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Maple Leaf Foods Reports First Quarter 2024 Financial Results

Maple Leaf records year-over-year Adjusted EBITDA growth of 55% to \$116 million

2024 Outlook remains unchanged, with the Company on track to meet its 2024 priorities

Mississauga, Ontario, May 2, 2024 - Maple Leaf Foods Inc. ("Maple Leaf Foods" or "the Company") (TSX: MFI) today reported its financial results for the first quarter ended March 31, 2024.

"In the first quarter of 2024, we delivered Adjusted EBITDA of \$116 million, 55% higher than the same period last year," said Curtis Frank, President and Chief Executive Officer of Maple Leaf Foods. "With sales growth within our prepared meats portfolio, and a sequential improvement in our meat protein Adjusted EBITDA margin to 10.8%, and a 310 basis point improvement over last year, we took a meaningful step forward toward delivering our full business potential.

"The modest decline we saw in overall sales compared to Q1 2023 was primarily a function of sourcing decisions to reduce outside purchases in poultry and pork, impacting sales in the short term while setting us up to deliver on our plans moving forward.

"Looking ahead, we expect the momentum in our business to continue to accelerate. Pork headwinds, while still a challenge, are easing, and our attention is squarely on executing our refreshed Strategic Blueprint," continued Frank. "With a powerful platform of brands, a network of world-class assets and our leadership in sustainability, we have the right strategy and team in place to drive growth in Canada, accelerate our reach in the U.S. and fully realize the benefits of our recent capital investments."

First Quarter 2024 Highlights

- Adjusted Earnings Before Interest, Taxes, Depreciation and Amortization ("EBITDA")⁽ⁱ⁾ grew to \$116.4 million, a 55% increase from the first quarter of last year, with Adjusted EBITDA margin increasing from 6.4% to 10.1% for the same period.
- Net earnings for the first quarter of 2024 were \$51.6 million (\$0.42 per basic share) compared to a loss of \$57.7 million (\$0.48 loss per basic share) last year.
- Start up expenses⁽ⁱ⁾ related to Capital Construction⁽ⁱ⁾ projects, decreased by approximately 67% to \$11.4 million in the current quarter compared to last year.
- Sales in the Prepared Foods operating unit decreased approximately 0.4%, with prepared meats increasing 2.9% offset by declines in plant protein and poultry of 5.7% and 7.1% respectively, compared to last year. Sales in the Pork operating unit decreased by 4.5% compared to last year.
- Free cash flow⁽ⁱ⁾ improved to \$73.6 million from \$12.4 million in the same quarter last year.

Outlook

- For the full year 2024, the Company expects:
 - Low-to-mid single-digit revenue growth
 - Adjusted EBITDA margin expansion over 2023
 - To generate strong free cash flow and delever the balance sheet
- To reflect the refreshed Blueprint and realignment of its organizational structure, as of the first quarter of 2024, the Company is reporting its business and operational results as a consolidated protein company, to align with how management monitors and measures business performance. With these changes, the Company believes it is positioned to achieve a consolidated Adjusted EBITDA margin target of 14-16%, in normal market conditions.

⁽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,		
	2024	2023	Change
Sales ⁽ⁱⁱ⁾	\$ 1,153.2	\$ 1,171.1	(1.5)%
Net Earnings (Loss)	\$ 51.6	\$ (57.7)	189.3 %
Basic Earnings (Loss) per Share	\$ 0.42	\$ (0.48)	187.5 %
Adjusted Operating Earnings ⁽ⁱⁱⁱ⁾	\$ 53.0	\$ 19.3	174.4 %
Adjusted Earnings (Loss) per Share ⁽ⁱⁱⁱ⁾	\$ 0.04	\$ (0.12)	133.3 %
Adjusted EBITDA ⁽ⁱⁱⁱ⁾	\$ 116.4	\$ 75.3	54.6 %
Free Cash Flow ⁽ⁱⁱⁱ⁾	\$ 73.6	\$ 12.4	493.5 %
Net Debt ⁽ⁱⁱⁱ⁾	\$ (1,722.8)	\$ (1,677.3)	2.7 %
Adjusted EBT ⁽ⁱⁱⁱ⁾	\$ 10.4	\$ (14.0)	174.3 %

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

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

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

Sales for the first quarter of 2024 were \$1,153.2 million compared to \$1,171.1 million last year, a decrease of 1.5%. Sales in the Prepared Foods operating unit decreased approximately 0.4%, with prepared meats increasing 2.9% offset by declines in plant protein and poultry of 5.7% and 7.1% respectively, compared to last year. Sales in the Pork operating unit decreased by 4.5% compared to last year.

Net earnings for the first quarter of 2024 were \$51.6 million (\$0.42 per basic share) compared to a loss of \$57.7 million (\$0.48 loss per basic share) last year. Net earnings were positively impacted by reduced feed costs, operating efficiencies, lower start-up expenses, reduced restructuring costs, and a positive impact of unrealized mark to market valuation on biological assets. Results were negatively impacted by higher interest expense due to increased interest rates and higher debt, as well as increased tax expenses.

Adjusted Operating Earnings for the first quarter of 2024 were \$53.0 million compared to \$19.3 million last year, and Adjusted Earnings per Share for the first quarter of 2024 was \$0.04 compared to loss of \$0.12 last year

Adjusted Earnings Before Taxes ("Adjusted EBT") for the first quarter of 2024 were \$10.4 million compared to loss of \$14.0 million last year.

For further discussion on key operational metrics and results refer to the section titled Operating Review.

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

Operating Review

Earlier this year, the Company announced an update to its strategic blueprint (“Blueprint”) that reflects the progress it has made toward achieving its Purpose and Vision and establishes the roadmap for the next chapter for how Maple Leaf Foods intends to deliver on these objectives.

To execute on this Blueprint, the Company has combined its Meat and Plant Protein businesses and aligned its organizational structure to focus on its growth potential in key markets, drive operational efficiencies, and provide clear accountability for strategic execution. Based on this realignment and focus as a protein company, as of the first quarter of 2024, Maple Leaf Foods is reporting its business and operational results as a consolidated protein company, to align with how management monitors and measures business performance. With these changes, the Company believes it is positioned to achieve a consolidated Adjusted EBITDA margin target of 14% to 16% in normal market conditions. Previously, the Company's Adjusted EBITDA margin target of 14% to 16% in normal market conditions was solely for meat protein. The Company achieved an Adjusted EBITDA margin for meat protein of 10.8% in the first quarter of 2024.

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.

The following table summarizes the Company's sales, gross profit, SG&A, Adjusted Operating Earnings, Adjusted EBITDA, Adjusted EBITDA Margin, and Adjusted EBT for the three months ended March 31, 2024 and March 31, 2023.

(\$ millions) (Unaudited)	Three months ended March 31,	
	2024	2023
Sales⁽ⁱ⁾	\$ 1,153.2	\$ 1,171.1
Gross profit (loss)	\$ 226.3	\$ 76.4
Selling, general and administrative expenses	\$ 110.0	\$ 102.7
Adjusted Operating Earnings⁽ⁱⁱ⁾	\$ 53.0	\$ 19.3
Adjusted EBITDA⁽ⁱⁱ⁾	\$ 116.4	\$ 75.3
Adjusted EBITDA Margin⁽ⁱⁱ⁾	10.1%	6.4%
Adjusted EBT⁽ⁱ⁾	\$ 10.4	\$ (14.0)

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

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

Sales for the first quarter decreased 1.5% to \$1,153.2 million compared to \$1,171.1 million last year. Sales in the Prepared Foods operating unit decreased approximately 0.4%, with prepared meats increasing 2.9% offset by declines in plant protein and poultry of 5.7% and 7.1% respectively, compared to last year. Sales in the Pork operating unit decreased by 4.5% compared to last year. Volume and mix drove the increase in sales in prepared meats, while decreases in volume in fresh poultry were driven by reduced sales to industrial channels; and in Pork by a reduction in hog purchases for processing and a negative foreign exchange impact.

Gross profit for the first quarter increased to \$226.3 million (gross margin of 19.6%) compared to \$76.4 million (gross margin of 6.5%) last year. The improvement in gross profit was driven by improving pork market conditions, operating efficiencies at the London Poultry plant, and a higher unrealized mark to market valuation adjustment on biological assets, due to changes in hog and feed markets. In addition, gross profit benefited from reduced start-up expenses related to Capital Construction projects, which decreased by approximately 67% in the current quarter compared to last year.

SG&A expenses for the first quarter were \$110.0 million compared to \$102.7 million last year. The increase in SG&A expenses was primarily driven by higher variable compensation.

Adjusted Operating Earnings for the first quarter were \$53.0 million compared to \$19.3 million last year, driven primarily by the drivers noted above for gross profit and SG&A, and excluding the impacts of unrealized mark to market valuation adjustments and start-up expenses, which are excluded in the calculation of Adjusted Operating Earnings.

Adjusted EBITDA for the first quarter were \$116.4 million compared to \$75.3 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 EBITDA Margin for 2024 was 10.1% compared to 6.4% last year, also driven by factors consistent with those noted above.

Adjusted EBT for the first quarter were \$10.4 million compared to a loss of \$14.0 million last year, driven by factors consistent with those noted above, as well as a \$10.5 million increase in interest expense as a result of increased interest rates and higher debt related to capital investments in recent years and also excluding the impacts of unrealized mark to market valuation adjustments and start-up expenses.

Other Matters

On May 1, 2024, the Board of Directors approved a quarterly dividend of \$0.22 per share (an increase of \$0.01 per share from the 2023 first quarter dividends), \$0.88 per share on an annual basis, payable June 28, 2024 to shareholders of record at the close of business June 6, 2024. Unless indicated otherwise by the Company at or before the time the dividend is paid, the dividend will be considered an eligible dividend for the purposes of the "Enhanced Dividend Tax Credit System". The Board of Directors has also approved the issuance of common shares from treasury at a two percent discount under the Company's Dividend Reinvestment Plan ("DRIP"). Under the DRIP, investors holding the Company's common shares can receive common shares instead of cash dividend payments. Further details, including how to enroll in the program are available at <https://www.mapleleafoods.com/investors/stock-information.com>.

Conference Call

A conference call will be held at 8:00 a.m. ET on May 2, 2024, 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: 900050#).

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

The Company's full consolidated interim financial statements ("Consolidated Interim Financial Statements") and related Management's Discussion and Analysis are available on the Company's website and on SEDAR+ at www.sedarplus.ca.

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

Outlook

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

The Company recognizes that macro-economic factors and global conflict continue to define the current operating environment, contributing to higher interest rates, inflation, supply chain tensions, and pressures on agricultural, commodity and foreign exchange markets. As a result, consumers and businesses alike are adapting their behaviour which impacts demand and product mix. The Company leverages its data-driven insights to stay close to these dynamics, and it is confident in the resilience of its brands, business model and strategy to manage through prevailing economic conditions.

Earlier this year, Maple Leaf Foods refreshed its Blueprint and announced it was realigning its organizational structure to support its new strategic orientation as it brings together its Meat and Plant Protein businesses under a single umbrella with a clear and consistent focus on driving profitable growth in Canada, the U.S., and internationally across its entire protein portfolio.

With this focus, the Company expects to achieve an overall consolidated Adjusted EBITDA margin target of 14% to 16% in normal market conditions. Prior to this quarter, this Adjusted EBITDA margin target applied to the previous Meat Protein segment but now applies on a consolidated protein basis.

For the full year 2024, the Company expects:

- Low-to-mid single-digit revenue growth
- Adjusted EBITDA margin expansion from 2023, supported by the benefits of:
 - Profitable growth of its leading portfolio of protein brands
 - Returns from investments in the London Poultry Plant and the Bacon Centre of Excellence
 - Leadership in sustainable meats
 - Driving operational and cost efficiencies
- To generate strong free cash flow and delever its balance sheet by:
 - Improving margins and overall profitability as outlined above
 - Generating the targeted returns on its capital investments at the London Poultry Plant and the Bacon Centre of Excellence, including reducing start-up expenses, maximizing efficiencies and onboarding new customers
 - Exercising disciplined capital management, with total capital expenditures this year expected to be in the range of \$170 - \$190 million, largely focused on maintenance capital and optimization of its existing network

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

Non-IFRS Financial Measures

The Company uses the following non-IFRS measures: Adjusted Operating Earnings, Adjusted Earnings per Share, Adjusted EBITDA, Adjusted EBITDA Margin, Adjusted EBT, Construction Capital, Net Debt, 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 other income, income taxes and interest expense 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 or related 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.

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, Adjusted EBITDA and Adjusted EBT for the three months ended March 31, 2024 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 requirements, including the Company's capital investment program.

(\$ millions) ⁽ⁱ⁾ (Unaudited)	Three months ended March 31,	
	2024	2023
Earnings (loss) before income taxes	\$ 73.8	\$ (69.9)
Interest expense and other financing costs	42.1	31.6
Other expense	1.2	4.3
Restructuring and other related (reversals) costs	(0.7)	7.7
Earnings (loss) from operations	\$ 116.3	\$ (26.3)
Start-up expenses from Construction Capital ⁽ⁱⁱ⁾	11.4	34.8
Change in fair value of biological assets	(69.1)	1.1
Unrealized and deferred (gain) loss on derivative contracts	(5.6)	9.7
Adjusted Operating Earnings	\$ 53.0	\$ 19.3
Depreciation and amortization	65.0	57.7
Items included in other income (expense) representative of ongoing operations ⁽ⁱⁱⁱ⁾	(1.5)	(1.7)
Adjusted EBITDA	\$ 116.4	\$ 75.3
Adjusted EBITDA Margin^(iv)	10.1%	6.4%
Interest expense and other financing costs	(42.1)	(31.6)
Interest income	1.0	—
Depreciation and amortization	(65.0)	(57.7)
Adjusted EBT	\$ 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 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, legal settlements, gains and losses on investments, and other miscellaneous expenses.

^(iv) Quarterly amounts for 2023 have been adjusted to eliminate new sales agreements entered into during the year 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 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,	
	2024	2023
Basic earnings (loss) per share	\$ 0.42	\$ (0.48)
Restructuring and other related costs ⁽ⁱ⁾	0.00	0.06
Items included in other expense not considered representative of ongoing operations ⁽ⁱⁱ⁾	0.00	0.02
Start-up expenses from Construction Capital ⁽ⁱⁱⁱ⁾	0.07	0.21
Change in fair value of biological assets	(0.42)	0.01
Change in unrealized and deferred fair value on derivatives	(0.03)	0.06
Adjusted Earnings per Share	\$ 0.04	\$ (0.12)

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

⁽ⁱⁱ⁾ Primarily includes legal fees and settlements, gains or losses on investment property, and transaction related costs, net of tax.

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

Construction Capital

Construction Capital, a non-IFRS measure, is used by Management to evaluate the amount of capital resources invested in specific strategic development projects that are not yet operational. It is defined as investments and related financing charges in projects over \$50.0 million that are related to longer-term strategic initiatives, with no returns expected for at least 12 months from commencement of construction and the asset is re-categorized from Construction Capital once operational. There are no Construction Capital projects as at March 31, 2024 as all projects have been completed and have been recategorized as regular property and equipment. The following table is a summary of Construction Capital activity and debt financing for the periods indicated below.

(\$ thousands) (Unaudited)	2024	2023
Property and equipment and intangibles at January 1	\$ 2,596,839	\$ 2,663,985
Other capital and intangible assets at January 1 ⁽ⁱ⁾	2,596,839	2,654,419
Construction Capital at January 1	\$ —	\$ 9,566
Additions	—	8,822
Construction Capital at March 31⁽ⁱⁱ⁾	\$ —	\$ 18,388
Other capital and intangible assets at March 31 ⁽ⁱ⁾	2,569,440	2,635,039
Property and equipment and intangibles at March 31	\$ 2,569,440	\$ 2,653,427
Construction Capital debt financing^{(iii)(iv)}	\$ —	\$ 18,093

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

⁽ⁱⁱ⁾ As at March 31, 2024 the net book value of Construction Capital includes \$0.0 million related to intangible assets (2023: \$0.2 million).

⁽ⁱⁱⁱ⁾ Does not include \$882.8 million in capital that has been transferred out but is still in the start-up stage (2023: \$1,008.0 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 and Net Debt to Adjusted EBITDA 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,	
	2024	2023
Cash and cash equivalents	\$ 206,393	\$ 79,433
Current portion of long-term debt	\$ (401,538)	\$ (1,130)
Long-term debt	(1,527,665)	(1,755,560)
Total debt	\$(1,929,203)	\$(1,756,690)
Net Debt	\$(1,722,810)	\$(1,677,257)
Adjusted EBITDA	\$ 116,446	\$ 75,296
Trailing four quarters Adjusted EBITDA⁽ⁱ⁾	468,738	281,339
Net Debt to trailing four quarters Adjusted EBITDA	3.7	6.0

⁽ⁱ⁾ Trailing four quarters includes Q2 2023, Q3 2023, Q4 2023 and Q1 2024 for 2024; and Q2 2022, Q3 2022, Q4 2022 and Q1 2023 for 2023.

Free Cash Flow

Free Cash Flow, a non-IFRS measure, is used by Management to evaluate cash flow after investing in the maintenance of the Company's asset base. It is defined as cash provided by operations, less Maintenance Capital⁽ⁱ⁾ and associated interest paid and capitalized. The following table calculates Free Cash Flow for the periods indicated below:

(\$ thousands) (Unaudited)	Three months ended March 31,	
	2024	2023
Cash provided by operating activities	\$ 87,325	\$ 35,714
Maintenance Capital ⁽ⁱ⁾	(13,436)	(23,107)
Interest paid and capitalized related to Maintenance Capital	(263)	(234)
Free Cash Flow	\$ 73,626	\$ 12,373

⁽ⁱ⁾ Maintenance Capital is defined as non-discretionary investment required to maintain the Company's existing operations and competitive position. For the three months ended March 31, 2024, total capital spending of \$23.8 million (2023: \$49.3 million) shown on the Consolidated Statements of Cash Flows is made up of Maintenance Capital of \$13.4 million (2023: \$23.1 million), and Growth Capital of \$10.4 million (2023: \$26.2 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.

Forward-Looking Statements

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

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

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

- assumptions about the economic environment, including the implications of 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, 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 the NCIB) and investment in potential growth opportunities and the expected returns associated therewith;
- the impact of international trade conditions and markets on the Company's business, including access to markets, 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 regarding the adaptations in operations, supply chain, customer and consumer behaviour, economic patterns (including but not limited to global pork markets), foreign exchange rates, international trade dynamics and access to capital, including possible presence or absence of structural changes associated with the economic recovery since the pandemic and global conflicts;
- the competitive environment, associated market conditions and market share metrics, category growth or contraction, the expected behaviour of competitors and customers and trends in consumer preferences;
- the success of the Company's business strategy and the relationship between pricing, inflation, volume and sales of the Company's products;
- prevailing commodity prices (especially in pork and feed markets), interest rates, tax rates and exchange rates;
- potential impacts related to cybersecurity matters, including security costs, the potential for a future incident, the risks associated with data 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:

- presence or absence of adaptations or structural changes arising since the economic recovery following the pandemic which may have implications for the operations and financial performance of the Company, as well the ongoing implications for macro socio-economic trends and global conflict;
- macro economic trends, including inflation, consumer behaviour, recessionary indicators, labour availability and labour market dynamics and international trade trends (including global pork markets);
- the results of the Company's execution of its business plans, the degree to which benefits are realized or not, and the timing associated realizing those benefits, including the implications on cash flow;
- competition, market conditions, and the activities of competitors and customers, including the expansion or contraction of key categories, inflationary pressures, pork market dynamics and Japan export margins;
- cybersecurity and maintenance and operation of the Company's information systems, processes and data, recovery, restoration and long term impacts of the cybersecurity event, the risk of future cybersecurity events, actions of third parties, risks of data 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;
- decision respecting the return of capital to shareholders;
- the execution of capital projects and investment maintenance capital;
- food safety, consumer liability and product recalls;
- climate change, climate regulation and the Company's sustainability performance;
- strategic risk management;
- acquisitions and divestitures;
- fluctuations in the debt and equity markets;

- fluctuations in interest rates and currency exchange rates;
- pension assets and liabilities;
- cyclical nature of the cost and supply of hogs and the competitive nature of the pork market generally;
- the effectiveness of commodity and interest rate hedging strategies;
- impact of changes in the market value of the biological assets and hedging instruments;
- the supply management system for poultry in Canada;
- availability of plant protein ingredients;
- intellectual property, including product innovation, product development, brand strategy and trademark protection;
- consolidation of operations and focus on protein;
- the use of contract manufacturers;
- reputation;
- weather;
- compliance with government regulation and adapting to changes in laws;
- actual and threatened legal claims;
- consumer trends and changes in consumer tastes and buying patterns;
- environmental regulation and potential environmental liabilities;
- consolidation in the retail environment;
- employment matters, including complying with employment laws across multiple jurisdictions, the potential for work stoppages due to non-renewal of collective agreements, recruiting and retaining qualified personnel, reliance on key personnel and succession planning;
- pricing of products;
- managing the Company's supply chain;
- changes in International Financial Reporting Standards and other accounting standards that the Company is required to adhere to for regulatory purposes; and
- other factors as set out under the heading "Risk Factors" in the Company's Management Discussion and Analysis for the year ended December 31, 2023.

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

Readers are further cautioned that some of the forward-looking information, such as statements concerning future capital expenditures, Adjusted EBITDA Margin expansion, and the Company's ability to achieve its financial targets or projections may be considered to be financial outlooks for purposes of applicable securities legislation. These financial outlooks are presented to evaluate potential future earnings and anticipated future uses of cash flows and may not be appropriate for other purposes. Readers should not assume these financial outlooks will be achieved.

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

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

About Maple Leaf Foods Inc.

Maple Leaf Foods is a carbon neutral⁽ⁱ⁾ company with a vision to be the most sustainable protein company on earth, responsibly producing food products under leading brands including Maple Leaf®, Maple Leaf Prime®, Maple Leaf Natural Selections®, Schneiders®, Schneiders® Country Naturals®, Mina®, Greenfield Natural Meat Co.®, Lightlife® and Field Roast™. The Company employs approximately 13,500 people and does business primarily in Canada, the U.S. and Asia. The Company is headquartered in Mississauga, Ontario and its shares trade on the Toronto Stock Exchange (MFI).

⁽ⁱ⁾ See the Company's 2023 Integrated Report that is available on the Maple Leaf Foods website at https://www.mapleleaffoods.com/wp-content/uploads/sites/6/2024/04/MLF_2023_Integrated-Report.pdf

Consolidated Interim Balance Sheets

(In thousands of Canadian dollars)
(Unaudited)

	As at March 31, 2024	As at March 31, 2023	As at December 31, 2023
ASSETS			
Cash and cash equivalents	\$ 206,393	\$ 79,433	\$ 203,363
Accounts receivable	168,994	160,290	183,798
Notes receivable	32,564	35,506	33,220
Inventories	584,134	576,183	542,392
Biological assets	180,281	140,100	114,917
Income taxes recoverable	83,365	66,977	88,896
Prepaid expenses and other assets	43,620	47,004	44,865
Assets held for sale	—	11,204	—
Total current assets	\$ 1,299,351	\$ 1,116,697	\$ 1,211,451
Property and equipment	2,224,502	2,297,130	2,251,710
Right-of-use assets	169,145	155,140	154,610
Investments	16,029	23,656	15,749
Investment property	57,144	5,289	57,144
Employee benefits	32,557	16,599	26,785
Other long-term assets	22,303	9,223	22,336
Deferred tax asset	41,980	42,525	40,854
Goodwill	477,353	477,353	477,353
Intangible assets	344,938	356,297	345,129
Total long-term assets	\$ 3,385,951	\$ 3,383,212	\$ 3,391,670
Total assets	\$ 4,685,302	\$ 4,499,909	\$ 4,603,121
LIABILITIES AND EQUITY			
Accounts payable and accruals	\$ 590,696	\$ 605,777	\$ 548,444
Current portion of provisions	6,586	36,114	9,846
Current portion of long-term debt	401,538	1,130	400,735
Current portion of lease obligations	39,928	37,349	38,031
Income taxes payable	1,788	1,100	2,382
Other current liabilities	25,518	42,533	32,974
Total current liabilities	\$ 1,066,054	\$ 724,003	\$ 1,032,412
Long-term debt	1,527,665	1,755,560	1,550,080
Lease obligations	154,863	140,304	142,286
Employee benefits	62,230	65,966	64,196
Provisions	2,037	3,631	2,041
Other long-term liabilities	1,202	2,197	1,124
Deferred tax liability	317,978	218,903	296,203
Total long-term liabilities	\$ 2,065,975	\$ 2,186,561	\$ 2,055,930
Total liabilities	\$ 3,132,029	\$ 2,910,564	\$ 3,088,342
Shareholders' equity			
Share capital	\$ 878,852	\$ 850,616	\$ 873,477
Retained earnings	628,549	728,477	597,429
Contributed surplus	7,750	3,047	3,227
Accumulated other comprehensive income	45,305	33,121	47,829
Treasury shares	(7,183)	(25,916)	(7,183)
Total shareholders' equity	\$ 1,553,273	\$ 1,589,345	\$ 1,514,779
Total liabilities and equity	\$ 4,685,302	\$ 4,499,909	\$ 4,603,121

Consolidated Interim Statements of Net Earnings (Loss)

(In thousands of Canadian dollars, except share amounts) (Unaudited)	Three months ended March 31,	
	2024	2023 ⁽ⁱ⁾
Sales	\$ 1,153,225	\$ 1,171,067
Cost of goods sold	926,885	1,094,620
Gross profit	\$ 226,340	\$ 76,447
Selling, general and administrative expenses	110,033	102,713
Earnings (loss) before the following:	\$ 116,307	\$ (26,266)
Restructuring and other related (reversals) costs	(725)	7,749
Other expense	1,157	4,295
Earnings (loss) before interest and income taxes	\$ 115,875	\$ (38,310)
Interest expense and other financing costs	42,083	31,603
Earnings (loss) before income taxes	\$ 73,792	\$ (69,913)
Income tax expense (recovery)	22,241	(12,209)
Net earnings (loss)	\$ 51,551	\$ (57,704)
Earnings (loss) per share attributable to common shareholders:		
Basic earnings (loss) per share	\$ 0.42	\$ (0.48)
Diluted earnings (loss) per share	\$ 0.42	\$ (0.48)
Weighted average number of shares (millions):		
Basic	122.5	121.3
Diluted	123.6	121.3

⁽ⁱ⁾ Quarterly amounts for 2023 have been adjusted see Note 17 in the condensed consolidated interim financial statements.

Consolidated Interim Statements of Other Comprehensive Income (Loss)

(In thousands of Canadian dollars)
(Unaudited)

	Three months ended March 31,	
	2024	2023
Net earnings (loss)	\$ 51,551	\$ (57,704)
Other comprehensive income		
Actuarial gains (losses) that will not be reclassified to profit or loss (Net of tax of \$2.2 million; 2023: \$0.7 million)	\$ 6,605	\$ 2,124
Change in revaluation surplus (Net of tax of \$0.0 million; 2023: \$1.7 million)	—	6,993
Total items that will not be reclassified to profit or loss	\$ 6,605	\$ 9,117
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; 2023: \$0.0 million)	7,710	(433)
Change in foreign exchange on long-term debt designated as a net investment hedge (Net of tax of \$1.2 million; 2023: \$0.0 million)	(6,612)	119
Change in cash flow hedges (Net of tax of \$0.2 million; 2023: \$1.1 million)	(3,622)	(3,105)
Total items that are or may be reclassified subsequently to profit or loss	\$ (2,524)	\$ (3,419)
Total other comprehensive income	\$ 4,081	\$ 5,698
Comprehensive income (loss)	\$ 55,632	\$ (52,006)

Consolidated Statements of Changes in Total Equity

<i>(In thousands of Canadian dollars)</i>	Accumulated other comprehensive income (loss)								
	Share capital	Retained earnings	Contributed surplus	Foreign currency translation adjustment ⁽ⁱ⁾	Unrealized gains and losses on cash flow hedges ⁽ⁱ⁾	Unrealized gains 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
Net 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	—	—	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>(In thousands of Canadian dollars)</i>	Accumulated other comprehensive income (loss)								
	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	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
Net loss	—	(57,704)	—	—	—	—	—	—	(57,704)
Other comprehensive income (loss) ⁽ⁱⁱ⁾	—	2,124	—	(314)	(3,105)	—	6,993	—	5,698
Dividends declared (\$0.21 per share)	—	(25,559)	—	—	—	—	—	—	(25,559)
Share-based compensation expense	—	—	2,012	—	—	—	—	—	2,012
Deferred taxes on share-based compensation	—	—	800	—	—	—	—	—	800
Exercise of stock options	769	—	—	—	—	—	—	—	769
Shares re-purchased	(2,931)	—	(7,838)	—	—	—	—	—	(10,769)
Change in obligation for repurchase of shares	2,692	—	8,073	—	—	—	—	—	10,765
Balance at March 31, 2023	\$850,616	728,477	3,047	10,658	9,780	2,945	9,738	(25,916)	\$1,589,345

⁽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,	
	2024	2023
CASH PROVIDED BY (USED IN):		
Operating activities		
Net earnings (loss)	\$ 51,551	\$ (57,704)
Add (deduct) items not affecting cash:		
Change in fair value of biological assets	(69,143)	1,127
Depreciation and amortization	65,853	67,425
Share-based compensation	5,298	2,012
Deferred income tax (recovery) expense	19,936	(2,874)
Current income tax (recovery) expense	2,305	(9,335)
Interest expense and other financing costs	42,083	31,603
(Gain) loss on sale of long-term assets	(311)	234
Change in fair value of non-designated derivatives	(4,665)	3,109
Change in net pension obligation	1,067	467
Net income taxes refunded (paid)	2,982	(1,777)
Interest paid, net of capitalized interest	(40,477)	(33,790)
Change in provision for restructuring and other related costs	(3,260)	(6,006)
Change in derivatives margin	2,316	(13,740)
Cash settlement of derivatives	(2,150)	11,009
Other	3,093	217
Change in non-cash operating working capital	10,847	43,737
Cash provided by operating activities	\$ 87,325	\$ 35,714
Investing activities		
Additions to long-term assets	\$ (23,813)	\$ (49,252)
Interest paid and capitalized	(355)	(481)
Proceeds from sale of long-term assets	865	64
Cash used in investing activities	\$ (23,303)	\$ (49,669)
Financing activities		
Dividends paid	\$ (21,661)	\$ (25,559)
Net (decrease) increase in long-term debt	(30,885)	48,800
Payment of lease obligation	(8,446)	(9,918)
Exercise of stock options	—	769
Repurchase of shares	—	(10,769)
Payment of financing fees	—	(1,011)
Cash (used in) provided by financing activities	\$ (60,992)	\$ 2,312
Increase (decrease) in cash and cash equivalents	\$ 3,030	\$ (11,643)
Cash and cash equivalents, beginning of period	203,363	91,076
Cash and cash equivalents, end of period	\$ 206,393	\$ 79,433