MAPLE LEAF FOODS INC.

Management's Discussion and Analysis
For the Second Quarter Ended
June 30, 2020

Management's Discussion and Analysis

1	Financial Overview	1
2	Operating Review	1
3	Restructuring and Other Related Costs (Reversals)	4
4	Income Taxes	4
5	Capital Resources	4
6	Capital Expenditures	5
7	Normal Course Issuer Bid	5
8	Cash Flows	6
9	Financial Instruments	6
10	Transactions with Related Parties	7
11	Share Capital	7
12	Other Matters	7
13	Maple Leaf Centre for Action on Food Security	8
14	Summary of Quarterly Results	9
15	Risk Factors	10
16	Significant Accounting Policies	10
17	Internal Controls Over Financial Reporting	11
18	Outlook and Long-term Targets	11
19	Non-IFRS Financial Measures	13
20	Forward-Looking Statements	16
21	About Maple Leaf Foods Inc.	19

Management's Discussion and Analysis

All dollar amounts are presented in Canadian dollars unless otherwise noted.

July 29, 2020

1. FINANCIAL OVERVIEW

($ millions except earnings per share) (Unaudited)	Three months ended June 30,			Six months ended June 30,		
	2020	2019	% Change	**2020**	2019	% Change
Sales	**$ 1,094.6**	$ 1,022.7	7.0 %	**$ 2,117.3**	$ 1,929.8	9.7 %
Net Earnings (Loss)	**$ 25.7**	$ (6.3)	nm[(ii)]	**$ 21.9**	$ 43.8	(49.8)%
Basic Earnings (Loss) per Share	**$ 0.21**	$ (0.05)	nm[(ii)]	**$ 0.18**	$ 0.35	(48.6)%
Adjusted Operating Earnings[(i)]	**$ 66.7**	$ 65.2	2.2 %	**$ 111.8**	$ 107.3	4.2 %
Adjusted Earnings per Share[(i)]	**$ 0.35**	$ 0.33	6.1 %	**$ 0.56**	$ 0.53	5.7 %

(i) *Refer to the section titled Non-IFRS Financial Measures starting on page 13 of this document for the definition of these non-IFRS measures.*

(ii) *Not material.*

Sales for the second quarter of 2020 were $1,094.6 million compared to $1,022.7 million last year, an increase of 7.0%, driven by both Meat and Plant Protein Groups. Meat Protein Group sales growth is attributable primarily to increase in hog volumes, favourable mix from growth in sustainable meats, exports to Asian markets and the positive impact of foreign currency translation. Meat Protein Group sales also benefited from pricing action taken in the third quarter of 2019. Plant Protein Group sales growth of 41.4% reflects investments in new products in rapidly expanding categories.

Year-to-date sales for 2020 were $2,117.3 million compared to $1,929.8 million last year, an increase of 9.7%. Sales growth reflects ongoing progress in key strategic areas for the Meat Protein Group with increases of 9.0%, while the Plant Protein Group delivered growth of 34.3%.

Net earnings for the second quarter of 2020 were $25.7 million ($0.21 per basic share) compared to a net loss of $6.3 million (loss of $0.05 per basic share) last year. Strong commercial performance in the Meat and Plant Protein Groups was offset by strategic investment in the Plant Protein Group to drive sales growth and costs associated with COVID-19. Prior year results were also impacted by a higher loss from non-cash fair value changes in biological assets and derivative contracts, which are excluded in the calculation of Adjusted Operating Earnings below.

Year-to-date net earnings for 2020 were $21.9 million ($0.18 per basic share) compared to $43.8 million ($0.35 per basic share) last year. Strong commercial performance in the Meat and Plant Protein Groups was more than offset by strategic investment in the Plant Protein Group to drive sales growth, costs associated with COVID-19 and a higher loss from non-cash fair value changes in biological assets and derivative contracts, which are excluded in the calculation of Adjusted Operating Earnings below.

Adjusted Operating Earnings for the second quarter of 2020 were $66.7 million compared to $65.2 million last year, and Adjusted Earnings per Share for the second quarter of 2020 were $0.35 compared to $0.33 last year due to similar factors as noted above.

Year-to-date Adjusted Operating Earnings for 2020 were $111.8 million compared to $107.3 million last year, and Adjusted Earnings per Share for 2020 were $0.56 compared to $0.53 last year due to similar factors noted above.

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

2. OPERATING REVIEW

Maple Leaf Foods Inc. ("Maple Leaf Foods" or the "Company") has two reportable segments. These segments offer different products, with separate organizational structures, brands, financial and marketing strategies. The Company's chief operating decision makers regularly review internal reports for these businesses: performance of the Meat Protein Group is based on revenue growth, Adjusted Operating Earnings and Adjusted Earnings Before Interest, Taxes, Depreciation and Amortization ("EBITDA"), while the performance of the Plant Protein Group is based predominantly on revenue growth rates, managing gross margins and controlling selling, general and administrative expenses ("SG&A"), which generate high revenue growth rates.

The following table summarizes the Company's sales, gross profit, SG&A, Adjusted Operating Earnings, Adjusted EBITDA, and Adjusted EBITDA margin by operating segment for the three months ended June 30, 2020 and June 30, 2019.

	Three months ended June 30, 2020				Three months ended June 30, 2019[(i)]			
($ millions)[(ii)] *(Unaudited)*	**Meat Protein Group**	**Plant Protein Group**	**Non-Allocated[(iii)]**	**Total**	Meat Protein Group	Plant Protein Group	Non-Allocated[(iii)]	Total
Sales	**$ 1,040.4**	**60.6**	**(6.4)**	**$ 1,094.6**	$ 983.3	42.9	(3.5)	$ 1,022.7
Gross profit	**$ 176.6**	**7.9**	**(17.2)**	**$ 167.3**	$ 162.4	9.3	(60.7)	$ 111.0
Selling, general and administrative expenses	**$ 83.7**	**34.1**	**—**	**$ 117.8**	$ 89.5	16.9	—	$ 106.4
Adjusted Operating Earnings[(iv)]	**$ 92.9**	**(26.3)**	**—**	**$ 66.7**	$ 72.9	(7.6)	—	$ 65.2
Adjusted EBITDA[(iv)]	**$ 138.2**	**(22.6)**	**—**	**$ 115.7**	$ 112.7	(4.7)	—	$ 108.0
Adjusted EBITDA margin[(iv)]	**13.3 %**	**(37.2)%**	**N/A**	**10.6 %**	11.5 %	(10.9)%	N/A	10.6 %

(i) *Comparative figures have been presented to align with current reportable segments.*

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

(iii) *Non-allocated includes eliminations of inter-segment sales and associated cost of goods sold, 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.*

(iv) *Refer to the section titled Non-IFRS Financial Measures starting on page 13 of this document for the definition of these non-IFRS measures.*

The following table summarizes the Company's sales, gross profit, SG&A, Adjusted Operating Earnings, Adjusted EBITDA, and Adjusted EBITDA margin by operating segment for the six months ended June 30, 2020 and June 30, 2019.

	Six months ended June 30, 2020				Six months ended June 30, 2019[(i)]			
($ millions)[(ii)] *(Unaudited)*	**Meat Protein Group**	**Plant Protein Group**	**Non-Allocated[(iii)]**	**Total**	Meat Protein Group	Plant Protein Group	Non-Allocated[(iii)]	Total
Sales	**$ 2,021.7**	**107.0**	**(11.4)**	**$ 2,117.3**	$ 1,854.4	79.7	(4.3)	$ 1,929.8
Gross profit	**$ 333.9**	**14.6**	**(53.9)**	**$ 294.7**	$ 294.2	17.8	(21.5)	$ 290.5
Selling, general and administrative expenses	**$ 171.8**	**65.0**	**—**	**$ 236.7**	$ 175.9	28.8	—	$ 204.7
Adjusted Operating Earnings[(iv)]	**$ 162.1**	**(50.3)**	**—**	**$ 111.8**	$ 118.3	(11.0)	—	$ 107.3
Adjusted EBITDA[(iv)]	**$ 249.3**	**(43.1)**	**—**	**$ 206.2**	$ 197.5	(5.1)	—	$ 192.5
Adjusted EBITDA margin[(iv)]	**12.3 %**	**(40.3)%**	**N/A**	**9.7 %**	10.7 %	(6.4)%	N/A	10.0 %

(i) *Comparative figures have been presented to align with current reportable segments.*

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

(iii) *Non-allocated includes eliminations of inter-segment sales and associated cost of goods sold, 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.*

(iv) *Refer to the section titled Non-IFRS Financial Measures starting on page 13 of this document for the definition of these non-IFRS measures.*

Meat Protein Group

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

Sales for the second quarter of 2020 increased 5.8% to $1,040.4 million compared to $983.3 million last year, driven by an increase in hogs processed, a favourable mix-shift towards sustainable meats and branded products, growth in exports to Asian markets, and the positive impact of foreign currency translation. Pricing actions implemented during the third quarter of 2019 to mitigate higher input costs also contributed to sales performance. Increased demand in the retail channel was offset by lower demand in foodservice as a result of COVID-19.

Year-to-date sales for 2020 increased 9.0% to $2,021.7 million compared to $1,854.4 million last year, driven by favourable mix-shift towards sustainable meats and branded products, an increase in hogs processed, growth in exports to Asian markets, and strong volumes in the retail channel starting with a surge in demand in late March tied to COVID-19. Pricing actions implemented in the third quarter of 2019 to mitigate higher input costs also contributed to sales performance.

Gross profit for the second quarter of 2020 was $176.6 million (gross margin of 17.0%) compared to $162.4 million (gross margin of 16.5%) last year. Gross profit performance benefited from a favourable product and channel mix attributed to expansion of sustainable meats and other branded products, in addition to growth in exports to Asian markets. Partially offsetting strong commercial and plant operating performance were increased costs in response to COVID-19 to safeguard the Company's employees and maintain production. These included labour bonus payments, personal protective equipment, incremental sanitation, and other preventative measures.

Year-to-date gross profit for 2020 was $333.9 million (gross margin of 16.5%) compared to $294.2 million (gross margin of 15.9%) last year. The increase in gross profit is attributable to continued improvements in sales mix and in operational performance started in the fourth quarter of 2019.

SG&A expenses for the second quarter of 2020 were $83.7 million (8.0% of sales), compared to $89.5 million (9.1% of sales) last year. Despite high expenses incurred as a result of the response to COVID-19, savings in discretionary spend such as travel, conferences and training, as well as in advertising and promotions, together with the positive impact of increased sales, reduced second quarter SG&A expenses as a percentage of sales.

Year-to-date SG&A expenses for 2020 were $171.8 million (8.5% of sales), compared to $175.9 million (9.5% of sales) last year. The change in SG&A is consistent with the factors noted above.

Adjusted Operating Earnings for the second quarter of 2020 were $92.9 million compared to $72.9 million last year, driven by factors noted above.

Year-to-date Adjusted Operating Earnings for 2020 were $162.1 million compared to $118.3 million last year. The change in Adjusted Operating Earnings is consistent with factors noted above.

Adjusted EBITDA margin was 13.3% compared to 11.5% last year, consistent with the factors noted above.

Year-to-date Adjusted EBITDA Margin was 12.3% compared to 10.7% last year, with the increase consistent with the 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 Grain Meat Co.™.

Sales for the second quarter of 2020 were $60.6 million compared to $42.9 million last year, representing growth of 41.4% or 36.5% after excluding the impacts of foreign exchange. Growth was driven by expanded distribution of new products and continued volume increases in its existing portfolio.

Year-to-date sales for 2020 were $107.0 million compared to $79.7 million last year, representing growth of 34.3% or 31.1% after excluding the impacts of foreign exchange. Drivers to growth are consistent with the factors noted above.

Gross profit for the second quarter of 2020 was $7.9 million (gross margin of 13.0%) compared to $9.3 million (gross margin of 21.6%) last year. The decrease in gross profit was attributed to higher supply chain costs, and expenses associated with COVID-19 including labour bonus payments and personal protective equipment.

Year-to-date gross profit for 2020 was $14.6 million (gross margin of 13.7%) compared to $17.8 million (gross margin of 22.4%) last year. The decrease in gross profit was attributed to the factors noted above and increased trade expenditures.

SG&A expenses for the second quarter of 2020 were $34.1 million (56.3% of sales), compared to $16.9 million (39.4% of sales) last year. The increase in SG&A expenses reflects the evolution of the Company's plant protein strategy to drive sales growth and secure market share in a rapidly growing market. Supporting this strategy, significant investment in advertising, promotion and marketing was incurred during the quarter to enhance brand awareness, support new product launches and expand distribution. In addition, the Company invested to broaden organizational capacity and its pipeline of new product innovation.

Year-to-date SG&A expenses for 2020 were $65.0 million (60.7% of sales), compared to $28.8 million (36.1% of sales) last year. The change in selling, general and administrative expenses is consistent with the factors noted above.

Adjusted Operating Earnings for the second quarter of 2020 were a loss of $26.3 million compared to a loss of $7.6 million last year. The decline in Adjusted Operating Earnings is consistent with the factors noted above.

Year-to-date Adjusted Operating Earnings for 2020 were a loss of $50.3 million compared to a loss of $11.0 million last year. The change in Adjusted Operating Earnings is consistent with factors noted above.

3. RESTRUCTURING AND OTHER RELATED COSTS (REVERSALS)

During the three months ended June 30, 2020, the Company recorded restructuring and other related costs of $1.5 million (2019: reversal of $1.4 million). Of this amount, $0.9 million related to accelerated depreciation and $0.8 million related to severance and other employee costs as a result of the previously announced future closures of the Brampton, Toronto and St. Mary's poultry plants. The remaining $0.2 million related to employee related reversals for other organizational restructuring initiatives.

During the six months ended June 30, 2020, the Company recorded restructuring and other related costs of $1.3 million (2019: $1.4 million). Of this amount, $2.3 million related to accelerated depreciation, offset by $0.9 million related to severance and other employee reversals as a result of the previously announced future closures of the Brampton, Toronto and St. Mary's poultry plants. The remaining $0.1 million related to employee related reversals for other organizational restructuring initiatives.

4. INCOME TAXES

The Company’s income tax expense for the second quarter resulted in an effective tax rate of 31.0% (2019: 14.0%, taxes recoverable). The effective rate of tax expense in the second quarter of 2020 primarily results from non-deductible expenses and the geographic mix of earnings. The effective tax rate in the second quarter of 2020 used in determining Adjusted Earnings per Share is 29.0% (2019: 27.2%). The higher effective rate in the second quarter of 2020 results from the geographic mix of earnings. For the second quarter of 2020, the effective tax recovery rate on restructuring charges used in the computation of Adjusted Earnings per Share is 25.7% (2019: 26.1%). The effective tax recovery rate on items not considered representative of ongoing operations in the second quarter of 2020 is 25.1% (2019: 25.7%).

The Company’s income tax expense for the first six months resulted in an effective tax rate of 35.7% (2019: 28.9%). The higher effective rate in the first six months of 2020 primarily resulted from non-deductible transaction costs and the geographic mix of earnings. The effective tax rate in the first six months of 2020 used in determining Adjusted Earnings per Share is 27.9% (2019: 27.6%). For the first six months of 2020, the effective tax recovery rate on restructuring charges used in the computation of Adjusted Earnings per Share is 25.7% (2019: 26.1%). The effective tax recovery rate on items not considered representative of ongoing operations in the first six months of 2020 is 23.5% (2019: 24.7%). The lower effective rate of tax recovery in the first six months of 2020 primarily resulted from a higher proportion of non-deductible transaction costs.

5. CAPITAL RESOURCES

The consumer foods industry in which the Company operates is generally characterized by high sales volume and high turnover of inventories and accounts receivable. In general, accounts receivable and inventories are readily convertible into cash. Investment in working capital is affected by fluctuations in the price of raw materials, seasonal and other market-related fluctuations. The Company has consistently generated a strong base level of operating cash flow, even in periods of higher commodity prices and during restructuring of its operations. These operating cash flows provide a base of underlying liquidity that the Company supplements with credit facilities and cash on hand to provide longer-term funding and to finance fluctuations in working capital levels.

The Company's cash balance as at June 30, 2020 was $111.2 million (June 30, 2019: $66.9 million; December 31, 2019: $97.3 million). Cash is held in demand and short-term investment deposits with Canadian financial institutions having long-term debt ratings of A or higher.

The composition of long-term debt is shown below:

($ thousands) *(Unaudited)*	**As at June 30, 2020**	As at June 30, 2019	As at December 31, 2019
U.S. term credit	**$ 360,162**	$ 346,792	$ 346,461
Canadian term credit	**350,000**	115,000	185,000
Government loans	**7,748**	8,503	7,867
Total long-term debt	**$ 717,910**	$ 470,295	$ 539,328
Current	**$ 924**	$ 874	$ 899
Non-current	**716,986**	469,421	538,429
Total long-term debt	**$ 717,910**	$ 470,295	$ 539,328
Construction Capital[(i)] included in total long-term debt	**$ 224,897**	$ 63,649	$ 105,211

(i) *Refer to the section titled Non-IFRS Financial Measures starting on page 13 of this document for the definition of this non-IFRS measure.*

On April 30, 2019, the Company entered into a new syndicated credit facility (the "Credit Facility") consisting of a $1,300.0 million unsecured committed revolving line of credit maturing April 30, 2024 and two unsecured committed term credit facilities for US$265.0 million and $350.0 million maturing April 30, 2024 and April 30, 2023, respectively. The Credit Facility refinanced and replaced the Company's previous $250.0 million and $400.0 million unsecured committed revolving credit facilities, which were due to mature on

November 7, 2019 and October 19, 2021, respectively. The Credit Facility can be drawn in Canadian or U.S. dollars and bears interest payable monthly, based on Banker's Acceptance and Prime rates for Canadian dollar loans and the London Inter-bank Offered Rate ("Libor") for U.S. dollar loans. The Credit Facility is intended to meet the Company's funding requirements for capital investments, including the construction of its two new manufacturing facilities in London, Ontario and Shelbyville, Indiana, in addition to providing appropriate levels of liquidity and for general corporate purposes. On December 11, 2019, the Company amended the Credit Facility to reduce interest paid upon achievement of certain sustainability targets. This reduction will not materialize until at least 2021, and there is no penalty for not achieving the targets. In addition to loans, as at June 30, 2020 the Company had drawn letters of credit of $6.5 million on the Credit Facility (June 30, 2019: $6.2 million; December 31, 2019: $6.2 million).

The Credit Facility requires the maintenance of certain covenants. As at June 30, 2020, the Company was in compliance with all of these covenants.

The Company has additional uncommitted credit facilities for issuing letters of credit up to a maximum of $125.0 million (June 30, 2019 $125.0 million; December 31, 2019: $125.0 million). As at June 30, 2020, $78.7 million of letters of credit had been issued thereon (June 30, 2019: $84.8 million; December 31, 2019: $79.5 million).

The Company has various government loans on specific projects, with contractual interest rates ranging from non-interest bearing to 2.9% per annum (June 30, 2019: 2.9%; December 31, 2019: 2.9%). These facilities are repayable over various terms from 2022 to 2024. As at June 30, 2020, $7.7 million (June 30, 2019: $8.5 million; December 31, 2019: $7.9 million) was outstanding. All of these facilities are committed.

On July 19, 2019, the Company amended its three-year accounts receivable securitization facility (the "Securitization Facility") by extending the maturity to July 19, 2022 and increasing the maximum cash advance available to the Company under the Securitization Facility to $120.0 million (June 30, 2019: $110.0 million; December 31, 2019: $120.0 million). The Securitization Facility provides cash funding with a proportion of the Company's receivables being sold, and provides the Company with competitively priced financing and further diversifies its funding sources. Under the Securitization Facility, the Company has sold certain of its trade accounts receivable, with very limited recourse, to an unconsolidated third-party trust financed by an international financial institution with a long-term AA- debt rating, for cash and short-term notes back to the Company. The receivables are sold at a discount to face value based on prevailing money market rates. The Company retains servicing responsibilities for these receivables.

As at June 30, 2020, the Company had $153.8 million (June 30, 2019: $150.0 million; December 31, 2019: $133.3 million) of trade accounts receivable serviced under the Securitization Facility. In return for the sale of its trade receivables, the Company will receive cash of $120.0 million (June 30, 2019: $110.0 million; December 31, 2019: $101.6 million) and notes receivable in the amount of $33.8 million (June 30, 2019: $40.0 million; December 31, 2019: $31.7 million). The notes receivable are non-interest bearing and are settled on the settlement dates of the securitized accounts receivable. Due to the timing of receipts and disbursements, the Company may, from time to time, also record a receivable or payable related to the Securitization Facility. As at June 30, 2020, the Company recorded a net payable in the amount of $19.8 million (June 30, 2019: $0.0 million net payable; December 31, 2019: $10.1 million net payable) in accounts payable and accruals. The facility is accounted for as an off-balance sheet transaction in accordance with International Financial Reporting Standards ("IFRS").

The Securitization Facility is subject to certain restrictions, including the maintenance of covenants. The Company was in compliance with all of the requirements of this facility as at June 30, 2020. If the Securitization Facility were to be terminated, the Company would recognize the related amounts on the consolidated balance sheet and consider alternative financing if required.

6. CAPITAL EXPENDITURES

Capital expenditures for the second quarter of 2020 were $102.0 million, compared to $65.3 million last year, and year-to-date capital expenditures for 2020 were $201.2 million, compared to $125.4 million last year. The increase in capital expenditures is driven by the construction of the London, Ontario poultry facility and modifications to the Company's existing network in order to create additional plant protein capacity.

Construction capital is expected to comprise approximately 70.0% of capital expenditures this year, a significant portion of which is related to the construction of the London, Ontario poultry facility. Other projects include further capacity and efficiency improvements in our prepared meats business; and investments in plant protein capacity at the Walker Driver facility in Brampton, Ontario, as well as further design, engineering, and site work at the Shelbyville, Indiana location. Primarily due to the COVID-19 pandemic, which has impacted both the pace and timing of construction and facility improvements, Maple Leaf Foods now estimates that its total capital expenditures for the year will be in the range of $500.0 million to $600.0 million.

7. NORMAL COURSE ISSUER BID

On May 21, 2020 the Toronto Stock Exchange ("TSX") accepted the Company's notice of intention to commence a Normal Course Issuer Bid ("NCIB"), allowing the Company to repurchase, at its discretion, up to 7.5 million common shares in the open market or as otherwise permitted by the TSX, subject to the normal terms and limitation of such bids. Common shares purchased by the Company are cancelled. The program commenced on May 25, 2020 and will terminate on May 24, 2021, or on such earlier date as the Company completes its purchases pursuant to the notice of intention. Under this bid, during the three and six months ended June 30, 2020, no shares were purchased for cancellation.

On May 17, 2019, the TSX accepted the Company's notice of intention to commence an NCIB, allowing the Company to repurchase, at its discretion, up to 7.5 million common shares in the open market or as otherwise permitted by the TSX, subject to the normal terms and limitations of such bids. Common shares purchased by the Company are cancelled. The program commenced on May 24, 2019 and was terminated on May 23, 2020, as the Company completed its purchase and cancellation of 0.8 million common shares for $20.3 million at a volume weighted average price of $24.21. Under this bid during the three and six months ended June 30, 2020, no shares were purchased for cancellation. During the three and six months ended June 30, 2019, no shares were purchased for cancellation.

On May 22, 2018, the TSX accepted the Company's notice of intention to commence an NCIB, which allows the Company to repurchase, at its discretion, up to 7.8 million common shares in the open market or as otherwise permitted by the TSX, subject to the normal terms and limitations of such bids. Common shares purchased by the Company were cancelled. The program commenced on May 24, 2018 and was terminated on May 23, 2019 as the Company completed its purchase and cancellation of 4.0 million common shares for $126.6 million at a volume weighted average price of $31.82 per common share. Under this bid, during the three and six months ended June 30, 2019, no shares were purchased for cancellation.

8. CASH FLOWS

Cash and cash equivalents were $111.2 million at the end of the second quarter of 2020, compared to $66.9 million at the end of the second quarter of 2019, and $97.3 million as at December 31, 2019. The increase in cash and cash equivalents for the six months ended June 30, 2020 was primarily due to earnings, loans drawn on the Credit Facility, partially offset by an increase in derivative margin posted for its commodity hedging program, investment in property and equipment, investment in working capital and quarterly dividend payments.

Cash Flow from Operating Activities

Cash provided by operating activities for the second quarter of 2020 was $147.1 million compared to $73.1 million in 2019. The improvement was primarily due to higher earnings, lower investment in working capital, and a reduction in posted derivative margin in the current quarter compared to margin posted last year by the Company against its derivatives for its commodity hedging program.

For the first six months of 2020, cash provided by operating activities was $101.3 million compared to $91.8 million last year. The increase was primarily due to lower income tax payments, partially offset by an increase in derivative margin posted for its derivative hedging program, higher investment in working capital and lower earnings.

Cash Flow from Financing Activities

Cash used in financing activities for the second quarter of 2020 was $28.7 million compared to $22.8 million in 2019. The increase was primarily due to higher dividend payments and no loans drawn on the Credit Facility in the current quarter.

For the first six months of 2020, cash provided by financing activities was $107.5 million compared to $40.7 million last year. The increase is mainly due to larger loans drawn on the Credit Facility, partially offset by higher dividend payments.

Cash Flow from Investing Activities

Cash used in investing activities for the second quarter of 2020 was $93.5 million compared to $65.6 million in 2019. The increase was primarily due to higher investment in property and equipment.

For the first six months of 2020, cash used in investing activities was $194.9 million compared to $138.1 million last year. The increase was mainly due to higher investment in property and equipment and purchase of investments, offset by last year's payment of income tax liabilities assumed on a prior year acquisition.

9. FINANCIAL INSTRUMENTS

The Company applies hedge accounting as appropriate and uses derivatives and other non-derivative financial instruments to manage its exposures to fluctuations in foreign exchange rates, interest rates, and commodity prices.

During the three months ended June 30, 2020, the Company recorded a loss of $4.6 million (2019: loss of $0.6 million) on non-designated financial instruments held for trading.

During the six months ended June 30, 2020, the Company recorded a loss of $40.3 million (2019: gain of $13.2 million) on non-designated financial instruments held for trading.

During the three months ended June 30, 2020, the pre-tax amount of hedge ineffectiveness recognized in cost of goods sold was a loss of $0.0 million (2019: loss of $0.2 million).

During the six months ended June 30, 2020, the pre-tax amount of hedge ineffectiveness recognized in cost of goods sold was a gain of $0.0 million (2019: loss of $0.2 million).

The table below sets out fair value measurements of financial instruments as at June 30, 2020 using the fair value hierarchy:

($ thousands) *(Unaudited)*		Level 1	Level 2	Level 3		Total
Assets:						
Foreign exchange contracts	$	—	1,942	—	$	1,942
Commodity contracts[(i)]		—	19	—		19
	$	**—**	**1,961**	**—**	**$**	**1,961**
Liabilities:						
Foreign exchange contracts	$	—	651	—	$	651
Commodity contracts[(i)]		12,134	1,804	—		13,938
Interest rate swaps		—	22,733	—		22,733
	$	**12,134**	**25,188**	**—**	**$**	**37,322**

(i) *Level 1 commodity contracts are net settled and recorded as a net asset or liability on the consolidated balance sheets.*

There were no transfers between levels for the three and six months ended June 30, 2020 and June 30, 2019. Determination of fair value and the resulting hierarchy requires the use of observable market data whenever available and is consistent with the methodology used in the Company's 2019 annual audited consolidated financial statements. The classification of a financial instrument in the hierarchy is based upon the lowest level of input that is significant to the measurement of fair value. For financial instruments that are recognized at fair value on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization at the end of each reporting period.

Accumulated other comprehensive (loss) income

During the three months ended June 30, 2020, a loss of $1.6 million, net of tax of $0.6 million, was released to earnings from accumulated other comprehensive (loss) income and included in the net change for the year (2019: loss of $0.5 million, net of tax recovery of $0.1 million).

During the six months ended June 30, 2020, a loss of $1.1 million, net of tax of $0.4 million, was released to earnings from accumulated other comprehensive (loss) income and included in the net change for the year (2019: loss of $2.1 million, net of tax recovery of $0.7 million).

During the three months ended June 30, 2020, the gain on the net investment hedge recorded in other comprehensive (loss) income was $7.8 million, net of tax of $1.4 million (2019: gain of $6.3 million, net of tax of $1.1 million).

During the six months ended June 30, 2020, the loss on the net investment hedge recorded in other comprehensive (loss) income was $11.3 million, net of tax of $2.1 million (2019: gain of $11.5 million, net of tax of $2.1 million).

10. TRANSACTIONS WITH RELATED PARTIES

The Company sponsors a number of defined benefit, defined contribution and post-retirement benefit plans. During the three and six months ended June 30, 2020, the Company's contributions to these plans were $7.6 million and $14.8 million (2019: $7.7 million and $15.3 million).

The Company's largest shareholder is McCain Capital Inc. ("MCI"). The Company understands that Mr. Michael H. McCain, Chief Executive Officer and President of the Company, is the controlling shareholder of MCI. For the three and six months ended June 30, 2020, the Company received services from MCI in the amount of $0.1 million and $0.1 million (2019: $0.2 million and $0.3 million), which represented the market value of the transactions with MCI. As at June 30, 2020, $0.1 million (June 30, 2019: $0.7 million; December 31, 2019: $0.0 million) was owed to MCI relating to these transactions.

McCain Financial Advisory Services ("MFAS"), is an entity jointly controlled by individuals including Mr. Michael H. McCain. For the three and six months ended June 30, 2020 and 2019, the Company provided services to and received from, MFAS for a nominal amount which represented the market value of the transactions.

11. SHARE CAPITAL

As at July 23, 2020, there were 123,936,226 common shares issued and outstanding.

12. OTHER MATTERS

On July 16, 2020, the Company announced the sale of its poultry plant in Drummondville, Québec and associated supply to Giannone Poultry of St. Cuthbert, Québec.

On July 29, 2020, the Board of Directors approved a quarterly dividend of $0.16 per share, $0.64 per share on an annual basis, payable September 30, 2020 to shareholders of record at the close of business September 7, 2020. 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”.

13. MAPLE LEAF CENTRE FOR ACTION ON FOOD SECURITY

The Maple Leaf Centre for Action on Food Security (the “Centre”) is the primary expression of the Company's sustainability strategy pillar of better communities. The Centre is a registered charity working to advance food security through collaboration with other organizations and individuals, through advocating for critical policies and investing in programs required to make sustainable improvements in food security. Additional information regarding the Centre is available on its website at: https://www.feedopportunity.com

14. SUMMARY OF QUARTERLY RESULTS

The following is a summary of unaudited quarterly financial information for each quarter in the last two fiscal years:

($ millions except earnings per share)[(i)]			First Quarter	Second Quarter	Third Quarter	Fourth Quarter		Total
Sales								
Meat Protein Group	**2020**	**$**	**981.4**	**1,040.4**	**—**	**—**	**$**	**2,021.7**
	2019	$	871.1	983.3	953.3	970.3	$	3,778.0
	2018	$	789.3	872.8	838.7	856.1	$	3,356.9
Plant Protein Group	**2020**	**$**	**46.3**	**60.6**	**—**	**—**	**$**	**107.0**
	2019	$	36.8	42.9	47.0	49.7	$	176.4
	2018	$	28.2	36.4	36.1	37.8	$	138.5
Non-Allocated[(ii)]	**2020**	**$**	**(5.0)**	**(6.4)**	**—**	**—**	**$**	**(11.4)**
	2019	$	(0.8)	(3.5)	(4.5)	(4.1)	$	(12.9)
	2018	$	—	—	—	—	$	—
Total Sales	**2020**	**$**	**1,022.8**	**1,094.6**	**—**	**—**	**$**	**2,117.3**
	2019	$	907.1	1,022.7	995.8	1,016.0	$	3,941.5
	2018	$	817.5	909.2	874.8	893.9	$	3,495.4
Net Earnings (Loss)								
Meat Protein Group	**2020**	**$**	**68.2**	**92.8**	**—**	**—**	**$**	**161.0**
	2019	$	42.3	74.0	39.6	62.1	$	218.0
	2018	$	49.2	56.6	50.3	13.3	$	169.4
Plant Protein Group	**2020**	**$**	**(24.1)**	**(26.3)**	**—**	**—**	**$**	**(50.4)**
	2019	$	(3.3)	(7.7)	(34.9)	(38.2)	$	(84.1)
	2018	$	1.3	2.7	0.4	(1.7)	$	2.7
Non-Allocated[(ii)]	**2020**	**$**	**(47.8)**	**(40.8)**	**—**	**—**	**$**	**(88.7)**
	2019	$	11.1	(72.6)	8.7	(6.4)	$	(59.2)
	2018	$	(22.6)	(24.4)	(24.1)	0.3	$	(70.8)
Total Net Earnings (Loss)	**2020**	**$**	**(3.7)**	**25.7**	**—**	**—**	**$**	**21.9**
	2019	$	50.1	(6.3)	13.4	17.5	$	74.7
	2018	$	27.9	34.9	26.6	11.9	$	101.3
Earnings (Loss) Per Share[(iii)]								
Basic	**2020**	**$**	**(0.03)**	**0.21**	**—**	**—**	**$**	**0.18**
	2019	$	0.41	(0.05)	0.11	0.14	$	0.60
	2018	$	0.22	0.28	0.21	0.10	$	0.81
Diluted	**2020**	**$**	**(0.03)**	**0.21**	**—**	**—**	**$**	**0.18**
	2019	$	0.40	(0.05)	0.11	0.14	$	0.60
	2018	$	0.22	0.27	0.21	0.10	$	0.79
Adjusted EPS[(iv)]	**2020**	**$**	**0.21**	**0.35**	**—**	**—**	**$**	**0.56**
	2019	$	0.20	0.33	0.03	0.12	$	0.68
	2018	$	0.29	0.34	0.29	0.29	$	1.22

(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 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) *Per share information is based on amounts attributable to common shareholders.*

(iv) *Refer to Non-IFRS Financial Measures starting on page 13 of this document.*

Fluctuations in quarterly sales can be attributed to changes in pricing, volume, sales mix, acquisitions and the impact of foreign exchange translation.

Fluctuations in quarterly net earnings can be attributed to similar factors as noted above, pork and poultry industry processing margins, restructuring and other related costs, operating efficiencies, changes in the fair value of derivative and non-derivative financial instruments and biological assets, acquisitions, transitional costs incurred, provision estimate adjustments, gains/losses on disposal of assets and changes in tax regulations.

For an explanation and analysis of quarterly results, refer to the Company's Management's Discussion and Analysis for each of the respective quarterly periods which are filed on SEDAR and also available on the Company's website at www.mapleleaffoods.com.

15. RISK FACTORS

For a detailed discussion of the risks and trends that could affect the financial performance of the Company and the steps that the Company takes to mitigate these risks, see the Company's Management Discussion and Analysis for the year ending December 31, 2019, which is available on SEDAR at www.sedar.com.

COVID-19 pandemic

The Company's business operations and financial condition may be materially adversely affected by public health emergencies, including the COVID-19 pandemic, as well as related government responses and consumer and customer behaviour. The risk of COVID-19 to the Company includes the health and safety of its employees and contractors; the temporary suspension of operations in geographic locations in which the Company operates; operational restrictions and restrictions on gatherings of individuals; delays in the completion of capital projects; counterparty credit risk; volatility in financial and commodity markets; shifts in customer and consumer demand; and supply chain disruptions; all or any of which could materially adversely affect the Company's business operations and financial results.

In the event that the spread (or fear of spreading) of COVID-19 continues, governments may increase or extend restrictions, directives, orders or regulations that could adversely affect the Company's operations, suppliers, customers, counterparties, employee health, workforce productivity, insurance premiums and coverage, and ability to advance its business strategy.

The Company is following recommendations from applicable government agencies, public health authorities and leading international health organizations in order to maintain the continued safe operation of its business operations. It has implemented pandemic plans at all of its locations and is continuing to review and audit the effectiveness of these efforts to protect the ongoing health of its workforce.

It is possible however, that such measures may not be effective. The full extent, effect and duration of the COVID-19 pandemic is unknown at this time and the degree to which it may affect the Company's business operations and financial results will depend on future developments, which are uncertain and cannot be predicted with certainty. Depending on the duration and severity of the COVID-19 pandemic, such events may increase the effect of the other risks described in the Company's Management Discussion and Analysis for the year ending December 31, 2019.

Legal Matters

In the normal course of its operations, the Company becomes involved in various legal and regulatory actions relating to its commercial activities and relationships, employment matters, product liabilities, and other matters. This includes a class action against packaged bread manufacturers and retailers in respect of which Maple Leaf Foods believes it was added as a defendant as a result of its previous ownership of Canada Bread Company, Limited ("Canada Bread"). There is an ongoing investigation by the Competition Bureau into the Canadian bread industry, including alleged price fixing and related securities disclosure issues. The time horizon covered by the Competition Bureau's investigation includes a period of when the Company was a majority shareholder of Canada Bread, which was a stand-alone public company, and extends through 2014 when the Company sold its shares in Canada Bread. With the expansion of Competition Bureau's investigation over the years, Maple Leaf Foods has recently been advised that the Competition Bureau has formed the view that it should be considered a subject of the investigation. This expansion does not change the Company's assessment of the matter. While the Company believes that the resolution of these various types of claims will not have a material effect on it, the final outcome of the investigation, any outstanding actions or any future claims cannot be predicted with certainty.

16. SIGNIFICANT ACCOUNTING POLICIES

Accounting Standards Adopted During the Period

Beginning on January 1, 2020, the Company adopted certain IFRSs and amendments. As required by IAS 34 Interim Financial Reporting and IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*, the nature and the effect of these changes are disclosed below:

Conceptual Framework

Beginning January 1, 2020, the Company adopted the revised Conceptual Framework for Financial Reporting ("revised conceptual framework"). The revised conceptual framework does not constitute a substantial revision from the previously effective guidance, but does provide additional guidance on topics not previously covered such as presentation and disclosure. The adoption of the revised conceptual framework did not have a material impact on the Company's 2020 second quarter unaudited condensed consolidated interim financial statements ("consolidated financial statements").

Definition of a Business

Beginning January 1, 2020, the Company adopted the IASB amendment regarding the definition of a business under IFRS 3 *Business Combinations*. This amendment narrowed and clarified the definition of a business, as well as permitted a simplified assessment of whether an acquired set of activities and assets is a group of assets rather than a business. The adoption of the amendment to IFRS 3 did not have a material impact on the consolidated financial statements.

Definition of Material

Beginning January 1, 2020, the Company adopted the amendments to IAS 1 *Presentation of Financial Statements* and IAS 8. These amendments clarify and align the definition of material and provide guidance to help improve consistency in the application of materiality when used in other IFRS standards. The adoption of the amendments to IAS 1 and IAS 8 did not have a material impact on the consolidated financial statements.

Interest Rate Benchmark Reform - Phase 1

Beginning January 1, 2020, the Company adopted the amendments to IFRS 9 *Financial Instruments*, IAS 39 *Financial Instruments: Recognition and Measurement* and IFRS 7 *Financial Instruments: Disclosures* to address the potential effects Interbank Offered Rates ("IBOR") reform could have on financial reporting. The amendments modify specific hedge accounting requirements to allow entities to assume that the interest rate benchmark on which the hedged cash flows and the cash flows of which the hedging instrument are based on, are not altered as a result of IBOR reform. The adoption of the amendments to IFRS 9, IAS 39 and IFRS 7 did not have a material impact on the consolidated financial statements.

Accounting Pronouncements Issued But Not Yet Effective

Annual Improvements to IFRS (2018-2020) Cycle

On May 14, 2020, the IASB issued narrow-scope amendments to a total of four standards as part of its annual improvement process. Amendments were made to clarify which fees an entity includes when it applies the '10 per cent' test in assessing whether to derecognize a financial liability in accordance with IFRS 9 *Financial Instruments*. The amendments also remove the requirement in IAS 41 *Agriculture* for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique. There is also an amendment to IFRS 16 *Leases* to remove from an example the illustration of the reimbursement of leasehold improvements by the lessor. Lastly, an amendment was made to IFRS 1 *First-time Adoption of International Financial Reporting Standards* for subsidiaries as a first-time adopter. The Company intends to adopt these amendments prospectively in its consolidated financial statements for the annual period beginning January 1, 2022. The extent of the impact of the adoption of these standards has not yet been determined.

All other IFRSs and amendments issued but not yet effective have been assessed by the Company and are not expected to have a material impact on the consolidated financial statements.

17. INTERNAL CONTROLS OVER FINANCIAL REPORTING

There has been no change in the Company's internal control over financial reporting during the period beginning on April 1, 2020 and ended on June 30, 2020, that has materially affected, or is reasonably likely to materially affect, its internal control over financial reporting.

18. OUTLOOK AND LONG-TERM TARGETS

Maple Leaf Foods is a leading consumer protein company, with the competitive advantages of a portfolio of leading brands, a robust pipeline of opportunities in attractive expanding markets and a proven-track record of execution. Combined with its solid balance sheet and capital structure that provide the financial flexibility to invest in future growth, Maple Leaf Foods is well-positioned to drive sustainable growth and create shareholder value.

A key part of Maple Leaf Foods' long-term growth includes its Plant Protein Group. In 2019, the Company articulated its ambitious goal, to achieve $3.0 billion in sales in the Plant Protein Group by 2029. This would assume a market size of approximately $25.0 billion. In that environment the Company would aspire to generate approximately 30.0% gross margin and SG&A expense (as a % of sales) in the low double-digit range. Long-term, achieving these targets is expected to result in Adjusted EBITDA margins that exceed those in the Meat Protein Group.

This will be driven by:

- Capitalizing on the high growth plant protein market, predominantly in the refrigerated space.
- Leveraging Maple Leaf Foods' established expertise in brand development and effective marketing.
- Delivering on a pipeline of new product innovation to broaden and deepen its product portfolio.
- Executing on a multi-tier supply capacity strategy including leverage of existing meat protein footprint, opportunistic utilization of co-packing services and development of new capacity starting with the highly modularized Shelbyville plant processing facility.

In 2017, the Company established an Adjusted EBITDA margin target of 14.0-16.0% to be achieved in 2022. This target remains unchanged for the Meat Protein Group and includes:

- Low single-digit organic revenue growth and achieve an Adjusted EBITDA margin in the Meat Protein Group between 14.0-16.0% in 2022.

  This will be driven by:

  - Growth in sustainable meats, including further establishing the business as a leading provider of Raised Without Antibiotics ("RWA") pork and poultry in North America.
  - Continued benefits from brand renovation strategies to accelerate volume growth and product mix-shift in branded prepared meats products.
  - Focus on cost control through operational efficiencies.

2020 Outlook

The impact of the COVID-19 pandemic to people, communities, and organizations has been significant. By providing nutrition to people nationally and internationally, Maple Leaf Foods has been designated an essential service. This responsibility does mitigate some of the more significant financial and operational impacts experienced in many other industries, however, the current environment does increase operating costs and the potential for short-term processing shut downs required to protect the health and safety of plant personnel.

In the second quarter, gross costs associated with COVID-19 were approximately $19.0 million, in-line with expectations. This was partially offset by discretionary spending cuts in SG&A, resulting in a net impact of approximately $11.0 million to total Company Adjusted EBITDA. For the remainder of 2020, gross incremental costs associated with COVID-19 are expected to be approximately $25.0 million, with a higher portion incurred in the third quarter compared to the fourth quarter. These costs are primarily associated with increased personal protective equipment, sanitation, and other expenses associated with the pandemic. The Company expects to partially mitigate these expenses through SG&A savings.

Factoring in Maple Leaf Foods' financial performance year-to-date, as well as the Company's estimate for incremental COVID-19 costs through the remainder of the year, Maple Leaf Foods' expectations for 2020 are:

Meat Protein Group - Profitable Growth

- Mid-to-high single digit revenue growth driven by sustainable meats and higher sales to Asian markets.
- Gross margin expansion due to the continued mix-shift benefits in prepared meats resulting from growth in sustainable meats and brand renovation, coupled with pork complex conditions more in-line with the 5-year average, as well as contributions from higher sales to Asian markets. These factors are expected to more than offset incremental costs associated with COVID-19.
- Expand Adjusted EBITDA margin, making significant progress towards the 2022 Adjusted EBITDA margin target of 14.0-16.0%, based on the factors noted above, cost efficiencies, and SG&A savings to mitigate costs associated with COVID-19.

Plant Protein Group - Investing for Growth

- Revenue growth of approximately 30.0% from 2019 levels, which is in-line with long-term strategic targets. This growth is driven by continued product innovation, brand awareness resulting in further demand generation, increased distribution points, and strong growth in the underlying market.
- Gross margin consistent with 2019 levels, as product margins are expected to increase gradually, while being impacted by the inherent inefficiencies of a rapidly growing business as well as incremental costs associated with COVID-19.
- SG&A expense is expected to be approximately $150.0 million (US$110.0 million). The Company will continue to invest in advertising, promotion and marketing to establish brand awareness, while scaling up talent and operations to develop the organizational structure required for this growing business.

Capital

- Construction capital is expected to comprise approximately 70.0% of capital expenditures this year, a significant portion of which is related to the construction of the London, Ontario poultry facility. Other projects include further capacity and efficiency improvements in our prepared meats business; and investments in plant protein capacity at the Walker Driver facility in Brampton, Ontario, as well as further design, engineering, and site work at the Shelbyville, Indiana location. Primarily due to the COVID-19 pandemic, which has impacted both the pace and timing of construction and facility improvements, Maple Leaf Foods now estimates that its total capital expenditures for the year will be in the range of $500.0 million to $600.0 million.

Factors that could have an impact on our business, which we cannot estimate or control due to the COVID-19 pandemic, include:

- Volatility in the pork and poultry commodity and foreign exchange markets.
- The balance between retail and foodservice demand.

- Potential future production disruptions or shutdowns.
- The duration of government measures, including social distancing.

In addition to financial and operational priorities, Maple Leaf Foods believes that shared value and operating its business for the benefit of all stakeholders is crucial. 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:

- Commitment to carbon neutrality.
- Better Food: leading the real food movement and transitioning key brands to 100.0% "raised without antibiotics".
- Better Care: further advancement of animal care, including progress towards transitioning all sows under management to open housing systems by 2021.
- Better Communities: investing approximately 1.0% of pre-tax profit to advance sustainable food security.
- Better Planet: focus on eliminating waste in any resources the Company consumes, including food, energy, water, packaging and time.

COVID-19 Update

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 and close communication and collaboration with public health authorities. These measures have the effect of increasing the Company's cost structure in the mid-term due to higher labour, personal protective equipment, sanitation and other expenses associated with the pandemic. In addition, Maple Leaf Foods donated $2.5 million to support front-line healthcare workers and launched the #ApartTogether campaign to support emergency food relief through the Maple Leaf Centre for Action on Food Security.

The health and safety of its people is paramount, while ensuring the security of the Company's food supply. To date, Maple Leaf Foods has seen minimal interruption to its overall production and expects some additional operational disruptions could occur. Overall, the Company believes its proactive and comprehensive efforts should mitigate operational impacts. As conditions and guidelines related to COVID-19 evolve, 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.

While the mid-term impact of COVID-19 continues to be uncertain, Maple Leaf Foods' purpose and long-term strategy remain unchanged.

19. 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 tables 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 six months ended June 30, 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 June 30, 2020				Three months ended June 30, 2019[(i)]			
($ millions)[(ii)] *(Unaudited)*	**Meat Protein Group**	**Plant Protein Group**	**Non-Allocated**[(iii)]	**Total**	Meat Protein Group	Plant Protein Group	Non-Allocated[(iii)]	Total
Earnings (loss) before income taxes	**$ 92.8**	**(26.3)**	**(29.3)**	**$ 37.2**	$ 74.0	(7.7)	(73.6)	$ (7.4)
Interest expense and other financing costs	**—**	**—**	**8.1**	**8.1**	—	—	9.1	9.1
Other (income) expense	**(1.4)**	**—**	**4.1**	**2.7**	0.3	0.1	3.9	4.3
Restructuring and other related costs	**1.5**	**—**	**—**	**1.5**	(1.4)	—	—	(1.4)
Earnings (loss) from operations	**$ 92.9**	**(26.3)**	**(17.2)**	**$ 49.5**	$ 72.9	(7.6)	(60.7)	$ 4.6
Decrease in fair value of biological assets	**—**	**—**	**26.7**	**26.7**	—	—	38.3	38.3
Unrealized (gain) loss on derivative contracts	**—**	**—**	**(9.5)**	**(9.5)**	—	—	22.4	22.4
Adjusted Operating Earnings	**$ 92.9**	**(26.3)**	**—**	**$ 66.7**	$ 72.9	(7.6)	—	$ 65.2
Depreciation and amortization	**44.0**	**3.7**	**—**	**47.7**	40.1	3.1	—	43.2
Items included in other income (expense) representative of ongoing operations[(iv)]	**1.3**	**—**	**—**	**1.3**	(0.3)	(0.1)	—	(0.4)
Adjusted EBITDA	**$ 138.2**	**(22.6)**	**—**	**$ 115.7**	$ 112.7	(4.7)	—	$ 108.0
Adjusted EBITDA margin	**13.3 %**	**(37.2)%**	**N/A**	**10.6 %**	11.5 %	(10.9)%	N/A	10.6 %

(i) *Comparative figures have been presented to align with current reportable segments.*

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

(iii) *Non-Allocated includes eliminations of inter-segment sales and associated cost of goods sold, 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.*

(iv) *Primarily includes insurance settlements, gain/loss on sale of long-term assets and asset impairment.*

($ millions)[ii] (Unaudited)	**Six months ended June 30, 2020**				Six months ended June 30, 2019[i]			
	Meat Protein Group	**Plant Protein Group**	**Non-Allocated[iii]**	**Total**	Meat Protein Group	Plant Protein Group	Non-Allocated[iii]	Total
Earnings (loss) before income taxes	**$ 161.0**	**(50.4)**	**(76.5)**	**$ 34.2**	$ 116.3	(11.1)	(43.7)	$ 61.6
Interest expense and other financing costs	**—**	**—**	**16.0**	**16.0**	—	—	16.5	16.5
Other (income) expense	**(0.2)**	**—**	**6.7**	**6.5**	0.6	0.1	5.7	6.4
Restructuring and other related costs	**1.3**	**—**	**—**	**1.3**	1.4	—	—	1.4
Earnings (loss) from operations	**$ 162.1**	**(50.3)**	**(53.9)**	**$ 57.9**	$ 118.3	(11.0)	(21.5)	$ 85.8
Decrease in fair value of biological assets	**—**	**—**	**41.3**	**41.3**	—	—	12.0	12.0
Unrealized loss on derivative contracts	**—**	**—**	**12.5**	**12.5**	—	—	9.5	9.5
Adjusted Operating Earnings	**$ 162.1**	**(50.3)**	**—**	**$ 111.8**	$ 118.3	(11.0)	—	$ 107.3
Depreciation and amortization	**87.0**	**7.3**	**—**	**94.2**	79.8	6.0	—	85.8
Items included in other income (expense) representative of ongoing operations[iv]	**0.2**	**—**	**—**	**0.2**	(0.6)	(0.1)	—	(0.7)
Adjusted EBITDA	**$ 249.3**	**(43.1)**	**—**	**$ 206.2**	$ 197.5	(5.1)	—	$ 192.5
Adjusted EBITDA margin	**12.3 %**	**(40.3)%**	**N/A**	**9.7 %**	10.7 %	(6.4)%	N/A	10.0 %

(i) *Comparative figures have been presented to align with current reportable segments.*

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

(iii) *Non-Allocated includes eliminations of inter-segment sales and associated cost of goods sold, 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.*

(iv) *Primarily includes insurance settlements, gain/loss on sale of long-term assets and asset impairment.*

Adjusted Earnings per Share

Adjusted Earnings per Share, a non-IFRS measure, is used by Management to evaluate financial operating results. It is defined as basic earnings per share and is adjusted on the same basis as Adjusted Operating Earnings. The table below provides a reconciliation of basic earnings per share as reported under IFRS in the consolidated financial statements to Adjusted Earnings per Share for the three and six months ended June 30, as indicated below. Management believes this basis is the most appropriate on which to evaluate financial results as they are representative of the ongoing operations of the Company.

($ per share) (Unaudited)	**Three months ended June 30,**		**Six months ended June 30,**	
	2020	2019	**2020**	2019
Basic earnings (loss) per share	**$ 0.21**	$ (0.05)	**$ 0.18**	$ 0.35
Restructuring and other related costs[i]	**0.01**	(0.01)	**0.01**	0.01
Items included in other expense not considered representative of ongoing operations[ii]	**0.03**	0.03	**0.05**	0.04
Change in fair value of biological assets	**0.16**	0.23	**0.25**	0.07
Unrealized (gain) loss on derivative contracts	**(0.06)**	0.13	**0.07**	0.06
Adjusted Earnings per Share	**$ 0.35**	$ 0.33	**$ 0.56**	$ 0.53

(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.*

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 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, further capacity and efficiency improvements in the prepared meats business, investments in plant protein capacity at the Walker Drive facility in Brampton, Ontario, and the plant protein production facility in Shelbyville, Indiana. The following table is a summary of Construction Capital activity and debt financing for the periods indicated below.

($ thousands) *(Unaudited)*	**2020**	2019
Opening balance at January 1	**$ 105,211**	$ 22,422
Additions	**56,926**	18,100
Balance at March 31	**$ 162,137**	$ 40,522
Additions	**62,760**	23,127
Balance at June 30	**$ 224,897**	$ 63,649
Construction Capital debt financing[(i)]	**$ 224,897**	$ 63,649

[(i)] *Assumed to be fully funded by debt to the extent that the Company has Net Debt outstanding.*

Net Debt

The following table reconciles Net Debt to amounts reported under IFRS in the Company's consolidated financial statements as at June 30, 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 June 30,	
	2020	2019
Cash and cash equivalents	**$ 111,229**	$ 66,927
Current portion of long-term debt	**$ (924)**	$ (874)
Long-term debt	**(716,986)**	(469,421)
Total debt	**$ (717,910)**	$ (470,295)
Net Debt	**$ (606,681)**	$ (403,368)

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. The following table calculates Free Cash Flow for the periods indicated below:

($ thousands)	**Three months ended June 30,**		**Six months ended June 30,**	
(Unaudited)	**2020**	2019	**2020**	2019
Cash provided by operating activities	**$ 147,139**	$ 73,117	**$ 101,342**	$ 91,831
Additions to long-term assets	**(91,626)**	(65,280)	**(177,918)**	(125,415)
Free Cash Flow	**$ 55,513**	$ 7,837	**$ (76,576)**	$ (33,584)

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.

20. 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;
- future performance, including future financial objectives, goals and targets, 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, 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 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, customer and consumer behaviour and economic patterns;
- the competitive environment, associated market conditions and market share metrics, 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 each of the Meat Protein and 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;
- food safety, consumer liability and product recalls;
- 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;
- acquisitions and divestitures;
- climate change;
- 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, 2019.

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, 2019, that is available on SEDAR at www.sedar.com and in the Risk Factors section of this Management Discussion and Analysis on page 10. 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.

21. ABOUT MAPLE LEAF FOODS INC.

Maple Leaf Foods is a producer of food products under leading brands including Maple Leaf®, Maple Leaf Prime®, Schneiders®, Mina®, Greenfield Natural Meat Co.®, Swift®, Lightlife®, and Field Roast Grain Meat Co.™ 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).