

THS Maple Holdings Ltd.

MANAGEMENT'S DISCUSSION & ANALYSIS

Three months ended September 30, 2025 and 2024



The following management discussion and analysis ("MD&A") of THS Maple Holdings Ltd. ("THS" or "the Company") provides a review of corporate developments, results of operations and financial position for the three-month period ended September 30, 2025 compared with the three-month period ended September 30, 2024. This discussion is prepared as of November 25, 2025. The results reported in this MD&A have been prepared in accordance with International Financial Reporting Standards ("IFRS") and are presented in Canadian dollars, which is the Company's functional currency.

Information contained herein is presented as of November 25, 2025, unless otherwise indicated. These interim unaudited consolidated financial statements were approved for issuance by the Board of Directors on November 25, 2025.

Additional information about the Company can be found on the Company's website (www.turkeyhill.ca) or on the Canadian Securities Administrators' System for Electronic Document Analysis and Retrieval+ ("SEDAR+") website at www.sedarplus.ca. Such information includes interim financial statements and MD&A, audited annual financial statements and various notices and news releases.

FORWARD-LOOKING STATEMENTS

This MD&A contains forward-looking statements. Forward-looking statements can often be identified by the use of words such as "plans", "expects" or "does not expect", "is expected", "estimates", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or state that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained in this MD&A. Such forward-looking statements are based on a number of assumptions which may prove to be incorrect, including, but not limited to, the ability of the Company to obtain necessary financing, the economy generally, conditions in the target market of the Company, consumer interest in the services and products of the Company, competition and anticipated and unanticipated costs. Such statements could also be materially affected by environmental regulation, taxation policies, competition, the lack of available and qualified personnel or management, stock market volatility and the ability to access sufficient capital from internal or external sources. Actual results, performance or achievement could differ materially from those expressed herein. While the Company anticipates that subsequent events and developments may cause its views to change, the Company specifically disclaims any obligation to update these forward-looking statements, except as required by applicable law. These forward-looking statements should not be relied upon as representing the Company's views as of any date subsequent to the date of this MD&A. Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described

in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. Readers should not place undue reliance on forward-looking statements. The factors identified above are not intended to represent a complete list of the factors that could affect the Company.

THE MAPLE INDUSTRY

Canada is the leading producer and exporter of maple products in the world. The biggest concentration of maple trees is located in the Province of Québec which provides by itself approximately 72% of the world's production of maple syrup. The only other significant producer is the US with a share of about 20% of the global supply.

Maple syrup production takes place over a period of six to eight weeks during the months of March and April of each year. The maple syrup producers in Québec are represented by the Producteurs et Productrices Acéricoles du Québec ("PPAQ") which regulates and controls the supply of maple syrup, which can change from year to year due to uncertain and unpredictable weather conditions. This situation has resulted in the creation of a Global Strategic Reserve by the PPAQ so that low/high production years or unplanned high/low demand years would not cause unreasonable and disruptive price increases/decreases for producers and ultimately to consumers.

The PPAQ announced in June 2025 that its annual harvest yielded 225 million pounds of maple syrup and that it added 7 million new taps which will eventually increase the average annual production by about 25 million pounds of maple syrup.

PRICING

Syrup prices are established as per an annual marketing agreement between the PPAQ and the Maple Industry Council outlining minimum prices to be paid to the PPAQ for any maple syrup purchased from the producers. Prices are determined on an annual basis and vary according to the grade of the maple syrup.

COMPANY OVERVIEW

THS Maple Holdings Ltd. sells and distributes maple syrup and maple flavored products to retail partners and direct to consumers in Canada and over 20 other countries. In its facility in Granby Quebec, the Company purchases, stores and bottles maple syrup in over 100 different formats under its proprietary brands Turkey Hill, Echo Mountain, Herman's 76 and New England Maple Farms. Working with its manufacturing partners, THS also sells products such as cookies, candies, chocolates and beverages, all with maple flavoring, under the same brands.

The Company is committed to achieving its sales objectives through its diversified distribution network, which is focused on the gift and souvenir markets, specialty food retailers and domestic markets in countries around the world. While the COVID-19 pandemic had a significant impact on the Company's sales between March 2020 and late 2022, demand has returned and THS' sales volumes have surpassed pre-pandemic levels.

The Company's mission is to build lasting, mutually beneficial relationships with channel partners, maple syrup producers, suppliers and employees. To meet this goal, the Company continues to make significant investments in production efficiency, brand marketing and product innovation. Based on its analysis of the market and the increasing demand for natural sweeteners, the Company believes that the growth prospects for the domestic and international maple products markets are positive.

These interim consolidated unaudited statements cover the three-month period between July 1, 2025 and September 30, 2025, while the comparative amounts cover the same interim period for the 2024 year.

GOING CONCERN

The consolidated net income (loss) and comprehensive income (loss) for the three months ended September 30, 2025 was (\$2,687) (net income and comprehensive income of \$43,421 for the three months in 2024). Additionally, the Company reported consolidated cash flows from operations (before changes in non-cash working capital) of \$141,988 for the three-months ended September 30, 2025 (cash flows from operations of \$155,527 for the three-months ended September 30, 2024). As at September 30, 2025, the Company had a consolidated accumulated deficit of \$10,184,335 (June 30, 2025 - \$10,181,648) and a consolidated working capital of \$1,445,474 (June 30, 2025, a consolidated working capital of \$1,238,778).

The operations and consolidated net income for the three months ended September 30, 2025 resulted in the Company still being in breach of all of its bank covenants under the terms of its credit line agreement. A tolerance letter has been requested by the Company from the bank since the annual audited consolidated financial statements have been approved by the Company's Board of Directors.

In response to recurring operating losses and negative cash flows from previous operating activities, the Company is undertaking a number of programs (additional storage and distribution sites in Canada and the US, international sales expansion) to enhance its sales and future cash flows, to meet its obligations and to fund its ongoing business operations.

The Company's ability to meet the covenant measurements under the terms of its credit agreement with its lender is still dependent upon continued improvement in profitable commercial operations, continued funding support from its lender and shareholders, and new equity and debt placements. However, there can be no assurance that management will be successful in this regard. These financial statements do not include any adjustments to the carrying value of assets or liabilities, to the recoverable amounts or the reported expenses and statement of financial position classifications that would be necessary if the going concern assumption were inappropriate, and these adjustments could be material.

RECENT EVENTS AND HIGHLIGHTS

- Revenue for the three-month period ended September 30, 2025 year reached \$4.92 million compared to \$4.67 million for the three-month period ended September 30, 2024, an increase of 5.4% even though the Company experienced significant supply shortfalls in one of its major product categories (cookies). This situation affected most of the market as product sourcing comes from a limited number of suppliers. This revenue shortfall is estimated at approx. \$1M for the current quarter.
- Gross margin for the three-month period ended September 30, 2025 was 26.4% vs. 24.7% for the same period last year. The gross margin (in %) for the current financial year continued its improvement and is approaching the Company's target.
- In July 2025, the bank overdraft facility for an authorized amount of \$750,000, out of which \$600,000 was guaranteed by the EDC, was repaid by the Company through loans from companies controlled by directors for \$375,000; the balance of \$374,595 outstanding at the time was then repaid on July 31, 2025 from the Company's available overdraft cash availabilities.
- In September 2025, the Company signed a Licence Agreement (the "Agreement") providing for the rental of a portion of a Grande Prairie, Alberta mall's premises to operate a retail kiosk. This Agreement is effective on October 1, 2025 and will expire on September 30, 2026. As part of the Agreement, the Company will pay a fixed minimum rental fee as well as a percentage fee calculated as a portion of the kiosk's gross revenue.
- In September 2025, the Company signed an Offer to Lease Agreement (the "Lease") providing for the location of approximately 4,400 square feet of warehouse and office space in Delta, BC. This Agreement is effective on November 1, 2025 for a two-year term, and will enable the Company to better serve and supply its BC-area customers by significantly reducing transit time and reducing corresponding freight costs.

RESULTS OF CONSOLIDATED OPERATIONS (UNAUDITED)

	September 30, 2025	September 30, 2024
	<u>\$</u>	<u>\$</u>
Sales	4,918,526	4,666,560
Cost of sales	3,619,736	3,512,310
Gross profit	1,298,790	1,154,250
Operating expenses		
Selling expenses	378,310	409,137
Administrative expenses	683,309	563,679
	1,061,619	972,816
Operating income	237,171	181,434
Finance costs	249,722	145,064
Other income	(9,864)	(7,187)
	239,858	137,877
Income (loss) before income taxes	(2,687)	43,557
Income tax expense	-	136
Net income (loss) and comprehensive income (loss) for the period	(2,687)	43,421
Net income (loss) per share		
Basic and diluted	-	0.001

- Revenue for the three-month period ended September 30, 2025 financial year reached \$4.92 million compared to \$4.67 million for the three-month period ended September 30, 2024, an increase of 5.4% (see “Recent Events and Highlights” section above). However, the Company experienced significant shortfalls in cookie deliveries in the second half of the current quarter.
- Gross margin for the three-month period ended September 30, 2025 was 26.4% vs. 24.7% for the three-month period ended September 30, 2024. The gross margin (in %) for the current financial period continued its improvement and is approaching the Company’s target.
- Selling expenses amounted to \$378K for the three-month period ended September 30, 2025 compared to \$419K for the three months ended September 30, 2024 reflecting a higher proportion of sales to major clients compared to commissionable sales to land border crossing and souvenir shops.
- Administrative expenses totaled \$683K for the three-month period ended September 30, 2025 compared to \$564K for the three months ended September 30, 2024. This increase is primarily due to higher professional fees.

- Finance costs amounted to \$250K for the three-month period ended September 30, 2025 compared to \$145K for the three-months ended September 30, 2024 reflecting a higher borrowing position during the current quarter.
- EBITDA increased by \$91K to \$392K for the three-month period ended September 30, 2025 from \$301K for the three-month period ended September 30, 2024 due to the steady sales increase and the slight improvement in gross profit.

NON-IFRS FINANCIAL MEASURES

Management uses net loss and comprehensive loss as presented in the unaudited interim condensed consolidated statements of net loss and comprehensive loss as well as "EBITDA" as a measure to assess performance of the Company. EBITDA is a supplemental financial measure to further assist readers in assessing the Company's ability to generate income from operations before considering the Company's financing decisions, depreciation of property, plant and equipment and amortization of intangible assets. EBITDA comprises gross profit less operating costs before financial expenses, depreciation and amortization, non-cash expenses such as one-time and other unusual items, and income tax.

EBITDA does not represent the actual cash provided by the operating activities nor is it a recognized measure of financial performance under IFRS. Readers are cautioned that this measure should not be considered as a replacement for those as per the unaudited interim condensed consolidated financial statements prepared under IFRS. The Company's definitions of this non-IFRS financial measure may differ from those used by other companies.

The Company calculates EBITDA as follows:

	Three months ended <u>September 30, 2025</u>	Three months ended <u>September 30, 2024</u>
	\$	\$
Net income (loss) and comprehensive income (loss) for the period	(2,687)	43,421
Finance costs	249,722	145,064
Depreciation and amortization	140,660	112,106
Share-based remuneration expense	4,015	-
Income tax expense	-	136
EBITDA	<u>391,710</u>	<u>300,727</u>

LIQUIDITY AND CAPITAL RESOURCES (UNAUDITED)

	September 30, 2025	June 30, 2025
	\$	\$
ASSETS		
Current		
Cash	186,852	79,782
Trade and other receivables	2,203,526	2,063,358
Inventories	6,804,272	6,070,252
Prepaid expenses	330,369	216,202
	<u>9,525,019</u>	<u>8,429,594</u>
Non-current		
Property and equipment	785,703	673,529
Intangible assets	150,768	179,737
Right-of-use assets	2,235,475	2,313,770
	<u>12,696,965</u>	<u>11,596,630</u>
LIABILITIES		
Current		
Bank indebtedness	4,146,726	3,412,307
Bank demand loans	171,322	926,476
Trade and other payables	3,037,267	2,076,357
Deferred revenues	165,782	217,228
Current portion of balance of purchase price	66,667	66,667
Current portion of lease liabilities	491,781	491,781
	<u>8,079,545</u>	<u>7,190,816</u>
Non-current		
Non-current portion of lease liabilities	2,012,682	2,062,019
Loans from companies controlled by two directors	4,095,000	3,820,000
Non-current portion of balance of purchase price	48,718	64,103
	<u>14,235,945</u>	<u>13,136,938</u>
SHAREHOLDERS' DEFICIENCY		
Share capital	8,232,020	8,232,020
Contributed surplus	413,335	409,320
Deficit	(10,184,335)	(10,181,648)
TOTAL SHAREHOLDERS' DEFICIENCY	<u>(1,538,980)</u>	<u>(1,540,308)</u>
TOTAL SHAREHOLDERS' DEFICIENCY AND LIABILITIES	<u>12,696,965</u>	<u>11,596,630</u>

- The working capital position continued to improve compared to June 30, 2025 (\$1.45M vs \$1.24M) as a result of the current period's continuing strong sales.
- The bank overdraft, for a maximum authorized amount of \$5,000,000, bears interest at prime rate. The Company is required to respect certain covenants. As at September 30, 2025, the Company is not in compliance with all of its covenants and has requested a tolerance letter from the bank.

- The Company’s leases are real estate leases for office, production and warehouse space located in Granby and in Vermont.
- Higher inventory levels as at September 30, 2025 compared to June 30, 2025 (\$6.80M compared to \$6.07M) reflect the Company’s commitment to support current and future sales volume increases for the current financial year following the Company’s agreement to buy maple syrup from the Producteurs et Productrices Acéricoles du Québec (“PPAQ”) in fiscal year 2025. As of September 30, 2025, the Company has \$1.46M remaining to pay related to this agreement.

CAPITALIZATION

The Company has basic number of common shares outstanding at each reporting date as follows:

	September 30, 2025	June 30, 2025
Common shares	<u>60,339,100</u>	<u>60,339,100</u>

RISKS TO THE COMPANY

THS operates in a competitive market. While the Company manages its manufacturing and distribution processes to continually monitor risks, some are beyond the Company’s control. The list below are some of these risks but is not meant to be all of the potential risks involved in operating the Company.

Seasonality of Demand and Sales - The Company’s business is affected by seasonality, which results in fluctuations in our operating results. THS experiences moderate to significant fluctuations in aggregate sales volume during the year. Revenues in the late fall and winter months are traditionally lower than late spring and summer months. However, the mix of product sales may vary considerably from time to time as a result of changes in seasonal demand and activities.

Reliance on Manufacturing and Supply Partners – As discussed in the Company Overview, THS works with third party partners to supply materials for the bottling and packaging of its maple syrup products as well as manufacturing partners for its other products, such as cookies and chocolate. In some cases, the Company has established redundancy in supply, but not all, due to competitive or other reasons . As a result, the Company relies on strong relationships and can be impacted by the issues facing its partners.

Supply of Maple Syrup – Yields in the annual seasonal maple syrup production can vary from one year to the next, both in terms of production volume and in terms of availability of various grades. This can lead to the potential use of more expensive grades depending on the availability of required syrup products during the bottling process.

Transportation and Distribution Delays – THS uses third party transportation companies to deliver the large majority of its products to its customers. Events such as weather delays, labour disruptions and availability of delivery vehicles may delay the delivery of product from time to time. Delays in transportation may also affect the delivery of supplies (such as bottles or boxes) required to prepare a customer order. As a result, the Company uses a number of different distribution partners in part to minimize the impact of issues facing an individual partner.

Events Affecting Demand of THS' Products – In addition to seasonality, certain events may affect the demand of the Company's products including a general economic slowdown or a global health emergency that restricts travel. While very difficult to predict, a situation like the impact of COVID-19, can have a material effect on the sales of the Company.

Global Financial Conditions including Currency Exchange Rates – THS' facilities are located in Canada and in the US, but its sales are made locally and to other parts of the world including the United States, Europe and Asia. Some of its manufacturing supplies come from other countries as well. The Company is subject to currency fluctuations that may help or hurt operating margins as it is often difficult to "pass on" the potential unfavorable impact of such fluctuations to the customer within a season.

Strength of Its Retail Partners – As most of the Company's sales are through retail partners, the financial strength of the retailers is important to the growth of THS. The failure of a larger customer could have a material effect on the Company's sales for a prolonged period of time.

SUBSEQUENT EVENTS

On October 1, 2025, the Company began operations at its kiosk in Grande Prairie, AB. This is the Company's second retail location, building upon its presence in the Old Port of Montreal, QC.

On November 1, 2025, the Company began to benefit from the use of its warehouse and distribution centre in Delta, BC. The facility will enable the Company to better serve and supply its BC-area customers and reduce corresponding freight costs.

STRATEGIC OUTLOOK AND DIRECTION

The Company benefits from selling products that are made from natural and organic sources. There is a trend toward less processed foods and sweeteners that are chemical free. Maple syrup meets these criteria. In addition, its production produces low carbon output and is largely immune from some of the current impacts of climate change due to the maturity of sugar maple trees. The Company expects the demand for maple and maple-flavored products to increase considerably over the next 3 to 5 years due to health trends and growth in international travel.

The Company's revenues have surpassed pre-pandemic levels despite the fact that some of its more traditional sales channels have not fully recovered. Management expects continued improvement in established channels; in addition, it is also investing in emerging opportunities to diversify its customer base geographically and to address higher margin direct-to-consumer (retail) channels.

THS continues to see significant growth opportunities in many countries around the world, including the United States. With the opening of its warehouse and distribution center in Vermont, the Company is well positioned to build its new brand, New England Maple Farms, in the American market and address any concerns over any increased regulations over foreign products in the coming years. THS has analyzed the impact of proposed tariffs on all of its Canadian products sold to the US and believes that if enacted, they would be detrimental to American bottlers as well given that they source much of their syrup from Canada. In addition, the uncertainty caused by the potential tariffs is causing customers in other parts of the world to diversify away, and in some cases replace, US suppliers of maple syrup and products. This has created an opportunity for THS.

The industry in which THS operates is highly fragmented; there are several small providers of products to the channels that the Company serves. THS sees opportunity for consolidation over the coming years to be able to grow the market in an efficient manner.
