



TSX: MFI

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Maple Leaf Foods Reports First Quarter 2022 Financial Results

Meat Protein delivers strong top-line growth and Adjusted EBITDA Margin of 9.0% for the first quarter
Plant Protein targeting neutral or better Adjusted EBITDA in the latter half of 2023

Mississauga, Ontario, May 4, 2022 - Maple Leaf Foods Inc. ("Maple Leaf Foods" or the "Company") (TSX: MFI) today reported its financial results for the first quarter ended March 31, 2022.

"Our team's perseverance and resiliency during the past two years has been nothing short of remarkable," said Michael H. McCain, President and CEO of Maple Leaf Foods. "As fully expected, intense Omicron impacts, including high levels of absenteeism, inflation, and supply chain disruptions, challenged us operationally, yet we achieved exceptional business performance in these extreme conditions. Revenue grew 7% and we remain on target to achieve our goal of 14 to 16% Adjusted EBITDA margin in Meat Protein this year."

"In Plant Protein, we showed a modest 5% growth rate and are continuing our methodical work to adjust the business investment model to match our new outlook for long-term category growth. We will rightsize our manufacturing footprint and SG&A structure to deliver our goal of breakeven Adjusted EBITDA or better in the latter half of 2023," said Mr. McCain.

First Quarter 2022 Highlights

- Total Company sales grew 7.0% to \$1,126.6 million, with an Adjusted Earnings Before Interest, Taxes, Depreciation and Amortization ("EBITDA")⁽ⁱ⁾ Margin of 5.9%.
- Meat Protein Group sales grew to \$1,089.4 million, an increase of 7.5% year over year. Adjusted EBITDA was \$97.5 million, and Adjusted EBITDA Margin was 9.0%.
- Plant Protein Group sales were \$44.9 million, an increase of 5.2% excluding the impact of foreign exchange.
- Capital expenditures were \$89.4 million and consisted mainly of Construction Capital⁽ⁱ⁾ of \$54.8 million, primarily related to the London, Ontario poultry facility.

Outlook

- **Meat Protein:** Expect mid-to-high single digit sales growth with Adjusted EBITDA Margin expansion near the lower end of the 14% - 16% target by the end of 2022.
- **Plant Protein:** Targeting to deliver neutral or better Adjusted EBITDA in the latter half of 2023.

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

Financial Highlights

Measure ⁽ⁱ⁾ (Unaudited)	As at or for the three months ended March 31,		
	2022	2021	Change
Sales	\$ 1,126.6	\$ 1,053.1	7.0 %
Net Earnings	\$ 13.7	\$ 47.7	(71.3)%
Basic Earnings per Share	\$ 0.11	\$ 0.39	(71.8)%
Adjusted Operating Earnings ⁽ⁱⁱ⁾⁽ⁱⁱⁱ⁾	\$ 16.1	\$ 51.5	(68.7)%
Adjusted Earnings per Share ⁽ⁱⁱ⁾⁽ⁱⁱⁱ⁾	\$ 0.03	\$ 0.27	(88.9)%
Adjusted EBITDA - Meat Protein Group ⁽ⁱⁱ⁾⁽ⁱⁱⁱ⁾	\$ 97.5	\$ 123.9	(21.3)%
Sales - Plant Protein Group	\$ 44.9	\$ 42.6	5.4 %
Free Cash Flow ⁽ⁱⁱ⁾	\$ (186.8)	\$ (195.2)	4.3 %
Construction Capital ⁽ⁱⁱ⁾	\$ 615.9	\$ 592.9	3.9 %
Net Debt ⁽ⁱⁱ⁾	\$ (1,290.7)	\$ (865.4)	49.1 %

⁽ⁱ⁾ All financial measures in millions of dollars except Basic and Adjusted Earnings per Share.

⁽ⁱⁱ⁾ Refer to the section titled Non-IFRS Financial Measures in this news release.

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

Sales for the first quarter of 2022 were \$1,126.6 million compared to \$1,053.1 million last year, an increase of 7.0%, driven by higher sales in the Meat Protein Group and in the Plant Protein Group. For more details on sales performance by operating segment, please refer to the section entitled Operating Review.

Net earnings for the first quarter of 2022 were \$13.7 million (\$0.11 per basic share) compared to \$47.7 million (\$0.39 per basic share) last year. Net earnings were impacted by COVID-19 operational and supply chain disruptions, inflationary and feed cost increases and higher start-up expenses⁽ⁱ⁾, partly offset by higher sales.

Adjusted Operating Earnings for the first quarter of 2022 were \$16.1 million compared to \$51.5 million last year, and Adjusted Earnings per Share for the first quarter of 2022 were \$0.03 compared to \$0.27 last year due to similar factors as noted above.

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

⁽ⁱ⁾ Refer to the section entitled Non-IFRS Financial Measures.

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

Response to COVID-19

As an essential service, Maple Leaf Foods is focused on protecting the health and well-being of its people, maintaining business continuity and broadening its social outreach. To manage through this unprecedented environment, the Company has taken a number of measures in its business and operating practices that include heightened safety policies and procedures, adopting a vaccination mandate for all employees and contractors, and close communication and collaboration with public health authorities, including hosting on-site vaccination clinics in 2021. The measures enacted to protect the health and safety of employees have increased the Company's current cost structure due to higher labour, personal protective equipment, sanitation and other expenses associated with the pandemic.

Overall, the Company believes its proactive and comprehensive efforts have, and should continue to mitigate adverse operational impacts. As the COVID-19 situation evolves, Maple Leaf Foods will continue to adapt and adopt best practices that prioritize the health and safety of its employees and the stability of the food supply. As part of Maple Leaf Foods' broader social responsibility since the pandemic began, the Company has provided extensive support to front-line staff, emergency food relief efforts and health care providers.

COVID-19 continues to have an impact on the global economy, leading to increased inflation, labour shortages and disruptions in the global supply chain. To date, the Company's leading brands, revenue management capabilities and robust supply chain have enabled it to mitigate these impacts. Maple Leaf Foods continues to monitor the ongoing environment and believes it is well-positioned to face these headwinds.

Operating Review

The Company has two reportable segments. These segments offer different products, with separate organizational structures, brands, financial, and marketing strategies. The Company's chief operating decision makers regularly review internal reports for these businesses: performance of the Meat Protein Group is based on revenue growth, Adjusted Operating Earnings and Adjusted EBITDA, while the performance of the Plant Protein Group is based predominantly on revenue growth rates, gross margin optimization and controlling SG&A investment levels, which generate high revenue growth rates.

The following table summarizes the Company's sales, gross profit, SG&A, Adjusted Operating Earnings, Adjusted EBITDA, and Adjusted EBITDA Margin by operating segment for the three months ended March 31, 2022 and March 31, 2021.

(\$ millions) ⁽ⁱ⁾ (Unaudited)	Three months ended March 31, 2022				Three months ended March 31, 2021			
	Meat Protein Group	Plant Protein Group	Non-Allocated ⁽ⁱⁱ⁾	Total	Meat Protein Group	Plant Protein Group	Non-Allocated ⁽ⁱⁱ⁾	Total
Sales	\$ 1,089.4	44.9	(7.7)	\$ 1,126.6	\$ 1,013.7	42.6	(3.2)	\$ 1,053.1
Gross profit (loss)	\$ 131.0	(6.3)	29.2	\$ 153.9	\$ 166.1	0.1	26.7	\$ 193.0
Selling, general and administrative expenses	\$ 88.6	30.8	—	\$ 119.5	\$ 87.1	28.8	—	\$ 115.9
Adjusted Operating Earnings^{(iii)(iv)}	\$ 51.0	(34.9)	—	\$ 16.1	\$ 79.6	(28.1)	—	\$ 51.5
Adjusted EBITDA^{(iii)(iv)}	\$ 97.5	(30.7)	—	\$ 66.8	\$ 123.9	(24.4)	—	\$ 99.5
Adjusted EBITDA Margin^{(iii)(iv)}	9.0 %	(68.4)%	n/a	5.9 %	12.2 %	(57.2)%	n/a	9.4 %

⁽ⁱ⁾ Totals may not add due to rounding.

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

⁽ⁱⁱⁱ⁾ Refer to the section titled Non-IFRS Financial Measures in this news release.

^(iv) Certain comparatives figures have been restated to conform with current year presentation.

Meat Protein Group

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

Sales for the first quarter of 2022 increased 7.5% to \$1,089.4 million compared to \$1,013.7 million last year. Sales growth was driven by pricing action implemented in prior quarters to mitigate inflation and structural cost increases, a favourable mix-shift in product sales, including growth in sustainable meats, branded products and growth in sales to the United States, partially offset by lower hog volumes processed and the impact of foreign exchange.

Gross profit for the first quarter of 2022 was \$131.0 million (gross margin of 12.0%) compared to \$166.1 million (gross margin of 16.4%) last year. Gross profit was negatively impacted by COVID-19 operational and supply chain disruptions, inflationary cost increases and higher feed costs, partially offset by pricing action. Gross profit for the first quarter included start-up expenses of \$8.7 million (2021: \$0.6 million) associated with Construction Capital projects, which are excluded in the calculation of Adjusted Operating Earnings.

SG&A expenses for the first quarter of 2022 were \$88.6 million compared to \$87.1 million last year. The increase in SG&A was largely driven by a normalization of discretionary spending levels and donations to support the relief efforts in Ukraine.

Adjusted Operating Earnings for the first quarter of 2022 were \$51.0 million compared to \$79.6 million last year, driven by factors noted above.

Adjusted EBITDA for the first quarter of 2022 were \$97.5 million compared to \$123.9 million last year, driven by factors consistent with those noted above. Adjusted EBITDA Margin for the first quarter was 9.0% compared to 12.2% last year, also driven by factors consistent with those noted above.

Plant Protein Group

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

Sales for the first quarter of 2022 were \$44.9 million compared to \$42.6 million last year, representing an increase of 5.3%, or 5.2% after excluding the impacts of foreign exchange. The sales increase was driven by higher volumes as well as pricing action implemented to mitigate inflation and structural cost increases.

Gross profit for the first quarter of 2022 was a loss of \$6.3 million (gross margin loss of 14.0%) compared to a gross profit of \$0.1 million (gross margin of 0.3%) last year. The decrease in gross profit was driven by inflationary costs and strategic investments in capacity ahead of anticipated demand, which has resulted in increased overhead and transitory costs. This was partially offset by pricing action and higher volumes. Gross profit for the quarter also included start-up expenses of \$2.2 million (2021: \$0.6 million) associated with Construction Capital projects which are excluded in the calculation of Adjusted Operating Earnings.

SG&A expenses for the first quarter of 2022 were \$30.8 million (68.7% of sales) compared to \$28.8 million (67.6% of sales) last year. The increase in SG&A was mainly attributable to higher consulting and people costs, partially offset by reduced advertising expenses.

Adjusted Operating Earnings for the first quarter of 2022 were a loss of \$34.9 million compared to a loss of \$28.1 million last year. The decline in Adjusted Operating Earnings is consistent with the factors noted above.

Other Matters

On May 3, 2022, the Board of Directors approved a quarterly dividend of \$0.20 per share (an increase of \$0.02 per share from the 2021 first quarter dividends), \$0.80 per share on an annual basis, payable June 30, 2022 to shareholders of record at the close of business June 8, 2022. 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".

Conference Call

A conference call will be held at 8:00 a.m. ET on May 4, 2022, to review Maple Leaf Foods' first quarter financial results. To participate in the call, please dial 416-764-8650 or 1-888-664-6383. For those unable to participate, playback will be made available an hour after the event at 416-764-8677 or 1-888-390-0541 (Passcode: 924743#).

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

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

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

2022 Outlook

Maple Leaf Foods is a leading consumer protein company, supported by a portfolio of market leading brands, a solid balance sheet and capital structure that provide financial flexibility. Over the last several years, the Company has developed a foundation to pursue compelling growth vectors across its business and to create value for all stakeholders.

Meat Protein Group

In Meat Protein, the Company's strategy is to drive profitable growth. In 2017, Maple Leaf Foods articulated its target to reach an Adjusted EBITDA Margin of 14% - 16% in 2022.

Based on the current operating environment, Maple Leaf Foods expects that its Meat Protein Group will achieve the following in 2022:

- Mid-to-high single digit sales growth, driven by continued momentum in sustainable meats, leveraging brand leadership, and growth into the U.S. market.
- Adjusted EBITDA Margin expansion, reaching the lower end of the 14% - 16% target by the end of the year, driven by mix-shift benefits in prepared meats resulting from growth in sustainable meats and brand renovation, as well as operational efficiencies, and assuming pork complex conditions evolve in-line with the 5-year average.

Plant Protein Group

- In late 2021, the Company announced that it was re-evaluating its outlook for the Plant Protein Group and launching a comprehensive review of the overall plant protein category. This decision was driven by a pronounced slowdown in growth rates in the category, particularly in the second half of the year, which fueled the Company's imperative to identify and thoroughly assess the causes, near and long-term trends, and overall implications. While the Company's analysis is ongoing, the results to date confirm that the very high category growth rates previously predicted by many industry experts are unlikely to be achieved given current customer feedback, experience, buy rates and household penetration. Based on this new information, the Company believes that the category will continue to grow at more modest, but still attractive rates. Current estimates suggest that the category will grow at an average annual rate of 10% to 15%, making it a \$6 to \$10 billion market by 2030. Accordingly, the Company is pivoting its strategy and investment thesis for the Plant Protein Group and is setting a new goal to deliver neutral or better Adjusted EBITDA in the latter half of 2023. Work is ongoing to build out the strategy to support this pivot, as the Company recalibrates the investment to align with the market opportunity. Given the current size of the Plant Protein Group of approximately US\$150 million of annual revenue in 2021, the expected resultant business model from this strategy would deliver a 30% gross margin, with less than US\$50 million in SG&A, to achieve the stated Adjusted EBITDA target.

Capital

- The Company's capital expenditure estimate for the full year of 2022 remains unchanged and in the range of \$400 million to \$500 million, with approximately 50% to be comprised of Construction Capital attributable to the construction of the London, Ontario poultry facility and the remainder largely relating to other projects to add growth and capacity in the Prepared Meats business and to expand hog production.
- The Company expects the London, Ontario poultry facility to start to deliver approximately \$100 million annually of additional Adjusted EBITDA once fully ramped up which is expected to be by the end of 2023. Additionally, the Company expects the Bacon Center of Excellence to contribute approximately \$30 million annually of additional Adjusted EBITDA once fully ramped up which is expected to be in the second half of 2023.

The ongoing effects of COVID-19 induced supply chain disruptions and the war in Ukraine are unpredictable and may impact a number of factors that drive growth in the business, including:

- Agricultural commodity and foreign exchange markets;
- Inflationary cost pressures;
- Disruptions in the global supply chain;
- Availability of labour; and
- The balance between retail and foodservice demand.

For more information on the impact of COVID-19 on the business and the associated risks, refer to the section titled Response to COVID-19, and for more information on the factors that may influence our future performance, see the section titled Forward-Looking Statements in this news release.

The execution of the Company's financial and operational priorities are embedded in a commitment to deliver shared value for the benefit of all stakeholders. The Company's guiding pillars to be the "Most Sustainable Protein Company on Earth" include Better Food, Better Care, Better Communities, Better Planet and are core to how Maple Leaf Foods conducts itself. To that end, the Company's priorities include:

- *Better Food* - leading the real food movement and transitioning key brands to 100% "raised without antibiotics".
- *Better Care* - further advancement of animal care, after achieving our transition of all sows under management to open housing systems in 2021.
- *Better Communities* - investing approximately 1% of pre-tax profit to advance sustainable food security.
- *Better Planet* - continuing to amplify its commitment to carbon neutrality, while focusing on eliminating waste in any resources it consumes, including food, energy, water, packaging, and time.

Non-IFRS Financial Measures

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

Adjusted Operating Earnings, Adjusted EBITDA and Adjusted EBITDA Margin

Adjusted Operating Earnings, Adjusted EBITDA and Adjusted EBITDA Margin are non-IFRS measures used by Management to evaluate financial operating results. Adjusted Operating Earnings is defined as earnings before other income, income taxes and interest expense adjusted for items that are not considered representative of ongoing operational activities of the business and 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.

The table below provides a reconciliation of earnings (loss) before income taxes as reported under IFRS in the Consolidated Interim Financial Statements to Adjusted Operating Earnings and Adjusted EBITDA for the three months ended March 31, 2022 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)	Three months ended March 31, 2022				Three months ended March 31, 2021			
	Meat Protein Group	Plant Protein Group	Non-Allocated ⁽ⁱⁱ⁾	Total	Meat Protein Group	Plant Protein Group	Non-Allocated ⁽ⁱⁱ⁾	Total
Earnings (loss) before income taxes	\$ 37.8	(37.1)	20.4	\$ 21.0	\$ 76.2	(28.7)	18.4	\$ 65.9
Interest expense and other financing costs	—	—	7.7	7.7	—	—	5.0	5.0
Other expense	1.5	—	1.1	2.6	1.1	0.1	3.3	4.5
Restructuring and other related costs	3.0	—	—	3.0	1.7	—	—	1.7
Earnings (loss) from operations	\$ 42.3	(37.1)	29.2	\$ 34.4	\$ 79.0	(28.7)	26.7	\$ 77.1
Start-up expenses from Construction Capital ^{(iii)(iv)}	8.7	2.2	—	10.9	0.6	0.6	—	1.2
Change in fair value of biological assets	—	—	(39.3)	(39.3)	—	—	(38.5)	(38.5)
Unrealized loss on derivative contracts	—	—	10.1	10.1	—	—	11.8	11.8
Adjusted Operating Earnings^(iv)	\$ 51.0	(34.9)	—	\$ 16.1	\$ 79.6	(28.1)	—	\$ 51.5
Depreciation and amortization	48.0	4.2	—	52.3	45.5	3.8	—	49.2
Items included in other income (expense) representative of ongoing operations ^(v)	(1.5)	—	—	(1.5)	(1.2)	(0.1)	—	(1.3)
Adjusted EBITDA^(iv)	\$ 97.5	(30.7)	—	\$ 66.8	\$ 123.9	(24.4)	—	\$ 99.5
Adjusted EBITDA Margin^(iv)	9.0%	(68.4)%	n/a	5.9%	12.2%	(57.2)%	n/a	9.4%

⁽ⁱ⁾ Totals may not add due to rounding.

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

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

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

^(v) 2022 primarily includes legal settlements, gains and losses on the sale of long-term assets, and other miscellaneous expenses. 2021 primarily includes insurance settlements, gains and losses on sale of long-term assets and gains and losses on equity investments.

Adjusted Earnings per Share

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

(\$ per share) (Unaudited)	Three months ended March 31,	
	2022	2021
Basic earnings per share	\$ 0.11	\$ 0.39
Restructuring and other related costs ⁽ⁱ⁾	0.02	0.01
Items included in other expense not considered representative of ongoing operations ⁽ⁱⁱ⁾	0.01	0.02
Start-up expenses from Construction Capital ^{(iii)(iv)}	0.07	0.01
Change in fair value of biological assets	(0.24)	(0.23)
Change in unrealized fair value on derivatives	0.06	0.07
Adjusted Earnings per Share^{(iv)(v)}	\$ 0.03	\$ 0.27

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

⁽ⁱⁱ⁾ Primarily includes legal fees and provisions and transaction related costs, net of tax.

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

^(iv) Certain comparatives figures have been restated to conform with current year presentation.

^(v) 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 will be re-categorized from Construction Capital once operational. The current balance of construction capital includes investments in the London, Ontario poultry production facility. The expansion of the Bacon Centre of Excellence in Winnipeg, Manitoba, was completed in the fourth quarter of 2021 and recategorized. Investments in plant protein capacity at the Walker Drive facility in Brampton, Ontario, and the plant protein production facilities in Indiana were completed in the first quarter of 2022 and have been recategorized. The following table is a summary of Construction Capital activity and debt financing for the periods indicated below.

(\$ thousands) (Unaudited)	2022	2021
Property and equipment and intangibles at January 1	\$ 2,554,483	\$ 2,062,683
Other capital and intangible assets at January 1 ⁽ⁱ⁾	1,811,164	1,622,094
Construction Capital at January 1	\$ 743,319	\$ 440,589
Additions ⁽ⁱⁱ⁾	54,776	152,342
Transfers from Construction Capital	(182,210)	—
Construction Capital at March 31⁽ⁱⁱⁱ⁾	\$ 615,885	\$ 592,931
Other capital and intangible assets at March 31 ⁽ⁱ⁾	1,975,946	1,610,331
Property and equipment and Intangibles at March 31	\$ 2,591,831	\$ 2,203,262
Construction Capital debt financing^(iv)	\$ 592,879	\$ 580,227

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

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

⁽ⁱⁱⁱ⁾ As at March 31, 2022, the net book value of construction capital includes \$2.1 million related to intangible assets (March 31, 2021: \$1.4 million; December 31, 2021: \$2.5 million).

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

Net Debt

The following table reconciles Net Debt to amounts reported under IFRS in the Company's Consolidated Interim Financial Statements as at March 31, as indicated below. The Company calculates Net Debt as cash and cash equivalents, less long-term debt and bank indebtedness. Management believes this measure is useful in assessing the amount of financial leverage employed.

(\$ thousands) (Unaudited)	As at March 31,	
	2022	2021
Cash and cash equivalents	\$ 66,476	\$ 100,977
Current portion of long-term debt	\$ (5,220)	\$ (913)
Long-term debt	(1,351,992)	(965,459)
Total debt	\$(1,357,212)	\$ (966,372)
Net Debt	\$(1,290,736)	\$ (865,395)

Free Cash Flow

Free Cash Flow, a non-IFRS measure, is used by Management to evaluate cash flow after investing in the maintenance or expansion of the Company's asset base. It is defined as cash provided by operations, less cash additions to long-term assets and capitalized interest. The following table calculates Free Cash Flow for the periods indicated below:

(\$ thousands) (Unaudited)	Three months ended March 31,	
	2022	2021
Cash used in operating activities	\$ (84,993)	\$ (30,234)
Additions to long-term assets	(97,305)	(160,967)
Interest paid and capitalized	(4,497)	(3,971)
Free Cash Flow	\$ (186,795)	\$ (195,172)

Return on Net Assets

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

Forward-Looking Statements

This document contains, and the Company's oral and written public communications often contain, "forward-looking information" within the meaning of applicable securities law. These statements are based on current expectations, estimates, projections, beliefs, judgments 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:

- implications of COVID-19, including implications for supply chain, workforce availability and consumption patterns;
- future performance, including future financial objectives, goals and targets, category growth analysis, expected capital spend and expected SG&A expenditures for the Company and each of its operating segments;
- the execution of the Company's business strategy, including the development and expected timing of business initiatives, brand expansion and repositioning, plant protein category and investment thesis analysis, and other growth opportunities, as well as the impact thereof;
- the impact of international trade conditions and markets on the Company's business, including access to markets, implications associated with the spread of foreign animal disease (such as African Swine Fever ("ASF") or Avian Influenza), and other social, economic and political factors that affect trade, including the war in Ukraine;
- competitive conditions and the Company's ability to position itself competitively in the markets in which it competes;
- capital projects, including planning, construction, estimated expenditures, schedules, approvals, expected capacity, in-service dates and anticipated benefits of construction of new facilities and expansions of existing facilities;
- the Company's dividend policy, including future levels and sustainability of cash dividends, the tax treatment thereof and future dividend payment dates;
- the impact of commodity prices on the Company's operations and financial performance, including the use and effectiveness of hedging instruments;
- expected future cash flows and the sufficiency thereof, sources of capital at attractive rates, future contractual obligations, future financing options, renewal of credit facilities, and availability of capital to fund growth plans, operating obligations and dividends;
- operating risks, including the execution, monitoring and continuous improvement of the Company's food safety programs, animal health initiatives and cost reduction initiatives;
- the implementation, cost and impact of environmental sustainability initiatives, as well as the anticipated future cost of remediating environmental liabilities;
- the adoption of new accounting standards and the impact of such adoption on the financial position of the Company;
- expectations regarding pension plan performance, including future pension plan assets, liabilities and contributions; and
- developments and implications of actual or potential legal actions.

Various factors or assumptions are typically applied by the Company in drawing conclusions or making the forecasts, projections, predictions or estimations set out in the forward-looking statements. These factors and assumptions are based on information currently available to the Company, including information obtained by the Company from third-party sources and include but are not limited to the following:

- expectations regarding the impact and future implications of COVID-19 and adaptations in operations, supply chain, customer and consumer behaviour, economic patterns and international trade;
- the competitive environment, associated market conditions and market share metrics, category growth or contraction, the expected behaviour of competitors and customers and trends in consumer preferences;
- the success of the Company's business strategy, including execution of the strategy in the Meat Protein Group and the outcome of the category analysis related to the strategy for the Plant Protein Groups;
- prevailing commodity prices, interest rates, tax rates and exchange rates;

- the impact of the war in Ukraine on international relations, trade and markets, as well as 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;
- 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 capital to fund future capital requirements associated with existing operations, assets and projects;
- 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 high sales volumes, high turnover of inventories and high 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:

- implications of COVID-19 on the operations and financial performance of the Company, as well the implications for macro socio-economic trends;
- competition, market conditions and the activities of competitors and customers, including the expansion or contraction of key categories (including plant protein);
- the health status of livestock, including the impact of potential pandemics;
- international trade and access to markets and supplies, as well as social, political and economic dynamics, including the war in Ukraine;
- availability of and access to capital;
- decision respecting the return of capital to shareholders;
- the execution of capital projects, including cost, schedule and regulatory variables;
- food safety, consumer liability and product recalls;
- cyber security and the maintenance and operation of the Company's information systems and processes;
- climate change;
- strategic risk management, including the outcome of the analysis of the plant protein category;
- acquisitions and divestitures;
- fluctuations in the debt and equity markets;
- fluctuations in interest rates and currency exchange rates;
- pension assets and liabilities;
- cyclical nature of the cost and supply of hogs and the competitive nature of the pork market generally;
- the effectiveness of commodity and interest rate hedging strategies;
- impact of changes in the market value of the biological assets and hedging instruments;
- the supply management system for poultry in Canada;
- availability of plant protein ingredients;
- intellectual property, including product innovation, product development, brand strategy and trademark protection;
- consolidation of operations and focus on protein;
- the use of contract manufacturers;
- reputation;
- weather;
- compliance with government regulation and adapting to changes in laws;
- actual and threatened legal claims;
- consumer trends and changes in consumer tastes and buying patterns;
- environmental regulation and potential environmental liabilities;

- consolidation in the retail environment;
- employment matters, including complying with employment laws across multiple jurisdictions, the potential for work stoppages due to non-renewal of collective agreements, recruiting and retaining qualified personnel, reliance on key personnel and succession planning;
- pricing of products;
- managing the Company's supply chain;
- changes in International Financial Reporting Standards and other accounting standards that the Company is required to adhere to for regulatory purposes; and
- other factors as set out under the heading "Risk Factors" in the Company's Management Discussion and Analysis for the year ended December 31, 2021.

The Company cautions readers that the foregoing list of factors is not exhaustive.

Readers are further cautioned that some of the forward-looking information, such as statements concerning future capital expenditures, Adjusted EBITDA Margin growth in the Meat Protein Group, expected sales and growth margin targets in the Plant Protein Group and SG&A spend, may be considered to be financial outlooks for purposes of applicable securities legislation. These financial outlooks are presented to evaluate potential future earnings and anticipated future uses of cash flows and may not be appropriate for other purposes. Readers should not assume these financial outlooks will be achieved.

More information about risk factors can be found under the heading "Risk Factors" in the Company's Annual Management's Discussion and Analysis for the year ended December 31, 2021, that is available on SEDAR at www.sedar.com. The reader should review such section in detail. Additional information concerning the Company, including the Company's Annual Information Form, is available on SEDAR at www.sedar.com.

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

About Maple Leaf Foods Inc.

Maple Leaf Foods is a carbon neutral company with a vision to be the most sustainable protein company on earth, responsibly producing food products under leading brands including Maple Leaf®, Maple Leaf Prime®, Maple Leaf Natural Selections®, Schneiders®, Schneiders® Country Naturals®, Mina®, Greenfield Natural Meat Co.®, Lightlife® and Field Roast™. The Company employs approximately 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).

Consolidated Interim Balance Sheets

<i>(In thousands of Canadian dollars)</i> <i>(Unaudited)</i>	As at March 31, 2022	As at March 31, 2021	As at December 31, 2021
ASSETS			<i>(Audited)</i>
Cash and cash equivalents	\$ 66,476	\$ 100,977	\$ 162,031
Accounts receivable	195,662	185,144	167,082
Notes receivable	55,016	47,414	33,294
Inventories	491,443	453,364	409,677
Biological assets	176,102	166,031	138,209
Income taxes recoverable	2,388	1,830	1,830
Prepaid expenses and other assets	42,155	89,064	24,988
Total current assets	\$ 1,029,242	\$ 1,043,824	\$ 937,111
Property and equipment	2,232,105	1,869,070	2,189,165
Right-of-use assets	165,080	221,467	161,662
Investments	22,085	15,566	22,326
Employee benefits	25,709	—	—
Other long-term assets	16,483	9,136	11,644
Deferred tax asset	46,920	19,117	39,907
Goodwill	656,420	650,054	658,673
Intangible assets	359,726	334,192	365,318
Total long-term assets	\$ 3,524,528	\$ 3,118,602	\$ 3,448,695
Total assets	\$ 4,553,770	\$ 4,162,426	\$ 4,385,806
LIABILITIES AND EQUITY			
Accounts payable and accruals	\$ 561,782	\$ 552,126	\$ 526,189
Current portion of provisions	8,812	1,114	842
Current portion of long-term debt	5,220	913	5,176
Current portion of lease obligations	38,176	81,159	31,375
Income taxes payable	—	8,437	23,853
Other current liabilities	49,601	47,207	81,265
Total current liabilities	\$ 663,591	\$ 690,956	\$ 668,700
Long-term debt	1,351,992	965,459	1,247,073
Lease obligations	147,592	158,078	144,391
Employee benefits	73,539	94,601	97,629
Provisions	38,336	44,537	44,650
Other long-term liabilities	4,988	7,676	1,057
Deferred tax liability	179,650	149,031	146,380
Total long-term liabilities	\$ 1,796,097	\$ 1,419,382	\$ 1,681,180
Total liabilities	\$ 2,459,688	\$ 2,110,338	\$ 2,349,880
Shareholders' equity			
Share capital	\$ 859,396	\$ 845,287	\$ 847,016
Retained earnings	1,239,959	1,223,485	1,212,244
Contributed surplus	16,879	16,716	5,371
Accumulated other comprehensive income (loss)	4,094	(9,470)	(2,459)
Treasury stock	(26,246)	(23,930)	(26,246)
Total shareholders' equity	\$ 2,094,082	\$ 2,052,088	\$ 2,035,926
Total liabilities and equity	\$ 4,553,770	\$ 4,162,426	\$ 4,385,806

Consolidated Interim Statements of Net Earnings

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

	Three months ended March 31,	
	2022	2021
Sales	\$ 1,126,553	\$ 1,053,083
Cost of goods sold	972,690	860,129
Gross profit	\$ 153,863	\$ 192,954
Selling, general and administrative expenses	119,457	115,880
Earnings before the following:	\$ 34,406	\$ 77,074
Restructuring and other related costs	3,018	1,668
Other expense	2,624	4,542
Earnings before interest and income taxes	\$ 28,764	\$ 70,864
Interest expense and other financing costs	7,716	4,968
Earnings before income taxes	\$ 21,048	\$ 65,896
Income tax expense	7,361	18,204
Net earnings	\$ 13,687	\$ 47,692
Earnings per share attributable to common shareholders:		
Basic earnings per share	\$ 0.11	\$ 0.39
Diluted earnings per share	\$ 0.11	\$ 0.38
Weighted average number of shares (millions):		
Basic	124.0	123.2
Diluted	126.1	125.2

Consolidated Interim Statements of Other Comprehensive Income (Loss)

(In thousands of Canadian dollars)
(Unaudited)

	Three months ended March 31,	
	2022	2021
Net earnings	\$ 13,687	\$ 47,692
Other comprehensive income		
Actuarial gains (losses) that will not be reclassified to profit or loss (Net of tax of \$13.4 million; 2021: \$24.8 million)	\$ 38,901	\$ 72,928
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; 2021: \$0.0 million)	(6,973)	(5,465)
Change in foreign exchange on long-term debt designated as a net investment hedge (Net of tax of \$0.6 million; 2021: \$0.7 million)	3,561	3,818
Change in cash flow hedges (Net of tax of \$3.4 million; 2021: \$2.0 million)	9,965	5,591
Total items that are or may be reclassified subsequently to profit or loss	\$ 6,553	\$ 3,944
Total other comprehensive income	\$ 45,454	\$ 76,872
Comprehensive income	\$ 59,141	\$ 124,564

Consolidated Interim Statements of Changes in Total Equity

(In thousands of Canadian dollars) (Unaudited)	Accumulated other comprehensive income (loss) ⁽ⁱ⁾							Total equity
	Share capital	Retained earnings	Contributed surplus	Foreign currency translation adjustment	Unrealized gains and losses on cash flow hedges	Unrealized gains on fair value of investments	Treasury stock	
Balance at December 31, 2021	\$ 847,016	1,212,244	5,371	2,037	(7,441)	2,945	(26,246)	\$ 2,035,926
Net earnings	—	13,687	—	—	—	—	—	13,687
Other comprehensive income (loss) ⁽ⁱⁱ⁾	—	38,901	—	(3,412)	9,965	—	—	45,454
Dividends declared (\$0.20 per share)	—	(24,873)	—	—	—	—	—	(24,873)
Share-based compensation expense	—	—	4,396	—	—	—	—	4,396
Modification of stock compensation plan	—	—	(3,594)	—	—	—	—	(3,594)
Exercise of stock options	3,718	—	—	—	—	—	—	3,718
Change in obligation for repurchase of shares	8,662	—	10,706	—	—	—	—	19,368
Balance at March 31, 2022	\$ 859,396	1,239,959	16,879	(1,375)	2,524	2,945	(26,246)	\$ 2,094,082

(In thousands of Canadian dollars) (Unaudited)	Accumulated other comprehensive income (loss) ⁽ⁱ⁾							Total equity
	Share capital	Retained earnings	Contributed surplus	Foreign currency translation adjustment	Unrealized gains and losses on cash flow hedges	Unrealized gains on fair value of investments	Treasury stock	
Balance at December 31, 2020	\$ 838,969	1,124,973	5,866	3,002	(16,416)	—	(23,930)	\$ 1,932,464
Net earnings	—	47,692	—	—	—	—	—	47,692
Other comprehensive income (loss) ⁽ⁱⁱ⁾	—	72,928	—	(1,647)	5,591	—	—	76,872
Dividends declared (\$0.18 per share)	—	(22,108)	—	—	—	—	—	(22,108)
Share-based compensation expense	—	—	4,702	—	—	—	—	4,702
Deferred taxes on share-based compensation	—	—	350	—	—	—	—	350
Exercise of stock options	1,406	—	—	—	—	—	—	1,406
Change in obligation for repurchase of shares	4,912	—	5,798	—	—	—	—	10,710
Balance at March 31, 2021	\$ 845,287	1,223,485	16,716	1,355	(10,825)	—	(23,930)	\$ 2,052,088

⁽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.

Consolidated Interim Statements of Cash Flows

(In thousands of Canadian dollars)
(Unaudited)

Three months ended March 31,

	2022	2021
CASH PROVIDED BY (USED IN):		
Operating activities		
Net earnings	\$ 13,687	\$ 47,692
Add (deduct) items not affecting cash:		
Change in fair value of biological assets	(39,311)	(38,475)
Depreciation and amortization	57,191	50,202
Share-based compensation	4,396	4,702
Deferred income taxes	7,972	6,184
Income tax current	(611)	12,020
Interest expense and other financing costs	7,716	4,968
Loss on sale of long-term assets	458	287
Change in fair value of non-designated derivatives	1,574	9,627
Change in net pension obligation	2,498	3,383
Net income taxes paid	(23,612)	(31,277)
Interest paid, net of capitalized interest	(7,676)	(5,428)
Change in provision for restructuring and other related costs	1,713	41
Change in derivatives margin	(25,103)	(35,662)
Other	(1,251)	3,606
Change in non-cash operating working capital	(84,634)	(62,104)
Cash used in operating activities	\$ (84,993)	\$ (30,234)
Investing activities		
Additions to long-term assets	\$ (97,305)	\$ (160,967)
Interest paid and capitalized	(4,497)	(3,971)
Proceeds from sale of long-term assets	94	553
Cash used in investing activities	\$ (101,708)	\$ (164,385)
Financing activities		
Dividends paid	\$ (24,873)	\$ (22,108)
Net increase in long-term debt	114,862	224,861
Payment of lease obligation	(9,408)	(9,391)
Exercise of stock options	3,718	1,406
Cash provided by financing activities	\$ 91,146	\$ 194,768
Increase (decrease) in cash and cash equivalents	\$ (95,555)	\$ 149
Cash and cash equivalents, beginning of period	162,031	100,828
Cash and cash equivalents, end of period	\$ 66,476	\$ 100,977