TSX: MFI

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Maple Leaf Foods Reports Fourth Quarter and Full Year 2021 Financial Results

Meat Protein delivers outstanding top-line growth and Adjusted EBITDA Margin of 11.1% for the fourth quarter
Plant Protein targeting neutral or better Adjusted EBITDA within 18 months

Mississauga, Ontario, February 24, 2022 - Maple Leaf Foods Inc. ("Maple Leaf Foods" or the "Company") (TSX: MFI) today reported its financial results for the fourth quarter and full year ended December 31, 2021.

"In a challenging environment we delivered another record year in 2021 in our Meat Protein business," said Michael H. McCain, President and CEO of Maple Leaf Foods. "While Q4 saw an unexpected tornado of supply chain chaos driven by the Omicron COVID variant, our team is resilient and we expect this storm to pass quickly. For the year, Meat Protein sales grew 8% and we delivered record Adjusted EBITDA of $527 million."

"In Plant Protein we have completed our analysis of both category and consumers to arrive at material new insights that are leading us to adjust our business model of investment matching a revised view of sustainable long-term growth rates. We now expect steady, but not spectacular growth in this category, and appropriately will adjust the business model to be Adjusted EBITDA neutral or better within the next 18 months," said Mr. McCain.

Fourth Quarter 2021 Highlights

- Total Company sales grew to $1,120.5 million, with an Adjusted Earnings Before Interest, Taxes, Depreciation and Amortization ("EBITDA")[(i)] Margin of 6.8%.
- Meat Protein Group sales grew to $1,085.2 million, an increase of 8.2% on an equivalent 52-week basis. Adjusted EBITDA was $120.7 million, and Adjusted EBITDA Margin was 11.1%. Start-up expenses are excluded from Adjusted EBITDA as they are temporary in nature and not part of the ongoing operations of the business.
- Plant Protein Group sales were $45.5 million, a decline of 3.7% on an equivalent 52-week basis and excluding the impact of foreign exchange.
- Capital expenditures were $125.0 million and consisted mainly of Construction Capital[(i)] of $90.6 million, primarily related to the London, Ontario poultry facility.

2021 Highlights

- Total Company sales were $4,521.1 million, with Adjusted EBITDA Margin of 8.8%.
- Meat Protein Group sales grew to $4,366.7 million, an increase of 8.1% on an equivalent 52-week basis. Adjusted EBITDA was a record $527.1 million, and Adjusted EBITDA Margin was 12.1%.
- Plant Protein Group sales were $184.1 million, a decline of 4.7% on an equivalent 52-week basis and excluding the impact of foreign exchange.
- Capital expenditures were $629.4 million and consisted predominantly of Construction Capital of $494.0 million, the majority of which was related to the construction of the Bacon Centre of Excellence in Winnipeg, Manitoba and the London, Ontario poultry facility.

Outlook

- **Meat Protein:** Expect strong 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:** The Company has made significant progress in the critical review of the plant protein category announced in late 2021. While work is continuing, analysis to date demonstrates a clear slowdown in projected growth rate for the overall category compared to very high growth rates predicted in 2019. The Company will therefore be adjusting its strategy and investment thesis and is setting a new target to deliver neutral or better Adjusted EBITDA within an 18 month timeframe.

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

Financial Highlights

Measure(i) (Unaudited)	three months ended December 31, 2021	2020	Change	As at or for the twelve months ended December 31, 2021	2020	Change
Sales	**$ 1,120.5**	$ 1,129.2	(0.8)%	**$ 4,521.1**	$ 4,303.7	5.1 %
Net Earnings	**$ 1.9**	$ 25.4	(92.6)%	**$ 102.8**	$ 113.3	(9.2)%
Basic Earnings per Share	**$ 0.02**	$ 0.20	(90.0)%	**$ 0.83**	$ 0.92	(9.8)%
Adjusted Operating Earnings(ii)	**$ 30.0**	$ 59.8	(49.9)%	**$ 210.3**	$ 209.5	0.4 %
Adjusted Earnings per Share(ii)	**$ 0.09**	$ 0.31	(71.0)%	**$ 1.03**	$ 1.03	— %
Adjusted EBITDA - Meat Protein Group(ii)	**$ 120.7**	$ 137.1	(12.0)%	**$ 527.1**	$ 510.1	3.3 %
Sales - Plant Protein Group	**$ 45.5**	$ 52.5	(13.3)%	**$ 184.1**	$ 210.8	(12.7)%
Free Cash Flow(ii)	**$ 40.7**	$ (97.5)	141.7 %	**$ (295.9)**	$ (119.3)	(148.0)%
Construction Capital(ii)				**$ 743.3**	$ 440.6	68.7 %
Net Debt(ii)				**$ (1,090.2)**	$ (645.1)	69.0 %

(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.*

Fourth Quarter 2021

Sales for the fourth quarter decreased 0.8% to $1,120.5 million compared to $1,129.2 million last year. Favourable pricing and mix were more than offset by foreign exchange and the impact of an extra week in the fourth quarter of 2020.

Net Earnings for the fourth quarter of 2021 were $1.9 million ($0.02 per basic share) compared to $25.4 million ($0.20 per basic share) last year. The decrease in net earnings reflects rising labour and production expenses and the impact of an extra week in the fourth quarter of 2020. Net earnings for the fourth quarter of 2021 also included start-up expenses of $7.7 million (2020: $0.5 million) associated with Construction Capital projects, which are excluded in the calculation of Adjusted Operating Earnings.

Adjusted Operating Earnings for the fourth quarter of 2021 were $30.0 million compared to $59.8 million last year, consistent with the factors noted above.

Full Year 2021

Sales for 2021 were $4,521.1 million compared to $4,303.7 million last year, an increase of 5.1%, driven by favourable pricing, mix-shift towards branded product and growth in sustainable meats, partially offset by foreign exchange and the impact of an extra week in the fourth quarter of 2020.

Net earnings for 2021 were $102.8 million ($0.83 per basic share) compared to $113.3 million ($0.92 per basic share) last year. Strong commercial performance was more than offset by a reduction in net gains from non-cash fair value changes in biological assets and derivative contracts (2021: net loss of $4.9 million; 2020: net gain of $4.5 million), both of which are excluded in the calculation of Adjusted Operating Earnings. Net Earnings in the year were also impacted by start-up expenses of $13.4 million (2020: $1.6 million) associated with Construction Capital projects, which is also excluded from Adjusted Operating Earnings.

Adjusted Operating Earnings for 2021 were $210.3 million compared to $209.5 million last year, and Adjusted Earnings per Share for 2021 were $1.03 compared to $1.03 last year.

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

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

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, as well as close communication and collaboration with public health authorities, including hosting on-site vaccination clinics. The measures enacted to protect the health and safety of employees have increased the Company's cost structure due to higher labour, personal protective equipment, sanitation and other expenses associated with the pandemic. Continuing COVID-19 structural costs were incorporated in the Company's 2021 operating plan.

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, including adopting a vaccination mandate in 2022. 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 manage these impacts. Maple Leaf Foods continues to monitor the ongoing environment and believes it is well positioned to face these headwinds.

Operating Review

During the year ended December 31, 2021, the Company had 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 segments: 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 selling, general and administrative ("SG&A") investment levels, which generate high revenue growth rates.

Fourth Quarter 2021

The following table summarizes the Company's sales, gross profit, SG&A expenses, Adjusted Operating Earnings, Adjusted EBITDA, and Adjusted EBITDA Margin by operating segment for the fourth quarters ended December 31, 2021 and December 31, 2020:

	Three months ended December 31, 2021				Three months ended December 31, 2020			
($ millions)[i] *(Unaudited)*	**Meat Protein Group**	**Plant Protein Group**	**Non-Allocated**[ii]	**Total**	Meat Protein Group	Plant Protein Group	Non-Allocated[ii]	Total
Sales	**$ 1,085.2**	**45.5**	**(10.2)**	**$ 1,120.5**	$ 1,080.3	52.5	(3.6)	$ 1,129.2
Gross profit	**$ 152.2**	**(10.0)**	**0.1**	**$ 142.3**	$ 185.7	0.3	(5.7)	$ 180.3
Selling, general and administrative expenses	**$ 80.2**	**39.8**	**—**	**$ 120.0**	$ 94.2	32.5	—	$ 126.8
Adjusted Operating Earnings[iii]	**$ 77.8**	**(47.8)**	**—**	**$ 30.0**	$ 92.0	(32.3)	—	$ 59.8
Adjusted EBITDA[iii]	**$ 120.7**	**(43.9)**	**(0.4)**	**$ 76.3**	$ 137.1	(28.7)	1.3	$ 109.6
Adjusted EBITDA Margin[iii]	**11.1 %**	**(96.6)%**	**n/a**	**6.8 %**	12.7 %	(54.7)%	n/a	9.7 %

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

(ii) *Non-allocated includes eliminations of inter-segment sales and associated cost of goods sold, changes in the fair value of biological assets and derivatives, and non-allocated costs which are comprised of expenses not separately identifiable to reportable segments 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.*

Meat Protein Group

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

Sales for the fourth quarter increased 0.5% to $1,085.2 million compared to $1,080.3 million last year. Sales growth was driven by pricing action implemented in prior quarters to mitigate inflation and structural cost increases, and favourable mix-shift including growth in sustainable meats, more than offsetting the impact of an extra week in the fourth quarter of 2020 and foreign exchange fluctuations.

Gross profit for the fourth quarter of 2021 was $152.2 million (gross margin[i] of 14.0%) compared to $185.7 million (gross margin[i] of 17.2%) last year. The decrease was driven by labour and material availability, inflation, lower volumes due to lapping fourth quarter 2020 which had an extra week, and market headwinds. The fourth quarter of 2020 was also impacted by heightened operating costs in response to COVID-19 to safeguard the Company's employees. Gross profit for the fourth quarter of 2021 also included start-up expenses of $5.8 million (2020: $0.5 million) associated with Construction Capital projects which are excluded in the calculation of Adjusted Operating Earnings.

SG&A expenses for the fourth quarter of 2021 were $80.2 million (7.4% of sales), compared to $94.2 million (8.7% of sales) last year. The decrease in SG&A was largely driven by lower variable compensation.

Adjusted Operating Earnings for the fourth quarter of 2021 were $77.8 million compared to $92.0 million last year, driven by factors noted above.

Adjusted EBITDA Margin for the fourth quarter was 11.1% compared to 12.7% last year, consistent with factors 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 fourth quarter were $45.5 million compared to $52.5 million last year, representing a decline of 13.4%, or 10.3% after excluding the impact of foreign exchange. Sales decline was driven by the impact of an extra week in the fourth quarter of 2020, including lower retail product volumes which more than offset growth in food service volumes.

Gross profit for the fourth quarter of 2021 was a loss of $10.0 million (gross margin loss[i] of 21.9%) compared to a profit of $0.3 million (gross margin[i] of 0.5%) last year. The decrease in gross profit was attributed to lower sales volumes and strategic investments in capacity to build for anticipated demand which has resulted in increased overhead and transitory costs, as well as inflationary pressure on distribution and other input costs. Gross profit for the fourth quarter of 2021 also included start-up expenses of $2.0 million (2020: $0.0 million) associated with Construction Capital projects which are excluded in the calculation of Adjusted Operating Earnings.

SG&A expenses for the fourth quarter of 2021 were $39.8 million (87.6% of sales), compared to $32.5 million (61.9% of sales) last year. The increase in SG&A expenses was driven largely by the timing of advertising and promotional expenses.

Adjusted Operating Earnings for the fourth quarter of 2021 were a loss of $47.8 million compared to a loss of $32.3 million last year. The decline in Adjusted Operating Earnings is consistent with the factors noted above.

Full Year 2021

The following table summarizes the Company's sales, gross profit, SG&A expenses, Adjusted Operating Earnings, Adjusted EBITDA, and Adjusted EBITDA Margin by operating segment for the years ended December 31, 2021 and December 31, 2020.

	2021				**2020**			
($ millions)[i]	**Meat Protein Group**	**Plant Protein Group**	**Non-Allocated**[ii]	**Total**	Meat Protein Group	Plant Protein Group	Non-Allocated[ii]	Total
Sales	**$ 4,366.7**	**184.1**	**(29.8)**	**$ 4,521.1**	$ 4,116.5	210.8	(23.6)	$ 4,303.7
Gross profit (loss)	**$ 676.8**	**(12.8)**	**(4.9)**	**$ 659.1**	$ 680.3	18.3	4.5	$ 703.1
Selling, general and administrative expenses	**$ 334.3**	**132.8**	**—**	**$ 467.1**	$ 346.6	144.0	—	$ 490.7
Adjusted Operating Earnings[iii]	**$ 352.4**	**(142.1)**	**—**	**$ 210.3**	$ 335.2	(125.7)	—	$ 209.5
Adjusted EBITDA[iii]	**$ 527.1**	**(127.2)**	**(0.4)**	**$ 399.5**	$ 510.1	(111.4)	0.8	$ 399.5
Adjusted EBITDA Margin[iii]	**12.1 %**	**(69.1)%**	**n/a**	**8.8 %**	12.4 %	(52.8)%	n/a	9.3 %

(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.*

Meat Protein Group

Sales for 2021 increased 6.1% to $4,366.7 million compared to $4,116.5 million last year. Sales growth was driven by pricing action implemented in 2021 to mitigate inflation and structural cost increases, growth in branded and sustainable meats, and higher poultry volumes, which more than offset the impact of an extra week in the fourth quarter of 2020, the impact of foreign exchange, lower pork volumes and lower sales to China.

Gross profit for 2021 was $676.8 million (gross margin[i] of 15.5%) compared to $680.3 million (gross margin[i] of 16.5%) last year. The decrease in gross profit resulted from labour and materials inflation and lower sales to China, partially offset by strong commercial performance including pricing and favourable product mix, as well as effective hedges. Gross profit for 2021 included start-up expenses[ii] of $9.9 million (2020: $1.6 million) associated with Construction Capital[ii] projects, which are excluded in the calculation of Adjusted Operating Earnings. Gross profit in 2020 was also impacted by heightened operating costs in response to COVID-19 to safeguard the Company's employees.

SG&A expenses for 2021 were $334.3 million compared to $346.6 million last year. The decrease in SG&A was largely driven by lower variable compensation.

Adjusted Operating Earnings for 2021 were $352.4 million compared to $335.2 million last year, driven by factors noted above.

Adjusted EBITDA for 2021 were $527.1 million compared to $510.1 million last year, driven by factors consistent with those noted above. Year-to-date Adjusted EBITDA Margin for 2021 was 12.1% compared to 12.4% last year, also driven by factors consistent with those noted above.

Plant Protein Group

Sales for 2021 were $184.1 million compared to $210.8 million last year, representing a decrease of 12.7%, or 6.4% after excluding the impacts of foreign exchange. The sales decline was driven by lower retail product volumes, including the impact of an extra week in the fourth quarter of 2020. This more than offset growth in food service volumes and pricing action implemented in the third quarter of 2020 to mitigate inflation and structural cost increases.

Gross profit for 2021 was a loss of $12.8 million (gross margin loss[(i)] of 7.0%) compared to a gross profit of $18.3 million (gross margin[(i)] of 8.7%) last year. The decrease in gross profit was attributed to lower sales volumes and strategic investments in capacity to build for anticipated demand, which has resulted in increased overhead and transitory costs, as well as inflationary pressures on distribution and other input costs. Gross profit for 2021 also included start-up expenses of $3.5 million (2020: $0.0 million) associated with Construction Capital[(ii)] projects which are excluded in the calculation of Adjusted Operating Earnings.

SG&A expenses for 2021 were $132.8 million (72.1% of sales) compared to $144.0 million (68.3% of sales) last year. The decrease in SG&A expenses was driven by foreign exchange and lower advertising and promotional expenses.

Adjusted Operating Earnings for 2021 were a loss of $142.1 million compared to a loss of $125.7 million last year. The decline in Adjusted Operating Earnings is consistent with the factors noted above.

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

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

Other Matters

On February 23, 2022, the Board of Directors approved a quarterly dividend of $0.20 per share (an increase of $0.02 per share from the 2021 quarterly dividends), $0.80 per share on an annual basis, payable March 31, 2022 to shareholders of record at the close of business March 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 February 24, 2022, to review Maple Leaf Foods’ fourth quarter financial results. To participate in the call, please dial 416-764-8650 or 1-888-664-6383. For those unable to participate, playback will be made available an hour after the event at 416-764-8677 or 1-888-390-0541 (Passcode: 000880#).

A webcast of the fourth quarter conference call will also be available at:

https://www.mapleleaffoods.com

The Company’s 2021 audited consolidated financial statements ("Consolidated Financial Statements") and related Management’s Discussion and Analysis are available on the Company’s website.

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

Outlook

Maple Leaf Foods is a leading consumer protein company, supported by an iconic portfolio of 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 within the next 18 months. Work is ongoing to build out the strategy to support this pivot, as the Company recalibrates the investment to align with the market opportunity.

Capital

- The Company currently estimates its capital expenditures for the full year of 2022 will be in the range of $400 million to $500 million, with approximately 50% to be comprised of Construction Capital mainly attributable to the construction of the London, Ontario poultry facility as well as 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 are unpredictable and may impact a number of factors that drive growth in the business, including:

- Pork and poultry commodity and foreign exchange markets.
- Inflationary cost pressures.
- Disruptions in the global supply chain.
- Availability of labour.
- 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 section 5. Response to COVID-19 and section 27. Risk Factors of the Company's 2021 Annual Management's Discussion and Analysis 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 income taxes 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 not considered representative of ongoing operational activities of the business. Adjusted EBITDA Margin is calculated as Adjusted EBITDA divided by sales.

The table below provide a reconciliation of earnings (loss) before income taxes as reported under IFRS in the consolidated financial statements to Adjusted Operating Earnings and Adjusted EBITDA for the three and twelve months ended December 31, as indicated below. Management believes that these non-IFRS measures are useful in assessing the performance of the Company's ongoing operations and its ability to generate cash flows to fund its cash requirements, including the Company's capital investment program.

	Three months ended December 31, 2021						Three months ended December 31, 2020					
($ millions)[i] *(Unaudited)*		**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	**$**	**67.8**	**(49.9)**	**(10.7)**	**$**	**7.3**	$	89.4	(32.3)	(21.7)	$	35.4
Interest expense and other financing costs		**—**	**—**	**6.5**		**6.5**		—	—	8.0		8.0
Other expense		**3.0**	**0.1**	**4.2**		**7.3**		0.9	—	8.0		8.9
Restructuring and other related costs		**1.2**	**—**	**—**		**1.2**		1.2	—	—		1.2
Earnings (loss) from operations	**$**	**72.0**	**(49.8)**	**0.1**	**$**	**22.3**	$	91.5	(32.3)	(5.7)	$	53.5
Start-up expenses from Construction Capital[iii][iv]		**5.8**	**2.0**	**—**		**7.7**		0.5	—	—		0.5
Change in fair value of biological assets		**—**	**—**	**(0.3)**		**(0.3)**		—	—	(1.8)		(1.8)
Unrealized loss on derivative contracts		**—**	**—**	**0.2**		**0.2**		—	—	7.6		7.6
Adjusted Operating Earnings	**$**	**77.8**	**(47.8)**	**—**	**$**	**30.0**	$	92.0	(32.3)	—	$	59.8
Depreciation and amortization		**45.9**	**4.1**	**—**		**49.9**		46.5	3.6	—		50.0
Items included in other income (expense) representative of ongoing operations[v]		**(3.0)**	**(0.1)**	**(0.4)**		**(3.5)**		(1.4)	—	1.3		(0.2)
Adjusted EBITDA	**$**	**120.7**	**(43.9)**	**(0.4)**	**$**	**76.3**	$	137.1	(28.7)	1.3	$	109.6
Adjusted EBITDA Margin		**11.1 %**	**(96.6)%**	**n/a**		**6.8 %**		12.7 %	(54.7)%	n/a		9.7 %

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

(ii) *Non-allocated includes eliminations of inter-segment sales and associated cost of goods sold, and non-allocated costs which are comprised of income and expenses not separately identifiable to reportable segments 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 comparatives figures have been restated to conform with current year presentation.*

(v) *2021 primarily includes legal settlements, gains and losses on the sale of long-term assets, and other miscellaneous expenses. 2020 primarily includes gains and losses on sale of long-term assets and gains and losses on equity investments.*

($ millions)[i] (Unaudited)	Twelve months ended December 31, 2021 Meat Protein Group	Plant Protein Group	Non-Allocated[ii]	Total	Twelve months ended December 31, 2020 Meat Protein Group	Plant Protein Group	Non-Allocated[ii]	Total
Earnings (loss) before income taxes	**$ 336.1**	**(146.1)**	**(40.3)**	**$ 149.7**	$ 330.2	(125.8)	(44.5)	$ 159.9
Interest expense and other financing costs	**—**	**—**	**22.9**	**22.9**	—	—	31.5	31.5
Other expense (income)	**1.5**	**0.5**	**12.5**	**14.5**	(0.9)	0.1	17.5	16.8
Restructuring and other related costs	**4.9**	**—**	**—**	**4.9**	4.3	—	—	4.3
Earnings (loss) from operations	**$ 342.5**	**(145.6)**	**(4.9)**	**$ 192.0**	$ 333.6	(125.7)	4.5	$ 212.4
Start-up expenses from Construction Capital[iii][iv]	**9.9**	**3.5**	**—**	**13.4**	1.6	—	—	1.6
Change in fair value of biological assets	**—**	**—**	**6.5**	**6.5**	—	—	(0.7)	(0.7)
Unrealized gain on derivative contracts	**—**	**—**	**(1.6)**	**(1.6)**	—	—	(3.8)	(3.8)
Adjusted Operating Earnings	**$ 352.4**	**(142.1)**	**—**	**$ 210.3**	$ 335.2	(125.7)	—	$ 209.5
Depreciation and amortization	**180.2**	**15.4**	**—**	**195.6**	177.6	14.4	—	192.0
Items included in other income representative of ongoing operations[v]	**(5.5)**	**(0.5)**	**(0.4)**	**(6.5)**	(2.7)	(0.1)	0.8	(2.0)
Adjusted EBITDA	**$ 527.1**	**(127.2)**	**(0.4)**	**$ 399.5**	$ 510.1	(111.4)	0.8	$ 399.5
Adjusted EBITDA Margin	**12.1 %**	**(69.1)%**	**n/a**	**8.8 %**	12.4 %	(52.8)%	n/a	9.3 %

(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 comparatives figures have been restated to conform with current year presentation.*

(v) *2021 primarily includes legal settlements, gains and losses on the sale of long-term assets, and other miscellaneous expenses. 2020 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 audited consolidated statements of earnings to Adjusted Earnings per Share for the years ended December 31, as indicated below. Management believes this basis is the most appropriate on which to evaluate financial results as they are representative of the ongoing operations of the Company. Adjusted Earnings per Share is calculated as Adjusted Earnings divided by the weighted average number of shares outstanding during the year.

($ per share) (Unaudited)	Three months ended December 31, 2021	2020	Twelve months ended December 31, 2021	2020
Basic earnings per share	**$ 0.02**	$ 0.20	**$ 0.83**	$ 0.92
Restructuring and other related costs[i]	**0.01**	0.01	**0.03**	0.03
Items included in other expense (income) not considered representative of ongoing operations[ii]	**0.02**	0.06	**0.06**	0.11
Start-up expenses from Construction Capital[iii][iv]	**0.05**	—	**0.08**	0.01
Change in fair value of biological assets	**—**	(0.01)	**0.04**	—
Change in unrealized fair value on derivatives	**—**	0.05	**(0.01)**	(0.02)
Adjusted Earnings per Share[v]	**$ 0.09**	$ 0.31	**$ 1.03**	$ 1.03

(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 have not yet entered commercial production. 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 in the future and the asset will be re-categorized from Construction Capital once operational. Current strategic initiatives primarily include the investments in the London, Ontario poultry production facility, investments in plant protein capacity at the Walker Drive facility in Brampton, Ontario, and the plant protein production facilities in Indiana. The following table is a summary of Construction Capital activity and debt financing for the periods indicated below.

($ thousands)	**2021**	2020
Property and equipment and intangibles at January 1	**$ 2,062,683**	$ 1,739,195
Other capital and intangible assets at January 1 (i)	**1,622,094**	1,632,365
Construction Capital at January 1	**$ 440,589**	$ 106,830
Additions (ii)	**494,048**	333,760
Transfers from Construction Capital (iii)	**(191,318)**	—
Construction Capital at December 31 (iv)	**$ 743,319**	$ 440,590
Other capital and intangible assets at December 31 (i)	**1,811,164**	1,622,093
Property and equipment and Intangibles at December 31	**$ 2,554,483**	$ 2,062,683
Construction Capital debt financing (v)	**$ 719,216**	$ 431,707

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

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

(iii) *The Company completed the expansion of the Bacon Centre of Excellence in Winnipeg, Manitoba.*

(iv) *As at December 31, 2021, the net book value of construction capital includes $2.5 million related to intangible assets (2020: $1.2 million).*

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

Net Debt

The following table reconciles Net Debt to amounts reported under IFRS in the Company's Consolidated Financial Statements as at December 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.

	As at December 31,	
($ thousands)	**2021**	2020
Cash and cash equivalents	**$ 162,031**	$ 100,828
Current portion of long-term debt	**$ (5,176)**	$ (900)
Long-term debt	**(1,247,073)**	(745,048)
Total debt	**$ (1,252,249)**	$ (745,948)
Net Debt	**$ (1,090,218)**	$ (645,120)

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 December 31,				Twelve months ended December 31,			
		2021		2020		**2021**		2020
Cash provided by operating activities	**$**	**168,290**	$	84,905	**$**	**304,791**	$	321,449
Additions to long-term assets		**(121,763)**		(179,455)		**(580,349)**		(432,540)
Interest paid and capitalized	**$**	**(5,819)**	$	(2,968)		**(20,344)**	$	(8,214)
Free Cash Flow	**$**	**40,708**	$	(97,518)	**$**	**(295,902)**	$	(119,305)

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 on the Company's business, including access to markets, implications associated with the spread of foreign animal disease (such as African Swine Fever ("ASF")), and other social, economic and political factors that affect trade;
- 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 economic condition of and the socio-political dynamics between Canada, the U.S., Japan and China, and the ability of the Company to access markets in these countries;
- the spread of foreign animal disease (including ASF), 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, as well as social, political and economic dynamics affecting same;
- 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 Balance Sheets

(In thousands of Canadian dollars) *(Audited)*	**As at December 31, 2021**	As at December 31, 2020
ASSETS		
Cash and cash equivalents	**$ 162,031**	$ 100,828
Accounts receivable	**167,082**	159,750
Notes receivable	**33,294**	31,550
Inventories	**409,677**	398,070
Biological assets	**138,209**	125,648
Income and other taxes recoverable	**1,830**	1,830
Prepaid expenses and other assets	**24,988**	64,517
Assets held for sale	**—**	575
Total current assets	**$ 937,111**	$ 882,768
Property and equipment	**2,189,165**	1,721,487
Right-of-use assets	**161,662**	222,705
Investments	**22,326**	15,910
Other long-term assets	**11,644**	9,568
Deferred tax asset	**39,907**	14,070
Goodwill	**658,673**	652,501
Intangible assets	**365,318**	341,196
Total long term assets	**$ 3,448,695**	$ 2,977,437
Total assets	**$ 4,385,806**	$ 3,860,205
LIABILITIES AND EQUITY		
Accounts payable and accruals	**$ 526,189**	$ 501,529
Current portion of provisions	**842**	1,529
Current portion of long-term debt	**5,176**	900
Current portion of lease obligations	**31,375**	79,601
Income taxes payable	**23,853**	27,639
Other current liabilities	**81,265**	55,849
Total current liabilities	**$ 668,700**	$ 667,047
Long-term debt	**1,247,073**	745,048
Lease obligations	**144,391**	160,636
Employee benefits	**97,629**	188,946
Provisions	**44,650**	44,230
Other long-term liabilities	**1,057**	11,918
Deferred tax liability	**146,380**	109,916
Total long-term liabilities	**$ 1,681,180**	$ 1,260,694
Total liabilities	**$ 2,349,880**	$ 1,927,741
Shareholders' equity		
Share capital	**$ 847,016**	$ 838,969
Retained earnings	**1,212,244**	1,124,973
Contributed surplus	**5,371**	5,866
Accumulated other comprehensive loss	**(2,459)**	(13,414)
Treasury stock	**(26,246)**	(23,930)
Total shareholders' equity	**$ 2,035,926**	$ 1,932,464
Total liabilities and equity	**$ 4,385,806**	$ 3,860,205

Consolidated Statements of Net Earnings

(In thousands of Canadian dollars, except share amounts)	Three months ended December 31, **2021**	Three months ended December 31, 2020	Twelve months ended December 31, **2021**	Twelve months ended December 31, 2020
	(Unaudited)	*(Unaudited)*	*(Audited)*	*(Audited)*
Sales	**$ 1,120,495**	$ 1,129,212	**$ 4,521,082**	$ 4,303,722
Cost of goods sold	**978,188**	948,946	**3,862,007**	3,600,669
Gross profit	**$ 142,307**	$ 180,266	**$ 659,075**	$ 703,053
Selling, general and administrative expenses	**120,000**	126,760	**467,067**	490,659
Earnings before the following:	**$ 22,307**	$ 53,506	**$ 192,008**	$ 212,394
Restructuring and other related costs	**1,212**	1,214	**4,910**	4,284
Other expense (income)	**7,328**	8,891	**14,522**	16,757
Earnings before interest and income taxes	**$ 13,767**	$ 43,401	**$ 172,576**	$ 191,353
Interest expense and other financing costs	**6,508**	8,046	**22,870**	31,480
Earnings before income taxes	**$ 7,259**	$ 35,355	**$ 149,706**	$ 159,873
Income tax expense	**5,381**	10,001	**46,883**	46,596
Net earnings	**$ 1,878**	$ 25,354	**$ 102,823**	$ 113,277
Earnings per share attributable to common shareholders:				
Basic earnings per share	**$ 0.02**	$ 0.20	**$ 0.83**	$ 0.92
Diluted earnings per share	**$ 0.01**	$ 0.20	**$ 0.82**	$ 0.91
Weighted average number of shares (millions):				
Basic	**123.9**	123.2	**123.5**	123.1
Diluted	**125.3**	124.1	**124.7**	124.3

Consolidated Statements of Other Comprehensive Income (Loss)

	Three months ended December 31,				Twelve months ended December 31,			
(In thousands of Canadian dollars)		**2021**		2020		**2021**		2020
		(Unaudited)		*(Unaudited)*		*(Audited)*		*(Audited)*
Net earnings	**$**	**1,878**	$	25,354	**$**	**102,823**	$	113,277
Other comprehensive income (loss)								
Actuarial (losses) gains that will not be reclassified to profit or loss (Net of tax of $1.2 million and $24.6 million; 2020: $0.7 million and $16.1 million)	**$**	**(2,215)**	$	(1,859)	**$**	**73,502**	$	(46,822)
Items that are or may be reclassified subsequently to profit or loss:								
Change in fair value of investments (Net of tax of $0.0 million and $1.0 million; 2020: $0.0 million and $0.0 million)	**$**	**—**	$	—	**$**	**2,945**	$	—
Change in accumulated foreign currency translation adjustment (Net of tax of $0.0 million and $0.0 million; 2020: $0.0 million and $0.0 million)		**702**		(17,466)		**(3,181)**		(8,814)
Change in foreign exchange on long-term debt designated as a net investment hedge (Net of tax of $0.1 million and $0.5 million; 2020: $2.6 million and $1.4 million)		**390**		14,429		**2,216**		7,542
Change in cash flow hedges (Net of tax of $1.5 million and $3.2 million; 2020: $0.9 million and $5.2 million)		**4,338**		2,501		**8,975**		(14,935)
Total items that are or may be reclassified subsequently to profit or loss	**$**	**5,430**	$	(536)	**$**	**10,955**	$	(16,207)
Total other comprehensive income (loss)	**$**	**3,215**	$	(2,395)	**$**	**84,457**	$	(63,029)
Comprehensive income	**$**	**5,093**	$	22,959	**$**	**187,280**	$	50,248

Consolidated Statements of Changes in Total Equity

(In thousands of Canadian dollars) *(Audited)*	**Share capital**	**Retained earnings**	**Contributed surplus**	**Accumulated other comprehensive income (loss)[i]**			**Treasury stock**	**Total equity**
				Foreign currency translation adjustment	**Unrealized gains and losses on cash flow hedges**	**Unrealized gains on fair value of investments**		
Balance at December 31, 2020	**$ 838,969**	**1,124,973**	**5,866**	**3,002**	**(16,416)**	**—**	**(23,930)**	**$ 1,932,464**
Net earnings	**—**	**102,823**	**—**	**—**	**—**	**—**	**—**	**102,823**
Other comprehensive income (loss)[ii]	**—**	**73,502**	**—**	**(965)**	**8,975**	**2,945**	**—**	**84,457**
Dividends declared ($0.72 per share)	**—**	**(89,054)**	**—**	**—**	**—**	**—**	**—**	**(89,054)**
Share-based compensation expense	**—**	**—**	**21,960**	**—**	**—**	**—**	**—**	**21,960**
Deferred taxes on share-based compensation	**—**	**—**	**975**	**—**	**—**	**—**	**—**	**975**
Exercise of stock options	**16,414**	**—**	**(2,882)**	**—**	**—**	**—**	**—**	**13,532**
Shares purchased by RSU trust	**—**	**—**	**—**	**—**	**—**	**—**	**(7,508)**	**(7,508)**
Settlement of share-based compensation	**—**	**—**	**(9,679)**	**—**	**—**	**—**	**5,192**	**(4,487)**
Change in obligation for repurchase of shares	**(8,367)**	**—**	**(10,869)**	**—**	**—**	**—**	**—**	**(19,236)**
Balance at December 31, 2021	**$ 847,016**	**1,212,244**	**5,371**	**2,037**	**(7,441)**	**2,945**	**(26,246)**	**$ 2,035,926**

(In thousands of Canadian dollars) *(Audited)*	Share capital	Retained earnings	Contributed surplus	Accumulated other comprehensive income (loss)[i]			Treasury stock	Total equity
				Foreign currency translation adjustment	Unrealized gains and losses on cash flow hedges	Unrealized gains on fair value of investments		
Balance at December 31, 2019	$ 840,005	1,137,450	—	4,274	(1,481)	—	(30,378)	$ 1,949,870
Net earnings	—	113,277	—	—	—	—	—	113,277
Other comprehensive income (loss)[ii]	—	(46,822)	—	(1,272)	(14,935)	—	—	(63,029)
Dividends declared ($0.64 per share)	—	(78,932)	—	—	—	—	—	(78,932)
Share-based compensation expense	—	—	17,301	—	—	—	—	17,301
Deferred taxes on share-based compensation	—	—	700	—	—	—	—	700
Exercise of stock options	1,012	—	—	—	—	—	—	1,012
Settlement of share-based compensation	—	—	(9,737)	—	—	—	6,448	(3,289)
Change in obligation for repurchase of shares	(2,048)	—	(2,398)	—	—	—	—	(4,446)
Balance at December 31, 2020	$ 838,969	1,124,973	5,866	3,002	(16,416)	—	(23,930)	$ 1,932,464

[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 Statements of Cash Flows

	Three months ended December 31,		Twelve months ended December 31,	
(In thousands of Canadian dollars)	**2021**	2020	**2021**	2020
CASH PROVIDED BY (USED IN):	*(Unaudited)*	*(Unaudited)*	*(Audited)*	*(Audited)*
Operating activities				
Net earnings	**$ 1,878**	$ 25,354	**$ 102,823**	$ 113,277
Add (deduct) items not affecting cash:				
Change in fair value of biological assets	**(304)**	(1,846)	**6,474**	(687)
Depreciation and amortization	**52,654**	54,324	**200,855**	196,266
Share-based compensation	**4,222**	5,140	**21,960**	17,301
Deferred income taxes	**369**	(18,480)	**(17,325)**	(5,945)
Income tax current	**5,012**	28,481	**64,208**	52,541
Interest expense and other financing costs	**6,508**	8,046	**22,870**	31,480
Loss (gain) on sale of long-term assets	**1,900**	134	**3,819**	(2,024)
Asset impairment	**308**	(177)	**744**	1,377
Change in fair value of non-designated derivatives	**12,586**	7,080	**10,211**	(3,947)
Change in net pension obligation	**3,151**	2,808	**6,745**	9,286
Net income taxes paid	**(12,347)**	(5,061)	**(69,595)**	(26,212)
Interest paid, net of capitalized interest	**(5,322)**	(5,731)	**(22,088)**	(28,839)
Change in provision for restructuring and other related costs	**218**	(4,033)	**(6)**	(3,509)
Change in derivatives margin	**5,446**	(15,474)	**9,938**	(8,074)
Other	**8,045**	136	**2,057**	5,041
Change in non-cash operating working capital	**83,966**	4,204	**(38,899)**	(25,883)
Cash provided by operating activities	**$ 168,290**	$ 84,905	**$ 304,791**	$ 321,449
Investing activities				
Additions to long-term assets	**$ (121,763)**	$ (179,455)	**$ (580,349)**	$ (432,540)
Acquisition of business	**—**	—	**(41,928)**	—
Interest paid and capitalized	**(5,819)**	(2,968)	**(20,344)**	(8,214)
Proceeds from sale of long-term assets	**731**	518	**1,499**	37,373
Purchase of investments	**—**	—	**(3,184)**	(14,053)
Proceeds from legal settlement	**—**	—	**20,822**	—
Cash used in investing activities	**$ (126,851)**	$ (181,905)	**$ (623,484)**	$ (417,434)
Financing activities				
Dividends paid	**$ (22,394)**	$ (19,754)	**$ (89,054)**	$ (78,932)
Net increase in long-term debt	**81,242**	49,861	**500,297**	215,601
Payment of lease obligation	**(9,037)**	(10,469)	**(36,843)**	(37,554)
Exercise of stock options	**4,821**	—	**13,532**	1,012
Payment of financing fees	**—**	—	**(528)**	(599)
Purchase of treasury stock	**(7,508)**	—	**(7,508)**	—
Cash provided by financing activities	**$ 47,124**	$ 19,638	**$ 379,896**	$ 99,528
Increase in cash and cash equivalents	**88,563**	(77,362)	**61,203**	3,543
Cash and cash equivalents, beginning of period	**73,468**	178,190	**100,828**	97,285
Cash and cash equivalents, end of period	**$ 162,031**	$ 100,828	**$ 162,031**	$ 100,828