MAPLE LEAF FOODS INC.

Annual Report to Shareholders
For the Year Ended
December 31, 2024

Management's Discussion and Analysis

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

February 25, 2025

1. THE BUSINESS

Maple Leaf Foods Inc. ("Maple Leaf Foods" or the "Company") is a leading protein company responsibly producing food products under leading brands including Maple Leaf®, Maple Leaf Prime®, Maple Leaf Natural Selections®, Schneiders®, Mina®, Greenfield Natural Meat Co.®, Lightlife® and Field Roast™. The Company's portfolio includes prepared meats, ready-to-cook and ready-to-serve meals, snack kits, value-added fresh pork and poultry, and plant protein products. 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). The address of the Company's registered office is 6985 Financial Dr., Mississauga, Ontario, L5N 0A1, Canada.

2. FINANCIAL AND OPERATING REVIEW

($ millions except earnings per share) *(Unaudited)*	As at or for the Year Ended December 31, **2024**	**2023**	Change
Sales[i]	**$ 4,895.0**	$ 4,841.2	1.1 %
Gross profit	**$ 780.0**	$ 451.4	72.8 %
Selling, general and administrative expenses	**$ 437.1**	$ 405.1	7.9 %
Earnings (Loss)	**$ 96.6**	$ (125.0)	nm[iii]
Basic Earnings (Loss) per Share	**$ 0.79**	$ (1.03)	nm[iii]
Adjusted Operating Earnings[ii]	**$ 293.4**	$ 193.2	51.8 %
Adjusted EBITDA[ii]	**$ 553.2**	$ 427.6	29.4 %
Adjusted EBITDA Margin[ii]	**11.3%**	8.8%	250 bps
Adjusted EBT[ii]	**$ 137.6**	$ 34.2	302.3 %
Adjusted Earnings per Share[ii]	**$ 0.78**	$ 0.09	nm[iii]
Free Cash Flow[ii]	**$ 385.3**	$ 89.0	332.9 %
Net Debt[ii]	**$ 1,516.0**	$ 1,747.5	(13.2)%

(i) *Amounts for 2023 have been adjusted to eliminate sales agreements that contained an expectation of repurchase, which had previously been reported as external sales.*

(ii) *Refer to section 28. Non-IFRS Financial Measures of this document for the definition of these non-IFRS measures.*

(iii) *Not meaningful.*

During the year ended December 31, 2024, the Company announced an update to its strategic blueprint (the "Blueprint") that reflects the progress it has made toward achieving its Purpose and Vision and establishes the roadmap for the next chapter of how Maple Leaf Foods intends to deliver on these objectives.

As part of delivering on these objectives, the Company combined its Meat and Plant Protein businesses and aligned its organizational structure to focus on growth potential in key markets and drive operational efficiencies. As a result, in the first quarter of 2024, Maple Leaf Foods began to report its business and operational results as a consolidated protein company, and updated its strategic Adjusted EBITDA Margin target of 14% - 16% to include Plant Protein.

As a consolidated protein company, Maple Leaf Foods has two operating units: Prepared Foods and Pork, which represent on average approximately 75% and 25% of total Company revenue respectively. Prepared Foods combines the operations of prepared meats, plant protein, and poultry, which represent on average approximately 50%, 5% and 20% of total Company revenue respectively.

On July 9, 2024, Maple Leaf Foods announced its intention to separate into two independent public companies through a spin-off of Maple Leaf Foods' Pork Business. This separation is expected to be completed in the second half of 2025. Please refer to section 27. Outlook for further information.

Sales for 2024 were $4,895.0 million compared to $4,841.2 million last year, an increase of 1.1%. Prepared Foods sales increased by 1.8%, with an increase in prepared meats sales of 3.9% partially offset by declines in poultry and plant protein of 2.6% and 4.3% respectively. The increase in prepared meats sales was driven by volume growth and category mix in retail and foodservice supported by increases in trade promotions. The decrease in poultry sales was driven by the repatriation of production to the London poultry facility and higher internalization of poultry supply into prepared meats, partially offset by improved channel mix tied to retail volume growth. Plant protein sales were negatively impacted by volume declines which were in line with the overall plant protein category. Sales in the pork operating unit declined by 0.9% due to lower resale activity and unfavourable product mix, which were partially offset by favourable market pricing.

Gross profit for 2024 increased to $780.0 million (gross margin[(i)] of 15.9%) compared to $451.4 million (gross margin[(i)] of 9.3%) last year. The increase in gross profit was driven by improved pork market conditions, realization of the London poultry facility and Bacon Centre of Excellence project benefits and reductions in related start-up expenses, increase in mark to market valuation of biological assets, volume growth in prepared meats, and operational efficiencies, all of which were partially offset by the impact of increased trade promotions in the year. Gross profit for 2024 included start-up expenses of $20.6 million (2023: $122.3 million) associated with Construction Capital[(ii)] projects, which are excluded from the calculation of Adjusted Operating Earnings.

Selling, General and Administrative ("SG&A") expenses for 2024 were $437.1 million compared to $405.1 million last year. The increase in SG&A expenses was primarily driven by higher variable compensation.

Adjusted Operating Earnings for 2024 were $293.4 million compared to $193.2 million last year, and Adjusted Earnings per Share for 2024 was $0.78 compared to $0.09 last year. The increase was driven by factors consistent with those noted above and also excluding the impact of unrealized mark to market valuation adjustments and start-up expenses.

Earnings for 2024 were $96.6 million ($0.79 earnings per basic share) compared to a loss of $125.0 million ($1.03 loss per basic share) last year. The increase in Earnings was driven by improvements in gross profit noted above, partly offset by variable compensation, income taxes on higher earnings, increased interest expense, as well as costs associated with the anticipated spin-off of the Pork Business. Costs associated with the anticipated spin-off are recorded outside of Adjusted EBITDA.

Adjusted EBITDA for 2024 were $553.2 million compared to $427.6 million last year, driven by factors consistent with those noted above. Adjusted EBITDA Margin for 2024 was 11.3% compared to 8.8% last year, also driven by factors consistent with those noted above.

Adjusted Earnings Before Taxes ("Adjusted EBT") for 2024 were $137.6 million compared to $34.2 million last year due to similar factors as noted above.

Free Cash Flow for 2024 was $385.3 million compared to Free Cash Flow of $89.0 million in the prior year. Free Cash Flow increased significantly due to: improved earnings after the removal of non-cash items; income tax refunds; and lower restructuring payments.

Net Debt as at December 31, 2024 was $1,516.0 million, a decrease of $231.4 million compared to the prior year. For discussion of changes in Net Debt see section 11. Cash Flow and Financing.

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

(ii) *Refer to section* 28. Non-IFRS Financial Measures *of this document for the definition of these non-IFRS measures.*

3. SELECTED FINANCIAL INFORMATION

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

($ millions except earnings per share)	**2024**	2023	2022
Sales[(i)]	**$ 4,895.0**	$ 4,841.2	$ 4,717.3
Earnings (loss)	**$ 96.6**	$ (125.0)	$ (311.9)
Basic earnings (loss) per share	**$ 0.79**	$ (1.03)	$ (2.52)
Diluted earnings (loss) per share	**$ 0.78**	$ (1.03)	$ (2.52)
Total assets	**$ 4,430.5**	$ 4,603.1	$ 4,442.9
Total long-term liabilities	**$ 1,935.0**	$ 2,055.9	$ 2,145.6
Cash provided by operating activities	**$ 464.9**	$ 176.9	$ 49.3
Cash dividends per share	**$ 0.88**	$ 0.84	$ 0.80

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

($ millions except EBITDA % margin, earnings per share, and RONA)[(ii)]	**2024**	2023
Adjusted Operating Earnings	**$ 293.4**	$ 193.2
Adjusted EBITDA	**$ 553.2**	$ 427.6
Adjusted EBITDA Margin	**11.3%**	8.8%
Adjusted Earnings per Share	**$ 0.78**	$ 0.09
Net Debt	**$ 1,516.0**	$ 1,747.5
Return on Net Assets ("RONA")	**5.6%**	3.2%
Free Cash Flow	**$ 385.3**	$ 89.0

(i) *Amounts for 2023 and 2022 have been adjusted to eliminate sales agreements that contained an expectation of repurchase, which had previously been reported as external sales.*

(ii) *Refer to section 28. Non-IFRS Financial Measures of this document for the definition of these non-IFRS measures.*

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 has moved 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; Building Loved Brands; Broadening its Impact; Operating with Excellence; and Developing Extraordinary Talent.

Under a consolidated protein strategy, the Company is focused on delivering on its full potential as a consumer packaged goods powerhouse, anchored in the strength of its leading brands, leadership in sustainability, expanding its geographic reach, and leveraging its diversified protein portfolio to meet consumer demand - all underpinned by elevating its cost reduction focus and achieving operational excellence.

To further unlock its potential the Company announced the planned separation of its Pork Business as a standalone public company to be called Canada Packers Inc. ("Canada Packers"). Following the separation, Canada Packers will be a focused, integrated pork company, a leader in sustainably produced, premium quality, value-added pork products, and a key supplier of Raised Without Antibiotics ("RWA") and conventional pork products to customers in Canada, including Maple Leaf as a key customer, the U.S. and internationally.

Creating two independent public companies allows for a sharper focus for each company to execute its own growth strategy and pursue its uncompromising commitment to best-in-class sustainability practices.

5. RESTRUCTURING AND OTHER RELATED COSTS

For the year ended December 31, 2024, the Company recorded restructuring and other related costs of $19.9 million. Of this, $11.6 million related to the reorganization of its commercial and operations teams and was comprised of $11.2 million in severance and other employee related costs, and $0.4 million in other cash costs. A further $9.6 million related to the announced closure of the Company's further processed poultry facility in Brantford, Ontario and comprised of $6.4 million in severance and other employee costs and $3.2 million in accelerated depreciation. The Company recorded $0.9 million in decommissioning expenses related to the previously announced closures of the Brampton, Toronto, St. Mary's and Schomberg plants. This was offset by a reversal of $2.1 million in severance and other employee costs. The Company also incurred $0.3 million in severance charges related to previous organizational initiatives, offset by a $0.4 million reversal of asset impairment charges.

For the year ended December 31, 2023, the Company recorded restructuring and other related costs of $23.7 million. Of this, $15.4 million related to organizational changes in the plant protein business, and was comprised of $7.3 million in asset impairment, $4.7 million in inventory impairment, $3.2 million in severance and other employee related costs, and $0.2 million related to decommissioning and other cash costs. A further $7.8 million related to the previously announced closures of the Brampton, Toronto, St. Mary's and Schomberg facilities, was comprised of $5.8 million in other cash costs and decommissioning expense, $3.8 million in accelerated depreciation, $1.0 million in asset impairments, partly offset by net reversals of $2.8 million in severance and other employee costs. The remainder related to other previous organizational initiatives.

6. INTEREST EXPENSE AND OTHER FINANCING COSTS

Interest expense and other financing costs for 2024 were $162.6 million compared to $150.9 million in the prior year. The increase was mainly due to lower income recognized from interest rate swaps compared to last year and lower capitalized interest, partially offset by lower interest rates, and reduced borrowing levels from the Company's credit facility. Refer to section 8. Capital Resources and Liquidity of this document for further details.

7. INCOME TAXES

The Company's effective rate of income tax in 2024 of 31.4% 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 rate of tax recovery in 2023 of 12.4% 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 2024 used in determining Adjusted Earnings per Share is 30.2% (2023: 68.7%). The effective tax rate in determining the Adjusted Earnings per Share in 2024 and 2023 differed from the Canadian statutory tax rates primarily due to the reasons described above.

8. 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 as well as seasonal and other market-related fluctuations. The Company has consistently generated a strong base level of operating cash flow which provides 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, 2024 was $175.9 million (2023: $203.4 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)	**2024**	2023
Revolving line of credit	**$ 652,000**	$ 843,400
U.S. term credit Tranche 1	**381,030**	350,873
Canadian term credit Tranche 2	**350,000**	350,000
Canadian term credit Tranche 3	**300,000**	400,000
Government loans	**6,208**	7,147
Supplier financing	**6,167**	4,202
Deferred financing charges	**(3,448)**	(4,807)
Total long-term debt	**$ 1,691,957**	$ 1,950,815
Current	**$ 301,478**	$ 400,735
Non-current	**1,390,479**	1,550,080
Total long-term debt	**$ 1,691,957**	$ 1,950,815

The Company has a syndicated sustainability-linked credit facility (the "Credit Facility") consisting of a $1,300.0 million unsecured committed revolving line of credit maturing June 29, 2027, and two unsecured committed term facilities for $350.0 million (Tranche 2) and US$265.0 million (Tranche 1) maturing June 29, 2026 and June 29, 2027, respectively. On June 20, 2023, the Credit Facility was amended by adding an additional $400.0 million unsecured committed term credit (Tranche 3) maturing June 20, 2024, and adjusting the financial covenants to facilitate access to the new tranche. On April 30, 2024 the Company amended its Credit Facility, downsizing Tranche 3 to $300.0 million, and extending the maturity date to June 20, 2025.

The Credit Facility may be drawn in Canadian or U.S. dollars and bears interest payable monthly, based on Canadian Overnight Repo Rate Average ("CORRA") 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 borrowings on the revolving facility and the term credit, as at December 31, 2024 the Company had drawn letters of credit of $9.1 million on the Credit Facility (2023: $9.4 million).

The Credit Facility requires the maintenance of certain covenants. As at December 31, 2024, 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 (2023: $105.0 million). As at December 31, 2024, $47.6 million in letters of credit had been issued thereon (2023: $46.7 million).

As at December 31, 2024, the Company has one non-interest bearing government loan of $6.2 million (2023: $7.1 million) still outstanding and maturing in 2033. The facility is committed.

On May 31, 2024, the Company renewed its account receivable securitization facility (the "Securitization Facility") extending its maturity to May 31, 2026. The maximum cash advance available to the Company under the Securitization Facility is $150.0 million (2023: $135.0 million). The Securitization Facility provides cash funding with a proportion of the Company's receivables being sold, 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, 2024, trade accounts receivable being serviced under this program amounted to $129.2 million (2023: $112.7 million). As consideration for the sale of its trade receivables, the Company will receive cash advances of $91.2 million (2023: $79.4 million) and notes receivable in the amount of $38.0 million (2023: $33.2 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, 2024, the Company recorded a net payable in the amount of $59.8 million (2023: $55.6 million net payable). The facility is accounted for as an off-balance sheet transaction in accordance with IFRS Accounting Standards.

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, 2024. If the Securitization Facility were to be terminated, the Company would recognize the related amounts on the Company's balance sheets and consider alternative financing if required.

9. CAPITAL EXPENDITURES

Capital expenditures for 2024 were $94.1 million compared to $196.6 million last year. The decrease in capital expenditures was primarily attributable to the previous completion of both the construction of the London, Ontario poultry facility and the capacity expansion in further processed poultry capacity at the prepared meats facility in Brampton, Ontario.

The Company's capital expenditure estimate for 2025 remains unchanged in the range of $175 million to $200 million with approximately $130 million comprised of maintenance capital with the remainder being growth capital. The growth capital consists of projects focused on continued capacity optimization and cost efficiency and to drive growth opportunities.

10. 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 terminated on May 24, 2024. Under this bid, 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 shares at an average price of $26.06 per share were repurchased for cancellation.

11. CASH FLOW AND FINANCING

Cash and cash equivalents were $175.9 million at the end of 2024, compared to $203.4 million in 2023. The decrease in cash and cash equivalents for the year ended December 31, 2024 was primarily due to loan repayments on the Credit Facility, interest payments, investment in property and equipment, and dividend payments, partially offset by cash earnings and income tax refunds.

Cash Flow from Operating Activities

Cash provided by operating activities for 2024 was $464.9 million compared to $176.9 million in 2023. The increase was primarily due to improved earnings, higher income tax refunds, and lower restructuring payments, partially offset by slightly increased investment in working capital.

Cash Flow from Investing Activities

Cash used in investing activities for 2024 was $82.5 million compared to $188.6 million in 2023. The decrease was mainly due to lower investment in long-term assets as the London poultry construction and capacity expansion in the prepared meats facility in Brampton Ontario were completed, partially offset by lower proceeds from sale of long-term assets.

Cash Flow from Financing Activities

Cash flow from financing activities for 2024 was an outflow of $409.8 million compared to an inflow of $124.0 million in 2023. The change was mainly due to loan repayments on the Credit Facility in the current year versus borrowings in the prior year, non-repeat of prior year share repurchases under its NCIB program and sale of treasury shares in the current year, and lower dividends paid as a result of the Dividend Reinvestment Plan program being implemented in September 2023.

12. CONTRACTUAL OBLIGATIONS

The following table provides information about certain of the Company's significant contractual obligations as at December 31, 2024. 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	$ 561,179	—	—	—	$ 561,179
Debt	302,612	1,387,997	1,949	3,825	1,696,383
Foreign exchange contracts	4,830	—	—	—	4,830
Interest rate swaps	1,935	3,494	—	—	5,429
Lease obligations	40,707	70,156	51,158	54,142	216,163
Other liabilities	30,822	1,711	—	—	32,533
	$ 942,085	**1,463,358**	**53,107**	**57,967**	**$2,516,517**

The Company entered into a number of contracts related to the construction of new and expanded facilities. As at December 31, 2024 these contract commitments were approximately $0.5 million (2023: $8.0 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 17 and Note 21 of the Consolidated Financial Statements.

13. 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, 2024.

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)] *Some 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:

	2024			2023		
	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	**$ 46,746**	**$ —**	**$ 1,618**	$ 27,860	$ 962	$ —
Interest rate swaps	**$ 400,000**	**5,285**	**5,429**	$ 350,873	1,073	—
		$ 5,285	**$ 7,047**		$ 2,035	$ —
Fair value hedges[(iii)]						
Foreign exchange contracts	**$ 73,942**	**$ 6**	**$ 2,533**	$ 3,467	$ 24	$ 13
Commodity contracts	**$ 70,822**	**450**	**—**	$ 2,924	424	—
		$ 456	**$ 2,533**		$ 448	$ 13
Derivatives not designated in a formal hedging relationship						
Foreign exchange contracts	**$ 95,547**	**1,138**	**679**	$ 98,588	1,305	806
Commodity contracts	**$ 118,568**	**1,665**	**—**	$ 48,927	—	1,682
		$ 2,803	**$ 679**		$ 1,305	$ 2,488
Total fair value		**$ 8,544**	**$ 10,259**		$ 3,788	$ 2,501
Current[(ii)(iv)]		**$ 5,776**	**$ 6,765**		$ 3,788	$ 2,501
Non-current[(ii)]		**2,768**	**3,494**		—	—
Total fair value		**$ 8,544**	**$ 10,259**		$ 3,788	$ 2,501

[(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, 2024, the above fair value of current assets has been increased by $1.1 million (December 31, 2023: $2.3 million), and the above fair value of current liabilities has decreased by $0.0 million (December 31, 2023: $1.7 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, 2024 and 2023 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, 2024, the Company recorded a gain of $13.9 million (2023: loss of $8.5 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, 2024 using the fair value hierarchy:

($ thousands)	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets:				
Foreign exchange contracts	$ —	1,144	—	$ 1,144
Commodity contracts[(i)]	2,115	—	—	2,115
Interest rate swaps	—	5,285	—	5,285
	$ 2,115	**6,429**	**—**	**$ 8,544**
Liabilities:				
Foreign exchange contracts	$ —	4,830	—	$ 4,830
Interest rate swaps	—	5,429	—	5,429
	$ —	**10,259**	**—**	**$ 10,259**

(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, 2024. 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 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 24 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 27 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, 2024 comprise approximately 23.6% (2023: two largest customers representing 23.5%) 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 27 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, 2024, the Company had available undrawn committed credit of $638.9 million (2023: $447.2 million) under the terms of its principal banking arrangements as described in Note 17 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, 2024, the Company had variable-rate debt of $1,683.0 million with a weighted average interest rate of 6.4% (2023: $1,944.3 million at a weighted average interest rate of 8.2%). The Company effectively converted $400.0 million of the variable-rate debt to fixed-rate debt using interest rate swaps with a weighted average interest rate of 5.7% (2023: $350.9 million at a weighted average interest rate of 4.7%). In addition, the Company was exposed to floating interest rates on its accounts receivable securitization program. As at December 31, 2024, the cash advance received pursuant to this program was $141.8 million at a weighted average interest rate of 3.9% (2023: $135.0 million at a weighted average interest rate of 5.7%). The maximum amount available to the Company under these programs is $150.0 million (2023: $135.0 million).

As at December 31, 2024, the Company had fixed-rate debt of $6.2 million (2023: $7.1 million) with a weighted average effective interest rate of 3.7% (2023: 3.8%). Changes in market interest rates cause the fair value of long-term debt with fixed interest rates to fluctuate but do not affect 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 certain foreign denominated borrowings when appropriate.

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 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 21 of the Consolidated Financial Statements.

14. 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 2024, the Company recorded a pre-tax gain of $2.5 million through other comprehensive income (loss) related to the re-measurement of plan assets and liabilities. This included a pre-tax gain of $2.2 million related to differences between plan asset returns compared to the discount rate.

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 includes 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.

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 4.8% in 2024 compared to a gain of 12.5% in 2023.

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 2024 were $9.1 million (2023: $9.5 million).

The Company expects to contribute $36.1 million to the pension plans in 2025, inclusive of defined benefit, defined contribution and multi-employer plans.

15. 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, 2024, the Company contributed $31.1 million (2023: $30.6 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)	**2024**	2023
Short-term employee benefits		
Salaries, bonuses, and fees	**$ 12,062**	$ 10,650
Company car allowances	**374**	348
Other benefits	**623**	370
Total short-term employee benefits	**$ 13,059**	$ 11,368
Severance benefits	**1,238**	2,254
Post-employment benefits	**537**	740
Share-based compensation	**11,251**	7,198
Total remuneration	**$ 26,085**	$ 21,560

During the year ended December 31, 2024, Key Management Personnel of the Company exercised 0.1 million share options (2023: 0.6 million share options) granted under the Maple Leaf Foods share option plans for an amount of $2.5 million (2023: $14.3 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, 2024, the Company received services from MCI and companies directly or indirectly owned by MCI in the amount of $0.8 million (2023: $1.1 million), which represented the market value of these transactions with MCI. As at December 31, 2024, $0.2 million (2023: $0.5 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, 2024 and 2023, the Company provided services to and received services from MFAS for a nominal amount which represented the market value of the transactions.

16. GOVERNMENT INCENTIVES

During the year ended December 31, 2024, the Company recognized government incentives totaling $20.3 million (2023: $9.9 million).

During the year ended December 31, 2024, the Company recognized $15.0 million (2023: $4.9 million) of government incentives as a reduction in the cost of related assets. Of this amount, $6.9 million was received from the Government of Ontario and $2.0 million from the Government of Canada to assist with the design, development and construction of the London, Ontario poultry facility. In addition, the Company received $3.2 million from the Government of Canada to adapt to market changes resulting from the implementation of recent international trade agreements, and $2.0 million from the Government of Canada for the expansion of further processed poultry processing capacity. The Company also received $0.9 million in other incentives.

During the year ended December 31, 2024, the Company recognized $5.3 million (2023: $5.0 million) of government incentives in earnings (loss). Of this amount, $3.0 million of ongoing incentives were received from the Government of Canada to support the Company's agricultural business. An additional $1.3 million of Scientific Research and Experimental Development (SR&ED) tax incentive was received from the Government of Canada. In addition, the Company received $1.0 million in other incentives.

The Company currently recognizes $6.2 million (2023: $7.1 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 17 of the Consolidated Financial Statements.

17. SHARE CAPITAL

As at December 31, 2024, there were 123,835,056 voting common shares issued and outstanding (2023: 122,704,659). As at February 14, 2025, there were 123,835,056 common shares issued and outstanding.

In each of the quarters of 2024, the Company declared and paid cash dividends of $0.22 (2023: $0.21) per voting common share, representing a total annual dividend of $0.88 (2023: $0.84) per voting common share and declared total dividends of $108.5 million (2023: $102.7 million).

18. OTHER MATTERS

On January 9, 2025, the Board of Directors approved an increase in the quarterly dividend from $0.22 per share to $0.24 per share, or $0.96 per share on an annual basis. With this increase, the dividend payment for the first quarter of 2025 will be $0.24 per common share, payable on March 31, 2025, to shareholders of record at the close of business on March 7, 2025. 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 Company's Dividend Reinvestment Plan ("DRIP") permits eligible shareholders to direct their cash dividends to be reinvested in additional common shares of the Company. The Company is eliminating the 2% discount on the treasury shares issued under the DRIP starting with this 2025 first quarter dividend. Therefore, for shareholders who wish to reinvest their dividends under the DRIP, Maple Leaf Foods intends to issue common shares from treasury at a price equal to 100% of the weighted average closing price of the shares for the five trading days preceding the dividend payment date. Full details of the DRIP, including how to enroll in the program, are available at https://www.mapleleaffoods.com/.

19. 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 except earnings per share and margin) (Unaudited)	**2024**	2023	2024	2023	2024	2023	2024	2023
Sales[(ii)]	**$1,237.1**	$1,186.0	$1,255.5	$1,231.4	$1,255.2	$1,259.7	$1,147.3	$1,164.1
Gross Profit	**$ 236.3**	$ 135.5	$ 186.2	$ 145.9	$ 131.2	$ 93.6	$ 226.3	$ 76.4
SG&A	**$ 101.9**	$ 101.3	$ 108.5	$ 94.9	$ 116.6	$ 106.2	$ 110.0	$ 102.7
Earnings (Loss)	**$ 53.5**	$ (9.3)	$ 17.7	$ (4.3)	$ (26.2)	$ (53.7)	$ 51.6	$ (57.7)
Earnings (Loss) Per Share								
Basic	**$ 0.43**	$ (0.08)	$ 0.14	$ (0.04)	$ (0.21)	$ (0.44)	$ 0.42	$ (0.48)
Diluted	**$ 0.43**	$ (0.08)	$ 0.14	$ (0.04)	$ (0.21)	$ (0.44)	$ 0.42	$ (0.48)
Adjusted Earnings (Loss) per Share[(i)]	**$ 0.38**	$ 0.08	$ 0.18	$ 0.13	$ 0.18	$0.00	$ 0.04	$ (0.12)
Adjusted Operating Earnings[(i)]	**$ 88.7**	$ 57.5	$ 73.6	$ 70.5	$ 78.1	$ 45.9	$ 53.0	$ 19.3
Adjusted EBITDA[(i)]	**$ 155.1**	$ 120.2	$ 140.8	$ 129.0	$ 140.9	$ 103.1	$ 116.4	$ 75.3
Adjusted EBITDA Margin[(i)(ii)]	**12.5 %**	10.1 %	11.2 %	10.5 %	11.2 %	8.2 %	10.1 %	6.5 %

(i) *Refer to section 28. Non-IFRS Financial Measures of this document.*

(ii) *Quarterly amounts for 2024 and 2023 have been adjusted to eliminate sales agreements 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 currency translation.

Fluctuations in quarterly 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, and changes in interest rates and long-term debt.

The Company is sufficiently large and diversified, with a balanced portfolio, that seasonal factors within various parts of its operations tend to largely offset each other. For example, in general, margins on fresh pork products tend to be higher in the second half of the year when hog prices historically decline which in turn reduces earnings from raising hogs, maintaining balance within the Company's integrated pork business during this period. 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 typically lower sales in the first quarter of each year. Strong demand for grilled meat products positively affects categories such as wieners and fresh sausages in the summer, while back-to-school promotions support increased sales of sliced meats and lunch items in the fall. Higher demand for turkey and ham products occurs in the spring and fourth quarter holiday seasons.

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.

20. SUMMARY OF 2024 FOURTH QUARTER RESULTS

The following table summarizes the Company's key financial metrics for the fourth quarters ended December 31, 2024 and December 31, 2023:

($ millions except earnings per share)[i] *(Unaudited)*	As at or for the three months ended December 31, 2024	2023	Change
	$ 1,237.1	$ 1,186.0	4.3%
Gross profit	**$ 236.3**	$ 135.5	74.4%
Selling, general and administrative expenses	**$ 101.9**	$ 101.3	0.6%
Earnings (Loss)	**$ 53.5**	$ (9.3)	nm[iv]
Basic Earnings (Loss) per Share	**$ 0.43**	$ (0.08)	nm[iv]
Adjusted Operating Earnings[ii]	**$ 88.7**	$ 57.5	54.3%
Adjusted EBITDA[ii]	**$ 155.1**	$ 120.2	29.0%
Adjusted EBITDA Margin[ii][iii]	**12.5%**	10.1%	240 bps
Adjusted EBT[ii]	**$ 60.7**	$ 16.4	270.1%
Adjusted Earnings per Share[ii]	**$ 0.38**	$ 0.08	nm[iv]
Free Cash Flow[ii]	**$ 129.8**	$ 63.4	104.7%

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

(ii) *Refer to section 28. Non-IFRS Financial Measures of this document for the definition of these non-IFRS measures.*

(iii) *Amounts for 2023 have been adjusted to eliminate sales agreements that contained an expectation of repurchase, which had previously been reported as external sales.*

(iv) *Not meaningful.*

Sales for the fourth quarter increased 4.3% to $1,237.1 million compared to $1,186.0 million last year. Prepared Foods sales increased by 4.6%, with prepared meats and poultry increasing 6.5% and 1.8% respectively which was partially offset by a decline in plant protein of 10.3%. The increase in prepared meats sales was driven by improved category mix and retail and foodservice volume growth, which was partially offset by increased trade promotions. The increase in poultry sales was driven by improved channel mix tied to retail volume growth and reduced industrial sales. Plant protein sales were negatively impacted by volume declines which remain largely in line with the overall plant protein category. Sales in the Pork operating unit increased 3.5% driven by volume growth related to an increase in the number of hogs processed, and favourable foreign exchange impacts.

Gross profit for the fourth quarter of 2024 was $236.3 million (gross margin[i] of 19.1%) compared to $135.5 million (gross margin[i] of 11.4%) last year. The improvement in gross profit was driven by realization of the remaining London poultry facility and Bacon Centre of Excellence project benefits and related reduction in start-up expenses, increase in mark to market valuation of biological assets, improved pork market conditions, volume growth in prepared meats, and realization of operational efficiencies, all of which were partially offset by the impact of increased trade promotions in the quarter

SG&A expenses for the fourth quarter of 2024 were $101.9 million consistent with $101.3 million last year.

Earnings for the fourth quarter of 2024 were $53.5 million ($0.43 earnings per basic share) compared to a loss of $9.3 million ($0.08 loss per basic share) last year. The increase was driven by improvements in gross profit as described above as well as lower interest expense all partly offset by income taxes on increased earnings. Earnings were also negatively impacted by increased restructuring charges related to organizational changes executed in the fourth quarter, fair value adjustments on investment properties, and transaction costs associated with the anticipated spin-off of the Pork Business, all of which are recorded outside of Adjusted Operating Earnings

Adjusted Operating Earnings for the fourth quarter of 2024 were $88.7 million compared to $57.5 million last year. The increase was driven by factors consistent with those noted above and also excluding the impact of unrealized mark to market valuation adjustments and start-up expenses.

Adjusted EBITDA for the fourth quarter was $155.1 million, compared to $120.2 million last year, driven by factors consistent with those noted above and also excluding the impact of unrealized mark to market valuation adjustments and start-up expenses.

Adjusted EBT for the fourth quarter of 2024 were $60.7 million compared to $16.4 million last year, driven by factors noted above.

Free Cash Flow for the fourth quarter of 2024 was $129.8 million compared to Free Cash Flow of $63.4 million in the prior year. Free Cash Flow increased significantly due to: improved earnings after the removal of non-cash items; income tax refunds; and lower restructuring payments.

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

21. 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, 2024**	Annual Averages **2024**	2023	2022	2021	2020	2019
Canadian dollars per U.S. dollar(i)	**$ 1.44**	**$ 1.37**	$ 1.35	$ 1.30	$ 1.25	$ 1.34	$ 1.33
Japanese yen per Canadian dollar(i)	**¥109.38**	**¥110.58**	¥ 104.20	¥ 100.94	¥ 87.65	¥ 79.68	¥ 82.18

(i) *Source: Bloomberg.*

During 2024, the U.S. dollar, on average strengthened relative to the Canadian dollar by 1.5%. 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. 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 2024, the Japanese yen, on average weakened relative to the Canadian dollar by 5.8%. In general, a weaker Japanese yen reduces export margins to Japan in the Company's fresh pork operating unit.

The Company manages currency fluctuations through pricing, cost reduction, or investment in value-added products.

The Company also 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, 2024**	Annual Averages **2024**	2023	2022	2021	2020	2019	2018	2017	2016	2015
Pork cutout (USD per cwt)(i)(ii)	**$ 90.30**	**$ 95.75**	$ 89.74	$103.71	$104.23	$ 77.02	$ 77.04	$ 75.21	$84.13	$78.66	$79.13
Hog market price per cwt (USD per cwt)(i)(ii)	**$ 81.30**	**$ 84.95**	$ 81.49	$ 98.14	$ 92.88	$ 60.22	$ 67.33	$ 65.12	$71.42	$65.09	$70.59
Hog market price per cwt (CAD per cwt)(i)(ii)	**$ 116.93**	**$116.38**	$109.97	$127.76	$116.44	$ 80.75	$ 89.34	$ 84.40	$92.72	$86.23	$90.28
Corn (USD per bushel)(ii)(iii)	**$ 4.59**	**$ 4.24**	$ 5.65	$ 6.95	$ 5.77	$ 3.65	$ 3.83	$ 3.68	$ 3.59	$ 3.58	$ 3.81

(i) *As at December 31, 2024, based on last published spot prices for the week ended December 31, 2024 (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 approximately 55% of the Company's hog supply. Corn costs are a key factor into the cost of feed and therefore are a significant input cost to hogs raised by the Company.

In aggregate for 2024, the impact of market pricing for hog and pork prices was favourable compared to the prior year driven primarily by lower feed costs and higher cutout values. Pork market spreads, while still below the pre-pandemic five-year average, are nearing normal market conditions. Management believes a comparison to the five year average from 2015 to 2019 is more reflective of normal pork market conditions and a better benchmark of performance. 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 largely offset each other. For example, in general, margins on fresh pork products tend to be higher in the second half of the year when hog prices historically decline which in turn reduces earnings from raising hogs, maintaining balance within the Company's integrated pork business during this period. 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 typically lower sales in the first quarter of each year. Strong demand for grilled meat products positively affects categories such as wieners and fresh sausages in the summer, while back-to-school promotions support increased sales of sliced meats and lunch items in the fall. Higher demand for turkey and ham products occurs in the spring and fourth quarter holiday seasons.

22. 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, energy, 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 (Tranche 1) and $350.0 million (Tranche 2) 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 3) maturing June 20, 2024, and adjusting the financial covenants to facilitate access to the new tranche. On April 30, 2024, the Company amended the Credit Facility, downsizing Tranche 3 to $300.0 million, and extending its maturity to June 20, 2025. 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 16 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 planetary environmental issues and realizing increased operating efficiencies and cost reductions.

Maple Leaf Foods is advancing work on a number of fronts to accelerate reductions across its key environmental performance indicators for greenhouse gas emissions (Scope 1-3) as well as waste, water, and energy use within its manufacturing operations. 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, the Company is reevaluating its key environmental performance indicators to set new, meaningful, science-backed environmental targets over the course of this year. As it resets 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 pathway to specify how much and how quickly companies are expected 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.

SBTi has recently established new requirements for Food, Land, and Agriculture (FLAG) sectors.The Company is assessing these requirements and the implications for its target setting going forward. Along with refreshing its other environmental targets, the Company is assessing these new SBT requirements to update its GHG emissions targets in line with the best available science and alignment with evolving global reporting standards and viable decarbonization pathways.

The Company manages its sustainability goals 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, the Company 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 2023 Integrated Report that is available on the Company's website.

23. 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.

Risks Associated with the Spin-Off of Canada Packers

In 2024, the Company announced plans to spin-off its Pork Business as a stand alone public company known as Canada Packers Inc. Completion of the transaction is subject to a number of customary approvals and consents for a transaction of this nature, including shareholder approval. The Company believes that this strategic separation will deliver many benefits to unlock value for all stakeholders; however, the benefits are based on a number of assumptions and estimates. There is no guarantee that the transaction will be completed as expected or that the benefits and intended outcomes will be achieved. For example, it is possible that the separation could lead to: operational disruptions as both entities adjust to their new structures and processes, maintain customer confidence and manage dis-synergies; financial uncertainties, including changes in the ability to access capital markets independently; market risks, as the separation might affect market perceptions and investor confidence, potentially influencing stock performance and valuation; and separation risks as the companies seek to ensure smooth coordination and governance between the two entities during the transition period and managing the long-term services agreements following the separation. The Company has been diligent in its approach to assessing the potential of this transaction, including engaging expert advisors and establishing a special independent committee of the Board to review the transaction, still there is no assurance that each company's growth potential, business model, value proposition, desired capital structure or dividend policy will be realized.

Global Market and Economic Conditions

The Company's business operations and financial condition are materially affected by global market and economic conditions, including the associated government actions ranging from global conflict to tariffs and other trade barriers. These conditions can contribute to inflationary pressures; increased costs; tariff and non-tariff barriers to trade; changes in customer and consumer behaviour; 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; operational restrictions; reduced ability to execute product innovation initiatives; counterparty credit risk; and volatility in financial and commodity markets. Depending on the continued evolution of the instability that has marked global economic conditions since the pandemic, the impact may increase the effect of the other risks described in this Management Discussion and Analysis.

International Trade

The Company exports its finished products to customers outside of Canada, and 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, or could introduce subsidies for 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.

For example, on February 1, 2025, the U.S. announced new tariffs on imports originating from Canada, Mexico and China, at rates of 25%, 25% and 10% respectfully (with the exception of Canadian energy resources which attracted a 10% tariff rate). Since the original executive orders were signed, implementation of these new tariffs on Canadian and Mexican origin products has been deferred until March. There is no certainty whether these tariffs will be implemented or for how long. The Canadian government has announced that it will take retaliatory action, but the scope and extent of these actions is uncertain. The Company leverages its data-driven insights to stay close to these evolving circumstances and is confident in the resilience of its brands, business model and strategy to manage through prevailing economic conditions. At the same time, it recognizes that its business, operations, financial performance (including the ability to deliver its 2025 guidance) and future growth plans could be significantly impacted if tariffs, retaliatory tariffs or other trade measures are implemented between Canada and the U.S. Until details of any trade action are known, the impact on the Company can not be determined. The Company has deployed a task force to identify mitigation strategies as well as near-term potential opportunities to manage the risk. Approximately 10% of the Company's sales are attributable to U.S. sales. As the Company has production facilities in the U.S, approximately 7.5% of the Company's sales are products produced in Canada and shipped to and sold in the U.S. which could be subject to the proposed broad based tariffs. As poultry is typically not sold into the U.S. due to the Canadian supply management system and plant protein is produced and primarily sold in the U.S., they are not expected to be materially adversely impacted by tariff action. In the pork business, the Company has a strong international customer base and its mitigation strategies are therefore focused on leveraging opportunities outside of the U.S. In prepared meats, the Company will focus on its Canadian customers and consumers to capture momentum with the "buy Canadian" sentiment, while working with its U.S. customers on strategies to continue to serve their needs. Tariffs and the threat of tariffs can also have an amplifying, or mitigating, effect on other risk factors such as consumer and competitor behaviour and competitiveness, foreign exchange rates and inflationary pressures.

In addition, and 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. In the past 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 during the pandemic 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 was reinstated 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.

Competition 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 increase 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 experienced intense competitive pressure in the plant protein space in anticipation of high growth rates, which was followed by significant market contraction which required the Company to change its strategy, 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 2025 Adjusted EBITDA target or its longer-term strategic Adjusted EBITDA Margin target.

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.

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 whether these atypical conditions will return or, the degree to which the Company will be negatively impacted should they return.

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 the past, the Company has experienced a cybersecurity incident that disrupted its 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.

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.

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, there have been notable 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, and may influence consumers perspectives on the safety of the food system. 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 tariffs; delays in delivery of critical components which could hamper the Company's production process; 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.

Overall successful management of the Company’s supply chain is critical to the Company’s success. The efficiency and cost of logistics, distribution and storage services plays an important role in this. Costs of these services can be influenced by fuel costs and energy rates that can be passed on to the Company which in turn has implications for its cost of goods and ability to pass along these increased costs. Further, insufficient supply of products due to supply chain or distribution inefficiencies 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 can impact the Company's logistics and its ability to fill customer orders.

Cost Savings and Efficiency Gains

The Company is pursuing multiple cost savings opportunities across the areas of production, procurement, commercial and logistics that are expected to generate efficiencies and cost savings. Cost savings expectations are based on a number of assumptions and the outcomes are difficult to predict. A variety of factors would affect the realization of some or all of the expected cost savings and efficiency gains, including but not limited to anticipated business strategies, marketing strategies, product development, ability to adapt to business trends, general economic conditions and lack of sustainability of the cost savings over time. Actual results of implementing these cost saving and efficiency initiatives may differ materially from current estimates. It is also possible that continued efforts to implement these initiatives will divert management attention from other parts of the business. If these initiatives are not successful it could have a material adverse effect on the Company's business, operations and financial performance, including its ability to deliver its short and long term goals.

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.

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. The Company is coming off a period of elevated capital expenditures associated with its investments in large scale and efficient processing capacity, and it is possible that these investments will not deliver the returns that were expected, 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.

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.

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, pricing allegations and litigation, 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 earnings 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.

Trademarks and Intellectual Property

The Company utilizes intellectual property in its business. Its registered and unregistered trademarks are valuable assets that reflect the goodwill of its brands and consumers' favorable perception of its products. The Company has invested a significant amount of money in establishing, promoting and protecting its brands. It also relies on proprietary methods, processes and techniques in its manufacturing operations and copyright protection in its sales and marketing materials to develop and maintain its competitive position. The Company's continued success depends, to a significant degree, upon its ability to protect and preserve its intellectual property rights. The Company also licenses certain of its trademarks and other intellectual property for use by third parties. In an effort to preserve its trademark rights, it enters into license agreements with these third parties that govern the use of the trademarks and contain limitations on their use. There is no assurance that these efforts to monitor the use of its trademarks by licensees will be sufficient to ensure that the licensees will abide by the terms of their licenses. In the event that its licensees fail to do so, its trademark rights could be diluted.

The Company relies primarily on confidentiality agreements, its Code of Conduct and intellectual property law to protect its proprietary rights. Confidentiality arrangements with its employees and certain of its consultants, contract employees, suppliers, vendors and independent contractors, including some of its co-manufacturers who use its formulations to manufacture its products, generally require that all non-public information made known to them be kept strictly confidential. Further, some of its formulations have been developed by or with suppliers and co-manufacturers. As a result, the Company does not hold exclusive rights to some formulations and may not be able to prevent others from using similar formulations.

The Company cannot be certain that the steps it has taken to protect its intellectual property rights are adequate, that its intellectual property rights can be successfully defended and asserted in the future or that third parties will not infringe upon, misappropriate or challenge any such rights. In addition, its trademark rights and related registrations may be challenged in the future and could be canceled or narrowed. Failure to protect its trademark rights could prevent it in the future from using certain brands or from challenging third parties who use names and logos similar to its trademarks, which may in turn cause consumer confusion or negatively affect consumers' perception of its brands and products. The Company may not be successful in enforcing its trademarks or challenging confusingly similar trademarks used by third parties. Intellectual property disputes and proceedings and infringement claims may result in a significant distraction for management and significant expense, which may not be recoverable regardless of whether the Company is successful. Such proceedings may be protracted with no certainty of success, and an adverse outcome could subject the Company to liabilities, force it to cease use of certain trademarks or other intellectual property or force it to enter into licenses with others. Any one of these occurrences may have an adverse effect on its business, 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 Greenhouse Gas ("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, including the impact of developments in other industries such as the pharmaceutical and weight-loss industries. 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.

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.

Poultry 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 is 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 the majority shareholder of Canada Bread Company, Limited ("Canada Bread"). The Company sold its interest in Canada Bread, which was a stand-alone public company, to Grupo Bimbo in 2014. There are also class action proceedings related to the bread pricing allegations. In Ontario, the Ontario Superior Court has determined on two occasions that the bread class action proceeding should not be certified against Maple Leaf Foods; however, the plaintiffs and Canada Bread are appealing the latest ruling. In 2024, Grupo Bimbo and Canada Bread launched a stand alone claim against the Company. The Company has consistently maintained that there was no wrongdoing while it was a shareholder of Canada Bread and is mounting a strong defense in all these matters. 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 which has not yet progressed to the certification stage. The final outcome of the investigation, the class actions, and the Grupo Bimbo 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 U.S. 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 U.S., 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.

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

Continued consolidation within the retail industry, including among supermarkets, warehouse clubs and food distributors, has resulted in an increasingly concentrated retail base and increased the Company's exposure to loss of certain customers. These consolidations have produced large, sophisticated customers with increased buying power who are more capable of operating with reduced inventories, opposing price increases, and demanding lower pricing, increased promotional programs and specifically tailored products. These customers also may use shelf space currently used for the Company's products for their own private label products. Because of these trends, the Company's volume growth could slow or it may need to lower prices or increase promotional spending for its products, any of which could adversely affect our financial results. Additionally, these large customers may demand more favorable terms that may expose the Company to greater risks, including uncapped indemnification and no limitation of liability provisions. Such terms may obligate the Company to pay significant amounts in connection with potential losses arising from claims and related legal proceedings, and any such claims could also affect the Company's reputation and relationship with customers.

The Company generally does not have long-term sales agreements or other contractual assurances as to future sales to our customers, including these major customers. The Company's business could be materially adversely affected and suffer significant decreases in sales and operating profit from the loss of one or more of its larger customers or if its larger customers' plans, markets, and/or financial condition should change significantly. For example, if its customers cannot access sufficient funds or financing, then they may delay, decrease, or cancel purchases of the Company's products, or delay or fail to pay for previous purchases. The loss of a significant customer or a material reduction in sales to, or adverse change to trade terms with, a significant customer could materially and adversely affect the Company's product sales, 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.

Seasonality and Changes in Promotional Activities

The Company experiences fluctuations in quarterly results due to seasonal features of its business. For example, hog supply and consumer purchasing patterns are impacted by seasonal factors, including weather and holidays. As a result, seasonality could cause results of operations for an interim financial period to fluctuate and not be indicative of full-year results. Failure to effectively manage inventories, promotional activities and business results to take into account this seasonality, could adversely affect the Company's overall performance and results of operations.

Unpredictable Catastrophic Events

Catastrophes can be caused by various natural and unnatural events including hurricanes, windstorms, earthquakes, hailstorms, explosions, severe winter weather, fires, regional or global pandemics, hostilities, terrorist acts, riots, crashes and derailments. The incidence and severity of catastrophes are inherently unpredictable. The frequency and intensity of natural catastrophic events may continue to increase as a result of climate change and other factors. The Company's financial condition and results of operations could be materially adversely affected and it may experience an abrupt interruption of activities caused by unforeseeable and/or catastrophic events. The Company's operations may be subject to losses resulting from such disruptions including with respect to property, financial assets, trading positions and key personnel. If its business continuity plans cannot be put into action or do not take such events into account, losses may further increase. See “Climate Change” above and “Weather” below.

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 of 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 13,500 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. Tight labour markets may impact the Company's ability to attract and retain talent, and adapt to employee work preferences which may continue to be a challenge into the future.

Health and Safety

Maintaining a healthy and safe workforce is critical to the success of the Company. It maintains a rigorous system to maintain a safe and injury free workplace. However, there is no guarantee that these systems will prevent incidents from occurring which could have implications for the operating results. As well, there are risks to the Company created by wide spread health pandemics. These threats include: maintaining the health and welfare of the workforce, the ability to bring in foreign workers which are a critical part of the overall workforce as a result of restrictions to prevent the spread of pandemics, and higher costs associated with protective measures necessary to maintain worker safety and the safety of overall operations of the Company. In instances of community spread of a pandemic, it is increasingly difficult for the Company to maintain a healthy workplace which could require extraordinary measures to be taken to mitigate the risk of spread at the workplace and the potential for operations to be suspended. Failure to maintain a safe and healthy workplace could have a material adverse effect on the financial condition and results of operations of the Company.

24. 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 Earnings (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 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, 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 6, 7, 10, 11, 12, 14, 15, 21, and 24 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 27 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, 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 Earnings (Loss) 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, 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, 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, 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, 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, future share price, 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, 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, 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, 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 assets, 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 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.

25. CHANGE IN ACCOUNTING POLICIES

(a) Accounting Standards Adopted During the Period

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 adopted this amendment in its Consolidated Financial Statements for the annual period ending December 31, 2024. The adoption of this amendment did not have a material impact on the Consolidated Financial Statements.

(b) Accounting Pronouncements Issued But Not Yet Effective

Presentation and Disclosure in Financial Statements – IFRS 18

On April 9, 2024, the IASB issued IFRS 18 *Presentation and Disclosure in Financial Statements* to improve reporting of financial performance. IFRS 18 replaces IAS 1 *Presentation of Financial Statements*. It carries forward many requirements from IAS 1 unchanged and introduces significant changes to the structure of a company's income statement, more discipline and transparency in presentation of management's own performance measures, commonly referred to as 'non-GAAP measures', and less aggregation of items into large, single numbers. IFRS 18 applies for annual reporting periods beginning on or after January 1, 2027 with the requirement of retrospective restatement. Earlier application is permitted. The Company currently intends to adopt this amendment in its Consolidated Interim Financial Statements for the period beginning January 1, 2027. The Company has yet to assess the impact of adoption 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 Financial Statements.

26. 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, 2024 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, 2024, and ended on December 31, 2024, that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

27. OUTLOOK

Maple Leaf Foods is a leading protein company built on a powerful portfolio of brands, with a leading voice in sustainability and food security. The Company continues to execute against its strategic Blueprint, which defines how it intends to advance its vision to be the Most Sustainable Protein Company on Earth and deliver on its commercial and financial objectives. A key deliverable in 2025 is the execution of the previously announced spin-off of the Pork Business, unlocking value for all stakeholders by creating two robust, independent public companies: Maple Leaf Foods as a protein focused consumer packaged goods company, and Canada Packers as a leading global pork company. Until the spin-off is completed, the Company continues to look at its business on a holistic basis.

For the full year 2025, the Company expects:

- Mid-single-digit revenue growth.
- Significant improvement from 2024 in Adjusted EBITDA, which is expected to meet or exceed $634 million, supported by:
    - a full year of benefits related to the London poultry and Bacon Centre of Excellence large capital projects, as well as benefits from the further processed poultry expansion at the Walker Road plant;
    - continuing to adapt to the consumer environment, supported by brand and revenue management plans to optimize volume and mix and capitalize on growing consumer demand for protein;
    - a return to more normal levels of profitability in the Pork operating unit; and
    - the Company's *Fuel for Growth* initiative which will accelerate Maple Leaf's cost reduction focus and competitive edge through supply chain savings, SG&A reductions, and completion of a strategic manufacturing review.
- Continued focus on using Free Cash Flow to further strengthen the balance sheet, facilitating more choice for capital allocation in the future:
    - focus remains on maintaining an investment-grade balance sheet[(i)];
    - capital expenditures will remain disciplined and within a range of $175 million to $200 million, with approximately $130 million comprised of maintenance capital, and the remainder being growth capital; and
    - initiatives to create value for shareholders including; executing the spin-off of Canada Packers, recent announcement of a nine per cent increase in the annual dividend and the elimination of the discount on the Company's dividend reinvestment plan, as well as evaluating future capital allocation alternatives.

Maple Leaf Foods recognizes that macro-economic factors continue to strongly influence the current operating environment, creating uncertainty and potential volatility. This has a number of implications for the Company's business, including the influence these dynamics have on consumer sentiment, supply chain activity, access to markets, barriers to trade, and foreign exchange rates. The Company leverages its data-driven insights to stay close to these evolving circumstances and is confident in the resilience of its brands, business model and strategy to manage through prevailing economic conditions. At the same time, it recognizes that its ability to deliver its 2025 guidance could be impacted by these conditions, including the impact of tariffs between Canada and the U.S. The Company is deploying additional resources to identify mitigation strategies, near-term potential executional opportunities to manage risk, and identify and capitalize on opportunities from shifting consumer sentiment in Canada to U.S. products and competitiveness of U.S. products given the relative exchange rate between the U.S. and Canada. Refer to 23. Risk Factors.

(i)Maple Leaf defines investment grade leverage as typically operating below 3.0x Net Debt to Trailing Twelve Months Adjusted EBITDA

Update on the pork spin-off

The Company continues to advance the spin-off of its Pork Business as a stand-alone public company under the Canada Packers Inc. name. Following the separation, Canada Packers will be a focused, integrated pork company, a leader in sustainably produced, premium quality, value-added pork products, and a key supplier of RWA and conventional pork products to customers in Canada, the U.S. and internationally.

Recently, the Company shared that it was advancing the transaction as a tax-free butterfly reorganization, seeking an advance tax ruling from the Canada Revenue Agency. The Company is progressing the detailed operational separation work and has scheduled a shareholder meeting to approve the transaction for June 2025. Assuming all goes as planned, closing is expected in the second half of 2025 (See 23. Risk Factors). Based on current planning, the initial combined dividends of Maple Leaf Foods and Canada Packers is expected to at least match the Maple Leaf Foods' annual dividend immediately prior to the completion of the spin-off. Future dividends will be at the discretion of each company's board of directors. The capital structure for the two companies is also being evaluated, with current planning being based on a Canada Packers initial leverage ratio in the range of 2.5x to 3.0x Net Debt to Adjusted EBITDA. Full details will be included in the Management Information Circular that is expected to be filed in May of this year in advance of the shareholder meeting to approve the transaction.

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

Adjusted Operating Earnings, Adjusted EBITDA, Adjusted EBITDA Margin and Adjusted EBT

Adjusted Operating Earnings, Adjusted EBITDA, Adjusted EBITDA Margin and Adjusted EBT are non-IFRS measures used by Management to evaluate financial operating results. Adjusted Operating Earnings is defined as earnings before 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 plus interest income, less depreciation and amortization, and interest expense and other financing costs.

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)*	**2024**	2023
Earnings (loss) before income taxes	**$ 140.9**	$ (142.6)
Interest expense and other financing costs	**162.6**	150.9
Other expense	**19.5**	14.4
Restructuring and other related costs	**19.9**	23.7
Earnings from operations	**$ 342.9**	$ 46.3
Start-up expenses from Construction Capital[ii]	**20.6**	122.3
(Increase) decrease in fair value of biological assets	**(63.6)**	19.6
(Increase) decrease in derivative contracts	**(6.4)**	5.0
Adjusted Operating Earnings	**$ 293.4**	$ 193.2
Depreciation and amortization[iii]	**260.7**	246.7
Items included in other income (expense) representative of ongoing operations[iv]	**(0.9)**	(12.4)
Adjusted EBITDA	**$ 553.2**	$ 427.6
Adjusted EBITDA Margin[v]	**11.3%**	8.8%
Interest expense and other financing costs	**(162.6)**	(150.9)
Interest income	**7.6**	4.2
Depreciation and amortization	**(260.7)**	(246.7)
Adjusted EBT	**$ 137.6**	$ 34.2

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

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

(iii) *Depreciation included in start-up expenses and restructuring and other related costs are excluded from this line.*

(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.*

(v) *Amounts for 2023 have been adjusted to eliminate sales agreements that contained an expectation of repurchase, which had previously been reported as external sales.*

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 three months and 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.

	Three months ended December 31,		Twelve months ended December 31,	
($ per share)	**2024**	2023	**2024**	2023
Basic earnings (loss) per share	**$ 0.43**	$ (0.08)	**$ 0.79**	$ (1.03)
Restructuring and other related costs[(i)]	**0.08**	—	**0.12**	0.18
Items included in other expense not considered representative of ongoing operations[(ii)]	**0.13**	0.01	**0.17**	0.04
Start-up expenses from Construction Capital[(iii)]	**0.01**	0.18	**0.12**	0.75
Change in fair value of biological assets	**(0.24)**	(0.05)	**(0.38)**	0.12
(Increase) decrease on derivative contracts	**(0.02)**	0.02	**(0.04)**	0.03
Adjusted Earnings per Share[(iv)]	**$ 0.38**	$ 0.08	**$ 0.78**	$ 0.09

(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 were previously 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 were no Construction Capital projects during 2024 as all projects had been completed.

($ thousands)	2023
Property and equipment and intangibles at January 1	$ 2,663,985
Other capital and intangible assets at January 1[(i)]	2,654,419
Construction Capital at January 1	$ 9,566
Additions	41,931
Transfers from Construction Capital	(51,497)
Construction Capital at December 31	$ —
Other capital and intangible assets at December 31[(i)]	2,596,839
Property and equipment and intangibles at December 31	**$ 2,596,839**

Construction Capital debt financing[(ii)]	$ —

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

(ii) *December 31, 2023 does not include $1,091.0 million in capital that had been transferred out but was still in the start-up stage.*

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)	**2024**	2023
Cash and cash equivalents	**$ 175,908**	$ 203,363
Current portion of long-term debt	**$ (301,478)**	$ (400,735)
Long-term debt	**(1,390,479)**	(1,550,080)
Total debt	**$(1,691,957)**	$(1,950,815)
Net Debt	**$(1,516,049)**	$(1,747,452)
Adjusted EBITDA	**$ 553,224**	$ 427,588
Net Debt to Adjusted EBITDA	**2.7**	4.1

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:

	Three months ended December 31,		**Twelve months ended December 31,**	
($ thousands)	**2024**	2023	**2024**	2023
Cash provided by operating activities	**$ 155,904**	**$ 83,012**	**$ 464,920**	$ 176,883
Maintenance Capital[(i)]	**(25,862)**	**(19,235)**	**(78,571)**	(86,602)
Interest paid and capitalized related to Maintenance Capital	**(260)**	**(377)**	**(1,007)**	(1,267)
Free Cash Flow	**$ 129,782**	**$ 63,400**	**$ 385,342**	$ 89,014

(i) *Maintenance Capital is defined as non-discretionary investment required to maintain the Company's existing operations and competitive position. For the twelve months ended December 31, total capital spending of $95.5 million (2023: $198.2 million) shown on the Consolidated Statements of Cash Flows is made up of Maintenance Capital of $78.6 million (2023: $86.6 million), and Growth Capital of $16.9 million (2023: $111.6 million). For the three months ended December 31, total capital spending of $29.2 million (2023: $41.8 million) is made up of Maintenace Capital of $25.9 million (2023: $19.2 million), and Growth Capital of $3.3 million (2023: $22.6 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

($ millions)[i] (Unaudited)	Three months ended December 31, 2024	2023	Three months ended September 30, 2024	2023	Three months ended June 30, 2024	2023	Three months ended March 31, 2024	2023
Earnings (loss) before income taxes	**$ 74.4**	$ (8.7)	**$ 25.2**	$ (0.2)	**$ (32.5)**	$ (63.7)	**$ 73.8**	$ (69.9)
Interest expense and other financing costs	**35.8**	41.2	**41.1**	40.5	**43.6**	37.6	**42.1**	31.6
Other expense (income)	**11.9**	0.9	**9.9**	6.6	**(3.5)**	2.5	**1.2**	4.3
Restructuring and other related costs	**12.4**	0.8	**1.4**	4.1	**6.9**	11.0	**(0.7)**	7.7
Earnings from operations	**$ 134.4**	$ 34.2	**$ 77.7**	$ 51.0	**$ 14.5**	$ (12.6)	**$ 116.3**	$ (26.3)
Start-up expenses from Construction Capital[ii]	**0.9**	29.7	**3.9**	24.1	**4.4**	33.8	**11.4**	34.8
(Increase) decrease in fair value of biological assets	**(43.2)**	(8.9)	**(3.7)**	(0.3)	**52.5**	27.5	**(69.1)**	1.1
(Increase) decrease in derivative contracts	**(3.3)**	2.5	**(4.3)**	(4.3)	**6.8**	(2.8)	**(5.6)**	9.7
Adjusted Operating Earnings	**$ 88.7**	$ 57.5	**$ 73.6**	$ 70.5	**$ 78.1**	$ 45.9	**$ 53.0**	$ 19.3
Depreciation and amortization[v]	**63.5**	63.6	**68.6**	65.7	**63.7**	59.7	**65.0**	57.7
Items included in other income (expense) representative of ongoing operations[iii]	**2.9**	(0.9)	**(1.4)**	(7.2)	**(0.9)**	(2.5)	**(1.5)**	(1.7)
Adjusted EBITDA	**$ 155.1**	$ 120.2	**$ 140.8**	$ 129.0	**$ 140.9**	$ 103.1	**$ 116.4**	$ 75.3
Adjusted EBITDA Margin[iv]	**12.5 %**	10.1 %	**11.2 %**	10.5 %	**11.2 %**	8.2 %	**10.1 %**	6.5 %
Interest expense and other financing costs	**(35.8)**	(41.2)	**(41.1)**	(40.5)	**(43.6)**	(37.6)	**(42.1)**	(31.6)
Interest income	**4.8**	1.0	**1.0**	2.3	**0.8**	0.9	**1.0**	—
Depreciation and amortization	**(63.5)**	(63.6)	**(68.6)**	(65.7)	**(63.7)**	(59.7)	**(65.0)**	(57.7)
Adjusted EBT	**$ 60.7**	$ 16.4	**$ 32.1**	$ 25.1	**$ 34.4**	$ 6.7	**$ 10.4**	$ (14.0)

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

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

(iii) *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.*

(iv) *Quarterly amounts for 2024 and 2023 have been restated to eliminate sales agreements that contained an expectation of repurchase, which had previously been reported as external sales.*

(v) *Depreciation included in start-up expenses and restructuring and other related costs are excluded from this line*

29. 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:

- the terms, timing, receipt of all approvals, expected structure, expected benefits, risks, costs, dis-synergies and tax implications associated with the spin-off including the timely receipt of an advance tax ruling from the CRA in form and substance satisfactory to the Company;
- the anticipated future financial performance of the businesses following the spin-off, including post separation business structure, the operationalization of the proposed agreements to be entered into between the companies, and the ability of each company to execute their respective business and sustainability strategies;
- the entry into the tax matters agreement with Messrs. M H McCain, J McCain and McCain Capital Inc. (the "McCain Parties") and the satisfaction of the conditions of such agreement and future voting support for the spin-off;
- assumptions about the economic environment, including the implications of tariffs, inflationary pressures on customer and consumer behaviour, supply chains, global conflicts 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, and 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 breaches, 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 a NCIB) and investment in potential growth opportunities and the expected returns associated therewith;
- the impact of international trade conditions, tariffs and markets on the Company's business, including access to markets, global conflict and other social, economic and political factors that affect trade;
- implications associated with the spread of foreign animal disease (such as African Swine Fever ("ASF")) and other animal diseases such as Avian Influenza;
- 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 and assumptions concerning the timing and completion of the spin-off, including securing all necessary shareholder, court, and other third party approvals; receipt of an updated favourable fairness opinion; future voting support for the spin-off; implications of the risks, benefits, costs, dis-synergies, tax structure, future business performance of each company; the impact of the operationalization of the proposed agreements to be entered into between the companies; and ability of each company to execute their respective business and sustainability strategies to generate returns;

- expectations and assumptions as to the timely receipt of an advance tax ruling from the CRA in form and substance satisfactory to the Company which is not altered or withdrawn; settling acceptable final terms of a tax matters agreement with the McCain Parties; satisfaction of the conditions necessary to proceed with tax matters agreement; compliance by Maple Leaf Foods, Canada Packers and “specified shareholders”, as defined in the Income Tax Act ("ITA"), with the rules related to butterfly transactions under the ITA both before and after the completion of the spin-off;
- 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, tariffs and other international trade dynamics, access to capital, and potential structural changes in global economic patterns;
- the competitive environment, associated market conditions (including tariffs) 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), implications of tariffs, 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 breaches, 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:

- the spin-off not proceeding as expected (within the expected timeline or at all), including as a result of the conditions of the transaction, including receipt of all third-party consents and approvals, not being satisfied;
- the spin-off not delivering the intended benefits, including the ability of the separated companies to each succeed as a standalone publicly trading company;
- unanticipated effects of the announcement of the spin-off, and/or changes in transaction structure, on the market price for the Company's securities or the financial performance of the Company;
- the results of each of the separated companies' execution of their respective business plans, the degree to which benefits are realized or not and the timing to realize those benefits, including the implications on the financial results of each;
- failure to agree on the final terms of a tax matters agreement with the McCain Parties or failure to satisfy the conditions of the tax matters agreement;
- failure to receive an advance tax ruling from the CRA on terms acceptable to the Company in form and substance satisfactory to the Company, that is not altered or withdrawn;
- failure of the Company, Canada Packers or a “specified shareholder,” as defined in the ITA, to comply with the rules related to butterfly transactions under the ITA which could result in significant tax becoming payable by the Company and/or Canada Packers;
- failure to satisfy the conditions to secure voting support for the spin-off;

- potential structural changes in global economic patterns which may have implications for the operations and financial performance of the Company, as well the ongoing implications for macro socio-economic trends, trade action and global conflict;
- macro economic trends, including inflation, consumer behaviour, recessionary indicators, labour availability and labour market dynamics and international trade trends, including tariffs, duties and 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 with 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 breaches, 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;
- decisions respecting the return of capital to shareholders;
- the execution of capital projects and investment in 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; and
- changes in International Financial Reporting Standards and other accounting standards that the Company is required to adhere to for regulatory purposes.

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 expectations, 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.

Consolidated Financial Statements

Independent Auditor's Report

To the Shareholders of Maple Leaf Foods Inc.

Opinion

We have audited the consolidated financial statements of Maple Leaf Foods Inc. (the Entity), which comprise:

- the consolidated balance sheets as at December 31, 2024 and December 31, 2023
- the consolidated statement of earnings (loss) for the years then ended
- the consolidated statement of other comprehensive income (loss) for the years then ended
- the consolidated statement of changes in total equity for the years then ended
- the consolidated statements of cash flows for the years then ended
- and notes to the consolidated financial statements, including a summary of material accounting policy information

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at December 31, 2024 and December 31, 2023, its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "***Auditor's Responsibilities for the Audit of the Financial Statements***" section of our auditor's report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2024. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matters described below to be the key audit matters to be communicated in our auditor's report.

Evaluation of impairment of Goodwill and Indefinite life Intangible Assets

Description of the matter

We draw attention to Notes 2(d), 3(b), 3(j), 3(n), 14 and 15 to the financial statements. The Entity performs impairment testing annually for goodwill and indefinite life intangible assets and, when circumstances indicate that there may be impairment. The Entity has determined two CGU groups, Meat Protein and Plant Protein. The Entity has recorded goodwill and indefinite life intangible assets of $477,353 thousand and $184,901 thousand. The Entity assesses impairment by comparing the recoverable amount of each of the indefinite life intangible assets or CGU groups to its carrying value. The recoverable amount is the higher of its value in use or fair value less costs to sell. The value in use is determined using a discounted cash flow model. The fair value less costs to sell is the amount obtainable from the sale of an asset or CGU group in an arm's length transaction between knowledgeable, willing parties, less costs of disposals. The determination of each of these amounts is subject to estimation uncertainty. The Entity's significant assumptions used to determine the recoverable amount of CGU groups and each indefinite life intangible asset include:

- future cash inflows and outflows;
- terminal growth rates;
- discount rates; and
- royalty rates in respect of indefinite life intangible assets.

Why the matter is a key audit matter

We identified the evaluation of impairment of goodwill and indefinite life intangible assets as a key audit matter. This matter represented an area of higher risk of misstatement for the Meat Protein and Plant Protein CGU groups given the magnitude of goodwill and indefinite life intangible assets and the high degree of estimation uncertainty in assessing the assumptions used to determine the recoverable amounts. Significant auditor judgment and the involvement of professionals with specialized skills and knowledge was required to evaluate the evidence supporting the Entity's significant assumptions due to the sensitivity of the recoverable amounts to minor changes in certain significant assumptions.

Independent Auditor's Report

How the matter was addressed in the audit

The primary procedures we performed to address this key audit matter included the following:

For a selection of indefinite life intangible assets and all CGU groups:

- We evaluated the Entity's historical future cash inflows and outflows in comparison to the actual results generated by the group of CGUs or indefinite life intangible asset to assess the Entity's ability to predict future cash inflows and outflows.
- We evaluated the appropriateness of the Entity's future cash inflows and outflows by understanding the Entity's long-term strategy, taking into account historical actual results, conditions or events to assess adjustments or lack of adjustments, and changes in macroeconomic factors affecting the group of CGUs or indefinite life intangible asset.

We involved valuation professionals with specialized skills and knowledge, who assisted in assessing the discount rates, terminal growth rates and royalty rates used in the recoverable amounts. The procedures performed include the following:

- Assessing the Entity's discount rates against discount rate ranges that were independently developed using publicly available market and industry data, and consideration of trading metrics of comparable entities.
- Evaluated the terminal growth rates by considering the growth profile and overall macroeconomic conditions of the group of CGUs or indefinite life intangible asset.
- Assessing the royalty rates against profitability metrics and independent industry benchmarks.

Other Information

Management is responsible for the other information. Other information comprises:

- the information included in Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

We obtained the information included in Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions as at the date of this auditor's report.

If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditor's report.

We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

Independent Auditor's Report

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

  The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- Provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.
- Determine, from the matters communicated with those charged with governance, those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our auditor's report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Chartered Professional Accountants, Licensed Public Accountants

The engagement partner on the audit resulting in this auditor's report is Elliot Marer.

Vaughn, Canada

KPMG LLP

February 25, 2025

Consolidated Balance Sheets

(In thousands of Canadian dollars)	***Notes***	**As at December 31, 2024**	As at December 31, 2023
ASSETS			
Cash and cash equivalents		**$ 175,908**	$ 203,363
Accounts receivable	***4***	**170,919**	183,798
Notes receivable	***27***	**37,978**	33,220
Inventories	***5***	**553,398**	542,392
Biological assets	***6***	**169,399**	114,917
Income and other taxes recoverable	***13***	**7,551**	88,896
Prepaid expenses and other assets		**42,342**	44,865
Assets held for sale	***7***	**22,769**	—
Total current assets		**$ 1,180,264**	$ 1,211,451
Property and equipment	***8***	**2,123,167**	2,251,710
Right-of-use assets	***9***	**160,922**	154,610
Investments	***10***	**12,763**	15,749
Investment property	***11***	**42,588**	57,144
Employee benefits	***12***	**22,429**	26,785
Other long-term assets		**24,918**	22,336
Deferred tax asset	***13***	**46,588**	40,854
Goodwill	***14***	**477,353**	477,353
Intangible assets	***15***	**339,526**	345,129
Total long-term assets		**$ 3,250,254**	$ 3,391,670
Total assets		**$ 4,430,518**	$ 4,603,121
LIABILITIES AND EQUITY			
Accounts payable and accruals		**$ 561,179**	$ 548,444
Current portion of provisions	***16***	**14,482**	9,846
Current portion of long-term debt	***17***	**301,478**	400,735
Current portion of lease obligations	***18***	**39,900**	38,031
Income taxes payable	***13***	**2,595**	2,382
Other current liabilities	***19***	**37,587**	32,974
Total current liabilities		**$ 957,221**	$ 1,032,412
Long-term debt	***17***	**1,390,479**	1,550,080
Lease obligations	***18***	**147,892**	142,286
Employee benefits	***12***	**62,395**	64,196
Provisions	***16***	**3,912**	2,041
Other long-term liabilities		**5,205**	1,124
Deferred tax liability	***13***	**325,137**	296,203
Total long-term liabilities		**$ 1,935,020**	$ 2,055,930
Total liabilities		**$ 2,892,241**	$ 3,088,342
Shareholders' equity			
Share capital	***20***	**$ 897,839**	$ 873,477
Retained earnings		**587,393**	597,429
Contributed surplus		**12,482**	3,227
Accumulated other comprehensive income		**43,994**	47,829
Treasury shares	***20***	**(3,431)**	(7,183)
Total shareholders' equity		**$ 1,538,277**	$ 1,514,779
Total liabilities and equity		**$ 4,430,518**	$ 4,603,121

Commitments and contingencies (Note 29)

See accompanying Notes to the Consolidated Financial Statements.

On behalf of the Board:

CURTIS FRANK **WILLIAM E. AZIZ**

Consolidated Statements of Earnings (Loss)

Years ended December 31, (In thousands of Canadian dollars, except share amounts)	***Notes***	**2024**	2023[i]
Sales		**$ 4,895,046**	$ 4,841,213
Cost of goods sold		**4,115,040**	4,389,839
Gross profit		**$ 780,006**	$ 451,374
Selling, general and administrative expenses		**437,133**	405,067
Earnings before the following:		**$ 342,873**	$ 46,307
Restructuring and other related costs	***16***	**19,922**	23,729
Other expense		**19,482**	14,352
Earnings before interest and income taxes		**$ 303,469**	$ 8,226
Interest expense and other financing costs	***22***	**162,600**	150,851
Earnings (loss) before income taxes		**$ 140,869**	$ (142,625)
Income tax expense (recovery)	***13***	**44,270**	(17,649)
Earnings (loss)		**$ 96,599**	$ (124,976)
Earnings (Loss) per share attributable to common shareholders:	***23***		
Basic earnings (loss) per share		**$ 0.79**	$ (1.03)
Diluted earnings (loss) per share		**$ 0.78**	$ (1.03)
Weighted average number of shares (millions)	***23***		
Basic		**123.0**	121.8
Diluted		**124.3**	121.8

[i] *Adjusted, see Note 30.*

See accompanying Notes to the Consolidated Financial Statements.

Consolidated Statements of Other Comprehensive Income (Loss)

Years ended December 31, *(In thousands of Canadian dollars)*	***Notes***	**2024**	2023
Earnings (loss)		**$ 96,599**	$(124,976)
Other comprehensive (loss) income			
Actuarial gain (loss) that will not be reclassified to profit or loss			
(Net of tax of $0.6 million; 2023: $4.4 million)	***13***	**$ 1,908**	$ 12,313
Change in revaluation surplus			
(Net of tax of $0.0 million; 2023: $10.6 million)	***8***	**—**	40,815
Total items that will not be reclassified to profit or loss		**$ 1,908**	$ 53,128
Items that are or may be reclassified subsequently to profit or loss:			
Change in fair value of investments	***10***	**(4,082)**	(5,504)
(Net of tax of $0.0 million; 2023: $0.0 million)			
Change in accumulated foreign currency translation adjustment			
(Net of tax of $0.0 million; 2023: $0.0 million)		**30,157**	(8,939)
Change in foreign exchange on long-term debt designated as a net investment hedge			
(Net of tax of $4.5 million; 2023: $1.2 million)	***21***	**(24,237)**	6,592
Change in cash flow hedges			
(Net of tax of $0.9 million; 2023: $3.9 million)	***21***	**(5,673)**	(8,469)
Total items that are or may be reclassified subsequently to profit or loss		**$ (3,835)**	$ (16,320)
Total other comprehensive (loss) income		**$ (1,927)**	$ 36,808
Comprehensive income (loss)		**$ 94,672**	$ (88,168)

See accompanying Notes to the Consolidated Financial Statements.

Consolidated Statements of Changes in Total Equity

					Accumulated other comprehensive income (loss)					
(In thousands of Canadian dollars)	***Notes***	**Share capital**	**Retained earnings**	**Contributed surplus**	**Foreign currency translation adjustment**(i)	**Unrealized gains (losses) on cash flow hedges**(i)	**Unrealized gains (losses) on fair value of investments**(i)	**Revaluation surplus**	**Treasury stock**	**Total equity**
Balance at December 31, 2023		**$873,477**	**597,429**	**3,227**	**8,625**	**4,416**	**(2,559)**	**37,347**	**(7,183)**	**$1,514,779**
Earnings		**—**	**96,599**	**—**	**—**	**—**	**—**	**—**	**—**	**96,599**
Other comprehensive income (loss)(ii)		**—**	**1,908**	**—**	**5,920**	**(5,673)**	**(4,082)**	**—**	**—**	**(1,927)**
Dividends declared ($0.88 per share)		**21,864**	**(108,543)**	**—**	**—**	**—**	**—**	**—**	**—**	**(86,679)**
Share-based compensation expense	***24***	**—**	**—**	**21,910**	**—**	**—**	**—**	**—**	**—**	**21,910**
Deferred taxes on share-based compensation		**—**	**—**	**(1,325)**	**—**	**—**	**—**	**—**	**—**	**(1,325)**
Exercise of stock options		**2,498**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**2,498**
Settlement of share-based compensation		**—**	**—**	**(11,330)**	**—**	**—**	**—**	**—**	**3,752**	**(7,578)**
Balance at December 31, 2024		**$897,839**	**587,393**	**12,482**	**14,545**	**(1,257)**	**(6,641)**	**37,347**	**(3,431)**	**$1,538,277**

					Accumulated other comprehensive income (loss)					
(In thousands of Canadian dollars)	*Notes*	Share capital	Retained earnings	Contributed surplus	Foreign currency translation adjustment(i)	Unrealized gains (losses) on cash flow hedges(i)	Unrealized gains (losses) on fair value of investments(i)	Revaluation surplus	Treasury stock	Total equity
Balance at December 31, 2022		$850,086	809,616	—	10,972	12,885	2,945	2,745	(25,916)	$1,663,333
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	*24*	—	—	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	*20*	(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

(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.*

See accompanying Notes to the Consolidated Financial Statements.

Consolidated Statements of Cash Flows

Years ended December 31, *(In thousands of Canadian dollars)*	***Notes***	**2024**	2023
CASH PROVIDED BY (USED IN):			
Operating activities			
Earnings (loss)		**$ 96,599**	$ (124,976)
Add (deduct) items not affecting cash:			
Change in fair value of biological assets	***6***	**(63,582)**	19,556
Depreciation and amortization		**265,173**	271,394
Share-based compensation	***24***	**21,910**	11,979
Deferred income tax expense	***13***	**30,651**	86,959
Current income tax expense (recovery)	***13***	**13,619**	(104,608)
Interest expense and other financing costs	***22***	**162,600**	150,851
Gain on sale of long-term assets		**(9,299)**	(516)
Impairment of property and equipment and right-of-use assets		**667**	9,011
Impairment of investments	***10***	**—**	1,953
Change in fair value of long-term assets	***8, 11***	**5,669**	—
Change in fair value of non-designated derivatives		**(3,334)**	(4,632)
Change in net pension obligation		**5,063**	2,400
Net income taxes refunded		**75,712**	39,028
Interest paid, net of capitalized interest		**(148,925)**	(150,425)
Change in provision for restructuring and other related costs	***16***	**6,570**	(33,542)
Change in derivatives margin	***21***	**2,235**	(6,409)
Cash settlement of derivatives		**—**	3,361
Other		**(3,165)**	(5,617)
Change in non-cash operating working capital		**6,757**	11,116
Cash provided by operating activities		**$ 464,920**	$ 176,883
Investing activities			
Additions to long-term assets		**$ (95,489)**	$ (198,181)
Interest paid and capitalized	***22***	**(1,128)**	(2,969)
Proceeds from sale of long-term assets		**14,081**	18,039
Purchase of investments		**—**	(200)
Payment of legal settlement	***8***	**—**	(5,256)
Cash used in investing activities		**$ (82,536)**	$ (188,567)
Financing activities			
Dividends paid		**$ (86,679)**	$ (92,544)
Net (decrease) increase in long-term debt	***17***	**(290,981)**	253,064
Payment of lease obligation	***18***	**(32,353)**	(32,951)
Exercise of stock options		**2,498**	6,032
Repurchase of shares		**—**	(16,093)
Payment of financing fees	***17***	**(2,324)**	(3,378)
Sale of treasury shares		**—**	9,841
Cash (used in) provided by financing activities		**$ (409,839)**	$ 123,971
(Decrease) increase in cash and cash equivalents		**(27,455)**	112,287
Cash and cash equivalents, beginning of period		**203,363**	91,076
Cash and cash equivalents, end of period		**$ 175,908**	$ 203,363

See accompanying Notes to the Consolidated Financial Statements.

Notes to the Consolidated Financial Statements

(Tabular amounts in thousands of Canadian dollars unless otherwise indicated)
Years ended December 31, 2024 and 2023

1. THE COMPANY

Maple Leaf Foods Inc. ("Maple Leaf Foods" or the "Company") is a leading protein company responsibly producing food products under leading brands including Maple Leaf®, Maple Leaf Prime®, Maple Leaf Natural Selections®, Schneiders®, Mina®, Greenfield Natural Meat Co.®, Lightlife® and Field Roast™. The Company's portfolio includes prepared meats, ready-to-cook and ready-to-serve meals, snack 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's 2024 audited consolidated financial statements ("Consolidated Financial Statements") as at and for the year ended December 31, 2024 include the accounts of the Company and its subsidiaries. The composition of the Company is further described in Note 27.

2. BASIS OF PREPARATION

(a) Statement of Compliance

The Consolidated Financial Statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB") and using the accounting policies described herein.

The Consolidated Financial Statements were authorized for issue by the Board of Directors on February 25, 2025.

(b) Basis of Measurement

The Consolidated Financial Statements have been prepared on a going concern basis under the historical cost method except for certain assets and liabilities which are measured at fair value. Liabilities associated with employee benefits are stated at actuarially determined present values.

(c) Functional and Presentation Currency

The Consolidated Financial Statements are presented in Canadian dollars, which is the Company's functional currency.

(d) Use of Estimates and Judgements

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 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 Earnings (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 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, 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 6, 7, 10, 11, 12, 14, 15, 21, and 24.

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. Information about the nature of interest in other entities is disclosed in Note 27.

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, 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 Earnings (Loss) 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, 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, 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, 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, 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, future share price, 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, 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, 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, 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 assets, 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 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.

3. MATERIAL ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these Consolidated Financial Statements.

(a) Principles of Consolidation

These Consolidated Financial Statements include the accounts of the Company and its subsidiaries from the date that control commences until the date that control ceases. Control exists when the Company is exposed to or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

All intercompany accounts and transactions have been eliminated on consolidation.

(b) Goodwill

Goodwill is measured as the excess of the sum of the fair value of the consideration transferred in a business combination, the amount of any non-controlling interests in the acquiree, and the fair value of any previously held equity interest in the acquiree over the net of the acquisition date fair value of the identifiable assets acquired and the liabilities assumed. If the excess is negative, a bargain purchase gain is recognized immediately in earnings. Transaction costs, other than those associated with the issue of debt or equity, are recognized in earnings as incurred.

Goodwill is not amortized and is tested for impairment annually in the fourth quarter and as required when circumstances indicate that its carrying amount may not be recoverable. Goodwill is tested for impairment at the CGU group level by comparing the carrying amount to its recoverable amount, consistent with the methodology outlined in Note 3 (j).

Any contingent consideration payable is measured at fair value at the acquisition date. If the contingent consideration is classified as equity, then it is not re-measured, and settlement is accounted for in equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognized in earnings.

(c) Fair Value Measurements

The Company measures certain financial and non-financial assets and liabilities at fair value at each balance sheet date. In addition, fair value measurements are disclosed for certain financial and non-financial assets and liabilities.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and disclosure purposes is determined on such a basis, except for share-based payment transactions, and measurements that have some similarities to fair value but are not fair value, such as net realizable value or value in use.

Assets and liabilities, for which fair value is measured or disclosed in the consolidated financial statements, are classified using a three-level fair value hierarchy that reflects the significance and transparency of the inputs used in making the fair value measurements. Each level is based on the following:

Level 1 - inputs are unadjusted quoted prices of identical assets or liabilities in active markets

Level 2 - inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3 - one or more significant inputs used in a valuation technique are unobservable in determining fair values of the asset or liability

Determination of fair value and the resulting hierarchy requires the use of observable market data whenever available. The classification of an asset or liability in the hierarchy is based upon the lowest level of input that is significant to the measurement of fair value.

(d) Non-current Assets (or Disposal Groups) Held for Sale

The Company classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. The criteria for held for sale classification is regarded as met when a sale is highly probable, the asset or disposal group is available for immediate sale in its present condition, and Management is committed to the sale, which is expected to be completed within one year from the date of classification. Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Non-current assets are not depreciated once classified as held for sale. Should an asset no longer meet the definition of held for sale the asset will be accounted for as if it had not been moved to held for sale, and reclassified back to it's original line item on the consolidated balance sheet.

(e) Translation of Foreign Currencies

The accounts of the Company are presented in Canadian dollars. Transactions in foreign currencies are translated at the actual rates of exchange. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the Canadian dollar at the exchange rate for that date. Foreign exchange differences arising on translation are recognized in earnings. Non-monetary assets and liabilities that are measured at historical cost are translated using the exchange rate at the date of the transaction.

The financial statements of foreign subsidiaries whose unit of measure is not the Canadian dollar are translated into Canadian dollars using the exchange rate in effect at the period-end for assets and liabilities, and the average exchange rates for the period for revenue, expenses, and cash flows. Foreign exchange differences arising on translation are recognized in accumulated other comprehensive income (loss) in equity.

When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. If the Company disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is reattributed to the non-controlling interest. When the Company disposes of only part of an associate or joint venture while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to earnings.

Foreign exchange gains and losses arising from a receivable or payable to a foreign operation, the settlement of which is neither planned nor likely to occur in the foreseeable future and which in substance is considered to form part of the net investment in the foreign operations, are recognized in other comprehensive income (loss) in the cumulate foreign currency translation differences.

(f) Financial Instruments

The Company's financial assets, upon initial recognition, are measured at fair value and are classified as Fair Value through Profit or Loss ("FVTPL"), Fair Value through Other Comprehensive Income ("FVOCI"), or amortized cost. The classification is determined at initial recognition and is dependent on the business model in which a financial asset is managed and the characteristics of the contractual cash flows. Subsequent reclassification may only occur on the first day of the reporting period following a change to the business model. The classification of the Company's financial assets is disclosed in Note 21.

The Company's financial liabilities, upon initial recognition, are measured at fair value and are classified as amortized cost or FVTPL. A financial liability is classified as amortized cost at initial recognition unless it is classified as held-for-trading, is a derivative instrument or is specifically designated as FVTPL. Financial liabilities classified as amortized cost are subsequently measured using the effective interest method while financial liabilities at FVTPL are subsequently measured at fair value with changes in fair value recognized in the Consolidated Statements of Earnings (Loss) in the period in which such changes arise.

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.

Transaction costs, other than those related to financial instruments classified as fair value through profit or loss, which are expensed as incurred, are capitalized to the carrying amount of the instrument and amortized using the effective interest method.

(g) Hedge Accounting

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

At the inception of a hedging relationship, the Company designates and formally documents the relationship between the hedging instrument and the hedged item, the risk management objective, and its strategy for undertaking the hedge. The documentation identifies the specific asset, liability, or anticipated cash flows being hedged, the risk that is being hedged, the type of hedging instrument used, and how effectiveness will be assessed.

The Company also formally assesses both at inception and at least quarterly thereafter, whether or not the derivatives that are used in hedging transactions are effective in offsetting the changes attributable to the hedged risks in the fair values or cash flows of the hedged items. If a hedging relationship becomes ineffective, it no longer qualifies for hedge accounting and any subsequent change in the fair value of the hedging instrument is recognized in the Consolidated Statements of Earnings (Loss).

When hedge accounting is permitted, the hedging relationship may be designated as a cash flow hedge, a fair value hedge, or a net investment in foreign operation hedge. For most cash flow hedges, the change in fair value of the hedging instrument is recorded, to the extent it is effective, in other comprehensive income (loss) until the hedged item affects earnings. If the cash flow hedge is a forecast transaction that results in the recognition of a non-financial asset or liability, the Company removes that amount from the cash flow hedge reserve and includes it directly in the initial cost or other carrying amount of the asset or the liability. In a fair value hedge, the change in fair value of the hedging derivative is offset in the Consolidated Statements of Earnings (Loss) by the change in fair value of the hedged item relating to the hedged risk. For a net investment in a foreign operations hedge, foreign exchange gains and losses on the designated financial instrument are recorded in accumulated other comprehensive income (loss) and are offset by the translation adjustments on the underlying net assets of the foreign operations.

Hedge ineffectiveness is measured and recorded in current period earnings in the Consolidated Statements of Earnings (Loss). When either a fair value hedge or cash flow hedge is discontinued, any cumulative adjustment to either the hedged item or other comprehensive income (loss) is recognized in earnings, as the hedged item affects earnings, or when the hedged item is derecognized for a net investment in a foreign operations hedge. If a designated hedge is no longer effective, the associated derivative instrument is subsequently carried at fair value through earnings without any offset from the hedged item.

Derivatives that do not qualify for hedge accounting are carried at fair value on the Consolidated Balance Sheets, and subsequent changes in their fair value are recorded in the Consolidated Statements of Earnings (Loss).

(h) Inventories

Inventories are valued at the lower of cost and net realizable value, with cost being determined substantially on a first-in, first-out basis. The cost of inventory includes direct product costs, direct labour, and an allocation of variable and fixed manufacturing overhead, including depreciation. When circumstances that previously caused inventories to have a write-down below cost no longer exist, or when there is clear evidence of an increase in the net realizable value, the amount of a write-down previously recorded is reversed through cost of goods sold.

(i) Biological Assets

Biological assets consist of live hogs, poultry, and eggs. For the purposes of valuation, these assets are categorized as either parent stock or commercial stock. Parent stock represents animals held and bred for the purpose of generating commercial stock and to replace parent stock nearing the end of its productive cycle. Commercial stock is held for the purposes of further processing or eventual sale, at which point it becomes inventory. The fair value of commercial stock is determined based on market prices of livestock of similar age, breed, and genetic merit, less costs to sell the assets, including estimated costs necessary to transport the assets to market. Where reliable market prices of parent stock are not available, they are valued at cost less accumulated depreciation and any accumulated impairment losses. No active market exists for parent stock as they are rarely sold. Hog parent stock is depreciated on a straight-line basis over two to three years after considering residual values, whereas poultry parent stock is depreciated on a straight-line basis over six to eight months.

Biological assets are transferred into inventory at fair value less costs to sell at the point of delivery.

(j) Impairment or Disposal of Long-Lived Assets

The Company reviews long-lived assets or asset groups held and used, including property and equipment and intangible assets subject to amortization, for recoverability whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Asset groups referred to as CGUs include an allocation of corporate assets and are reviewed at their lowest level for which identifiable cash inflows are largely independent of cash inflows of other assets or groups of assets. The recoverable amount is the greater of its value in use and its fair value less cost to sell.

Value in use is based on estimates of discounted future cash flows expected to be recovered from a CGU, CGU group or asset through its use. Management develops its cash flow projections based on past performance and its expectations of future market and business developments. Once calculated, the estimated future pre-tax cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Fair value less cost to sell is the amount obtainable from the sale of an asset, CGU or CGU group in an arm’s-length transaction between knowledgeable, willing parties, less the costs of disposal. Costs of disposal are incremental costs directly attributable to the disposal of an asset or CGU, excluding financing costs and income tax expense.

An impairment loss is recognized in the Consolidated Statements of Earnings (Loss) when the carrying amount of any asset, CGU, or CGU group exceeds its estimated recoverable amount. Impairment losses recognized in respect of a CGU or a CGU group are allocated, first to reduce the carrying amount of any goodwill allocated to the CGU or CGU group, and then to reduce the net carrying amount of the other assets in the CGU or CGU group on a pro rata basis.

Impairment losses related to long-lived assets recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset’s carrying amount does not exceed the carrying amount that would have been determined, net of depreciation and amortization, if no previous impairment loss had been recognized.

(k) Property and Equipment

Property and equipment, with the exception of land, is recorded at cost less accumulated depreciation and any net accumulated impairment losses. Land is carried at cost and not depreciated. For qualifying assets, cost includes interest capitalized during the construction or development period. Construction-in-process assets are capitalized during construction and depreciation commences when the asset is available for use. Depreciation related to assets used in production is recorded in inventory and cost of goods sold.

Depreciation related to non-production assets is recorded through selling, general, and administrative expense ("SG&A"). Depreciation is calculated on a straight-line basis, after taking into account residual values, over the following expected useful lives of the assets:

Buildings, including other components	10-40 years
Machinery and equipment	3-20 years

When parts of an item of property and equipment have different useful lives, those components are accounted for as separate items of property and equipment.

(l) Investment Properties

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the period in which they arise, including the corresponding tax effect. 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.

Investment properties are derecognized either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss in the period of de-recognition.

Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Company accounts for such property in accordance with the policy stated under property, and equipment up to the date of change in use. Gains from the change in fair value at the time a property ceases to be owner-occupied are recorded through Other Comprehensive Income within revaluation surplus prior to the transfer.

(m) Right-of-use ("ROU") Assets and Lease Obligations

At the inception of a contract, the Company assesses if the agreement is or contains a lease. A lease arrangement exists if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Company recognizes a ROU asset and lease obligation with respect to all lease arrangements with a lease term greater than 12 months. Leases with a term of 12 months or less and variable rent expenses are recognized as an expense in the Consolidated Statements of Earnings (Loss) when performance relating to those expenses has occurred.

The Company measures its lease obligation as the present value of the outstanding lease payments, discounted using the interest rate implicit in the lease and the term of the contract adjusted for reasonably certain renewal or termination options. If the interest rate implicit in the lease is not readily available, the payments are discounted using the Company’s incremental borrowing rate. The lease obligation is subsequently measured by increasing the carrying amount for interest using the effective interest method. Lease payments are recognized as reductions to the carrying amount of the lease obligation.

The ROU asset is measured at the amount of the initial lease obligation and adjusted for any lease payments made at or before the commencement date of the lease less any incentives, initial direct costs, or the estimate of costs to restore the ROU asset at the conclusion of the lease term. ROU assets are depreciated on a straight-line basis over the shorter of the useful life of the underlying asset consistent with the Company’s depreciation policy for property and equipment as outlined in Note 3 (k), 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 the useful life of the underlying asset.

The Company remeasures the lease obligation and ROU asset as a result of material modifications to a lease arrangement.

(n) Intangible Assets

Intangible assets include computer software, trademarks, recipes, customer relationships and poultry production quota. Definite life intangible assets are measured at cost less accumulated amortization and any net accumulated impairment losses. Amortization is recognized in the Consolidated Statements of Earnings (Loss) on a straight-line basis over the estimated useful lives of the following assets:

Computer software	3-10 years
Customer relationships	20-25 years
Recipes	5-20 years

Indefinite life intangibles including trademarks and poultry production quota are tested for impairment annually in the fourth quarter and as required when circumstances indicate that the net carrying value may not be recoverable. Refer to Note 3 (j) for impairment testing methods.

Upon recognition of an intangible asset, the Company determines if the asset has a definite or indefinite life. In making this determination, the Company considers the expected use, expiry of agreements, the nature of the asset, and whether the value of the asset decreases over time.

(o) Employee Benefit Plans

The Company provides post-employment benefits through defined benefit and defined contribution plans.

Defined Benefit Plans

The Company accrues obligations and costs in respect of employee defined benefit plans. The cost of pensions and other 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, retirement ages of employees, mortality rates, inflation and expected health care costs. Changes in these assumptions could affect future pension expense. The fair value of plan assets and the present value of the obligation are used to calculate net interest cost or income. The discount rate used to value the defined benefit obligation is based on high-quality corporate bonds in the same currency in which the benefits are expected to be paid and with terms to maturity that, on average, match the terms of the defined benefit obligations. The discount rate used to value the current service cost is based on high-quality corporate bonds in the same currency in which the employer contributions are expected to be made in and with terms of maturity that, on average, match the expected remaining service period for active employees.

Actuarial gains and losses due to changes in defined benefit plan assets and obligations are recognized immediately in accumulated other comprehensive income (loss).

When the calculation results in a net benefit asset, the recognized asset is limited to the total of any unrecognized past service costs and the present value of economic benefits available in the form of future refunds from the plan or reductions in future contributions to the plan (the “asset ceiling”). To calculate the present value of economic benefits, consideration is given to minimum funding requirements that apply to the plan. Where it is anticipated that the Company will not be able to recover the value of the net defined benefit asset, after considering minimum funding requirements for future services, the net defined benefit asset is reduced to the amount of the asset ceiling. The impact of the asset ceiling is recognized in other comprehensive income (loss).

When future payment of minimum funding requirements related to past service would result in a net defined benefit asset “surplus” or an increase in a surplus, the minimum funding requirements are recognized as a liability, to the extent that the surplus would not be fully available as a refund or a reduction in future contributions. Re-measurement of this liability is recognized in other comprehensive income (loss) in the period in which the re-measurement occurs.

Defined Contribution Plans

The Company’s obligations for contributions to employee defined contribution pension plans are recognized in the Consolidated Statements of Earnings (Loss) in the periods during which services are rendered by employees.

Multi-Employer Plans

The Company participates in multi-employer pension plans which are accounted for as defined contribution plans. The Company does not administer these plans as the administration and the investment of these assets are controlled by a board of trustees consisting of union and employer representatives. The Company’s responsibility to make contributions to these plans is established pursuant to collective bargaining agreements. The contributions made by the Company to the multi-employer plans are expensed when due.

(p) Share-Based Compensation

The Company applies the fair value method of accounting for share-based compensation. The fair value at grant date of stock options is estimated using the Black-Scholes option-pricing model. The fair value of restricted share units (“RSUs”), including performance share units (“PSUs”), is measured based on the fair value of the underlying shares on the grant date and expected achievement of performance conditions. Compensation cost is recognized on a straight-line basis over the expected vesting period of the share-based compensation. The Company estimates the number of units expected to vest at the grant date and revises the estimate as necessary if subsequent information indicates that the actual number of units vesting differs significantly from the original estimate. The fair value of deferred share units (“DSUs”) is measured based on the fair value of the underlying shares at grant date.

The Company has share-based compensation plans which are able to be settled in either cash or equity instruments at the option of the Company. Each grant is accounted for based on the expected settlement method at the time of issue. The expectation is re-evaluated at the end of each reporting period.

(q) Revenue Recognition

The majority of the Company’s revenue is derived from the sale of products to retail and foodservice customers, as well as the sale of by-products to industrial and agricultural customers. The Company recognizes revenue for all sales at the fair value of the consideration received or receivable. Sales are net of a provision for variable consideration of estimated allowances and sales incentives provided to customers, such that it is highly probable that a significant reversal will not occur once the uncertainty related to the variable consideration is subsequently resolved. For all transactions, revenue is recognized when control of the goods has transferred, being at the point the customer receives and accepts the product. The customer may receive product either through delivery or by pick-up. There are no significant financing components associated with the Company's payment terms.

The Company generally does not accept returns of spoiled products from customers. For product that may not be returned, the Company, in certain cases, provides customers with allowances to cover any damage or spoilage, and such allowances are deducted from sales at the time of revenue recognition.

The value of sales incentives provided to customers are estimated using historical trends and are recognized at the time of sale as a reduction of revenue. Sales incentives include rebate and promotional programs provided to the Company's customers. These rebates are based on achievement of specified volume or growth in volume levels and other agreed promotional activities. In subsequent periods, the Company monitors the performance of customers against agreed upon obligations related to sales incentive programs and makes any adjustments to both revenue and sales incentive accruals as required.

The Company enters into repurchase agreements, which represent sales to third parties where the Company is required to buy-back the asset sold or a good containing that asset as a component. These sales and their associated cost of goods sold are not recognized in the Consolidated Statements of Earnings (Loss) until their eventual third-party sale.

(r) Borrowing Costs

Borrowing costs are primarily comprised of interest on the Company's indebtedness. Borrowing costs are capitalized when they are attributable to the acquisition, construction, or production of a qualifying asset. The Company defines qualifying assets as any asset that requires more than six months to prepare for its intended use. Borrowing costs attributable to qualifying assets are calculated using the Company’s average borrowing cost excluding the costs associated with the derecognition of accounts receivables under securitization programs. Borrowing costs that are not attributable to a qualifying asset are expensed in the period in which they are incurred and reported within interest expense in the Consolidated Statements of Earnings (Loss).

(s) Government Incentives

Government incentives are not recognized until there is reasonable assurance that they will be received and that the Company will be in compliance with any conditions associated with the incentives. Incentives that compensate the Company for expenses or losses are recognized in earnings with the same classification as the related expense or loss in the same periods in which the expenses or losses are recognized.

Government incentives received with the primary condition that the Company should purchase, construct, or otherwise acquire non-current assets are recognized as a deduction from the associated asset on the Consolidated Balance Sheets. The incentive is recognized in earnings over the useful life of the asset as a reduction of the related depreciation expense.

Government incentives that are receivable as compensation for expenses or losses already incurred, or for the purpose of giving immediate financial support to the Company with no future related costs, are recognized in earnings in the period in which they become receivable.

The benefit of a government loan at a below-market rate of interest is treated as a government incentive, and is measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates.

(t) Income Taxes

Income tax expense is comprised of current and deferred tax. Income tax is recognized in the Consolidated Statements of Earnings (Loss), except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income (loss).

Current tax expense represents the amount of income taxes payable, in respect of the taxable profit for the period, based on tax law that is enacted or substantially enacted at the reporting date, and is adjusted for changes in estimates of tax expense recognized in prior periods. A current tax liability or asset is recognized for income tax payable, or paid but recoverable in respect of all periods to date.

The Company uses the asset and liability method of accounting for income taxes. Accordingly, deferred tax assets and liabilities are recognized for the deferred tax consequences attributable to differences between the carrying amounts of assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted or substantively enacted tax rates expected to apply to taxable income in the years when those temporary differences are expected to be recovered or settled and in the manner in which those temporary differences are expected to be recovered or settled through sale or continued use. In addition, the effect on deferred tax assets and liabilities of a change in tax rates is recognized in both earnings and comprehensive income in the period in which the enactment or substantive enactment takes place.

A deferred tax asset is recognized for unused tax losses, tax credits, and deductible temporary differences, to the extent that it is probable that future taxable income will be available to utilize such amounts. Deferred tax assets are reviewed at each reporting date and are adjusted to the extent that it is no longer probable that the related tax benefits will be realized.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Deferred tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future.

(u) Accounting Standards Adopted During the Period

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 adopted this amendment in its Consolidated Financial Statements for the annual period ending December 31, 2024. The adoption of this amendment did not have a material impact on the Consolidated Financial Statements.

(v) Accounting Pronouncements Issued But Not Yet Effective

Presentation and Disclosure in Financial Statements – IFRS 18

On April 9, 2024, the IASB issued IFRS 18 *Presentation and Disclosure in Financial Statements* to improve reporting of financial performance. IFRS 18 replaces IAS 1 *Presentation of Financial Statements*. It carries forward many requirements from IAS 1 unchanged and introduces significant changes to the structure of a company's income statement, more discipline and transparency in presentation of management's own performance measures, commonly referred to as 'non-GAAP measures', and less aggregation of items into large, single numbers. IFRS 18 applies for annual reporting periods beginning on or after January 1, 2027 with the requirement of retrospective restatement. Earlier application is permitted. The Company currently intends to adopt this amendment in its Consolidated Interim Financial Statements for the period beginning January 1, 2027. The Company has yet to assess the impact of adoption 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 Financial Statements.

4. ACCOUNTS RECEIVABLE

	As at December 31,	
	2024	2023
Trade receivables	**$ 130,409**	$ 144,676
Less: Allowance for doubtful accounts	**(2,119)**	(1,900)
Net trade receivables	**$ 128,290**	$ 142,776
Other receivables:		
Commodity taxes receivable	**13,911**	13,520
Government receivable	**11,096**	2,840
Other	**17,622**	24,662
	$ 170,919	$ 183,798

The aging of trade receivables is as follows:

	As at December 31,	
	2024	2023
Current	**$ 97,968**	$ 113,679
Past due 0-30 days	**23,640**	21,273
Past due 31-60 days	**2,578**	2,915
Past due > 60 days	**6,223**	6,809
	$ 130,409	$ 144,676

Trade receivables are impaired when their estimated future cash flows are less than their contractual cash flows. The amount of impairment takes into account the financial condition of the customers, delinquencies in payments, collaterals and credit insurance coverage on the trade receivables.

The Company has sold certain of its trade accounts receivables under a securitization program as described in Note 27.

The Company's securitization program requires the sale of trade receivables to be treated as a sale from an accounting perspective and as a result, trade receivables sold under this program are derecognized from the Consolidated Balance Sheets as at December 31, 2024 and 2023.

5. INVENTORIES

	As at December 31,	
	2024	2023
Raw materials	**$ 60,552**	$ 75,513
Work in process	**46,926**	40,358
Finished goods	**319,529**	311,885
Packaging	**32,893**	27,280
Spare parts	**93,498**	87,356
	$ 553,398	$ 542,392

For the year ended December 31, 2024, inventory in the amount of $3,854.7 million (2023: $3,973.2 million) was expensed through cost of goods sold.

For the year ended December 31, 2024, inventories have been reduced by $16.2 million (2023: $14.1 million) as a result of write-downs to net realizable value. The write-downs are included in the amount expensed through cost of goods sold.

6. BIOLOGICAL ASSETS

	Hog stock		Poultry stock		
	Commercial	**Parent**	**Commercial**	**Parent**	**Total**
Balance at December 31, 2023	**$ 69,048**	**36,054**	**5,930**	**3,885**	**$ 114,917**
Additions and purchases	**433,759**	**8,620**	**77,626**	**5,922**	**525,927**
Depreciation	**—**	**(10,127)**	**—**	**(5,411)**	**(15,538)**
Change in fair value realized	**51,039**	**—**	**—**	**—**	**51,039**
Change in fair value unrealized	**12,543**	**—**	**—**	**—**	**12,543**
Further processing and sales	**(442,033)**	**—**	**(77,456)**	**—**	**(519,489)**
Balance at December 31, 2024	**$ 124,356**	**34,547**	**6,100**	**4,396**	**$ 169,399**

	Hog stock		Poultry stock		
	Commercial	Parent	Commercial	Parent	Total
Balance at December 31, 2022	$ 101,351	33,476	5,763	3,579	$ 144,169
Additions and purchases	490,326	11,667	76,553	5,346	583,892
Depreciation	—	(9,089)	—	(5,040)	(14,129)
Change in fair value realized	31,482	—	—	—	31,482
Change in fair value unrealized	(51,038)	—	—	—	(51,038)
Further processing and sales	(503,073)	—	(76,386)	—	(579,459)
Balance at December 31, 2023	$ 69,048	36,054	5,930	3,885	$ 114,917

Hog stock is comprised of approximately 0.9 million animals as at December 31, 2024 (2023: 0.9 million). During the years ended December 31, 2024 and 2023, substantially all hog stock was directly transferred to the Company's primary processing operations.

Poultry stock is comprised of approximately 8.6 million eggs and 0.2 million birds as at December 31, 2024 (2023: 8.4 million eggs and 0.2 million birds). Substantially all poultry stock was directly transferred to the Company's primary processing operations.

The change in fair value of commercial hog stock for the year was a gain of $63.6 million for the year ended December 31, 2024 (2023: loss of $19.6 million) recorded in cost of goods sold.

The fair value measures of commercial hog stock have been categorized as a Level 3 fair value based on inputs to the valuation techniques used. There were no transfers between levels for the year ended December 31, 2024.

The Company uses the market comparison approach to determine the fair value of its commercial hog stock. The valuation model is based on the market price of hog stock of similar age, weight, breed, and genetic make-up. The model is based on the U.S. dollar market price per cut weight and adjusted for foreign exchange, conversion from pounds to kilograms, and specific significant unobservable inputs, including a quality index adjustment and a market conversion factor, as defined below.

The quality index adjustment is a value adjustment based on the relative quality of a processed hog based on the lean yield (being the ratio between muscle and fat content) and total weight. Quality adjustments during the year ranged from 6.7% to 7.1% (2023: 5.9% to 7.0%). A higher (lower) quality adjustment percentage will result in an increase (decrease) to the fair market value of the commercial hog stock.

The market conversion factor is a market adjustment used to discount the formula from a U.S. market price to a Canadian pricing model. The market conversion factor experiences minimal fluctuation. A higher (lower) market conversion factor will result in an increase (decrease) to the fair market value of the commercial hog stock.

Commercial poultry stock are valued at cost as an indicator of fair value in the case where little biological transformation has taken place since initial cost occurrence or when the impact of the biological transformation on price is not expected to be material.

Where reliable market prices of parent stock are not available, they are valued at cost less accumulated depreciation and any accumulated impairment losses. No active liquid market exists for parent stock as they are rarely sold.

The Company's biological asset operations can be affected by outbreaks of disease among livestock. To mitigate this risk, the Company monitors herd health status and has strict bio-security procedures and employee training programs throughout its livestock production operation.

7. ASSETS HELD FOR SALE

As at December 31, 2024, assets held for sale consisted of a parking lot located in Toronto, Ontario and poultry production quota. As at December 31, 2023, there were no assets held for sale.

8. PROPERTY AND EQUIPMENT

		Land	**Buildings**	**Machinery and equipment**	**Under construction**	**Total**
Cost	**$**	**57,064**	**1,869,312**	**2,067,682**	**48,212**	**$ 4,042,270**
Accumulated depreciation		**—**	**(566,336)**	**(1,352,767)**	**—**	**(1,919,103)**
Net balance, December 31, 2024	**$**	**57,064**	**1,302,976**	**714,915**	**48,212**	**$ 2,123,167**

		Land	Buildings	Machinery and equipment	Under construction	Total
Cost	$	58,203	1,861,461	2,005,886	59,410	$ 3,984,960
Accumulated depreciation		—	(499,717)	(1,233,533)	—	(1,733,250)
Net balance, December 31, 2023	$	58,203	1,361,744	772,353	59,410	$ 2,251,710

The changes in net carrying amounts of property and equipment during 2024 and 2023 were as follows:

	Land	**Buildings**	**Machinery and equipment**	**Under construction**	**Total**
Net balance, December 31, 2023	**$58,203**	**1,361,744**	**772,353**	**59,410**	**$ 2,251,710**
Additions	**—**	**—**	**—**	**86,313**	**86,313**
Transfers from under construction	**107**	**12,882**	**82,575**	**(95,564)**	**—**
Impairment	**—**	**—**	**(667)**	**—**	**(667)**
Settlements (ii)	**—**	**—**	**—**	**(1,514)**	**(1,514)**
Depreciation	**—**	**(67,456)**	**(143,119)**	**—**	**(210,575)**
Foreign currency translation	**130**	**6,996**	**6,000**	**182**	**13,308**
Revaluation of land and buildings	**(156)**	**(4,956)**	**—**	**—**	**(5,112)**
Transfers to Investment Property	**(1,220)**	**(5,680)**	**—**	**—**	**(6,900)**
Other (iii)	**—**	**(554)**	**(2,227)**	**(615)**	**(3,396)**
Net balance, December 31, 2024	**$57,064**	**1,302,976**	**714,915**	**48,212**	**$ 2,123,167**

	Land	Buildings	Machinery and equipment	Under construction	Total
Net balance, December 31, 2022	$64,779	1,365,096	806,868	66,681	$ 2,303,424
Additions	—	—	—	188,248	188,248
Transfers from under construction	151	70,773	127,533	(198,457)	—
Impairment (i)	—	—	(7,962)	—	(7,962)
Settlement (ii)	—	—	551	4,705	5,256
Depreciation	—	(65,389)	(151,119)	—	(216,508)
Foreign currency translation	(34)	(1,879)	(1,551)	13	(3,451)
Transfer from Assets Held for Sale	604	—	—	—	604
Revaluation of land and buildings	39,628	11,757	—	—	51,385
Transfers to Investment Property	(46,925)	(15,530)	—	—	(62,455)
Other (iii)	—	(3,084)	(1,967)	(1,780)	(6,831)
Net balance, December 31, 2023	$58,203	1,361,744	772,353	59,410	$ 2,251,710

(i) *Includes impairment charges related to restructuring.*

(ii) *During the year the Company settled previous legal claims resulting in cash settlements.*

(iii) *Includes disposals and other adjustments.*

Borrowing Costs

For the year ended December 31, 2024, borrowing costs of $1.0 million were capitalized (2023: $2.7 million), using an average capitalization rate of 7.5% (2023: 6.8%).

9. RIGHT-OF-USE ASSETS

The Company enters into lease arrangements for land, buildings, vehicles, and machinery and equipment as part of its daily operations.

Land and building leases include the rental of office space, manufacturing and distribution facilities and barns. These leases vary in length, are typically over 5 years and may include several renewal options.

Vehicle leases primarily include leases of employee vehicles. Employee vehicle leases have an initial term of 3 years. As part of its leasing agreement for employee vehicles, the Company is required to pay a residual value guarantee to the lessor for the value of the leased vehicle at the end of the lease term. As at December 31, 2024, the Company's residual value guarantees on employee vehicles totaled $4.2 million (2023: $3.9 million).

Machinery and equipment leases include the rental of manufacturing machinery and computer hardware. These leases vary in duration and structure and typically do not exceed 10 years.

Right-of-use assets are comprised of:

		Land and Buildings	Vehicles	Machinery and Equipment		Total
Cost	**$**	**273,907**	**10,851**	**6,184**	**$**	**290,942**
Accumulated depreciation		**(120,337)**	**(4,715)**	**(4,968)**		**(130,020)**
Net balance, December 31, 2024	**$**	**153,570**	**6,136**	**1,216**	**$**	**160,922**

		Land and Buildings	Vehicles	Machinery and Equipment		Total
Cost	$	255,043	8,678	9,163	$	272,884
Accumulated depreciation		(108,407)	(3,071)	(6,796)		(118,274)
Net balance, December 31, 2023	$	146,636	5,607	2,367	$	154,610

Changes in the net balance of right-of-use assets during 2024 and 2023 were as follows:

		Land and Buildings	Vehicles	Machinery and Equipment		Total
Net balance, December 31, 2023	**$**	**146,636**	**5,607**	**2,367**	**$**	**154,610**
Additions		**37,963**	**4,387**	**4**		**42,354**
Depreciation		**(29,379)**	**(3,447)**	**(1,156)**		**(33,982)**
Dispositions, retirements, and other		**(2,015)**	**(408)**	**—**		**(2,423)**
Foreign currency translation		**365**	**(3)**	**1**		**363**
Net balance, December 31, 2024	**$**	**153,570**	**6,136**	**1,216**	**$**	**160,922**

		Land and Buildings	Vehicles	Machinery and Equipment		Total
Net Balance, December 31, 2022	$	152,452	3,292	3,455	$	159,199
Additions		27,326	5,443	494		33,263
Depreciation		(29,994)	(2,344)	(1,641)		(33,979)
Dispositions, retirements, and other		(2,987)	(784)	62		(3,709)
Foreign currency translation		(161)	—	(3)		(164)
Net balance, December 31, 2023	$	146,636	5,607	2,367	$	154,610

Lease obligations associated with the Company's right-of-use assets are described in Note 18.

10. INVESTMENTS

	As at December 31, 2024	As at December 31, 2023
Portfolio Investments	**$ 11,983**	$ 15,028
Other Investments	**780**	721
	$ 12,763	$ 15,749

The Company holds strategic long-term equity investments in private companies that are not quoted in an active market. Fair value for these investments is determined using available financial and market information which can include financial statements, company projections and evidence from external transactions in the private company's equity. Changes in fair value for the Portfolio Investments are recorded in other comprehensive income, as it best represents the Company's position to maintain a long-term interest in these holdings while the Other Investments are accounted for using the equity method.

During the year ended December 31, 2024, based on an independent valuation completed the Company recorded a reduction in fair value of $4.0 million (2023: $5.5 million) on its portfolio investments, which was recorded through Other Comprehensive Income.

During the year ended December 31, 2023 based on available information of the future prospects of one of the Other Investments the Company recorded an impairment of $2.0 million, which was recorded through other expense.

No dividends were recognized for the years ended December 31, 2024 and 2023.

11. INVESTMENT PROPERTY

	Notes	**As at December 31, 2024**
Net balance, December 31, 2023		**$ 57,144**
Transfers from Property and equipment	***8***	**6,900**
Transfer to Assets held for sale		**(22,400)**
Change in fair value		**944**
Net balance, December 31, 2024		**$ 42,588**

	Notes	As at December 31, 2023
Net balance, December 31, 2022		$ 5,289
Transfers from Property and equipment	*8*	62,455
Disposal		(10,600)
Net balance, December 31, 2023		$ 57,144

As at December 31, 2024, the fair values of the properties are based on information received from an accredited independent valuator, using a market comparison approach that reflects recent transaction prices for similar properties in the same geographical areas. In estimating the fair value of properties the highest and best use is considered to be consistent with the current use. The fair value measurement of investment properties have been categorized as a Level 3 fair value based on inputs to the valuation techniques used. There have been no changes to the valuation techniques used during the year, and there have not been any transfers between levels.

The Company's investment properties did not earn a material amount of rental income, nor did they incur a material amount of expenses in either of the current or the prior year.

During the year ended December 31, 2023, the Company transferred its Brampton, St.Mary's and Schomberg poultry plants into investment properties upon their closure. These properties were accounted for as property and equipment up to the date of change in use. During the year ended December 31, 2023, a parking lot in Toronto, Ontario which was previously classified as an asset held for sale was remeasured and transferred to investment property, as the sale was deemed to be no longer probable.

During the year ended December 31, 2024, the Company transferred its Winnipeg pork manufacturing plant into investment property. The property was accounted for as property and equipment up to the date of change in use and was remeasured to fair value prior to transfer to investment property. During the year ended December 31, 2024, the parking lot in Toronto, Ontario which was previously classified as an investment property was remeasured and transferred to asset held for sale, as the Company entered into negotiations with a new potential buyer.

12. EMPLOYEE BENEFITS

The Company sponsors several defined benefit pension programs for Canadian employees which are either final salary plans, career salary plans, service-based plans, or a combination thereof. The Company also sponsors a final salary defined benefit pension plan in the U.K. in which membership is closed with no members accruing benefits. These defined benefit plans require contributions to be made to separately administered funds. Certain retired employees are covered under a post-retirement benefit plan, which reimburses certain medical costs and provides life insurance coverage.

The Canadian plan is governed by the pension laws of Ontario. The U.K. plan is governed by the employment laws of the U.K.

The Company's pension funding policy is to contribute amounts sufficient, at a minimum, to meet local statutory funding requirements. For the Company's defined benefit pension plans, local regulatory bodies either define minimum funding requirements or approve funding plans submitted by the Company. From time to time the Company may make additional discretionary contributions considering actuarial assessments and other factors. The contributions that have been made to support ongoing plan obligations have been recorded in the respective asset or liability accounts on the Consolidated Balance Sheets. Actuarial valuations for the Company's defined benefit pension plans are completed based on the regulations in place in the jurisdictions where the plans operate.

Information about the Company's defined benefit plans as at December 31, in aggregate, are as follows:

	Other post-retirement benefits	**Pension**	**2024 Total**	Other post-retirement benefits	Pension	2023 Total
Plan assets						
Fair value, beginning of year	**$ —**	**927,484**	**$ 927,484**	$ —	877,861	$ 877,861
Interest income	**—**	**42,316**	**42,316**	—	43,559	43,559
Actuarial gains (losses)[(i)]	**—**	**2,225**	**2,225**	—	65,813	65,813
Employer contributions	**—**	**7,224**	**7,224**	—	7,641	7,641
Employee contributions	**—**	**3,218**	**3,218**	—	3,371	3,371
Benefits paid	**—**	**(65,946)**	**(65,946)**	—	(68,919)	(68,919)
Administrative costs	**—**	**(2,076)**	**(2,076)**	—	(1,842)	(1,842)
Fair value, end of year	**$ —**	**914,445**	**$ 914,445**	$ —	927,484	$ 927,484
Accrued benefit obligations:						
Balance, beginning of year	**$ (36,100)**	**(927,343)**	**$ (963,443)**	$ (35,948)	(892,643)	$ (928,591)
Current service cost	**(30)**	**(10,933)**	**(10,963)**	(24)	(10,232)	(10,256)
Interest cost	**(1,592)**	**(42,341)**	**(43,933)**	(1,756)	(44,600)	(46,356)
Benefits paid from plan assets	**—**	**65,946**	**65,946**	—	68,919	68,919
Benefits paid directly from the Company	**2,834**	**1,838**	**4,672**	2,848	1,881	4,729
Actuarial gains (losses) - experience	**261**	**(9)**	**252**	300	(1,495)	(1,195)
Actuarial gains (losses) - financial assumptions	**—**	**(158)**	**(158)**	(1,520)	(45,952)	(47,472)
Employee contributions	**—**	**(3,218)**	**(3,218)**	—	(3,371)	(3,371)
Special termination benefits	**—**	**(950)**	**(950)**	—	—	—
Curtailments	**—**	**(891)**	**(891)**	—	—	—
Settlements	**—**	**—**	**—**	—	150	150
Balance, end of year	**$ (34,627)**	**(918,059)**	**$ (952,686)**	$ (36,100)	(927,343)	$ (963,443)
Unfunded	**$ (34,627)**	**(26,042)**	**$ (60,669)**	$ (36,100)	(26,501)	$ (62,601)
Funded[(ii)]	**—**	**(892,017)**	**(892,017)**	—	(900,842)	(900,842)
Total benefit obligations	**$ (34,627)**	**(918,059)**	**$ (952,686)**	$ (36,100)	(927,343)	$ (963,443)
Other	**$ —**	**(1,725)**	**$ (1,725)**	$ —	(1,452)	$ (1,452)
Accrued net benefit obligations, end of year	**$ (34,627)**	**(5,339)**	**$ (39,966)**	$ (36,100)	(1,311)	$ (37,411)

(i) *Return on plan assets greater than discount rate.*

(ii) *Includes wholly and partially funded plans.*

Amounts Recognized in the Consolidated Balance Sheet consist of:

	2024	2023
Employee benefit assets	**$ 22,429**	$ 26,785
Employee benefit liabilities	**62,395**	64,196
Accrued net benefit liability, end of year	**$ (39,966)**	$ (37,411)

Pension benefit expense recognized in earnings:

	2024	2023
Current service cost - defined benefit	**$ 10,933**	$ 10,232
Current service cost - defined contribution and multi-employer plans	**19,272**	19,046
Net interest cost	**25**	1,041
Administrative costs	**2,076**	1,842
Curtailment[(i)]	**891**	—
Special termination benefits[(i)]	**950**	—
Settlements[(i)]	**—**	(150)
Net pension benefit expense	**$ 34,147**	$ 32,011

(i) Included in restructuring for the year.

For the year ended December 31, 2024, the Company expensed salaries of $900.0 million (2023: $903.1 million), excluding pension and other post-retirement benefits.

Amounts recognized in other comprehensive income (loss) (before income taxes):

	2024	2023
Actuarial gain	**$ 2,508**	$ 16,713

The significant actuarial assumptions adopted in measuring the Company's accrued benefit obligations were as follows:

	2024	2023
Period end discount rate	**4.60%**	4.60%
Rate of salary increase	**2.75%**	2.75%

Plan assets were comprised of:

	As at December 31,	
	2024	2023
Equity securities	**9%**	11%
Debt securities	**77%**	72%
Real estate and infrastructure	**13%**	16%
Other investments and cash	**1%**	1%
	100%	100%

As at December 31, 2024, the Company's plans were invested in pooled funds which hold underlying equity, debt and other securities and are not quoted in an active market.

Other post-retirement benefits expense recognized in earnings:

	2024	2023
Current service cost	**$ 30**	$ 24
Interest cost	**1,592**	1,756
Other post-retirement benefits expense	**$ 1,622**	$ 1,780

Impact of changes in major assumptions:

				Increase (decrease) in defined benefit obligations		
Actuarial Assumption			**Sensitivity**	**Total pensions**	**Other post-retirement benefits**	**Total**
Period end discount rate	4.60 %	0.25 %	decrease	$ 25,805	780	$ 26,585
		0.25 %	increase	$ (23,032)	(737)	$ (23,769)
Rate of salary increase	2.75 %	0.50 %	increase	$ 1,621	N/A	$ 1,621
Mortality	100% of 2014 Private Sector Canadian Pensioners' Mortality Table, projected generationally using Scale MI-2017	Increase of 1 year in expected lifetime of plan participants		$ 26,557	1,313	$ 27,870

Defined benefit obligation inputs:	Measurement dates:
2024 expense	December 31, 2023
Balance sheet	December 31, 2024

The average expected maturity of the pension obligations is 11.7 years (2023: 11.7 years).

The Company expects to contribute $36.1 million to pension plans in 2025, inclusive of defined benefit plans, defined contribution plans and multi-employer plans.

Governance and Risk Management

The Company administers its pension plans through its Board of Directors. The Company's Board of Directors has established a governance structure and delegated to the Audit Committee and the Pension Investment Advisory Committee all aspects of the investment of the funds. The Company's Board of Directors has delegated to the Pension Policy and Administration Committee the authority to make amendments to the documents that govern the pension plans of an administrative or compliance nature, that relate to collective bargaining agreements entered into by the Company or that have a minimal financial impact on the plans.

In fulfilling their responsibilities, the Audit Committee and the Pension Investment Advisory Committee may delegate functions or responsibilities to, or otherwise utilize employees of the Company where appropriate. The Audit Committee and the Pension Investment Advisory Committee may rely on independent experts for certain aspects of the funds' operations. The Audit Committee or the Pension Investment Advisory Committee, as appropriate, retain responsibility and utilize suitable personnel for such activities and monitor the activities undertaken by the selected personnel.

The plan assets are invested primarily in well-diversified pooled funds that meet the constraints set out in legislation of the jurisdictions in which the plans operate. Further diversification criteria set out in investment funds' governing documents require the division of investments between equities and fixed income. There are no significant concentrations of risks.

Multi-Employer Plan

The Company contributes to the Canadian Commercial Workers Industry Pension Plan which is a multi-employer defined benefit plan for employees who are members of the United Food and Commercial Workers Canada union. This is a large-scale plan for union workers of multiple companies across Canada. Adequate information to account for these contributions as a defined benefit plan in the Company's statements is not available due to the size and number of contributing employers in the plan. Included in the pension benefit expense is $0.2 million (2023: $0.9 million) related to payments into this plan. The Company expects to contribute $0.1 million into this plan in 2025.

13. INCOME TAXES

The components of income tax expense were as follows:

	2024	2023
Current tax (recovery) expense		
Current year	**$ 13,619**	$ (104,608)
	$ 13,619	$ (104,608)
Deferred tax (recovery) expense		
Origination and reversal of temporary differences	**$ 31,701**	$ 87,259
Change in tax rates	**(1,050)**	(300)
	$ 30,651	$ 86,959
Total income tax expense (recovery)	**$ 44,270**	$ (17,649)

Reconciliation of Effective Tax rate

Income tax expense varies from the amount that would be computed by applying the combined federal and provincial statutory income tax rates as a result of the following:

	2024	2023
Income tax expense (recovery) according to combined statutory rate of 26.2% (2023: 26.2%)	**$ 36,907**	$ (37,368)
Increase (decrease) in income tax resulting from:		
Unrecognized income tax benefit of losses	**5,737**	14,444
Tax rate differences in other jurisdictions	**1,340**	2,697
Non-taxable portion of capital gains	**(1,326)**	—
Manufacturing and processing credit	**(995)**	477
Non-deductible expenses and transaction costs	**2,213**	696
Share based compensation	**1,639**	1,321
Adjustments to tax expense related to tax audit resolutions	**(630)**	(200)
Remeasurement of deferred tax assets and liabilities	**(550)**	54
Other	**(65)**	230
	$ 44,270	$ (17,649)

Income Tax Recognized in Other Comprehensive Income (Loss)

	2024	2023
Revaluation surplus	**$ —**	$ 10,600
Derivative instruments	**(5,449)**	(2,690)
Pension adjustments	**600**	4,400
	$ (4,849)	$ 12,310

Deferred Tax Assets and Liabilities

Recognized Deferred Tax Assets and Liabilities

The Company has recognized deferred tax assets in the amount of approximately $119.1 million (2023: $135.8 million), relating primarily to future deductions for employee benefits, tax losses and deductions carried forward, and restructuring expenses. These deferred tax assets are recorded based on the Company's estimate that it will earn sufficient taxable profits to fully utilize its tax losses in the appropriate carry over periods.

The Company has recognized deferred tax liabilities in the amount of approximately $397.7 million (2023: $391.1 million), relating primarily to claims for tax depreciation in excess of accumulated book depreciation, cash basis farming adjustments, and the excess of book value over the tax cost of intangible assets.

	As at December 31, 2024	2023
Deferred tax assets:		
Tax losses and deductions carried forward	**$ 85,587**	$ 120,315
Accrued liabilities	**4,903**	4,466
Employee benefits	**10,013**	9,075
Other	**18,605**	1,942
	$ 119,108	$ 135,798
Deferred tax liabilities:		
Property and equipment	**$ 317,875**	$ 312,213
Cash basis farming	**32,496**	32,870
Goodwill and other intangible assets	**47,286**	46,064
	$ 397,657	$ 391,147
Classified in the Consolidated Financial Statements as:		
Deferred tax assets	**$ 46,588**	$ 40,854
Deferred tax liability	**$ 325,137**	$ 296,203

Unrecognized Deferred Tax Assets

At December 31, 2024, the Company has unrecognized deferred tax assets of $51.0 million (2023: $37.0 million).

Unrecognized Deferred Tax Liabilities

Deferred tax is not recognized on the unremitted earnings of subsidiaries and other investments as the Company is in a position to control the reversal of the temporary difference and it is probable that such differences will not reverse in the foreseeable future. The unrecognized temporary difference at December 31, 2024 for the Company's subsidiaries was $931.1 million (2023: $852.2 million).

Pillar Two Income Taxes

Pillar Two legislation has been enacted or substantively enacted in certain jurisdictions in which the Company operates. The legislation will be effective for the Company's financial year beginning on January 1, 2024. The Company has performed an assessment of its potential exposure to Pillar Two income taxes.

This assessment is based on the most recent information available regarding the financial performance of the constituent entities in the Company. Based on the assessment performed, the Pillar Two effective tax rates in all jurisdictions in which the Company operates are above 15% and management is not aware of any circumstances under which this might change. Therefore, the Company does not expect a potential exposure to Pillar Two top-up taxes.

14. GOODWILL

The net carrying value for goodwill was $477.4 million as at December 31, 2024 (2023: $477.4 million) with the full amount allocated to Meat Protein CGU group.

Annual impairment testing involves determining the recoverable amount of the CGU group to which goodwill is allocated and comparing this to the carrying value of the CGU group. The measurement of the recoverable amount of the Meat Protein CGU group was calculated based on fair value less costs to sell. Fair value was determined by discounting the future cash flows generated from the continuing use of the Meat Protein CGU group. The fair value measurement was categorized as a Level 3 fair value based on the inputs in the valuation technique used. The calculation of the fair value based on discounting the future cash flows was based on the following key assumptions:

- Cash inflows and outflows were projected based on the Company's long-term business plan. Cash flows for a further perpetual period were extrapolated using a growth rate of 2.0% for the Meat Protein CGU group (2023: 2.0%).
- The business plan contains forecasts based on past experience of actual operating results in conjunction with anticipated future growth opportunities. While the forecast does assume some base business expansion, the primary engine of growth is strategic in nature and is consistent with the projects and expectations as articulated in the Company's strategic plan and outlook.
- The discount rate applied in determining the recoverable amount of the Meat Protein CGU group was 9.7% (2023: 10.0%). The discount rate was estimated based on the weighted average cost of capital of the Meat Protein CGU group and other competitors in the industry.

The values assigned to the key assumptions represent Management's assessment of future trends in the industries in which the CGU groups operate and are based on both external and internal sources and historical trend data.

There were no impairment charges recorded in 2024 and 2023.

15. INTANGIBLE ASSETS

	As at December 31,	
	2024	2023
Definite life	**$ 154,625**	$ 161,880
Indefinite life	**184,901**	183,249
Total intangible assets	**$ 339,526**	$ 345,129

	Definite life				
	Software in use	**Software in process**	**Recipes**	**Customer relationships**	**Total**
Cost	**$ 196,213**	**1,769**	**35,869**	**143,079**	**$ 376,930**
Accumulated amortization	**(152,557)**	**—**	**(19,488)**	**(50,260)**	**(222,305)**
Net balance, December 31, 2024	**$ 43,656**	**1,769**	**16,381**	**92,819**	**$ 154,625**

	Software in use	Software in process	Recipes	Customer relationships	Total
Cost	$ 191,121	3,669	33,798	135,625	$ 364,213
Accumulated amortization	(144,632)	—	(17,007)	(40,694)	(202,333)
Net balance, December 31, 2023	$ 46,489	3,669	16,791	94,931	$ 161,880

The changes in net carrying amounts of definite life intangibles during 2024 and 2023 were as follows:

	Software in use	**Software in process**	**Recipes**	**Customer relationships**	**Total**
Net balance, December 31, 2023	**$ 46,489**	**$ 3,669**	**$ 16,791**	**$ 94,931**	**$ 161,880**
Additions	**—**	**7,779**	**—**	**—**	**7,779**
Transfers	**9,690**	**(9,690)**	**—**	**—**	**—**
Amortization	**(12,482)**	**—**	**(1,204)**	**(6,930)**	**(20,616)**
Foreign currency translation	**7**	**11**	**794**	**4,818**	**5,630**
Disposals	**(48)**	**—**	**—**	**—**	**(48)**
Net balance, December 31, 2024	**$ 43,656**	**$ 1,769**	**$ 16,381**	**$ 92,819**	**$ 154,625**

	Software in use	Software in process	Recipes	Customer relationships	Total
Net balance, December 31, 2022	$ 50,977	$ 3,600	$ 18,263	$ 103,111	$ 175,951
Additions	—	8,378	—	—	8,378
Transfers	8,308	(8,308)	—	—	—
Amortization	(12,787)	—	(1,255)	(6,864)	(20,906)
Foreign currency translation	(5)	(1)	(217)	(1,316)	(1,539)
Disposals	(4)	—	—	—	(4)
Net balance, December 31, 2023	$ 46,489	$ 3,669	$ 16,791	$ 94,931	$ 161,880

Amortization

Amortization is recorded through cost of goods sold or SG&A depending on the nature of the asset.

Borrowing Costs

For the year ended December 31, 2024, there were $0.1 million (2023: $0.3 million) borrowing costs capitalized, using an average rate of 7.5% (2023: 6.8%).

Indefinite Life Intangibles

Indefinite life intangible assets are comprised of trademarks and poultry production quota. The Company expects to renew the registration of the trademarks and poultry quota at each expiry date indefinitely and expects these assets to generate economic benefit in perpetuity. As such, the Company assessed these intangibles to have indefinite useful lives.

The changes in net carrying amounts of indefinite life intangibles during 2024 and 2023 were as follows:

	Indefinite life		
	Trademarks	**Quota**	**Total**
Net balance, December 31, 2023	**$ 120,354**	**$ 62,895**	**$ 183,249**
Foreign currency translation	**4,894**	**—**	**4,894**
Transfer to assets held for sale	**—**	**(1,869)**	**(1,869)**
Disposals	**—**	**(1,373)**	**(1,373)**
Net balance, December 31, 2024	**$ 125,248**	**$ 59,653**	**$ 184,901**

	Trademarks	Quota	Total
Net balance, December 31, 2022	$ 121,619	$ 62,991	$ 184,610
Foreign currency translation	(1,265)	—	(1,265)
Disposals	—	(96)	(96)
Net balance, December 31, 2023	$ 120,354	$ 62,895	$ 183,249

The indefinite life intangible assets are allocated between the Meat Protein and Plant Protein CGU groups as follows:

	As at December 31,	
CGU Group	**2024**	2023
Meat Protein	**$ 123,073**	$ 126,315
Plant Protein	**61,828**	56,934
	$ 184,901	$ 183,249

The Company performs annual impairment testing on its indefinite life intangible assets. Annual impairment testing, consistent with the impairment testing for goodwill as described in Note 14, involves determining the recoverable amount of each indefinite life intangible asset and comparing it to the net carrying value.

The recoverable amount of trademarks is calculated using the royalty savings approach, which involves present valuing the royalties earned by similar trademarks. The key assumptions used in this determination are:

	2024	2023
Royalty rate	**1.0 - 6.0%**	1.0 - 6.0%
Terminal growth rate	**2.0 - 3.0%**	2.0 - 3.0%
Discount rate	**9.7% - 10.9%**	10.0 - 12.4%

16. PROVISIONS

			Restructuring and other related costs		
	Legal	**Environmental**	**Severance and other employee related**	**Site closing and other cash costs**	**Total**
Balance at December 31, 2023	**$ —**	**2,041**	**9,846**	**—**	**$ 11,887**
Charges	**—**	**—**	**16,259**	**1,397**	**17,656**
Reversals	**—**	**—**	**(2,374)**	**—**	**(2,374)**
Cash payments	**—**	**(63)**	**(7,508)**	**(1,206)**	**(8,777)**
Foreign currency translation	**—**	**—**	**2**	**—**	**2**
Balance at December 31, 2024	**$ —**	**1,978**	**16,225**	**191**	**$ 18,394**
Current					**$ 14,482**
Non-current					**3,912**
Total at December 31, 2024					**$ 18,394**

			Restructuring and other related costs		
	Legal	Environmental	Severance and other employee related	Site closing and other cash costs	Total
Balance at December 31, 2022	$ 630	2,370	43,388	—	$ 46,388
Charges	—	—	6,851	3,984	10,835
Reversals	(200)	(207)	(5,537)	(935)	(6,879)
Cash payments	(430)	(122)	(34,820)	(3,047)	(38,419)
Foreign currency translation	—	—	(36)	(2)	(38)
Balance at December 31, 2023	$ —	2,041	9,846	—	$ 11,887
Current					$ 9,846
Non-current					2,041
Total at December 31, 2023					$ 11,887

Restructuring and Other Related Costs

For the year ended December 31, 2024, the Company recorded restructuring and other related costs of $19.9 million. Of this, $11.6 million related to the reorganization of its commercial and operations teams and was comprised of $11.2 million in severance and other employee related costs, and $0.4 million in other cash costs. A further $9.6 million related to the announced closure of the Company's further processed poultry facility in Brantford, Ontario and comprised of $6.4 million in severance and other employee costs and $3.2 million in accelerated depreciation. The Company recorded $0.9 million in decommissioning expenses related to the previously announced closures of the Brampton, Toronto, St. Mary's and Schomberg plants. This was offset by a reversal of $2.1 million in severance and other employee costs. The Company also incurred $0.3 million in severance charges related to previous organizational initiatives, offset by a $0.4 million reversal of asset impairment charges.

For the year ended December 31, 2023, the Company recorded restructuring and other related costs of $23.7 million. Of this, $15.4 million related to organizational changes in the plant protein business, and was comprised of $7.3 million in asset impairment, $4.7 million in inventory impairment, $3.2 million in severance and other employee related costs, and $0.2 million related to decommissioning and other cash costs. A further $7.8 million related to the previously announced closures of the Brampton, Toronto, St. Mary's and Schomberg facilities, was comprised of $5.8 million in other cash costs and decommissioning expense, $3.8 million in accelerated depreciation, $1.0 million in asset impairments, partly offset by net reversals of $2.8 million in severance and other employee costs. The remainder related to other previous organizational initiatives.

17. LONG-TERM DEBT

	As at December 31,	
	2024	2023
Revolving line of credit	**$ 652,000**	$ 843,400
U.S. term credit Tranche 1	**381,030**	350,873
Canadian term credit Tranche 2	**350,000**	350,000
Canadian term credit Tranche 3	**300,000**	400,000
Government loans	**6,208**	7,147
Supplier financing	**6,167**	4,202
Deferred financing charges	**(3,448)**	(4,807)
Total long-term debt	**$ 1,691,957**	$ 1,950,815
Current	**$ 301,478**	$ 400,735
Non-current	**1,390,479**	1,550,080
Total long-term debt	**$ 1,691,957**	$ 1,950,815

The Company has a syndicated sustainability-linked credit facility (the "Credit Facility") consisting of a $1,300.0 million unsecured committed revolving line of credit maturing June 29, 2027, and two unsecured committed term facilities for $350.0 million (Tranche 2) and US$265.0 million (Tranche 1) maturing June 29, 2026 and June 29, 2027, respectively. On June 20, 2023, the Credit Facility was amended by adding an additional $400.0 million unsecured committed term credit (Tranche 3) maturing June 20, 2024, and adjusting the financial covenants to facilitate access to the new tranche. On April 30, 2024 the Company amended its Credit Facility, downsizing Tranche 3 to $300.0 million, and extending the maturity date to June 20, 2025.

The Credit Facility may be drawn in Canadian or U.S. dollars and bears interest payable monthly, based on Canadian Overnight Repo Rate Average ("CORRA") 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 borrowings on the revolving facility and the term credit, as at December 31, 2024 the Company had drawn letters of credit of $9.1 million on the Credit Facility (2023: $9.4 million).

The Credit Facility requires the maintenance of certain covenants. As at December 31, 2024, 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 (2023: $105.0 million). As at December 31, 2024, $47.6 million in letters of credit had been issued thereon (2023: $46.7 million).

As at December 31, 2024, the Company has one non-interest bearing government loan of $6.2 million (2023: $7.1 million) still outstanding and maturing in 2033. The facility is committed.

The Company's estimated average effective cost of borrowing for 2024 was approximately 7.5% (2023: 7.0%). Required repayments of long-term debt are as follows:

2025	$ 302,612
2026	353,018
2027	1,034,979
2028	1,949
2029 and thereafter	3,825
Total required repayments of long-term debt	**$ 1,696,383**

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

	As at December 31,	
	2024	2023
Total long-term debt, beginning of period	**$ 1,950,815**	$ 1,710,414
Revolving and term credit facilities - net drawings (repayments)	**$ (291,400)**	$ 248,586
Government loans - net issuance/(repayments)	**(1,185)**	276
Supplier financing new issuance	**2,886**	4,202
Supplier financing repayments	**(1,282)**	—
Payment of financing fees	**(2,324)**	(3,378)
Total cash flow from long-term debt financing activities	**$ (293,305)**	$ 249,686
Foreign exchange revaluation	**$ 30,518**	$ (12,500)
Other non-cash changes	**3,929**	3,215
Total non-cash changes	**$ 34,447**	$ (9,285)
Total long-term debt, end of period	**$ 1,691,957**	$ 1,950,815

18. LEASE OBLIGATIONS

Changes in the balance of lease obligations during 2024 and 2023 were as follows:

	As at December 31,	
	2024	2023
Total lease obligations, beginning of period	**$ 180,317**	$ 182,890
Payments	**(40,626)**	(39,021)
Interest	**8,273**	6,070
Additions	**42,354**	33,263
Dispositions, retirements, and other	**(2,930)**	(2,690)
Foreign currency translation	**404**	(195)
Total lease obligations, end of period	**$ 187,792**	$ 180,317
Current	**$ 39,900**	$ 38,031
Non-current	**147,892**	142,286
Total lease obligations, end of period	**$ 187,792**	$ 180,317

Total cash outflows arising from lease obligations during 2024 and 2023 were as follows:

	As at December 31,	
	2024	2023
Payment of lease obligations in Financing Activities	**$ 32,353**	$ 32,951
Payment of lease interest expense in Operating Activities	**8,273**	6,070
Total cash outflow of leases	**$ 40,626**	$ 39,021

The maturity of contractual undiscounted lease obligation payments are as follows:

Due within 1 year	**$ 40,707**
Due between 1 and 3 years	**70,156**
Due between 3 and 5 years	**51,158**
Due after 5 years	**54,142**
Total lease obligation payments	**$ 216,163**

The Company does not face a significant liquidity risk in regard to its lease obligations. See Note 21.

The following amounts were recognized in the Consolidated Statements of Earnings (Loss) pertaining to leases:

	As at December 31,	
	2024	2023
Variable rent expense[(i)]	**$ 5,344**	$ 5,281
Short-term rent expense[(ii)]	**$ 6,954**	$ 8,598

[(i)] *Relates to property taxes and common area maintenance on buildings which are calculated annually. These payments make up 13.2% (2023: 13.5%) of fixed payments made in the year.*

[(ii)] *Pertains primarily to leases of property, equipment and vehicles with a contract term of less than one year.*

Right-of-use assets associated with the Company's lease obligations are described in Note 9.

19. OTHER CURRENT LIABILITIES

		As at December 31,	
	Notes	**2024**	2023
Derivative instruments	***21***	**$ 6,765**	$ 2,501
Contract liabilities		**17,333**	14,388
Other		**13,489**	16,085
		$ 37,587	$ 32,974

20. SHARE CAPITAL

	Common Shares		Treasury Shares	
(Thousands of shares)	**2024**	2023	**2024**	2023
Balance at December 31	**122,534**	121,680	**170**	868
Distributions under share-based compensation plans	**89**	343	**(89)**	(298)
Exercise of share options	**108**	315	**—**	—
Shares repurchased	**—**	(608)	**—**	—
Dividend reinvestment	**1,023**	404	**—**	—
Sale of treasury shares	**—**	400	**—**	(400)
Balance at December 31	**123,754**	122,534	**81**	170

Common Shares

The authorized share capital consists of an unlimited number of common shares, an unlimited number of non-voting common shares, and an unlimited number of preference shares. These shares have no par value.

The holders of common shares are entitled to receive dividends as declared from time to time, and they are entitled to one vote per share at meetings of the Company.

Treasury Shares

Treasury shares is comprised of shares purchased by a trust in order to satisfy the requirements of the Company's Restricted Share Unit Plan, as described in Note 24.

Share Repurchase

On May 20, 2023 the Toronto Stock Exchange ("TSX") accepted the Company's notice of intention to commence a Normal Course Issuer Bid ("NCIB"), allowing the Company to repurchase, at its discretion, up to 7.2 million common shares in the open market or as otherwise permitted by the TSX, subject to the normal terms and limitations of such bids. Common shares purchased by the Company are cancelled. The program commenced on May 25, 2023 and terminated on May 24, 2024. Under this bid, 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 shares at an average price of $26.06 per share were repurchased for cancellation.

21. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

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 earnings before interest, taxes, depreciation and amortization (“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 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 24.

There have been no material changes to the Company’s risk management activities during the year ended December 31, 2024.

Financial Instruments

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

Cash and cash equivalents	FVTPL
Accounts receivable	Amortized cost
Notes receivable	Amortized cost
Accounts payable and accruals	Amortized cost
Long-term debt	Amortized cost
Derivative instruments[(i)]	FVTPL
Investments	FVTOCI

(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 FVTOCI.*

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:

	2024			2023		
	Notional amount[(i)]	**Fair value Asset[(ii)]**	**Fair value Liability[(ii)]**	Notional amount[(i)]	Fair value Asset[(ii)]	Fair value Liability[(ii)]
Cash flow hedges						
Foreign exchange contracts	**$ 46,746**	**$ —**	**$ 1,618**	$ 27,860	$ 962	$ —
Interest rate swaps	**$ 400,000**	**5,285**	**5,429**	$ 350,873	1,073	—
		$ 5,285	**$ 7,047**		$ 2,035	$ —
Fair value hedges[(iii)]						
Foreign exchange contracts	**$ 73,942**	**$ 6**	**$ 2,533**	$ 3,467	$ 24	$ 13
Commodity contracts	**$ 70,822**	**450**	**—**	$ 2,924	424	—
		$ 456	**$ 2,533**		$ 448	$ 13
Derivatives not designated in a formal hedging relationship						
Foreign exchange contracts	**$ 95,547**	**$ 1,138**	**$ 679**	$ 98,588	$ 1,305	$ 806
Commodity contracts	**$ 118,568**	**1,665**	**—**	$ 48,927	—	1,682
		$ 2,803	**$ 679**		$ 1,305	$ 2,488
Total fair value		**$ 8,544**	**$ 10,259**		$ 3,788	$ 2,501
Current[(ii)(iv)]		**$ 5,776**	**$ 6,765**		$ 3,788	$ 2,501
Non-current[(ii)]		**2,768**	**3,494**		—	—
Total fair value		**$ 8,544**	**$ 10,259**		$ 3,788	$ 2,501

(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, 2024, the above fair value of current assets has been increased by $1.1 million (December 31, 2023: $2.3 million), and the above fair value of current liabilities has decreased by $0.0 million (December 31, 2023: $1.7 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, 2024 and 2023 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, 2024, the Company recorded a gain of $13.9 million (2023: loss of $8.5 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, 2024 using the fair value hierarchy:

	Level 1	Level 2	Level 3	Total
Assets:				
Foreign exchange contracts	$ —	1,144	—	$ 1,144
Commodity contracts[(i)]	2,115	—	—	2,115
Interest rate swaps	—	5,285	—	5,285
	$ 2,115	**6,429**	**—**	**$ 8,544**
Liabilities:				
Foreign exchange contracts	$ —	4,830	—	$ 4,830
Interest rate swaps	—	5,429	—	5,429
	$ —	**10,259**	**—**	**$ 10,259**

(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, 2024. 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.

Accumulated other comprehensive income (loss)

The Company estimates that $0.8 million, net of tax of $0.3 million, of the unrealized loss included in accumulated other comprehensive income (loss) will be reclassified into earnings (loss) within the next 12 months. The actual amount of this reclassification will be impacted by future changes in the fair value of financial instruments designated as cash flow hedges. The actual amount reclassified could differ from this estimated amount.

During the year ended December 31, 2024 a gain of $3.6 million net of tax of $1.2 million was released to earnings from accumulated other comprehensive (loss) income and included in the net change for the year (2023: gain of $11.3 million net of tax of $3.9 million).

The risks associated with the Company's financial instruments and policies for managing these risks are detailed below.

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, 2024, the Company had variable-rate debt of $1,683.0 million with a weighted average interest rate of 6.4% (2023: $1,944.3 million at a weighted average interest rate of 8.2%). The Company effectively converted $400.0 million of the variable-rate debt to fixed-rate debt using interest rate swaps with a weighted average interest rate of 5.7% (2023: $350.9 million at a weighted average interest rate of 4.7%). In addition, the Company was exposed to floating interest rates on its accounts receivable securitization program. As at December 31, 2024, the cash advance received pursuant to this program was $141.8 million at a weighted average interest rate of 3.9% (2023: $135.0 million at a weighted average interest rate of 5.7%). The maximum amount available to the Company under these programs is $150.0 million (2023: $135.0 million).

As at December 31, 2024, the Company had fixed-rate debt of $6.2 million (2023: $7.1 million) with a weighted average effective interest rate of 3.7% (2023: 3.8%). Changes in market interest rates cause the fair value of long-term debt with fixed interest rates to fluctuate but do not affect earnings, as the Company's debt is carried at amortized cost and the carrying value does not change as interest rates change.

As at December 31, 2024, 22.2% (2023: 17.2%) of the Company's outstanding debt and revolving accounts receivable securitization program were not exposed to interest rate movements, after including the effect of interest rate swaps.

The Company's designated interest rate swaps are accounted for as cash flow hedges to reduce variability of floating rate interest payments of variable-rate debt. These interest rate swaps settle periodically against CORRA and mature in 2027.

The critical terms of designated interest rate swaps and the associated hedged items are similar. The Company performs a quantitative assessment of the effectiveness, and it is expected that the value of the interest rate swaps and the value of the corresponding hedged items will systematically change in opposite directions in response to movements in the underlying interest rates. Sources of hedge ineffectiveness include the effect of the counterparty and the Company's own credit risk on the fair value of the interest rate swaps and a lack of access to negative benchmark interest rates on the Company's borrowings.

The change in fair values of interest rate hedges used as the basis for recognizing ineffectiveness for the year ended December 31, 2024 and 2023 were as follows:

	2024		2023	
	Hedging instruments	**Hedged items**	Hedging instruments	Hedged items
Cash flow hedges	**$ (144)**	**$ 85**	$ 1,073	$ (1,073)

Amounts recognized in the Consolidated Statements of Other Comprehensive Income (Loss) as at December 31, consist of:

	2024		2023	
Cash flow hedges	**Continuing hedges**	**Discontinued hedges**	Continuing hedges	Discontinued hedges
Balance, beginning of year	**$ 1,073**	**$ 2,878**	$ 16,755	$ —
Eligible change in fair value of interest rate swaps	**(1,158)**	**(2,878)**	(15,682)	2,878
Balance, end of year	**$ (85)**	**$ —**	$ 1,073	$ 2,878

It is estimated that, all else constant, an adverse hypothetical 10.0% change in the variable interest rate would result in a decrease in the fair value of the Company's interest rate swaps of $2.5 million, with a decrease in earnings before taxes of $0.0 million and a decrease in other comprehensive income (loss) of $2.5 million.

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 forward contracts which are accounted for as fair value hedges to minimize the price risk assumed under forward priced contracts with suppliers. The Company also uses forward contracts which are accounted for as cash flow hedges as well as non-designated derivative instruments to minimize the price risk of anticipated transactions. The Company uses cross-currency interest rate swaps to manage certain foreign denominated borrowings when appropriate.

The critical terms of foreign exchange forward contracts and the associated hedged items are similar. The Company performs a quantitative assessment of the effectiveness, and it is expected that the value of the forward contracts and the value of the corresponding hedged items will systematically change in opposite direction in response to movements in the underlying exchange rates. The main source of hedge ineffectiveness in these hedging relationships is the effect of the counterparty and the Company's own credit risk on the fair value of the foreign exchange contracts, which is not reflected in the fair value of the hedged item. Other sources of ineffectiveness include differences in the underlying terms of the foreign exchange contracts and the hedged items.

The Company's designated foreign exchange forward contracts mature within one year. The average exchange rate of the Company's U.S. dollar denominated contracts is 1.39 Canadian dollars per U.S. dollar (2023: 1.37).

As at December 31, 2024, the Company had US$265.0 million (2023: US$265.0 million) of U.S. dollar-denominated borrowings that were drawn on the Credit Facility of which US$245.2 million (2023: US$265.0 million) is designated as a net investment hedge of the Company's U.S. operations. Foreign exchange gains and losses on the designated drawings are recorded in accumulated other comprehensive income (loss) and offset translation adjustments on the underlying net assets of the U.S. operations, which are also recorded in accumulated other comprehensive income (loss).

The loss on the net investment hedge recorded in other comprehensive income (loss) for the year ended December 31, 2024 was $24.2 million, net of tax of $4.5 million (2023: gain of $6.6 million, net of tax of $1.2 million).

The critical terms of the designated U.S. dollar-denominated borrowings and the associated hedged items are the same. The

Company performs a qualitative assessment of the effectiveness, and it is expected that the value of the designated U.S. dollar-denominated borrowings and the value of the corresponding hedged items will systematically change in opposite direction in response to movements in the underlying exchange rates. There are no sources of hedge ineffectiveness.

The change in fair values of foreign exchange hedges used as the basis for recognizing ineffectiveness for the year ended December 31, 2024 and 2023 were as follows:

	2024		2023	
	Hedging instruments	**Hedged items**	Hedging instruments	Hedged items
Cash flow hedges	**$ (1,618)**	**$ 1,602**	$ 962	$ (962)
Fair value hedges	**$ (2,527)**	**$ 2,533**	$ 12	$ (13)
Net investment in foreign operations	**$ (24,722)**	**$ 24,722**	$ 4,015	$ (4,015)

Amounts recognized in the Consolidated Statements of Other Comprehensive Income (Loss) as at December 31, consist of:

	2024		2023	
Cash flow hedges	**Continuing hedges**	**Discontinued hedges**	Continuing hedges	Discontinued hedges
Balance, beginning of year	**$ 962**	**$ —**	$ 518	$ —
Eligible change in fair value of foreign exchange contracts	**(2,564)**	**—**	444	—
Balance, end of year	**$ (1,602)**	**$ —**	$ 962	$ —

	2024		2023	
Net investment in foreign operations	**Continuing hedges**	**Discontinued hedges**	Continuing hedges	Discontinued hedges
Balance, beginning of year	**$ 4,015**	**$ (10,289)**	$ (3,776)	$ (10,289)
Eligible change in fair value of U.S. denominated drawings	**(28,737)**	**—**	7,791	—
Balance, end of year	**$ (24,722)**	**$ (10,289)**	$ 4,015	$ (10,289)

Gains (losses) related to the Company's outstanding designated derivative financial instruments recorded in the Consolidated Statements of Earnings (Loss) as at December 31, were as follows:

	2024		2023	
	Effective portion(i)(ii)	**Ineffective portion(i)**	Effective portion(i)(ii)	Ineffective portion(i)
Cash flow hedges				
Foreign exchange contracts	**$ —**	**$ (16)**	$ —	$ (18)
Fair value hedges				
Foreign exchange contracts	**$ (2,539)**	**$ 7**	$ 311	$ 8

(i) *Gains (losses) are recorded in cost of goods sold in the Consolidated Statements of Earnings (Loss).*

(ii) *The effective portion recognized in earnings for cash flow hedges represents the accumulated other comprehensive income (loss) released to the Consolidated Statements of Earnings (Loss) due to early termination of hedging relationships. The effective portion recognized in earnings for fair value hedges represents the change in fair value of hedging instruments; the change in the hedged items is recorded at the inverse of the associated hedging instruments within cost of goods sold in the Consolidated Statements of Earnings (Loss).*

It is estimated that, all else constant, an adverse hypothetical 10.0% change in the value of the Canadian dollar against all relevant currencies would result in a decrease in the fair value of the Company’s foreign exchange forward contracts of $17.5 million, with a decrease in earnings before taxes of $12.7 million and a decrease in other comprehensive income (loss) of $4.8 million. The impact on earnings before taxes does not include the offsetting impact of the foreign exchange risk inherent in the transactions being hedged.

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 contracts with suppliers as well as exchange-traded and over-the-counter futures and options to manage its exposure to price fluctuations.

The Company uses futures contracts which are accounted for as fair value hedges as well as non-designated derivative instruments to minimize the price risk assumed under forward priced contracts with suppliers. The Company also uses futures contracts which are accounted for as cash flow hedges as well as non-designated derivative instruments to minimize the price risk of anticipated transactions.

The critical terms of the futures contracts and the associated hedged items are similar. The Company performs a quantitative assessment of the effectiveness, and it is expected that the value of the futures contracts and the value of the corresponding hedged items will systematically change in opposite directions in response to movements in the underlying commodity prices. Hedge ineffectiveness in these hedging relationships is due to timing differences in the term of the futures contracts and the hedged items.

The Company's designated commodity futures contracts mature within one year. The outstanding designated commodity futures contracts as at December 31, were as follows:

	2024		2023	
	Average Price (USD)	**Volume (000's)**	Average Price (USD)	Volume (000's)
Fair value hedges				
Hog contracts(i)	**$ 90.28**	**546**	$ 82.40	27

(i) Hog contracts' unit of measure is cwt.

The change in fair values of commodity hedges used as the basis for recognizing ineffectiveness for the year ended December 31, 2024 and 2023 were as follows:

	2024		2023	
	Hedging instruments	**Hedged items**	Hedging instruments	Hedged items
Fair value hedges	**$ 450**	**$ (450)**	$ 424	$ (424)

Gains (losses) related to the Company's outstanding designated derivative financial instruments recorded in the Consolidated Statements of Earnings (Loss) as at December 31, were as follows:

	2024		2023	
	Effective portion(i)(ii)	**Ineffective portion(i)**	Effective portion(i)(ii)	Ineffective portion(i)
Fair value hedges				
Hog contracts	**$ 26**	**$ —**	$ 281	$ —

(i) Gains (losses) are recorded in cost of goods sold in the Consolidated Statements of Earnings (Loss).

(ii) The effective portion recognized in earnings for fair value hedges represents the change in fair value of hedging instruments; the change in the hedged items is recorded at the inverse of the associated hedging instruments within cost of goods sold in the Consolidated Statements of Earnings (Loss).

It is estimated that, all else constant, an adverse hypothetical 10.0% change in market prices of the underlying commodities would result in a decrease in the fair value of underlying outstanding derivative contracts of $4.4 million, with a decrease in earnings before taxes of $4.4 million. The impact on earnings before taxes does not include the offsetting impact of the commodity price risk inherent in the transactions being hedged.

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 27. 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, 2024 comprise approximately 23.6% (2023: two largest customers representing 23.5%) 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 27. 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 contractual undiscounted cash flows payable in respect of financial liabilities as at the balance sheet date, were as follows:

	December 31, 2024				
	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	$ 561,179	—	—	—	$ 561,179
Debt	302,612	1,387,997	1,949	3,825	1,696,383
Foreign exchange contracts	4,830	—	—	—	4,830
Interest rate swaps	1,935	3,494	—	—	5,429
Lease obligations	40,707	70,156	51,158	54,142	216,163
Other liabilities	30,822	1,711	—	—	32,533
Total	**$ 942,085**	**1,463,358**	**53,107**	**57,967**	**$ 2,516,517**

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, 2024, the Company had available undrawn committed credit of $638.9 million (2023: $447.2 million) under the terms of its principal banking arrangements as described in Note 17. These banking arrangements are subject to certain covenants and other restrictions.

22. INTEREST EXPENSE AND OTHER FINANCING COSTS

	2024	2023
Interest on borrowings from credit facility	**$ 141,140**	$ 134,996
Interest on lease obligations	**8,273**	6,070
Interest on securitized receivables	**6,620**	6,365
Interest on government loans	**246**	250
Amortization of deferred financing charges	**3,683**	3,371
Credit facility standby fees and other interest	**3,766**	2,768
	$ 163,728	$ 153,820
Interest paid and capitalized	**(1,128)**	(2,969)
	$ 162,600	$ 150,851

Interest paid during the year ended December 31, 2024 was $150.1 million (2023: $153.4 million).

23. EARNINGS (LOSS) PER SHARE

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

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

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

	2024			2023		
Year ended December 31,	**Earnings**	**Weighted average number of shares**(i)	**EPS**	Loss	Weighted average number of shares(i)	EPS
Basic	**$ 96,599**	**123.0**	**$ 0.79**	$ (124,976)	121.8	$ (1.03)
Effect of dilutive securities(ii)		**1.3**			—	
Diluted	**$ 96,599**	**124.3**	**$ 0.78**	$ (124,976)	121.8	$ (1.03)

(i) *In millions.*

(ii) *Excludes the effect of approximately 6.3 million (2023: 5.5 million) stock options and restricted share units that are anti-dilutive for the twelve months ended December 31, 2024.*

24. SHARE-BASED PAYMENT

Under the Maple Leaf Foods Share Option Plans in effect as at December 31, 2024, the Company may grant options to its employees and employees of its subsidiaries to purchase shares of common stock. Under the Maple Leaf Foods Restricted Share Unit Plan in effect as at December 31, 2024, the Company may grant RSUs and PSUs to its employees and employees of its subsidiaries entitling employees to receive common shares or cash at the Company's option. Options, RSUs, and PSUs are granted from time to time by the Human Resources and Compensation Committee or by the Board of Directors on the recommendation of the Human Resources and Compensation Committee. The vesting conditions for options, RSUs, and PSUs are specified by the Board of Directors and may include the continued service of the employee with the Company and/or other criteria based on measures of the Company's performance.

Under the Company's Share Purchase and Deferred Share Unit Plans, eligible Directors may elect to receive their retainer and fees in the form of DSUs or as common shares of the Company.

Stock Options

A summary of the status of the Company's outstanding stock options as at December 31, 2024 and 2023, and changes during these years are presented below:

	2024		2023	
	Options outstanding	**Weighted average exercise price**	Options outstanding	Weighted average exercise price
Outstanding, beginning of year	**6,537,050**	**$ 26.83**	6,099,680	$ 26.82
Granted	**1,793,850**	**$ 22.95**	1,057,700	$ 24.63
Exercised	**(108,200)**	**$ 23.08**	(620,330)	$ 23.02
Forfeited	**(156,300)**	**$ 24.76**	—	$ —
Expired	**(767,200)**	**$ 30.20**	—	$ —
Outstanding, end of year	**7,299,200**	**$ 25.62**	6,537,050	$ 26.83
Options currently exercisable	**4,797,900**	**$ 26.63**	4,618,500	$ 27.34

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

The number of options outstanding as at December 31, 2024, is as follows:

	Options outstanding			**Options currently exercisable**		**Options subject to time vesting only**	
Range of exercise prices	**Number outstanding**	**Weighted average exercise price**	**Weighted average remaining term of options (in years)**	**Number exercisable**	**Weighted average exercise price**	**Number outstanding**	**Weighted average exercise price**
$ 20.28 to $ 25.10	4,766,100	$ 23.66	4.4	2,498,700	$ 24.06	2,267,400	$ 23.23
$ 26.38 to $ 28.38	1,806,800	$ 28.07	2.8	1,572,900	$ 28.07	233,900	$ 28.07
$ 30.22 to $ 32.75	726,300	$ 32.38	0.2	726,300	$ 32.38	—	$ —
Total Options	**7,299,200**	**$ 25.62**	**3.6**	**4,797,900**	**$ 26.63**	**2,501,300**	**$ 23.68**

The number of options outstanding as at December 31, 2023, is as follows:

	Options outstanding			Options currently exercisable		Options subject to time vesting only	
Range of exercise prices	Number outstanding	Weighted average exercise price	Weighted average remaining term of options (in years)	Number exercisable	Weighted average exercise price	Number outstanding	Weighted average exercise price
$ 22.52 to $ 25.10	3,280,050	$ 24.07	4.3	2,051,800	$ 23.83	1,228,250	$ 24.46
$ 26.38 to $ 28.38	1,853,600	$ 28.07	3.8	1,163,300	$ 28.34	690,300	$ 27.61
$ 30.22 to $ 32.75	1,403,400	$ 31.65	0.7	1,403,400	$ 31.65	—	$ —
Total Options	6,537,050	$ 26.83	3.4	4,618,500	$ 27.34	1,918,550	$ 25.59

At grant date, each option series is measured at fair value based on the Black-Scholes formula. Expected volatility is estimated by considering historic average share price volatility. The inputs used in this model for the options granted during the year ended December 31, 2024 and 2023 are shown in the table below[(i)]:

	2024	2023
Share price at grant date	**$22.99**	$24.88
Exercise price	**$22.95**	$24.63
Expected volatility	**32.1%**	31.9%
Option life (in years)[(ii)]	**4.5**	4.4
Expected dividend yield	**4.6%**	4.1%
Risk-free interest rate[(iii)]	**3.6%**	3.1%

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

(ii) *Expected weighted average life.*

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

The fair value of options granted during the year ended December 31, 2024 was $7.9 million (2023: $5.4 million). Expenses relating to current and prior year options were $6.4 million (2023: $5.2 million).

Restricted Share Units and Performance Share Units

The awards granted under the 2006 Plan are satisfied either by shares to be purchased on the open market by a trust established for that purpose or cash at the time of vesting.

Under the 2006 Plan, one common share of the Company may be distributed for each RSU, and these units vest strictly over time. The PSUs are subject to both time and performance vesting. The PSUs provide the holder with up to two RSUs based on the achievement of predetermined Company performance targets. All outstanding RSUs and PSUs under the 2006 Plan vest over a period of approximately one to three years from the date of grant.

A summary of the status of the Company's RSU plans (including PSUs) as at December 31, 2024 and 2023 and changes during these periods is presented below:

	2024		2023	
	Share units outstanding	**Weighted average fair value at grant**	Share units outstanding	Weighted average fair value at grant
Outstanding, beginning of year	**2,018,396**	**$ 23.87**	1,881,158	$ 23.93
Granted	**1,861,351**	**$ 19.39**	886,860	$ 21.65
Exercised	**(262,532)**	**$ 24.08**	(639,053)	$ 20.94
Forfeited	**(392,225)**	**$ 22.94**	(110,569)	$ 24.06
Outstanding, end of year	**3,224,990**	**$ 21.38**	2,018,396	$ 23.87

The fair value of RSUs and PSUs granted during the 2024 was $31.5 million (2023: $16.7 million). Expenses for the year ended December 31, 2024 relating to current and prior year RSUs and PSUs, were $15.1 million (2023: $6.2 million), of which $1.1 million (2023: $1.0 million) will be paid in cash and the remainder settled in shares.

A portion of the outstanding RSUs and PSUs will be settled in cash. The total liability recorded for these units is $1.7 million (2023: $1.1 million).

The key assumptions used in the valuation of fair value of RSUs and PSUs granted during the year are shown in the table below[(i)]:

	2024	2023
Expected RSU life (in years)	**2.6**	3.1
Forfeiture rate	**12.5%**	13.0%
Risk-free discount rate	**4.0%**	3.3%

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

Deferred Share Units

If an eligible Director elects to receive their retainer and fees as common shares of the Corporation, the Company purchases shares at market rates on behalf of the participating Directors.

In 2013, the Company adopted a new share purchase and Deferred Share Unit plan (the "2013 DSU Plan"), which replaced the Company's existing share purchase and deferred share unit plan. The 2013 DSU Plan allows the Company, at its discretion, the flexibility to satisfy DSUs in common shares, either issued from treasury or purchased by the Company on the open market.

Expenses for the year ended December 31, 2024 were $1.5 million (2023: $1.5 million).

A summary of the status of the Company's outstanding DSUs as at December 31, 2024 and 2023, and changes during these years are presented below:

Units outstanding	**2024**	2023
Outstanding, beginning of year	**338,799**	371,771
Additions: granted	**52,478**	46,658
Additions: dividends reinvested	**11,434**	11,268
Exercised	**(164,965)**	(90,898)
Outstanding, end of year	**237,746**	338,799

25. GEOGRAPHIC AND CUSTOMER PROFILE

Information About Geographic Areas

The following summarizes sales by country of origin:

	2024	2023
Canada(i)	**$ 3,620,720**	$ 3,584,260
U.S.	**528,671**	538,297
Japan	**388,585**	364,457
China	**65,663**	68,376
Other	**291,407**	285,823
Sales	**$ 4,895,046**	$ 4,841,213

(i) *Adjusted, see Note 30.*

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

	As at December 31,	
	2024	2023
Canada	**$ 2,862,830**	$ 3,023,577
U.S.	**303,349**	285,085
Other	**234**	451
Total non-current assets(i)	**$ 3,166,413**	$ 3,309,113

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

Information About Major Customers

For the year ended December 31, 2024, the Company reported sales to two customers representing 12.1% and 11.5% (2023: 12.0% and 11.5%) of total sales. No other sales were made to any one customer that represented in excess of 10.0% of total sales.

26. GOVERNMENT INCENTIVES

During the year ended December 31, 2024, the Company recognized government incentives totaling $20.3 million (2023: $9.9 million).

During the year ended December 31, 2024, the Company recognized $15.0 million (2023: $4.9 million) of government incentives as a reduction in the cost of related assets. Of this amount, $6.9 million was received from the Government of Ontario and $2.0 million from the Government of Canada to assist with the design, development and construction of the London, Ontario poultry facility. In addition, the Company received $3.2 million from the Government of Canada to adapt to market changes resulting from the implementation of recent international trade agreements, and $2.0 million from the Government of Canada for the expansion of further processed poultry processing capacity. The Company also received $0.9 million in other incentives.

During the year ended December 31, 2024, the Company recognized $5.3 million (2023: $5.0 million) of government incentives in earnings (loss). Of this amount, $3.0 million of ongoing incentives were received from the Government of Canada to support the Company's agricultural business. An additional $1.3 million of Scientific Research and Experimental Development (SR&ED) tax incentive was received from the Government of Canada. In addition, the Company received $1.0 million in other incentives.

The Company currently recognizes $6.2 million (2023: $7.1 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 17.

27. COMPOSITION OF THE COMPANY

Unconsolidated Structured Entity

The Company, as part of a securitization agreement, sells a portion of its receivables to an unconsolidated third-party trust.

On May 31, 2024, the Company renewed its account receivable securitization facility (the "Securitization Facility") extending its maturity to May 31, 2026. The maximum cash advance available to the Company under the Securitization Facility is $150.0 million (2023: $135.0 million). The Securitization Facility provides cash funding with a proportion of the Company's receivables being sold, 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, 2024, trade accounts receivable being serviced under this program amounted to $129.2 million (2023: $112.7 million). As consideration for the sale of its trade receivables, the Company will receive cash advances of $91.2 million (2023: $79.4 million) and notes receivable in the amount of $38.0 million (2023: $33.2 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, 2024, the Company recorded a net payable in the amount of $59.8 million in accounts payable and accruals (2023: $55.6 million in accounts payable and accruals).

The Company's maximum exposure to loss due to its involvement with a structured entity is equal to the current carrying value of the interest in the notes receivable due from the structured entity. The Company has not recognized any income or losses with its interest in unconsolidated structured entities for the year ended December 31, 2024 and 2023.

28. RELATED PARTY TRANSACTIONS

The Company sponsors a number of defined benefit, defined contribution and post-retirement benefit plans. During the year ended December 31, 2024, the Company contributed $31.1 million (2023: $30.6 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:

	2024	2023
Short-term employee benefits		
Salaries, bonuses, and fees	**$ 12,062**	$ 10,650
Company car allowances	**374**	348
Other benefits	**623**	370
Total short-term employee benefits	**$ 13,059**	$ 11,368
Severance benefits	**1,238**	2,254
Post-employment benefits	**537**	740
Share-based compensation	**11,251**	7,198
Total remuneration	**$ 26,085**	$ 21,560

During the year ended December 31, 2024, Key Management Personnel of the Company exercised 0.1 million share options (2023: 0.6 million share options) granted under the Maple Leaf Foods share option plans for an amount of $2.5 million (2023: $14.3 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, 2024, the Company received services from MCI and companies directly or indirectly owned by MCI in the amount of $0.8 million (2023: $1.1 million), which represented the market value of these transactions with MCI. As at December 31, 2024, $0.2 million (2023: $0.5 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 year ended December 31, 2024 and 2023, the Company provided services to and received services from MFAS for a nominal amount which represented the market value of the transactions.

29. COMMITMENTS AND CONTINGENCIES

The Company has been named as a defendant in several legal actions and is subject to various risks and contingencies arising in the normal course of business. Management is of the opinion that the outcome of these uncertainties will not have a material adverse effect on the Company's financial position.

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 is 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 the majority shareholder of Canada Bread Company, Limited ("Canada Bread"). The Company sold its interest in Canada Bread, which was a stand-alone public company, to Grupo Bimbo in 2014. There are also class action proceedings related to the bread pricing allegations. In Ontario, the Ontario Superior Court has determined on two occasions that the bread class action proceeding should not be certified against Maple Leaf Foods; however, the plaintiffs and Canada Bread are appealing the latest ruling. In 2024, Grupo Bimbo and Canada Bread launched a stand alone claim against the Company. The Company has consistently maintained that there was no wrongdoing while it was a shareholder of Canada Bread and is mounting a strong defense in all these matters. 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 which has not yet progressed to the certification stage. The final outcome of the investigation, the class actions, and the Grupo Bimbo 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.

In the normal course of business, the Company and its subsidiaries enter into sales commitments with customers, and purchase commitments with suppliers. These commitments are for varying terms and can provide for fixed or variable prices. The Company believes that these contracts serve to reduce risk, and does not anticipate that losses will be incurred on these contracts.

The Company entered into a number of contracts related to the construction of new and expanded facilities. As at December 31, 2024 these contract commitments were approximately $0.5 million (2023: $8.0 million).

30. ADJUSTMENT OF COMPARATIVE INFORMATION

Prior year sales and cost of goods sold have both been adjusted to reduce each balance by $26.7 million from the previously published amounts in order to eliminate agreements that contained an expectation of repurchase and had previously been reported as external sales and cost of goods sold.

	2023		
	As reported	**Change**	**As adjusted**
Sales	$ 4,867,928	$ (26,715)	$ 4,841,213
Cost of goods sold	4,416,554	(26,715)	4,389,839
Gross profit	$ 451,374	—	$ 451,374