

LAND O'LAKES, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	For the six months ended June 30,	
	2020	2019
	(\$ in thousands)	
Cash Flows from operating activities:		
Net earnings	\$ 118,325	\$ 138,982
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation and amortization	122,137	122,358
Amortization of deferred financing costs	731	780
Non-cash patronage income	(2,856)	(3,343)
Gain on divestiture of a business	—	(6,073)
Equity in earnings of affiliated companies	(29,679)	(25,895)
Dividends from investments in affiliated companies	17,152	19,469
Other	(423)	3,408
Changes in assets and liabilities, net of acquisitions and divestitures:		
Receivables	(331,631)	(373,181)
Inventories	292,117	91,252
Prepays and other current assets	984,094	1,325,246
Accounts payable	(392,800)	(311,646)
Customer advances	(1,340,941)	(1,555,244)
Accrued liabilities	143,402	231,268
Other assets	615	(5,999)
Other liabilities	(7,272)	(17,501)
Net cash used by operating activities	(427,029)	(366,119)
Cash Flows from investing activities:		
Additions to property, plant and equipment	(71,571)	(91,983)
Acquisitions, net of cash acquired	(213)	(338)
Investments in affiliates	(4,550)	(2,593)
Net proceeds from sale of investments	1,500	177
Proceeds from sale of property, plant and equipment	6,131	2,103
Change in notes receivable	(8,461)	(570)
Other	(79)	2,300
Net cash used by investing activities	(77,243)	(90,904)
Cash Flows from financing activities:		
Increase in short-term debt	410,113	539,272
Proceeds from issuance of long-term debt	1,291	1,192
Principal payments on long-term debt and capital lease obligations	(1,121)	(88)
Cash patronage and payments for redemption of member equities	(152,587)	(179,405)
Preferred stock dividends paid	(28,662)	(28,662)
Other	(4,184)	(14,116)
Net cash (used by) provided by financing activities	224,850	318,193
Effect of exchange rate changes on cash and cash equivalents	(2,984)	(1,093)
Net increase (decrease) in cash and cash equivalents	(279,422)	(138,830)
Cash and cash equivalents at beginning of the period	335,714	201,005
Cash and cash equivalents at end of the period	\$ 53,308	\$ 61,082
Supplementary Disclosure of Cash Flow Information		
Cash paid during periods for:		
Interest	\$ 38,412	\$ 41,416
Income taxes	1,552	777

LAND O'LAKES, INC.
CONSOLIDATED BALANCE SHEETS

	June 30, 2020	December 31, 2019
	(Unaudited)	
	(\$ in thousands)	
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 53,308	\$ 335,714
Receivables, net	2,234,601	1,912,695
Inventories	2,058,481	2,358,462
Prepaid assets	136,938	1,054,830
Other current assets	265,214	93,554
Total current assets	4,748,542	5,755,255
Investments	348,942	331,863
Property, plant and equipment, net	1,562,297	1,611,327
Goodwill	562,206	566,564
Other intangibles, net	417,363	442,451
Other assets	194,267	191,844
Total assets	\$ 7,833,617	\$ 8,899,304
LIABILITIES AND EQUITIES		
Current liabilities:		
Notes and short-term obligations	\$ 622,373	\$ 209,304
Current portion of long-term debt	36,614	37,175
Accounts payable	1,326,088	1,717,487
Customer advances	317,511	1,660,058
Accrued liabilities	1,003,552	664,291
Patronage refunds and other member equities payable	64,193	129,604
Total current liabilities	3,370,331	4,417,919
Long-term debt	1,057,118	1,066,116
Employee benefits and other liabilities	550,393	542,653
Commitments and contingencies	—	—
Equities:		
Preferred Stock	747,645	747,645
Common stock	689	696
Additional paid-in capital	301,672	301,889
Member equities	1,229,585	1,247,083
Retained earnings	854,937	835,787
Accumulated other comprehensive loss	(291,828)	(272,908)
Total Land O'Lakes, Inc. equity	2,842,700	2,860,192
Noncontrolling interests	13,075	12,424
Total equities	2,855,775	2,872,616
Total liabilities and equities	\$ 7,833,617	\$ 8,899,304

LAND O'LAKES, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2020	2019	2020	2019
	(\$ in thousands)			
Net sales	\$ 3,544,989	\$ 3,820,561	\$ 7,307,927	\$ 7,314,063
Cost of sales	3,211,485	3,487,943	6,629,654	6,612,064
Gross profit	<u>333,504</u>	<u>332,618</u>	<u>678,273</u>	<u>701,999</u>
Selling, general and administrative	258,555	246,373	548,235	539,813
Earnings from operations	<u>74,949</u>	<u>86,245</u>	<u>130,038</u>	<u>162,186</u>
Interest expense, net	15,538	22,891	28,375	36,376
Other expense, net	1,834	5,348	3,667	(939)
Equity in earnings of affiliated companies	<u>(30,537)</u>	<u>(25,285)</u>	<u>(29,679)</u>	<u>(25,880)</u>
Earnings before income taxes	<u>88,114</u>	<u>83,291</u>	<u>127,675</u>	<u>152,629</u>
Income tax (benefit) expense	6,508	7,963	9,350	13,647
Net earnings	<u>81,606</u>	<u>75,328</u>	<u>118,325</u>	<u>138,982</u>
Less: net earnings attributable to noncontrolling interests	693	64	828	222
Net earnings attributable to Land O'Lakes, Inc.	<u>\$ 80,913</u>	<u>\$ 75,264</u>	<u>\$ 117,497</u>	<u>\$ 138,760</u>
Applied to:				
Member equities				
Allocated patronage	\$ 42,603	\$ 58,167	\$ 84,048	\$ 118,306
Deferred equities	12,971	2,185	(9,182)	(24,591)
	<u>55,574</u>	<u>60,352</u>	<u>74,866</u>	<u>93,715</u>
Retained earnings	25,339	14,912	42,631	45,045
	<u>\$ 80,913</u>	<u>\$ 75,264</u>	<u>\$ 117,497</u>	<u>\$ 138,760</u>

LAND O'LAKES, INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE EARNINGS
(Unaudited)

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2020	2019	2020	2019
	(\$ in thousands)			
Net earnings	\$ 81,606	\$ 75,328	\$ 118,325	\$ 138,982
Other comprehensive earnings, net of tax				
Pension and other postretirement adjustments, net of tax	3,597	4,008	7,195	8,017
Cash flow hedge adjustments, net of tax	(661)	(1,170)	(9,260)	(1,666)
Foreign currency translation adjustments, net of tax	5,362	4,110	(17,839)	5,311
Total other comprehensive earnings (loss)	8,298	6,948	(19,904)	11,662
Comprehensive earnings	89,904	82,276	98,421	150,644
Less: comprehensive earnings (loss) attributable to noncontrolling interests	837	161	(281)	551
Comprehensive earnings attributable to Land O'Lakes, Inc.	<u>\$ 89,067</u>	<u>\$ 82,115</u>	<u>\$ 98,702</u>	<u>\$ 150,093</u>