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Maple Leaf Foods Reports Fourth Quarter and Full Year 2023 Financial Results

Delivers on its commitment to turn around its Plant Protein business

Maple Leaf records consolidated year over year sales and Adjusted EBITDA growth in 2023

Mississauga, Ontario, February 22, 2024 - Maple Leaf Foods Inc. ("Maple Leaf Foods" or "the Company") (TSX: MFI) today reported its financial results for the fourth quarter and full year ended December 31, 2023.

“In 2023 we made great progress in advancing our strategic Blueprint, delivering top-line growth of 2.7%, recording an increase of $155 million in Adjusted EBITDA to $428 million for the year, and meeting our commitment to achieve Adjusted EBITDA neutral or better in our Plant Protein business as we exited the year,” said Curtis Frank, President and Chief Executive Officer of Maple Leaf Foods. “While these are important achievements, and we are pleased with our relative performance in challenging market conditions, we acknowledge that we still have work to do to realize our full potential.”

“In the fourth quarter, our Meat Protein results fell below our expectations, as a result of global pork market dislocations that have persisted longer and deeper than we anticipated, and a challenging consumer demand environment, plus we still have a short distance to go to bring home the full benefits from our London Poultry and Bacon Centre of Excellence projects,” continued Frank. “With our refreshed strategic Blueprint announced today, we are sharpening our execution focus, bringing together our Meat Protein and Plant Protein businesses to build a powerful platform from which to grow in the U.S. market, and aligning the talents of our team to leverage the strength of our portfolio of leading brands, leadership in sustainability and world-class assets."

Fourth Quarter 2023 Highlights

- Total Company sales growth of 0.6% to $1,192.7 million, with an Adjusted Earnings Before Interest, Taxes, Depreciation and Amortization ("EBITDA")[(i)] margin of 10.1%.
- Meat Protein Group sales grew to $1,159.0 million, an increase of 0.8% year over year. Adjusted EBITDA was $122.0 million, Adjusted EBITDA margin was 10.5%, an improvement of 390 basis points from the fourth quarter of 2022.
- London Poultry plant and Bacon Centre of Excellence delivered approximately $25 million incremental Adjusted EBITDA.
- Plant Protein Group sales were $36.5 million. Plant Protein Group Adjusted EBITDA improved by $20.5 million year over year to a gain of $0.1 million, achieving the Company's Adjusted EBITDA target of neutral or better in the latter half of 2023.
- Capital expenditures were $40.8 million.

2023 Highlights

- Total Company sales grew by 2.7% to $4,867.9 million, with an Adjusted EBITDA margin of 8.8%.
- Meat Protein Group sales grew to $4,736.2 million, an increase of 3.1%. Adjusted EBITDA was $463.0 million and Adjusted EBITDA Margin was 9.8%.
- Plant Protein Group Sales were $147.0 million. Plant Protein Group Adjusted EBITDA improved by 68.8% to a loss of $32.9 million.
- Capital expenditures of $196.6 million.
- The Company had Net Debt[(i)] of $1,747.5 million and undrawn committed credit of $447.2 million as at year end, and is focused on deleveraging the Balance Sheet.

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

Financial Highlights

Measure[i] *(Unaudited)*	As at or for the Three months ended December 31, 2023	2022	Change	Twelve months ended December 31, 2023	2022	Change
Sales	**$ 1,192.7**	$ 1,185.5	0.6 %	**$ 4,867.9**	$ 4,739.1	2.7 %
Net (Loss)	**$ (9.3)**	$ (41.5)	77.5 %	**$ (125.0)**	$ (311.9)	59.9 %
Basic Loss per Share	**$ (0.08)**	$ (0.34)	76.5 %	**$ (1.03)**	$ (2.52)	59.1 %
Adjusted Operating Earnings[ii]	**$ 57.5**	$ 1.8	nm[iii]	**$ 193.2**	$ 65.7	194.0 %
Adjusted (Loss) Earnings per Share[ii]	**$ 0.08**	$ (0.28)	nm[iii]	**$ 0.09**	$ (0.26)	nm[iii]
Adjusted EBITDA - Meat Protein Group[ii]	**$ 122.0**	$ 76.1	60.3 %	**$ 463.0**	$ 378.7	22.3 %
Adjusted EBITDA - Plant Protein Group[ii]	**$ 0.1**	$ (20.4)	nm[iii]	**$ (32.9)**	$ (105.4)	68.8 %
Free Cash Flow[ii]	**$ 63.4**	$ 20.7	206.3 %	**$ 89.0**	$ (20.9)	nm[iii]
Construction Capital[ii]				**$ —**	$ 9.6	nm[iii]
Net Debt[ii]				**$ (1,747.5)**	$ (1,619.3)	7.9 %
Adjusted EBT[ii]	**$ 16.4**	$ (21.7)	nm[iii]	**$ 34.2**	$ 4.4	677.3 %

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

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

[iii] *Not meaningful.*

Fourth Quarter 2023

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. For more details on sales performance by operating segment, please refer to the Operating Review.

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 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.

Full Year 2023

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 the 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 the section titled Operating Review.

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

Operating Review

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

Fourth Quarter 2023

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 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)(i) *(Unaudited)*	**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 %
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 the section titled Non-IFRS Financial Measures in this news release.*

Meat Protein Group

The Meat Protein Group is comprised of prepared meats, ready-to-cook and ready-to-serve meals, snack kits, value-added fresh pork and poultry products that are sold to retail, foodservice and industrial channels, and agricultural operations in pork and poultry. The Meat Protein Group includes leading brands such as Maple Leaf®, Maple Leaf Prime®, Maple Leaf Natural Selections®, Schneiders®, Schneiders® Country Naturals®, Mina®, Greenfield Natural Meat Co.®, and other leading regional brands.

Sales for the fourth quarter increased 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 of 10.7%) compared to $82.2 million (gross margin 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 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

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

Sales for the fourth quarter were $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 of 13.9%) compared to a loss of $10.3 million (gross margin loss 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.

Full Year 2023

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 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 the section titled Non-IFRS Financial Measures in this news release.*

Meat Protein Group

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 of 10.1%) compared to $474.7 million (gross margin 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 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

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 of 1.5%) compared to a gross loss of $36.5 million (gross margin loss 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 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.

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.

Conference Call

A conference call will be held at 8:00 a.m. ET on February 22, 2024, to review Maple Leaf Foods’ fourth quarter financial results. To participate in the call, please dial 416-764-8650 or 1-888-664-6383. For those unable to participate, playback will be made available an hour after the event at 416-764-8677 or 1-888-390-0541 (Passcode: 225124 #).

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

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

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

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.

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 tables below provide 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 three and twelve months ended December 31, as indicated below. Management believes that these non-IFRS measures are useful in assessing the performance of the Company's ongoing operations and its ability to generate cash flows to fund its cash requirements, including the Company's capital investment program.

	Three months ended December 31, 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 (gain) loss 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)

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

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

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

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

($ millions)[i] (Unaudited)	**Twelve months ended December 31, 2023** Meat Protein Group	Plant Protein Group	Non-Allocated[ii]	Total	Twelve months ended December 31, 2022 Meat Protein Group	Plant Protein Group	Non-Allocated[ii]	Total
Earnings (loss) 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 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) (Unaudited)	Three months ended December 31,				Twelve months ended December 31,			
		2023		2022		**2023**		2022
Basic loss per share	**$**	**(0.08)**	$	(0.34)	**$**	**(1.03)**	$	(2.52)
Impairment of goodwill		**—**		—		**—**		1.54
Restructuring and other related costs[(i)]		**—**		0.04		**0.18**		0.20
Items included in other expense not considered representative of ongoing operations[(ii)]		**0.01**		0.03		**0.04**		0.06
Start-up expenses from Construction Capital[(iii)]		**0.18**		0.16		**0.75**		0.36
Change in fair value of biological assets		**(0.05)**		(0.16)		**0.12**		0.09
Change in unrealized and deferred loss (gain) on derivative contracts		**0.02**		(0.01)		**0.03**		(0.01)
Adjusted Earnings per Share[(iv)]	**$**	**0.08**	$	(0.28)	**$**	**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.

($ thousands)	As at December 31, 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:

($ thousands)	Three months ended December 31,		Twelve months ended December 31,	
(Unaudited)	**2023**	2022	**2023**	2022
Cash provided by operating activities	**$ 83,012**	$ 42,320	**$ 176,883**	$ 49,318
Maintenance Capital[i]	**(19,235)**	(21,528)	**(86,602)**	(69,889)
Interest paid and capitalized related to Maintenance Capital	**(377)**	(88)	**(1,267)**	(323)
Free Cash Flow	**$ 63,400**	$ 20,704	**$ 89,014**	$ (20,894)

(i) *Maintenance Capital is defined as non-discretionary investment required to maintain the Company's existing operations and competitive position. Growth Capital is defined as discretionary investment meant to create stakeholder value through initiatives that for example, expand margins, increase capacities or create further competitive advantage. For the twelve months ended December 31, total capital spending of $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). For the three months ended December 31, total capital spending of $41.8 million (2022: $98.0 million) is made up of Maintenance Capital of $19.2 million (2022: $21.5 million), and Growth Capital of $22.6 million (2022: $76.4 million).*

Return on Net Assets ("RONA")

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

Forward-Looking Statements

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

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

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

- assumptions 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 the Company's Management Discussion and Analysis for the year ended December 31, 2023.

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.

More information about risk factors can be found under the heading "Risk Factors" in the Company's Annual Management's Discussion and Analysis for the year ended December 31, 2023, that is available on SEDAR+ at www.sedarplus.ca. The reader should review such section in detail. Additional information concerning the Company, including the Company's Annual Information Form, is available on SEDAR+ at www.sedarplus.ca.

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

About Maple Leaf Foods Inc.

Maple Leaf Foods is a carbon neutral[(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 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*

Consolidated Balance Sheets

(In thousands of Canadian dollars) *(Audited)*	**As at December 31, 2023**	As at December 31, 2022[(i)]	As at January 1, 2022[(i)]
ASSETS			
Cash and cash equivalents	**$ 203,363**	$ 91,076	$ 162,031
Accounts receivable	**183,798**	167,611	167,082
Notes receivable	**33,220**	48,556	33,294
Inventories	**542,392**	485,979	409,677
Biological assets	**114,917**	144,169	138,209
Income and other taxes recoverable	**88,896**	57,497	1,830
Prepaid expenses and other assets	**44,865**	50,266	24,988
Assets held for sale	**—**	604	—
Total current assets	**$ 1,211,451**	$ 1,045,758	$ 937,111
Property and equipment	**2,251,710**	2,303,424	2,189,165
Right-of-use assets	**154,610**	159,199	161,662
Investments	**15,749**	23,712	22,326
Investment property	**57,144**	5,289	5,289
Employee benefits	**26,785**	12,531	—
Other long-term assets	**22,336**	12,493	9,780
Deferred tax asset	**40,854**	42,541	39,907
Goodwill	**477,353**	477,353	658,673
Intangible assets	**345,129**	360,561	365,318
Total long-term assets	**$ 3,391,670**	$ 3,397,103	$ 3,452,120
Total assets	**$ 4,603,121**	$ 4,442,861	$ 4,389,231
LIABILITIES AND EQUITY			
Accounts payable and accruals	**$ 548,444**	$ 485,114	$ 526,189
Current portion of provisions	**9,846**	42,589	842
Current portion of long-term debt	**400,735**	921	5,176
Current portion of lease obligations	**38,031**	38,321	31,375
Income taxes payable	**2,382**	2,311	23,853
Other current liabilities	**32,974**	64,684	81,265
Total current liabilities	**$ 1,032,412**	$ 633,940	$ 668,700
Long-term debt	**1,550,080**	1,709,493	1,247,073
Lease obligations	**142,286**	144,569	144,391
Employee benefits	**64,196**	64,280	97,629
Provisions	**2,041**	3,799	44,650
Other long-term liabilities	**1,124**	1,841	1,057
Deferred tax liability	**296,203**	221,606	147,060
Total long-term liabilities	**$ 2,055,930**	$ 2,145,588	$ 1,681,860
Total liabilities	**$ 3,088,342**	$ 2,779,528	$ 2,350,560
Shareholders' equity			
Share capital	**$ 873,477**	$ 850,086	$ 847,016
Retained earnings	**597,429**	809,616	1,212,244
Contributed surplus	**3,227**	—	5,371
Accumulated other comprehensive income (loss)	**47,829**	29,547	286
Treasury shares	**(7,183)**	(25,916)	(26,246)
Total shareholders' equity	**$ 1,514,779**	$ 1,663,333	$ 2,038,671
Total liabilities and equity	**$ 4,603,121**	$ 4,442,861	$ 4,389,231

(i) *Restated, refer to Note 4 of the Company's Audited Consolidated Financial Statements.*

Consolidated Statements of Net (Loss) Earnings

	Three months ended December 31,		Twelve months ended December 31,	
(In thousands of Canadian dollars, except share amounts)	**2023**	2022	**2023**	2022
	(Unaudited)	*(Unaudited)*	*(Audited)*	*(Audited)*
Sales	**$ 1,192,749**	$ 1,185,522	**$ 4,867,928**	$ 4,739,063
Cost of goods sold	**1,057,274**	1,084,947	**4,416,554**	4,314,925
Gross profit	**$ 135,475**	$ 100,575	**$ 451,374**	$ 424,138
Selling, general and administrative expenses	**101,262**	95,850	**405,067**	431,715
Earnings (loss) before the following:	**$ 34,213**	$ 4,725	**$ 46,307**	$ (7,577)
Restructuring and other related costs	**819**	5,694	**23,729**	30,083
Other expense (income)	**885**	5,547	**14,352**	14,356
Impairment of goodwill	**—**	—	**—**	190,911
Earnings (loss) before interest and income taxes	**$ 32,509**	$ (6,516)	**$ 8,226**	$ (242,927)
Interest expense and other financing costs	**41,227**	23,045	**150,851**	56,041
(Loss) before income taxes	**$ (8,718)**	$ (29,561)	**$ (142,625)**	$ (298,968)
Income tax expense (recovery)	**602**	11,931	**(17,649)**	12,925
Net loss	**$ (9,320)**	$ (41,492)	**$ (124,976)**	$ (311,893)
(Loss) earnings per share attributable to common shareholders:				
Basic (loss) earnings per share	**$ (0.08)**	$ (0.34)	**$ (1.03)**	$ (2.52)
Diluted (loss) earnings per share	**$ (0.08)**	$ (0.34)	**$ (1.03)**	$ (2.52)
Weighted average number of shares (millions):				
Basic	**122.3**	122.5	**121.8**	123.6
Diluted	**122.3**	122.5	**121.8**	123.6

Consolidated Statements of Other Comprehensive Income (Loss)

	Three months ended December 31,		Twelve months ended December 31,	
(In thousands of Canadian dollars)	**2023**	2022	**2023**	2022
	(Unaudited)	*(Unaudited)*	*(Audited)*	*(Audited)*
Net loss	**$ (9,320)**	$ (41,492)	**$ (124,976)**	$ (311,893)
Other comprehensive income (loss)				
Actuarial (losses) gains that will not be reclassified to profit or loss (Net of tax of $6.6 million and $4.4 million; 2022: $0.0 million and $14.6 million)	**$ (19,580)**	$ 17,910	**$ 12,313**	$ 40,095
Change in revaluation surplus (Net of tax of $6.4 million and $10.6 million; 2022: $0.0 million and $0.0 million)	**$ 22,782**	$ —	**$ 40,815**	$ —
Total items that will not be reclassified to profit or loss	**$ 3,202**	$ 17,910	**$ 53,128**	$ 40,095
Items that are or may be reclassified subsequently to profit or loss:				
Change in fair value of investments (Net of tax of $0.0 million and $0.0 million; 2022: $0.0 million and $0.0 million)	**$ (5,504)**	$ —	**$ (5,504)**	$ —
Change in accumulated foreign currency translation adjustment (Net of tax of $0.0 million and $0.0 million; 2022: $0.0 million and $0.0 million)	**(8,759)**	(6,096)	**(8,939)**	28,972
Change in foreign exchange on long-term debt designated as a net investment hedge (Net of tax of $1.3 million and $1.2 million; 2022: $0.0 million and $3.8 million)	**7,194**	6,313	**6,592**	(20,037)
Change in cash flow hedges (Net of tax of $1.3 million and $3.9 million; 2022: $0.0 million and $6.3 million)	**(2,091)**	3,896	**(8,469)**	20,326
Total items that are or may be reclassified subsequently to profit or loss	**$ (9,160)**	$ 4,113	**$ (16,320)**	$ 29,261
Total other comprehensive income (loss)	**$ (5,958)**	$ 22,023	**$ 36,808**	$ 69,356
Comprehensive (loss) income	**$ (15,278)**	$ (19,469)	**$ (88,168)**	$ (242,537)

Consolidated Statements of Changes in Total Equity

(In thousands of Canadian dollars)	**Share capital**	**Retained earnings**	**Contributed surplus**	**Accumulated other comprehensive income (loss)** Foreign currency translation adjustment[i]	Unrealized gains and losses on cash flow hedges[i]	Unrealized gains on fair value of investments[i]	**Revaluation surplus[iii]**	**Treasury stock**	**Total equity**
Balance at December 31, 2022[iii]	**$850,086**	**809,616**	**—**	**10,972**	**12,885**	**2,945**	**2,745**	**(25,916)**	**$ 1,663,333**
Net loss	—	(124,976)	—	—	—	—	—	—	(124,976)
Other comprehensive income (loss)[ii]	—	12,313	—	(2,347)	(8,469)	(5,504)	40,815	—	36,808
Dividends declared ($0.84 per share)	10,178	(102,722)	—	—	—	—	—	—	(92,544)
Share-based compensation expense	—	—	11,979	—	—	—	—	—	11,979
Deferred taxes on share-based compensation	—	—	1,100	—	—	—	—	—	1,100
Exercise of stock options	7,395	—	(1,363)	—	—	—	—	—	6,032
Shares re-purchased	(4,498)	—	(11,595)	—	—	—	—	—	(16,093)
Sale of investment property	—	6,213	—	—	—	—	(6,213)	—	—
Sale of treasury stock	—	—	—	—	—	—	—	9,841	9,841
Settlement of share-based compensation	1,305	(3,015)	(17,883)	—	—	—	—	8,892	(10,701)
Change in obligation for repurchase of shares	9,011	—	20,989	—	—	—	—	—	30,000
Balance at December 31, 2023	**$873,477**	**597,429**	**3,227**	**8,625**	**4,416**	**(2,559)**	**37,347**	**(7,183)**	**$ 1,514,779**

(In thousands of Canadian dollars)	Share capital	Retained earnings	Contributed surplus	Accumulated other comprehensive income (loss) Foreign currency translation adjustment	Unrealized gains and losses on cash flow hedges	Unrealized gains on fair value of investments	Revaluation surplus[iii]	Treasury stock	Total equity
Balance at January 1, 2022[iii]	$847,016	1,212,244	5,371	2,037	(7,441)	2,945	$ 2,745	(26,246)	$ 2,038,671
Net loss	—	(311,893)	—	—	—	—	—	—	(311,893)
Other comprehensive income (loss)[ii]	—	40,095	—	8,935	20,326	—	—	—	69,356
Dividends declared ($0.80 per share)	—	(99,084)	—	—	—	—	—	—	(99,084)
Share-based compensation expense	—	—	20,121	—	—	—	—	—	20,121
Modification of stock compensation plan	—	—	(3,595)	—	—	—	—	—	(3,595)
Deferred taxes on share-based compensation	—	—	(1,350)	—	—	—	—	—	(1,350)
Exercise of stock options	7,433	—	(1,289)	—	—	—	—	—	6,144
Shares re-purchased	(17,400)	(10,758)	(30,719)	—	—	—	—	—	(58,877)
Shares purchased by RSU trust	—	—	—	—	—	—	—	(7,500)	(7,500)
Settlement of share-based compensation	—	—	(15,560)	—	—	—	—	7,830	(7,730)
Change in obligation for repurchase of shares	13,037	(20,988)	27,021	—	—	—	—	—	19,070
Balance at December 31, 2022	$850,086	809,616	—	10,972	12,885	2,945	2,745	(25,916)	$ 1,663,333

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

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

(iii) *Restated, refer to Note 4 of the Company's Audited Consolidated Financial Statements.*

Consolidated Statements of Cash Flows

(In thousands of Canadian dollars)	Three months ended December 31, 2023	Three months ended December 31, 2022	Twelve months ended December 31, 2023	Twelve months ended December 31, 2022
CASH PROVIDED BY (USED IN):	(Unaudited)	(Unaudited)	(Audited)	(Audited)
Operating activities				
Net earnings	**$ (9,320)**	$ (41,492)	**$ (124,976)**	$ (311,893)
Add (deduct) items not affecting cash:				
Change in fair value of biological assets	**(8,852)**	(26,996)	**19,556**	15,108
Depreciation and amortization	**67,394**	61,905	**271,394**	233,937
Share-based compensation	**4,246**	2,902	**11,979**	19,387
Deferred income tax (recovery) expense	**75,126**	50,791	**86,959**	57,406
Current income tax (recovery) expense	**(74,524)**	(38,860)	**(104,608)**	(44,481)
Interest expense and other financing costs	**41,227**	23,045	**150,851**	56,041
(Gain) loss on sale of long-term assets	**(2,451)**	280	**(516)**	1,966
Impairment of property and equipment, ROU assets, and goodwill	**15**	3,353	**9,011**	212,363
Change in fair value of non-designated derivatives	**2,160**	14,451	**(4,632)**	(4,956)
Impairment of investments	**1,953**	—	**1,953**	—
Change in net pension obligation	**168**	1,826	**2,400**	8,764
Net income taxes refunded (paid)	**42,039**	(304)	**39,028**	(30,162)
Interest paid, net of capitalized interest	**(41,614)**	(20,483)	**(150,425)**	(54,897)
Change in provision for restructuring and other related costs	**(4,590)**	(653)	**(33,542)**	995
Change in derivatives margin	**(2,425)**	4,710	**(6,409)**	2,012
Cash settlement of derivatives	**(2,036)**	(3,931)	**3,361**	(3,931)
Other	**275**	9,958	**(5,617)**	(403)
Change in non-cash operating working capital	**(5,779)**	1,818	**11,116**	(107,938)
Cash provided by operating activities	**$ 83,012**	$ 42,320	**$ 176,883**	$ 49,318
Investing activities				
Additions to long-term assets	**$ (41,786)**	$ (97,950)	**$ (198,181)**	$ (355,734)
Interest paid and capitalized	**(485)**	(5,578)	**(2,969)**	(22,217)
Proceeds from sale of long-term assets	**7,515**	484	**18,039**	607
Purchase of investments	**—**	(600)	**(200)**	(600)
(Payments of) Proceeds from legal settlement	**(5,256)**	929	**(5,256)**	929
Cash used in investing activities	**$ (40,012)**	$ (102,715)	**$ (188,567)**	$ (377,015)
Financing activities				
Dividends paid	**$ (20,632)**	$ (24,551)	**$ (92,544)**	$ (99,084)
Net (decrease) increase in long-term debt	**(15,937)**	106,571	**253,064**	447,045
Payment of lease obligation	**(8,223)**	(6,943)	**(32,951)**	(33,892)
Receipt of lease inducement	**—**	1	**—**	6,848
Exercise of stock options	**603**	1,545	**6,032**	6,144
Repurchase of shares	**—**	(31,313)	**(16,093)**	(58,877)
Payment of financing fees	**(46)**	(38)	**(3,378)**	(3,942)
Sale (purchase) of treasury shares	**—**	—	**9,841**	(7,500)
Cash (used in) provided by financing activities	**$ (44,235)**	$ 45,272	**$ 123,971**	$ 256,742
(Decrease) increase in cash and cash equivalents	**(1,235)**	(15,123)	**112,287**	(70,955)
Cash and cash equivalents, beginning of period	**204,598**	106,199	**91,076**	162,031
Cash and cash equivalents, end of period	**$ 203,363**	$ 91,076	**$ 203,363**	$ 91,076