability to operate, maintain business continuity, protect its intellectual property (including trade secrets) and achieve its strategic objectives being compromised, and its operations, financial position and reputation could be negatively affected. It could also compromise the personal or confidential information of its employees and other third parties which could expose the Company to additional legal claims and regulatory action.

The Company maintains policies, processes, and procedures to address capabilities, performance, security, and system availability including resiliency and disaster recovery for systems, infrastructure, and data. Security protocols, along with information technology security policies, address compliance with information technology security standards, including those relating to information belonging to the Company's customers, employees and suppliers. The Company actively monitors, manages, and continues to enhance its ability to mitigate cyber risk through its enterprise-wide programs. However, there is no assurance that any of these measures will be successful.

The Company regularly implements process improvement initiatives to simplify and harmonize its systems and processes to optimize performance and reduce the risk of errors in financial reporting. There cannot be any guarantee that any such changes will improve current processes or operating results or reduce the risk of errors in financial reporting. Any of these failures could have a material adverse impact on the Company's financial condition and results of operations.

Availability and Access to Capital

The ability of the Company to secure short-term and long-term financing on terms acceptable to the Company is critical to fund business growth and manage its liquidity. As a result of acquisitions, capital expansions, and return of capital to shareholders through dividend increases and share buybacks, the Company is in a net debt position. Furthermore, the Company is coming off a period of elevated capital expenditures associated with its investments in large scale and efficient processing capacity, but it will take time for these investments to ramp up which may create liquidity challenges and impact access to capital. Further, there is a risk that these investments will not deliver the returns that were predicted, which could also negatively impact the Company's cash flows and access to

capital on reasonable terms. The failure or inability of the Company to secure short-term and long-term financing in the future on terms that are commercially reasonable and acceptable to the Company could have a significant impact on the Company's opportunity for growth. Even if the Company does successfully raise additional capital when needed, if it issues equity securities, investors will be diluted, and if it raises additional debt, it will be further leveraged and could be subject to restrictive covenants, such as restrictions on paying dividends or being required to pledge assets.

Livestock Health and Risks Associated with Animal Disease

The Company's operations and the demand for the Company's products can be significantly affected by outbreaks of disease among hogs and poultry (collectively "livestock") or attributed to livestock whether it occurs within the Company's production operations or in the operations of third parties. Such diseases could adversely impact the health of the Company's own livestock and the health of the livestock of its suppliers. As well, an animal disease outbreak may reduce the availability of livestock for the Company's operations.

Governments may combat the spread of disease during outbreaks with measures that include among other things restrictions on the movement of meat and livestock between jurisdictions which results in supply excesses and shortages and price volatility which in some cases reaches extreme levels. In 2018, there was an outbreak of African Swine Fever in China which has continued to spread across various countries around the world. While restrictions have been put in place by the foreign jurisdictions to contain the spread of the disease in hog populations, there can be no assurance the outbreak will be contained or that the outbreak will not spread to areas that supply the Company with live hogs or that additional restrictions will be put in place that will impede the Company's access to other markets or create volatile market conditions. In addition, in 2022 and 2023 there have been outbreaks of high pathogenic avian influenza which threatened poultry populations and put pressure on the poultry system in Canada. While industry and governments responded quickly in efforts to try to contain the spread of the disease, it continues to create a risk for the Company's poultry operations. Diseases such as these, and others, could have a material adverse impact on the Company's operations and financial condition.

The Company monitors herd and flock health status and has strict bio-security procedures and employee training programs throughout its operations and ensures the animals receive veterinary medications as required. However, there is no guarantee these processes will be successful in protecting the Company's livestock and its sources of supply. In addition, not all livestock procured by the Company may be subject to these processes, as a significant volume of livestock processed by the Company is purchased from independent third parties. In addition to risks associated with maintaining the health of the Company's livestock, any outbreak of disease elsewhere in the world could reduce consumer confidence in the meat products affected by the particular disease and generate adverse publicity.

The Company has developed an internal contingency plan for dealing with animal disease occurrences and/or a more broad-based pandemic. It has taken steps to support the Canadian government in enhancing both the country's prevention measures and preparedness plans. There can be no assurance, however, that these prevention measures or plans will be successful in minimizing or containing the impact of an outbreak of animal disease. Accordingly, there can be no assurance that an outbreak of animal disease in Canada or elsewhere will not have a material adverse effect on the Company's financial condition and results of operations.

Further, the Company's risk analysis indicates that climate change could have an impact on the health of livestock. See the subheading entitled "Climate Change" for additional details on the potential intersection of animal health with climate change risks.

Supply Chain and Manufacturing

The Company is subject to a number of supply chain and manufacturing risks, which risks can be exacerbated by other risks described in this section. Manufacturing risks include, but are not limited to the possibility of critical components or phases of the Company's production process being hampered resulting in operations running behind schedule; shortages in raw materials and key inputs due to demand surges or production bottlenecks; disruption in distribution; and pricing of commodities and raw materials (inflationary pressure). The Company runs complex and highly automated facilities, interruption in the supply or equipment or technical support for this equipment could have a material adverse effect on its ability to operate at desired efficiencies (or at all at some facilities). The Company also relies on intricate supply chains across its business lines, some of which are dependent upon third parties. Failure by the Company to operate at certain minimum levels could also result in service penalties from customers if the Company is not able to fulfil the order it receives, or could risk losing customers. Disruption in the supply chain for indirect or direct goods, or failure in the Company's manufacturing processes could have a material adverse effect on its business operations and financial performance.

Geopolitical Instability

The Company is exposed to risks arising from geopolitical instability, including wars, tensions between nations, insurrections and political and economic instability, all of which may have broader impacts on, among other things, the global economy, international trade, access to markets, commodity prices, supply chains, interest rates, exchange rates and customer and consumer patterns. This risk intersects with, contributes to and may amplify many of the other risks discussed in this "Risk Factors" section. For example, the war in the Ukraine impacted commodity markets, including the price and availability of key crops, feed and other supplies essential to the Company's business and tensions between China and Canada have played a role in accessing the Chinese market in recent years. The impact of these events and other geopolitical instability may have a material adverse effect on the business and operations of the Company and its financial performance.

International Trade

The Company exports significant amounts of its products to customers outside of Canada. In addition, the Company imports various inputs and ingredients from other jurisdictions. To the extent that the Company is dependent on imports or export for its business, it is subject to inherent risks associated with international trade, including: change in the free flow of food products between countries; fluctuations in currency values; discriminatory fiscal policies; unexpected changes in local regulations and laws; and the uncertainty of enforcement of remedies in foreign jurisdictions. In addition, trade agreements between Canada and foreign jurisdictions could change and foreign jurisdictions could impose tariffs, quotas, trade barriers, and other similar restrictions on the Company's international sales, as well as subsidize competing agricultural products. International trade and the associated access to markets can be influenced by geopolitical events and disputes between Canada and other countries beyond the Company's control. As discussed under the subheading "Livestock Health and Risks Associated with Animal Disease", the threat of the spread of animal disease could result in significant disruption of international trade in the meat protein business, as governments use international trade barriers as a tool to help manage the spread of such diseases.

All of these risks could result in increased costs or decreased revenues, either of which could have a material adverse effect on the Company's financial condition and results of operations. For example, the Company has been affected by export restrictions on pork imposed by China, including restrictions on exports from the Company's primary pork processing plant in Brandon, Manitoba that were imposed in 2020 which had an adverse effect on the Company's pork sales and as a result the Company's overall operating results. While access to Chinese markets has been reinstated subsequent to year end for the Brandon, Manitoba plant, there is no guarantee that such access will be maintained, that sales will be generated or that exports will be profitable.

Food Safety, Customer and Consumer Liability and Product Recalls

The Company is subject to risks that affect the food industry in general, including risks posed by food spoilage, accidental contamination, product tampering, consumer product liability, and the potential costs and disruptions of a product recall. The Company's products are susceptible to contamination by organisms that can cause illness, or pathogens, such as certain strains of *Escherichia coli* (E. coli), *Salmonella* and *Listeria*. There is a risk that these pathogens could be present in certain products produced by the Company. The Company actively manages these risks by maintaining strict and rigorous controls and processes in its manufacturing facilities and distribution systems and by maintaining prudent levels of insurance. However, the Company cannot assure that such systems, even when working effectively, will eliminate the risks related to food safety. The Company could be required to recall certain of its products in the event of contamination or adverse test results or as a precautionary measure, similar to other recalls initiated in the past. There is also a risk that not all of the product subject to the recall will be properly identified, or that the recall will not be successful or not be enacted in a timely manner. Any product contamination could subject the Company to product liability claims, claims for economic losses by customers and others in the supply chain, adverse publicity and government scrutiny, investigation or intervention, resulting in increased costs and decreased sales. Many of these costs and losses are not covered by insurance. Any of these events could have a material adverse impact on the Company's financial condition and results of operations.

Execution of Capital Projects and Deployment of Maintenance Capital

The Company has recently completed multiple capital projects. The successful completion and ramp up of these projects is dependent on a number of factors and the returns from these projects may change depending on many factors. The Company's ability to take on new projects may be negatively impacted by available cash flow, availability and cost of labour, materials and equipment, contractor non-performance, and cost of engineering, construction and other consulting services. The Company may incur financing costs during the planning and construction phases of its growth projects, but the expected cash flows from the projects will not materialize until after they are completed. To the extent projects are completed significantly behind schedule or over budget, its business operations and results may be adversely affected. Delays in realizing the returns on capital investment could have an impact on the Company's ability to reach its financial targets, meet conditions associated with grants or concessions previously secured for the projects and to fully execute its business strategy.

The Company's network of assets also requires ongoing investment in maintenance capital. Failure to adequately invest in preventative maintenance and other maintenance capital requirements may adversely impact the Company's operations, resulting in increased shutdowns and manufacturing disruptions, which could have a material adverse impact on the Company's financial condition and results of operations.

Climate Change

The potential effects of climate change could have a material impact on the Company and its operations, such risks include a range of physical, financial, compliance and reputational risks. As part of its sustainability strategy and vision to be the most sustainable protein company on earth, the Company has set environmental footprint reduction targets and has executed certain energy efficiency and GHG emission reduction projects. While the Company takes steps to assess the commercial viability of these initiatives, there is no assurance that the ongoing costs of these initiatives will continue to be economic. As new laws, regulations and industry standards related to emission reductions continue to evolve, it is possible that the Company's practices, processes and facilities will require significant modifications in order to comply. Further, it is possible that the changes necessary to reduce emissions will not be feasible or that the costs will be material, either of which could have a material adverse effect on the Company's operations and financial position.

Climate change considerations, including emissions associated with the Company's meat protein business, may also create reputational risk for the Company and challenge its ability to maintain market share for its meat protein products if consumers seek alternative, lower-carbon protein alternatives. The Company attempts to mitigate this risk through its emission reduction strategies.

Maple Leaf Foods has conducted a physical climate risk assessment and climate scenario analysis, working with an independent third-party consultant, to better understand the climate-related risks and potential impacts to its livestock, assets, supply chain, and operations. This assessment focused on extreme temperatures, freeze-thaw (i.e., number of ice days), water stress and extreme wind and rainfall. These hazards were identified as most relevant to the business based on historical impacts, industry and academic reports and internal consultation with various internal functions, including operations, commodities management, sustainability, finance and risk management. Using global climate models, the Company identified the exposure of its assets, operations and supply chain to these hazards. Based on the results of this assessment, the main potential physical risks to the Company's business include:

- Extreme temperature days (over 30°C) are projected to increase across the Company's Canadian locations, particularly in Manitoba and Ontario, which have implications for processing and livestock health
- All regions in which the Company operates have medium to high risk of water stress due to temperature rise and increased drought risk, which can impact the availability of feed and water resources for sanitation
- All Canadian regions will experience a medium / high risk of extreme rain by 2030 under a 4°C scenario, which increases the risk of asset damage or operational disruptions
- The risk of freeze-thaw cycles impacting Maple Leaf Foods operations reduces over time in all Canadian regions due to overall temperature increase

Using this information, the Company has prioritized where it should focus its physical risk mitigation efforts. Current efforts to mitigate these risks include: diversifying its sourcing regions, maintaining temperature-controlled barns, maintaining contingency plans and protocols for extreme weather and transportation of livestock, insurance of assets and reducing water consumption as part of the Company's environmental footprint reduction goals. There is no guarantee that these risk mitigation efforts will be effective.

Strategic Risk Management

Successful identification and management of the strategic risks facing the Company from time to time is critical to the Company's success. Among other things, these risks include changes in technology, the food industry, customers, consumers, and competitors. As the Company invests in its branding advertising, and marketing strategies, there is no guarantee that such investments will be successful in generating the anticipated return on investment. Failure to properly adapt to changes in strategic risks could have a material adverse effect on the Company's financial condition and results of operations.

Return of Capital to Shareholders is Not Guaranteed

The Company has a history of maintaining a normal course issuer bid in place which it may use to re-purchase its shares for cancellation. However, in recent years, the Company has reduced such purchases, and there can be no assurance that the Company will continue with share repurchases. The Company also pays dividends and reviews its dividend policy at least annually. The payment of dividends is at the discretion of the Board of Directors and there can be no assurance that the Company will maintain or increase its dividends in the future. Failure to continue with share repurchases and/or failure to pay or increase dividends may have a material adverse effect on the Company's share price.

Business Acquisitions and Divestitures

The Company continues to review opportunities for strategic growth through acquisitions. Any acquisitions may involve large transactions or realignment of existing investments, and present financial, managerial and operational challenges, which, if not successfully overcome, may reduce the Company's profitability. These risks include: the diversion of Management's attention from existing core businesses; difficulties integrating or separating personnel, financial, and other systems; adverse effects on existing business relationships with suppliers and customers; inaccurate estimates of the rate of return on acquisitions or investments; inaccurate estimates of fair value made in the accounting for acquisitions and amortization of acquired intangible assets, which could reduce future reported earnings; potential loss of customers or key employees of acquired businesses; and indemnities and potential disputes with the buyers or sellers. Any of these items could materially adversely affect the Company's financial condition and results of operations.

The Company may, from time to time, determine that certain aspects of its operations are not required to be owned to support its core business operations and may seek to sell an operation if it believes it can realize sufficient value from its sale. Such a sale may divert Management's attention from existing core businesses during the sale process, create difficulties in separating personnel, financial, and other systems, and cause adverse effects on existing business relationships with suppliers and customers. Any of these items could materially adversely affect the Company's financial condition and result in a reduction of earnings beyond the earnings of any operation to be sold.

Pension Plan Assets and Liabilities

In the normal course of business, the Company provides post-retirement pension benefits to its employees under both defined contribution and defined benefit pension plan arrangements. The funded status of the plans significantly affects the net periodic benefit costs of the Company's pension plans and the ongoing funding requirements of those plans. Among other factors, changes in interest rates, mortality rates, early retirement rates, and the market value of plan assets can affect the level of plan funding required, increase the Company's future funding requirements, and cause volatility in the net periodic pension cost as well as the Company's financial results. Any increase in pension expense or funding requirements could have a material adverse impact on the Company's financial condition and results of operations.

Availability and Quality of Ingredients

The Company's ability to secure a continuing supply of ingredients at competitive prices depends on many factors beyond its control, such as the number and size of farms that grow the source crops (for plant protein ingredients), the risks associated with farming businesses (including poor harvests impacting the quality of the crops) for feedstock generally, changes in national and world economic conditions and the Company's ability to forecast its ingredient requirements. The ingredients used in the Company's plant protein products are vulnerable to adverse weather conditions and natural disasters, such as floods, droughts, frosts, earthquakes, hurricanes and pestilence. Adverse weather conditions and natural disasters can lower crop yields and reduce crop size and quality, which in turn could reduce the available supply of, or increase the price of, quality ingredients. In addition, the Company may purchase some ingredients outside of the U.S. or Canada, and the availability of such ingredients may be affected by events in other countries. The Company also competes with other food producers in the procurement of ingredients, and this competition may increase in the future if consumer demand increases. If supplies of quality ingredients are reduced or there is greater demand for such ingredients from the Company and others, it may not be able to obtain sufficient supply that meets the Company's quality standards on favorable terms, or at all, which could impact the Company's ability to supply products to distributors and retailers and may adversely affect its business, growth plans, results of operations and financial condition.

Commodities and Hedging Strategies

The Company is a purchaser of, and its business is dependent on, certain commodities in the course of normal operations, such as feed grains, livestock, plant protein ingredients, and energy, such as oil-based fuel, natural gas, and electricity. Commodity prices are subject to fluctuation and such fluctuations are sometimes severe.

The Company may use commodity futures and options for hedging purposes to reduce the effect of changing prices in the short term, but such hedges may not be successful in mitigating this commodity price risk and may, in some circumstances, subject the Company to loss. On a longer-term basis, the Company attempts to manage the risk of increases in commodities and other input costs by increasing the prices it charges to its customers or switching to alternatives; however, no assurance can be given that customers will continue to purchase the Company's products if prices rise or that alternatives may be available or less costly. Any fluctuations in commodity prices that the Company is unable to properly hedge or mitigate could have a material adverse effect on the Company's financial condition and results of operations.

Supply Management

Under Canada's system of supply management, the Company's poultry operations are required to source substantially all live poultry for processing from Canadian farms which are collectively subject to restrictions on production under a quota system. Furthermore, the price at which the live poultry is available is also controlled. Any lack of balance between the supply management quotas, available processing capacity and the demand for meat, may adversely impact the performance of the Company's poultry business and as a consequence the Company's overall performance. It is also possible that the supply management system could limit the future availability of live poultry for processing impeding the Company's growth in the market or could create a circumstance where excesses impact the price of poultry meat without a corresponding adjustment to the controlled live poultry price. Furthermore, any dismantling of the supply management system could have negative effect on individual producers and disrupt the availability of live poultry in Canada. In that event, the Company may not be able to find alternative sources of live supply which could have a material adverse effect on the Company's financial condition and results of operations.

Legal Matters

In the normal course of its operations, the Company becomes involved in various legal and regulatory actions relating to its commercial activities and relationships, construction activities, employment matters, product liabilities, and other matters. Even if the Company is not found liable for these claims, the cost of defending these actions may be material.

Among the legal matters in which the Company is involved include an ongoing investigation by the Competition Bureau into the Canadian bread industry, including alleged price fixing and related securities disclosure issues. The investigation covers a time horizon that includes the period when the Company was a majority shareholder of Canada Bread Company, Limited ("Canada Bread"). The Company sold its interest in Canada Bread, which was a stand-alone public company, in 2014. There are also class action proceedings related to the bread pricing allegations. In Ontario, the Ontario Superior Court previously determined the bread class action should not be certified against Maple Leaf Foods; however, the plaintiffs in this matter are bringing a motion to add the Company into the class. Further, in late 2023, the plaintiffs in the Quebec bread pricing class action filed an application to certify a separate class action making

allegations related to meat pricing in Quebec. The final outcome of the investigation, the motions related to the two class actions, and any other actions or any future claims cannot be predicted with certainty or reliably estimated. Unfavourable resolution of these or other legal matters could have a material adverse effect on the Company, its financial condition and its reputation.

The Company maintains typical insurance coverages for a company of its size and nature. As a result, insurance coverage may be available for some claims. However, in some circumstances, legal claims may not be covered by insurance or the insurance coverage may not be sufficient to cover the claimed losses. Further, even if an action is settled within insurance limits, this can result in increases to the Company's insurance premiums or adversely affect its ability to secure insurance coverage.

Legal liability risks may also increase depending on the jurisdiction. For example, the United States tends to be a more litigious environment and more unpredictable in terms of damages awards compared to Canada. As the Company looks to expand its sales in the United States, it may be exposed to increased litigation risk. Further, there is an increasing trend for customers to try to impose broad contractual indemnification obligations on suppliers like the Company. The Company seeks to mitigate this risk by negotiating more reasonable contractual terms, including limitations on liability. However, it is not always successful in negotiating such commercially reasonable terms, in which case it is faced with a decision to accept the increased liability exposure or to lose the business, either of which could materially adversely affect the Company's financial condition and results of operations.

Reliance on Other Manufacturers

The Company relies on contract manufacturers for production of some of its products for reasons such as, seasonal peak demand, unavailability of specialized equipment, or efficiency in the case of low volume product lines. Acceptable contract manufacturers may not always be available which could result in higher production costs, additional capital requirements or lost sales. While the Company maintains a strict quality and food safety protocol and monitoring regime, any deficiencies could result in product liability, recalls or other consequence that could negatively impact the Company's reputation and could have a material adverse effect on the Company's financial condition and results of operations.

Regulation

The Company's operations are subject to extensive regulation by government agencies in the countries in which it operates, including: the Canadian Food Inspection Agency; the Ministry of Agriculture in Canada; provincial Ministries of the Environment in Canada; the United States Food and Drug Administration; and the United States Department of Agriculture. These agencies regulate the processing, packaging, storage, distribution, advertising, and labeling of the Company's products, including food safety standards. The Company's manufacturing facilities and products are subject to inspection by federal, provincial, and local authorities. The Company is also subject to labelling, advertising and marketing laws in all jurisdictions in which it sells products which vary from jurisdiction to jurisdiction.

The Company strives to maintain compliance with all laws and regulations and maintains all permits and licenses relating to its operations. Nevertheless, there can be no assurance that the Company is in compliance with all such laws and regulations, has all necessary permits and licenses, and will be able to comply with such laws and regulations, permits and licenses in the future. Failure by the Company to comply with applicable laws and regulations and permits and licenses could subject the Company to civil remedies, including lawsuits, fines, injunctions, recalls or seizures, as well as potential criminal sanctions, which could have a material adverse effect on the Company's reputation, financial condition and results of operations.

Various governments throughout the world are considering regulatory proposals relating to genetically modified organisms, drug residues in food ingredients, food safety, and market and environmental regulation that, if adopted, may increase the Company's costs, or expose the Company to increased liability exposure. The regulatory environment continues to evolve, exposing the Company to risks associated with maintaining compliance. As new regulations are enacted, the Company could experience a disruption in the supply or distribution of its products, increased operating costs, significant additional cost to comply, and challenges to claims, labeling and marketing. The Company may be unable to pass on the cost increases associated with such increased regulatory burden to its customers without incurring volume loss as a result of higher prices. Any of these events could have a material adverse effect on the Company's financial condition and results of operations.

Foreign Currencies

A portion of the Company's revenues and costs are either denominated in or directly linked to other currencies (primarily U.S. dollars and Japanese yen). In periods when the Canadian dollar has appreciated both rapidly and materially against these foreign currencies, revenues linked to U.S. dollars or Japanese yen are immediately reduced, while the Company's ability to change prices or realize natural hedges may lag the immediate currency change. The effect of such sudden changes in exchange rates can have a significant immediate impact on the Company's earnings. Due to the diversity of the Company's operations, normal fluctuations in other currencies do not generally have a material impact on the Company's profitability in the short term due to either natural hedges and offsetting currency exposures (for example, when revenues and costs are both linked to other currencies) or the ability in the near term to change prices of its products to offset adverse currency movements. However, as the Company competes in international markets, and faces competition in its domestic markets from U.S. competitors, significant changes in the Canadian to U.S. dollar exchange rate can have, and have had, significant effects on the Company's relative competitiveness in its domestic and international markets, as well as on its financial condition and results of operations.

Reputation and Public Opinion

The Company is committed to its vision of becoming the most sustainable protein company on earth and by making meaningful progress on its sustainability commitments. The Company strongly values its reputation as a credible, responsible corporate citizen with a track record of creating shareholder value. Maintaining a positive reputation in the eyes of its customers, consumers, communities, governments, regulatory bodies and the general public is important to its continued success.

The potential for deterioration of the Company's reputation may arise in many contexts and for many different reasons. For example, general public disillusionment with corporate environmental performance could expose it to allegations of greenwashing, even if it is taking appropriate actions. Media coverage related to food inflation and pricing allegations, could have negative implications for the Company's reputation. Reputational risk cannot be managed in isolation from other forms of risk. For example, any real or perceived quality or safety concerns, whether or not ultimately based on fact and whether or not involving the Company (such as incidents involving competitors, or the way in which products are handled by customers, consumers or others in the distribution chain after they leave the control of the Company), could cause negative publicity and reduced confidence in the Company, its brand or its products, which could in turn harm its reputation and operating results. Any loss of confidence on the part of consumers in the Company's products, brands, the ingredients it uses or in the safety and quality of its products would be difficult and costly to overcome.

The growing use of social and digital media by the Company, its consumers and third parties increases the speed and extent that information or misinformation and opinions can be shared. Negative publicity about the Company, its brands, or its products on social or digital media could seriously damage its reputation. If the Company does not maintain the favorable perception of its brands, the Company's sales and profits could be negatively impacted.

The Company is also subject to the activities of animal activists. Activist activities may spread information and misinformation about the Company and its operations in a variety of ways, including through protests and attempts to disrupt operations, as well as through various communication strategies, including the use of media and social media. These activities could adversely impact the reputation of the Company. Further, activist activities and protests may at times create health and safety risks to animals, the people working at the Company's plants, and to the protesters themselves.

Overall, negative public opinions or shifts in opinion whether about the Company, its brands, its industry or the overall environment in which it operates could materially adversely affect its reputation, business, strategy and operations, as well its financial condition and results of operations. Reputational risk intersects with many of the Company's other risks, and may therefore amplify these risks.

Consumer Trends

Success of the Company depends in part on the Company’s ability to respond to market trends and produce innovative products that anticipate and respond to the changing tastes and dietary habits of consumers. From time-to-time certain products can be deemed to be more or less healthy, and this can impact consumer buying patterns. The Company’s failure to anticipate, identify, or react to these changes or to innovate with new products that appeal to consumer preferences could result in declining demand and prices for the Company’s products. Consumers also experience inflationary pressures which impacts their buying patterns. In high inflation times, consumers may trade down to lower cost products, including shifting from branded products to private label which may put pressure on the Company's sales, volume and mix. These factors could have a material adverse effect on the Company's financial condition and results of operations.

Environmental Regulation and Risks

The Company’s operations are subject to extensive environmental laws and regulations pertaining to the discharge of materials into the environment (including GHGs) and the handling and disposition of wastes (including solid and hazardous wastes) or otherwise relating to protection of the environment. Failure to comply could have serious consequences, such as criminal as well as civil penalties, liability for damages, and negative publicity for the Company. No assurances can be given that additional environmental issues relating to presently known matters or identified sites or to other matters or sites will not require additional expenditures, or that requirements applicable to the Company or levies or taxes assessed against the Company will not be altered in ways that will require the Company to incur significant additional costs. In addition, certain facilities of the Company have been in operation for many years and, over time, the Company and other prior operators of such facilities may have generated and disposed of waste which is or may be considered to be hazardous. Future discovery of previously unknown contamination of property underlying or in the vicinity of the Company’s present or former properties or manufacturing facilities and/or waste disposal sites could require the Company to incur material unforeseen expenses. Occurrences of any such events could have a material adverse effect on the Company’s financial condition and results of operations.

Consolidating Customer Environment

As the retail grocery and foodservice trades continue to consolidate and customers grow larger and more sophisticated, the Company is required to adjust to changes in purchasing practices and changing customer requirements. Failure to do so could result in losing sales volumes and market share. The Company’s sales and profitability could also be affected by deterioration in the financial condition of, or other adverse developments in, the relationship with one or more of its major customers. Any of these events could have a material adverse effect on the Company’s financial condition and results of operations.

Consolidation of Operations and Focus on Protein

Over the last several years, the Company has increasingly consolidated its operations into fewer facilities. For example, it completed a consolidation and upgrade of its prepared meats manufacturing network in 2015 and has reconfigured its prepared meats distribution systems into two large distribution centers. Currently, the Company recently completed construction new large-scale poultry processing plant to replace several of its older smaller scale plants in Ontario which are now closed. As a result of these consolidation initiatives, there is a risk that unforeseen disruption in such facilities could have a greater effect on the operations of the Company as a whole.

In addition, the Company made the decision several years ago to focus on being a protein company and divested the Company's non-protein related business. As a result, the Company is less diversified than it would be if it was engaged in other food businesses, making it susceptible to the trends in protein markets.

Weather

Weather conditions and changes in climate and other long-term trends may have a material effect on the availability and prices of the commodities the Company uses. Adverse weather conditions can also impact crop health which has implications for the quality, cost for the inputs for the Company's plant protein products, as well as animal feed in its meat business. Weather conditions, including extreme heat and extreme cold, can also pose safety concerns for workers and animals which can affect the Company's operations. In addition, weather conditions may also influence the Company's ability to complete capital projects on time, potentially resulting in delays and increasing costs of such capital projects.

Employees, Contractors and Labour Relations

The Company and its subsidiaries have approximately 14,000 full-time and part-time employees, which include salaried and union employees, many of whom are covered by collective agreements. The Company's success is dependent on its ability to recruit and retain employees. Insufficient supply of qualified personnel and/or high turnover adversely impacts operations, and may reduce output and result in the Company being unable to fill customer orders. The Company's employees are located in various jurisdictions, each such jurisdiction having differing employment laws. While the Company maintains systems and procedures to comply with the applicable requirements, there is a risk that failures or lapses by individual managers could result in a violation or cause of action that could have a material adverse effect on the Company’s financial condition and results of operations. Furthermore, if a collective agreement covering a significant number of employees or involving certain key employees were to expire or otherwise cease to have effect leading to a work stoppage, there can be no assurance that such work stoppage would not have a material adverse effect on the Company’s financial condition and results of operations. The loss of one or more key personnel could have a material adverse effect on the Company’s financial condition and results of operations. The Company may fill some vacancies with foreign workers through international programs which has the potential to raise human rights considerations. The Company takes a variety of steps to ensure human rights are protected and respected through its recruitment processes, including only utilizing certified recruiting firms. As the Company managed through the pandemic and the post-pandemic recovery, it had to deal with increased labour shortages, absenteeism, and employee leaves. Tight labour markets may impact the Company's ability to attract and retain talent, and adapt to employee work preferences may continue to be a challenge into the future.

Supply Chain Management

Successful management of the Company’s supply chain is critical to the Company’s success. Insufficient supply of products threatens the Company’s ability to meet customer demands while over capacity threatens the Company’s ability to generate competitive profit margins and effectively execute its capital projects and business plans. Accordingly, any failure by the Company to properly manage the Company’s supply chain could have a material adverse effect on the Company’s financial condition and results of operations. Further these disruptions have impacted the Company's logistics and its ability to fill customer orders.

27. CRITICAL ACCOUNTING ESTIMATES

The preparation of the Consolidated Financial Statements in accordance with IFRS requires Management to make judgements, estimates, and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, equity, income, and expenses. Actual amounts may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Judgements included in the Consolidated Financial Statements are decisions made by Management, based on analysis of relevant information available at the time the decision is made. Judgements relate to the application of accounting policies and decisions applied to the measurement, recognition, and disclosure of financial information.

Information about areas of estimation uncertainty and critical judgements in applying accounting policies, that have a material effect on the amounts recognized in the Consolidated Financial Statements, are included both below and in the financial statement notes relating to items subject to significant estimation uncertainty and critical judgements.

Long-Lived Assets Valuation

The Company performs impairment testing annually for goodwill and indefinite life intangible assets. Goodwill, indefinite life intangibles, other long-lived assets and definite life intangibles are also tested for impairment when circumstances indicate that there may be impairment. Management judgement is involved in determining if there are circumstances indicating that testing for impairment is required, and in identifying Cash Generating Units ("CGUs") for the purpose of impairment testing.

The Company assesses impairment by comparing the recoverable amount of a long-lived asset, CGU, or CGU group to its carrying value. The recoverable amount is defined as the higher of: (i) value in use; or (ii) fair value less cost to sell.

The determination of the recoverable amount involves significant assumptions, including those with respect to future cash inflows and outflows, discount rates, terminal growth rates, royalty rates with respect to indefinite life intangible assets, and asset lives. These assumptions could affect the Company's future results if the current estimates of future performance and fair values change. These determinations will affect the amount of amortization expense on definite life assets recognized in future periods.

Revaluation of investment properties

The Company carries its investment properties at fair value, with changes in fair value being recognized in the statement of profit or loss. Fair value is determined based on available market evidence. If the 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. The Company also engages an independent valuation specialist to assess fair value of the investment properties from time to time as required. The determination of fair value includes significant estimation and judgement in comparing market evidence to specific properties. To the extent that estimates differ from amounts realized net earnings, comprehensive income, and investment property values will be affected in future periods.

Measurement of Fair Values

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. When the measurement of fair values cannot be determined based on quoted prices in active markets, fair value is measured using valuation techniques and models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of estimation is required in establishing fair values. To the extent that these estimates differ from those realized, the measured asset or liability, net earnings, and/or comprehensive income will be affected in future periods. Changes in assumptions about the inputs to these models could affect the reported fair value of the Company's financial and non-financial assets and liabilities.

Information about the valuation techniques and inputs used in determining the fair value of various assets and liabilities are disclosed in Notes 7, 8, 11, 12, 13, 15, 16, 22, and 25 of the Consolidated Financial Statements.

Nature of Interests in Other Entities

Management applies significant judgement in assessing the nature of its interest in unconsolidated structured entities relating to its accounts receivable securitization facilities. The Company does not hold any equity interest in the structured entities and based on the terms of the agreements under which the entities are established, the Company does not receive the returns related to their operations and is exposed to limited recourse with respect to losses (refer to Note 28 of the Consolidated Financial Statements).

Valuation of Inventories

Management makes estimates of the future customer demand for products when establishing appropriate provisions for inventory. In making these estimates, Management considers the product life of inventory and the profitability of recent sales. Code or "best before" dates are very important in the determination of net realizable value of inventory. Management ensures that systems are in place to highlight and properly value inventory that may be approaching code dates. To the extent that actual losses on inventory differ from those estimated, inventory, net earnings, and comprehensive income will be affected in future periods.

Biological Assets

Biological assets are measured at each reporting date, at fair value less costs to sell, except when fair value cannot be reliably measured. If fair value cannot be reliably measured, biological assets are measured at cost less depreciation and impairment losses. Although a reliable measure of fair value may not be available at the point of initial recognition, it may subsequently become available. In such circumstances, biological assets are measured at fair value less costs to sell from the point at which the reliable measure of fair value becomes available. Gains and losses that arise on measuring biological assets at fair value less costs to sell are recognized in the Consolidated Statements of Net (Loss) Earnings in the period in which they arise. Costs to sell include all costs that would be necessary to sell the biological assets, including costs necessary to get the biological assets to market. Management uses estimates over the future price per hog, foreign exchange rates, and estimated weight and cost of hogs at maturity in the determination of fair value. To the extent that actual values differ from estimates, biological assets, net earnings and comprehensive income will be affected in future periods.

Trade Merchandise Allowances and Other Trade Discounts

The Company provides for estimated payments to customers based on various trade programs and contracts that often include payments that are contingent upon attainment of specified sales volumes. Significant estimates used to determine these liabilities include: the projected level of sales volume for the relevant period, customer contracted rates for allowances, discounts, and rebates. These arrangements are complex and affect a significant number of customers and products. Management has systems and processes in place to estimate and value these obligations. To the extent that payments on trade discounts differ from estimates of the related liability, accounts payable and accruals, net earnings, and comprehensive income will be affected in future periods.

Employee Benefit Plans

The cost of pensions and other post-retirement benefits earned by employees is actuarially determined using the projected unit credit method prorated on service, and Management's best estimate of salary escalation and mortality rates. Discount rates used in actuarial calculations are based on long-term interest rates and can have a material effect on the amount of plan liabilities and expenses. Management employs external experts to advise the Company when deciding upon the appropriate estimates to use in valuing employee benefit plan obligations and expenses. The Company's plans invest in pooled funds which hold underlying equity, debt and other securities that are not quoted in an active market. Management relies on external experts to value these pooled funds. To the extent that these estimates differ from those realized, employee benefit plan assets and liabilities and comprehensive income will be affected in future periods.

Income Taxes

Provisions for income taxes are based on domestic and international statutory income tax rates and the amount of income earned in the jurisdictions in which the Company operates. Significant judgement is required in determining income tax provisions and the recoverability of deferred tax assets. The calculation of current and deferred income tax balances requires Management to make judgements regarding the carrying values of assets and liabilities that include estimates of future cash flows and earnings related to such assets and liabilities, the interpretation of income tax legislation in the jurisdictions in which the Company operates, and the timing of reversal of temporary differences. The Company establishes additional provisions for income taxes when, despite Management's opinion that the Company's tax positions are fully supportable, there is sufficient complexity or uncertainty in the application of legislation that certain tax positions may be reassessed by tax authorities. The Company adjusts these additional accruals in light of changing facts and circumstances. To the extent that these adjustments differ from original estimates, deferred tax assets and liabilities, net earnings, and comprehensive income will be affected in future periods.

Provisions

The Company evaluates all provisions at each reporting date. These provisions can be significant and are prepared using estimates of the costs of future activities. In certain instances, Management may determine that these provisions are no longer required or that certain provisions are insufficient as new events occur or as additional information is obtained. Provisions are separately identified and disclosed in the Consolidated Financial Statements. Changes to these estimates may affect the value of provisions, net earnings, and comprehensive income in future periods.

Share-Based Compensation

The Company uses estimates in the calculation of the liability and expenses for certain share-based incentive plans including, but not limited to, estimates of forfeitures, share price volatility, future dividends, expected life of the award, and Company performance. These estimates are based on previous experience and may change throughout the life of an incentive plan. Such changes could impact the carrying value of contributed surplus, liabilities, net earnings, and comprehensive income in future periods.

Some of the Company's share-based payment plans may be settled in either cash or equity instruments. Management uses judgement in determining the appropriate accounting treatment for these plans, based on expectations and historical settlement decisions. Changes to accounting treatment based on Management's judgement may impact contributed surplus, liabilities, net earnings, and comprehensive income in future periods.

Depreciation and Amortization

The Company's property and equipment and definite life intangible assets are depreciated and amortized on a straight-line basis, considering the estimated useful lives of the assets and residual values. Right-of-use ("ROU") assets are depreciated on a straight-line basis, considering the shorter of the useful life of the underlying asset or the lease term. If it is reasonably certain at the commencement of the lease arrangement that the Company will exercise its purchase option or otherwise obtain ownership of the underlying asset at the end of the lease term, the ROU asset is depreciated over its useful life. Changes to these estimates may affect the carrying value of these assets, net earnings, and comprehensive income in future periods.

Investments

The Company analyzes its private equity investment holdings for changes in fair value at each reporting period. The Company uses significant judgement in reviewing internally and externally available financial information to determine if there are indicators that the fair value of the holdings have changed. Changes to the estimated fair value may affect the value of investment asset, and comprehensive income in future periods.

Leases

The Company applies significant judgement in assessing whether a contract is or contains a lease. Such judgements include the determination of whether an asset or assets are specifically or implicitly identified in the contract, if the Company has the right to obtain substantially all the economic benefits from use of the asset or assets and whether the Company has the right to direct the use of the asset or assets. These judgements are made at the inception of a contract and may change if there are material changes to the agreement.

Estimates are used to determine the incremental borrowing rate of a lease when the interest rate implicit to the lease is not readily available. The Company's incremental borrowing rate is determined using a model which incorporates the Company's credit worthiness, the nature and quality of the underlying asset, geographic environments and the duration of the lease. The inputs used in determining the incremental borrowing rate are reviewed and updated quarterly. Changes to these estimates may affect the value of assets, liabilities, and net earnings in future periods.

The Company also applies significant judgement in determining whether it is reasonably certain to exercise lease extension options or purchase options in a contract by considering all relevant factors and circumstances that may create an economic incentive for the Company to exercise the option considering such factors as past experience, the terms and conditions of the contract, and the importance of the underlying assets to the Company’s operations.

28. CHANGE IN ACCOUNTING POLICIES

(a) Change in Accounting Policy

Except as described below, the accounting policies applied in the Consolidated 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, investment properties 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 at the time a property ceases to be used in the business and becomes an investment property are recognized in Other Comprehensive Income within Revaluation Surplus in the period in which they arise. Subsequent gains and losses from changes in the fair value of investment properties are recognized in profit or loss 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.

(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 International Accounting Standard ("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*. These amendments help companies provide useful accounting policy disclosures. The Company has updated its material accounting policies disclosures accordingly in its Consolidated 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*. These amendments require the disclosure of material accounting policy information rather than disclosing significant accounting policies and clarify 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 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 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 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 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 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 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 Financial Statements for the annual period ending December 31, 2024. The adoption of this amendment is not expected to have a material impact on the Consolidated 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.

29. DISCLOSURE CONTROLS AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

Management, under the direction and supervision of the Company's Chief Executive Officer and Chief Financial Officer, is responsible for establishing and maintaining disclosure controls and procedures. These controls and procedures are designed to provide reasonable assurance that material information relating to the Company, including its consolidated subsidiaries, is accumulated and communicated to Management in a timely manner so that information required to be disclosed by the Company under securities legislation is recorded, processed, summarized and reported within the time periods specified in applicable securities legislation. Management, under the direction and supervision of the Company's Chief Executive Officer and Chief Financial Officer, is also responsible for establishing and maintaining internal control over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

As required by National Instrument 52-109 - Certification of Disclosure in Issuers' Annual and Interim Filings, the Company's Chief Executive Officer and Chief Financial Officer have evaluated, or caused to be evaluated under their supervision, the effectiveness of the Company's internal control over financial reporting and disclosure controls and procedures as at December 31, 2023 and have concluded that such controls and procedures are effective.

All internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

There have been no changes in the Company's internal control over financial reporting that occurred during the period beginning on January 1, 2023, and ended on December 31, 2023, that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

30. OUTLOOK

Maple Leaf Foods is a leading consumer protein company built on a powerful portfolio of brands, with a leading voice in sustainability and food security. The Company's strategic blueprint defines how it will advance its vision to be the most sustainable protein company on Earth while delivering on its commercial and financial objectives.

The Company recognizes that macro-economic challenges and global conflict continue to define the post-pandemic environment. This is resulting in higher interest rates, inflation, supply chain tensions, and pressures on agricultural, commodity and foreign exchange markets. As a result, consumers and business alike are adapting their behaviours which contributes to shifts in demand and product mix. The Company leverages its data-driven insights to stay close to these dynamics, and it is confident in the resilience of its brands, business model and strategy to manage through these transitory conditions.

In the near term, the Company is realigning its organizational structure to align with the refresh of its strategic blueprint by bringing together its Meat and Plant Protein businesses. This shift supports a clear and consistent focus on driving profitable growth in Canada, the U.S. and internationally across its entire protein and prepared foods portfolio.

For the full year 2024, the Company expects:

- Low-to mid-single digit revenue growth
- Adjusted EBITDA margin expansion from 2023, supported by the benefits of:
    - The profitable growth of its leading portfolio of Meat and Plant Protein brands
    - Returns from investments in the London Poultry Plant and the Bacon Centre of Excellence
    - Leadership in Sustainable Meats
    - Driving operational and cost efficiency
    - Profitable growth in the Plant Protein category, having achieved the target of Adjusted EBITDA neutral exiting 2023
- To achieve its Meat Protein target of 14% to 16% Adjusted EBITDA Margin when markets normalize
- To generate strong free cash flow and delever its balance sheet by:
    - Improving profitability
    - Generating the targeted returns on its capital investments at the London Poultry Plant and the Bacon Centre of Excellence, including reducing start-up expenses, maximizing efficiencies and onboarding new customers
    - Exercising disciplined capital management, with total capital expenditures this year expected to be in a more typical range of $170 - $190 million largely focused on maintenance capital and optimization of its existing network

Maple Leaf Foods will also continue to advance its ambitious sustainability agenda, including leading the real food movement, advancing its animal care initiatives, seeking solutions to address food insecurity, accelerating its efforts to reduce its environmental footprint and continuing to deliver safe food made in a safe work environment.

31. 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 and Adjusted EBITDA Margin are non-IFRS measures used by Management to evaluate financial operating results. Adjusted Operating Earnings is defined as earnings before income taxes adjusted for items that are not considered representative of ongoing operational activities of the business and certain items where the economic impact of the transactions will be reflected in earnings in future periods when the underlying asset is sold or transferred. Adjusted EBITDA is defined as Adjusted Operating Earnings plus depreciation and intangible asset amortization, adjusted for items included in other expense that are 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 Financial Statements to Adjusted Operating Earnings, Adjusted EBITDA and Adjusted EBT for the years ended December 31, as indicated below. Management believes that these non-IFRS measures are useful in assessing the performance of the Company’s ongoing operations and its ability to generate cash flows to fund its cash requirements, including the Company’s capital investment program.

($ millions)[i] *(Unaudited)*	**2023**				2022			
	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	**$ 105.3**	**(68.0)**	**(179.9)**	**$ (142.6)**	$ 123.2	(344.6)	(77.6)	$ (299.0)
Interest expense and other financing costs	**—**	**—**	**150.9**	**150.9**	—	—	56.0	56.0
Impairment of goodwill	**—**	**—**	**—**	**—**	—	190.9	—	190.9
Other expense	**9.2**	**0.7**	**4.5**	**14.4**	5.0	1.8	7.5	14.4
Restructuring and other related costs	**8.3**	**15.4**	**—**	**23.7**	7.5	22.6	—	30.1
Earnings (loss) from operations	**$ 122.8**	**(51.9)**	**(24.6)**	**$ 46.3**	$ 135.8	(129.3)	(14.0)	$ (7.6)
Start-up expenses from Construction Capital[iii]	**122.3**	**—**	**—**	**122.3**	54.5	4.8	—	59.3
Change in fair value of biological assets	**—**	**—**	**19.6**	**19.6**	—	—	15.1	15.1
Unrealized and deferred loss (gain) on derivative contracts	**—**	**—**	**5.0**	**5.0**	—	—	(1.1)	(1.1)
Adjusted Operating Earnings	**$ 245.2**	**(51.9)**	**—**	**$ 193.2**	$ 190.3	(124.5)	—	$ 65.7
Depreciation and amortization	**227.0**	**19.7**	**—**	**246.7**	193.5	18.9	—	212.4
Items included in other income (expense) representative of ongoing operations[iv]	**(9.2)**	**(0.7)**	**(2.5)**	**(12.4)**	(5.0)	0.2	(0.5)	(5.3)
Adjusted EBITDA	**$ 463.0**	**(32.9)**	**(2.5)**	**$ 427.6**	$ 378.7	(105.4)	(0.5)	$ 272.9
Adjusted EBITDA Margin	**9.8%**	**(22.4)%**	**n/a**	**8.8%**	8.2%	(62.2)%	n/a	5.8%
Interest expense and other financing costs	**(150.6)**	**(0.2)**	**—**	**(150.9)**	(46.3)	(9.8)	—	(56.0)
Interest income	**4.2**	**—**	**—**	**4.2**	—	—	—	—
Depreciation and amortization	**(227.0)**	**(19.7)**	**—**	**(246.7)**	(193.5)	(18.9)	—	(212.4)
Adjusted EBT	**$ 89.5**	**(52.8)**	**(2.5)**	**$ 34.2**	$ 139.0	(134.1)	(0.5)	$ 4.4

(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.*

Adjusted Earnings per Share

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

($ per share)		**2023**		2022
Basic loss per share	**$**	**(1.03)**	$	(2.52)
Impairment of goodwill		**—**		1.54
Restructuring and other related costs[(i)]		**0.18**		0.20
Items included in other expense not considered representative of ongoing operations[(ii)]		**0.04**		0.06
Start-up expenses from Construction Capital[(iii)]		**0.75**		0.36
Change in fair value of biological assets		**0.12**		0.09
Change in unrealized and deferred loss (gain) on derivative contracts		**0.03**		(0.01)
Adjusted Earnings per Share[(iv)]	**$**	**0.09**	$	(0.26)

(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. There are no Construction Capital projects as at December 31, 2023 as all projects have been completed.

($ thousands)		**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		**41,931**		163,665
Transfers from Construction Capital		**(51,497)**		(897,418)
Construction Capital at December 31	**$**	**—**	$	9,566
Other capital and intangible assets at December 31[(i)]		**2,596,839**		2,654,419
Property and equipment and intangibles at December 31	**$**	**2,596,839**	$	2,663,985

Construction Capital debt financing[(ii)(iii)]	**$**	**—**	$	9,461

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

(ii) *Does not include $1,091.0 million in capital that has been transferred out but is still in the start-up stage (2022: $993.1 million).*

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

Net Debt

The following table reconciles Net Debt to amounts reported under IFRS in the Company's Consolidated Financial Statements and calculates the Net Debt to Adjusted EBITDA ratio as at December 31, as indicated below. The Company calculates Net Debt as cash and cash equivalents, less long-term debt and bank indebtedness, and calculates Net Debt to Adjusted EBITDA as the absolute value of Net Debt divided by Adjusted EBITDA. Management believes these measures are useful in assessing the amount of financial leverage employed.

	As at December 31,	
($ thousands)	**2023**	2022
Cash and cash equivalents	**$ 203,363**	$ 91,076
Current portion of long-term debt	**$ (400,735)**	$ (921)
Long-term debt	**(1,550,080)**	(1,709,493)
Total debt	**$(1,950,815)**	$(1,710,414)
Net Debt	**$(1,747,452)**	$(1,619,338)
Adjusted EBITDA	**$ 427,588**	$ 272,874
Net Debt to Adjusted EBITDA	**4.1**	5.9

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:

	As at December 31,	
($ thousands)	**2023**	2022
Cash provided by operating activities	**$ 176,883**	$ 49,318
Maintenance Capital[(i)]	**(86,602)**	(69,889)
Interest paid and capitalized related to Maintenance Capital	**(1,267)**	(323)
Free Cash Flow	**$ 89,014**	$ (20,894)

(i) *Maintenance Capital is defined as non-discretionary investment required to maintain the Company's existing operations and competitive position. Total capital spending of $198.2 million (2022: $355.7 million) shown on the Consolidated Statements of Cash Flows is made up of Maintenance Capital of $86.6 million (2022: $69.9 million), and Growth Capital of $111.6 million (2022: $285.8 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.*

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.

Quarterly Non-IFRS Financial Measures

	Three months ended December 31, 2023				Three months ended December 31, 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	**$ 32.8**	**(4.8)**	**(36.7)**	**$ (8.7)**	$ (0.4)	(29.4)	0.2	$ (29.6)
Interest expense and other financing costs	**—**	**—**	**41.2**	**41.2**	—	—	23.0	23.0
Other expense (income)	**(1.0)**	**0.1**	**1.8**	**0.9**	0.5	(0.4)	5.5	5.5
Restructuring and other related costs	**0.9**	**(0.1)**	**—**	**0.8**	2.1	3.6	—	5.7
Earnings (loss) from operations	**$ 32.7**	**(4.8)**	**6.4**	**$ 34.2**	$ 2.2	(26.2)	28.7	$ 4.7
Start-up expenses from Construction Capital[iii]	**29.7**	**—**	**—**	**29.7**	25.8	—	—	25.8
Change in fair value of biological assets	**—**	**—**	**(8.9)**	**(8.9)**	—	—	(27.0)	(27.0)
Unrealized and deferred loss (gain) on derivative contracts	**—**	**—**	**2.5**	**2.5**	—	—	(1.7)	(1.7)
Adjusted Operating Earnings	**$ 62.3**	**(4.8)**	**—**	**$ 57.5**	$ 28.0	(26.2)	—	$ 1.8
Depreciation and amortization	**58.6**	**5.0**	**—**	**63.6**	48.6	5.4	—	54.0
Items included in other income (expense) representative of ongoing operations[iv]	**1.0**	**(0.1)**	**(1.9)**	**(0.9)**	(0.5)	0.4	(0.5)	(0.6)
Adjusted EBITDA	**$ 122.0**	**0.1**	**(1.9)**	**$ 120.2**	$ 76.1	(20.4)	(0.5)	$ 55.3
Adjusted EBITDA Margin	**10.5 %**	**0.3 %**	**n/a**	**10.1 %**	6.6 %	(51.0)%	n/a	4.7 %
Interest expense and other financing costs	**(41.2)**	**(0.1)**	**—**	**(41.2)**	(20.9)	(2.2)	—	(23.0)
Interest income	**1.1**	**—**	**—**	**1.1**	—	—	—	—
Depreciation and amortization	**(58.6)**	**(5.0)**	**—**	**(63.6)**	(48.6)	(5.4)	—	(54.0)
Adjusted EBT	**$ 23.2**	**(5.0)**	**(1.9)**	**$ 16.4**	$ 6.7	(28.0)	(0.5)	$ (21.7)

($ millions)[i] *(Unaudited)*	**Three months ended September 30, 2023**				Three months ended September 30, 2022			
	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[v]	**11.5 %**	**(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

($ millions)[(i)] *(Unaudited)*	**Three months ended June 30, 2023**				Three months ended June 30, 2022			
	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	**$ 22.5**	**(23.2)**	**(63.0)**	**$ (63.7)**	$ 46.4	(55.1)	(50.0)	$ (58.6)
Interest expense and other financing costs	**—**	**—**	**37.6**	**37.6**	—	—	10.8	10.8
Other expense (income)	**1.7**	**0.2**	**0.7**	**2.6**	1.9	0.1	0.5	2.5
Restructuring and other related costs	**4.3**	**6.8**	**—**	**11.0**	0.4	18.7	—	19.0
Earnings (loss) from operations	**$ 28.4**	**(16.3)**	**(24.7)**	**$ (12.6)**	$ 48.6	(36.4)	(38.7)	$ (26.4)
Start-up expenses from Construction Capital[(iii)]	**33.8**	**—**	**—**	**33.8**	9.0	2.3	—	11.3
Change in fair value of biological assets	**—**	**—**	**27.5**	**27.5**	—	—	50.0	50.0
Unrealized and deferred loss (gain) on derivative contracts	**—**	**—**	**(2.8)**	**(2.8)**	—	—	(11.3)	(11.3)
Adjusted Operating Earnings	**$ 62.2**	**(16.3)**	**—**	**$ 45.9**	$ 57.7	(34.0)	—	$ 23.6
Depreciation and amortization	**54.8**	**4.9**	**—**	**59.7**	48.3	4.1	—	52.4
Items included in other income (expense) representative of ongoing operations[(iv)]	**(1.7)**	**(0.2)**	**(0.6)**	**(2.5)**	(1.9)	(0.1)	—	(1.9)
Adjusted EBITDA	**$ 115.3**	**(11.6)**	**(0.6)**	**$ 103.1**	$ 104.1	(30.0)	—	$ 74.1
Adjusted EBITDA Margin[(v)]	**9.4 %**	**(31.7)%**	**n/a**	**8.1 %**	9.0 %	(73.6)%	n/a	6.2 %
Interest expense and other financing costs	**(37.5)**	**(0.1)**	**—**	**(37.6)**	(8.3)	(2.5)	—	(10.8)
Interest income	**0.8**	**—**	**—**	**0.8**	—	—	—	—
Depreciation and amortization	**(54.8)**	**(4.9)**	**—**	**(59.7)**	(48.3)	(4.1)	—	(52.4)
Adjusted EBT	**$ 23.8**	**(16.5)**	**(0.6)**	**$ 6.7**	$ 47.5	(36.6)	—	$ 10.9

($ millions)[i] (Unaudited)	**Three months ended March 31, 2023**				Three months ended March 31, 2022			
	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	**$ (3.5)**	**(21.4)**	**(45.0)**	**$ (69.9)**	$ 37.8	(37.1)	20.4	$ 21.0
Interest expense and other financing costs	**—**	**—**	**31.6**	**31.6**	—	—	7.7	7.7
Other expense (income)	**1.5**	**0.2**	**2.6**	**4.3**	1.5	—	1.1	2.6
Restructuring and other related costs	**3.3**	**4.5**	**—**	**7.7**	3.0	—	—	3.0
Earnings (loss) from operations	**$ 1.3**	**(16.7)**	**(10.8)**	**$ (26.3)**	$ 42.3	(37.1)	29.2	$ 34.4
Start-up expenses from Construction Capital[iii]	**34.8**	**—**	**—**	**34.8**	8.7	2.2	—	10.9
Change in fair value of biological assets	**—**	**—**	**1.1**	**1.1**	—	—	(39.3)	(39.3)
Unrealized and deferred loss (gain) on derivative contracts	**—**	**—**	**9.7**	**9.7**	—	—	10.1	10.1
Adjusted Operating Earnings	**$ 36.0**	**(16.7)**	**—**	**$ 19.3**	$ 51.0	(34.9)	—	$ 16.1
Depreciation and amortization	**52.7**	**4.9**	**—**	**57.7**	48.0	4.2	—	52.3
Items included in other income (expense) representative of ongoing operations[iv]	**(1.5)**	**(0.2)**	**—**	**(1.7)**	(1.5)	—	—	(1.5)
Adjusted EBITDA	**$ 87.3**	**(12.0)**	**—**	**$ 75.3**	$ 97.5	(30.7)	—	$ 66.8
Adjusted EBITDA Margin[v]	**7.7 %**	**(32.1)%**	**n/a**	**6.4 %**	9.0 %	(68.4)%	n/a	5.9 %
Interest expense and other financing costs	**(31.5)**	**(0.1)**	**—**	**(31.6)**	(5.2)	(2.5)	—	(7.7)
Depreciation and amortization	**(52.7)**	**(4.9)**	**—**	**(57.7)**	(48.0)	(4.2)	—	(52.3)
Adjusted EBT	**$ 3.0**	**(17.0)**	**—**	**$ (14.0)**	$ 44.3	(37.4)	—	$ 6.9

(i) *Totals may not add due to rounding. Prior year comparatives have been restated to conform with current year presentation.*

(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, gains and losses on investments, and other miscellaneous expenses.*

(v) *Quarterly amounts for 2023 have been restated to eliminate new sales agreements entered into during the year that contained an expectation of repurchase, which had previously been reported as external sales.*

32. 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 about the post-pandemic economic recovery, including the implications of inflationary pressures on customer and consumer behaviour, supply chains and competitive dynamics;
- 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 global conflicts;
- 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 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 impacts related to cybersecurity matters, including security costs, 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 global conflicts on inflation, 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, consumer behaviour, 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, inflationary pressures, 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 global conflicts;
- 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 and investment maintenance capital;
- food safety, consumer liability and product recalls;
- climate change, climate regulation and the Company's sustainability performance;
- strategic risk management;
- 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 this Management Discussion and Analysis

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 expansion, and the Company's ability to achieve its financial targets or projections 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.

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.