TSX: MFI

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Maple Leaf Foods Reports Second Quarter 2020 Financial Results

Company remains focused on the health and safety of its people, business continuity, and maintaining a secure food supply while executing against its business strategy

Mississauga, Ontario, July 30, 2020 - Maple Leaf Foods Inc. ("Maple Leaf Foods" or the "Company") (TSX: MFI) today reported its financial results for the second quarter ending June 30, 2020.

“The impact of COVID-19 to society in the past several months has been staggering, but our commitment to social purpose is steadfast,” stated Michael H. McCain, the Company’s President and CEO. “Consistent with our core values, we are focused on the health and safety of our employees, supporting critical initiatives including the fight against food insecurity in Canada, and maintaining the stability of our supply chains to ensure we continue to deliver on our responsibilities as an essential service. Our team has performed exceptionally well in challenging times.

“Despite the unprecedented environment, we continue to execute against our strategic priorities and financial framework, which are reflected in our second quarter results,” concluded Mr. McCain.

Second Quarter 2020 Highlights

- Total Company sales growth of 7.0% and Adjusted Earnings Before Interest, Taxes, Depreciation and Amortization ("EBITDA")[(i)] margin of 10.6% of sales, in-line with last year.
- Meat Protein Group sales growth of 5.8% driven primarily by an increase in hogs processed, higher sales to Asian markets, favourable mix shift, and the impact of foreign exchange. Adjusted EBITDA margin at 13.3% compared to 11.5% last year.
- Plant Protein Group sales growth of 41.4% (36.5% in constant currency) on higher volumes across its portfolio. Adjusted EBITDA in the Plant Protein Group was a loss of $22.6 million.
- Adjusted Operating Earnings[(i)] of $66.7 million, in-line with last year, as strong commercial performance in Meat and Plant Protein Groups was offset by COVID-19 costs and strategic investment in Plant Protein to drive sales growth.
- Net earnings for the quarter of $25.7 million, compared to net loss of $6.3 million last year, due to factors noted above as well as a smaller loss from non-cash fair value changes in biological assets and derivative contracts.
- Gross costs associated with COVID-19 of approximately $19.0 million, in-line with expectations. This was partially offset by discretionary spending cuts in selling, general and administrative expenses ("SG&A"), resulting in a net impact of approximately $11.0 million to total Company Adjusted EBITDA.
- Capital Expenditures were $102.0 million including Construction Capital[(i)] of $62.8 million primarily related to construction costs for the London, Ontario poultry facility.
- For 2020, Maple Leaf Foods continues to focus on profitable growth in the Meat Protein Group, investing for growth in the Plant Protein Group, and executing against its strategic framework.

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

Financial Highlights

Measure[(i)] *(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[(iii)]	**$ 66.7**	$ 65.2	2.2 %	**$ 111.8**	$ 107.3	4.2 %
Adjusted Earnings per Share[(iii)]	**$ 0.35**	$ 0.33	6.1 %	**$ 0.56**	$ 0.53	5.7 %
Free Cash Flow[(iii)]	**$ 55.5**	$ 7.8	611.5 %	**$ (76.6)**	$ (33.6)	128.0 %

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

(ii) *Not material.*

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

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.

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

Operating Review

The Company has two reportable segments. These segments offer different products, with separate organizational structures, brands, financial and marketing strategies. The Company's chief operating decision makers regularly review internal reports for these businesses: performance of the Meat Protein Group is based on revenue growth, Adjusted Operating Earnings and Adjusted EBITDA, while the performance of the Plant Protein Group is based predominantly on revenue growth rates, managing gross margins and controlling 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 in this news release.*

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 in this news release.*

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.

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”.

Conference Call

A conference call will be held at 8:00 a.m. ET on July 30, 2020, to review Maple Leaf Foods' second quarter financial results. To participate in the call, please dial 416-764-8650 or 1-888-664-6383. For those unable to participate, playback will be made available an hour after the event at 416-764-8677 or 1-888-390-0541 (Passcode: 686480#).

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

https://www.mapleleaffoods.com/investors/events/

The Company's full unaudited condensed consolidated interim financial statements and related Management's Discussion and Analysis are available on the Company's website.

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

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.

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.*

	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
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.

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. Refer to the section, Risk Factors, of the Company's Management's Discussion and Analysis for the three and six months ended June 30, 2020 for the discussion of risk factors. The reader should review such section in detail. Additional information concerning the Company, including the Company's Annual Information Form, is available on SEDAR at www.sedar.com.

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

About Maple Leaf Foods Inc.

Maple Leaf Foods is a 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).

Consolidated Interim Balance Sheets

(In thousands of Canadian dollars) *(Unaudited)*	**As at June 30, 2020**	As at June 30, 2019[(i)]	As at December 31, 2019[(i)]
ASSETS			
Current assets			
Cash and cash equivalents	**$ 111,229**	$ 66,927	$ 97,285
Accounts receivable	**163,753**	161,979	154,969
Notes receivable	**33,783**	40,049	31,699
Inventories	**422,308**	396,800	385,534
Biological assets	**78,249**	107,565	119,016
Prepaid expenses and other assets	**43,653**	47,265	51,494
Assets held for sale	**34,167**	33,798	34,293
	$ 887,142	$ 854,383	$ 874,290
Property and equipment	**1,512,093**	1,321,425	1,386,482
Right-of-use assets	**237,618**	233,629	227,426
Investments	**17,076**	3,523	3,448
Other long-term assets	**10,638**	14,518	12,497
Goodwill	**664,598**	657,358	657,179
Intangible assets	**356,323**	350,545	352,713
Total assets	**$ 3,685,488**	$ 3,435,381	$ 3,514,035
LIABILITIES AND EQUITY			
Current liabilities			
Accounts payable and accruals	**$ 436,794**	$ 384,002	$ 445,774
Current portion of provisions	**3,247**	1,853	3,973
Current portion of long-term debt	**924**	874	899
Current portion of lease obligations	**42,295**	39,796	39,505
Income taxes payable	**11,060**	13,751	205
Other current liabilities	**40,651**	45,984	44,698
	$ 534,971	$ 486,260	$ 535,054
Long-term debt	**716,986**	469,421	538,429
Lease obligations	**212,871**	208,782	204,013
Employee benefits	**180,597**	160,436	116,742
Provisions	**43,202**	44,483	44,929
Other long-term liabilities	**19,768**	2,015	3,026
Deferred tax liability	**91,067**	117,596	121,972
Total liabilities	**$ 1,799,462**	$ 1,488,993	$ 1,564,165
Shareholders' equity			
Share capital	**$ 844,700**	$ 845,735	$ 840,005
Retained earnings	**1,075,805**	1,119,678	1,137,450
Contributed surplus	**3,240**	—	—
Accumulated other comprehensive (loss) income	**(13,789)**	1,375	2,793
Treasury stock	**(23,930)**	(20,400)	(30,378)
Total shareholders' equity	**$ 1,886,026**	$ 1,946,388	$ 1,949,870
Total liabilities and equity	**$ 3,685,488**	$ 3,435,381	$ 3,514,035

[(i)] *Certain comparative figures have been restated to conform with current year presentation.*

Consolidated Interim Statements of Net Earnings (Loss)

(In thousands of Canadian dollars, except share amounts)	**Three months ended June 30,**		**Six months ended June 30,**	
(Unaudited)	**2020**	2019	**2020**	2019
Sales	**$ 1,094,574**	$ 1,022,699	**$ 2,117,341**	$ 1,929,789
Cost of goods sold	**927,260**	911,723	**1,822,668**	1,639,292
Gross profit	**$ 167,314**	$ 110,976	**$ 294,673**	$ 290,497
Selling, general and administrative expenses	**117,833**	106,421	**236,734**	204,675
Earnings before the following:	**$ 49,481**	$ 4,555	**$ 57,939**	$ 85,822
Restructuring and other related costs (reversals)	**1,507**	(1,429)	**1,338**	1,391
Other expense	**2,719**	4,281	**6,488**	6,358
Earnings before interest and income taxes	**$ 45,255**	$ 1,703	**$ 50,113**	$ 78,073
Interest expense and other financing costs	**8,068**	9,078	**15,960**	16,511
Earnings (loss) before income taxes	**$ 37,187**	$ (7,375)	**$ 34,153**	$ 61,562
Income tax expense	**11,528**	(1,033)	**12,206**	17,800
Net earnings (loss)	**$ 25,659**	$ (6,342)	**$ 21,947**	$ 43,762
Earnings (loss) per share attributable to common shareholders:				
Basic earnings (loss) per share	**$ 0.21**	$ (0.05)	**$ 0.18**	$ 0.35
Diluted earnings (loss) per share	**$ 0.21**	$ (0.05)	**$ 0.18**	$ 0.35
Weighted average number of shares (millions)				
Basic	**123.1**	123.7	**123.0**	123.6
Diluted	**124.2**	123.7	**124.1**	125.4

Consolidated Interim Statements of Other Comprehensive Income (Loss)

(In thousands of Canadian dollars) *(Unaudited)*	**Three months ended June 30,**		**Six months ended June 30,**	
	2020	2019	**2020**	2019
Net earnings (loss)	**$ 25,659**	$ (6,342)	**$ 21,947**	$ 43,762
Other comprehensive loss				
Actuarial losses that will not be reclassified to profit or loss (Net of tax of $12.7 million and $15.2 million; 2019: $6.6 million and $15.9 million)	**$ (37,066)**	$ (18,618)	**$ (44,286)**	$ (45,000)
Items that are or may be reclassified subsequently to profit or loss:				
Change in accumulated foreign currency translation adjustment (Net of tax of $0.0 million and $0.0 million; 2019: $0.0 million and $0.0 million)	**$ (8,063)**	$ (7,557)	**$ 13,537**	$ (15,717)
Change in foreign exchange on long-term debt designated as a net investment hedge (Net of tax of $1.4 million and $2.1 million; 2019: $1.1 million and $2.1 million)	**7,819**	6,277	**(11,300)**	11,461
Change in unrealized (losses) and gains on cash flow hedges (Net of tax of $0.1 million and $6.6 million; 2019: $0.4 million and $0.7 million)	**(388)**	1,307	**(18,819)**	2,099
Total items that are or may be reclassified subsequently to profit or loss	**$ (632)**	$ 27	**$ (16,582)**	$ (2,157)
Total other comprehensive loss	**$ (37,698)**	$ (18,591)	**$ (60,868)**	$ (47,157)
Comprehensive (loss)	**$ (12,039)**	$ (24,933)	**$ (38,921)**	$ (3,395)

Consolidated Interim Statements of Changes in Total Equity

(In thousands of Canadian dollars) *(Unaudited)*	**Share capital**	**Retained earnings**	**Contributed surplus**	**Accumulated other comprehensive income (loss)[i]: Foreign currency translation adjustment**	**Accumulated other comprehensive income (loss)[i]: Unrealized gains and losses on cash flow hedges**	**Treasury stock**	**Total equity**
Balance at December 31, 2019	**$ 840,005**	**1,137,450**	**—**	**4,274**	**(1,481)**	**(30,378)**	**$1,949,870**
Net earnings	**—**	**21,947**	**—**	**—**	**—**	**—**	**21,947**
Other comprehensive income (loss)[ii]	**—**	**(44,286)**	**—**	**2,237**	**(18,819)**	**—**	**(60,868)**
Dividends declared ($0.32 per share)	**—**	**(39,306)**	**—**	**—**	**—**	**—**	**(39,306)**
Share-based compensation expense	**—**	**—**	**7,841**	**—**	**—**	**—**	**7,841**
Deferred taxes on share-based compensation	**—**	**—**	**500**	**—**	**—**	**—**	**500**
Exercise of stock options	**773**	**—**	**—**	**—**	**—**	**—**	**773**
Settlement of share-based compensation	**—**	**—**	**(9,738)**	**—**	**—**	**6,448**	**(3,290)**
Repurchase of shares	**3,922**	**—**	**4,637**	**—**	**—**	**—**	**8,559**
Balance at June 30, 2020	**$ 844,700**	**1,075,805**	**3,240**	**6,511**	**(20,300)**	**(23,930)**	**$1,886,026**

(In thousands of Canadian dollars) *(Unaudited)*	Share capital	Retained earnings	Contributed surplus	Accumulated other comprehensive income (loss)[i]: Foreign currency translation adjustment	Accumulated other comprehensive income (loss)[i]: Unrealized gains and losses on cash flow hedges	Treasury stock	Total equity
Balance at December 31, 2018	$ 849,655	1,178,389	4,649	8,518	(4,986)	(29,386)	$2,006,839
Impact of new IFRS standards	—	(1,100)	—	—	—	—	(1,100)
Net earnings	—	43,762	—	—	—	—	43,762
Other comprehensive income (loss)[ii]	—	(45,000)	—	(4,256)	2,099	—	(47,157)
Dividends declared ($0.29 per share)	—	(35,910)	—	—	—	—	(35,910)
Share-based compensation expense	—	—	9,404	—	—	—	9,404
Deferred taxes on share-based compensation	—	—	1,160	—	—	—	1,160
Obligation for repurchase of shares	(6,891)	—	(8,221)	—	—	—	(15,112)
Exercise of stock options	2,971	—	—	—	—	—	2,971
Settlement of share-based compensation	—	(20,463)	(6,992)	—	—	13,986	(13,469)
Shares purchased by RSU trust	—	—	—	—	—	(5,000)	(5,000)
Balance at June 30, 2019	$ 845,735	1,119,678	—	4,262	(2,887)	(20,400)	$1,946,388

[i] *Items that are or may be subsequently reclassified to profit or loss.*

[ii] *Included in other comprehensive income (loss) is the change in actuarial gains and losses that will not be reclassified to profit or loss and has been reclassified to retained earnings.*

Consolidated Interim Statements of Cash Flows

(In thousands of Canadian dollars) *(Unaudited)*	Three months ended June 30, **2020**	Three months ended June 30, 2019[i]	Six months ended June 30, **2020**	Six months ended June 30, 2019[i]
CASH PROVIDED BY (USED IN):				
Operating activities				
Net earnings (loss)	**$ 25,659**	$ (6,342)	**$ 21,947**	$ 43,762
Add (deduct) items not affecting cash:				
Change in fair value of biological assets	**26,676**	38,290	**41,335**	12,027
Depreciation and amortization	**47,687**	43,205	**94,244**	85,825
Share-based compensation	**3,975**	4,254	**7,841**	9,404
Deferred income taxes	**620**	(206)	**(6,897)**	5,700
Income tax current	**10,908**	(827)	**19,103**	12,100
Interest expense and other financing costs	**8,068**	9,078	**15,960**	16,511
Loss on sale of long-term assets	**230**	523	**566**	717
Impairment of assets	**1,572**	—	**1,572**	—
Change in fair value of non-designated derivatives	**(10,074)**	21,693	**12,666**	7,073
Interest on lease obligation	**2,224**	2,290	**4,367**	4,525
Change in net pension obligation	**2,175**	421	**4,419**	950
Net income taxes paid	**—**	(4,915)	**(8,344)**	(30,784)
Interest paid	**(9,240)**	(8,868)	**(18,939)**	(17,698)
Change in provision for restructuring and other related costs	**744**	(2,030)	**(386)**	146
Change in derivatives margin	**12,163**	(5,063)	**(11,794)**	2,525
Other	**368**	(308)	**1,518**	(64)
Change in non-cash operating working capital	**23,384**	(18,078)	**(77,836)**	(60,888)
Cash provided by operating activities	**$ 147,139**	$ 73,117	**$ 101,342**	$ 91,831
Financing activities				
Dividends paid	**$ (19,740)**	$ (17,941)	**$ (39,306)**	$ (35,910)
Net increase in long-term debt	**(139)**	10,436	**164,722**	100,297
Payment of lease obligation	**(9,005)**	(8,530)	**(18,114)**	(16,871)
Exercise of stock options	**773**	2,971	**773**	2,971
Payment of financing fees	**(562)**	(4,785)	**(599)**	(4,828)
Purchase of treasury stock	**—**	(5,000)	**—**	(5,000)
Cash (used in) provided by financing activities	**$ (28,673)**	$ (22,849)	**$ 107,476**	$ 40,659
Investing activities				
Additions to long-term assets	**$ (91,626)**	$ (65,280)	**$ (177,918)**	$ (125,415)
Acquisition of business, net of cash acquired	**—**	—	**—**	(847)
Capitalization of interest expense	**(1,816)**	(431)	**(3,011)**	(569)
Proceeds from sale of long-term assets	**8**	75	**8**	75
Purchase of investments	**(101)**	—	**(13,953)**	—
Payment of income tax liabilities assumed on acquisition	**—**	—	**—**	(11,385)
Cash used in investing activities	**$ (93,535)**	$ (65,636)	**$ (194,874)**	$ (138,141)
Increase (decrease) in cash and cash equivalents	**$ 24,931**	$ (15,368)	**$ 13,944**	$ (5,651)
Cash and cash equivalents, beginning of period	**86,298**	82,295	**97,285**	72,578
Cash and cash equivalents, end of period	**$ 111,229**	$ 66,927	**$ 111,229**	$ 66,927

[i] *Certain comparative figures have been restated to conform with current year presentation.*