



Financial Results for Third Quarter Ended September 26, 2021

Pilgrim's Pride Corporation
(NASDAQ: PPC)

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Cautionary Notes and Forward-Looking Statements

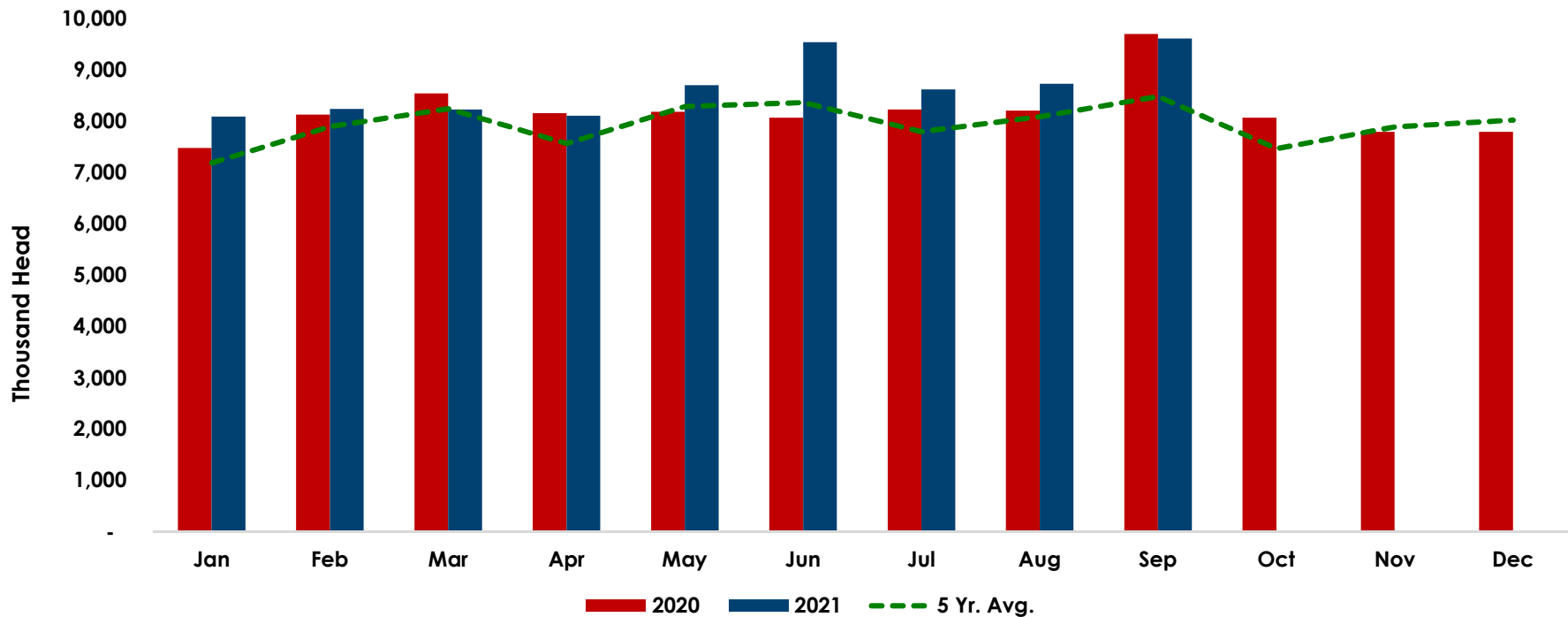
- Statements contained in this press release that state the intentions, plans, hopes, beliefs, anticipations, expectations or predictions of the future of Pilgrim's Pride Corporation and its management are considered forward-looking statements. Without limiting the foregoing, words such as "anticipates," "believes," "estimates," "expects," "intends," "may," "plans," "projects," "should," "targets," "will" and the negative thereof and similar words and expressions are intended to identify forward-looking statements. It is important to note that actual results could differ materially from those projected in such forward-looking statements. Factors that could cause actual results to differ materially from those projected in such forward-looking statements include: the impact of the COVID-19 pandemic, efforts to contain the pandemic and resulting economic downturn on our operations and financial condition, including the risk that our health and safety measures at Pilgrim's Pride production facilities will not be effective, the risk that we may be unable to prevent the infection of our employees at these facilities, and the risk that we may need to temporarily close one or more of our production facilities; the risk that we may experience decreased production and sales due to the changing demand for food products; the risk that we may face a significant increase in delayed payments from our customers; and additional risks related to COVID-19 set forth in our most recent Form 10-K and Form 10-Q filed with the SEC; matters affecting the poultry industry generally; the ability to execute the Company's business plan to achieve desired cost savings and profitability; future pricing for feed ingredients and the Company's products; outbreaks of avian influenza or other diseases, either in Pilgrim's Pride's flocks or elsewhere, affecting its ability to conduct its operations and/or demand for its poultry products; contamination of Pilgrim's Pride's products, which has previously and can in the future lead to product liability claims and product recalls; exposure to risks related to product liability, product recalls, property damage and injuries to persons, for which insurance coverage is expensive, limited and potentially inadequate; management of cash resources; restrictions imposed by, and as a result of, Pilgrim's Pride's leverage; changes in laws or regulations affecting Pilgrim's Pride's operations or the application thereof; new immigration legislation or increased enforcement efforts in connection with existing immigration legislation that cause the costs of doing business to increase, cause Pilgrim's Pride to change the way in which it does business, or otherwise disrupt its operations; competitive factors and pricing pressures or the loss of one or more of Pilgrim's Pride's largest customers; currency exchange rate fluctuations, trade barriers, exchange controls, expropriation and other risks associated with foreign operations; disruptions in international markets and distribution channel, including anti-dumping proceedings and countervailing duty proceedings; the risk of cyber-attacks, natural disasters, power losses, unauthorized access, telecommunication failures, and other problems on our information systems; and the impact of uncertainties of litigation and other legal matters described in our most recent Form 10-K and Form 10-Q, including the In re Broiler Chicken Antitrust Litigation, as well as other risks described under "Risk Factors" in the Company's Annual Report on Form 10-K, Quarterly Reports on Form 10-Q and subsequent filings with the Securities and Exchange Commission. The forward-looking statements in this release speak only as of the date hereof, and the Company undertakes no obligation to update any such statement after the date of this release, whether as a result of new information, future developments or otherwise, except as may be required by applicable law.
- Actual results could differ materially from those projected in these forward-looking statements as a result of these factors, among others, many of which are beyond our control. In making these statements, we are not undertaking, and specifically decline to undertake, any obligation to address or update each or any factor in future filings or communications regarding our business or results, and we are not undertaking to address how any of these factors may have caused changes to information contained in previous filings or communications. Although we have attempted to list comprehensively these important cautionary risk factors, we must caution investors and others that other factors may in the future prove to be important and affecting our business or results of operations.
- This presentation may include information that may be considered non-GAAP financial information as contemplated by SEC Regulation G, Rule 100, including EBITDA, Adjusted EBITDA, LTM EBITDA, Net Debt, Free Cash Flow, Adjusted EBITDA Margin and others. Accordingly, we have provided tables in the accompanying appendix and in our previous filings with the SEC that reconcile these measures to their corresponding GAAP-based measures and explain why these measures are useful to investors, which can be obtained from the Consolidated Statements of Income provided with our previous filings with the SEC. Our method of computation may or may not be comparable to other similarly titled measures used in filings with the SEC by other companies. See the consolidated statements of income and consolidated statements of cash flows included in our financial statements..



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Pullet Placements Up 3.2% Y/Y in Q3 2021; YTD 2021 Placements +4.2% vs. 2020

Intended Pullet Placements



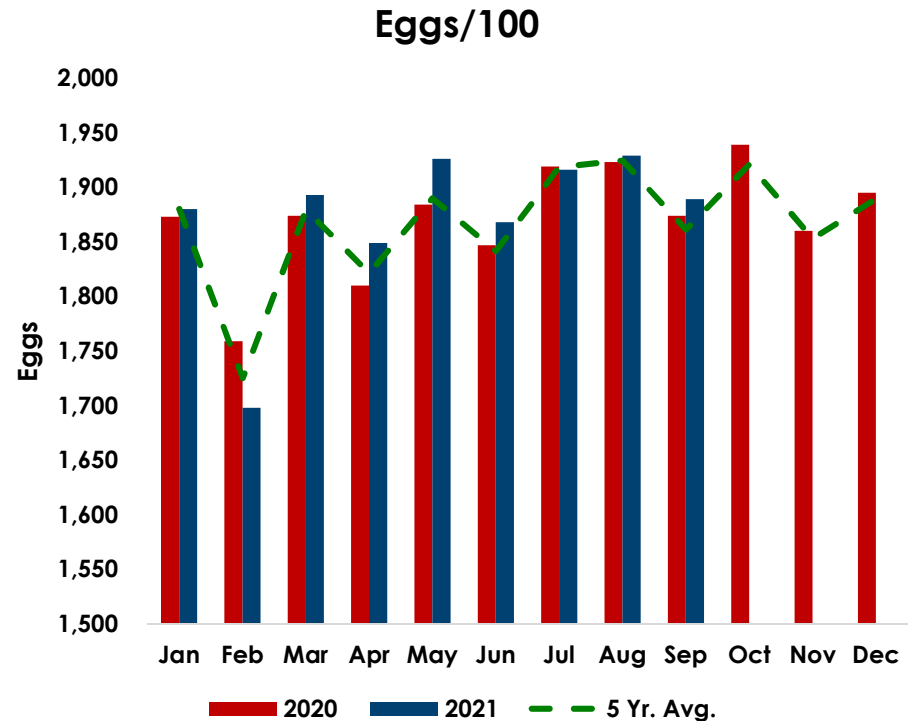
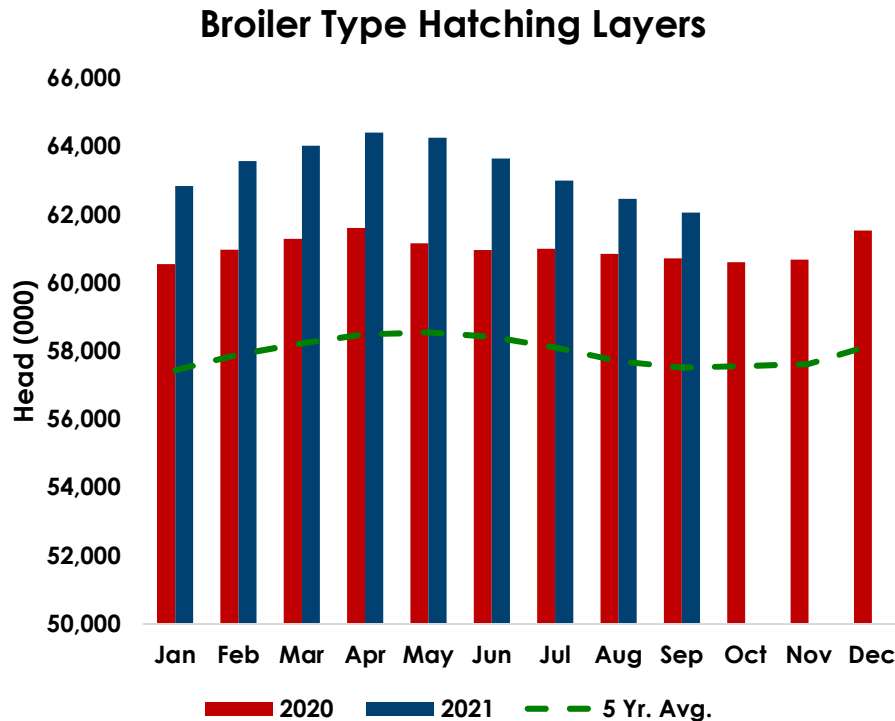
- Trailing 8-Month placements up 3.8% vs. year ago.



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Source: USDA

Hatching Layers Declining Seasonally; Eggs/100 Continue to Improve vs. 2020 Levels



- Broiler layer flock up +3.8% YTD 2021 vs. 2020.
- Broiler layer flock in Q3 averaged 2.7% greater than year ago levels.
- Eggs/100 +0.8% Y/Y in September, while the YTD average is +0.5%.
- Increased layer flock is the main contributor to increased domestic availability of eggs.

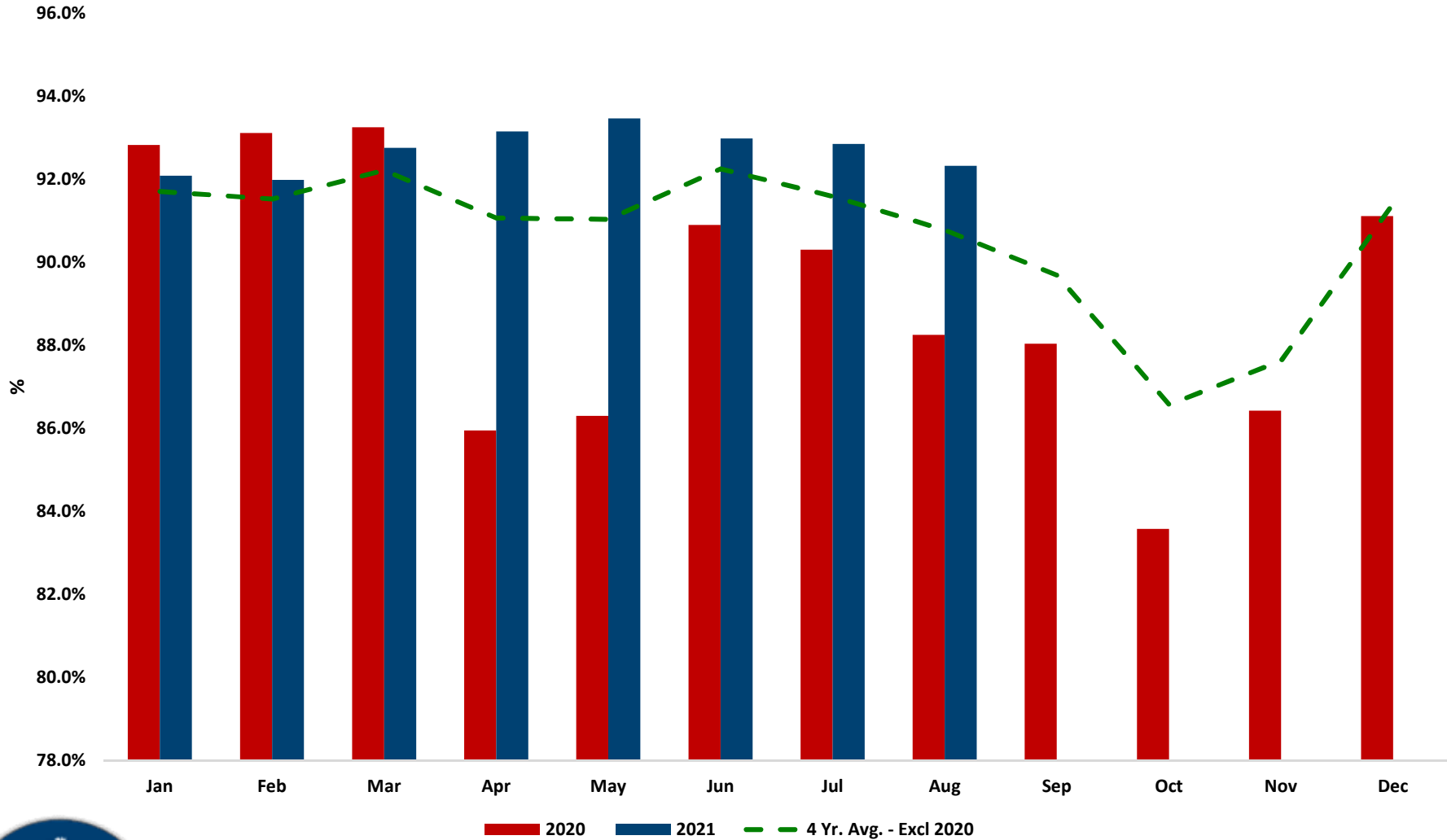


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Source: USDA

Hatchery Utilization Continues to Outpace the 4-Year Pre-COVID Average

Hatchery Utilization

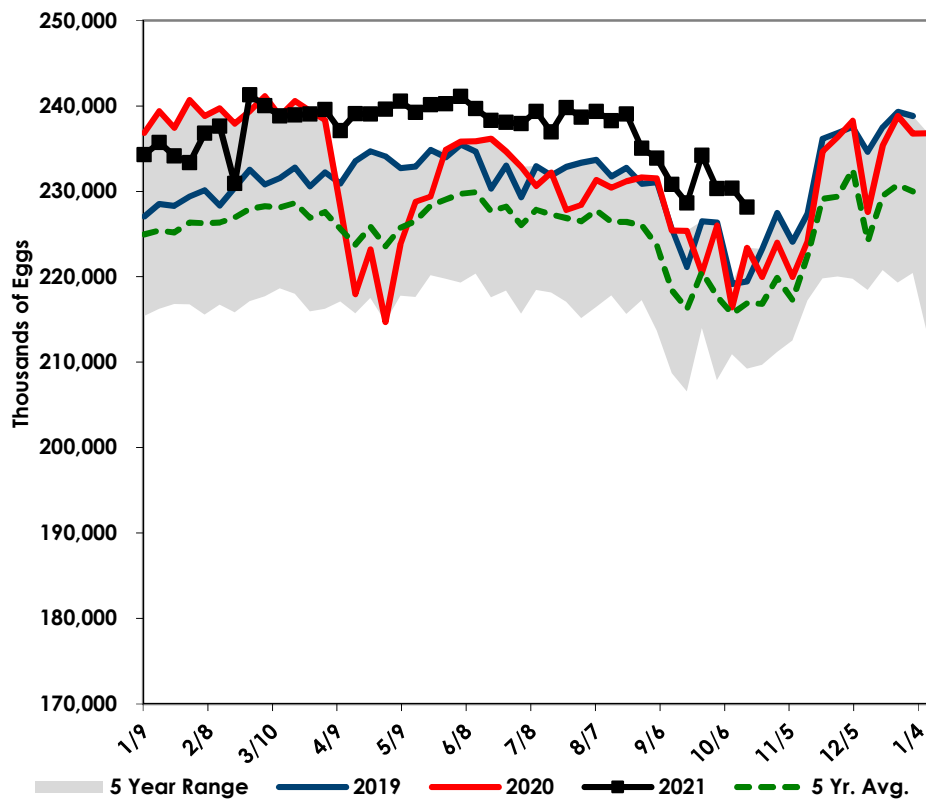


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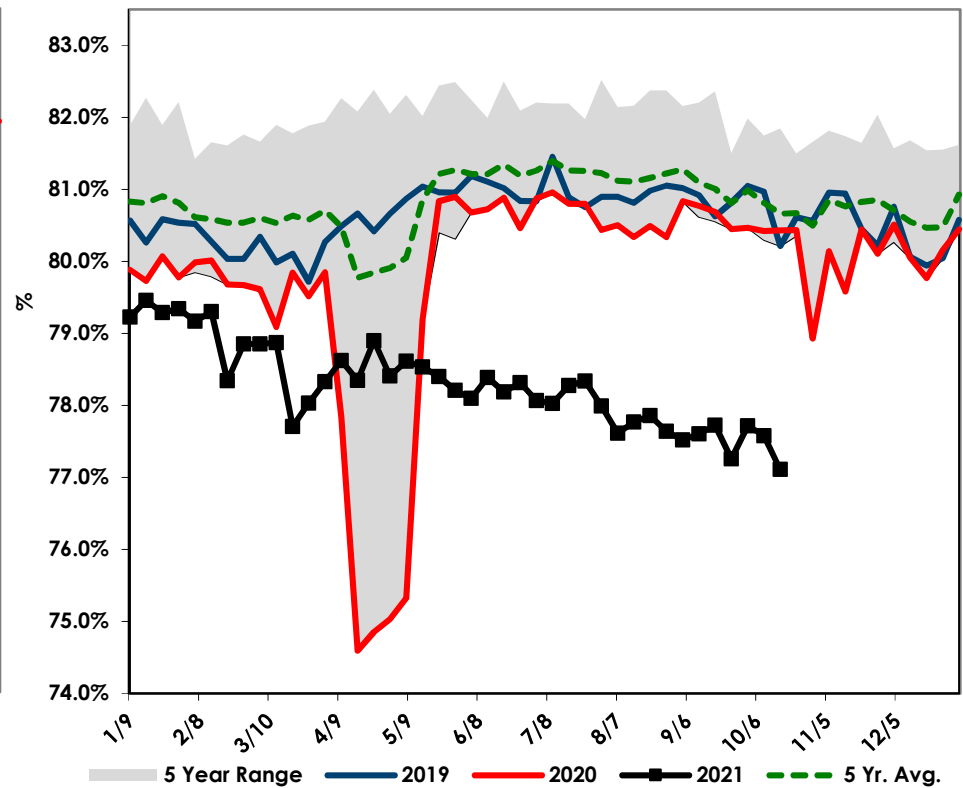
Source: Agristats

Egg Sets Remain Above 2020 and Moving Seasonally in Q3; Hatchability Worsened In Q3

Chicken Egg Sets
by Week - USDA



Chicken Hatchability
by Week - USDA

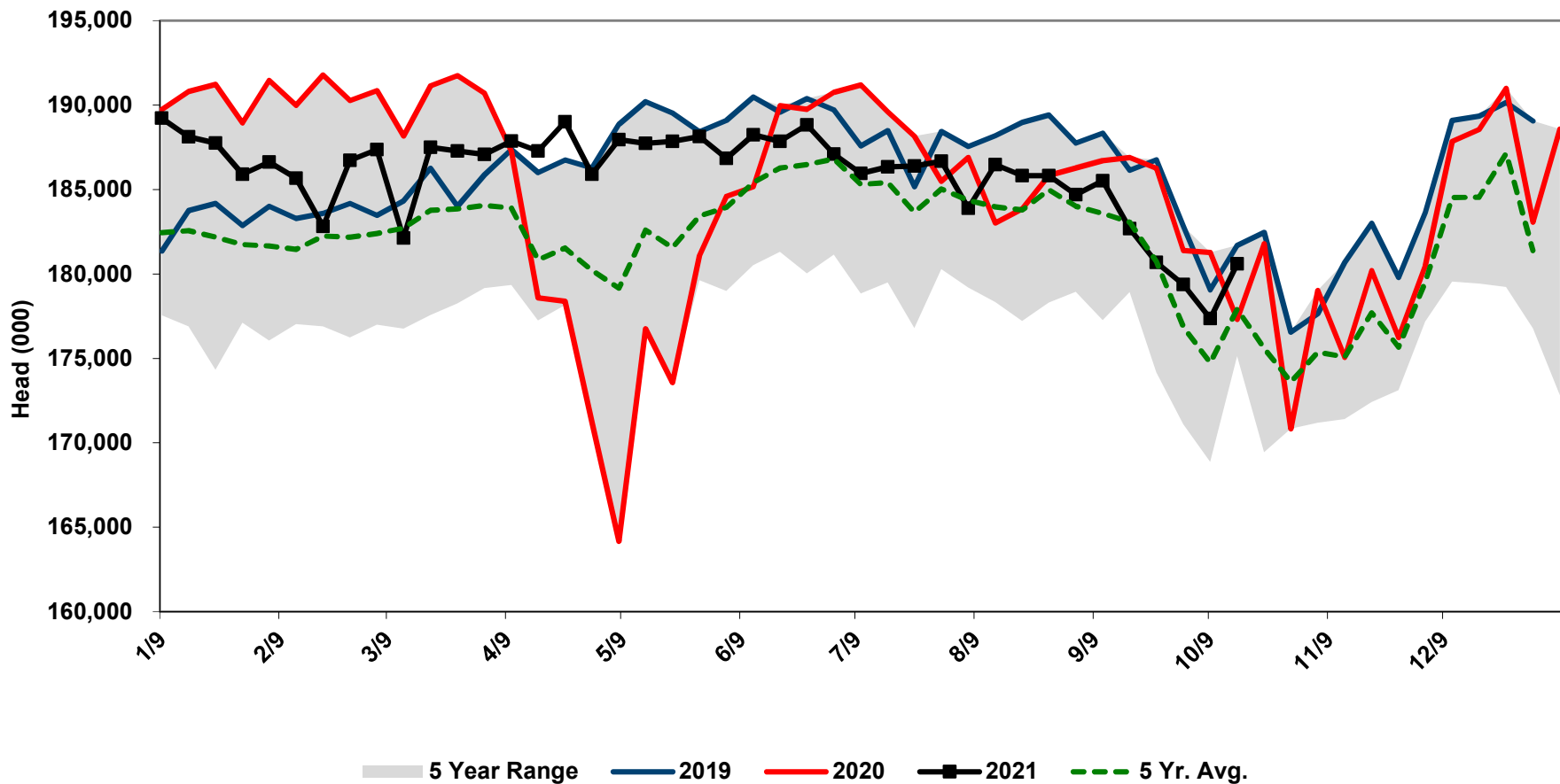


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Source: USDA

Average Broiler Placements Decreased 0.8% in Q3 2021 as Weakening Hatch Offsetting Increased Egg Sets

Chicken Broiler Placed
by Week- USDA

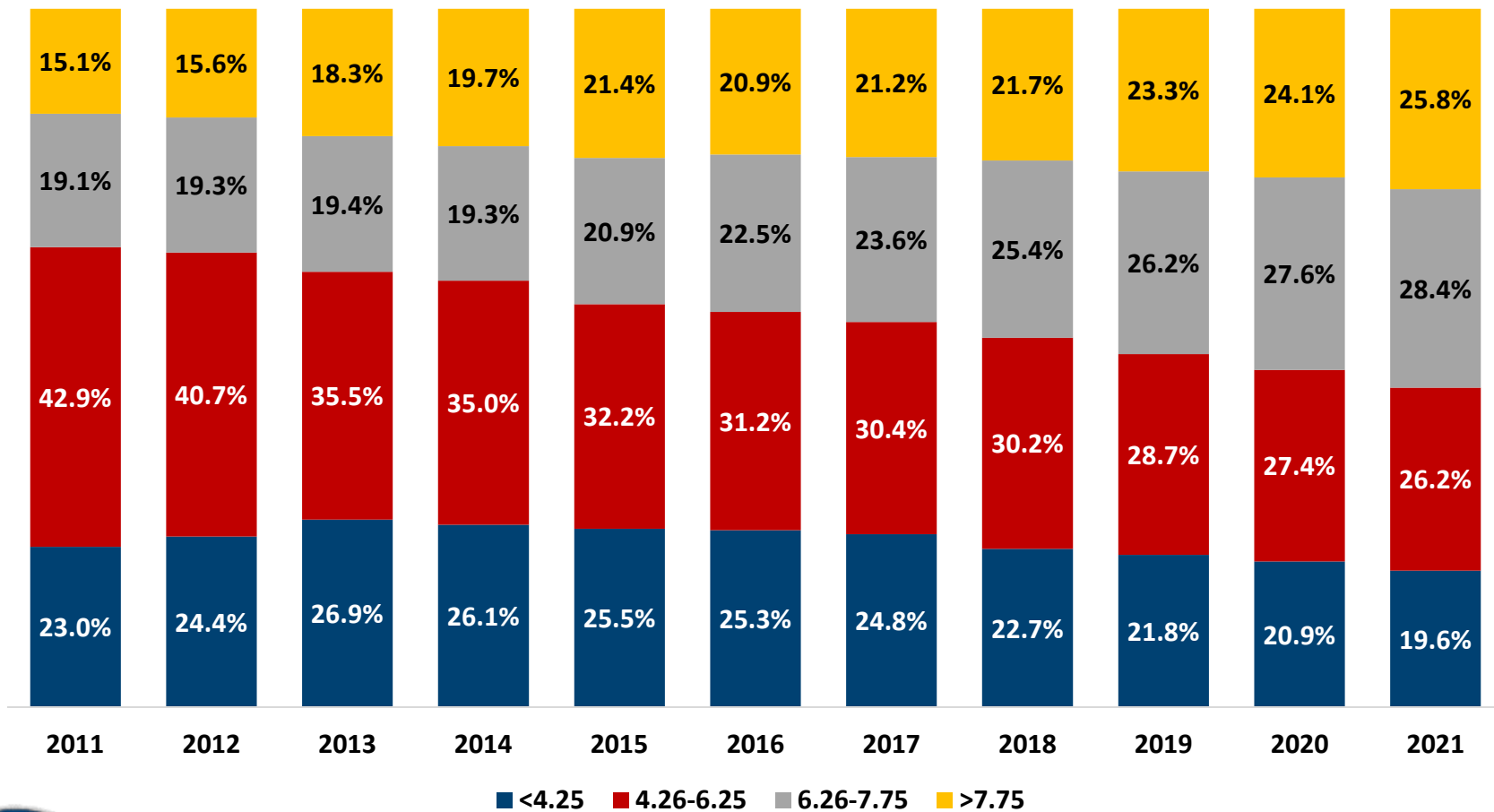


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Source: USDA

Heavier Bird Weight Categories Continue to Gain Headcount Share

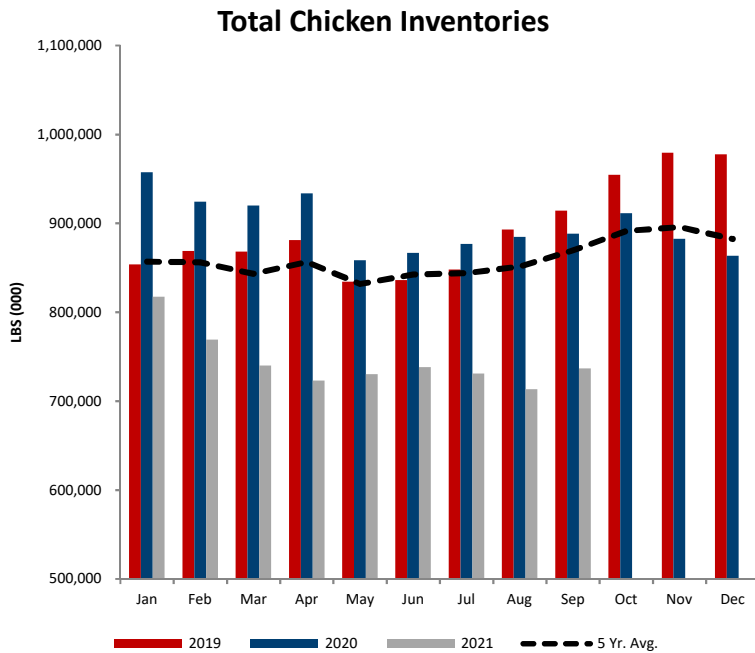
Head Processed by Size



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Source: USDA

Cold Storage Inventories Ended Q3 2021 17% Below September 2020



Frozen Chicken Inventory (000 LBS)					
Part	Sep-20	Aug-21	Sep-21	YOY Change	MOM Change
Broilers	24,578	13,722	15,950	▼ -35.1%	▲ 16.2%
Hens	8,883	6,881	7,777	▼ -12.5%	▲ 13.0%
Breast Meat	218,320	162,050	159,303	▼ -27.0%	▼ -1.7%
Drumsticks	35,804	31,934	34,603	▼ -3.4%	▲ 8.4%
LQ	81,732	75,289	82,464	▲ 0.9%	▲ 9.5%
Legs	22,263	12,921	11,265	▼ -49.4%	▼ -12.8%
Thighs	20,717	16,446	17,062	▼ -17.6%	▲ 3.7%
Thigh Meat	27,646	12,263	11,555	▼ -58.2%	▼ -5.8%
Wings	51,393	55,537	64,817	▲ 26.1%	▲ 16.7%
Paws and Feet	28,561	29,680	29,442	▲ 3.1%	▼ -0.8%
Other	368,394	296,448	302,306	▼ -17.9%	▲ 2.0%
Total Chicken	888,291	713,171	736,544	▼ -17.1%	▲ 3.3%

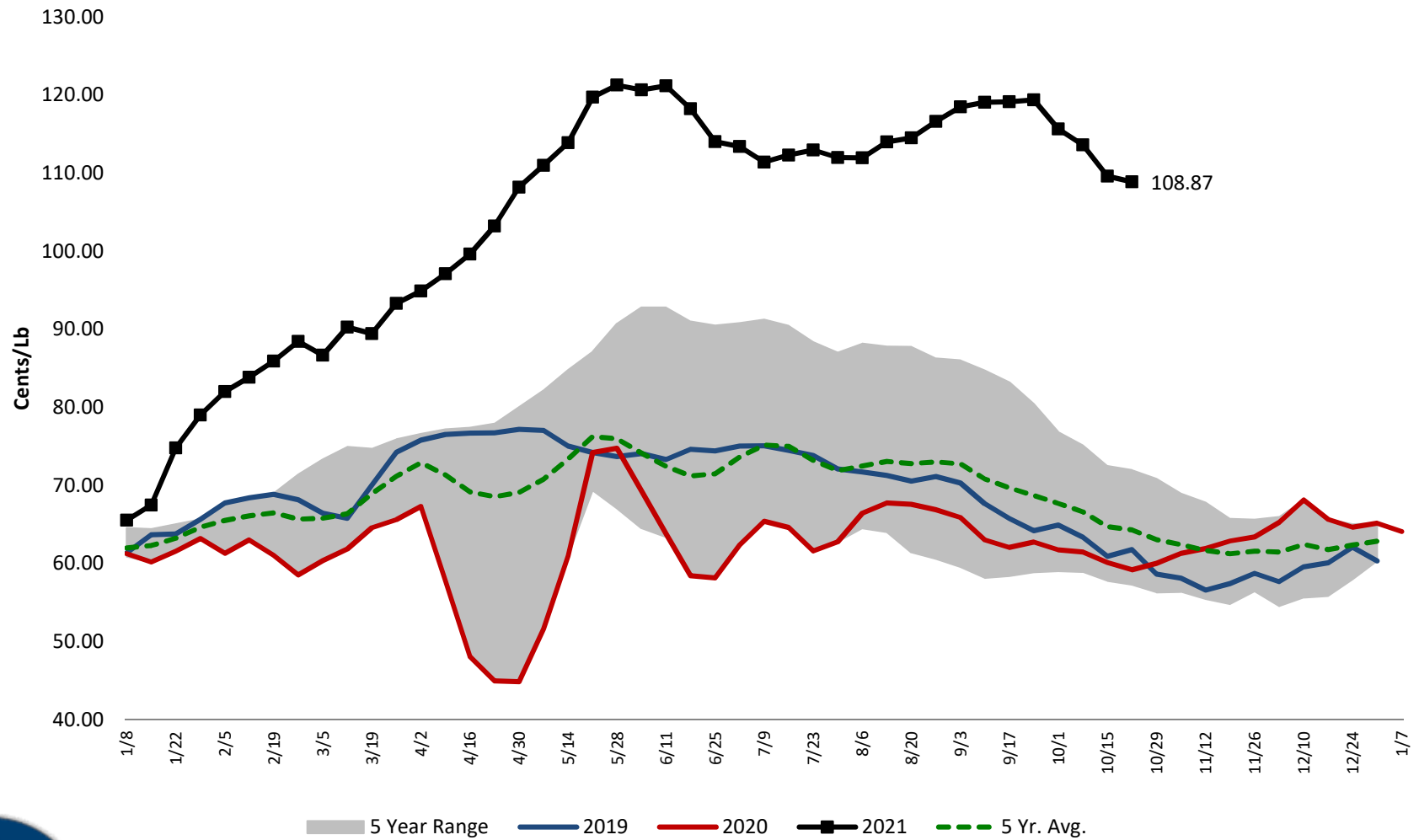
- Total inventory levels did not experience the normal seasonal growth from end of June through September, instead remaining on par with June levels.
- Breast meat inventories 12% below 5-year September average and 27% below year ago levels.
- Wings inventories remain 15% below 5-year September average.
- LQ inventories remain 22% below 5-year September average.



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Source: USDA

Cutout Remained Well Above 5-Year Range Throughout Q3 2021 and Only Recently Experiencing Seasonal Decline

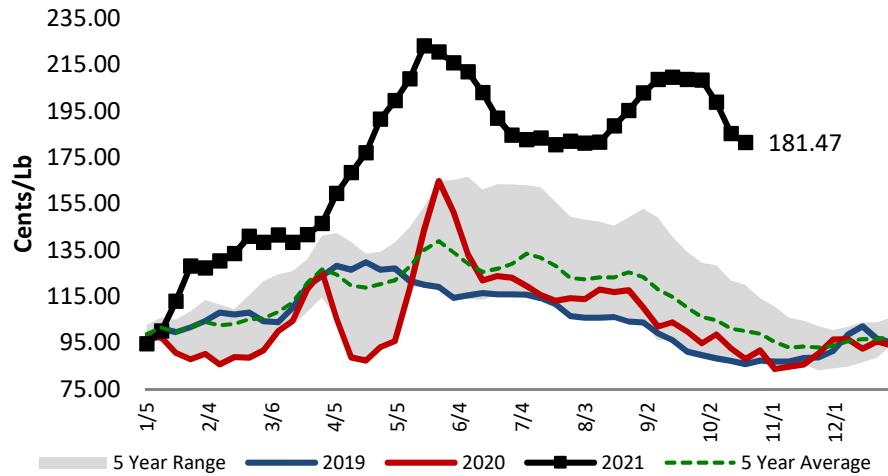


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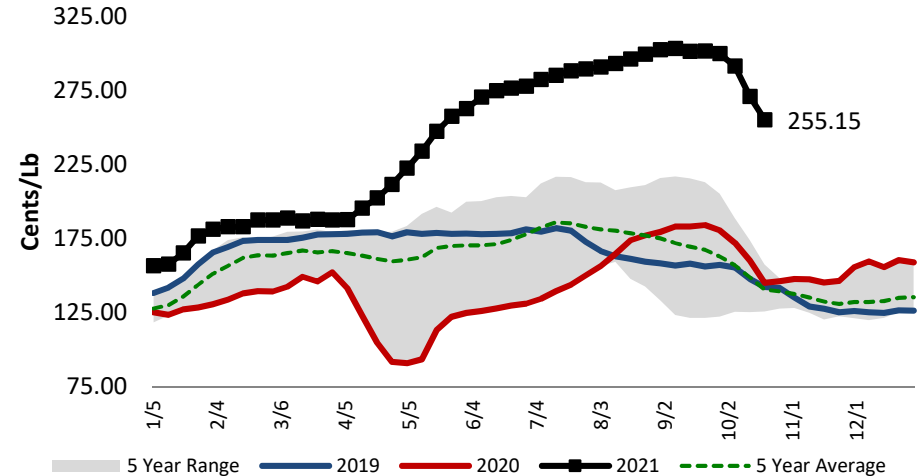
Source: PPC, EMI

Pricing for Main Cuts Elevated Throughout Q3 2021

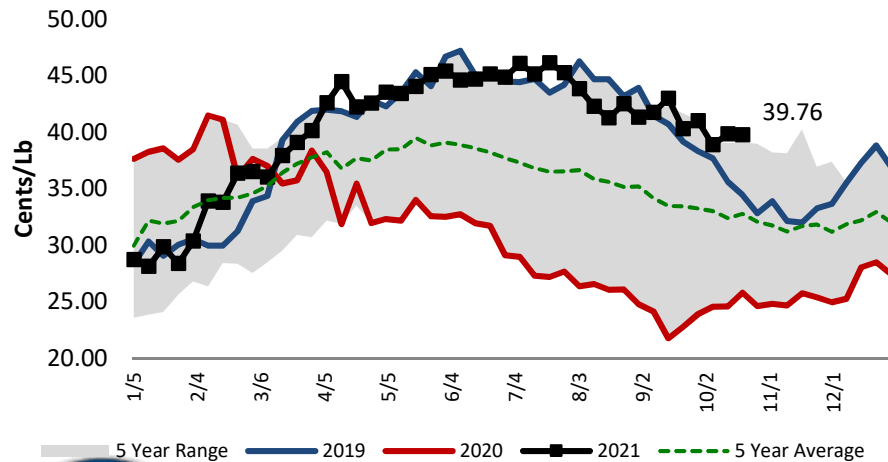
USDA Boneless/Skinless Breast NE



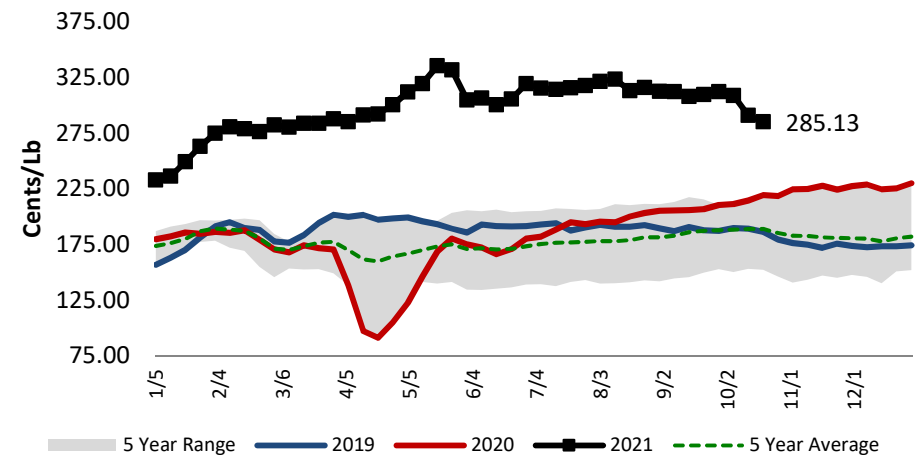
USDA Tenders NE



USDA Leg Quarters NE



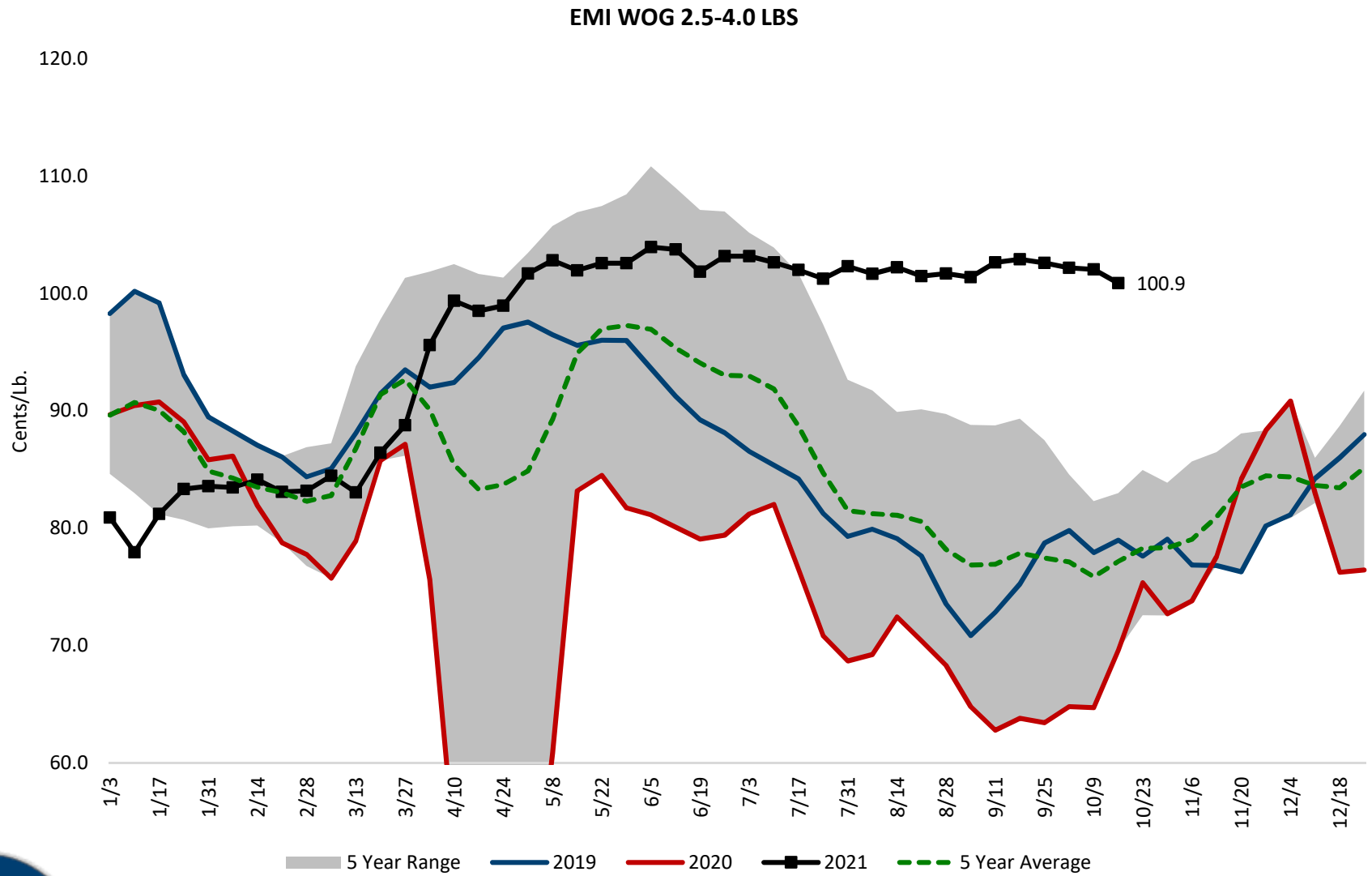
USDA Whole Wings NE



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Source: USDA

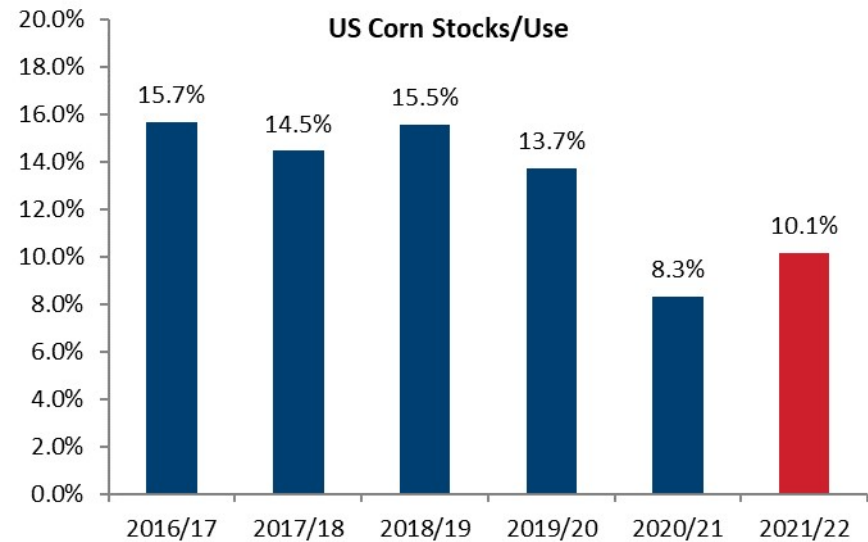
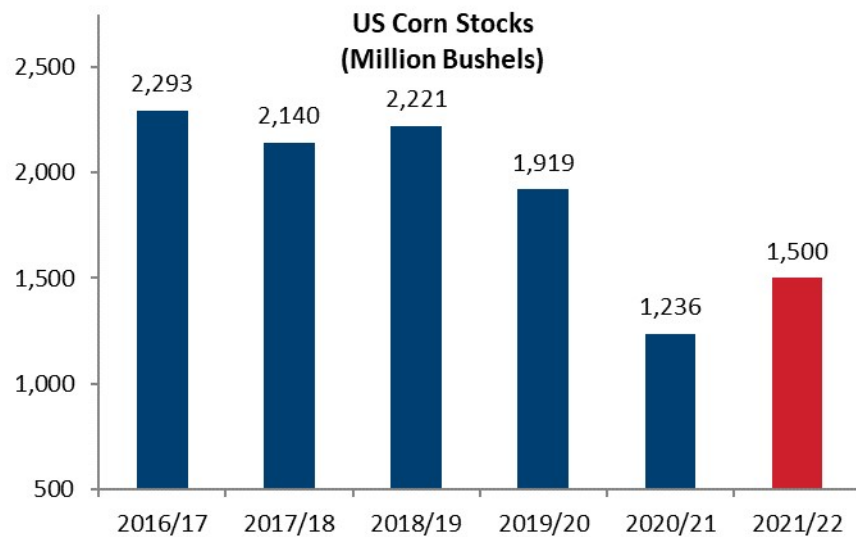
WOG Pricing Remained Steady Throughout Q3



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Source: EMI

Corn Stocks Signaling Recovery



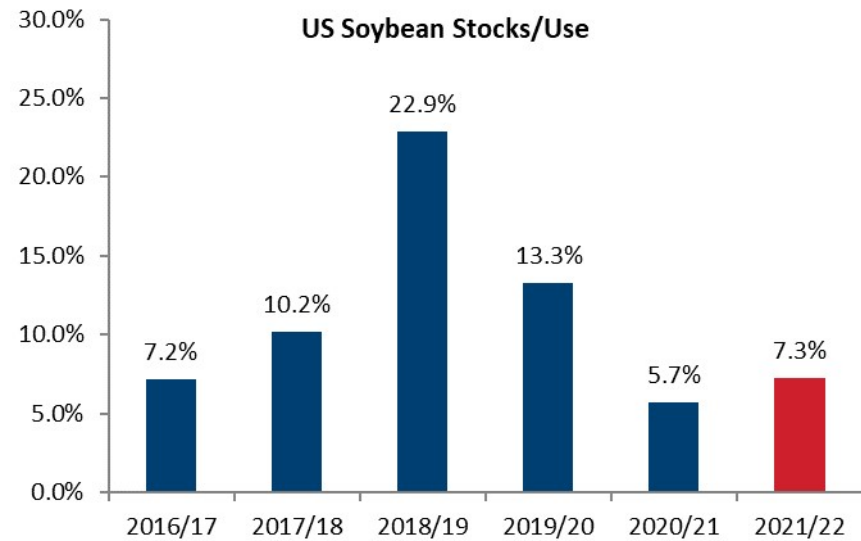
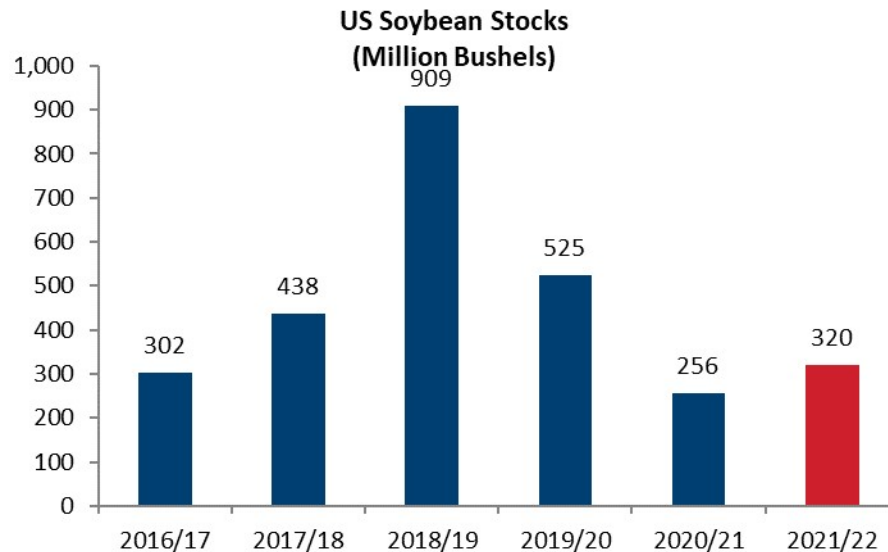
- US corn stocks are set to increase from 1.2B bushels last year to 1.5B bushels this year on higher production and lower exports
- USDA projects the US corn crop at 15B bushels vs. 14.1B last year on a yield of 176.5 bushels/acre



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Source: USDA

Soybean Stocks on the Rise



- US soybean stocks are forecasting to increase from 256M bushels last year to 320M bushels this year
- A combination of increased production and lower demand contributing to the build in stocks



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Source: USDA

Third Quarter 2021 Financial Review

Main Indicators (\$M)	Q3-21	Q3-20
Net Revenue	3,827.6	3,075.1
Gross Profit	371.8	313.8
SG&A	251.1	219.6
Operating Income	120.8	94.3
Net Interest	28.6	28.8
Net Income	60.8	33.7
Earnings Per Share (EPS)	0.25	0.14
Adjusted EBITDA*	346.9	305.0
<i>Adjusted EBITDA Margin*</i>	<i>9.1%</i>	<i>9.9%</i>

* This is a non-GAAP measurement considered by management to be useful in understanding our results. Please see the appendix and most recent SEC financial filings for definition of this measurement and reconciliation to GAAP.

- U.S.: QSR and Retail Deli maintaining strength while Commodity continued momentum due to better foodservice demand; labor tightness impacting product mix; Mexico: Strength continues on balanced supply/demand conditions; recent increase in imports reducing pricing; UK/Europe: Higher feed costs, lower pig pricing, labor shortages, higher transport costs and China export constraints; partially offset by certain sales price increases and operational improvements.
- SG&A higher due to aggregate legal contingency accrual of \$126 million and \$7 million of acquisition costs recorded in the U.S.
- Adjusted Q3 2021 EBITDA growth reflects the benefits of our portfolio balance, Key Customer strategy, and geographical diversification.

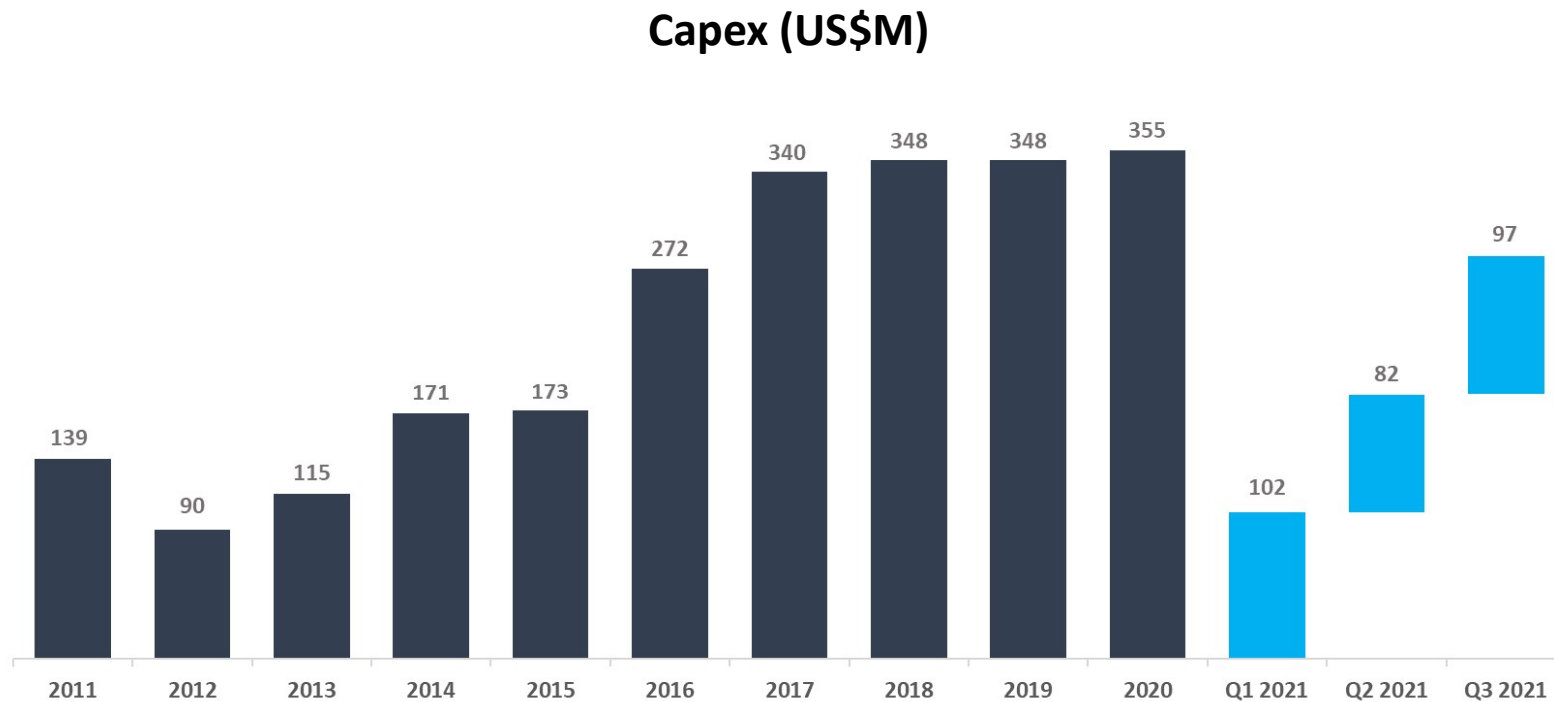
In \$M	U.S.	EU	MX
Net Revenue	2,466.8	930.4	430.3
Operating Income	70.7	0.7	49.7
<i>Operating Income Margin</i>	<i>2.9%</i>	<i>Marginally positive</i>	<i>11.6%</i>

Source: PPC



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Fiscal Year 2021 Capital Spending



- Strong Free Cash Flow generation has enabled us to direct more capital spending towards identified projects with rapid payback and structural projects.
- New strategic projects will support key customers' growth and emphasize our focus on achieving a balanced portfolio.



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Source: PPC

Investor Relations Contact

Investor Relations: Julie Kegley
Financial Profiles

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Address: 1770 Promontory Circle
Greeley, CO 80634 USA

Website: www.pilgrims.com



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APPENDIX



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Appendix: Reconciliation of Adjusted EBITDA

“EBITDA” is defined as the sum of net income plus interest, taxes, depreciation and amortization. “Adjusted EBITDA” is calculated by adding to EBITDA certain items of expense and deducting from EBITDA certain items of income that we believe are not indicative of our ongoing operating performance consisting of: (1) foreign currency transaction losses, (2) transaction costs related to business acquisitions, (3) costs related to the DOJ agreement and litigation settlements, (4) Hometown Strong initiative expenses, (5) negative adjustment to previously recognized gain on bargain purchase, (6) shareholder litigation settlement, (7) deconsolidation of subsidiary and (8) net income attributable to noncontrolling interests. EBITDA is presented because it is used by management and we believe it is frequently used by securities analysts, investors and other interested parties, in addition to and not in lieu of results prepared in conformity with accounting principles generally accepted in the U.S. (“U.S. GAAP”), to compare the performance of companies. We believe investors would be interested in our Adjusted EBITDA because this is how our management analyzes EBITDA applicable to continuing operations. The Company also believes that Adjusted EBITDA, in combination with the Company’s financial results calculated in accordance with U.S. GAAP, provides investors with additional perspective regarding the impact of certain significant items on EBITDA and facilitates a more direct comparison of its performance with its competitors. EBITDA and Adjusted EBITDA are not measurements of financial performance under U.S. GAAP. EBITDA and Adjusted EBITDA have limitations as analytical tools and should not be considered in isolation or as substitutes for an analysis of our results as reported under U.S. GAAP. In addition, other companies in our industry may calculate these measures differently limiting their usefulness as a comparative measure. Because of these limitations, EBITDA and Adjusted EBITDA should not be considered as an alternative to net income as indicators of our operating performance or any other measures of performance derived in accordance with U.S. GAAP. These limitations should be compensated for by relying primarily on our U.S. GAAP results and using EBITDA and Adjusted EBITDA only on a supplemental basis.



Appendix: Reconciliation of Adjusted EBITDA

PILGRIM'S PRIDE CORPORATION Reconciliation of Adjusted EBITDA (Unaudited)

	Three Months Ended		Nine Months Ended	
	September 26, 2021	September 27, 2020	September 26, 2021	September 27, 2020
	(In thousands)			
Net income (loss)	\$ 60,835	\$ 33,691	\$ (5,200)	\$ 94,740
Add:				
Interest expense, net ^(a)	28,589	28,801	106,366	90,964
Income tax expense	30,385	22,344	55,931	57,900
Depreciation and amortization	92,076	84,265	274,336	248,641
EBITDA	211,885	169,101	431,433	492,245
Add:				
Foreign currency transaction loss (gain) ^(b)	2,359	9,092	9,018	(3,768)
Transaction costs related to acquisitions ^(c)	6,773	—	9,318	134
DOJ agreement and litigation settlements ^(d)	126,000	110,524	524,285	110,524
Hometown Strong commitment	—	14,506	—	14,506
Minus:				
Negative adjustment to previously recognized gain on bargain purchase ^(e)	—	(2,006)	—	(3,746)
Shareholder litigation settlement ^(f)	—	—	—	34,643
Deconsolidation of subsidiary	—	—	1,131	—
Net income attributable to noncontrolling interest	110	245	554	62
Adjusted EBITDA	\$ 346,907	\$ 304,984	\$ 972,369	\$ 582,682

a) Interest expense, net, consists of interest expense less interest income.

b) The Company measures the financial statements of its Mexico reportable segment as if the U.S. dollar were the functional currency. Accordingly, we remeasure assets and liabilities, other than nonmonetary assets, of the Mexico reportable segment at current exchange rates. We remeasure nonmonetary assets using the historical exchange rate in effect on the date of each asset's acquisition. Currency exchange gains or losses resulting from these remeasurements, as well as, from our U.K. and Europe reportable segment are included in the line item *Foreign currency transaction loss (gain)* in the Condensed Consolidated Statements of Income.

c) Transaction costs related to acquisitions includes those charges that are incurred in conjunction with business acquisitions.

d) On October 13, 2020, Pilgrims announced that we entered into a plea agreement (the "Plea Agreement") with the DOJ. As a result of the Plea Agreement, we recognized a fine of \$110,524,140. On February 23, 2021, the Colorado Court approved the Plea Agreement and assessed a fine of \$107.9 million. For the nine months ended September 26, 2021, Pilgrims has settled and paid a total of \$214.4 million for litigation settlements and expensed a total of \$524.3 million.

e) The Hometown Strong initiative was developed to help communities in which we operate respond to unexpected challenges.

f) The gain on bargain purchase was recognized as a result of the PPL acquisition in October 2019. The amount shown above represents a working capital adjustment to the previously recorded gain on bargain purchase.

g) Shareholder litigation settlement is income received as a result of a settlement in the first quarter of 2020.

h) This represents a gain recognized as a result of deconsolidation of a subsidiary.



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Source: PPC

Appendix: Reconciliation of LTM Adjusted EBITDA

The summary unaudited consolidated income statement data for the twelve months ended September 26, 2021 (the LTM Period) have been calculated by subtracting the applicable unaudited consolidated income statement data for the nine months ended September 27, 2020 from the sum of (1) the applicable audited consolidated income statement data for the year ended December 27, 2020 and (2) the applicable unaudited consolidated income statement data for the nine months ended September 26, 2021.

PILGRIM'S PRIDE CORPORATION Reconciliation of LTM Adjusted EBITDA (Unaudited)

	Three Months Ended			LTM Ended	
	December 27, 2020	March 28, 2021	June 27, 2021	September 26, 2021	September 26, 2021
(In thousands)					
Net income (loss)	\$ 330	\$ 100,468	\$ (166,503)	\$ 60,835	\$ (4,870)
Add:					
Interest expense, net	27,849	27,968	49,809	28,589	134,215
Income tax expense (benefit)	8,855	35,358	(9,812)	30,385	64,786
Depreciation and amortization	88,463	86,532	95,728	92,076	362,799
EBITDA	125,497	250,326	(30,778)	211,885	556,930
Add:					
Foreign currency transaction losses	4,528	2,514	4,145	2,359	13,546
Transaction costs related to acquisitions	—	—	2,545	6,773	9,318
DOJ agreement and litigation settlements	75,000	2,399	395,886	126,000	599,285
Restructuring charges	123	—	—	—	123
Hometown Strong commitment	494	—	—	—	494
Minus:					
Deconsolidation of subsidiary	—	1,131	—	—	1,131
Net income attributable to noncontrolling interest	251	260	184	110	805
Adjusted EBITDA	<u>\$ 205,391</u>	<u>\$ 253,848</u>	<u>\$ 371,614</u>	<u>\$ 346,907</u>	<u>\$ 1,177,760</u>



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Source: PPC

Appendix: Reconciliation of EBITDA Margin

EBITDA margins have been calculated by taking the relevant unaudited EBITDA figures, then dividing by net sales for the applicable period. EBITDA margins are presented because they are used by management and we believe it is frequently used by securities analysts, investors and other interested parties, as a supplement to our results prepared in accordance with U.S. GAAP, to compare the performance of companies.

PILGRIM'S PRIDE CORPORATION

Reconciliation of EBITDA Margin

(Unaudited)

	Three Months Ended		Nine Months Ended		Three Months Ended		Nine Months Ended	
	September 26, 2021	September 27, 2020	September 26, 2021	September 27, 2020	September 26, 2021	September 27, 2020	September 26, 2021	September 27, 2020
(In thousands)								
Net income (loss)	\$ 60,835	\$ 33,691	\$ (5,200)	\$ 94,740	1.59 %	1.10 %	(0.05)%	1.06 %
Add:								
Interest expense, net	28,589	28,801	106,366	90,964	0.75 %	0.94 %	0.99 %	1.01 %
Income tax expense	30,385	22,344	55,931	57,900	0.79 %	0.73 %	0.52 %	0.65 %
Depreciation and amortization	92,076	84,265	274,336	248,641	2.40 %	2.74 %	2.55 %	2.77 %
EBITDA	211,885	169,101	431,433	492,245	5.53 %	5.51 %	4.01 %	5.49 %
Add:								
Foreign currency transaction losses (gains)	2,359	9,092	9,018	(3,768)	0.06 %	0.29 %	0.08 %	(0.04)%
Transaction costs related to business acquisitions	6,773	—	9,318	134	0.18 %	— %	0.09 %	— %
DOJ agreement and litigation settlements	126,000	110,524	524,285	110,524	3.29 %	3.59 %	4.88 %	1.23 %
Restructuring activity	—	—	—	—	— %	— %	— %	— %
Hometown Strong commitment	—	14,506	—	14,506	— %	0.47 %	— %	0.16 %
Minus:								
Negative adjustment to previously recognized gain on bargain purchase	—	(2,006)	—	(3,746)	— %	(0.07)%	— %	(0.04)%
Shareholder litigation settlement	—	—	—	34,643	— %	— %	— %	0.39 %
Deconsolidation of subsidiary	—	—	1,131	—	— %	— %	0.01 %	— %
Net income attributable to noncontrolling interest	110	245	554	62	— %	0.01 %	0.01 %	— %
Adjusted EBITDA	\$ 346,907	\$ 304,984	\$ 972,369	\$ 582,682	9.06 %	9.92 %	9.04 %	6.49 %
Net sales	\$ 3,827,566	\$ 3,075,121	\$ 10,738,689	\$ 8,974,072	\$ 3,827,566	\$ 3,075,121	\$ 10,738,689	\$ 8,974,072



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Source: PPC

Appendix: Reconciliation of Adjusted EBITDA by Segment

PILGRIM'S PRIDE CORPORATION Reconciliation of Adjusted EBITDA (Unaudited)

	Three Months Ended				Three Months Ended			
	September 26, 2021				September 27, 2020			
	U.S.	U.K. & Europe	Mexico	Total	U.S.	U.K. & Europe	Mexico	Total
	(In thousands)				(In thousands)			
Net income (loss)	\$ 28,892	\$ (1,513)	\$ 33,456	\$ 60,835	\$ (41,045)	\$ 26,512	\$ 48,224	\$ 33,691
Add:								
Interest expense (income), net ^(a)	28,916	525	(852)	28,589	30,115	30	(1,344)	28,801
Income tax expense	9,793	3,414	17,178	30,385	5,307	1,421	15,616	22,344
Depreciation and amortization	60,285	25,720	6,071	92,076	53,915	23,923	6,427	84,265
EBITDA	127,886	28,146	55,853	211,885	48,292	51,886	68,923	169,101
Add:								
Foreign currency transaction loss (gain) ^(b)	2,323	(558)	594	2,359	7,742	1,077	273	9,092
Transaction costs related to acquisitions ^(c)	6,773	—	—	6,773	—	—	—	—
DOJ agreement and litigation settlements ^(d)	126,000	—	—	126,000	110,524	—	—	110,524
Hometown Strong commitment ^(e)	—	—	—	—	14,506	—	—	14,506
Minus:								
Negative adjustment to previously recognized gain on bargain purchase ^(f)	—	—	—	—	—	(2,006)	—	(2,006)
Net income attributable to noncontrolling interest	—	—	110	110	—	—	245	245
Adjusted EBITDA	\$ 262,982	\$ 27,588	\$ 56,337	\$ 346,907	\$ 181,064	\$ 54,969	\$ 68,951	\$ 304,984

a) Interest expense, net, consists of interest expense less interest income.

b) The Company measures the financial statements of its Mexico reportable segment as if the U.S. dollar were the functional currency. Accordingly, we remeasure assets and liabilities, other than nonmonetary assets, of the Mexico reportable segment at current exchange rates. We remeasure nonmonetary assets using the historical exchange rate in effect on the date of each asset's acquisition. Currency exchange gains or losses resulting from these remeasurements, as well as, from our U.K. and Europe reportable segment are included in the line item *Foreign currency transaction loss (gain)* in the Condensed Consolidated Statements of Income.

c) Transaction costs related to acquisitions includes those charges that are incurred in conjunction with business acquisitions.

d) On October 13, 2020, Pilgrims announced that we entered into a plea agreement (the "Plea Agreement") with the DOJ. As a result of the Plea Agreement, we recognized a fine of \$110,524,140. On February 23, 2021, the Colorado Court approved the Plea Agreement and assessed a fine of \$107.9 million. For the nine months ended September 26, 2021, Pilgrims has settled and paid a total of \$214.4 million for litigation settlements and expensed a total of \$524.3 million.

e) The Hometown Strong initiative was developed to help communities in which we operate respond to unexpected challenges.

f) The gain on bargain purchase was recognized as a result of the PPL acquisition in October 2019. The amount shown above represents a working capital adjustment to the previously recorded gain on bargain purchase.



To be the BEST

Source: PPC

Appendix: Reconciliation of Adjusted EBITDA by Segment

PILGRIM'S PRIDE CORPORATION Reconciliation of Adjusted EBITDA (Unaudited)

	Nine Months Ended				Nine Months Ended			
	September 26, 2021				September 27, 2020			
	U.S.	U.K. & Europe	Mexico	Total	U.S.	U.K. & Europe	Mexico	Total
	(In thousands)				(In thousands)			
Net income (loss)	\$ (149,356)	\$ 200	\$ 143,956	\$ (5,200)	\$ 59,120	\$ 60,318	\$ (24,698)	\$ 94,740
Add:								
Interest expense (income), net ^(a)	108,608	1,147	(3,389)	106,366	93,492	726	(3,254)	90,964
Income tax expense	(46,932)	36,993	65,870	55,931	27,627	14,505	15,768	57,900
Depreciation and amortization	179,057	76,917	18,362	274,336	161,079	67,670	19,892	248,641
EBITDA	91,377	115,257	224,799	431,433	341,318	143,219	7,708	492,245
Add:								
Foreign currency transaction loss (gain) ^(b)	5,803	(977)	4,192	9,018	(19,784)	(617)	16,633	(3,768)
Transaction costs related to acquisitions ^(c)	9,318	—	—	9,318	134	—	—	134
DOJ agreement & litigation settlements ^(d)	524,285	—	—	524,285	110,524	—	—	110,524
Hometown Strong commitment ^(e)	—	—	—	—	14,506	—	—	14,506
Minus:								
Negative adjustment to previously recognized gain on bargain purchase ^(f)	—	—	—	—	—	(3,746)	—	(3,746)
Shareholder litigation settlement ^(g)	—	—	—	—	34,643	—	—	34,643
Deconsolidation of subsidiary ^(h)	—	1,131	—	1,131	—	—	—	—
Net income attributable to noncontrolling interest	—	—	554	554	—	—	62	62
Adjusted EBITDA	<u>\$ 630,783</u>	<u>\$ 113,149</u>	<u>\$ 228,437</u>	<u>\$ 972,369</u>	<u>\$ 412,055</u>	<u>\$ 146,348</u>	<u>\$ 24,279</u>	<u>\$ 582,682</u>

- a) Interest expense, net, consists of interest expense less interest income.
- b) The Company measures the financial statements of its Mexico reportable segment as if the U.S. dollar were the functional currency. Accordingly, we remeasure assets and liabilities, other than nonmonetary assets, of the Mexico reportable segment at current exchange rates. We remeasure nonmonetary assets using the historical exchange rate in effect on the date of each asset's acquisition. Currency exchange gains or losses resulting from these remeasurements, as well as, from our U.K. and Europe reportable segment are included in the line item *Foreign currency transaction loss (gain)* in the Condensed Consolidated Statements of Income.
- c) Transaction costs related to acquisitions includes those charges that are incurred in conjunction with business acquisitions.
- d) On October 13, 2020, Pilgrims announced that we entered into a plea agreement (the "Plea Agreement") with the DOJ. As a result of the Plea Agreement, we recognized a fine of \$110,524,140. On February 23, 2021, the Colorado Court approved the Plea Agreement and assessed a fine of \$107.9 million. For the nine months ended September 26, 2021, Pilgrims has settled and paid a total of \$214.4 million for litigation settlements and expensed a total of \$524.3 million.
- e) The Hometown Strong initiative was developed to help communities in which we operate respond to unexpected challenges.
- f) The gain on bargain purchase was recognized as a result of the PPL acquisition in October 2019. The amount shown above represents a working capital adjustment to the previously recorded gain on bargain purchase.
- g) Shareholder litigation settlement is income received as a result of a settlement in the first quarter of 2020.
- h) This represents a gain recognized as a result of deconsolidation of a subsidiary.



To be the BEST

Source: PPC

Appendix: Reconciliation of Adjusted Operating Income

Adjusted Operating Income is calculated by adding to Operating Income certain items of expense and deducting from Operating Income certain items of income. Management believes that presentation of Adjusted Operating Income provides useful supplemental information about our operating performance and enables comparison of our performance between periods because certain costs shown below are not indicative of our current operating performance. A reconciliation of GAAP operating income to adjusted operating income as follows:

PILGRIM'S PRIDE CORPORATION Reconciliation of Adjusted Operating Income (Unaudited)

	<u>Three Months Ended</u>		<u>Nine Months Ended</u>	
	<u>September 26, 2021</u>	<u>September 27, 2020</u>	<u>September 26, 2021</u>	<u>September 27, 2020</u>
	(In thousands)			
GAAP operating income (loss) (U.S. operations)	\$ 70,666	\$ 2,451	\$ (85,380)	\$ 126,951
Transaction costs related to acquisitions	6,773	—	9,318	—
DOJ agreement and litigation settlements	126,000	110,524	524,285	110,524
Hometown Strong commitment	—	14,506	—	14,506
Adjusted operating income (U.S. operations)	<u>\$ 203,439</u>	<u>\$ 127,481</u>	<u>\$ 448,223</u>	<u>\$ 251,981</u>
Adjusted operating income margin (U.S. operations)	8.2 %	6.7 %	6.7 %	4.5 %



To be the BEST

Source: PPC

Appendix: Reconciliation of Adjusted Operating Income

Adjusted Operating Income Margin for the U.S. is calculated by dividing Adjusted operating income by Net Sales. Management believes that presentation of Adjusted Operating Income Margin provides useful supplemental information about our operating performance and enables comparison of our performance between periods because certain costs shown below are not indicative of our current operating performance. A reconciliation of GAAP operating income margin for the U.S. to adjusted operating income margin for the U.S. is as follows:

PILGRIM'S PRIDE CORPORATION
Reconciliation of GAAP Operating Income Margin to Adjusted Operating Income Margin
(Unaudited)

	<u>Three Months Ended</u>		<u>Nine Months Ended</u>	
	<u>September 26, 2021</u>	<u>September 27, 2020</u>	<u>September 26, 2021</u>	<u>September 27, 2020</u>
	(In percent)			
GAAP operating income (loss) margin (U.S. operations)	2.9 %	0.1 %	(1.3) %	2.2 %
Transaction costs related to acquisitions	0.2 %	— %	0.1 %	— %
DOJ agreement and litigation settlements	5.1 %	5.8 %	7.9 %	2.0 %
Hometown Strong commitment	— %	0.8 %	— %	0.3 %
Adjusted operating income margin (U.S. operations)	<u>8.2 %</u>	<u>6.7 %</u>	<u>6.7 %</u>	<u>4.5 %</u>



Appendix: Reconciliation of GAAP EPS to Adjusted EPS

Adjusted EPS is calculated by dividing the adjusted net income attributable to Pilgrim's stockholders by the weighted average number of diluted shares. Management believes that Adjusted EPS provides useful supplemental information about our operating performance and enables comparison of our performance between periods because certain costs shown below are not indicative of our current operating performance. A reconciliation of U.S. GAAP to non-U.S. GAAP financial measures is as follows:

PILGRIM'S PRIDE CORPORATION Reconciliation of Adjusted Net Income (Unaudited)

	Three Months Ended		Nine Months Ended	
	September 26, 2021	September 27, 2020	September 26, 2021	September 27, 2020
	(In thousands, except per share data)			
Net income (loss) attributable to Pilgrim's	\$ 60,725	\$ 33,446	\$ (5,754)	\$ 94,678
Add:				
Foreign currency transaction losses (gains)	2,359	9,092	9,018	(3,768)
Transaction costs related to acquisitions	6,773	—	9,318	134
DOJ agreement and litigation settlements	126,000	110,524	524,285	110,524
Hometown Strong commitment	—	14,506	—	14,506
Loss on early extinguishment of debt recognized as a component of interest expense	400	—	24,654	—
Minus:				
Deconsolidation of subsidiary	—	—	1,131	—
Adjusted net income attributable to Pilgrim's before tax impact of adjustments	196,257	167,568	560,390	216,074
Net tax impact of adjustments ^(a)	(33,761)	(5,916)	(141,026)	(9,158)
Adjusted net income attributable to Pilgrim's	\$ 162,496	\$ 161,652	\$ 419,364	\$ 206,916
Weighted average diluted shares of common stock outstanding	244,195	244,376	243,643	246,898
Adjusted net income attributable to Pilgrim's per common diluted share	\$ 0.67	\$ 0.66	\$ 1.72	\$ 0.84

(a) Net tax impact of adjustments represents the tax impact of all adjustments shown above.



To be the BEST

Source: PPC

Appendix: Reconciliation of GAAP EPS to Adjusted EPS

Adjusted EPS is calculated by dividing the adjusted net income attributable to Pilgrim's stockholders by the weighted average number of diluted shares. Management believes that Adjusted EPS provides useful supplemental information about our operating performance and enables comparison of our performance between periods because certain costs shown below are not indicative of our current operating performance. A reconciliation of U.S. GAAP to non-U.S. GAAP financial measures is as follows:

PILGRIM'S PRIDE CORPORATION Reconciliation of GAAP EPS to Adjusted EPS (Unaudited)

	Three Months Ended		Nine Months Ended	
	September 26, 2021	September 27, 2020	September 26, 2021	September 27, 2020
	(In thousands, except per share data)			
GAAP EPS	\$ 0.25	\$ 0.14	\$ (0.02)	\$ 0.38
Add:				
Foreign currency transaction losses (gains)	0.01	0.04	0.04	(0.02)
Transaction costs related to acquisitions	0.03	—	0.04	—
DOJ agreement and litigation settlements	0.52	0.45	2.15	0.45
Hometown Strong commitment	—	0.06	—	0.06
Loss on early extinguishment of debt recognized as a component of interest expense	—	—	0.10	—
Minus:				
Deconsolidation of subsidiary	—	—	—	—
Adjusted EPS before tax impact of adjustments	0.81	0.69	2.31	0.87
Net tax impact of adjustments ^(a)	(0.14)	(0.02)	(0.59)	(0.03)
Adjusted EPS	<u>\$ 0.67</u>	<u>\$ 0.66</u>	<u>\$ 1.72</u>	<u>\$ 0.84</u>
Weighted average diluted shares of common stock outstanding	244,195	244,376	243,643	246,898

(a) Net tax impact of adjustments represents the tax impact of all adjustments shown above.



To be the BEST

Source: PPC

Appendix: Supplementary Selected Segment and Geographic Data

PILGRIM'S PRIDE CORPORATION Supplementary Selected Segment and Geographic Data (Unaudited)

	Three Months Ended		Nine Months Ended	
	September 26, 2021	September 27, 2020	September 26, 2021	September 27, 2020
(In thousands)				
Sources of net sales by geographic region of origin:				
U.S.	\$ 2,466,850	\$ 1,894,222	\$ 6,714,879	\$ 5,619,791
U.K. and Europe	930,440	845,677	2,721,019	2,425,140
Mexico	430,276	335,222	1,302,791	929,141
Total net sales	<u>\$ 3,827,566</u>	<u>\$ 3,075,121</u>	<u>\$ 10,738,689</u>	<u>\$ 8,974,072</u>
Sources of cost of sales by geographic region of origin:				
U.S.	\$ 2,188,822	\$ 1,711,089	\$ 6,063,644	\$ 5,210,534
U.K. and Europe	898,116	785,347	2,600,842	2,256,034
Mexico	368,799	265,078	1,060,918	897,163
Elimination	(14)	(235)	(42)	(459)
Total cost of sales	<u>\$ 3,455,723</u>	<u>\$ 2,761,279</u>	<u>\$ 9,725,362</u>	<u>\$ 8,363,272</u>
Sources of gross profit by geographic region of origin:				
U.S.	\$ 278,028	\$ 183,133	\$ 651,235	\$ 409,257
U.K. and Europe	32,324	60,330	120,177	169,106
Mexico	61,477	70,144	241,873	31,978
Elimination	14	235	42	459
Total gross profit	<u>\$ 371,843</u>	<u>\$ 313,842</u>	<u>\$ 1,013,327</u>	<u>\$ 610,800</u>
Sources of operating income (loss) by geographic region of origin:				
U.S.	\$ 70,666	\$ 2,451	\$ (85,380)	\$ 126,951
U.K. and Europe	445	29,949	32,771	76,324
Mexico	49,652	61,653	208,677	2,229
Elimination	14	235	42	459
Total operating income	<u>\$ 120,777</u>	<u>\$ 94,288</u>	<u>\$ 156,110</u>	<u>\$ 205,963</u>



To be the BEST

Source: PPC