



MAPLE LEAF FOODS INC.

Financial Statements

For the First Quarter Ended
March 31, 2025

Consolidated Interim Financial Statements

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Consolidated Interim Balance Sheets

<i>(In thousands of Canadian dollars)</i> <i>(Unaudited)</i>	<i>Notes</i>	As at March 31, 2025	As at March 31, 2024	As at December 31, 2024
ASSETS				
Cash and cash equivalents		\$ 119,051	\$ 206,393	\$ 175,908
Accounts receivable	3	181,547	168,994	170,919
Notes receivable	3	38,684	32,564	37,978
Inventories	4	628,145	584,134	553,398
Biological assets	5	187,881	180,281	169,399
Income and other taxes recoverable		2,474	83,365	7,551
Prepaid expenses and other assets		40,009	43,620	42,342
Assets held for sale		20,900	—	22,769
Total current assets		\$ 1,218,691	\$ 1,299,351	\$ 1,180,264
Property and equipment		2,095,247	2,224,502	2,123,167
Right-of-use assets		155,606	169,145	160,922
Investments		12,859	16,029	12,763
Investment property	6	42,588	57,144	42,588
Employee benefits		27,200	32,557	22,429
Other long-term assets		23,938	22,303	24,918
Deferred tax asset		48,586	41,980	46,588
Goodwill		477,353	477,353	477,353
Intangible assets		335,571	344,938	339,526
Total long-term assets		\$ 3,218,948	\$ 3,385,951	\$ 3,250,254
Total assets		\$ 4,437,639	\$ 4,685,302	\$ 4,430,518
LIABILITIES AND EQUITY				
Accounts payable and accruals		\$ 548,443	\$ 590,696	\$ 561,179
Current portion of provisions	7	11,344	6,586	14,482
Current portion of long-term debt	8	302,009	401,538	301,478
Current portion of lease obligations		39,893	39,928	39,900
Income taxes payable		20,752	1,788	2,595
Other current liabilities		34,876	25,518	37,587
Total current liabilities		\$ 957,317	\$ 1,066,054	\$ 957,221
Long-term debt	8	1,370,701	1,527,665	1,390,479
Lease obligations		142,698	154,863	147,892
Employee benefits		62,351	62,230	62,395
Provisions	7	2,768	2,037	3,912
Other long-term liabilities		6,521	1,202	5,205
Deferred tax liability		322,531	317,978	325,137
Total long-term liabilities		\$ 1,907,570	\$ 2,065,975	\$ 1,935,020
Total liabilities		\$ 2,864,887	\$ 3,132,029	\$ 2,892,241
Shareholders' equity				
Share capital	9	\$ 900,871	\$ 878,852	\$ 897,839
Retained earnings		611,327	628,549	587,393
Contributed surplus		20,159	7,750	12,482
Accumulated other comprehensive income		43,826	45,305	43,994
Treasury shares		(3,431)	(7,183)	(3,431)
Total shareholders' equity		\$ 1,572,752	\$ 1,553,273	\$ 1,538,277
Total liabilities and equity		\$ 4,437,639	\$ 4,685,302	\$ 4,430,518

See accompanying Notes to the Consolidated Interim Financial Statements.

Consolidated Interim Statements of Earnings

(In thousands of Canadian dollars, except share amounts)
(Unaudited)

	Notes	Three months ended March 31,	
		2025	2024 ⁽ⁱ⁾
Sales		\$ 1,241,293	\$ 1,147,291
Cost of goods sold		1,023,519	920,951
Gross profit		\$ 217,774	\$ 226,340
Selling, general and administrative expenses		114,807	110,033
Earnings before the following:		\$ 102,967	\$ 116,307
Restructuring and other related costs (reversals)	7	1,503	(725)
Other expense		1,233	1,157
Earnings before interest and income taxes		\$ 100,231	\$ 115,875
Interest expense and other financing costs	11	29,646	42,083
Earnings before income taxes		\$ 70,585	\$ 73,792
Income tax expense		21,022	22,241
Earnings		\$ 49,563	\$ 51,551
Earnings per share attributable to common shareholders:			
	12		
Basic earnings per share		\$ 0.40	\$ 0.42
Diluted earnings per share		\$ 0.40	\$ 0.42
Weighted average number of shares (millions):			
	12		
Basic		123.8	122.5
Diluted		125.3	123.6

⁽ⁱ⁾ Adjusted, see Note 16.

See accompanying Notes to the Consolidated Interim Financial Statements.

Consolidated Interim Statements of Other Comprehensive Income

<i>(In thousands of Canadian dollars)</i> <i>(Unaudited)</i>	Three months ended March 31,	
	2025	2024
Earnings	\$ 49,563	\$ 51,551
Other comprehensive income		
Actuarial gains that will not be reclassified to profit or loss (Net of tax of \$1.4 million; 2024: \$2.2 million)	\$ 4,134	\$ 6,605
Total items that will not be reclassified to profit or loss	\$ 4,134	\$ 6,605
Items that are or may be reclassified subsequently to profit or loss:		
Change in accumulated foreign currency translation adjustment (Net of tax of \$0.0 million; 2024: \$0.0 million)	(27)	7,710
Change in foreign exchange on long-term debt designated as a net investment hedge (Net of tax of \$0.0 million; 2024: \$1.2 million)	113	(6,612)
Change in cash flow hedges (Net of tax of \$0.0 million; 2024: \$0.2 million)	(254)	(3,622)
Total items that are or may be reclassified subsequently to profit or loss	\$ (168)	\$ (2,524)
Total other comprehensive income	\$ 3,966	\$ 4,081
Comprehensive income	\$ 53,529	\$ 55,632

See accompanying Notes to the Consolidated Interim Financial Statements.

Consolidated Interim Statements of Changes in Total Equity

(In thousands of Canadian dollars) (Unaudited)	Notes	Share capital	Retained earnings	Contributed surplus	Accumulated other comprehensive income (loss)			Revaluation surplus	Treasury shares	Total equity
					Foreign currency translation adjustment ⁽ⁱ⁾	Unrealized gains (losses) on cash flow hedges ⁽ⁱ⁾	Unrealized gains (losses) on fair value of investments ⁽ⁱ⁾			
Balance at December 31, 2024		\$897,839	587,393	12,482	14,545	(1,257)	(6,641)	37,347	(3,431)	\$1,538,277
Earnings		—	49,563	—	—	—	—	—	—	49,563
Other comprehensive income (loss) ⁽ⁱⁱ⁾		—	4,134	—	86	(254)	—	—	—	3,966
Dividends declared (\$0.24 per share)		3,032	(29,763)	—	—	—	—	—	—	(26,731)
Share-based compensation expense	13	—	—	5,777	—	—	—	—	—	5,777
Deferred taxes on share-based compensation		—	—	1,900	—	—	—	—	—	1,900
Balance at March 31, 2025		\$900,871	611,327	20,159	14,631	(1,511)	(6,641)	37,347	(3,431)	\$1,572,752

(In thousands of Canadian dollars) (Unaudited)	Notes	Share capital	Retained earnings	Contributed surplus	Accumulated other comprehensive income (loss)			Revaluation surplus	Treasury shares	Total equity
					Foreign currency translation adjustment ⁽ⁱ⁾	Unrealized gains (losses) on cash flow hedges ⁽ⁱ⁾	Unrealized gains (losses) on fair value of investments ⁽ⁱ⁾			
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		—	51,551	—	—	—	—	—	—	51,551
Other comprehensive income (loss) ⁽ⁱⁱ⁾		—	6,605	—	1,098	(3,622)	—	—	—	4,081
Dividends declared (\$0.22 per share)		5,375	(27,036)	—	—	—	—	—	—	(21,661)
Share-based compensation expense	13	—	—	5,298	—	—	—	—	—	5,298
Deferred taxes on share-based compensation		—	—	(775)	—	—	—	—	—	(775)
Balance at March 31, 2024		\$878,852	628,549	7,750	9,723	794	(2,559)	37,347	(7,183)	\$1,553,273

⁽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 Interim Financial Statements.

Consolidated Interim Statements of Cash Flows

(In thousands of Canadian dollars) (Unaudited)	Notes	Three months ended March 31,	
		2025	2024
CASH PROVIDED BY (USED IN):			
Operating activities			
Earnings		\$ 49,563	\$ 51,551
Add (deduct) items not affecting cash:			
Change in fair value of biological assets	5	(16,411)	(69,143)
Depreciation and amortization		63,654	65,853
Share-based compensation	13	5,777	5,298
Deferred income tax (recovery) expense		(3,717)	19,936
Current income tax expense		24,739	2,305
Interest expense and other financing costs	11	29,646	42,083
Gain on sale of long-term assets		(10,612)	(311)
Impairment of property and equipment and right-of-use assets		866	—
Change in fair value of non-designated derivatives		1,122	(4,665)
Change in net pension obligation		719	1,067
Net income taxes (paid) refunded		(1,365)	2,982
Interest paid, net of capitalized interest	11	(28,573)	(40,477)
Change in provision for restructuring and other related costs	7	(4,263)	(3,260)
Change in derivatives margin		(1,611)	2,316
Cash settlement of derivatives		—	(2,150)
Other		5,148	3,093
Change in non-cash operating working capital		(104,799)	10,847
Cash provided by operating activities		\$ 9,883	\$ 87,325
Investing activities			
Additions to long-term assets		\$ (24,852)	\$ (23,813)
Interest paid and capitalized	11	(280)	(355)
Proceeds from sale of long-term assets		13,004	865
Cash used in investing activities		\$ (12,128)	\$ (23,303)
Financing activities			
Dividends paid		\$ (26,731)	\$ (21,661)
Net decrease in long-term debt	8	(19,782)	(30,885)
Payment of lease obligation		(8,092)	(8,446)
Payment of financing fees	8	(7)	—
Cash used in financing activities		\$ (54,612)	\$ (60,992)
(Decrease) increase in cash and cash equivalents		\$ (56,857)	\$ 3,030
Cash and cash equivalents, beginning of period		175,908	203,363
Cash and cash equivalents, end of period		\$ 119,051	\$ 206,393

See accompanying Notes to the Consolidated Interim Financial Statements.

Notes to the Consolidated Interim Financial Statements

(Tabular amounts in thousands of Canadian dollars unless otherwise indicated)
Three months ended March 31, 2025 and 2024

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 6897 Financial Dr., Mississauga, Ontario, L5N 0A1, Canada. The unaudited condensed consolidated interim financial statements ("Consolidated Interim Financial Statements") of the Company as at and for the three months ended March 31, 2025 include the accounts of the Company and its subsidiaries.

2. MATERIAL ACCOUNTING POLICIES

The Consolidated Interim Financial Statements should be read in conjunction with the Company's 2024 Annual Audited Consolidated Financial Statements ("2024 Consolidated Financial Statements").

(a) Statement of Compliance

The Consolidated Interim Financial Statements have been prepared in accordance with International Accounting Standard ("IAS") 34 *Interim Financial Reporting* ("IAS 34") as issued by the International Accounting Standards Board ("IASB") and using the accounting policies, determination of significant estimates and judgments, and corresponding accounting treatments consistent with the Company's 2024 Consolidated Financial Statements.

The Consolidated Interim Financial Statements were authorized for issue by the Board of Directors on May 7, 2025.

(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 Interim Financial Statements.

All other IFRSs and amendments issued but not yet effective have been assessed by the Company and are not expected to have a material impact on the Consolidated Interim Financial Statements.

3. ACCOUNTS RECEIVABLE

	As at March 31, 2025	As at March 31, 2024	As at December 31, 2024
Trade receivables	\$ 146,370	\$ 135,383	\$ 130,409
Less: Allowance for doubtful accounts	(2,467)	(1,644)	(2,119)
Net trade receivables	\$ 143,903	\$ 133,739	\$ 128,290
Other receivables:			
Commodity taxes receivable	14,987	12,438	13,911
Government receivable	8,602	3,704	11,096
Other	14,055	19,113	17,622
	\$ 181,547	\$ 168,994	\$ 170,919

The aging of trade receivables is as follows:

	As at March 31, 2025	As at March 31, 2024	As at December 31, 2024
Current	\$ 116,913	\$ 111,630	\$ 97,968
Past due 0-30 days	19,497	15,755	23,640
Past due 31-60 days	3,686	4,207	2,578
Past due > 60 days	6,274	3,791	6,223
	\$ 146,370	\$ 135,383	\$ 130,409

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

On 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 (March 31, 2024: \$135.0 million; December 31, 2024: \$150.0 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 March 31, 2025, trade accounts receivable being serviced under this program amounted to \$167.9 million (March 31, 2024: \$101.1 million; December 31, 2024: \$129.2 million). As consideration for the sale of its trade receivables, the Company will receive cash advances of \$129.2 million (March 31, 2024: \$68.5 million; December 31, 2024: \$91.2 million) and notes receivable in the amount of \$38.7 million (March 31, 2024: \$32.6 million; December 31, 2024: \$38.0 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 March 31, 2025, the Company recorded a net payable in the amount of \$30.4 million (March 31, 2024: \$66.5 million net payable; December 31, 2024: \$59.8 million net payable) in accounts payable and accruals (March 31, 2024: accounts payable and accruals; December 31, 2024: accounts payable and accruals).

The sale of trade receivables under the Securitization Facility are treated as a sale from an accounting perspective and as a result, trade receivables sold under this facility are derecognized from the unaudited condensed consolidated interim balance sheets ("Consolidated Interim Balance Sheets") as at March 31, 2025 and 2024 and the 2024 annual audited consolidated balance sheet as at December 31, 2024.

4. INVENTORIES

	As at March 31, 2025	As at March 31, 2024	As at December 31, 2024
Raw materials	\$ 68,526	\$ 73,140	\$ 60,552
Work in process	50,362	42,025	46,926
Finished goods	376,198	351,139	319,529
Packaging	36,378	29,270	32,893
Spare parts	96,681	88,560	93,498
	\$ 628,145	\$ 584,134	\$ 553,398

For the three months ended March 31, 2025, inventory in the amount of \$934.6 million (2024: \$909.8 million) was expensed through cost of goods sold.

As at March 31, 2025, inventories have been reduced by \$15.5 million (March 31, 2024: \$12.5 million; December 31, 2024: \$16.2 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.

5. BIOLOGICAL ASSETS

The change in fair value of commercial hog stock for the three months ended March 31, 2025 was a gain of \$16.4 million (2024: gain of \$69.1 million) and was recorded in cost of goods sold.

The fair value measures of commercial hog stock have been categorized as a Level 3 fair value based on inputs to the valuation techniques used. There were no transfers between levels for the three months ended March 31, 2025 and March 31, 2024.

6. INVESTMENT PROPERTY

	As at March 31, 2025	
Net balance, December 31, 2024	\$	42,588
Net balance, March 31, 2025	\$	42,588

	As at March 31, 2024	
Net balance, December 31, 2023	\$	57,144
Net balance, March 31, 2024	\$	57,144

The fair value measurement of investment properties has 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 and there have not been any transfers between levels for the three months ended March 31, 2025 and March 31, 2024.

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.

7. PROVISIONS

	Restructuring and related provisions				Total
	Environmental	Severance and other employee related costs	Site closing and other cash costs		
Balance at December 31, 2024⁽ⁱ⁾	\$ 1,978	16,225	191	\$ 18,394	
Charges	—	562	86	648	
Reversals	—	(205)	—	(205)	
Cash payments	(19)	(4,524)	(182)	(4,725)	
Balance at March 31, 2025	\$ 1,959	12,058	95	\$ 14,112	
Current				\$ 11,344	
Non-current				2,768	
Total at March 31, 2025				\$ 14,112	

⁽ⁱ⁾ Balance as at December 31, 2024, includes current portion of \$14.5 million and non-current portion of \$3.9 million.

	Restructuring and related provisions			Total
	Environmental	Severance and other employee related costs	Site closing and other cash costs	
Balance at December 31, 2023 ⁽ⁱ⁾	\$ 2,041	9,846	—	\$ 11,887
Charges	—	283	501	784
Reversals	—	(1,501)	—	(1,501)
Cash payments	(4)	(2,048)	(501)	(2,553)
Foreign currency translation	—	6	—	6
Balance at March 31, 2024	\$ 2,037	6,586	—	\$ 8,623
Current				\$ 6,586
Non-current				2,037
Total at March 31, 2024				\$ 8,623

⁽ⁱ⁾ Balance as at December 31, 2023, includes current portion of \$9.9 million and non-current portion of \$2.0 million.

Restructuring and Other Related Costs

During the three months ended March 31, 2025, the Company recorded restructuring and other related costs of \$1.5 million. Of this, \$0.3 million in severance and other employee related costs related to the reorganization of its commercial and operations teams. A further \$1.1 million in accelerated depreciation related to the announced closure of the Company's further processed poultry facility in Brantford, Ontario. The remaining amount of \$0.1 million was related to other previous organizational restructuring initiatives.

During the three months ended March 31, 2024, the Company recorded a net provision reversal for restructuring and other related costs of \$0.7 million. Of this, \$0.9 million of net reversals related to the closures of the Brampton, Toronto, St. Mary's, and Schomberg poultry plants and was comprised of \$0.5 million of decommissioning costs, offset by a reversal of \$1.3 million related to severance and other employee related costs and a reversal of \$0.1 million related to asset impairments. The remaining amount of \$0.2 million related to employee related costs and inventory impairment for other organizational restructuring initiatives.

8. LONG-TERM DEBT

	As at March 31, 2025	As at March 31, 2024	As at December 31, 2024
Revolving line of credit	\$ 633,602	\$ 813,400	\$ 652,000
U.S. term credit Tranche 1	380,951	358,943	381,030
Canadian term credit Tranche 2	350,000	350,000	350,000
Canadian term credit Tranche 3	300,000	400,000	300,000
Government loans	6,042	7,046	6,208
Supplier financing	4,760	3,570	6,167
Deferred financing charges	(2,645)	(3,756)	(3,448)
Total long-term debt	\$ 1,672,710	\$ 1,929,203	\$ 1,691,957
Current	\$ 302,009	\$ 401,538	\$ 301,478
Non-current	1,370,701	1,527,665	1,390,479
Total long-term debt	\$ 1,672,710	\$ 1,929,203	\$ 1,691,957

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 Company is expected to fully repay Tranche 3 at maturity.

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 March 31, 2025 the Company had drawn letters of credit of \$9.1 million on the Credit Facility (March 31, 2024: \$9.1 million; December 31, 2024: \$9.1 million).

The Credit Facility requires the maintenance of certain covenants. As at March 31, 2025, 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 (March 31, 2024: \$105.0 million; December 31, 2024: \$105.0 million). As at March 31, 2025, \$47.6 million in letters of credit had been issued thereon (March 31, 2024: \$46.7 million; December 31, 2024: \$47.6 million).

As at March 31, 2025, the Company has one non-interest bearing government loan of \$6.0 million (March 31, 2024: \$7.0 million; December 31, 2024: \$6.2 million) still outstanding and maturing in 2033. The facility is committed.

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

	Three months ended March 31,	
	2025	2024
Total long-term debt, beginning of period	\$ 1,691,957	\$ 1,950,815
Revolving and term credit facilities - net repayments	(18,252)	(30,000)
Government loans repayments	(222)	(167)
Supplier financing repayments	(1,308)	(718)
Payment of financing fees	(7)	—
Total cash outflow from long-term debt financing activities	\$ (19,789)	\$ (30,885)
Foreign exchange revaluation	(324)	8,156
Other non-cash changes	866	1,117
Total non-cash changes	\$ 542	\$ 9,273
Total long-term debt, end of period	\$ 1,672,710	\$ 1,929,203

9. SHARE CAPITAL

Share Repurchase

On March 11, 2025 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 7.3 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 March 13, 2025 and will terminate on March 12, 2026. Under this bid, during the three months ended March 31, 2025, no shares were repurchased for cancellation.

On May 20, 2023 the Toronto Stock Exchange ("TSX") accepted the Company's notice of intention to commence a 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, during the three months ended March 31, 2024, no shares were repurchased for cancellation.

10. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

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 March 31 are shown below:

	2025			2024		
	Notional amount ⁽ⁱ⁾	Fair value		Notional amount ⁽ⁱ⁾	Fair value	
		Asset ⁽ⁱⁱ⁾	Liability ⁽ⁱⁱ⁾		Asset ⁽ⁱⁱ⁾	Liability ⁽ⁱⁱ⁾
Cash flow hedges						
Foreign exchange contracts	\$ 29,944	\$ —	\$ 97	\$ 18,748	\$ 19	\$ 22
Commodity contracts	\$ 18,560	—	905	\$ —	—	—
Interest rate swaps	\$ 400,000	3,731	6,983	\$ 358,943	333	—
		\$ 3,731	\$ 7,985		\$ 352	\$ 22
Fair value hedges⁽ⁱⁱⁱ⁾						
Foreign exchange contracts	\$ 77,986	\$ 51	\$ 1,262	\$ 30,446	\$ 14	\$ 95
Commodity contracts	\$ 73,943	3,357	—	\$ 28,146	—	714
		\$ 3,408	\$ 1,262		\$ 14	\$ 809
Derivatives not designated in a formal hedging relationship						
Interest rate swaps	\$ 231,888	\$ 1,723	\$ —	\$ —	\$ —	\$ —
Foreign exchange contracts	\$ 114,034	264	402	\$ 81,532	494	68
Commodity contracts	\$ 121,062	—	2,709	\$ 113,344	1,636	—
		\$ 1,987	\$ 3,111		\$ 2,130	\$ 68
Total fair value		\$ 9,126	\$ 12,358		\$ 2,496	\$ 899
Current ^{(ii)(iv)}		\$ 7,096	\$ 8,145		\$ 2,496	\$ 899
Non-current ⁽ⁱⁱ⁾		2,030	4,213		—	—
Total fair value		\$ 9,126	\$ 12,358		\$ 2,496	\$ 899

⁽ⁱ⁾ Unless otherwise stated, notional amounts are stated at the contractual Canadian dollar equivalent.

⁽ⁱⁱ⁾ The current portion of derivative assets and liabilities are recorded in prepaid expenses and other assets and other current liabilities, respectively, in the Consolidated Interim Balance Sheets and will impact earnings at various dates within the next 12 months. The non-current portion of derivative assets and liabilities are recorded in other long-term assets and other long-term liabilities, respectively, in the Consolidated Interim Balance Sheets.

⁽ⁱⁱⁱ⁾ The carrying amount of the hedged items in the Consolidated Interim Balance Sheets are recorded at the inverse of the associated hedging instruments and are equal to the accumulated fair value hedge adjustments less hedge ineffectiveness.

^(iv) As at March 31, 2025, the above fair value of current assets has been decreased by \$1.0 million (March 31, 2024: increased by \$0.6 million; December 31, 2024: increased by \$1.1 million), and the above fair value of current liabilities has been decreased by \$3.6 million (March 31, 2024: decreased by \$0.7 million; December 31, 2024: decreased by \$0.0 million) on the Consolidated Interim Balance Sheets, representing the difference in the fair market value of exchange traded commodity contracts and the initial margin requirements. The difference in margin requirements and fair market value is net settled in cash each day with the futures exchange and is recorded within cash and cash equivalents.

During the three months ended March 31, 2025, the Company recorded a pre-tax loss of \$2.7 million (2024: gain of \$6.0 million) on non-designated financial instruments held for trading.

During the three months ended March 31, 2025, hedge ineffectiveness was negligible.

The table below sets out fair value measurements of derivative financial instruments as at March 31, 2025 using the fair value hierarchy:

	Level 1	Level 2	Level 3	Total
Assets:				
Foreign exchange contracts	\$ —	315	—	\$ 315
Interest rate swaps	—	5,454	—	5,454
	\$ —	5,769	—	\$ 5,769
Liabilities:				
Foreign exchange contracts	\$ —	1,761	—	\$ 1,761
Commodity contracts ⁽ⁱ⁾	257	—	—	257
Interest rate swaps	—	6,983	—	6,983
	\$ 257	8,744	—	\$ 9,001

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

There were no transfers between levels for the three months ended March 31, 2025 and March 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

The Company estimates that \$1.3 million, net of tax of \$0.5 million, of the unrealized loss included in accumulated other comprehensive income will be reclassified into earnings within the next 12 months. The actual amount of this reclassification will be impacted by future changes in the fair value of financial instruments designated as cash flow hedges. The actual amount reclassified could differ from this estimated amount.

During the three months ended March 31, 2025, a loss of \$0.9 million, net of tax of \$0.3 million, was released to earnings from accumulated other comprehensive income and included in the net change for the year (2024: gain of \$3.6 million, net of tax of \$0.2 million).

As at March 31, 2025, the Company had US\$265.0 million (March 31, 2024: US\$265.0 million; December 31, 2024: US\$265.0 million) drawn on the Credit Facility of which US\$239.0 million (March 31, 2024: US\$256.5 million; December 31, 2024: US\$245.2 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 and offset translation adjustments on the underlying net assets of the U.S. operations, which are also recorded in accumulated other comprehensive income.

During the three months ended March 31, 2025, the gain on the net investment hedge recorded in other comprehensive income was \$0.1 million, net of tax of \$0.0 million (2024: loss of \$6.6 million, net of tax of \$1.2 million).

11. INTEREST EXPENSE AND OTHER FINANCING COSTS

	Three months ended March 31,	
	2025	2024
Interest on borrowings from credit facility	\$ 24,763	\$ 36,922
Interest on lease obligations	2,053	1,858
Interest on securitized receivables	1,265	1,646
Interest on government loans	56	66
Amortization of deferred financing charges	810	1,051
Credit facility standby fees and other interest	979	895
	\$ 29,926	\$ 42,438
Interest paid and capitalized	(280)	(355)
	\$ 29,646	\$ 42,083

Interest paid during the three months ended March 31, 2025 was \$28.9 million (2024: \$40.8 million).

12. EARNINGS PER SHARE

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

Diluted earnings per share amounts are calculated by dividing the earnings 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 per share ("EPS"):

Three months ended March 31,	2025			2024		
	Earnings	Weighted average number of shares ⁽ⁱ⁾	EPS	Earnings	Weighted average number of shares ⁽ⁱ⁾	EPS
Basic	\$ 49,563	123.8	\$ 0.40	\$ 51,551	122.5	\$ 0.42
Effect of dilutive securities ⁽ⁱⁱ⁾		1.5		\$ (196)	1.1	
Diluted	\$ 49,563	125.3	\$ 0.40	\$ 51,355	123.6	\$ 0.42

⁽ⁱ⁾ In millions.

⁽ⁱⁱ⁾ Excludes the effect of approximately 6.1 million (2024: 5.2 million) stock options and restricted share units that are anti-dilutive for the three months ended March 31, 2025.

13. SHARE-BASED PAYMENT

Stock Options

A summary of the status of the Company's outstanding stock options for the three months ended March 31 are presented below:

	2025		2024	
	Options outstanding	Weighted average exercise price	Options outstanding	Weighted average exercise price
Outstanding at January 1	7,299,200	\$ 25.62	6,537,050	\$ 26.83
Granted	870,300	\$ 24.64	1,793,850	\$ 22.95
Forfeited	(3,450)	\$ 22.95	(107,850)	\$ 25.57
Expired	(664,950)	\$ 32.50	(677,100)	\$ 30.86
Outstanding at March 31	7,501,100	\$ 24.90	7,545,950	\$ 25.56
Options currently exercisable	5,199,800	\$ 25.41	4,987,500	\$ 26.53

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

At grant date, each option series is measured at fair value based on the Black-Scholes formula. Expected volatility is estimated by considering historic average share price volatility. The inputs used in this model for the options granted during the three months ended March 31, 2025 and 2024 are shown in the table below⁽ⁱ⁾:

	Three months ended March 31,	
	2025	2024
Share price at grant date	\$25.22	\$22.99
Exercise price	\$24.64	\$22.95
Expected volatility	30.8%	32.1%
Option life (in years) ⁽ⁱⁱ⁾	4.5	4.5
Expected dividend yield	4.5%	4.6%
Risk-free interest rate ⁽ⁱⁱⁱ⁾	2.5%	3.6%

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

⁽ⁱⁱ⁾ Expected weighted average life.

⁽ⁱⁱⁱ⁾ Based on Government of Canada bonds.

The fair value of options granted during the three months ended March 31, 2025 was \$4.1 million (2024: \$8.0 million). Expenses relating to current and prior year options were \$1.5 million (2024: \$1.9 million).

Restricted Share Units and Performance Share Units

A summary of the status of the Company's Restricted Share Units ("RSUs") and Performance Share Units ("PSUs") plans as at and for the three months ended March 31 are presented below:

	2025		2024	
	Units outstanding	Weighted average fair value at grant	Units outstanding	Weighted average fair value at grant
Outstanding at January 1	3,224,990	\$ 21.38	2,018,396	\$ 23.87
Granted	925,790	\$ 22.11	1,818,035	\$ 20.67
Forfeited	(29,262)	\$ 21.17	(34,260)	\$ 23.04
Outstanding at March 31	4,121,518	\$ 21.54	3,802,171	\$ 22.35

The fair value of RSUs and PSUs granted during the three months ended March 31, 2025, was \$17.2 million (2024: \$31.7 million). Expenses for the three months ended March 31, 2025 relating to current and prior year RSUs and PSUs were \$4.5 million (2024: \$2.9 million), of which \$0.6 million (2024: \$0.1 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 units that will be cash settled as at March 31, 2025 is \$2.3 million (March 31, 2024: \$1.2 million; December 31, 2024: \$1.7 million).

The key assumptions used in the valuation of fair value of RSUs and PSUs granted during the three months ended March 31, 2025 and 2024 are shown in the table below⁽ⁱ⁾:

	2025	2024
Expected Units life (in years)	3.0	2.6
Forfeiture rate	16.1%	12.6%
Risk-free interest rate ⁽ⁱⁱ⁾	2.5%	3.9%

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

⁽ⁱⁱ⁾ Based on Government of Canada bonds.

Deferred Share Units

Expenses for the three months ended March 31, 2025 relating to director share units were \$0.4 million (2024: \$0.4 million).

14. GEOGRAPHIC AND CUSTOMER PROFILE

Information About Geographic Areas

The following summarizes sales by country of origin:

	Three months ended March 31,	
	2025	2024
Canada ⁽ⁱ⁾	\$ 898,780	\$ 848,911
U.S.	138,481	122,731
Japan	100,480	93,560
China	15,255	13,528
Other	88,297	68,561
Sales	\$ 1,241,293	\$ 1,147,291

⁽ⁱ⁾ Quarterly amounts for 2024 have been adjusted, see Note 16.

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

	As at March 31, 2025	As at March 31, 2024	As at December 31, 2024
Canada	\$ 2,829,394	\$ 3,008,183	\$ 2,862,830
U.S.	298,659	287,635	303,349
Other	1,027	357	234
Total non-current assets⁽ⁱ⁾	\$ 3,129,080	\$ 3,296,175	\$ 3,166,413

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

Information About Major Customers

For the three months ended March 31, 2025, the Company reported sales to two customers representing 12.5% and 11.4% (2024: 12.6% and 12.5%) of total sales. No other sales were made to any one customer that represented in excess of 10.0% of total sales.

15. RELATED PARTY TRANSACTIONS

The Company sponsors a number of defined benefit, defined contribution and post-retirement benefit plans. During the three months ended March 31, 2025, the Company contributed \$8.3 million (2024: \$7.4 million) to these plans.

The Company's largest shareholder is McCain Capital Inc. ("MCI"). The Company has been informed that Mr. Michael H. McCain, Executive Chairman of the Board, is the controlling shareholder of MCI. For the three months ended March 31, 2025, the Company received services from MCI and companies directly or indirectly owned by MCI in the amount of \$0.1 million (2024: \$0.1 million), which represented the market value of these transactions. As at March 31, 2025, \$0.2 million (March 31, 2024: \$0.1 million; December 31, 2024: \$0.2 million) was owed to MCI and companies directly or indirectly owned by MCI relating to these transactions.

McCain Financial Advisory Services ("MFAS"), is an entity jointly controlled by individuals including Mr. Michael H. McCain. For the three months ended March 31, 2025 and 2024, the Company provided services to and received services from MFAS for a nominal amount which represented the market value of the transactions.

16. ADJUSTMENT OF COMPARATIVE INFORMATION

Prior year sales and cost of goods sold have both been adjusted to reduce each balance by \$5.9 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.

	Three months ended March 31, 2024		
	As reported	Change	As adjusted
Sales	\$ 1,153,225	\$ (5,934)	\$ 1,147,291
Cost of goods sold	926,885	(5,934)	920,951
Gross profit	\$ 226,340	—	\$ 226,340