



February 25, 2021

To the Shareholders of Maple Leaf Foods:

As we ushered in 2020, excited by the potential of a new decade, with new opportunities and outlooks, none of us anticipated the life-changing events that were about to unfold. Seemingly overnight, a devastating virus swept the globe, weakening economies, disrupting governments, displacing businesses, and dramatically changing, perhaps forever, the ways we live, work and think. And during this pandemic, further tragedies sparked a poignant call to rise up against centuries of racial discrimination and injustice that continue to pervade society.

In the face of this adversity and presented with challenges that are the test of a generation, we drew on our team members' strength, commitment and depth of character. In response to COVID-19, and consistent with our Safety Promise, we pivoted quickly to take immediate action. We implemented aggressive new health and safety measures to protect our people and communities, while continuing to safely deliver nutritious food and offering support to those who needed it most. In addition to protecting our frontline workers, we made the call early to shift our office teams to a virtual work environment. We benefited from our prior investments in robust digital platforms and innovation, which allowed us to almost seamlessly shift how we work. The result has been remarkable business stability through a tumultuous time, during which we moved quickly to meet changing customer and consumer needs while continuing to advance our strategic priorities.

In total, we spent \$58M in COVID response efforts in 2020, from implementing internal safeguards, to providing support for our hog producers, frontline healthcare workers and for emergency food relief. Additionally, as we felt the heartbreak fueling the Black Lives Matter movement, we listened intently to marginalized communities' voices, seeking first to understand, then deeply reflect on how to do better, taking steps to make meaningful progress forward, inside and outside our walls. We are committed to this critical work, with several initiatives underway, rooted in our desire to create diverse and inclusive teams at all levels. As we embark on 2021, we know that there is much left to do.

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As an organization, we remain committed to the path of shared value and to building an enduring company, a leader in the North American food sector that makes a broader difference in society. Our vision is *to be the most sustainable protein company on earth*, encompassing our food, our impact on the environment and nature, the animals under our care, and the broader communities in which we operate. True to the ethos of shared value, we seek to find the intersection of where we can create competitive advantage and sustainable growth for years to come, through tackling complex societal issues. This year, our clear strategic vision enabled us to move forward meaningfully on significant initiatives in each of these four pillars, while managing the extraordinary demands on our people and business tied to the pandemic.

We are laser-focused on our long-term goals. As part of meeting our ambitious growth and financial objectives, we are leveraging our brands' strength, building on the momentum in sustainable meats and investing in innovation and growth in the high potential plant protein market. We are also continuing to advance our aggressive carbon management strategy, by maintaining carbon neutrality now while acting to meet our Science Based Targets for reduction in emissions. Supporting this, we are investing in high-impact environmental projects to meaningfully reduce greenhouse gases.

Our deep commitment to reduce food insecurity in Canada by 50% by 2030 is gaining momentum through funding, cross-sector relationship building and advocacy. Last year, the Maple Leaf Centre for Action on Food Security board approved a strategy that lays out the key actions that will realize this goal. We have also significantly advanced our animal care agenda, from implementing controlled climate transportation in poultry to reaching our goal of 100% gestation crate-free housing in our hog barns by the end of 2021. Propelled by the shift to working remotely, we have accelerated our push to embrace a digital future, harnessing technology to transform everything from how we work to how we engage with our customers and consumers.

Collective action is more important than ever, as the pandemic has created new inequalities and exacerbated old ones. For me, 2020 was a year of intense listening and learning. As much progress as we made, there is so much more to be done. We have set ambitious plans, and we must collaborate to ensure execution remains a priority as we seek to build a world where everyone thrives. In many ways, 2021 may be an even more impactful year in history if we use the lessons we've been taught to build a better "new normal." Fighting the pandemic has shown the power of unified efforts to solve challenging problems, and I plan to continue advocating for awareness and action that benefits from collaboration across all sectors and government.

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Our enduring financial growth and prosperity represent a crucial enabling pillar for becoming the most sustainable protein company on earth. Over the last decade, we've shifted our meat protein business structural margin from low single digits towards our strategic target of 14-16% Adjusted EBITDA margin by 2022. More recently, we've driven topline growth and value in our plant-based protein business. With a clear mandate and mission, we continue to execute against this long-term blueprint.

In our meat business, we are executing our strategies in prepared meat, poultry and pork, with a clear path to deliver our target margin through continued growth in sustainable meats, the sustained benefit of our packaged meats brand renovation, and our cost culture. Looking beyond 2022, we still have plenty of fuel in the tank as we broaden our reach in packaged meats, with leading differentiated brands, key category investments, and initiatives to increase manufacturing asset utilization. Our pork business will drive further growth by focusing on sustainable meat, animal care and primal optimization initiatives, while capitalizing on international growth prospects. Our poultry business will continue to be powered by rising consumption in a supply-managed industry, expanding our leading Prime brand and the estimated 200 basis points of total company EBITDA margin benefit from our \$720M capital investment in a new scale poultry facility. I am grateful for the long-term pipeline of opportunities in front of us and the best-in-class talent who continue to deliver on our track record of execution excellence.

Our long-term focus, alongside commitment to strong and disciplined execution, provided resilience to our business while facing the unique challenges of 2020. While I am grateful to be in this industry, our decisions and culture enabled us to achieve excellent results. Our meat business, representing 95% of our revenue, grew market share and accelerated topline results (+11.3%) while delivering record Adjusted EBITDA (\$508M) and margin (12.4%). These results were only possible due to the strength of our brands and the incredible performance of our supply chain. We were able to keep up with the rising retail sales as a result of the pandemic, while unlocking new levels of efficiency and effectiveness in our network. These strengths enabled us to overcome the challenges in foodservice, international trade and market volatility.

As a key player in the fast plant protein market, we are quickly seeing the plant-based protein category shift from niche to mainstream. Although our actual growth rate of 20% fell short of our strategic 30% target in plant-based protein in 2020, we remain committed to our invest for growth strategy and building our position as a market leader. After an excellent front-half to the year, with sales up 34% compared to prior year, the pandemic impacted vital building blocks to maintaining this momentum in the back-half, including delays in product innovation and our

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foodservice pipeline, along with acute supply chain challenges. Our product portfolio is extensive, and our performance continues to excel in the produce section of retail grocery, while we are focused on increasing both velocity and distribution in our new innovation categories. Evidence points to accelerated adoption of plant protein, and 2020 was a critical year for repositioning our brands and providing a foundation for more innovation in the years to come. Operating in this dynamic category, we will remain nimble in our execution.

We've struck a great mix of initiatives across our company, blending topline growth and margin enhancement, driven by our shared value ethos. Combined, our sustainable meat and plant-based protein products now represent 20% of our annual sales, generating a compounded growth rate in excess of 25% over the last three years. This shift in business mix over the last 5 years represents an incredible repositioning of our business into high-growth categories, in an industry that is typically satisfied with low single-digit growth.

The pandemic has revealed our foundational strength, our ability to adapt and our resilience. As a result, we have kept our people safe, maintained operational stability and delivered profitable growth. Yet, other challenges remain at our front door; fighting the climate crisis, more advances in animal care, further reducing reliance on antibiotics in animal production, and alleviating structural food insecurity. We continue to progress towards our long-term vision of building a financially sustainable enterprise that creates enduring value for all stakeholders by embracing these challenges and creating business opportunity by being part of the solution.

Perhaps the year's greatest lesson is this: when we leverage the collective strength of our company, the people who power it and our larger society, we can feed a nation, deliver solid financial returns and demonstrate leadership in advancing critical social and environmental change. This is the path that continues to bring meaning to our work, sets us apart and will deliver value to all our stakeholders.

Sincerely,

Michael H. McCain
President and Chief Executive Officer