



**TSX: MFI**

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### **Maple Leaf Foods Reports Third Quarter 2020 Financial Results**

The Meat Protein Group's strategy focusing on sustainable and value-added products and geographic expansion delivers 12.1% Adjusted EBITDA Margins despite increased costs and disruptions associated with COVID-19

**Mississauga, Ontario, October 27, 2020** - Maple Leaf Foods Inc. ("Maple Leaf Foods" or the "Company") (TSX: MFI) today reported its financial results for the third quarter ending September 30, 2020.

"Maple Leaf continues to deliver on its responsibility as an essential service, its commitment to protect employees, and its support of local communities during these extraordinary times," stated Michael H. McCain, the Company's President and CEO. "I continue to be amazed and humbled by the steadfastness of our team and their ability to maintain critical infrastructure in the face of extremely challenging circumstances.

"Our operational resiliency, strong brands, and the success of our sustainable meat strategy delivered excellent results in Meat Protein in the third quarter," continued Mr. McCain. "While supply chain disruptions impacted short-term Plant Protein performance, we are seeing strong underlying consumer demand, we have implemented inspiring new brand strategies, and we are incredibly excited about the long-term prospects of this business. We have built significant growth engines at Maple Leaf Foods."

#### **Third Quarter 2020 Highlights**

- Total Company sales growth of 6.2% and Adjusted Earnings Before Interest, Taxes, Depreciation and Amortization ("EBITDA")<sup>(i)</sup> Margin of 7.8% of sales, ahead of last year.
- Meat Protein Group sales growth of 6.4% driven primarily by strong demand in the retail channel, growth in branded and sustainable meats, and increased exports to USA and Asian markets relative to last year.
- Meat Protein Group Adjusted EBITDA Margin at 12.1%, achieving a fourth consecutive quarter above 11.0% despite COVID-19 impacts, including the operational impact on the Company's Brandon, Manitoba facility due to community outbreak.
- Plant Protein Group sales growth of 9.3% (8.2% after excluding the impacts of foreign exchange). Production issues as well as the impact of COVID-19 tempered sales growth in the quarter. Adjusted EBITDA in the Plant Protein Group was a loss of \$39.6 million.
- Adjusted Operating Earnings<sup>(i)</sup> of \$36.9 million were significantly ahead of last year, as strong commercial performance in the Meat Protein Group more than offset COVID-19 costs and strategic investment in the Plant Protein Group.
- Net earnings for the quarter of \$66.0 million, compared to \$13.4 million last year, due to factors noted above, as well as a higher gain from non-cash fair value changes in biological assets and derivative contracts.
- Gross costs associated with COVID-19 were approximately \$19 million. These were partially offset by discretionary spending cuts in selling, general and administrative expenses ("SG&A"), resulting in a net impact of approximately \$12 million to total Company Adjusted EBITDA.
- Capital Expenditures were \$103.0 million, compared to \$60.5 million last year. Year-to-date capital expenditures were \$304.2 million. Both quarter and year-to-date capital expenditures were primarily related to the London, Ontario poultry facility.
- For 2020, Maple Leaf Foods continues to execute against its strategic framework, focused on profitable growth in the Meat Protein Group, and investing for growth in the Plant Protein Group.

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

## Financial Highlights

Measure <sup>(i)</sup> (Unaudited)	Three months ended September 30,			Nine months ended September 30,		
	2020	2019	Change	2020	2019	Change
Sales	\$ 1,057.2	\$ 995.8	6.2 %	\$ 3,174.5	\$ 2,925.6	8.5 %
Net Earnings (Loss)	\$ 66.0	\$ 13.4	392.0 %	\$ 87.9	\$ 57.2	53.8 %
Basic Earnings (Loss) per Share	\$ 0.54	\$ 0.11	390.9 %	\$ 0.72	\$ 0.46	56.5 %
Adjusted Operating Earnings <sup>(ii)</sup>	\$ 36.9	\$ 9.7	280.3 %	\$ 148.7	\$ 117.0	27.1 %
Adjusted Earnings per Share <sup>(ii)</sup>	\$ 0.17	\$ 0.03	466.7 %	\$ 0.73	\$ 0.55	32.7 %
Free Cash Flow <sup>(ii)</sup>	\$ 60.0	\$ 38.0	57.9 %	\$ (16.5)	\$ 4.4	(475.0)%

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

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

Sales for the third quarter of 2020 were \$1,057.2 million compared to \$995.8 million last year, an increase of 6.2%, driven by both Meat and Plant Protein Groups. Meat Protein Group sales growth is attributable primarily to increased demand in the retail channel in North America which more than offset lower volumes in foodservice. Meat Protein Group sales also benefited from strong growth in sustainable meats, exports to Asian markets and the positive impact of foreign currency translation. Plant Protein Group sales growth of 9.3% reflects investments in new products in rapidly expanding categories.

Year-to-date sales for 2020 were \$3,174.5 million compared to \$2,925.6 million last year, an increase of 8.5%. Sales growth reflects ongoing progress in key strategic areas such as sustainable meats for the Meat Protein Group with increases of 8.1%, while the Plant Protein Group delivered growth of 25.0%.

Net earnings for the third quarter of 2020 were \$66.0 million (\$0.54 per basic share) compared to \$13.4 million (\$0.11 per basic share) last year. Strong commercial performance in the Meat Protein Group more than offset costs to mitigate COVID-19 risks, strategic investment in the Plant Protein Group, as well as a favourable resolution of an income tax audit last year. Results were also impacted by a higher gain 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 \$87.9 million (\$0.72 per basic share) compared to \$57.2 million (\$0.46 per basic share) last year, driven by similar factors as noted above.

Adjusted Operating Earnings for the third quarter of 2020 were \$36.9 million compared to \$9.7 million last year, and Adjusted Earnings per Share for the third quarter of 2020 were \$0.17 compared to \$0.03 last year due to similar factors as noted above.

Year-to-date Adjusted Operating Earnings for 2020 were \$148.7 million compared to \$117.0 million last year, and Adjusted Earnings per Share for 2020 were \$0.73 compared to \$0.55 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 September 30, 2020 and September 30, 2019.

(\$ millions) <sup>(i)</sup> (Unaudited)	Three months ended September 30, 2020				Three months ended September 30, 2019			
	Meat Protein Group	Plant Protein Group	Non-Allocated <sup>(ii)</sup>	Total	Meat Protein Group	Plant Protein Group	Non-Allocated <sup>(ii)</sup>	Total
<b>Sales</b>	\$ 1,014.4	51.4	(8.6)	\$ 1,057.2	\$ 953.3	47.0	(4.5)	\$ 995.8
<b>Gross profit</b>	\$ 160.6	3.4	64.1	\$ 228.1	\$ 123.4	10.0	6.4	\$ 139.7
<b>Selling, general and administrative expenses</b>	\$ 80.7	46.5	—	\$ 127.2	\$ 78.8	44.9	—	\$ 123.7
<b>Adjusted Operating Earnings<sup>(iii)</sup></b>	\$ 80.0	(43.1)	—	\$ 36.9	\$ 44.6	(34.9)	—	\$ 9.7
<b>Adjusted EBITDA<sup>(iii)</sup></b>	\$ 122.6	(39.6)	(0.5)	\$ 82.6	\$ 85.4	(31.6)	(0.4)	\$ 53.4
<b>Adjusted EBITDA Margin<sup>(iii)</sup></b>	12.1 %	(77.0)%	N/A	7.8 %	9.0 %	(67.3)%	N/A	5.4 %

<sup>(i)</sup> Totals may not add due to rounding.

<sup>(ii)</sup> 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.

<sup>(iii)</sup> 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 nine months ended September 30, 2020 and September 30, 2019.

(\$ millions) <sup>(i)</sup> (Unaudited)	Nine months ended September 30, 2020				Nine months ended September 30, 2019			
	Meat Protein Group	Plant Protein Group	Non-Allocated <sup>(ii)</sup>	Total	Meat Protein Group	Plant Protein Group	Non-Allocated <sup>(ii)</sup>	Total
<b>Sales</b>	\$ 3,036.2	158.3	(20.0)	\$ 3,174.5	\$ 2,807.7	126.7	(8.8)	\$ 2,925.6
<b>Gross profit</b>	\$ 494.5	18.0	10.2	\$ 522.8	\$ 417.5	27.8	(15.1)	\$ 430.2
<b>Selling, general and administrative expenses</b>	\$ 252.4	111.5	—	\$ 363.9	\$ 254.7	73.6	—	\$ 328.3
<b>Adjusted Operating Earnings<sup>(iii)</sup></b>	\$ 242.1	(93.5)	—	\$ 148.7	\$ 162.8	(45.8)	—	\$ 117.0
<b>Adjusted EBITDA<sup>(iii)</sup></b>	\$ 371.9	(82.7)	(0.5)	\$ 288.8	\$ 283.0	(36.7)	(0.4)	\$ 245.9
<b>Adjusted EBITDA Margin<sup>(iii)</sup></b>	12.2 %	(52.2)%	N/A	9.1 %	10.1 %	(29.0)%	N/A	8.4 %

<sup>(i)</sup> Totals may not add due to rounding.

<sup>(ii)</sup> 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.

<sup>(iii)</sup> 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 third quarter of 2020 increased 6.4% to \$1,014.4 million compared to \$953.3 million last year, driven by an increase in demand in the retail channel in North America which more than offset lower volumes in foodservice as a result of COVID-19. Meat Protein sales also benefited from favourable mix driven by growth in sustainable meats and branded products, growth in exports to Asian markets, and positive impact of foreign currency translation.

Year-to-date sales for 2020 increased 8.1% to \$3,036.2 million compared to \$2,807.7 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 third quarter of 2020 was \$160.6 million (gross margin of 15.8%) compared to \$123.4 million (gross margin of 12.9%) 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 personal protective equipment, incremental sanitation, screening and testing and other preventative measures.

Year-to-date gross profit for 2020 was \$494.5 million (gross margin of 16.3%) compared to \$417.5 million (gross margin of 14.9%) 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 partially offset by increases in manufacturing and distribution costs due to COVID-19.

SG&A expenses for the third quarter of 2020 were \$80.7 million (8.0% of sales), compared to \$78.8 million (8.3% of sales) last year. Reductions in discretionary spend such as travel, conferences and training, as well as in advertising and promotions, were offset by an increase in performance bonus accrual.

Year-to-date SG&A expenses for 2020 were \$252.4 million (8.3% of sales), compared to \$254.7 million (9.1% of sales) last year. The change in SG&A is consistent with the factors noted above with reductions in discretionary spend and advertising and promotion more than offsetting the increase in performance bonus accrual.

Adjusted Operating Earnings for the third quarter of 2020 were \$80.0 million compared to \$44.6 million last year, driven by factors noted above.

Year-to-date Adjusted Operating Earnings for 2020 were \$242.1 million compared to \$162.8 million last year. The change in Adjusted Operating Earnings is consistent with factors noted above.

Adjusted EBITDA Margin was 12.1% compared to 9.0% last year, consistent with the factors noted above.

Year-to-date Adjusted EBITDA Margin was 12.2% compared to 10.1% 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 third quarter of 2020 were \$51.4 million compared to \$47.0 million last year, representing growth of 9.3% or 8.2% 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 \$158.3 million compared to \$126.7 million last year, representing growth of 25.0% or 22.6% after excluding the impacts of foreign exchange. Drivers to growth are consistent with the factors noted above.

Gross profit for the third quarter of 2020 was \$3.4 million (gross margin of 6.6%) compared to \$10.0 million (gross margin of 21.3%) last year. The decrease in gross profit was attributed to supply chain disruptions, amplified by COVID-19. Expenses associated with COVID-19 include labour bonus payments and personal protective equipment.

Year-to-date gross profit for 2020 was \$18.0 million (gross margin of 11.4%) compared to \$27.8 million (gross margin of 22.0%) last year. The decrease in gross profit was attributed to the factors noted above and increased trade expenditures.

SG&A expenses for the third quarter of 2020 were \$46.5 million (90.5% of sales), compared to \$44.9 million (95.5% 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 \$111.5 million (70.4% of sales), compared to \$73.6 million (58.1% of sales) last year. The change in selling, general and administrative expenses is consistent with the factors noted above.

Adjusted Operating Earnings for the third quarter of 2020 were a loss of \$43.1 million compared to a loss of \$34.9 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 \$93.5 million compared to a loss of \$45.8 million last year. The change in Adjusted Operating Earnings is consistent with factors noted above.

### **Other Matters**

On October 26, 2020, the Board of Directors approved a quarterly dividend of \$0.16 per share, \$0.64 per share on an annual basis, payable December 31, 2020 to shareholders of record at the close of business December 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 October 27, 2020, to review Maple Leaf Foods' third 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: 505518#).

A webcast of the third 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 third quarter financial results is available at [www.mapleleaffoods.com](http://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 shutdowns required to protect the health and safety of plant personnel.

In the third quarter, gross costs associated with COVID-19 were approximately \$19 million, slightly ahead of expectations due to additional costs related to the community outbreak in Brandon, Manitoba and support for our hog producers which also continues to assure hog supply. Costs were partially offset by discretionary spending savings in SG&A, resulting in a net impact of approximately \$12 million to total Company Adjusted EBITDA. For the fourth quarter of 2020, gross incremental costs associated with COVID-19 are expected to be approximately \$15 million. These costs are primarily associated with increased personal protective equipment, sanitation, screening, testing, and other preventative measures. 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 include:

### *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 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*

- Commitment to a business model that drives approximately 30% revenue growth. Due to supply chain and COVID-19 disruptions largely experienced in the third quarter, Maple Leaf Foods expects sales growth in 2020 to be slightly below this strategic target.
- Commitment to a business model that will deliver gradually improving gross margins to approximately 30% over the long-term. Due to factors noted above as well as inherent inefficiencies of a rapidly growing business, Maple Leaf Foods expects gross margin for 2020 to be below 2019 levels.
- SG&A expense is expected to be approximately \$150 million (US\$110 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*

- Maple Leaf Foods estimates that its total capital expenditures for the year will be in the range of \$450 million to \$500 million, with Construction Capital comprising approximately 70% of the spend. A significant portion of the Construction Capital is related to the London, Ontario poultry facility, as well as other projects to further capacity and efficiency improvements in our prepared meats business and investments in plant protein capacity at the Walker Drive facility in Brampton, Ontario. Estimated capital expenditures for the full year has been modified due to factors that include the impact that COVID-19 continues to have on both the pace and timing of construction and facility improvements as well as the lower expected spend for the remainder of the year at the Shelbyville, Indiana plant protein facility.

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% 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.

### **Update on Construction Capital**

Maple Leaf Foods has been purposeful in using a multi-tiered strategy to build plant protein production capacity to meet the growing demand for its products. Focused on capital stewardship, the Company continues to find ways to leverage the capacity from its existing Plant Protein manufacturing assets, while successfully utilizing footprint in the rest of its network. As a result, the Company now believes these efforts will meet its capacity needs beyond 2022, providing it greater flexibility to extend the development horizon for its proposed processing facility in Shelbyville, Indiana.

The Company recently completed a full assessment of the impact of recent events, including COVID-19, have had on the cost and timing of its London, Ontario poultry facility. While expected project completion and start-up timing remains largely unchanged, certain construction material costs have exceeded Maple Leaf Foods' initial estimates established in 2018, primarily due to the robust construction economy in Ontario, coupled with complexities associated with COVID-19. Additional engineering and design work is expected to partially mitigate this inflation, however the Company now expects the total construction costs to be approximately \$720 million, up from \$660 million as announced in November 2018.

### **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.

The health and safety of its people is paramount, while ensuring the security of the Company's food supply. In the third quarter, Maple Leaf Foods did see some disruption to its operations due to a community outbreak of COVID-19 in Brandon, Manitoba, and does expect that additional operational disruptions could occur across its network. 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 nine months ended September 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.

(\$ millions) <sup>(i)</sup> (Unaudited)	Three months ended September 30, 2020				Three months ended September 30, 2019			
	Meat Protein Group	Plant Protein Group	Non-Allocated <sup>(ii)</sup>	Total	Meat Protein Group	Plant Protein Group	Non-Allocated <sup>(ii)</sup>	Total
<b>Earnings (loss) before income taxes</b>	\$ 79.8	(43.2)	53.7	\$ 90.4	\$ 39.6	(34.9)	(2.9)	\$ 1.8
Interest expense and other financing costs	—	—	7.5	7.5	—	—	8.1	8.1
Other (income) expense	(1.6)	0.0	2.9	1.4	0.4	0.1	1.1	1.5
Restructuring and other related costs	1.7	—	—	1.7	4.6	—	—	4.6
<b>Earnings (loss) from operations</b>	\$ 80.0	(43.1)	64.1	\$ 100.9	\$ 44.6	(34.9)	6.4	\$ 16.1
(Increase) decrease in fair value of biological assets	—	—	(40.2)	(40.2)	—	—	1.3	1.3
Unrealized gain on derivative contracts	—	—	(23.9)	(23.9)	—	—	(7.7)	(7.7)
<b>Adjusted Operating Earnings</b>	\$ 80.0	(43.1)	—	\$ 36.9	\$ 44.6	(34.9)	—	\$ 9.7
Depreciation and amortization	44.1	3.6	—	47.7	41.2	3.3	—	44.5
Items included in other income (expense) representative of ongoing operations <sup>(iii)</sup>	1.3	0.0	(0.5)	(2.0)	(0.4)	(0.1)	(0.4)	(0.8)
<b>Adjusted EBITDA</b>	\$ 122.6	(39.6)	(0.5)	\$ 82.6	\$ 85.4	(31.6)	(0.4)	\$ 53.4
<b>Adjusted EBITDA Margin</b>	12.1 %	(77.0)%	N/A	7.8 %	9.0 %	(67.3)%	N/A	5.4 %

<sup>(i)</sup> Totals may not add due to rounding.

<sup>(ii)</sup> 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.

<sup>(iii)</sup> Primarily includes gain/loss on sale of long-term assets and gain/loss on equity investments.

(\$ millions) <sup>(i)</sup> (Unaudited)	Nine months ended September 30, 2020				Nine months ended September 30, 2019			
	Meat Protein Group	Plant Protein Group	Non-Allocated <sup>(ii)</sup>	Total	Meat Protein Group	Plant Protein Group	Non-Allocated <sup>(ii)</sup>	Total
<b>Earnings (loss) before income taxes</b>	\$ 240.8	(93.5)	(22.8)	\$ 124.5	\$ 155.9	(46.0)	(46.6)	\$ 63.4
Interest expense and other financing costs	—	—	23.4	23.4	—	—	24.6	24.6
Other (income) expense	(1.8)	0.1	9.6	7.9	0.9	0.1	6.8	7.9
Restructuring and other related costs	3.1	—	—	3.1	6.0	—	—	6.0
<b>Earnings (loss) from operations</b>	\$ 242.1	(93.5)	10.2	\$ 158.9	\$ 162.8	(45.8)	(15.1)	\$ 101.9
Decrease in fair value of biological assets	—	—	1.2	1.2	—	—	13.3	13.3
Unrealized (gain) loss on derivative contracts	—	—	(11.4)	(11.4)	—	—	1.8	1.8
<b>Adjusted Operating Earnings</b>	\$ 242.1	(93.5)	—	\$ 148.7	\$ 162.8	(45.8)	—	\$ 117.0
Depreciation and amortization	131.1	10.9	—	141.9	121.1	9.3	—	130.4
Items included in other income (expense) representative of ongoing operations <sup>(iii)</sup>	(1.3)	(0.1)	(0.5)	(1.8)	(0.9)	(0.1)	(0.4)	(1.5)
<b>Adjusted EBITDA</b>	\$ 371.9	(82.7)	(0.5)	\$ 288.8	\$ 283.0	(36.7)	(0.4)	\$ 245.9
<b>Adjusted EBITDA Margin</b>	12.2 %	(52.2)%	N/A	9.1 %	10.1 %	(29.0)%	N/A	8.4 %

<sup>(i)</sup> Totals may not add due to rounding.

<sup>(ii)</sup> 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.

<sup>(iii)</sup> Primarily includes insurance settlements, gain/loss on sale of long-term assets and gain/loss on equity investments.

## Adjusted Earnings per Share

Adjusted Earnings per Share, a non-IFRS measure, is used by Management to evaluate financial operating results. It is defined as basic earnings per share and is adjusted on the same basis as Adjusted Operating Earnings. The table below provides a reconciliation of basic earnings per share as reported under IFRS in the consolidated financial statements to Adjusted Earnings per Share for the three and nine months ended September 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 September 30,		Nine months ended September 30,	
	2020	2019	2020	2019
Basic earnings per share	\$ 0.54	\$ 0.11	\$ 0.72	\$ 0.46
Income tax recovery not considered representative of ongoing operations	—	(0.08)	—	(0.08)
Restructuring and other related costs <sup>(i)</sup>	0.01	0.03	0.02	0.04
Items included in other expense not considered representative of ongoing operations <sup>(ii)</sup>	—	0.01	0.05	0.04
Change in fair value of biological assets	(0.24)	0.01	0.01	0.08
Unrealized loss (gain) on derivatives	(0.14)	(0.05)	(0.07)	0.01
<b>Adjusted Earnings per Share</b>	<b>\$ 0.17</b>	<b>\$ 0.03</b>	<b>\$ 0.73</b>	<b>\$ 0.55</b>

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

<sup>(ii)</sup> 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
<b>Opening balance at January 1</b>	\$ 105,211	\$ 22,422
Additions	56,926	18,100
<b>Balance at March 31</b>	\$ 162,137	\$ 40,522
Additions	62,760	23,127
<b>Balance at June 30</b>	\$ 224,897	\$ 63,649
Additions	72,083	15,832
<b>Balance at September 30</b>	\$ 296,980	\$ 79,481
<b>Construction Capital debt financing<sup>(i)</sup></b>	\$ 296,980	\$ 79,481

<sup>(i)</sup> 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 September 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 September 30,	
	2020	2019
<b>Cash and cash equivalents</b>	\$ 178,190	\$ 70,760
Current portion of long-term debt	\$ (937)	\$ (887)
Long-term debt	(712,147)	(472,990)
<b>Total debt</b>	\$ (713,084)	\$ (473,877)
<b>Net Debt</b>	\$ (534,894)	\$ (403,117)



## 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) (Unaudited)	Three months ended September 30,		Nine months ended September 30,	
	2020	2019	2020	2019
Cash provided by operating activities	\$ 135,202	\$ 97,772	\$ 236,544	\$ 189,035
Additions to long-term assets	(75,167)	(59,774)	(253,085)	(184,621)
<b>Free Cash Flow</b>	<b>\$ 60,035</b>	<b>\$ 37,998</b>	<b>\$ (16,541)</b>	<b>\$ 4,414</b>

## 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, 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](http://www.sedar.com). Refer to the section, Risk Factors, of the Company's Management's Discussion and Analysis for the three and nine months ended September 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](http://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

<i>(In thousands of Canadian dollars) (Unaudited)</i>	As at September 30, 2020	As at September 30, 2019 <sup>(i)</sup>	As at December 31, 2019 <sup>(i)</sup>
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	\$ 178,190	\$ 70,760	\$ 97,285
Accounts receivable	136,827	151,479	154,969
Notes receivable	32,107	32,418	31,699
Inventories	401,339	384,115	385,534
Biological assets	121,828	108,558	119,016
Income and other taxes recoverable	—	2,107	—
Prepaid expenses and other assets	50,156	37,815	51,494
Assets held for sale	734	37,044	34,293
	<b>\$ 921,181</b>	<b>\$ 824,296</b>	<b>\$ 874,290</b>
Property and equipment	1,576,653	1,346,625	1,386,482
Right-of-use assets	230,771	229,864	227,426
Investments	16,398	3,127	3,448
Other long-term assets	10,121	11,506	12,497
Deferred tax asset	5,900	—	—
Goodwill	661,599	659,612	657,179
Intangible assets	351,587	350,898	352,713
Total assets	<b>\$ 3,774,210</b>	<b>\$ 3,425,928</b>	<b>\$ 3,514,035</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Current liabilities</b>			
Accounts payable and accruals	\$ 468,113	\$ 406,697	\$ 445,774
Current portion of provisions	2,710	2,701	3,973
Current portion of long-term debt	937	887	899
Current portion of lease obligations	41,797	39,650	39,505
Income taxes payable	3,482	—	205
Other current liabilities	35,572	31,166	44,698
	<b>\$ 552,611</b>	<b>\$ 481,101</b>	<b>\$ 535,054</b>
Long-term debt	712,147	472,990	538,429
Lease obligations	207,072	205,750	204,013
Employee benefits	183,563	154,276	116,742
Provisions	43,773	46,020	44,929
Other long-term liabilities	18,303	2,583	3,026
Deferred tax liability	117,622	116,091	121,972
Total liabilities	<b>\$ 1,835,091</b>	<b>\$ 1,478,811</b>	<b>\$ 1,564,165</b>
<b>Shareholders' equity</b>			
Share capital	\$ 845,986	\$ 851,068	\$ 840,005
Retained earnings	1,121,233	1,120,286	1,137,450
Contributed surplus	8,708	4,577	—
Accumulated other comprehensive (loss) income	(12,878)	1,564	2,793
Treasury stock	(23,930)	(30,378)	(30,378)
Total shareholders' equity	<b>\$ 1,939,119</b>	<b>\$ 1,947,117</b>	<b>\$ 1,949,870</b>
Total liabilities and equity	<b>\$ 3,774,210</b>	<b>\$ 3,425,928</b>	<b>\$ 3,514,035</b>

<sup>(i)</sup> Certain comparative figures have been restated to conform with current year presentation.

# Consolidated Interim Statements of Net Earnings

<i>(In thousands of Canadian dollars, except share amounts)</i> <i>(Unaudited)</i>	<b>Three months ended September 30,</b>		<b>Nine months ended September 30,</b>	
	<b>2020</b>	2019	<b>2020</b>	2019
Sales	\$ 1,057,169	\$ 995,787	\$ 3,174,510	\$ 2,925,576
Cost of goods sold	829,055	856,070	2,651,723	2,495,362
Gross profit	\$ 228,114	\$ 139,717	\$ 522,787	\$ 430,214
Selling, general and administrative expenses	127,165	123,650	363,899	328,325
Earnings before the following:	\$ 100,949	\$ 16,067	\$ 158,888	\$ 101,889
Restructuring and other related costs	1,732	4,588	3,070	5,979
Other expense	1,378	1,534	7,866	7,892
Earnings before interest and income taxes	\$ 97,839	\$ 9,945	\$ 147,952	\$ 88,018
Interest expense and other financing costs	7,474	8,137	23,434	24,648
Earnings before income taxes	\$ 90,365	\$ 1,808	\$ 124,518	\$ 63,370
Income tax expense (recovery)	24,389	(11,601)	36,595	6,199
Net earnings	\$ 65,976	\$ 13,409	\$ 87,923	\$ 57,171
Earnings per share attributable to common shareholders:				
Basic earnings per share	\$ 0.54	\$ 0.11	\$ 0.72	\$ 0.46
Diluted earnings per share	\$ 0.53	\$ 0.11	\$ 0.71	\$ 0.46
Weighted average number of shares (millions):				
Basic	123.2	123.8	123.2	123.7
Diluted	124.6	125.2	124.3	125.4

# Consolidated Interim Statements of Other Comprehensive Income (Loss)

<i>(In thousands of Canadian dollars)</i> <i>(Unaudited)</i>	<b>Three months ended September 30,</b>		<b>Nine months ended September 30,</b>	
	<b>2020</b>	2019	<b>2020</b>	2019
Net earnings	\$ <b>65,976</b>	\$ 13,409	\$ <b>87,923</b>	\$ 57,171
Other comprehensive income (loss)				
Actuarial (losses) gains that will not be reclassified to profit or loss (Net of tax of \$0.2 million and \$15.4 million; 2019: \$1.8 million and \$14.1 million)	\$ <b>(677)</b>	\$ 5,192	\$ <b>(44,963)</b>	\$ (39,808)
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)	\$ <b>(4,885)</b>	\$ 4,154	\$ <b>8,652</b>	\$ (11,563)
Change in foreign currency gain on long-term debt designated as a net investment hedge (Net of tax of \$0.8 million and \$1.2 million; 2019: \$0.6 million and \$1.5 million)	<b>4,413</b>	(3,505)	<b>(6,887)</b>	7,956
Change in unrealized gains and (losses) on cash flow hedges (Net of tax of \$0.5 million and \$6.1 million; 2019: \$0.2 million and \$0.6 million)	<b>1,383</b>	(461)	<b>(17,436)</b>	1,639
Total items that are or may be reclassified subsequently to profit or loss	\$ <b>911</b>	\$ 188	\$ <b>(15,671)</b>	\$ (1,968)
Total other comprehensive income (loss)	\$ <b>234</b>	\$ 5,380	\$ <b>(60,634)</b>	\$ (41,776)
Comprehensive income	\$ <b>66,210</b>	\$ 18,789	\$ <b>27,289</b>	\$ 15,395

# Consolidated Interim Statements of Changes in Total Equity

(In thousands of Canadian dollars) (Unaudited)	Accumulated other comprehensive income (loss) <sup>(i)</sup>						
	Share capital	Retained earnings	Contributed surplus	Foreign currency translation adjustment	Unrealized gains and losses on cash flow hedges	Treasury stock	Total equity
<b>Balance at December 31, 2019</b>	<b>\$ 840,005</b>	<b>1,137,450</b>	<b>—</b>	<b>4,274</b>	<b>(1,481)</b>	<b>(30,378)</b>	<b>\$1,949,870</b>
Net earnings	—	87,923	—	—	—	—	87,923
Other comprehensive income (loss) <sup>(ii)</sup>	—	(44,963)	—	1,765	(17,436)	—	(60,634)
Dividends declared (\$0.48 per share)	—	(59,177)	—	—	—	—	(59,177)
Share-based compensation expense	—	—	12,161	—	—	—	12,161
Deferred taxes on share-based compensation	—	—	400	—	—	—	400
Exercise of stock options	1,012	—	—	—	—	—	1,012
Settlement of share-based compensation Change in obligation for repurchase of shares	—	—	(9,738)	—	—	6,448	(3,290)
	4,969	—	5,885	—	—	—	10,854
<b>Balance at September 30, 2020</b>	<b>\$ 845,986</b>	<b>1,121,233</b>	<b>8,708</b>	<b>6,039</b>	<b>(18,917)</b>	<b>(23,930)</b>	<b>\$1,939,119</b>

(In thousands of Canadian dollars) (Unaudited)	Accumulated other comprehensive income (loss) <sup>(i)</sup>						
	Share capital	Retained earnings	Contributed surplus	Foreign currency translation adjustment	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	—	57,171	—	—	—	—	57,171
Other comprehensive income (loss) <sup>(ii)</sup>	—	(39,808)	—	(3,607)	1,639	—	(41,776)
Dividends declared (\$0.44 per share)	—	(53,903)	—	—	—	—	(53,903)
Share-based compensation expense	—	—	13,352	—	—	—	13,352
Deferred taxes on share-based compensation	—	—	1,160	—	—	—	1,160
Change in obligation for repurchase of shares	(6,347)	—	(7,556)	—	—	—	(13,903)
Exercise of stock options	7,760	—	—	—	—	—	7,760
Settlement of share-based compensation	—	(20,463)	(7,028)	—	—	13,986	(13,505)
Shares purchased by RSU trust	—	—	—	—	—	(14,978)	(14,978)
<b>Balance at September 30, 2019</b>	<b>\$ 851,068</b>	<b>1,120,286</b>	<b>4,577</b>	<b>4,911</b>	<b>(3,347)</b>	<b>(30,378)</b>	<b>\$1,947,117</b>

<sup>(i)</sup> Items that are or may be subsequently reclassified to profit or loss.

<sup>(ii)</sup> 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

<i>(In thousands of Canadian dollars) (Unaudited)</i>	Three months ended September 30,		Nine months ended September 30,	
	2020	2019 <sup>(i)</sup>	2020	2019 <sup>(i)</sup>
<b>CASH PROVIDED BY (USED IN):</b>				
<b>Operating activities</b>				
Net earnings	\$ 65,976	\$ 13,409	\$ 87,923	\$ 57,171
Add (deduct) items not affecting cash:				
Change in fair value of biological assets	(40,176)	1,289	1,159	13,316
Depreciation and amortization	47,699	44,534	141,942	130,359
Share-based compensation	4,320	3,948	12,161	13,352
Deferred income taxes	19,432	(2,897)	12,535	2,803
Income tax current	4,957	(8,704)	24,060	3,396
Interest expense and other financing costs	7,474	8,137	23,434	24,648
(Gain) loss on sale of long-term assets	(2,724)	375	(2,158)	1,092
Asset impairment (impairment reversal)	(18)	—	1,554	—
Change in fair value of non-designated derivatives	(23,693)	(6,450)	(11,027)	624
Interest on lease obligation				
Change in net pension obligation	2,059	854	6,478	1,804
Net income taxes paid	(12,807)	(7,172)	(21,151)	(37,956)
Interest paid	(8,536)	(7,264)	(23,108)	(21,006)
Change in provision for restructuring and other related costs	910	3,819	524	3,965
Change in derivatives margin	19,194	(721)	7,400	1,804
Other	3,386	2,255	4,905	2,191
Change in non-cash operating working capital	47,749	52,360	(30,087)	(8,528)
Cash provided by operating activities	\$ 135,202	\$ 97,772	\$ 236,544	\$ 189,035
<b>Financing activities</b>				
Dividends paid	\$ (19,871)	\$ (17,993)	\$ (59,177)	\$ (53,903)
Net increase in long-term debt	1,018	(667)	165,740	99,630
Payment of lease obligation	(8,971)	(8,848)	(27,085)	(25,719)
Exercise of stock options	239	4,789	1,012	7,760
Payment of financing fees	—	(769)	(599)	(5,597)
Purchase of treasury stock	—	(9,978)	—	(14,978)
Cash (used in) provided by financing activities	\$ (27,585)	\$ (33,466)	\$ 79,891	\$ 7,193
<b>Investing activities</b>				
Additions to long-term assets	\$ (75,167)	\$ (59,774)	\$ (253,085)	\$ (184,621)
Acquisition of business, net of cash acquired	—	—	—	(847)
Capitalization of interest expense	(2,235)	(770)	(5,246)	(1,339)
Proceeds from sale of long-term assets	36,846	71	36,854	146
Purchase of investments	(100)	—	(14,053)	—
Payment of income tax liabilities assumed on acquisition	—	—	—	(11,385)
Cash used in investing activities	\$ (40,656)	\$ (60,473)	\$ (235,530)	\$ (198,046)
<b>Increase (decrease) in cash and cash equivalents</b>	<b>\$ 66,961</b>	<b>\$ 3,833</b>	<b>\$ 80,905</b>	<b>\$ (1,818)</b>
Cash and cash equivalents, beginning of period	111,229	66,927	97,285	72,578
Cash and cash equivalents, end of period	\$ 178,190	\$ 70,760	\$ 178,190	\$ 70,760

<sup>(i)</sup> Certain comparative figures have been restated to conform with current year presentation.