



TSX: MFI

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Maple Leaf Foods Reports Fourth Quarter and Full Year 2020 Financial Results

Execution against strategic agenda drives further Meat Protein Group Adjusted EBITDA Margin expansion to 12.6%, marking the fifth consecutive quarter of year over year expansion

Mississauga, Ontario, February 25, 2021 - Maple Leaf Foods Inc. ("Maple Leaf Foods" or the "Company") (TSX: MFI) today reported its financial results for the fourth quarter and full year ended December 31, 2020.

"We began this unprecedented year with raw optimism from our business momentum, only to pivot in reaction to a global crisis," said Michael H. McCain, the Company's President and CEO. "Our people and our strategies were tested and they excelled, demonstrating skill, speed, agility, and clear prioritization of action in protecting our people first while supporting all our stakeholders."

Our fourth quarter capped off a record performance year, with strong top-line gains coupled with solid Adjusted EBITDA Margin expansion. We have repositioned our portfolio towards two high-growth categories now representing 20% of our annual sales generating a compounded growth rate in excess of 25% over the last three years," continued Mr. McCain. "Momentum softened in Plant Protein, with solid improvement in the core line-up offset by soft fresh and foodservice performance. We remain confident in our long-term position supported by innovation and brand investment. Society underwent incredible dislocation this year and our people bravely met the challenge."

Fourth Quarter 2020 Highlights

- Total Company sales grew 11.1% to \$1,129.2 million, with an Adjusted Earnings Before Interest, Taxes, Depreciation and Amortization ("EBITDA")⁽ⁱ⁾ Margin of 9.7%, up from 7.4% last year.
- Meat Protein Group sales grew 11.3% driven by continued execution of strategies in sustainable meats and brand renovation, as well as the impact of an extra week in 2020. Adjusted EBITDA Margin was 12.6%, up 120 basis points ("bps") from last year, representing a fifth consecutive quarter of year over year expansion.
- Plant Protein Group sales grew 5.5% or 6.7% excluding foreign exchange impacts, below expectations due to soft demand in certain retail products and foodservice activity. Selling, general and administrative ("SG&A") expenses were \$32.5 million, in-line with expectations.
- Gross costs associated with COVID-19 were approximately \$15 million. These were partially offset by reductions in discretionary spend, resulting in a net impact of approximately \$13 million to total Company Adjusted EBITDA.
- Net earnings were \$25.4 million, an increase of 45.2% from \$17.5 million last year.

2020 Highlights and 2021 Outlook

- Total Company sales grew 9.2% to \$4,303.7 million, with an Adjusted EBITDA Margin of 9.2%, up 110 bps from 8.1% last year.
- Meat Protein Group results were in-line with expectations with sales growth of 9.0% and an Adjusted EBITDA Margin of 12.4%, up 200 bps from 10.4% last year. Growth was driven by successful execution against its strategies, which more than offset significant operating costs associated with mitigating COVID-19 risks.
- Plant Protein Group sales grew 19.5% or 18.1% excluding foreign exchange impacts, driven by softer growth in the second half of 2020. SG&A expenses totaled \$144.0 million, with investments focused on advertising, promotion and marketing to build awareness, as well as support brand renovation and new product innovation.
- Capital expenditures were \$490.7 million and consisted predominantly of Construction Capital⁽ⁱ⁾ of \$333.8 million, the majority of which was related to ongoing construction of the London, Ontario poultry facility.
- **Outlook for 2021:** Continued pursuit of profitable growth in the Meat Protein Group, with strong sales growth coupled with Adjusted EBITDA Margin expansion towards the 2022 target of 14-16%. Plant Protein Group sales growth is expected to be broadly in-line with the 30% strategic target, supported by SG&A expense investments similar to 2020.

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

Financial Highlights

Measure ⁽ⁱ⁾ (Unaudited)	Three months ended December 31,			Twelve months ended December 31,		
	2020	2019	Change	2020	2019	Change
Sales	\$ 1,129.2	\$ 1,016.0	11.1 %	\$ 4,303.7	\$ 3,941.5	9.2 %
Net Earnings	\$ 25.4	\$ 17.5	45.1 %	\$ 113.3	\$ 74.6	51.8 %
Basic Earnings per Share	\$ 0.20	\$ 0.14	42.9 %	\$ 0.92	\$ 0.60	53.3 %
Adjusted Operating Earnings ⁽ⁱⁱ⁾	\$ 59.2	\$ 28.4	108.5 %	\$ 207.9	\$ 145.4	43.0 %
Adjusted Earnings per Share ⁽ⁱⁱ⁾	\$ 0.30	\$ 0.12	150.0 %	\$ 1.02	\$ 0.68	50.0 %
Adjusted EBITDA - Meat Protein Group ⁽ⁱⁱ⁾	\$ 136.5	\$ 110.2	23.9 %	\$ 508.5	\$ 393.2	29.3 %
Sales - Plant Protein Group	\$ 52.5	\$ 49.7	5.5 %	\$ 210.8	\$ 176.4	19.5 %
Free Cash Flow ⁽ⁱⁱⁱ⁾	\$ (97.5)	\$ (3.6)	nm ⁽ⁱⁱⁱ⁾	\$ (119.3)	\$ (0.6)	nm ⁽ⁱⁱⁱ⁾
Construction Capital ⁽ⁱⁱⁱ⁾				\$ 440.6	\$ 106.8	312.5 %
Net Debt ⁽ⁱⁱⁱ⁾				\$ (645.1)	\$ (442.0)	46.0 %

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

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

⁽ⁱⁱⁱ⁾ Not meaningful.

Fourth Quarter 2020

Sales for the fourth quarter increased 11.1% to \$1,129.2 million compared to \$1,016.0 million last year. Sales growth was driven by strong growth in both the Meat and Plant Protein Groups. An extra week in the fourth quarter of 2020 also contributed to sales growth.

Net Earnings for the fourth quarter of 2020 were \$25.4 million (\$0.20 per basic share) compared to \$17.5 million (\$0.14 per basic share) last year. Strong commercial performance in the Meat Protein Group more than offset incremental costs related to COVID-19 and an increase in variable compensation. Results were also impacted by a higher loss from non-cash fair value changes in biological assets and derivative contracts and non-recurring other expenses, which are excluded from the calculation of Adjusted Operating Earnings.

Adjusted Operating Earnings for the fourth quarter of 2020 were \$59.2 million compared to \$28.4 million. The increase in Adjusted Operating Earnings reflects strong commercial performance in meat protein, driven by favourable sales mix, continued growth in sustainable meats and pricing actions taken to mitigate inflation and other structural cost increases. Results also benefited from lower SG&A investments in Plant Protein.

Full Year 2020

Sales for 2020 were \$4,303.7 million compared to \$3,941.5 million last year, an increase of 9.2%, driven by strong growth in both the Meat and Plant Protein Groups. An extra week in the fourth quarter of 2020 also contributed to sales growth.

Net earnings for 2020 were \$113.3 million (\$0.92 per basic share) compared to \$74.6 million (\$0.60 per basic share) last year. Strong commercial performance in the Meat Protein Group more than offset incremental costs related to COVID-19, strategic investments in the Plant Protein Group, as well as a non-recurring favourable resolution of an income tax audit last year. Results were also positively impacted by a higher gain from non-cash fair value changes in biological assets and derivative contracts and higher non-recurring other expenses, which are excluded in the calculation of Adjusted Operating Earnings below.

Adjusted Operating Earnings for 2020 were \$207.9 million compared to \$145.4 million last year, and Adjusted Earnings per Share for 2020 were \$1.02 compared to \$0.68 last year.

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

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

Response to COVID-19

As an essential service, Maple Leaf Foods is focused on protecting the health and well-being of its people, maintaining business continuity, and broadening its social outreach. To manage through this unprecedented environment, the Company has taken a number of measures in its business and operating practices that include heightened safety policies and procedures, and close communication and collaboration with public health authorities. These measures increased the Company's cost structure due to higher labour, personal protective equipment, sanitation and other expenses associated with the pandemic. The health and safety of our people is paramount while ensuring the security of our food supply.

Overall, the Company believes its proactive and comprehensive efforts should mitigate operational impacts. As the COVID-19 situation evolves, Maple Leaf Foods will continue to adapt and adopt best practices that prioritize the health and safety of its

employees and the stability of the food supply. As part of Maple Leaf Foods' broader social responsibility, the Company has provided extensive support to front-line staff, emergency food relief efforts and health care providers.

Maple Leaf Foods' purpose and long-term strategy remain unchanged. In 2020 gross costs associated with COVID-19 were approximately \$58 million, primarily related to labour bonus payments, personal protective equipment, incremental sanitation, screening and testing protocols, support for the Company's hog producers, donations to support front-line healthcare workers, emergency food relief efforts and other preventative measures. This was partially offset by reductions in discretionary spend, resulting in a net impact of approximately \$42 million to total Company Adjusted EBITDA.

Continuing COVID-19 structural costs have been incorporated in the Company's 2021 operating plan.

Operating Review

During the year ended December 31, 2020, the Company had two reportable segments. These segments offer different products, with separate organizational structures, brands, financial and marketing strategies. The Company's chief operating decision makers regularly review internal reports for these 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, gross margin optimization and controlling investment levels, which generate high revenue growth rates.

Fourth Quarter 2020

The following table summarizes the Company's sales, gross profit, SG&A expenses, Adjusted Operating Earnings, Adjusted EBITDA, and Adjusted EBITDA Margin by operating segment for the twelve months ended December 31, 2020 and December 31, 2019:

	Three months ended December 31, 2020				Three months ended December 31, 2019			
(\$ millions) ⁽ⁱ⁾ (Unaudited)	Meat Protein Group	Plant Protein Group	Non-Allocated ⁽ⁱⁱ⁾	Total	Meat Protein Group	Plant Protein Group	Non-Allocated ⁽ⁱⁱ⁾	Total
Sales	\$ 1,080.3	52.5	(3.6)	\$ 1,129.2	\$ 970.3	49.7	(4.1)	\$ 1,016.0
Gross profit	\$ 185.7	0.3	(5.7)	\$ 180.3	\$ 150.5	7.2	3.0	\$ 160.8
Selling, general and administrative expenses	\$ 94.2	32.5	—	\$ 126.8	\$ 84.0	45.3	—	\$ 129.3
Adjusted Operating Earnings⁽ⁱⁱⁱ⁾	\$ 91.5	(32.3)	—	\$ 59.2	\$ 66.5	(38.1)	—	\$ 28.4
Adjusted EBITDA⁽ⁱⁱⁱ⁾	\$ 136.5	(28.7)	1.3	\$ 109.1	\$ 110.2	(34.9)	—	\$ 75.3
Adjusted EBITDA margin⁽ⁱⁱⁱ⁾	12.6 %	(54.7)%	N/A	9.7 %	11.4 %	(70.3)%	N/A	7.4 %

⁽ⁱ⁾ Totals may not add due to rounding.

⁽ⁱⁱ⁾ Non-allocated includes eliminations of inter-segment sales and associated cost of goods sold, changes in the fair value of biological assets and derivatives, and non-allocated costs which are comprised of expenses not separately identifiable to reportable segments and are not part of the measures used by the Company when assessing a segment's operating results.

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

Meat Protein Group

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

Sales for the fourth quarter increased 11.3% to \$1,080.3 million compared to \$970.3 million last year. Sales growth was driven by a favourable mix-shift towards sustainable meats and branded products in Canada, strong double-digit growth in sustainable meats in the U.S., pricing actions implemented to mitigate inflation and other structural cost increases and an extra week in the fourth quarter of 2020. Stronger demand in the retail channel as a result of COVID-19 was offset by lower volume in foodservice.

Gross profit for the fourth quarter of 2020 was \$185.7 million (gross margin of 17.2%) compared to \$150.5 million (gross margin of 15.5%) last year. Strong commercial and operational performance, including favourable mix, continued expansion of sustainable meats and pricing action implemented during the quarter to mitigate inflation and other structural cost increases all contributed to higher gross profit in the quarter. This performance was partially offset by increased costs in response to COVID-19 to safeguard the Company's employees and maintain production. Costs associated with COVID-19 consisted of personal protective equipment, incremental sanitation, screening and testing protocols and other preventative measures.

SG&A expenses for the fourth quarter of 2020 were \$94.2 million (8.7% of sales), compared to \$84.0 million (8.7% of sales) last year. The increase in SG&A expenses is primarily related to an increase in variable compensation. As a percentage of sales, SG&A expenses were flat compared to last year.

Adjusted Operating Earnings for the fourth quarter of 2020 were \$91.5 million compared to \$66.5 million last year, driven by factors noted above.

Adjusted EBITDA Margin for the fourth quarter was 12.6% compared to 11.4% last year, consistent with factors noted above.

Plant Protein Group

The Plant Protein Group is comprised of refrigerated plant protein products, premium grain-based protein, and vegan cheese products sold to retail, foodservice and industrial channels. The Plant Protein Group includes the leading brands Lightlife® and Field Roast™.

Sales for the fourth quarter were \$52.5 million compared to \$49.7 million last year, representing growth of 5.5% or 6.7% after excluding the impact of foreign exchange. Sales growth was driven by an extra week in the fourth quarter of 2020 as well as pricing actions implemented to mitigate inflation and structural cost increases.

Gross profit for the fourth quarter of 2020 was \$0.3 million (gross margin of 0.5%) compared to \$7.2 million (gross margin of 14.4%) last year. The decrease in gross profit was attributed to inefficiencies associated with start-up production and other costs related to support high growth, as well as expenses associated with COVID-19, including increased labour expenses, personal protective equipment, screening and testing, and other preventative measures.

SG&A expenses for the fourth quarter of 2020 were \$32.5 million (61.9% of sales), compared to \$45.3 million (91.1% of sales) last year. The decrease in SG&A expenses was driven by lapping of heightened investment in advertising and promotional expenses incurred in the fourth quarter of 2019, partially offset by increased expenses related to organizational capacity.

Adjusted Operating Earnings for the fourth quarter of 2020 were a loss of \$32.3 million compared to a loss of \$38.1 million last year. The increase in Adjusted Operating Earnings is mainly driven by a decrease in SG&A expenses as noted above.

Full Year 2020

The following table summarizes the Company's sales, gross profit, SG&A expenses, Adjusted Operating Earnings, Adjusted EBITDA, and Adjusted EBITDA Margin by operating segment for the year ended December 31, 2020 and December 31, 2019.

	2020				2019			
(\$ millions) ⁽ⁱ⁾	Meat Protein Group	Plant Protein Group	Non-Allocated ⁽ⁱⁱ⁾	Total	Meat Protein Group	Plant Protein Group	Non-Allocated ⁽ⁱⁱ⁾	Total
Sales	\$ 4,116.5	210.8	(23.6)	\$ 4,303.7	\$ 3,778.0	176.4	(12.9)	\$ 3,941.5
Gross profit	\$ 680.3	18.3	4.5	\$ 703.1	\$ 568.0	35.0	(12.1)	\$ 591.0
Selling, general and administrative expenses	\$ 346.6	144.0	—	\$ 490.7	\$ 338.7	119.0	—	\$ 457.7
Adjusted Operating Earnings⁽ⁱⁱⁱ⁾	\$ 333.6	(125.7)	—	\$ 207.9	\$ 229.3	(84.0)	—	\$ 145.4
Adjusted EBITDA⁽ⁱⁱⁱ⁾	\$ 508.5	(111.4)	0.8	\$ 397.9	\$ 393.2	(71.6)	(0.4)	\$ 321.2
Adjusted EBITDA margin⁽ⁱⁱⁱ⁾	12.4 %	(52.8)%	N/A	9.2 %	10.4 %	(40.6)%	N/A	8.1 %

⁽ⁱ⁾ Totals may not add due to rounding.

⁽ⁱⁱ⁾ Non-allocated includes eliminations of inter-segment sales and associated cost of goods sold, changes in the fair value of biological assets and derivatives, and non-allocated costs which are comprised of expenses not separately identifiable to reportable segments and are not part of the measures used by the Company when assessing a segment's operating results.

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

Meat Protein Group

Sales for 2020 increased 9.0% to \$4,116.5 million compared to \$3,778.0 million last year. Sales growth was driven by a favourable mix-shift towards sustainable meats and branded products, growth in exports to Asian markets, and pricing actions implemented to mitigate inflation and other structural cost increases. Strong demand in the retail channel was offset by lower volume in foodservice as a result of COVID-19. An extra week in the fourth quarter of 2020 also contributed to sales growth.

Gross profit for 2020 was \$680.3 million (gross margin of 16.5%) compared to \$568.0 million (gross margin of 15.0%) 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. Costs associated with COVID-19 consisted of labour bonus payments, personal protective equipment, incremental sanitation, screening and testing protocols and other preventative measures.

SG&A expenses for 2020 were \$346.6 million (8.4% of sales) compared to \$338.7 million (9.0% of sales) last year. Reductions in discretionary spend such as travel, conferences and training, as well as advertising and promotions, were more than offset by an increase in variable compensation.

Adjusted Operating Earnings for 2020 were \$333.6 million compared to \$229.3 million last year, driven by factors noted above.

Adjusted EBITDA Margin was 12.4% compared to 10.4% last year, consistent with the factors noted above.

Plant Protein Group

Sales for 2020 were \$210.8 million compared to \$176.4 million last year, representing growth of 19.5%, or 18.1% after excluding the impacts of foreign exchange. Growth was driven by expanded distribution of new products, continued volume increases in its existing portfolio, and pricing actions implemented to mitigate inflation and other structural cost increases. An extra week in the fourth quarter of 2020 also contributed to sales growth.

Gross profit for 2020 was \$18.3 million (gross margin of 8.7%) compared to \$35.0 million (gross margin of 19.8%) last year. The decrease in gross profit was attributed to higher supply chain costs, expenses associated with the Company's response to COVID-19 to safeguard its employees and maintain production, and increased trade expenditures. Costs associated with COVID-19 consisted of increased labour expenses, personal protective equipment, screening and testing, and other preventative measures.

SG&A expenses for 2020 were \$144.0 million (68.3% of sales) compared to \$119.0 million (67.4% of sales) last year. The increase in SG&A expenses reflected 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 year to enhance awareness, renovate and relaunch brands, introduce new products and expand distribution. In addition, the Company invested to broaden organizational capacity and its pipeline of new product innovation.

Adjusted Operating Earnings for 2020 were a loss of \$125.7 million compared to a loss of \$84.0 million last year. The decline in Adjusted Operating Earnings is consistent with the factors noted above.

Other Matters

On February 24, 2021, the Board of Directors approved a quarterly dividend of \$0.18 per share (up from \$0.16 per share in each quarter of 2020), \$0.72 per share on an annual basis, payable March 31, 2021 to shareholders of record at the close of business March 8, 2021. Unless indicated otherwise by the Company at or before the time the dividend is paid, the dividend will be considered an eligible dividend for the purposes of the "Enhanced Dividend Tax Credit System".

Conference Call

A conference call will be held at 8:00 a.m. ET on February 25, 2021, to review Maple Leaf Foods' fourth quarter financial results. To participate in the call, please dial 416-764-8650 or 1-888-664-6383. For those unable to participate, playback will be made available an hour after the event at 416-764-8677 or 1-888-390-0541 (Passcode: 633647#).

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

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

The Company's 2020 audited annual consolidated financial statements and related Management's Discussion and Analysis are available on the Company's website.

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

2021 Outlook

Throughout the COVID-19 pandemic, Maple Leaf Foods has remained focused on protecting its employees and ensuring continuity of its supply chain. As a result, the current environment does increase certain operating costs and potential for short-term processing disruptions to protect the health and safety of plant personnel. Continuing COVID-19 structural costs have been incorporated in the Company's 2021 operating plan.

Maple Leaf Foods expects to achieve the following in 2021:

Meat Protein Group - Driving Profitable Growth

- Mid-to-high single digit sales growth on a 52-week comparable basis, driven by continued momentum in sustainable meats, leveraging brand renovation, and growth into the U.S. market.
- Adjusted EBITDA margin expansion, progressing towards the 2022 target of 14% -16%, driven by mix-shift benefits in prepared meats resulting from growth in sustainable meats and brand renovation, as well as operational efficiencies, while assuming pork complex conditions in-line with the 5-year average.

Plant Protein Group - Investing for Growth

- Sales growth for the year to be broadly in-line with the strategic target of 30%, excluding any impact from fluctuations in foreign exchange. Growth is expected to be driven by continued momentum in the core product line, improved velocities and distribution in the fresh line and resurgence in foodservice activity following the abatement of COVID-19 restrictions.
- Gross margin is expected to be volatile in the near-term, as benefits from structural improvements in the supply chain may be impacted by investment opportunities to drive sales growth in a rapidly evolving market, as well as ongoing effects of COVID-19.

- SG&A expenses broadly in-line with 2020 levels, excluding any impact from fluctuations in foreign exchange, while declining as a percentage of sales as the Company leverages investments in advertising, promotion and marketing to elevate the Lightlife® and Field Roast™ brand renovations, drive innovation and build scale in the business.

Capital

- The Company currently estimates its capital expenditures for the full year of 2021 will be in the range of \$550 million to \$650 million, approximately 75% of which to be comprised of Construction Capital. A significant portion of the Construction Capital is related to the London, Ontario poultry facility and other projects to add capacity and improve efficiency in our prepared meats business.
- Construction Capital also includes the intended acquisition and build-out of a plant protein facility in Indianapolis, Indiana, as announced on January 11, 2021. This 118,000 square foot facility will enable the Company to meet the growing demand for tempeh in a capital efficient manner.

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:

- *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% of pre-tax profit to advance sustainable food security.
- *Better Planet* - continuing to amplify its commitment to carbon neutrality, while focusing on eliminating waste in any resources it consumes, including food, energy, water, packaging, and time.

Non-IFRS Financial Measures

The Company uses the following non-IFRS measures: Adjusted Operating Earnings, Adjusted Earnings per Share, Adjusted EBITDA, Adjusted EBITDA Margin, Construction Capital, Net Debt, Free Cash Flow and Return on Net Assets. Management believes that these non-IFRS measures provide useful information to investors in measuring the financial performance of the Company for the reasons outlined below. These measures do not have a standardized meaning prescribed by IFRS and therefore they may not be comparable to similarly titled measures presented by other publicly traded companies and should not be construed as an alternative to other financial measures determined in accordance with IFRS.

Adjusted Operating Earnings, Adjusted EBITDA and Adjusted EBITDA Margin

Adjusted Operating Earnings, Adjusted EBITDA and Adjusted EBITDA Margin are non-IFRS measures used by Management to evaluate financial operating results. Adjusted Operating Earnings is defined as earnings before income taxes adjusted for items that are not considered representative of ongoing operational activities of the business and items where the economic impact of the transactions will be reflected in earnings in future periods when the underlying asset is sold or transferred. Adjusted EBITDA is defined as Adjusted Operating Earnings plus depreciation and intangible asset amortization, adjusted for items included in other expense that are not considered representative of ongoing operational activities of the business. Adjusted EBITDA Margin is calculated as Adjusted EBITDA divided by sales.

The 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 twelve months ended December 31, as indicated below. Management believes that these non-IFRS measures are useful in assessing the performance of the Company's ongoing operations and its ability to generate cash flows to fund its cash requirements, including the Company's capital investment program.

	Three months ended December 31, 2020				Three months ended December 31, 2019			
(\$ millions) ⁽ⁱ⁾ (Unaudited)	Meat Protein Group	Plant Protein Group	Non- Allocated ⁽ⁱⁱ⁾	Total	Meat Protein Group	Plant Protein Group	Non- Allocated ⁽ⁱⁱ⁾	Total
Earnings (loss) before income taxes	\$ 89.4	(32.3)	(21.7)	\$ 35.4	\$ 62.1	(38.2)	(0.2)	\$ 23.6
Interest expense and other financing costs	—	—	8.0	8.0	—	—	7.4	7.4
Other expense (income)	0.9	—	8.0	8.9	(0.6)	0.1	(4.1)	(4.6)
Restructuring and other related costs	1.2	—	—	1.2	5.0	—	—	5.0
Earnings (loss) from operations	\$ 91.5	(32.3)	(5.7)	\$ 53.5	\$ 66.5	(38.1)	3.0	\$ 31.4
(Increase) decrease in fair value of biological assets	—	—	(1.8)	(1.8)	—	—	(7.8)	(7.8)
Unrealized loss on derivative contracts	—	—	7.6	7.6	—	—	4.7	4.7
Adjusted Operating Earnings	\$ 91.5	(32.3)	—	\$ 59.2	\$ 66.5	(38.1)	—	\$ 28.4
Depreciation and amortization	46.5	3.6	—	50.0	43.1	3.3	—	46.4
Items included in other income (expense) representative of ongoing operations ⁽ⁱⁱⁱ⁾	(1.4)	—	1.3	(0.2)	0.6	(0.1)	—	0.5
Adjusted EBITDA	\$ 136.5	(28.7)	1.3	\$ 109.1	\$ 110.2	(34.9)	—	\$ 75.3
Adjusted EBITDA Margin	12.6 %	(54.7)%	N/A	9.7 %	11.4 %	(70.3)%	N/A	7.4 %

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

	Twelve months ended December 31, 2020				Twelve months ended December 31, 2019			
(\$ millions) ⁽ⁱ⁾ (Unaudited)	Meat Protein Group	Plant Protein Group	Non- Allocated ⁽ⁱⁱ⁾	Total	Meat Protein Group	Plant Protein Group	Non- Allocated ⁽ⁱⁱ⁾	Total
Earnings (loss) before income taxes	\$ 330.2	(125.8)	(44.5)	\$ 159.9	\$ 218.0	(84.2)	(46.8)	\$ 87.0
Interest expense and other financing costs	—	—	31.5	31.5	—	—	32.0	32.0
Other (income) expense	(0.9)	0.1	17.5	16.8	0.3	0.2	2.7	3.3
Restructuring and other related costs	4.3	—	—	4.3	11.0	—	—	11.0
Earnings (loss) from operations	\$ 333.6	(125.7)	4.5	\$ 212.4	\$ 229.3	(84.0)	(12.1)	\$ 133.3
(Increase) decrease in fair value of biological assets	—	—	(0.7)	(0.7)	—	—	5.5	5.5
Unrealized (gain) loss on derivative contracts	—	—	(3.8)	(3.8)	—	—	6.5	6.5
Adjusted Operating Earnings	\$ 333.6	(125.7)	—	\$ 207.9	\$ 229.3	(84.0)	—	\$ 145.4
Depreciation and amortization	177.6	14.4	—	192.0	164.2	12.6	—	176.8
Items included in other income representative of ongoing operations ⁽ⁱⁱⁱ⁾	(2.7)	(0.1)	0.8	(2.0)	(0.3)	(0.2)	(0.4)	(1.0)
Adjusted EBITDA	\$ 508.5	(111.4)	0.8	\$ 397.9	\$ 393.2	(71.6)	(0.4)	\$ 321.2
Adjusted EBITDA Margin	12.4 %	(52.8)%	N/A	9.2 %	10.4 %	(40.6)%	N/A	8.1 %

⁽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⁾ 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 audited consolidated statements of earnings to Adjusted Earnings per Share for the years ended December 31, as indicated below. Management believes this basis is the most appropriate on which to evaluate financial results as they are representative of the ongoing operations of the Company.

(\$ per share) (Unaudited)	Three months ended December 31,		Twelve months ended December 31,	
	2020	2019	2020	2019
Basic earnings per share	\$ 0.20	\$ 0.14	\$ 0.92	\$ 0.60
Income tax recovery not considered representative of ongoing operations	—	—	—	(0.08)
Restructuring and other related costs ⁽ⁱ⁾	0.01	0.03	0.03	0.07
Items included in other expense (income) not considered representative of ongoing operations ⁽ⁱⁱ⁾	0.06	(0.03)	0.11	0.02
Change in fair value of biological assets	(0.01)	(0.05)	—	0.03
Unrealized loss (gain) on derivatives	0.05	0.03	(0.02)	0.04
Adjusted Earnings per Share⁽ⁱⁱⁱ⁾	\$ 0.30	\$ 0.12	\$ 1.02	\$ 0.68

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

⁽ⁱⁱ⁾ Primarily includes legal fees and provisions and transaction related costs, net of tax.

⁽ⁱⁱⁱ⁾ Totals may not add due to rounding.

Construction Capital

Construction Capital, a non-IFRS measure, is used by Management to evaluate the amount of capital resources invested in specific strategic development projects that have not yet entered commercial production. It is defined as investments and related financing charges in projects over \$50.0 million that are related to longer-term strategic initiatives, with no returns expected for at least 12 months in the future and the asset will be re-categorized from Construction Capital once operational. Current strategic initiatives primarily include the investments in the London, Ontario poultry production facility, 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 facilities in Indiana. The following table is a summary of Construction Capital activity and debt financing for the periods indicated below.

(\$ thousands)	2020	2019
Opening balance at January 1	\$ 106,831	\$ 22,422
Additions	326,496	82,789
Interest paid and capitalized ⁽ⁱ⁾	7,263	1,620
Balance at December 31	\$ 440,590	\$ 106,831
Construction Capital debt financing⁽ⁱⁱ⁾	\$ 431,707	\$ 105,211

⁽ⁱ⁾ Certain comparative figures have been restated to conform with current year presentations.

⁽ⁱⁱ⁾ 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 December 31, as indicated below. The Company calculates Net Debt as cash and cash equivalents, less long-term debt and bank indebtedness. Management believes this measure is useful in assessing the amount of financial leverage employed.

(\$ thousands)	As at December 31,	
	2020	2019
Cash and cash equivalents	\$ 100,828	\$ 97,285
Current portion of long-term debt	\$ (900)	\$ (899)
Long-term debt	(745,048)	(538,429)
Total debt	\$ (745,948)	\$ (539,328)
Net Debt	\$ (645,120)	\$ (442,043)

Free Cash Flow

Free Cash Flow, a non-IFRS measure, is used by Management to evaluate cash flow after investing in the maintenance or expansion of the Company's asset base. It is defined as cash provided by operations, less cash additions to long-term assets and capitalized interest. The following table calculates Free Cash Flow for the periods indicated below:

(\$ thousands) (Unaudited)	Three months ended December 31,		Twelve months ended December 31,	
	2020	2019	2020	2019
Cash provided by operating activities	\$ 84,906	\$ 81,145	\$ 321,449	\$ 270,180
Additions to long-term assets	(179,455)	(83,474)	(432,540)	(268,095)
Interest paid and capitalized ⁽ⁱ⁾	\$ (2,968)	\$ (1,311)	(8,214)	\$ (2,650)
Free Cash Flow	\$ (97,517)	\$ (3,640)	\$ (119,305)	\$ (565)

⁽ⁱ⁾ Certain comparatives figures have been restated to conform with current year presentations.

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 African Swine Fever ("ASF")), and other social, economic and political factors that affect trade;
- competitive conditions and the Company's ability to position itself competitively in the markets in which it competes;
- capital projects, including planning, construction, estimated expenditures, schedules, approvals, expected capacity, in-service dates and anticipated benefits of construction of new facilities and expansions of existing facilities;
- the Company's dividend policy, including future levels and sustainability of cash dividends, the tax treatment thereof and future dividend payment dates;
- the impact of commodity prices on the Company's operations and financial performance, including the use and effectiveness of hedging instruments;
- expected future cash flows and the sufficiency thereof, sources of capital at attractive rates, future contractual obligations, future financing options, renewal of credit facilities, and availability of capital to fund growth plans, operating obligations and dividends;
- operating risks, including the execution, monitoring and continuous improvement of the Company's food safety programs, animal health initiatives and cost reduction initiatives;

- the implementation, cost and impact of environmental sustainability initiatives, as well as the anticipated future cost of remediating environmental liabilities;
- the adoption of new accounting standards and the impact of such adoption on the financial position of the Company;
- expectations regarding pension plan performance, including future pension plan assets, liabilities and contributions; and
- developments and implications of actual or potential legal actions.

Various factors or assumptions are typically applied by the Company in drawing conclusions or making the forecasts, projections, predictions or estimations set out in the forward-looking statements. These factors and assumptions are based on information currently available to the Company, including information obtained by the Company from third-party sources and include but are not limited to the following:

- expectations regarding the impact and future implications of COVID-19 and adaptations in operations, customer and consumer behaviour, economic patterns and international trade;
- 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, 2020.

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, 2020, that is available on SEDAR at www.sedar.com. The reader should review such section in detail. Additional information concerning the Company, including the Company's Annual Information Form, is available on SEDAR at www.sedar.com.

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

About Maple Leaf Foods Inc.

Maple Leaf Foods Inc. 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™. The Company's portfolio includes prepared meats, ready-to-cook and ready-to-serve meals, snacks kits, valued-added fresh pork and poultry, and plant protein products. The address of the Company's registered office is 6985 Financial Dr. Mississauga, Ontario, L5N 0A1, Canada. The Company employs approximately 13,500 people and does business primarily in Canada, the U.S. and Asia. The Company's shares trade on the Toronto Stock Exchange (MFI).

Consolidated Balance Sheets

(In thousands of Canadian dollars)
(Audited)

As at December 31,
2020

As at December 31,
2019

ASSETS		
Current assets		
Cash and cash equivalents	\$ 100,828	\$ 97,285
Accounts receivable	159,750	154,969
Notes receivable	31,550	31,699
Inventories	398,070	385,534
Biological assets	125,648	119,016
Income and other taxes recoverable	1,830	—
Prepaid expenses and other assets	64,517	51,494
Assets held for sale	575	34,293
	\$ 882,768	\$ 874,290
Property and equipment	1,721,487	1,386,482
Right-of-use assets	222,705	227,426
Investments	15,910	3,448
Other long-term assets	9,568	12,497
Deferred tax asset	14,070	—
Goodwill	652,501	657,179
Intangible assets	341,196	352,713
Total assets	\$ 3,860,205	\$ 3,514,035
LIABILITIES AND EQUITY		
Current liabilities		
Accounts payable and accruals	\$ 501,529	\$ 445,774
Current portion of provisions	1,529	3,973
Current portion of long-term debt	900	899
Current portion of lease obligations	79,601	39,505
Income taxes payable	27,639	205
Other current liabilities	55,849	44,698
	\$ 667,047	\$ 535,054
Long-term debt	745,048	538,429
Lease obligations	160,636	204,013
Employee benefits	188,946	116,742
Provisions	44,230	44,929
Other long-term liabilities	11,918	3,026
Deferred tax liability	109,916	121,972
Total liabilities	\$ 1,927,741	\$ 1,564,165
Shareholders' equity		
Share capital	\$ 838,969	\$ 840,005
Retained earnings	1,124,973	1,137,450
Contributed surplus	5,866	—
Accumulated other comprehensive (loss) income	(13,414)	2,793
Treasury stock	(23,930)	(30,378)
Total shareholders' equity	\$ 1,932,464	\$ 1,949,870
Total liabilities and equity	\$ 3,860,205	\$ 3,514,035

Consolidated Statements of Net Earnings

	Three months ended December 31,		Twelve months ended December 31,	
<i>(In thousands of Canadian dollars, except share amounts)</i>	2020	2019	2020	2019
	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Audited)</i>	<i>(Audited)</i>
Sales	\$ 1,129,212	\$ 1,015,969	\$ 4,303,722	\$ 3,941,545
Cost of goods sold	948,946	855,204	3,600,669	3,350,566
Gross profit	\$ 180,266	\$ 160,765	\$ 703,053	\$ 590,979
Selling, general and administrative expenses	126,760	129,356	490,659	457,681
Earnings before the following:	\$ 53,506	\$ 31,409	\$ 212,394	\$ 133,298
Restructuring and other related costs	1,214	5,025	4,284	11,004
Other expense (income)	8,891	(4,624)	16,757	3,268
Earnings before interest and income taxes	\$ 43,401	\$ 31,008	\$ 191,353	\$ 119,026
Interest expense and other financing costs	8,046	7,383	31,480	32,031
Earnings before income taxes	\$ 35,355	\$ 23,625	\$ 159,873	\$ 86,995
Income tax expense	10,001	6,168	46,596	12,367
Net earnings	\$ 25,354	\$ 17,457	\$ 113,277	\$ 74,628
Earnings per share attributable to common shareholders:				
Basic earnings per share	\$ 0.20	\$ 0.14	\$ 0.92	\$ 0.60
Diluted earnings per share	\$ 0.20	\$ 0.14	\$ 0.91	\$ 0.60
Weighted average number of shares (millions):				
Basic	123.2	123.5	123.1	123.6
Diluted	124.1	124.4	124.3	125.2

Consolidated Statements of Other Comprehensive Income (Loss)

	Three months ended December 31, Twelve months ended December 31,			
<i>(In thousands of Canadian dollars)</i>	2020	2019	2020	2019
	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Audited)</i>	<i>(Audited)</i>
Net earnings	\$ 25,354	\$ 17,457	\$ 113,277	\$ 74,628
Other comprehensive income (loss)				
Actuarial (losses) gains that will not be reclassified to profit or loss (Net of tax of \$0.7 million and \$16.1 million; 2019: \$1.8 million and \$14.1 million)	\$ (1,859)	\$ 29,938	\$ (46,822)	\$ (9,870)
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)	\$ (17,466)	\$ (4,429)	\$ (8,814)	\$ (15,992)
Change in foreign currency gain on long-term debt designated as a net investment hedge (Net of tax of \$2.6 million and \$1.4 million; 2019: \$0.6 million and \$1.5 million)	14,429	3,792	7,542	11,748
Change in unrealized gains and (losses) on cash flow hedges (Net of tax of \$0.9 million and \$5.2 million; 2019: \$0.2 million and \$0.6 million)	2,501	1,866	(14,935)	3,505
Total items that are or may be reclassified subsequently to profit or loss	\$ (536)	\$ 1,229	\$ (16,207)	\$ (739)
Total other comprehensive income (loss)	\$ (2,395)	\$ 31,167	\$ (63,029)	\$ (10,609)
Comprehensive income	\$ 22,959	\$ 48,624	\$ 50,248	\$ 64,019

Consolidated Statements of Changes in Total Equity

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

(In thousands of Canadian dollars) (Audited)	Share capital	Retained earnings	Contributed surplus	Accumulated other comprehensive income (loss) ⁽ⁱ⁾		Treasury stock	Total equity
				Foreign currency translation adjustment	Unrealized gains and losses on cash flow hedges		
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	—	74,628	—	—	—	—	74,628
Other comprehensive (loss) income(ii)	—	(9,870)	—	(4,244)	3,505	—	(10,609)
Dividends declared (\$0.58 per share)	—	(71,824)	—	—	—	—	(71,824)
Share-based compensation expense	—	—	17,935	—	—	—	17,935
Deferred taxes on share-based compensation	—	—	460	—	—	—	460
Settlement of share-based compensation	—	(20,463)	(7,028)	—	—	13,986	(13,505)
Shares purchased by RSU trust	—	—	—	—	—	(14,978)	(14,978)
Exercise of stock options	7,760	—	—	—	—	—	7,760
Repurchase of shares	(17,410)	(12,310)	(16,016)	—	—	—	(45,736)
Balance at December 31, 2019	\$ 840,005	\$ 1,137,450	\$ —	\$ 4,274	\$ (1,481)	\$ (30,378)	\$ 1,949,870

⁽ⁱ⁾ Items that are or may be subsequently reclassified to profit or loss.

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

Consolidated Statements of Cash Flows

	Three months ended December 31, Twelve months ended December 31,			
(In thousands of Canadian dollars)	2020	2019	2020	2019
CASH PROVIDED BY (USED IN):	(Unaudited)	(Unaudited)	(Audited)	(Audited)
Operating activities				
Net earnings	\$ 25,354	\$ 17,457	\$ 113,277	\$ 74,628
Add (deduct) items not affecting cash:				
Change in fair value of biological assets	(1,846)	(7,771)	(687)	5,545
Depreciation and amortization	54,324	46,437	196,266	176,796
Share-based compensation	5,140	4,583	17,301	17,935
Deferred income taxes	(18,480)	(4,126)	(5,945)	(1,323)
Income tax current	28,481	10,294	52,541	13,690
Interest expense and other financing costs	8,046	7,383	31,480	32,031
Gain on sale of long-term assets	134	(5,256)	(2,024)	(4,164)
Asset impairment	(177)	—	1,377	—
Change in fair value of non-designated derivatives	7,080	5,161	(3,947)	5,785
Change in net pension obligation	2,808	2,926	9,286	4,730
Net income taxes paid	(5,061)	(2,726)	(26,212)	(40,682)
Interest paid	(5,731)	(7,131)	(28,839)	(28,137)
Change in provision for restructuring and other related costs	(4,033)	4,179	(3,509)	8,144
Change in derivatives margin	(15,474)	(4,014)	(8,074)	(2,210)
Other	137	(412)	5,041	1,779
Change in non-cash operating working capital	4,204	14,161	(25,883)	5,633
Cash provided by operating activities	\$ 84,906	\$ 81,145	\$ 321,449	\$ 270,180
Financing activities				
Dividends paid	\$ (19,756)	\$ (17,921)	\$ (78,932)	\$ (71,824)
Net increase in long-term debt	49,861	69,861	215,601	169,491
Payment of lease obligation	(10,469)	(8,971)	(37,554)	(34,690)
Exercise of stock options	—	—	1,012	7,760
Repurchase of shares	—	(20,347)	—	(20,347)
Payment of financing fees	—	(38)	(599)	(5,635)
Purchase of treasury stock	—	—	—	(14,978)
Cash provided by financing activities	\$ 19,636	\$ 22,584	\$ 99,528	\$ 29,777
Investing activities				
Additions to long-term assets	\$ (179,455)	\$ (83,474)	\$ (432,540)	\$ (268,095)
Acquisition of business, net of cash acquired	—	—	—	(847)
Interest paid and capitalized	(2,968)	(1,311)	(8,214)	(2,650)
Proceeds from sale of long-term assets	519	7,581	37,373	7,727
Purchase of investments	—	—	(14,053)	—
Payment of income tax liabilities assumed on acquisition	—	—	—	(11,385)
Cash used in investing activities	\$ (181,904)	\$ (77,204)	\$ (417,434)	\$ (275,250)
Increase in cash and cash equivalents	\$ (77,362)	\$ 26,525	\$ 3,543	\$ 24,707
Cash and cash equivalents, beginning of period	178,190	70,760	97,285	72,578
Cash and cash equivalents, end of period	\$ 100,828	\$ 97,285	\$ 100,828	\$ 97,285