

LAND O'LAKES, INC.
CONSOLIDATED BALANCE SHEETS

	September 30, 2020	December 31, 2019
	(Unaudited)	
	(\$ in thousands)	
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 42,956	\$ 335,714
Receivables, net	2,104,612	1,912,695
Inventories	2,075,592	2,358,462
Prepaid assets	142,328	1,054,830
Other current assets	85,235	93,554
Total current assets	4,450,723	5,755,255
Investments	347,101	331,863
Property, plant and equipment, net	1,531,858	1,611,327
Goodwill	562,762	566,564
Other intangibles, net	407,222	442,451
Other assets	206,914	191,844
Total assets	\$ 7,506,580	\$ 8,899,304
LIABILITIES AND EQUITIES		
Current liabilities:		
Notes and short-term obligations	\$ 735,465	\$ 209,304
Current portion of long-term debt	36,275	37,175
Accounts payable	1,233,041	1,717,487
Customer advances	127,764	1,660,058
Accrued liabilities	783,193	664,291
Patronage refunds and other member equities payable	69,634	129,604
Total current liabilities	2,985,372	4,417,919
Long-term debt	1,051,370	1,066,116
Employee benefits and other liabilities	559,196	542,653
Commitments and contingencies	—	—
Equities:		
Preferred Stock	747,645	747,645
Common stock	700	696
Additional paid-in capital	301,672	301,889
Member equities	1,244,980	1,247,083
Retained earnings	884,853	835,787
Accumulated other comprehensive loss	(283,054)	(272,908)
Total Land O'Lakes, Inc. equity	2,896,796	2,860,192
Noncontrolling interests	13,846	12,424
Total equities	2,910,642	2,872,616
Total liabilities and equities	\$ 7,506,580	\$ 8,899,304

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

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2020	2019	2020	2019
	(\$ in thousands)			
Net sales	\$ 2,945,762	\$ 2,983,433	\$ 10,253,689	\$ 10,297,496
Cost of sales	2,621,864	2,723,353	9,251,518	9,335,417
Gross profit	<u>323,898</u>	<u>260,080</u>	<u>1,002,171</u>	<u>962,079</u>
Selling, general and administrative	276,740	253,401	824,975	793,214
Earnings from operations	<u>47,158</u>	<u>6,679</u>	<u>177,196</u>	<u>168,865</u>
Interest expense, net	11,926	21,155	40,301	57,531
Other expense, net	1,291	10,382	4,958	9,443
Equity in earnings of affiliated companies	<u>(12,092)</u>	<u>(11,678)</u>	<u>(41,771)</u>	<u>(37,558)</u>
Earnings before income taxes	<u>46,033</u>	<u>(13,180)</u>	<u>173,708</u>	<u>139,449</u>
Income tax benefit	<u>(19,617)</u>	<u>(25,092)</u>	<u>(10,266)</u>	<u>(11,445)</u>
Net earnings	<u>65,650</u>	<u>11,912</u>	<u>183,974</u>	<u>150,894</u>
Less: net earnings attributable to noncontrolling interests	625	245	1,452	467
Net earnings attributable to Land O'Lakes, Inc.	<u>\$ 65,025</u>	<u>\$ 11,667</u>	<u>\$ 182,522</u>	<u>\$ 150,427</u>
Applied to:				
Member equities				
Allocated patronage	\$ 11,610	\$ 2,177	\$ 95,658	\$ 120,483
Deferred equities	9,566	(1,702)	384	(26,293)
	<u>21,176</u>	<u>475</u>	<u>96,042</u>	<u>94,190</u>
Retained earnings	43,849	11,192	86,480	56,237
	<u>\$ 65,025</u>	<u>\$ 11,667</u>	<u>\$ 182,522</u>	<u>\$ 150,427</u>

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

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2020	2019	2020	2019
	(\$ in thousands)			
Net earnings	\$ 65,650	\$ 11,912	\$ 183,974	\$ 150,894
Other comprehensive earnings, net of tax				
Pension and other postretirement adjustments, net of tax	3,598	4,008	10,793	12,025
Cash flow hedge adjustments, net of tax	723	(2,571)	(8,537)	(4,237)
Foreign currency translation adjustments, net of tax	4,588	(1,562)	(13,252)	3,749
Total other comprehensive earnings (loss)	8,909	(125)	(10,996)	11,537
Comprehensive earnings	74,559	11,787	172,978	162,431
Less: comprehensive earnings (loss) attributable to noncontrolling interests	760	(127)	477	424
Comprehensive earnings attributable to Land O'Lakes, Inc.	<u>\$ 73,799</u>	<u>\$ 11,914</u>	<u>\$ 172,501</u>	<u>\$ 162,007</u>

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

	For the nine months ended	
	September 30,	
	2020	2019
	(\$ in thousands)	
Cash Flows from operating activities:		
Net earnings	\$ 183,974	\$ 150,894
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation and amortization	183,401	183,320
Amortization of deferred financing costs	1,396	1,147
Non-cash patronage income	(4,448)	(5,591)
Deferred income tax benefit	3,363	(4,386)
Gain on divestiture of a business	—	(8,456)
Equity in earnings of affiliated companies	(40,555)	(37,720)
Dividends from investments in affiliated companies	29,093	26,969
Other	9,796	262
Changes in assets and liabilities, net of acquisitions and divestitures:		
Receivables	(211,434)	(305,951)
Inventories	284,153	89,249
Prepays and other current assets	976,806	1,353,789
Accounts payable	(487,317)	(485,189)
Customer advances	(1,531,663)	(1,706,713)
Accrued liabilities	100,550	106,617
Other assets	476	(6,246)
Other liabilities	2,200	(21,191)
Net cash used by operating activities	<u>(500,209)</u>	<u>(669,196)</u>
Cash Flows from investing activities:		
Additions to property, plant and equipment	(102,470)	(155,672)
Acquisitions, net of cash acquired	(60)	(337)
Investments in affiliates	(7,320)	(12,143)
Net proceeds from sale of investments	1,500	4,677
Proceeds from sale of property, plant and equipment	1,859	3,665
Change in notes receivable	(14,725)	4,897
Other	9,211	2,924
Net cash used by investing activities	<u>(112,005)</u>	<u>(151,989)</u>
Cash Flows from financing activities:		
Increase in short-term debt	521,488	914,869
Proceeds from issuance of long-term debt	1,301	1,285
Principal payments on long-term debt and capital lease obligations	(1,822)	(6,364)
Cash patronage and payments for redemption of member equities	(152,885)	(181,113)
Preferred stock dividends paid	(42,993)	(42,993)
Other	(4,183)	(14,114)
Net cash provided by financing activities	<u>320,906</u>	<u>671,570</u>
Effect of exchange rate changes on cash and cash equivalents	(1,450)	(1,830)
Net decrease in cash and cash equivalents	(291,308)	(149,615)
Cash and cash equivalents at beginning of the period	335,714	201,005
Cash and cash equivalents at end of the period	<u>\$ 42,956</u>	<u>\$ 49,560</u>
Supplementary Disclosure of Cash Flow Information		
Cash paid during periods for:		
Interest	\$ 54,492	\$ 61,938
Income taxes	228	772