



CANADA PACKERS INC.

Management's Discussion and Analysis
For the fiscal year ended December 27, 2025

Management's Discussion and Analysis

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Management's Discussion and Analysis

All dollar amounts are presented in Canadian dollars unless otherwise noted.

March 3, 2026

The following Management's Discussion and Analysis ("MD&A") of Canada Packers Inc.'s ("Canada Packers" or the "Company") financial condition and results of operations for the fiscal years ended December 27, 2025 and December 28, 2024 should be read in conjunction with the audited Consolidated Financial Statements and related notes as at and for the fiscal year ended December 27, 2025 (the "Consolidated Financial Statements") and the other financial information referenced elsewhere in this MD&A. These financial statements, presented in Canadian dollars, were prepared in accordance with IFRS Accounting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and using the accounting policies described within.

Unless otherwise specified, all information in this MD&A is as of December 27, 2025 and all amounts are in Canadian dollars.

Additional information relating to Canada Packers is available on SEDAR+ at www.sedarplus.ca.

1. COMPANY OVERVIEW

Canada Packers is a global leader in sustainably produced, premium quality, value-added pork products, built on a legacy of excellence and innovation. It is among North America's largest producers of Raised Without Antibiotic ("RWA") pork and is a key supplier of RWA and conventional pork products to customers in Canada, the U.S., Japan, and other international markets.

Canada Packers' two processing facilities in Brandon, Manitoba and Lethbridge, Alberta have the capacity to process 4.9 million hogs annually. Approximately 45% of the hogs Canada Packers currently processes at its two facilities are raised by Canada Packers, and approximately 55% are sourced from third-party suppliers.

The address of Canada Packers' registered office is 6985 Financial Dr., Suite 201, Mississauga, Ontario, L5N 0A1, Canada.

Canada Packers employs approximately 3,700 people in its processing facilities, hog production activities and head office.

Canada Packers' shares trade on the Toronto Stock Exchange under the symbol "CPKR". As at March 3, 2026, there are 29,736,736 common shares issued and outstanding.

2. SELECTED FINANCIAL INFORMATION

The following table summarizes selected financial information for the years ended December 27, 2025 and December 28, 2024:

(in millions of Canadian dollars except per share amounts)	Three months ended		For the years ended		
	December 27, 2025	December 28, 2024	December 27, 2025	December 28, 2024	December 30, 2023
Sales	\$ 429.4	\$ 424.0	\$ 1,836.4	\$ 1,658.5	\$ 1,649.0
Earnings	\$ 23.2	\$ 50.6	\$ 106.3	\$ 108.3	\$ (27.1)
Basic earnings per share	\$ 0.78	\$ 1.70	\$ 3.58	\$ 3.64	\$ (0.91)
Diluted earnings per share	\$ 0.78	\$ 1.70	\$ 3.57	\$ 3.64	\$ (0.91)
Cash dividends per share	\$ 0.23	\$ —	\$ 0.23	\$ —	\$ —
Total assets	\$ 923.9	\$ 794.5	\$ 923.9	\$ 794.5	\$ 682.3
Total long-term liabilities	\$ 497.9	\$ 109.8	\$ 497.9	\$ 109.8	\$ 78.5
Cash provided by operating activities	\$ 49.2	\$ 32.7	\$ 208.9	\$ 117.3	\$ 27.2

The following table summarizes selected adjusted financial information for the years ended December 27, 2025 and December 28, 2024:

(\$ millions except Adjusted EBITDA margin % and RONA %)	Three months ended		For the year ended	
	December 27, 2025	December 28, 2024	December 27, 2025	December 28, 2024
Adjusted Operating Earnings ⁽ⁱ⁾	\$ 34.5	\$ 34.7	\$ 160.3	\$ 98.8
Adjusted EBITDA ⁽ⁱ⁾	\$ 46.3	\$ 45.1	\$ 207.5	\$ 146.1
Adjusted EBITDA margin ⁽ⁱ⁾	10.8 %	10.6 %	11.3 %	8.8 %
Adjusted Earnings per Share ⁽ⁱ⁾	\$ 0.63	\$ 0.79	\$ 3.55	\$ 2.26
Adjusted Free Cash Flow ⁽ⁱ⁾	\$ 18.3	\$ 34.9	\$ 145.0	\$ 110.1
Net Debt ⁽ⁱ⁾	\$ 341.7		\$ 341.7	
RONA ⁽ⁱ⁾⁽ⁱⁱ⁾			17.0 %	11.1 %

⁽ⁱ⁾ Represents a non-IFRS measure. For more information, see the Non-IFRS Financial Measures section elsewhere in this document.

⁽ⁱⁱ⁾ The RONA measures presented for both periods do not represent the capital and operating structures in place for 2026, and are not representative of management expectations of future performance.

3. THE SPIN-OFF

The predecessors to the Company - one being a corporation also named Canada Packers Inc. ("Subco") and the other being a corporation named 16923534 Canada Inc. ("Newco") - were incorporated under the Canada Business Corporations Act (the "CBCA") on December 9, 2024 and April 17, 2025, respectively, in connection with Maple Leaf Foods Inc.'s ("Maple Leaf Foods") spin-off of the Pork Operations (as defined below) into an independent, publicly-traded company, pursuant to an arrangement under section 192 of the CBCA (the "Spin-Off"). In connection with the Spin-Off, Subco and Newco amalgamated on October 1, 2025 under the CBCA to form the Company. For the period from the date of its incorporation to July 28, 2025, Subco did not conduct any business activities other than those required for its formation. For the period from the date of its incorporation to October 1, 2025, Newco did not conduct any business activities other than those required for its formation.

Before July 28, 2025, the business that is now operated by the Company consisted of the Pork Operations that were at the time operated by Maple Leaf Foods and its affiliates consisting of, among other things, agricultural and hog production operations, primary pork processing, and a national and global sales and distribution network for fresh and frozen pork products, and included all the assets and liabilities pertaining thereto that were held, directly or indirectly, by Maple Leaf Foods and its affiliates (but excluding the ham boning operations at the Lagimodiere prepared meats facility) ("Pork Operations"). In contemplation of the separation of the Pork Operations from Maple Leaf Foods pursuant to the Spin-Off, Canada Packers entered into a Separation Agreement and various other agreements with Maple Leaf Foods as of July 28, 2025, to transfer the Pork Operations to Subco, as a predecessor to Canada Packers, and to provide a framework for Subco's relationship with Maple Leaf Foods, including a Supply Agreement, a Long-Term Services Agreement, a Support Services Agreement, a Pensions and Benefits Agreement and an Employment Matters Agreement (collectively, the "Spin-Off Agreements"). The material Spin-Off Agreements were filed on SEDAR+ on October 1, 2025. Subco was a wholly owned subsidiary of Maple Leaf Foods until October 1, 2025.

The purpose of the Spin-Off was to separate Maple Leaf Foods into two independent, publicly listed companies: Maple Leaf Foods and Canada Packers. Upon the completion of the Spin-Off, the assets and liabilities of the Pork Operations were held by Canada Packers, and Maple Leaf Foods shareholders received, for each common share of Maple Leaf Foods (each, a "MLF Common Share") held before the Spin-Off, one MLF Common Share and 0.2 of a common share of Canada Packers, with Maple Leaf Foods retaining a 16.0% ownership interest in Canada Packers. References herein to Maple Leaf Foods, where the context requires, refer only to the non-Canada Packers activities of Maple Leaf Foods. References below to the Company or Canada Packers include (1) prior to July 28, 2025, the Pork Operations, (2) on and after July 28, 2025, but prior to October 1, 2025, Subco (as a predecessor to the Company), and (3) on and after October 1, 2025, Canada Packers as an independent, publicly listed company, in each case except where the context otherwise requires. For additional information regarding the Spin-Off, please see "The Arrangement" section of the Management Information Circular of Maple Leaf Foods dated May 1, 2025 and filed on Maple Leaf Foods' SEDAR+ profile on May 12, 2025 (the "Circular").

4. INTERNAL CONTROLS OVER FINANCIAL REPORTING

As a result of the year ended December 27, 2025 being the first financial reporting period following the completion of the Spin-Off, Canada Packers will file the alternative form of annual certificate in connection with the filing of this MD&A and the related Consolidated Financial Statements, namely Form 52-109F1-IPO/RTO, which is the form of certificate required to be filed by non-venture issuers under National Instrument 52-109 – Certification of Disclosure in Issuers' Annual and Interim Filings ("NI 52-109") in certain circumstances where the first financial period that ends after an issuer becomes a reporting issuer is a financial year.

In contrast to the usual certificate required for non-venture issuers under NI 52-109, namely, Form 52-109F1, the alternative form of certificate in Form 52-109F1 - IPO/RTO does not include representations relating to the establishment and maintenance of disclosure

controls and procedures ("DC&P") and internal control over financial reporting ("ICFR"), as defined in NI 52-109. In particular, the certifying officers of Canada Packers filing such certificate are not making any representations relating to the establishment and maintenance of:

i. controls and other procedures designed to provide reasonable assurance that information required to be disclosed by Canada Packers in its annual filing or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and

ii. a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Financial Statements for external purposes in accordance with IFRS.

The certifying officers of Canada Packers are however responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in the alternative form of certificate, including that, having exercised reasonable diligence, the Consolidated Financial Statements and this MD&A do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, with respect to the period covered; and, that the Consolidated Financial Statements and together with the other financial information included in this MD&A fairly present in all material respects the financial condition, results of financial performance and cash flows of Canada Packers, as of the date and for the periods presented. Investors should be aware that inherent limitations on the ability of Canada Packers' certifying officers to design and implement on a cost-effective basis DC&P and ICFR as defined in NI 52-109 in the first financial period following the completion of the Spin-Off may result in additional risks to the quality, reliability, transparency, and timeliness of interim and annual filings and other reports provided under securities legislation.

5. KEY INDICATORS OF PERFORMANCE

To evaluate Canada Packers' performance, management monitors a number of key indicators, which are described below.

Sales

Canada Packers recognizes revenue from the sale of fresh pork primarily within Canada, Asia, and the United States. The Company's sales are to Maple Leaf Foods' prepared foods business, and also to other third parties through retail, food service and industrial channels. Sales are primarily impacted by commodity prices, hog volumes processed, mix of demand in different channels and geographies and foreign exchange.

Gross profit

Gross profit refers to sales less cost of goods sold. Cost of goods sold primarily consists of costs associated with the raising, purchasing, and processing of hogs and is primarily impacted by feed input costs, hog prices and the costs of labour and overhead in processing facilities. Unrealized mark-to-market changes in valuations of biological assets and derivatives associated with hog costs are also included in gross profit. Since July 28, 2025, cost of goods sold has also included the cost of ham-boning co-manufacturing services provided by Maple Leaf Foods.

Selling, general and administrative expenses

Selling, general and administrative expenses ("SG&A") primarily consists of costs required to run the business that are not involved with the direct production of goods, such as selling, marketing, administrative, advertising and promotional expenses. It also includes functional costs that are directly incurred, and (prior to July 28, 2025) costs indirectly allocated from Maple Leaf Foods for support functions such as information services, finance, and human resources. These expenses are primarily impacted by inflation, variable compensation, and the timing of project and consulting spend. Since July 28, 2025, SG&A has also included costs for services provided by Maple Leaf Foods for information services, brokerage fees in respect of sales to certain North American customers, licensing fees in respect of intellectual property, as well as incremental costs associated with being a standalone public company that were not previously incurred. For more information, see the sections in the Circular under the headings "The Arrangement – Transaction Agreements – Long-Term Services Agreement" and "The Arrangement - Transition Agreements - Transition Services Agreement."

Interest expense

Interest expense consists of interest on leases attributable directly to Canada Packers and is primarily impacted by interest rates. Following the completion of the Spin-Off, interest expense includes also interest payable on credit facilities entered into by the Company. This additional interest expense is impacted by changes in interest rates, as well as the amount of borrowings required to fund future investment decisions made by Canada Packers management. Historically all debt and related financing costs, other than those associated with lease obligations used directly in the operations of Canada Packers, have been incurred corporately by Maple Leaf Foods and have not been recorded or allocated to Canada Packers. As a result, interest expense and financing costs presented in the Consolidated Financial Statements differ significantly from the interest expense and financing costs Canada Packers might have incurred if it had operated as an independent group during the reporting periods presented.

Income tax expense (recovery)

Canada Packers' income tax expense (recovery) is primarily a function of its earnings before taxes.

Adjusted Operating Earnings, Adjusted Earnings Before Interest, Taxes, Depreciation and Amortization ("Adjusted EBITDA"), Adjusted Earnings Before Taxes ("Adjusted EBT"), Free Cash Flow and Adjusted Free Cash Flow

Management uses Adjusted Operating Earnings, Adjusted EBITDA and Adjusted EBT to monitor Canada Packers' overall performance, as it believes these measures more accurately reflect the structural performance of the business. These metrics exclude fair value adjustments on items that will be realized in future periods, as well as items not considered representative of ongoing operations.

Management uses Free Cash Flow and Adjusted Free Cash Flow to evaluate cash flow after investing in maintenance of Canada Packers' asset base.

See the "Non-IFRS Financial Measures" section in this MD&A for reconciliations and definitions of these measures.

6. FACTORS AFFECTING RESULTS OF OPERATIONS

Market Influences for Pork Value Chain

The following table outlines the change in key commodity prices and industry production costs that affected the business and financial results of Canada Packers:

	Full Year Averages		
	December 27, 2025	December 28, 2024	% Change
Pork cutout (US\$ per cwt) ⁽ⁱ⁾	\$ 102.88	\$ 95.75	7.4 %
Hog market price (US\$ per cwt) ⁽ⁱ⁾	\$ 94.42	\$ 84.95	11.1 %
Packer spread (US\$) ⁽ⁱⁱ⁾	\$ 8.46	\$ 10.80	(21.7)%
Pork cutout (US\$ per cwt) ⁽ⁱ⁾	\$ 102.88	\$ 95.75	7.4 %
Industry hog cost of production (US\$ per cwt) ⁽ⁱⁱⁱ⁾	\$ 83.31	\$ 85.66	(2.7)%
Vertically integrated spread (US\$) ^{(iii)(iv)}	\$ 19.57	\$ 10.09	94.0 %

⁽ⁱ⁾ Averages are based on daily prices within the period. Source: CME and USDA.

⁽ⁱⁱ⁾ Packer spread calculated as pork cutout less hog market price.

⁽ⁱⁱⁱ⁾ Source: Iowa State University ("ISU") farrow to finish swine report.

^(iv) Vertically integrated spread calculated as pork cutout less industry cost of production.

The pork cutout significantly impacts the market selling price of pork products, which Canada Packers sells directly to customers. The hog market price is the main driver of the cost the Company pays for its externally sourced hogs. The packer spread represents the margin earned from externally purchased hogs. It is calculated as the difference between the price realized on the pork cutout (i.e., the aggregate value of the various meat products derived from processing a hog) and the cost of acquiring a live hog from the market.

The industry hog cost of production represents an estimated industry total cost of production for internally raised hogs, including feed, labour and other production related costs. The vertically integrated spread represents the margin earned from internally raised hogs. It is calculated as the difference between the pork cutout and the industry hog cost of production. Corn costs are a key factor in the cost of feed and therefore are a significant input cost to hogs raised by Canada Packers.

For the year ended December 27, 2025, market pricing for the pork cutout was higher than the same periods in the prior year which contributed to overall sales growth. Gross profit margins were negatively affected by tighter packer spreads, as hog market prices increased at a faster rate compared to pork cutout values. These were offset by a higher vertically integrated spread which benefitted from higher pork cutout values and lower hog cost of production largely due to lower feed costs and improvements in raising efficiency. Canada Packers' feed costs reflect feed purchased and consumed during the entire production cycle, whereas current market prices represent spot rates, not costs actually incurred in the period. Canada Packers uses derivatives and other non-derivative financial instruments to manage its exposure to fluctuations in commodity prices.

Impact of Currency

The following table outlines the changes in currency rates that have affected the business and financial results of Canada Packers:

	YTD Averages		
	December 27, 2025	December 28, 2024	% Change
Canadian dollars per U.S. dollar ⁽ⁱ⁾	\$ 1.40	\$ 1.37	2.2 %
Japanese yen per Canadian dollar ⁽ⁱ⁾	¥ 106.99	¥ 110.58	3.2 %

⁽ⁱ⁾ Source: Bloomberg.

In general, a stronger U.S. dollar increases the value of Canada Packers' U.S. dollar denominated sales and the sales prices achieved by its primary pork processing.

In general, a stronger Japanese yen increases the value of Canada Packers' Japanese yen denominated sales and the sales prices achieved by its fresh pork operations.

Canada Packers manages currency fluctuations through pricing, cost reductions, investment in value-added products as well as derivative instruments.

Animal Disease

Canada Packers' operations and the demand for the Company's products can be significantly affected by outbreaks of disease among livestock, whether they occur within Canada Packers' production operations or in the operations of third parties. See Section 18 "Risk Factors" in this MD&A. The Company monitors herd health status and has strict bio-security procedures and employee training programs throughout its operations and ensures the animals receive veterinary medications as required. There were no disease outbreaks that materially impacted the Company's operations during the years ended December 27, 2025 and December 28, 2024.

Seasonality

Canada Packers is sufficiently large, with a diversified global customer base and balanced business mix, that seasonal factors across the parts of its operations tend to offset each other; therefore, in isolation, they do not have a material impact on the Company's consolidated earnings. For example, in general, margins on fresh pork products tend to be higher in the last half of the year when hog prices historically decline which in turn lowers margins from raising hogs. Exceptions occur when unplanned events such as animal disease or disruptions to global supply have short term impacts on the business.

7. RESULTS OF OPERATIONS

Results for the three months and years ended December 27, 2025 and December 28, 2024

The following table sets out selected financial data of Canada Packers for the periods presented.

<i>(in millions of Canadian dollars except margin %)⁽ⁱ⁾</i>	Three months ended			For the years ended		
	December 27, 2025	December 28, 2024	% Change ⁽ⁱⁱ⁾	December 27, 2025	December 28, 2024	% Change ⁽ⁱⁱ⁾
Sales	\$ 429.4	\$ 424.0	1.3 %	\$ 1,836.4	\$ 1,658.5	10.7 %
Cost of goods sold	363.8	329.7	10.3 %	1,583.6	1,427.7	10.9 %
Gross profit	\$ 65.6	\$ 94.3	(30.4)%	\$ 252.8	\$ 230.8	9.5 %
Selling, general and administrative expenses	23.6	14.6	61.7 %	81.0	65.6	23.5 %
Earnings before the following:	\$ 42.0	\$ 79.7	(47.3)%	\$ 171.8	\$ 165.2	4.0 %
Other expenses	2.5	9.8	(74.1)%	13.7	12.2	12.0 %
Earnings before interest and income taxes	\$ 39.5	\$ 69.9	(43.6)%	\$ 158.1	\$ 153.0	3.3 %
Interest expense	7.1	1.2	nm	10.3	4.5	128.0 %
Earnings before income taxes	\$ 32.4	\$ 68.7	(52.8)%	\$ 147.8	\$ 148.5	(0.5)%
Income tax expense	9.2	18.1	(48.9)%	41.4	40.2	3.0 %
Earnings	\$ 23.2	\$ 50.6	(54.2)%	\$ 106.3	\$ 108.3	(1.8)%
Earnings per Share						
Basic	\$ 0.78	\$ 1.70	(54.1)%	\$ 3.58	\$ 3.64	(1.8)%
Diluted	\$ 0.78	\$ 1.70	(54.1)%	\$ 3.57	\$ 3.64	(1.9)%
Adjusted Operating Earnings ⁽ⁱⁱⁱ⁾	\$ 34.5	\$ 34.7	(0.6)%	\$ 160.3	\$ 98.8	62.2 %
Adjusted EBITDA ⁽ⁱⁱⁱ⁾	\$ 46.3	\$ 45.1	2.7 %	\$ 207.5	\$ 146.1	42.0 %
Adjusted EBITDA Margin ^{(iii)(iv)}	10.8 %	10.6 %	0.2 %	11.3 %	8.8 %	2.5 %
Adjusted EBT ⁽ⁱⁱⁱ⁾	\$ 27.0	\$ 31.5	(14.2)%	\$ 147.7	\$ 91.8	60.9 %
Adjusted Earnings per Share ⁽ⁱⁱⁱ⁾	\$ 0.63	\$ 0.79	(20.3)%	\$ 3.55	\$ 2.26	57.1 %
Earnings Margin ^{(iii)(iv)}	5.4 %	11.9 %	(6.5)%	5.8 %	6.5 %	(0.7)%
Hogs processed (in thousands)^(v)	1,035	1,017	1.7 %	4,167	3,994	4.3 %
Internally sourced - % ^(iv)	46.8 %	44.5 %	2.3 %	46.7 %	44.2 %	2.5 %
Externally sourced - % ^(iv)	53.2 %	55.5 %	(2.3)%	53.3 %	55.8 %	(2.5)%

⁽ⁱ⁾ Totals may not add due to rounding.

⁽ⁱⁱ⁾ "nm" indicates "not meaningful" where percentage changes are not considered informative.

⁽ⁱⁱⁱ⁾ Represents a non-IFRS measure. For more information, see the Non-IFRS Financial Measures section elsewhere in this document.

^(iv) Changes in percentage amounts are calculated as 2025 value less 2024 value.

^(v) Represents a supplemental operational measure.

Results for the Quarter Ended December 27, 2025

Sales for the fourth quarter of 2025 increased 1.3% to \$429.4 million compared to \$424.0 million for the fourth quarter of 2024. Sales growth was driven by increased volumes, higher average hog weights, and favourable market pricing. Canada Packers' vertically integrated model, diverse product range and global reach allows it to meet its customers' needs. The Company's premium value-added and sustainably produced products along with its optimized business mix and strategic global relations, position it well for durable, profitable growth.

During the fourth quarter of 2025, Canada Packers processed 1.04 million hogs, a 1.7% increase over 1.02 million hogs processed in the fourth quarter of 2024. In the fourth quarter of 2025, 46.8% of processed hogs were internally raised and 53.2% were externally sourced, compared with 44.5% internally raised and 55.5% externally sourced in the fourth quarter of 2024.

Gross profit for the fourth quarter of 2025 was \$65.6 million (gross margin^(vi) of 15.3%) compared to \$94.3 million (gross margin^(vi) of 22.2%) in 2024. The non-cash fair value changes in biological assets increased gross profit by \$9.2 million in the fourth quarter of 2025, compared to an increase of \$43.2 million in the fourth quarter of 2024. These amounts are excluded in the calculation of Adjusted Operating Earnings, Adjusted EBITDA and Adjusted EBT. Our results also benefited from improved year-over-year market conditions driven by the vertically integrated spread while the packer spread remained relatively flat.

Gross profit of our premium value-added pork products was positively impacted by improvements to on farm performance, increased hog volumes and targeted sales to Canada Packers' strategic global customer base.

SG&A expenses for the fourth quarter of 2025 were \$23.6 million (5.5% of sales), compared to \$14.6 million (3.4% of sales) last year. The increase primarily reflects costs incurred under the Long-Term Services Agreement and Supply Agreement as well other costs associated with being a standalone public entity.

Interest expense for the fourth quarter of 2025 was \$7.1 million, compared to \$1.2 million for the corresponding period in 2024. The increase primarily is due to the interest associated with new borrowings under the Company's Term Loan.

Canada Packers' income tax expense for the fourth quarter of 2025 resulted in an effective tax rate of 27.2%. The effective tax rate for the fourth quarter of 2025 differs from the 2025 Canadian statutory tax rate of 26.4% primarily due to non-deductible expenses and income earned in other jurisdictions. Canada Packers' income tax expense for the fourth quarter of 2024 resulted in an effective tax rate of 28.6%. The effective tax rate for the fourth quarter of 2024 differs from the 2024 Canadian statutory tax rate of 26.4% primarily due to the mix of income earned in different jurisdictions. The effective tax rate in the fourth quarter of 2025 used in determining Adjusted Earnings per Share is 27.2% (2024 - 27.4%). The effective tax rate in determining the Adjusted Earnings per Share in the fourth quarter of 2025 and 2024 differed from the Canadian statutory tax rates primarily due to the reasons described above.

Earnings for the fourth quarter of 2025 were \$23.2 million compared to \$50.6 million in 2024. The change in earnings is due to the factors outlined above for gross profit and SG&A.

Earnings margin for the fourth quarter of 2025 was 5.4% compared to 11.9% in 2024. The change in margin is consistent with the factors noted above for earnings.

Adjusted Operating Earnings for the fourth quarter of 2025 were \$34.5 million compared to \$34.7 million in 2024 due to similar factors as noted above for gross profit and SG&A, excluding the change in fair value of biological assets and derivatives, which are excluded in the calculation of Adjusted Operating Earnings.

Adjusted EBITDA for the fourth quarter of 2025 was \$46.3 million compared to \$45.1 million in 2024 due to similar factors as noted above for Adjusted Operating Earnings.

Adjusted EBITDA margin for the fourth quarter of 2025 was 10.8% compared to 10.6% in 2024. The change in margin is consistent with the factors noted above for Adjusted EBITDA.

Adjusted EBT for the fourth quarter of 2025 was \$27.0 million compared to \$31.5 million in 2024. The factors impacting Adjusted EBT in the fourth quarter of 2025 are similar to the factors noted above for Adjusted EBITDA including the impact of depreciation and interest expense.

Results for the Year Ended December 27, 2025

Sales for the year ended December 27, 2025 increased 10.7% to \$1,836.4 million compared to \$1,658.5 million for the corresponding period in 2024, driven by higher volumes and higher average hog weights, favourable market pricing and favourable currency exchange rates.

During 2025, Canada Packers processed 4.17 million hogs, a 4.3% increase over 3.99 million hogs processed in 2024. For the year ended, December 27, 2025 46.7% of processed hogs were internally raised and 53.3% were externally sourced, compared with 44.2% internally raised and 55.8% externally sourced in 2024.

Gross profit for the year ended December 27, 2025 was \$252.8 million (gross margin^(vi) of 13.8%) compared to \$230.8 million (gross margin^(vi) of 13.9%) for the corresponding period in 2024. The non-cash fair value changes in biological assets increased gross profit by \$12.6 million for the year ended December 27, 2025, compared to a \$63.6 million increase in the corresponding period in 2024; these amounts are excluded in the calculation of Adjusted Operating Earnings, Adjusted EBITDA and Adjusted EBT. Gross profit of our premium value-added pork products was positively impacted by improvements to on farm performance, increased hog volumes and targeted sales to our strategic global customer base. Our results also benefited from improved year-over-year market conditions driven by the vertically integrated spread, and favourable currency offset partially by the packer spread.

SG&A expenses for the year ended December 27, 2025 were \$81.0 million (4.4% of sales), compared to \$65.6 million (4.0% of sales) for the corresponding period in 2024. The increase primarily reflects costs incurred under the Long-Term Services Agreement and Supply Agreement as well other costs associated with being a standalone public entity.

Interest expense for the year ended December 27, 2025 was \$10.3 million, compared to \$4.5 million for the corresponding period in 2024. The increase primarily is due to the interest associated with the Company's Term Loan, as defined below.

Canada Packers' income tax expense for the year ended December 27, 2025 resulted in an effective tax rate of 27.4%. The effective tax rate for the year ended December 27, 2025 differs from the Canadian statutory tax rate for the year ended December 27, 2025 of 26.4% primarily due to non-deductible expenses and income earned in other jurisdictions. Canada Packers' income tax expense for 2024 resulted in an effective tax rate of 27.1%. The effective tax rate for the year ended 2024 differs from the year ended 2024 Canadian statutory tax rate of 26.4% primarily due to non-deductible expenses. The effective tax rate for the year ended December 27, 2025 used in determining Adjusted Earnings per Share is 27.4% (2024 - 27.4%). The effective tax rate in determining the Adjusted Earnings per Share in 2025 and 2024 differed from the Canadian statutory tax rates primarily due to the reasons described above.

Earnings for the year ended December 27, 2025 were \$106.3 million, compared to \$108.3 million in 2024. The change in earnings is due to similar factors as noted above for gross profit and SG&A, as well as an increase in other expenses from 2024 to 2025 due to transaction costs relating to the Spin-Off, which are excluded from the calculation of Adjusted Operating Earnings, Adjusted EBITDA and Adjusted EBT.

Earnings margin for the year ended December 27, 2025 was 5.8% compared to 6.5% for the year ended 2024. The change in margin is consistent with the factors noted above for earnings.

Adjusted Operating Earnings for the year ended December 27, 2025 were \$160.3 million compared to \$98.8 million in 2024 excluding the changes in fair value of biological assets and derivatives, which are excluded in the calculation of Adjusted Operating Earnings.

Adjusted EBITDA for the year ended December 27, 2025 was \$207.5 million compared to \$146.1 million for the corresponding period in 2024 due to similar factors as noted above for Adjusted Operating Earnings.

Adjusted EBITDA margin was 11.3% in 2025 compared to 8.8% in 2024. The increase in Adjusted EBITDA margin is consistent with the factors noted above for Adjusted EBITDA.

Adjusted EBT for the year ended December 27, 2025 was \$147.7 million compared to \$91.8 million for the corresponding period in 2024. The factors impacting Adjusted EBT for the year ended 2025 are similar to the factors noted above for Adjusted EBITDA and including the impact of depreciation and interest expense.

^(vi) Gross margin is defined as gross profit divided by sales.

8. CAPITAL RESOURCES AND LIQUIDITY

Until October 1, 2025, Canada Packers relied on Maple Leaf Foods to manage its liquidity requirements at the corporate level including working capital, cash management, and funding of operations as required. As such, Canada Packers did not have access to standalone credit facilities nor raise capital of its own. Canada Packers entered into its own credit agreement on October 1, 2025.

Canada Packers historically participated in a centralized cash management system of Maple Leaf Foods. Substantially all receipts and disbursements except those of foreign subsidiaries were processed through Maple Leaf Foods' centralized cash sweep accounts. The net result of processing all cash transactions through these cash sweep accounts is that cash was not allocated to Canada Packers, as it was historically held centrally. Cash and cash equivalents shown on the Consolidated Balance Sheets of Canada Packers prior to July 28, 2025 represent balances held by foreign subsidiaries that were not part of this program.

Cash and cash equivalents on the Consolidated Balance Sheets was \$54.3 million at December 27, 2025, compared to \$24.4 million at December 28, 2024.

Long-term debt consists of the following:

	For the year ended			
	December 27, 2025		December 28, 2024	
	Book value	Face value	Book value	Face value
Term loan	\$ 396.0	\$ 400.0	\$ —	\$ —

On October 1, 2025, Canada Packers entered into a four-year senior secured credit agreement maturing on October 1, 2029 ("the Credit Agreement") with a syndicate of Canadian financial institutions led by Bank of Montreal, under which it had the capacity to incur indebtedness of up to \$615.0 million, consisting of \$415.0 million in aggregate initial principal amount of term loans ("Term Loan") and a \$200.0 million revolving credit facility ("Revolving Facility"). Borrowings under the Credit Agreement may be drawn in Canadian or U.S. dollars and bear interest payable monthly, based on Canadian Prime Loan, Canadian Overnight Repo Rate Average ("CORRA"), Secured Overnight Financing Rate ("SOFR") or US Base Rate rates, depending on the borrowings made. Letters of credit are available under the Credit Agreement in an aggregate amount of up to \$50.0 million. As of December 27, 2025, \$400.0 million (2024 \$nil) is outstanding under the Term Loan and no amount was drawn under the Revolving Facility. Approximately \$0.6 million (2024 \$nil) letters of credit were outstanding.

Pursuant to its Credit Agreement, Canada Packers is required to maintain compliance with certain covenants and was in compliance with such covenants as at December 27, 2025.

During the year ended December 27, 2025, Canada Packers repaid \$15.0 million of the Term Loan. The repayment resulted in a permanent reduction of the total borrowing capacity by \$15.0 million. Any future principal repayments will similarly result in a permanent reduction of the borrowing capacity available under the Term Loan. Canada Packers' effective cost of borrowing was approximately 5.4% (2024: nil).

During the year ended December 27, 2025, Canada Packers capitalized deferred financing fees of \$4.3 million related to the Credit Agreement.

Canada Packers recorded cash interest expense and amortization of deferred financing fees on the Term Loan during the year ended December 27, 2025 of \$3.8 million (2024: \$nil) and \$0.3 million (2024: \$nil), respectively.

Cash flows for the years ended December 27, 2025 and December 28, 2024*Operating Activities*

Cash provided by operations for 2025 was \$208.9 million compared to cash provided by operations of \$117.3 million in 2024. The increase was primarily driven by higher cash earnings.

Until October 1, 2025, working capital, other than inventory, was historically managed primarily by Maple Leaf Foods including cash collection and account payable policies, and participation in the Maple Leaf Foods accounts receivable securitization facility.

Investing Activities

Cash used by investing activities was \$32.1 million for 2025 compared to \$26.7 million in the same period of 2024. The increase is primarily related to \$8.3 million higher additions to long-term assets and \$2.2 million lower proceeds from asset sales. There were \$5.1 million higher proceeds from insurance claims in 2025.

Financing Activities

Cash used by financing activities for the year ended December 27, 2025 was \$146.9 million compared to \$75.7 million in the same period of 2024, primarily due to a \$50.7 million increase in net transfers to parent and the \$15.0 million repayment of the Term Loan. The initial borrowings of \$415.0 million were used to fund a \$417.9 million return of capital to Maple Leaf Foods. Payments of lease obligations were relatively flat year over year.

Free Cash Flow and Adjusted Free Cash Flow (see "Non-IFRS Financial Measures" elsewhere in this MD&A) for the years ended at December 27, 2025 and December 28, 2024

Free Cash Flow and Adjusted Free Cash Flow are non-IFRS measures used to evaluate cash flow after investing in maintenance of the Company's asset base. See "Non-IFRS Financial Measures" elsewhere in this MD&A for important information regarding these Non-IFRS Financial Measures.

Free Cash Flow for the year ended December 27, 2025 was \$170.0 million compared to \$86.7 million in the same period of 2024. The increase was driven by increase in cash from operations as described above, partially offset by a \$8.3 million increase in capital expenditures.

Adjusted Free Cash Flow for 2025 was \$145.0 million compared to \$110.1 million in the same period of 2024, primarily reflecting an increase in cash flow from operations as discussed above, partially offset by a \$8.3 million increase in capital expenditures.

9. CAPITAL EXPENDITURES

Capital expenditures (which are a component of cash used in investing activities and identified as "additions to long-term assets" in the Consolidated Financial Statements) for the year to date period for 2025 were \$38.9 million compared to \$30.6 million for the corresponding period in 2024. Capital expenditures for the fourth quarter of 2025 were \$12.5 million compared to \$9.4 million in the fourth quarter of 2024. The increase in spending is primarily related to maintenance projects associated with hog barns.

10. CONTRACTUAL OBLIGATIONS

The following table provides information about certain of Canada Packers' significant contractual obligations as at December 27, 2025. This table presents the undiscounted cash flows payable in respect of financial liabilities and commitments.

Undiscounted payments due by fiscal year:

<i>(\$ thousands)</i>	Due within 1 year	Due between 1 and 3 years	Due between 3 and 5 years	Due after 5 years	Total
Financial liabilities					
Accounts payable and accruals	120,251	—	—	—	120,251
Long-term debt	—	—	400,000	—	400,000
Foreign exchange contracts	90	—	—	—	90
Commodity contracts	57	—	—	—	57
Interest rate swaps	261	7	—	—	268
Lease obligations	26,473	43,464	22,732	7,798	100,467
Supplier financing	143	593	—	—	736
Dividend payable	6,839	—	—	—	6,839
Other liabilities	141	—	—	—	141
	\$ 154,255	\$ 44,064	\$ 422,732	\$ 7,798	\$ 628,849

11. OFF-BALANCE SHEET ARRANGEMENTS

Canada Packers has no material off-balance sheet arrangements.

12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT ACTIVITIES**Financial Instruments**

Canada Packers' financial assets and liabilities are classified into the following categories:

Cash	FVTPL
Accounts receivable, including due to related parties	Amortized cost
Accounts payable and accruals, including due to related parties	Amortized cost
Long-term debt	Amortized cost
Derivative instruments ⁽ⁱ⁾	FVTPL

⁽ⁱ⁾ These derivative instruments may be designated as cash flow hedges or fair value hedges as appropriate. Derivatives designated as cash flow hedges are classified as FVTOCI.

The Company applies hedge accounting as appropriate and uses derivatives and other non-derivative financial instruments to manage its exposures to fluctuations in foreign exchange rates and commodity prices.

The fair values and notional amounts of derivative financial instruments as at December 27, 2025 and December 28, 2024 are shown below:

(\$ thousands)	2025			2024		
	Notional amount ⁽ⁱ⁾	Fair value		Notional amount ⁽ⁱ⁾	Fair value	
		Asset ⁽ⁱⁱ⁾	Liability ⁽ⁱⁱ⁾		Asset ⁽ⁱⁱ⁾	Liability ⁽ⁱⁱ⁾
Cash flow hedges						
Foreign exchange contracts	\$ 67,702	\$ 921	\$ —	\$ 46,746	\$ —	\$ 1,618
Interest rate swaps	\$ 160,000	\$ 562	\$ 268	\$ —	\$ —	\$ —
		\$ 1,483	\$ 268		\$ —	\$ 1,618
Fair value hedges⁽ⁱⁱⁱ⁾						
Foreign exchange contracts	\$ 11,415	\$ 182	\$ 7	\$ 73,942	\$ 6	\$ 2,533
Commodity contracts	\$ 10,435	\$ —	\$ 57	\$ 70,822	\$ 450	\$ —
		\$ 182	\$ 64		\$ 456	\$ 2,533
Derivatives not designated in a formal hedging relationship						
Foreign exchange contracts	\$ 92,271	\$ 717	\$ 83	\$ 91,585	\$ 362	\$ 1,139
Commodity contracts	\$ 28,431	\$ 611	\$ —	\$ 89,136	\$ 2,499	\$ —
		\$ 1,328	\$ 83		\$ 2,861	\$ 1,139
Total fair value^{(iii)(iv)(v)}		\$ 2,993	\$ 415		\$ 3,317	\$ 5,290
Current		\$ 2,432	\$ 408		\$ 3,317	\$ 5,290
Non-current		\$ 561	\$ 7		\$ —	\$ —
Total fair value^{(iii)(iv)(v)}		\$ 2,993	\$ 415		\$ 3,317	\$ 5,290

⁽ⁱ⁾ Unless otherwise stated, notional amounts are stated at the contractual Canadian dollar equivalent.

⁽ⁱⁱ⁾ Derivative assets and liabilities are recorded in prepaid expenses and other assets, other long-term assets and other current liabilities, other long-term liabilities, respectively, in the Consolidated Balance Sheets.

⁽ⁱⁱⁱ⁾ The carrying amount of the hedged items in the Consolidated Balance Sheets are recorded at the inverse of the associated hedging instruments and are equal to the accumulated fair value hedge adjustments less hedge ineffectiveness.

^(iv) Derivatives are short-term and will impact profit or loss at various dates within the next 12 months.

^(v) As at December 27, 2025, the above fair value of current assets has increased by \$0.1 million (December 28, 2024: increased by \$2.3 million), and the above fair value of current liabilities has decreased by \$0.1 million (December 28, 2024: nominally changed) in the Consolidated Balance Sheets, representing the difference in the fair market value of exchange traded commodity contracts and the initial margin requirements. The difference in margin requirements and fair market value was net settled in cash by Canada Packers each day with the futures exchange and was recorded within net parent investment before July 28, 2025, and within cash and cash equivalents after July 28, 2025.

The Company's financial assets and liabilities include accounts receivable and accounts payable and accruals for which amortized cost approximates the carrying value due to their short-term nature.

The Company's cash and derivative instruments are recorded at fair value. The fair value of cash approximates carrying value due to the short-term nature of the assets and has been classified as Level 1 in the fair value hierarchy. The fair values of the Company's foreign exchange derivative instruments were estimated using current market measures for foreign exchange rates. Commodity futures and commodity options contracts are exchange-traded and over-the-counter. Fair value is determined based on exchange prices and other observable market data.

Net gains and losses on financial instruments recognized at fair value through profit or loss consist of realized and unrealized gains and losses on derivatives that were de-designated or were otherwise not in a formal hedging relationship.

For the year ended December 27, 2025, Canada Packers recorded a gain of \$10.8 million (2024: gain of \$8.5 million) on financial instruments recognized at fair value through profit and loss.

The tables below set out fair value measurements of derivative financial instruments using the fair value hierarchy:

(\$ thousands)	As at December 27, 2025			
	Level 1	Level 2	Level 3	Total
Assets:				
Foreign exchange contracts	\$ —	\$ 1,821	\$ —	\$ 1,821
Commodity contracts ⁽ⁱ⁾	\$ 554	\$ —	\$ —	\$ 554
Interest rate swaps	\$ —	\$ 562	\$ —	\$ 562
	\$ 554	\$ 2,383	\$ —	\$ 2,937
Liabilities:				
Foreign exchange contracts	\$ —	\$ 90	\$ —	\$ 90
Commodity contracts ⁽ⁱ⁾	\$ —	\$ —	\$ —	\$ —
Interest rate swaps	\$ —	\$ 268	\$ —	\$ 268
	\$ —	\$ 358	\$ —	\$ 358

(\$ thousands)	As at December 28, 2024			
	Level 1	Level 2	Level 3	Total
Assets:				
Foreign exchange contracts	\$ —	\$ 368	\$ —	\$ 368
Commodity contracts ⁽ⁱ⁾	\$ 2,949	\$ —	\$ —	\$ 2,949
	\$ 2,949	\$ 368	\$ —	\$ 3,317
Liabilities:				
Foreign exchange contracts	\$ —	\$ 5,290	\$ —	\$ 5,290
Commodity contracts ⁽ⁱ⁾	—	—	—	—
	\$ —	\$ 5,290	\$ —	\$ 5,290

⁽ⁱ⁾ Level 1 Commodity Contracts are net settled and recorded as a net asset or liability on the Consolidated Balance Sheets.

There were no transfers between levels for the year ended December 27, 2025 and December 28, 2024.

Determination of fair value and the resulting hierarchy requires the use of observable market data whenever available. The classification of a financial instrument in the hierarchy is based upon the lowest level of input that is significant to the measurement of fair value. For financial instruments that are recognized at fair value on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization at the end of each reporting period.

Market Risk

Interest Rate Risk

Interest rate risk refers to the risk that the value of a financial instrument or cash flows associated with the instrument will fluctuate due to changes in market interest rates.

The Company is exposed to interest rate risk on its Term Loan, which bears interest at floating rates. The Company manages its interest rate risk exposure by using a mix of fixed- and variable-rate debt and periodically using interest rate derivatives to achieve the desired proportion of variable- to fixed-rate debt.

The Company's designated interest rate swaps are accounted for as cash flow hedges to reduce variability of floating rate interest payments of variable-rate debt. These interest rate swaps settle periodically against CORRA and mature in 2028.

Foreign Exchange Risk

Foreign exchange risk refers to the risk that the value of financial instruments or cash flows will fluctuate due to changes in foreign exchange rates.

The Company's foreign exchange risk arises primarily from transactions in currencies other than Canadian dollars. The primary currencies to which the Company is exposed are the U.S dollar and the Japanese yen.

The Company uses foreign exchange forward contracts to manage foreign exchange transaction exposures. The Company uses forward contracts which are accounted for as fair value hedges to minimize the price risk assumed under forward priced contracts with suppliers. The Company also uses forward contracts which are accounted for as cash flow hedges as well as non-designated derivative instruments to minimize the price risk of anticipated transactions.

Commodity Price Risk

The Company is exposed to price risk related to commodities such as live hogs, fuel, and purchases of certain other agricultural commodities used as raw materials, including feed grains. The Company uses fixed price contracts with suppliers as well as exchange-traded and over-the-counter futures and options to manage its exposure to price fluctuations.

The Company uses futures which are accounted for as fair value hedges as well as non-designated derivative instruments to minimize the price risk assumed under forward priced contracts with suppliers. The Company also uses futures which are accounted for as cash flow hedges as well as non-designated derivative instruments to minimize the price risk of anticipated transactions.

For a comprehensive discussion on Canada Packers' risk management practices and derivative exposures, please refer to Note 17 of the Consolidated Financial Statements.

Credit Risk

Credit risk refers to the risk of losses due to failure of the Company's customers and counterparties to meet their payment obligations.

In the normal course of business, the Company is exposed to credit risk from its customers, substantially all of which are in the retail, food service, and industrial channels. The Company performs ongoing credit evaluations of new and existing third-party customers' financial condition and reviews the collectability of its trade accounts receivable and other receivables in order to mitigate any possible credit losses as part of its processes. The Company records a loss allowance of expected credit losses for financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance at an amount equal to the lifetime expected credit losses if the credit risk on its financial assets has increased significantly since initial recognition. If credit risk has not significantly increased since initial recognition, the Company measures the loss allowance at an amount equal to the 12-month expected credit losses. Average trade accounts receivable days sales outstanding for the year is consistent with historic trends.

Management believes concentrations of credit risk with respect to trade accounts receivable is limited due to the generally high credit quality of the Company's major customers, the large number and geographic dispersion of smaller customers, and insurance policies entered into to reduce its risk.

The Company is also exposed to credit risk on its non-exchange-traded derivative contracts. The Company mitigates this credit risk by transacting primarily with counterparties that are major international financial institutions with long-term debt ratings of A or higher. The Company's maximum exposure to credit risk at the balance sheet date consisted primarily of the carrying value of non-derivative financial assets and non-exchange-traded derivatives with positive fair values.

Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities.

The Company manages liquidity risk by monitoring forecasted and actual cash flows, and by maintaining sufficient access to credit through the Credit Facilities.

13. SHARE CAPITAL

As at December 27, 2025, there were 29,686,736 common shares issued and outstanding (December 28, 2024: no common shares issued and outstanding).

During the year ended December 27, 2025, the Company declared dividends of \$0.23 per share, totaling \$6.8 million (December 28, 2024: \$nil).

14. TRANSACTIONS WITH RELATED PARTIES

Transactions with Maple Leaf Foods

The Consolidated Financial Statements include transactions between Canada Packers and Maple Leaf Foods. Maple Leaf Foods was the parent company of Canada Packers until October 1, 2025 when the Spin-Off was completed. After October 1, 2025, Maple Leaf Foods retains a significant ownership interest of 16.0% in Canada Packers. Transactions between these companies have been recorded at their historical exchange amounts.

Until July 28, 2025, Canada Packers participated in a centralized cash management system with Maple Leaf Foods. Substantially all receipts and disbursements were processed through Maple Leaf Foods' centralized cash sweep accounts. The net result of processing all cash transactions through these cash sweep accounts is that cash was not allocated to Canada Packers. Instead, it was presented under net parent investment in the Consolidated Balance Sheets. Beginning October 1, 2025, Canada Packers started to rely on its own credit and financing arrangements. For more information, see the Capital Resources and Liquidity section elsewhere in this document.

Historically all debt had been held by Maple Leaf Foods in arrangements with third parties and was not recorded for each respective operating unit within Maple Leaf Foods. For the purpose of the Consolidated Financial Statements, no debt or related interest expense was allocated as the debt was not deemed to pertain specifically to Canada Packers, and Canada Packers did not assume the debt of

Maple Leaf Foods upon separation. In addition, Maple Leaf Foods entered into certain interest rate swaps to hedge the variability in interest rate risk. As these swaps were directly associated with the interest expense of Maple Leaf Foods, which had not been allocated, neither these derivatives nor the related gains or losses were allocated to Canada Packers. As a result, interest expense and financing costs may have differed significantly from the interest expense and financing costs Canada Packers might have incurred if it had operated as an independent group prior to July 28, 2025.

On July 28, 2025, the Company borrowed \$18.0 million from Maple Leaf Foods, without interest. It was repaid as part of the Spin-Off.

Normal trading amounts due from or to Maple Leaf Foods are recorded in accounts receivable on the Consolidated Balance Sheets. Related party receivables and payables are settled on negotiated terms consistent with industry practices.

The following summarizes accounts receivable and payable from Maple Leaf Foods:

	As at December 27, 2025	As at December 28, 2024
Accounts receivable from Maple Leaf Foods	12,444	7,916
Accounts payable due to Maple Leaf Foods	11,094	—

Until July 28, 2025, Canada Packers received corporate administrative support functions including human resources, finance, legal and other corporate support from Maple Leaf Foods and was dependent on Maple Leaf Foods' ability to perform these functions. As a result, costs were included for these shared services based on direct usage when identifiable, or allocated based on a reasonable estimate of the utilization of services. Compensation costs including pension expense and share-based compensation expense related to participating employees that indirectly provide support to Canada Packers have been allocated based on time spent. These allocated costs may not be indicative of how Canada Packers would have operated had it been a standalone company. The allocated costs have been recorded in either cost of goods sold or selling, general and administrative expenses, depending on the nature of the support, in the Consolidated Statements of Earnings. Information technology costs including Canada Packers' share of using Maple Leaf Foods' software intangible assets, were allocated primarily on a relative usage or access basis.

Beginning July 28, 2025, Canada Packers began receiving certain selling, general and administrative services from Maple Leaf Foods in exchange for a mix of variable and fixed fees as agreed under the Supply Agreement, Transition Services Agreement and Long-Term Services Agreement.

In addition, beginning July 28, 2025, Maple Leaf Foods has provided ham-boning services to Canada Packers under the Supply Agreement, the cost of which is recognized in cost of goods sold and inventory.

The following summarizes transactions with Maple Leaf Foods:

	Three months ended		For the year ended	
	December 27, 2025	December 31, 2024	December 27, 2025	December 28, 2024
Sales to Maple Leaf Foods	\$ 90,171	\$ 101,026	\$ 441,302	\$ 384,321
Purchases from Maple Leaf Foods, including fees	\$ 17,805	\$ 14,274	\$ 72,258	\$ 55,207

15. SUMMARY OF QUARTERLY RESULTS

The following is a summary of unaudited quarterly financial information for each quarter in the last two fiscal years:

(\$ millions except margin and per share amounts)	Fourth Quarter		Third Quarter		Second Quarter		First Quarter	
	2025	2024	2025	2024	2025	2024	2025	2024
Sales	\$ 429.4	\$ 424.0	\$ 481.8	\$ 420.2	\$ 473.2	\$ 420.5	\$ 452.0	\$ 393.9
Gross Profit (Loss)	\$ 65.6	\$ 94.3	\$ 63.2	\$ 47.6	\$ 54.7	\$ (11.8)	\$ 69.3	\$ 100.7
Earnings (Loss)	\$ 23.2	\$ 50.6	\$ 25.6	\$ 19.4	\$ 23.4	\$ (22.9)	\$ 34.1	\$ 61.1
Earnings (Loss) Per Share⁽ⁱ⁾								
Basic	\$ 0.78	\$ 1.70	\$ 0.86	\$ 0.65	\$ 0.79	\$ (0.77)	\$ 1.15	\$ 2.06
Diluted	\$ 0.78	\$ 1.70	\$ 0.86	\$ 0.65	\$ 0.79	\$ (0.77)	\$ 1.15	\$ 2.06
Adjusted	\$ 0.63	\$ 0.79	\$ 1.10	\$ 0.66	\$ 0.93	\$ 0.46	\$ 0.89	\$ 0.35
Cash Dividend Per Share⁽ⁱⁱ⁾	\$ 0.23	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Earnings Margin⁽ⁱⁱⁱ⁾	5.4 %	11.9 %	5.3 %	4.6 %	5.0 %	(5.4)%	7.5 %	15.5 %
Adjusted Operating Earnings⁽ⁱⁱⁱ⁾	\$ 34.5	\$ 34.7	\$ 47.5	\$ 28.0	\$ 40.3	\$ 21.8	\$ 38.2	\$ 14.2
Adjusted EBITDA⁽ⁱⁱⁱ⁾	\$ 46.3	\$ 45.1	\$ 60.2	\$ 41.4	\$ 51.4	\$ 33.2	\$ 49.6	\$ 26.3
Adjusted EBITDA Margin⁽ⁱⁱⁱ⁾	10.8 %	10.6 %	12.5 %	9.9 %	10.9 %	7.9 %	11.0 %	6.7 %
Hogs processed (thousands)^(iv)	1,035	1,017	1,038	1,001	1,041	983	1,053	993
Internally sourced - %	46.8 %	44.5 %	47.3 %	44.1 %	47.2 %	44.2 %	45.5 %	44.1 %
Externally sourced - %	53.2 %	55.5 %	52.7 %	55.9 %	52.8 %	55.8 %	54.5 %	55.9 %

⁽ⁱ⁾ The common shares issued at Spin-Off have been used for periods prior to the Spin-Off as the Company had no common shares outstanding prior to the Spin-Off. For periods prior to the Spin-Off, it is assumed there were no dilutive equity instruments as there were no equity awards of Canada Packers outstanding prior to the Spin-Off.

⁽ⁱⁱ⁾ Declared inaugural quarterly dividend on November 4, 2025.

⁽ⁱⁱⁱ⁾ Represents a non-IFRS measure. For more information, see "Non-IFRS Financial Measures" elsewhere in this MD&A.

^(iv) Represents a supplemental operational measure.

Fluctuations in quarterly sales can be attributed to changes in pricing, volume, sales mix, and foreign exchange.

Fluctuations in quarterly earnings can be attributed to similar factors as noted above, pork industry processing margins, operating efficiencies, changes in the fair value of derivative and non-derivative financial instruments and biological assets, provision estimate adjustments, gains/losses on disposal of assets and changes in tax regulations.

Beginning July 28, 2025, the Supply Agreement and Long-Term Services Agreement came into effect, affecting sales, cost of sales and SG&A costs. As a result, trends in financial performance may differ compared to earlier periods.

16. CRITICAL ACCOUNTING ESTIMATES

The preparation of the Consolidated Financial Statements in accordance with IFRS requires management to make judgments, estimates, and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenue, and expenses. Actual amounts may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Judgments included in the Consolidated Financial Statements are decisions made by management, based on analysis of relevant information available at the time the decision is made consistent with the Company's accounting policies unless there is objective evidence those estimates are not in accordance with IFRS on a standalone basis. These judgments are reassessed as necessary when the Consolidated Financial Statements are prepared. Judgments include the application of accounting policies and decisions related to the measurement, recognition, and disclosure of financial information.

Information about significant areas of estimation uncertainty and critical judgments in applying accounting policies, that have the most significant effects on the amounts recognized in the Consolidated Financial Statements, are disclosed in Note 1 and 2 of the Consolidated Financial Statements which include determination of the boundaries of the business and carve-out allocations, and in the notes to the financial statements relating to items subject to significant estimate uncertainty and critical judgments.

Valuation of Long-Lived Assets and Goodwill

Canada Packers performs impairment testing annually for goodwill. Goodwill, other long-lived assets and definite life intangibles are also tested for impairment when circumstances indicate that there may be impairment. Management judgment is involved in determining if there are circumstances indicating that testing for impairment is required, and in identifying Cash Generating Units ("CGUs") for the purpose of impairment testing.

Canada Packers assesses impairment by comparing the recoverable amount of a long-lived asset or CGU to its carrying value. The recoverable amount is defined as the higher of: (i) value in use; or (ii) fair value less cost to sell.

The determination of the recoverable amount involves significant assumptions, including those with respect to future cash inflows and outflows, discount rates, terminal growth rates, and asset lives. These assumptions could affect Canada Packers' future results if the current estimates of future performance and fair values change. These determinations will affect the amount of amortization expense on definite life assets recognized in future periods.

Measurement of Fair Values

Certain accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. When the measurement of fair values cannot be determined based on quoted prices in active markets, fair value is measured using valuation techniques and models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Changes in assumptions about the inputs to these models could affect the reported fair value of the financial and non-financial assets and liabilities.

When measuring fair value of an asset or liability, market observable data are used to the extent that it is possible. To the extent that these estimates differ from those realized, the measured asset or liability, earnings, and/or comprehensive income will be affected in future periods.

Information about the valuation techniques and inputs used in determining the fair value of various assets and liabilities are disclosed in Note 3 of the Consolidated Financial Statements.

Valuation of Inventory

Management makes estimates of the future customer demand for products when establishing appropriate provisions for inventory. In making these estimates, management considers the product life of inventory and the profitability of recent sales of inventory. In many cases, product produced turns quickly and inventory on-hand values are low, thus reducing the risk of inventory obsolescence. However, code or "best before" dates are very important in the determination of the net realizable value of inventory. Management ensures that systems are in place to highlight and properly value inventory that may be approaching code dates. To the extent that actual losses on inventory differ from those estimated, inventory, earnings, and comprehensive income will be affected in future periods.

Biological Assets

Biological assets consist of live hogs. For the purposes of valuation, these assets are categorized as either parent stock or commercial stock. Parent stock represents animals held and bred for the purpose of generating commercial stock and to replace parent stock nearing the end of its productive cycle. Commercial stock is held for the purposes of further processing or eventual sale, at which point it becomes inventory. The fair value of commercial stock is determined based on market prices of livestock of similar age, breed, and genetic merit, less costs to sell the assets, including estimated costs necessary to transport the assets to market. Where reliable market prices of parent stock are not available, they are valued at cost less accumulated depreciation and any accumulated impairment losses. No active market exists for parent stock as they are rarely sold. Hog parent stock is depreciated on a straight-line basis over two to three years after considering residual values.

Biological assets are transferred into inventory at fair value less costs to sell at the point of delivery.

Share-Based Compensation

Certain employees of Canada Packers have been granted share-based compensation. Management uses estimates in the calculation of the expenses for certain share-based incentive plans including, but not limited to, estimates of forfeitures, share price volatility, dividends, expected life of the award, risk-free interest rates, and performance. These estimates are based on previous experience and may change throughout the life of an incentive plan.

Some of the share-based payment plans may be settled in either cash or equity instruments at the option of management. Management uses judgment in determining the appropriate accounting treatment for these plans, based on expectations and historical settlement decisions. Changes to accounting treatment based on management's judgment may impact net parent investment, net earnings, and comprehensive income in future periods.

Depreciation

Property and equipment are depreciated on a straight-line basis, considering the estimated useful lives of the assets and residual values. Right-of-use ("ROU") assets are depreciated on a straight-line basis, considering the shorter of the useful life of the underlying asset or the lease term. If it is reasonably certain at the commencement of the lease arrangement that the Canada Packers will exercise its purchase option or otherwise obtain ownership of the underlying asset at the end of the lease term, the ROU asset is depreciated over the useful life of the underlying asset. Changes to these estimates may affect the carrying value of these assets, inventories, net earnings, and comprehensive income in future periods.

Leases

Significant judgment is applied in assessing whether a contract is, or contains a lease. Such judgments include the determination of whether an asset or assets are specifically or implicitly identified in the contract, if Canada Packers has the right to obtain substantially all the economic benefits from use of the asset or assets and whether Canada Packers has the right to direct the use of the asset or assets. These judgments are made at the inception of a contract and may change if there are material changes to the agreement.

Estimates are used to determine the incremental borrowing rate of a lease when the interest rate implicit in the lease is not readily available. Canada Packers is contractually obligated to make the lease payments to the lessor. Canada Packers applies its own incremental borrowing rate, which is determined by using a model which incorporates Canada Packers' credit worthiness, the nature and quality of the underlying asset, geographic environments and the duration of the lease. The inputs used in determining the incremental borrowing rate are reviewed and updated quarterly.

Canada Packers also applies significant judgment in determining whether it is reasonably certain to exercise lease extension options or purchase options in a contract by considering all relevant factors and circumstances that may create an economic incentive for Canada Packers to exercise the option considering such factors as past experience, the terms and conditions of the contract, and the importance of the underlying assets to Canada Packers' operations.

Shared Resources Allocation

Until July 28, 2025, Canada Packers was dependent upon certain shared support services performed by Maple Leaf Foods. Canada Packers applied significant judgment and assumptions in measuring the portion of the total service of which they were the recipient. Such judgments included the assessment of the volume of transactions, the percentage of time spent on an activity, and the relative usage of the service or underlying asset of Maple Leaf Foods.

Employee Benefit Plans

The cost of pensions and other post-retirement benefits earned by employees is actuarially determined using the projected unit credit method prorated on service, and management's best estimate of salary escalation and mortality rates. Discount rates used in actuarial calculations are based on long-term interest rates and can have a material effect on the amount of plan liabilities and expenses. Management employs external experts to advise the Company when deciding upon the appropriate estimates to use in valuing employee benefit plan obligations and expenses. The Company's plans invest in pooled funds which hold underlying equity, debt and other securities that are not quoted in an active market. Management relies on external experts to value these pooled funds. To the extent that these estimates differ from those realized, employee benefit plan assets and liabilities and comprehensive income will be affected in future periods.

Income Taxes

Provisions for income taxes are based on domestic and international statutory income tax rates and the amount of income earned in the jurisdictions in which Canada Packers operates. Significant judgment is required in determining income tax provisions and the recoverability of deferred tax assets. The calculation of current and deferred income tax balances requires management to make judgments regarding the carrying values of assets and liabilities that include estimates of future cash flows and earnings related to such assets and liabilities, the interpretation of income tax legislation in the jurisdictions in which Canada Packers operates, and the timing of reversal of temporary differences.

Income tax expense is determined based on the assumption that the operating units in Canada Packers are separately taxable entities. This assumption implies that the current and deferred income taxes of the operations or companies within Canada Packers are determined separately and the recoverability of any deferred tax assets is also assessed accordingly. The taxes actually paid have been presented in the Consolidated Statements of Cash Flows; the deemed contributions or distributions for current and deferred income taxes are not included in the Consolidated Statements of Cash Flows.

17. MATERIAL ACCOUNTING POLICIES

Canada Packers did not adopt any new accounting standards or policies during the year ended December 27, 2025.

Accounting Pronouncements Issued But Not Yet Effective

Presentation and Disclosure in Financial Statements – IFRS 18

On April 9, 2024, the IASB issued IFRS 18 Presentation and Disclosure in Financial Statements to improve reporting of financial performance. IFRS 18 replaces IAS 1 Presentation of Financial Statements. It carries forward many requirements from IAS 1 unchanged and introduces significant changes to the structure of a company's income statement, more discipline and transparency in presentation of management's own performance measures (commonly referred to as 'non-GAAP measures') and less aggregation of items into large, single numbers. IFRS 18 applies for annual reporting periods beginning on or after January 1, 2027 with the requirement of retrospective restatement. Earlier application is permitted. Canada Packers has yet to assess the impact of adoption on the Consolidated Financial Statements.

All other IFRS pronouncements and amendments issued but not yet effective have been assessed by Canada Packers and are not expected to have a material impact on the Consolidated Financial Statements.

18. RISK FACTORS

In carrying out its business and operations, Canada Packers faces many risks. Many of these risks are described below, including those risks that Canada Packers currently considers to be most material. These risk factors, along with other risks and uncertainties not currently known to Canada Packers, or that Canada Packers currently considers immaterial, could materially and adversely affect Canada Packers' performance, operating results and ability to pay dividends or return capital to shareholders. Such risks could cause actual events to differ materially from those described in any forward-looking statements, including any financial outlooks, targets or goals. Many of the risks are beyond Canada Packers' control and, in spite of any efforts Canada Packers may make to manage or mitigate its risk exposure, there is no guarantee that such risk management or mitigation activities will be successful. Readers should carefully consider the risk factors set out below, along with the other information contained in this MD&A and Canada Packers' other public filings before making any investment decision.

Risks Related to the Business of Canada Packers

Global Market and Economic Conditions

Canada Packers' business operations and financial condition are materially affected by global market and economic conditions, including the associated government actions ranging from global conflict to tariffs and other trade barriers. These conditions can contribute to inflationary pressures; increased costs; tariff and non-tariff barriers to trade; changes in customer and consumer behaviour; disruption in global and local supply chains which could disrupt its ability to ship its products and/or limit the availability of inputs for Canada Packers' operations; disruptions in international trade and access to markets; operational restrictions; counterparty credit risk; and volatility in financial and commodity markets. Depending on the continued evolution of global economic conditions, the impact of these trends may increase the effect of the other risks described in this MD&A.

Livestock Health and Risks Associated with Animal Disease

Canada Packers' principal business consists of producing, procuring and processing hogs. Declines in the general health of hogs and the reproductive performance of sows could have an adverse impact on production and production costs, the supply of raw material to Canada Packers' pork processing operations and consumer confidence. In addition, Canada Packers' operations and the demand for Canada Packers' products could be significantly affected by outbreaks of disease among hogs or attributed to hogs whether it occurs within Canada Packers' production operations or in the operations of third-parties. Such diseases could adversely impact the health of Canada Packers' own hogs and the health of the hogs of its suppliers, potentially reducing the availability of hogs for Canada Packers' processing operations. If Canada Packers' hogs are affected by disease, Canada Packers could be required to destroy infected hogs. Even if disease does not result in the complete loss of a herd, disease can have a debilitating effect on the productivity of the affected herd. In either case, this could adversely affect Canada Packers' production or ability to sell or export its products. In addition, Canada Packers may expand its sales of RWA meat products and therefore may also expand the portion of its hog supply raised without antibiotics. Canada Packers' supply of RWA meats may be at a greater risk of supply disruption in the event of an animal disease outbreak.

Governments combat the spread of disease during outbreaks with measures that include, among other things, restrictions on the movement of meat and livestock between jurisdictions, which results in supply excesses and shortages and price volatility which in some cases reaches extreme levels. Outbreaks of African Swine Fever ("ASF") in various jurisdictions remains a risk, and even if controls are put in place to manage an outbreak, there can be no assurance an outbreak will be contained or that the outbreak will not spread to areas that supply Canada Packers with live hogs or that additional restrictions will not be put in place that will impede Canada Packers' access to other markets or create volatile market conditions. In addition, if an outbreak of ASF were to occur in Canada, Canada Packers' supply of hogs and pork could be materially impacted. More generally, significant, widespread disease amongst Canadian hogs could result in export markets for Canadian hogs and processed pork being closed for an indefinite period of time and could result in a material decline in consumer demand for pork in domestic markets. Either of these results could have a significantly negative impact on hog prices in Canada and thereby have a material adverse impact on Canada Packers' financial condition and results of operations. In the longer term, the availability of hogs in the relative proximity of Canada Packers' processing facilities may be impacted by climate change if the availability of feed grains in the relative proximity of Canada Packers' processing facilities is altered.

Canada Packers monitors herd health status and has strict bio-security procedures and employee training programs throughout its hog production system and ensures the animals receive veterinary medications as required. However, there is no guarantee these processes will not fail. In addition, not all livestock procured by Canada Packers may be subject to these processes, as the majority of livestock processed by Canada Packers is purchased. In addition to risks associated with maintaining the health of Canada Packers' livestock, any outbreak of disease elsewhere in the world could reduce consumer confidence in the meat products affected by the particular disease and generate adverse publicity.

Canada Packers has developed a comprehensive internal contingency plan for dealing with animal disease occurrences and/or a more broad-based pandemic. It has taken steps to support the Canadian government in enhancing both the country's prevention measures and preparedness plans. There can be no assurance, however, that these prevention measures or plans will be successful in minimizing or containing the impact of an outbreak of animal disease. Accordingly, there can be no assurance that an outbreak of animal disease in Canada or elsewhere will not have a material adverse effect on Canada Packers.

Given that Canada Packers' principal business consists of producing, procuring and processing hogs, a disease outbreak that affects multiple Canada Packers' herds or facilities, the industry as a whole or the confidence of consumers or customers in Canada Packers' products or pork products more generally could have a disproportionately significant material adverse effect on Canada Packers'

financial condition and results of operations. While Canada Packers maintains internal contingency plans to mitigate the above-noted risks, there can be no assurance that those plans will be effective or that emergency third-party funding (such as governmental financial assistance) will be available in the event that Canada Packers is unable to manage any such event through its own financial means.

Further, Canada Packers' risk analysis indicates that climate change could have an impact on the health of hogs. See the subheading "Climate Change" for additional details on the potential intersection of animal health with climate change risks.

Hog and Pork Market Cyclicity and Supply

Canada Packers' results of operations and financial condition are dependent upon the cost and supply of hogs as well as the selling prices for pork products, both of which are influenced by constantly changing market forces of supply and demand over which Canada Packers has little or no control. These prices, for the most part, are denominated in or related to U.S. dollars, which adds further variability due to fluctuations in exchange rates. The North American primary pork processing markets are highly competitive, with major and regional companies competing in each market. The market prices for pork products regularly experience periods of supply and demand imbalance and are sensitive to changes in industry processing capacity. Other factors that can influence the supply and market price of live hogs include: fluctuations in the size of herds maintained by North American hog suppliers; environmental and conservation regulations; economic conditions; the relative cost of feed for hogs; weather; livestock diseases; and changes to foreign jurisdiction restrictions on drugs, vitamin and feed additives used in hogs raised in Canada. There can be no assurance that all or part of any such increased costs experienced by Canada Packers from time to time can be passed along to customers of Canada Packers' products directly or in a timely manner.

The factors described above may also impact the supply of hogs available for processing at Canada Packers' pork processing plants by negatively impacting the financial strength of the various independent farming operations upon which Canada Packers relies to meet its requirements for hogs. Any of these could have a material adverse effect on the financial condition and results of operations of Canada Packers.

Canada Packers relies on third-parties for a portion of its hog supply and competes with other processors for hogs. If it is unable to secure reliable hog supply and barn space, its business, operations and financial results will be materially adversely affected. Over the long term, a reduction in the availability of livestock at Canada Packers' processing facilities may result in higher transportation costs if livestock is sourced from more distant growing areas or result in higher capital costs if Canada Packers were required to relocate processing facilities. There can be no assurance that those extra operating costs or capital costs could be passed on to customers, which may have a material adverse effect on Canada Packers' financial condition and results of operations.

Canada Packers' sales of RWA meat is dependent upon a sufficient supply of hogs raised without antibiotics. Animals raised without antibiotics have a higher cost of production and the meat is typically sold at a premium to cover these higher costs. If Canada Packers fails to find markets or buyers willing to pay the premium price for all the RWA meat produced, a portion of the higher cost meat will be sold through lower price conventional channels, thereby lowering the margin earned on such sales.

Furthermore, Canada Packers' supply of RWA meats may be at a greater risk of supply disruption in the event of an animal disease outbreak. Refer to "Livestock Health and Risks Associated with Animal Disease" above.

Cyclicity and Volatility Affecting the Prices of Animal Feed Ingredients

Canada Packers' business is dependent on the cost and supply of animal feed ingredients and other raw materials. These prices are determined by supply and demand, which may fluctuate significantly, and other factors over which Canada Packers has little or no control.

For example, the war in Ukraine brought a significant increase in the prices of agricultural commodities such as corn, wheat and soybeans, in part caused by the increase in the use of these commodities for energy generation purposes, reducing the supply for international consumption, which directly impacts costs and volatility of the margin of Canada Packers' business. Although the prices of grains have more recently decreased, if in the future the cost of commodities increases more than expected and the price of pork does not follow the same trend, Canada Packers may be adversely affected. Regional conflicts in the Middle East could further increase production and transportation costs for both food and fertilizers if there is a sharp increase in oil prices.

Other factors that affect supply and demand of feed ingredients include, among others, fluctuations in local and global hog production levels, environmental and conservation regulations, economic conditions, global pandemics, animal and crop diseases, cost of national and international freight, exchange rate and interest rate fluctuations, and agricultural policies of Canadian and foreign governments. In addition, prices are also constantly affected by weather, climate events and seasonality, fertilizer prices, biofuel policies, export taxes, as well as political and trade disputes around the world. Any changes in animal feed ingredients and other raw material prices may have a major impact on Canada Packers' business.

International Trade

Canada Packers exports its finished products to customers outside of Canada, and imports various inputs and ingredients from other jurisdictions. To the extent that Canada Packers is dependent on imports or exports for its business, it is subject to inherent risks associated with international trade, including: tariffs; changes in the free flow of food products between countries; fluctuations in currency values; discriminatory fiscal policies; unexpected changes in local regulations and laws; and the uncertainty of enforcement of remedies in foreign jurisdictions. In addition, trade agreements between Canada and foreign jurisdictions could change, and foreign jurisdictions could impose tariffs, quotas, trade barriers, and other similar restrictions on Canada Packers' international sales, or could

introduce subsidies for competing agricultural products. International trade and the associated access to markets can be influenced by geopolitical events beyond Canada Packers' control.

The U.S. has recently increased its use of tariffs and retaliatory tariffs against various countries, which has implications for global trading patterns and could impact Canada Packers. China has also imposed tariffs on Canadian pork imports. In 2026, the United States-Mexico-Canada Agreement is expected to be renegotiated, which could have potential implications for Canada Packers and overall North American pork trade flows. Canada Packers will monitor these evolving circumstances. Canada Packers recognizes that its business, operations, financial performance and future growth plans could be significantly impacted if tariffs, retaliatory tariffs or other trade measures are implemented. Tariffs and the threat of tariffs can also have an amplifying, or mitigating, effect on other risk factors such as, foreign exchange rates and consumer and competitor behaviour and competitiveness.

In addition, and as discussed under the subheading "Livestock Health and Risks Associated with Animal Disease", the threat of the spread of animal disease could result in significant disruption of international trade in the pork business, as governments use international trade barriers as a tool to help manage the spread of such diseases. All of these risks could result in increased costs or decreased revenues, either of which could have a material adverse effect on Canada Packers' financial condition and results of operations. In the past Canada Packers has been affected by export restrictions on pork in certain international markets, such as China, and there is no guarantee that access to these markets will be maintained, that sales will be generated or that exports will be profitable.

Supply Agreement Risk

Under the Supply Agreement, Canada Packers is required to satisfy certain production volume and quality requirements prescribed by Maple Leaf Foods and Maple Leaf Foods provides brokerage and customer management services for Canada Packers' North American customers and license intellectual property and trademarks to Canada Packers and earn fees for providing such services and for licensing these rights. Because of this, Canada Packers will be exposed to risks associated with Maple Leaf Foods' business operations and financial viability.

The exercise by Maple Leaf Foods of its remedies in the event of a default or potential default, the termination of the Supply Agreement, and/or the inability of Canada Packers to find alternative customers could have a material adverse impact on Canada Packers' financial condition and results of operations. Canada Packers bears the risk of failing to deliver on its supply commitments under the Supply Agreement, including in the case of animal disease outbreaks in its hogs. In the event that Canada Packers is in material default of its obligations under the Supply Agreement, Maple Leaf Foods will have the right to either (i) terminate the Supply Agreement, in which case Canada Packers may be unable to find alternative customers for its products on terms and conditions that would allow it to operate its business profitably or (ii) step in to manage (or direct the management of) certain of Canada Packers' operations, in which case Canada Packers' ability to meet the requirements of its other customers could be adversely impacted. Further, if certain triggering events occur, some of which may be outside of the control of Canada Packers, Maple Leaf Foods could exercise its option to purchase the Company's assets. These events include certain events of insolvency affecting Canada Packers and certain events of default under Canada Packers' material debt financing documentation.

There is no guarantee that Canada Packers will realize the expected benefits from the Supply Agreement, including from the services Maple Leaf Foods will be providing. The RWA hog raising premium or the open pen gestation ("OPG") hog raising premium that Maple Leaf Foods will pay to Canada Packers may be insufficient to cover the incremental cost of raising an RWA hog or an OPG Hog. Canada Packers does not have a right to terminate the Supply Agreement and has limited remedies if Maple Leaf Foods fails to meet its obligations under the Supply Agreement.

Activities of Competitors and Customers

The food industry is intensely competitive. Competition is based on factors such as product availability, product quality and taste, price, brand recognition, product variety, product packaging and design, shelf space, reputation, nutritional and other claims, effective promotions, and the ability to target changing consumer preferences. Canada Packers may experience competitive pressure as a result of, among other things, competitors' efforts to gain market share, as well as in product categories characterized by low capacity utilization.

Pressures from existing competitors as well as new entrants into various markets could result in reduced sales, margins, profits, and market share, all of which could have a material adverse effect on Canada Packers' financial condition and results of operations.

The ability of Canada Packers to increase revenue and execute its business strategy depends in part on its ability to cost-effectively attract and retain customers. If Canada Packers is unable to do this, its business, financial condition and results of operations may be materially adversely affected. Further, if customers do not perceive the product offerings to be of sufficient value and quality or if Canada Packers fails to offer relevant product offerings, it may not be able to attract or retain customers.

Canada Packers competes with other companies who may have greater financial and other resources, lower operating costs and lower costs of capital. In some instances, this could force Canada Packers to lower prices, resulting in lower profitability or, in the alternative, cause it to lose market share if it fails to lower prices.

Overall, these competitive pressures could cause Canada Packers to lose market share, which may require it to lower prices and/or increase the use of discounting or promotional campaigns, each of which could adversely affect its margins, could result in a decrease in its operating results and profitability.

Pork Markets and Product Pricing

Canada Packers' pricing decisions are influenced by a variety of factors, including global commodity markets and access to customers. Some of Canada Packers' competitors have greater scale, recognition or other resources (financial or otherwise). The Company's profitability is dependent upon its ability to sell the meat from the hogs it raises or acquires at prices that exceed the raising costs (vertically integrated spread) or acquisition costs (packer spread). There can be no assurance that Canada Packers can maintain margins relative to its cost structure. For example, if global market conditions experience severe disruption, such as occurred in late 2022 and into 2024, Canada Packers may not have an ability to secure sufficient pricing which would adversely affect its margins. Competitive pressures or other factors could cause Canada Packers to lose sales, which may require management to lower prices and/or increase the use of discounting, each of which would adversely affect its margins and could result in a decrease in operating results and profitability.

Commodities and Hedging Strategies

Canada Packers is a purchaser of, and its business is dependent on, certain commodities in the course of normal operations, such as feed grains, livestock, and energy, such as oil-based fuel, natural gas, and electricity. Commodity prices are subject to fluctuation and such fluctuations are sometimes severe.

Canada Packers may use commodity futures and options for hedging purposes to reduce the effect of changing prices in the short term, but such hedges may not be successful in mitigating this commodity price risk and may, in some circumstances, subject Canada Packers to loss. On a longer-term basis, the Company attempts to manage the risk of increases in commodities and other input costs by increasing the prices it charges to its customers or switching to alternatives; however, no assurance can be given that customers will continue to purchase Canada Packers' products if prices rise or that alternatives may be available or less costly. Any fluctuations in commodity prices that the Company is unable to properly hedge or mitigate could have a material adverse effect on Canada Packers' financial condition and results of operations.

Cyber Security and Overall Management of Canada Packers' Information Systems

Canada Packers will rely on information technology systems in all areas of its business and operations. These systems are subject to an increasing number of sophisticated cyber threats. The methods used to obtain unauthorized access, disable or degrade service or sabotage systems are constantly evolving. Should a cyber attack be successful and a breach of sensitive information occur or its systems and services be disrupted, Canada Packers' financial position, reputation, and/or ability to achieve its strategic objectives may be negatively affected. Canada Packers will maintain policies, processes, and procedures to address capabilities, performance, security, and system availability, including resiliency and disaster recovery for systems, infrastructure, and data. Security protocols, along with information technology security policies, address compliance with information technology security standards, including those relating to information belonging to Canada Packers' customers, employees and suppliers.

Canada Packers is exposed to risks associated with cyber security of other third-party service providers with whom it conducts business. For the term of the Long-Term Services Agreement, Canada Packers will be provided with certain information technology systems by Maple Leaf Foods (and third-party service providers with whom Maple Leaf Foods conducts business) on a fixed fee plus cost recovery basis. As such, Canada Packers could be impacted by any cybersecurity event impacting Maple Leaf Foods and Maple Leaf Foods' policies, process and procedures to protect against cyber risk. Canada Packers will actively monitor, manage, and enhance its ability to mitigate cyber risk through its enterprise-wide programs. However, there is no assurance that any of these measures, or the measures of Maple Leaf Foods, will be successful.

Canada Packers will regularly implement process improvement initiatives to simplify and harmonize its systems and processes to optimize performance and reduce the risk of errors in financial reporting. There cannot be any guarantee that any such changes will improve processes or operating results or reduce the risk of errors in financial reporting. Any of these failures could have a material adverse impact on Canada Packers' financial condition and results of operations.

The Long-Term Services Agreement imposes certain obligations on Canada Packers with respect to the use of Maple Leaf Foods' information technology systems. If Canada Packers fails to comply with its obligations under the Long-Term Services Agreement or other agreements pursuant to which it licenses IT systems from Maple Leaf Foods or third-parties or otherwise experiences disruptions to its business relationships with such licensors, it could lose the rights to information systems that are important to its business, which could have a material adverse effect on Canada Packers' financial condition and results of operations.

Geopolitical Instability

Canada Packers is exposed to risks arising from geopolitical instability, including wars, tensions between nations, insurrections and political and economic instability, all of which may have broader impacts on, among other things, the global economy, international trade, access to markets, commodity prices, supply chains, interest rates, exchange rates and customer and consumer patterns. This risk intersects with, contributes to and may amplify many of the other risks discussed in this "Risk Factors" section. The impact of these events may have a material adverse effect on the business and operations of Canada Packers and its financial performance.

Supply Chain Management

Successful management of Canada Packers' supply chain is critical to Canada Packers' success. Insufficient supply of products threatens Canada Packers' ability to meet customer demands while over capacity threatens Canada Packers' ability to generate

competitive profit margins. Accordingly, any failure by Canada Packers to properly manage its supply chain could have a material adverse effect on the financial condition and results of operations of Canada Packers.

Reliance on Third-Party Suppliers

Canada Packers relies on third-party suppliers for many aspects of its business. Failure by suppliers and service providers in Canada Packers' supply chain to deliver goods and services essential to its operations could have a material adverse effect on Canada Packers, its operations and financial results. Acceptable suppliers may not always be available which could result in operational disruption, shut-downs, higher production costs, additional capital requirements, transportation delays, supply chain disruption and lost sales. While Canada Packers maintains a strict quality and food safety protocol and monitoring regime, any deficiencies caused by third-party suppliers could result in product liability, recalls or other consequence that could negatively impact the reputation of Canada Packers and could have a material adverse effect on the financial condition and results of operations of Canada Packers.

Canada Packers has long-standing relationships with most of its hog suppliers and typically enters into contracts with its suppliers with terms ranging from two to five years. However, if any of these contracts are terminated or if producers are not able to supply hogs in the quantity and at the frequency that Canada Packers normally acquires them, and Canada Packers is not able to replace the supplier on acceptable terms or at all, Canada Packers may be unable to maintain its usual level of production and sales. Canada Packers' inability to retain an adequate number of hog suppliers may materially adversely affect its financial condition and results of operations.

Food Safety, Customer and Consumer Liability and Product Recalls

Canada Packers is subject to risks that affect the food industry in general, including risks posed by food spoilage, accidental contamination, product tampering, consumer product liability, and the potential costs and disruptions of a product recall. Canada Packers' products are susceptible to contamination by organisms that can cause illness, or pathogens, such as certain strains of *Escherichia coli* (*E. coli*), *Salmonella* and *Listeria*. There is a risk that these pathogens could be present in certain products produced by Canada Packers. The Company actively manages these risks by maintaining strict and rigorous controls and processes in its manufacturing facilities and distribution systems and by maintaining prudent levels of insurance. However, Canada Packers cannot assure that such systems, even when working effectively, will eliminate the risks related to food safety. The Company could be required to recall certain of its products in the event of contamination or adverse test results or as a precautionary measure. There is also a risk that not all of the product subject to the recall will be properly identified, or that the recall will not be successful or not be enacted in a timely manner. Any product contamination could subject Canada Packers to product liability claims, claims for economic losses by customers and others in the supply chain, adverse publicity and government scrutiny, investigation or intervention, resulting in increased costs and decreased sales. Many of these costs and losses are not covered by insurance. Any of these events could have a material adverse impact on Canada Packers' financial condition and results of operations.

Reputation

Canada Packers' reputation as a credible, responsible corporate citizen will be a valuable aspect of its business. Maintaining a positive reputation in the eyes of its customers, consumers, communities, governments, regulatory bodies and the general public is important to its continued success.

The potential for deterioration of the reputation of Canada Packers may arise in many contexts and for many different reasons. As a result, reputational risk cannot be managed in isolation from other forms of risk. For example, any real or perceived quality or safety concerns, whether or not ultimately based on fact and whether or not involving Canada Packers (such as incidents involving competitors, or the way in which products are handled by customers, consumers or others in the distribution chain after they leave the control of Canada Packers), could cause negative publicity and reduced confidence in Canada Packers, its brand or its products, which could in turn harm its reputation and operating results. Any loss of confidence on the part of consumers in Canada Packers' products, brands, the ingredients it uses or in the safety and quality of its products could be difficult and costly to overcome.

The growing use of social and digital media increases the speed and extent that information or misinformation and opinions can be shared. Negative publicity about Canada Packers or its products on social or digital media could seriously damage its reputation. If Canada Packers does not maintain a favorable reputation, its sales and profits could be negatively impacted.

Reliance on Intellectual Property Licenses

Canada Packers utilizes intellectual property, including a number of trademarks, brands, proprietary processes and trade secrets, in the course of its business. Failure to maintain this intellectual property in good standing could adversely affect the operations of Canada Packers, the value of its brands and marketability of its products and could therefore have a material adverse effect on its financial condition and results of operations.

Under the terms of the Supply Agreement, Canada Packers is granted a limited, non-transferable, license for certain Maple Leaf Foods-owned information, instructions and trademarks, which are important to Canada Packers' business. The Supply Agreement imposes certain covenants and obligations on Canada Packers with respect to the use of the licensed intellectual property. If Canada Packers fails to comply with its obligations under the Supply Agreement or other agreements pursuant to which it licenses intellectual property rights from Maple Leaf Foods or third-parties or otherwise experiences disruptions to its business relationships with such licensors, it could lose the rights to intellectual property that is important to its business, which could have a material adverse effect on Canada Packers' financial condition and results of operations.

Execution of Capital Projects and Deployment of Maintenance Capital

Canada Packers may need to expand operations to achieve its business objectives and deliver on its growth strategy. Capital projects are subject to many risks, including schedule, cost, regulatory approvals and construction risks. In addition, there is the risk that the returns generated from the projects will be less than the forecast returns which could have an adverse effect on the financial condition and results of operations of Canada Packers.

Canada Packers' network of assets also requires ongoing investment in maintenance capital. Failure to adequately invest in preventative maintenance and other maintenance capital requirements may adversely impact Canada Packers' operations, resulting in increased shutdowns and manufacturing disruptions, which could have a material adverse impact on Canada Packers' financial condition and results of operations.

Climate Change

The potential effects of climate change could have a material impact on Canada Packers and its operations, such risks include a range of physical, financial, compliance and reputational risks. As part of its sustainability strategy Canada Packers has set environmental footprint reduction targets and has executed certain energy efficiency and Greenhouse Gas ("GHG") emission reduction projects. While Canada Packers takes steps to assess the commercial viability of these initiatives, there is no assurance that the ongoing costs of these initiatives will continue to be economic. As new laws, regulations and industry standards related to emission reductions continue to evolve, it is possible that Canada Packers' practices, processes and facilities will require significant modifications in order to comply. Further, it is possible that the changes necessary to reduce emissions will not be feasible or that the costs will be material, either of which could have a material adverse effect on Canada Packers' operations and financial position.

Climate change considerations, including emissions associated with Canada Packers' business, may also create reputational risk for Canada Packers and challenge its ability to maintain market share for its products if consumers seek alternative, lower-carbon protein products.

Strategic Risk Management

Successful identification and management of the strategic risks facing the Company from time to time is critical to Canada Packers' success. Among other things, these risks include changes in technology, the food industry, customers, consumers, and competitors. Failure to properly adapt to changes in strategic risks could have a material adverse effect on Canada Packers' financial condition and results of operations.

Legal Matters

In the normal course of its operations, Canada Packers becomes involved in various legal actions, either as plaintiff or defendant, relating to, among other things, its commercial activities and relationships, employment matters and product liabilities. Canada Packers may be named as a defendant in legal actions and is subject to various risks and contingencies arising in the normal course of business. The resolution of these various types of claims are not expected to have a material effect on Canada Packers. However, the final outcome with respect to any outstanding actions or with respect to future claims cannot be predicted with certainty.

Canada Packers will maintain typical insurance coverages for an organization of its size and nature. As a result, insurance coverage may be available for some claims. In some circumstances, legal claims may not be covered by insurance or the insurance coverage may not be sufficient to cover the claimed losses. Further, even if any action is settled within insurance limits, this can result in increases to Canada Packers insurance premiums. Therefore, there can be no assurance that their resolution will not have a material adverse effect on the financial condition or results of operations of Canada Packers.

Mergers and Acquisitions

As part of its growth strategy, Canada Packers may make acquisitions. While Canada Packers intends to take a highly selective approach to mergers and acquisitions by focusing on targets that will fit with Canada Packers' existing operations and strategic priorities, any acquisition may involve large transactions or realignment of existing investments, and present financial, managerial and operational challenges, which, if not successfully overcome, may reduce Canada Packers' profitability. These risks include: adverse effects on existing business relationships with suppliers and customers; inaccurate estimates of the rate of return on acquisitions or investments; inaccurate estimates of fair value made in the accounting for acquisitions and amortization of acquired intangible assets, which could reduce future reported earnings; potential loss of customers or key employees of acquired businesses; and indemnities and potential disputes with the buyers or sellers. Any of these items could materially adversely affect Canada Packers' financial condition and results of operations.

Availability and Access to Capital

The ability to secure short-term and long-term financing on terms acceptable to Canada Packers is critical to fund business growth and manage its liquidity. Canada Packers' ability to arrange financing in the future will depend in part upon prevailing capital market conditions, as well as the Company's future financial results which may vary materially from expectations. The failure or inability of Canada Packers to secure short-term and long-term financing in the future on terms that are commercially reasonable and acceptable could have a significant impact on its opportunity for growth and its ability to remain in business. Even if Canada Packers does successfully raise additional capital when needed, if it issues equity securities, investors will be diluted, and if it raises additional debt, it will be further leveraged and could be subject to restrictive covenants, such as restrictions on paying dividends or being required to pledge assets.

Covenants in Credit Facility

Canada Packers' credit facility contains restrictive covenants that limit its ability to take certain actions and require it to maintain certain financial metrics. Failure to comply with these covenants could result in an event of default which, if not cured or waived, could result in accelerated repayment. If the repayment of the credit facilities was to be accelerated, there can be no assurance that the security provided thereunder would be sufficient to repay the credit facilities in full.

Regulation

Canada Packers' operations are subject to extensive regulation by government agencies in the countries in which it operates, including: the Canadian Food Inspection Agency; the Ministry of Agriculture in Canada; provincial Ministries of the Environment in Canada; the United States Department of Agriculture, as well as regulatory authorities in the international jurisdictions into which it sells. These agencies regulate the processing, packaging, storage, distribution, advertising, labelling, importing and exporting of Canada Packers' products, including food safety standards. Canada Packers' manufacturing facilities and products are subject to inspection by federal, provincial, state and local authorities.

Canada Packers strives to maintain compliance with all laws and regulations and maintains all permits and licenses relating to its operations. Nevertheless, there can be no assurance that Canada Packers is in compliance with all such laws and regulations, has all necessary permits and licenses, and will be able to comply with such laws and regulations, permits and licenses in the future. Failure by Canada Packers to comply with applicable laws and regulations and permits and licenses could subject Canada Packers to civil remedies, including fines, injunctions, recalls or seizures, as well as potential criminal sanctions, which could have a material adverse effect on Canada Packers' reputation, financial condition and results of operations.

Various governments throughout the world may adopt new regulations related to, among other things, genetically modified organisms, drug residues in food ingredients, food safety, and market and environmental regulation that could increase Canada Packers' costs or require it to make changes in its operations. There can be no assurance that additional regulation will not be enacted. If any of these or other proposals or regulations are enacted, Canada Packers could experience a disruption in the supply or distribution of its products, increased operating costs, and significant additional cost for capital improvements. Canada Packers may be unable to pass on the cost increases associated with such increased regulatory burden to its customers without incurring volume loss as a result of higher prices. Any of these events could have a material adverse effect on Canada Packers' financial condition and results of operations.

Foreign Currencies

A portion of Canada Packers' revenues and costs are either denominated in or directly linked to other currencies (primarily U.S. dollars and Japanese yen). In periods when the Canadian dollar has appreciated both rapidly and materially against these foreign currencies, revenues linked to U.S. dollars or Japanese yen are immediately reduced, while the Company's ability to change prices or realize natural hedges may lag the immediate currency change. The effect of such sudden changes in exchange rates can have a significant immediate impact on Canada Packers' earnings. Due to the diversity of the Company's operations, normal fluctuations in other currencies do not generally have a material impact on Canada Packers' profitability in the short term due to either natural hedges and offsetting currency exposures (for example, when revenues and costs are both linked to other currencies) or the ability in the near term to change prices of its products to offset adverse currency movements. However, as Canada Packers competes in international markets, and faces competition in its domestic markets from U.S. competitors, significant changes in the Canadian to U.S. dollar exchange rate can have, and have had, significant effects on the Company's relative competitiveness in its domestic and international markets, as well as on its financial condition and results of operations.

Consumer Trends

Success of Canada Packers depends in part on Canada Packers' ability to respond to market trends and produce products that meet customer and consumer demands in the various global markets that it sells into. It is currently expected that demand for protein, and within that the demand for pork, is growing, based on a number of factors, but there is no guarantee these expected trends will materialize, or that Canada Packers will be able to or will benefit from this overall trend. From time-to-time, certain products can be deemed to be more or less healthy and this can impact consumer buying patterns. Canada Packers' failure to anticipate, identify, or react to consumer demand or to align its offerings with local market demand to maximize whole-hog utilization could have a material adverse effect on Canada Packers' financial condition and results of operations.

Environmental Regulation and Risks

Canada Packers' operations are subject to extensive environmental laws and regulations pertaining to the discharge of materials into the environment (including GHG emissions as discussed in more detail under "Climate Change" above) and the handling and disposition of wastes (including solid and hazardous wastes) or otherwise relating to protection of the environment. Failure to comply could have serious consequences, such as criminal as well as civil penalties, liability for damages, and negative publicity for the Company. No assurances can be given that additional environmental issues relating to presently known matters or identified sites or to other matters or sites will not require additional expenditures, or that requirements applicable to Canada Packers or levies or taxes assessed against the Company will not be altered in ways that will require Canada Packers to incur significant additional costs. In addition, certain facilities of Canada Packers have been in operation for many years and, over time, the Company and other prior operators of such facilities may have generated and disposed of waste which is or may be considered to be hazardous. Future discovery of previously unknown contamination of property underlying or in the vicinity of Canada Packers' present or former properties

or manufacturing facilities and/or waste disposal sites could require the Company to incur material unforeseen expenses. Occurrences of any such events could have a material adverse effect on the Company's financial condition and results of operations.

Customer Environment and Concentration

Canada Packers is required to adjust to changing customer requirements and purchasing practices. Failure to do so could result in losing sales volumes and market share. Canada Packers' sales and profitability could also be affected by deterioration in the financial condition of, or other adverse developments in, the relationship with one or more of its major customers. Any of these events could have a material adverse effect on Canada Packers' financial condition and results of operations.

Canada Packers' customer base is relatively concentrated, with the majority of sales being to a small number of customers, including the sales to Maple Leaf Foods, its anchor customer. See "Supply Agreement Risk" above. Such concentration may also create credit exposure risk and, in the absence of long-term contracts, customers are not bound to continue to purchase from Canada Packers. Future growth in high-value markets will be contingent on Canada Packers' ability to attract new customers in these areas.

Seasonality

Canada Packers experiences fluctuations in quarterly results due to seasonal features of its business. For example, hog supply and consumer purchasing patterns are impacted by seasonal factors, including weather and holidays. As a result, seasonality could cause results of operations for an interim financial period to fluctuate and not be indicative of full-year results. Failure to effectively manage inventories, promotional activities and business results to take into account this seasonality, could adversely affect Canada Packers' overall performance and results of operations.

Unpredictable Catastrophic Events

Catastrophes can be caused by various natural and unnatural events including hurricanes, windstorms, earthquakes, hailstorms, explosions, severe winter weather, fires, regional or global pandemics, hostilities, terrorist acts, riots, crashes and derailments. The incidence and severity of catastrophes are inherently unpredictable. The frequency and intensity of natural catastrophic events may continue to increase as a result of climate change and other factors. Canada Packers' financial condition and results of operations could be materially adversely affected and it may experience an abrupt interruption of activities caused by unforeseeable and/or catastrophic events. Canada Packers' operations may be subject to losses resulting from such disruptions including with respect to property, financial assets, trading positions and key personnel. If its business continuity plans cannot be put into action or do not take such events into account, losses may further increase. See "Climate Change" above and "Weather" below.

Weather

Weather conditions and changes in climate and other long-term trends may have a material effect on the availability and prices of the commodities Canada Packers uses. Adverse weather conditions can also impact crop health which has implications for the quality and cost of the inputs for animal feed. Weather conditions, including extreme heat and extreme cold, can also pose safety concerns for workers and animals which can affect Canada Packers' operations. In addition, weather conditions may also influence Canada Packers' ability to complete capital projects on time, potentially resulting in delays and increasing costs of such capital projects.

Employees, Contractors and Labour Relations

Canada Packers has approximately 3,700 full-time and part-time employees, substantially all of whom were employed in Canada, and of which about 2,500 were covered by two collective agreements. Canada Packers' employees are located in various jurisdictions, each such jurisdiction having differing employment laws. While Canada Packers maintains systems and procedures to comply with the applicable requirements, there is a risk that failures or lapses by individual managers could result in a violation or cause of action that could have a material adverse effect on Canada Packers' financial condition and results of operations. Furthermore, if a collective agreement covering a significant number of employees or involving certain key employees were to expire or otherwise cease to have effect leading to a work stoppage, there can be no assurance that such work stoppage would not have a material adverse effect on Canada Packers' financial condition and results of operations. The success of Canada Packers is also dependent on its ability to recruit and retain qualified personnel. The loss of one or more key personnel could have a material adverse effect on the financial condition and results of operations of Canada Packers. Canada Packers may fill some vacancies with foreign workers through international programs, which programs may not be renewed and further give rise to human rights considerations. Canada Packers takes a variety of steps to ensure human rights are protected and respected through its recruitment processes, including only utilizing certified recruiting firms. Tight labour markets may impact Canada Packers' ability to attract and retain talent, and adapt to employee work preferences which may continue to be a challenge into the future.

Health and Safety

Maintaining a healthy and safe workforce is critical to the success of Canada Packers. It maintains a rigorous system to maintain a safe and injury free workplace. However, there is no guarantee that these systems will prevent incidents from occurring which could have implications for the operating results. As well, there are risks to Canada Packers created by widespread health pandemics. These threats include: maintaining the health and welfare of the workforce, the ability to bring in foreign workers which are a critical part of the overall workforce as a result of restrictions to prevent the spread of pandemics, and higher costs associated with protective measures necessary to maintain worker safety and the safety of overall operations of Canada Packers. In instances of community spread of a pandemic, it is increasingly difficult for the Company to maintain a healthy workplace which could require extraordinary measures to be

taken to mitigate the risk of spread at the workplace and the potential for operations to be suspended. Failure to maintain a safe and healthy workplace could have a material adverse effect on the financial condition and results of operations of Canada Packers.

Pension Plan Assets and Liabilities

In the normal course of business, Canada Packers will provide post-retirement pension benefits to its employees under a pension plan with both a defined contribution component and a defined benefit component (the "CP DB Plan"). The funded status of the CP DB Plan significantly affects the net periodic benefit costs and the ongoing funding requirements of the CP DB Plan. Among other factors, changes in interest rates, mortality rates, early retirement rates, and the market value of plan assets can affect the level of plan funding required, increase Canada Packers' future funding requirements, and cause volatility in the net periodic pension cost as well as Canada Packers' financial results. Any increase in pension expense or funding requirements could have a material adverse impact on Canada Packers' financial condition and results of operations.

Credit Risk

In the normal course of business, Canada Packers is exposed to credit risk from its customers, substantially all of which are in the retail, food service, and industrial channels. Canada Packers, as part of its centralized policies and working capital management, performs ongoing credit evaluations of new and existing third-party customers' financial condition and reviews the collectability of its trade accounts receivable and other receivables in order to mitigate any possible credit losses. Canada Packers may experience financial losses in the event of a major customer payment default.

Risks Related to the Spin-Off and the Ownership of Canada Packers Shares

Risks Relating to Operating as Standalone Entity

Upon completion of the Spin-Off, Canada Packers became an independent, publicly-traded company. The operating history of Maple Leaf Foods in respect of the pork business cannot be regarded as the operating history of Canada Packers and may not be a reliable indicator of future financial performance. The ability of Canada Packers to raise capital, satisfy its obligations, and provide a return to its shareholders will be dependent on future performance. It will not be able to rely on the capital resources and cash flows of Maple Leaf Foods.

Canada Packers may not be able to successfully implement the changes necessary to operate independently and may further incur additional costs relating to operating independently that could materially affect its cash flow and results of operations. It will also be reliant on Maple Leaf Foods providing certain services pursuant to the Supply Agreement, Long-Term Services Agreement and Transition Services Agreement. As such, during the term of such agreements, Canada Packers will be dependent on such services until it is able to provide its own and may also be impacted by certain events effecting Maple Leaf Foods and Maple Leaf Foods' policies, processes and procedures. Further, as the Spin-Off separated the ownership and operation of the Pork Operations from Maple Leaf Foods' other operations, the Spin-Off has resulted in reduced diversification which, in turn, increases Canada Packers' exposure to risks associated with its specific assets and operating environment.

Tax Treatment of the Spin-Off

The tax ruling received from the Canada Revenue Agency ("CRA") requires, among other things, that the Spin-Off comply with all requirements of the public company "butterfly" rules in Section 55 of the Tax Act (the "Butterfly Rules"). Although the Spin-Off was structured to comply with these rules, there are certain requirements of these rules that depend on events occurring after the completion of the Spin-Off that may not be within the control of Canada Packers. The Tax Matters Agreement includes certain provisions related to compliance with requirements of the Butterfly Rules, but does not prevent the parties thereto from taking certain actions that could result in the failure of these requirements to be met. If these requirements are not met, Canada Packers and/or Maple Leaf Foods could recognize a taxable gain in respect of the Spin-Off. If incurred, tax liabilities could be substantial and could have a material effect on the financial position of Canada Packers. In addition, if such requirements are not met due to an act of Canada Packers, the Company could be required to indemnify Maple Leaf Foods under the terms of the Arrangement Agreement. See "Continuing Contingent Liabilities Following the Spin-Off".

Post-Closing Restrictions on Canada Packers

To preserve the intended tax treatment of the Spin-Off, for a period of time following the Spin-Off, Canada Packers may be prohibited, except in specific circumstances, from taking or failing to take certain actions, including: material dispositions of its stock or assets, whether by merger or otherwise; issuances of equity securities beyond certain thresholds; repurchases of shares of its capital stock; ceasing to actively conduct certain aspects of its businesses; and/or taking or failing to take any other action that would jeopardize the intended tax treatment of the Spin-Off and certain related transactions. The foregoing restrictions may limit, for a period of time, the ability of Canada Packers to pursue certain strategic transactions or other transactions that it believes to be in the best interests of its shareholders or that might increase the value of its business. In addition, depending on the circumstances, Canada Packers may be required to indemnify Maple Leaf Foods for taxes and certain related amounts resulting from the Spin-Off and certain related transactions not qualifying for the intended tax treatment, which could have a substantial negative impact on Canada Packers' liquidity. See "Continuing Contingent Liabilities Following the Spin-Off".

Continuing Contingent Liabilities Following the Spin-Off

Canada Packers is subject to continuing contingent liabilities following the completion of the Spin-Off, including potential indemnification liabilities to Maple Leaf Foods pursuant to the Separation Agreement, the Supply Agreement, the Long-Term Services Agreement, the

Transition Services Agreement and the Arrangement Agreement and these liabilities could materially and adversely affect Canada Packers' business, financial condition, results of operations and cash flows.

Among other things, under the Arrangement Agreement, Canada Packers will indemnify Maple Leaf Foods and its respective representatives from and against any loss suffered or incurred resulting from, or in connection with, a breach of certain tax-related covenants. Canada Packers will indemnify Maple Leaf Foods for any assumed liabilities under the Separation Agreement, the Long Term Services Agreement and the Transition Services Agreement. It has also agreed to indemnify Maple Leaf Foods for any losses under the Supply Agreement relating to (i) conduct, negligence, misfeasance or non-feasance of Canada Packers, its agents, contractors, officers or employees including any breach by Canada Packers of the Supply Agreement; (ii) any shut down of the facilities or barns or substantial reduction in Canada Packers' capacities in Canada and/or the US; and (iii) use by Canada Packers of any Licensed Intellectual Property other than in accordance with the Supply Agreement. Any indemnification claim against Canada Packers could be substantial, may not be able to be satisfied and may have a material adverse effect upon Canada Packers.

Indemnification by Maple Leaf Foods Following the Arrangement

In connection with the Spin-Off, Maple Leaf Foods agreed to indemnify Canada Packers for certain liabilities. However, there can be no assurance that the indemnity will be sufficient to insure Canada Packers against the full amount of such liabilities, or that Maple Leaf Foods' ability to satisfy its indemnification obligations will not be impaired in the future. Further, third-parties could seek to hold Canada Packers responsible for any of the liabilities that Maple Leaf Foods has agreed to retain, and there can be no assurance that the indemnity from Maple Leaf Foods will be sufficient to protect Canada Packers against the full amount of such liabilities, or that Maple Leaf Foods will be able to fully satisfy its indemnification obligations. Moreover, even if Canada Packers ultimately succeeds in recovering from Maple Leaf Foods any amounts for which Canada Packers is held liable, it may be temporarily required to bear these losses itself. If Maple Leaf Foods is unable to satisfy its indemnification obligations, the underlying liabilities could have a material adverse effect on Canada Packers' financial condition and results of operations. It is also possible that insurers may deny coverage to Canada Packers for liabilities associated with occurrences prior to completion of the Spin-Off. Even if Canada Packers ultimately succeeds in recovering from such insurance providers, it may be required to temporarily bear such loss of coverage.

Risks Related to the 2025 Annual Financial Statements

Canada Packers derives its historical financial information on a carve-out basis from Maple Leaf Foods' consolidated financial statements, which information does not necessarily reflect the results of operations and financial position Canada Packers would have achieved as a separate publicly-traded company during the periods presented or those that Canada Packers will achieve in the future. This is primarily because of the following factors:

- Prior to the completion of the Spin-Off, Canada Packers business was part of the operations of Maple Leaf Foods' broader corporate organization. Canada Packers' historical financial information reflects allocations of corporate expenses to Canada Packers for administrative and similar functions. These allocations may not reflect the costs Canada Packers will incur for similar services in the future as a standalone publicly-traded company.
- Canada Packers' historical financial information does not reflect changes that are expected to be experienced by Canada Packers in the future as a result of its separation from Maple Leaf Foods including changes in Canada Packers' cost structure, implementation of the Supply Agreement, other service and related agreements being entered into in connection with the Arrangement, personnel needs, tax structure, financing and business operations. The Pork Operations enjoyed certain benefits from Maple Leaf Foods' operating diversity, size, borrowing leverage and available capital for investments, which are not available to Canada Packers since the completion of the Spin-Off. As a separate entity, Canada Packers may be unable to purchase services and technologies or access capital markets on terms as favourable as those obtained by Maple Leaf Foods prior to the completion of the Spin-Off.

Following the completion of the Spin-Off, Canada Packers is also responsible for the additional costs associated with being a publicly-traded company. There can be no assurance that Canada Packers' operating results will continue at a similar level when Canada Packers is a separate publicly-traded company.

Transition and Growth-Related Risks

Canada Packers is subject to both transition and growth-related risks, including capacity constraints and pressure on its internal systems and controls. The historic operating results of Canada Packers while it was under the management of Maple Leaf Foods may not be indicative of future results. In particular, Canada Packers will be responsible for managing substantial regulatory functions and related accounting functions that will require significant employee resources. The ability of Canada Packers to manage both its transition to a standalone company and future growth effectively will require it to continually implement and improve financial and operational systems and to expand, train and manage its employee base. The inability of Canada Packers to deal with this transition and growth may have a material adverse effect on Canada Packers' financial condition and results of operations.

Income Taxes

The preparation of the 2025 Financial Statements in accordance with IFRS requires Canada Packers' management to make judgments, estimates, and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, equity, income, and expenses. Actual amounts may differ from these estimates. The amounts recognized for income taxes in the 2025 Financial Statements could be materially affected by the judgments, estimates, and assumptions that are made in applying policies.

Provisions for income taxes are based on domestic and international statutory income tax rates and the amount of income earned in the jurisdictions in which Canada Packers operates. Significant judgment is required in determining income tax provisions and the recoverability of deferred tax assets. The calculation of current and deferred income tax balances requires Canada Packers' management to make judgments regarding the carrying values of assets and liabilities that include estimates of future cash flows and earnings related to such assets and liabilities, the interpretation of income tax legislation in the jurisdictions in which Canada Packers operates, and the timing of reversal of temporary differences. Canada Packers establishes additional provisions for income taxes when, despite management's opinion that Canada Packers' tax positions are fully supportable, there is sufficient complexity or uncertainty in the application of legislation that certain tax positions may be reassessed by tax authorities. Canada Packers adjusts these additional accruals in light of changing facts and circumstances. To the extent that these adjustments differ from original estimates, deferred tax assets and liabilities, earnings, and comprehensive income will be affected in future periods.

Risks Related to Ownership of Canada Packers Shares

Risks Relating to Stability of the price for Canada Packers Common Shares and Availability of a Continuing Public Market

The market price of the Canada Packers common shares may in the future be subject to significant fluctuations as a result of many factors, some of which will be beyond Canada Packers' control. Among the factors that could in the future affect the price of Canada Packers' shares are quarterly variations in Canada Packers' results of operations, changes in market valuations of similar companies and share market price and volume fluctuations generally, changes in earnings estimates or the publication of research reports by analysts, speculation in the press or investment community about Canada Packers' business or the industry generally, strategic actions by Canada Packers or its competitors, a thin trading market for Canada Packers shares may develop, which could make it somewhat illiquid; regulatory developments, hiring or departures of key personnel, general market conditions, and domestic and international economic, political, market and currency factors unrelated to Canada Packers' performance.

The public markets have experienced extreme volatility that has sometimes been unrelated to the operating performance of individual companies. These broad market fluctuations may adversely affect the trading price of Canada Packers common shares.

Impact of Securities Analysts' Research or Reports

The trading market for the Canada Packers' shares relies in part on the research and reports that industry or financial analysts publish about Canada Packers or its business. If there is limited analyst coverage or if one or more of the analysts covering the business downgrade their evaluations of the price of the Canada Packers' shares, then the price of the Canada Packers' shares could decline. If one or more of these analysts cease to cover Canada Packers, there could be a loss of visibility in the market for its shares, which in turn could cause the price of the shares to decline.

Dividends

Canada Packers intends to maintain a dividend and, where appropriate, change the dividend on the basis of its future earnings and stock price performance. Any determination to pay dividends in the future will be at the sole discretion of the board of directors of Canada Packers and will depend on many factors, including but not limited to current and expected cash flows, capital expenditures, borrowings and debt repayments, working capital requirements and other factors the board deems relevant. Failure to pay or increase dividends may have a material adverse effect on Canada Packers' share price.

Market for Canada Packers Shares

MCI and Maple Leaf Foods directly or indirectly, own or control approximately 33% and 16%, respectively, of the issued and outstanding shares of Canada Packers. The small public float and concentration of holdings may impact market price of Canada Packers' shares. There can be no assurance that there will be an active and liquid trading market for Canada Packers' shares. If an active public market does not develop or is not maintained, shareholders may have difficulty selling their shares.

Influence over Canada Packers by MCI and Maple Leaf Foods

MCI and Maple Leaf Foods directly or indirectly own or control approximately 33% and 16%, respectively, of the issued and outstanding shares of Canada Packers. In addition, MCI exercises control or direction over approximately 40% of the issued and outstanding shares of Maple Leaf Foods and, as a result, may be able to exert influence over the shares of Canada Packers held by Maple Leaf Foods. Accordingly, MCI, and to a lesser extent, Maple Leaf Foods will each have significant influence with respect to all matters submitted to shareholders for approval, including without limitation the election and removal of directors, amendments to Canada Packers' constituting documents and the approval of certain transactions, and in considering such matters their interests may not always align with the interests of other Canada Packers Shareholders.

Canada Packers and each of MCI and Maple Leaf Foods have entered into the Governance Agreement which provides MCI and Maple Leaf Foods with certain governance and other rights that will enable them to exert influence over Canada Packers. Among other things, the Governance Agreement provides MCI the ability to nominate up to two directors, and Maple Leaf Foods the ability to nominate up to one director, of Canada Packers' nine-person board of directors. MCI and Maple Leaf Foods will each also have certain consent rights, including to change the size of the board of directors and with respect to the hiring or termination of Canada Packers' Chief Executive Officer. MCI will also have certain consultation rights in connection with certain actions Canada Packers proposes to take, including with respect to amalgamations, merger arrangements, reorganizations, acquisitions of property in excess of \$25 million, the incurrence of indebtedness in excess of \$25 million or amending Canada Packers' business purpose or entering into a new line of business. These rights could influence the business decisions that Canada Packers makes.

Conflicts of Interest with Maple Leaf Foods and MCI

MCI owns approximately 33% of the Canada Packers outstanding shares, and Maple Leaf Foods owns approximately 16% of the outstanding shares. Maple Leaf Foods is not prohibited from engaging in other business activities that may compete with those of Canada Packers. In certain instances, the interests of Maple Leaf Foods and/or MCI, as applicable, may differ from the interests of Canada Packers and other shareholders, including with respect to the reinvestment of returns generated by Canada Packers' activities, future acquisitions or strategic decisions, and the appointment of outside advisors and service providers. The Supply Agreement, the Long-Term Services Agreement, the Transition Services Agreement, the Governance Agreement, Tax Matters Agreement and Canada Packers' other arrangements with Maple Leaf Foods and MCI, as applicable, do not impose any duty on either Maple Leaf Foods or MCI, as applicable, to act in the best interest of Canada Packers. While the Governance Agreement will require that the Canada Packers board of directors maintain at all times a conflicts review committee, composed entirely of Independent Directors (as defined in the Governance Agreement) as well as a Conflicts Policy, it is possible that conflicts of interest may arise between Canada Packers and Maple Leaf Foods and/or MCI and that such conflicts may not be resolved in a manner that is in the best interests of Canada Packers or its other shareholders.

Termination of the Governance Agreement

The Governance Agreement is required to be ratified at every third annual meeting of Canada Packers Shareholders commencing with Canada Packers' 2028 annual meeting of shareholders by both (i) Canada Packers' shareholders, excluding Maple Leaf Foods and the McCain Holders (as defined in the Governance Agreement) and (ii) the McCain Holders. If the Governance Agreement is not ratified at any such meeting, or if the McCain Holders inform the Canada Packers board of directors that they are not supportive of ratification, in which case the Governance Agreement will not be presented for ratification at the relevant annual meeting, the Governance Agreement will terminate and from the date of termination of such annual meeting. Under the terms of the Governance Agreement, each of the McCain Holders and Maple Leaf Foods are subject to certain restrictions, including with respect to the acquisition of additional shares. Upon termination of the Governance Agreement, neither the McCain Holders nor Maple Leaf Foods would be subject to the restrictions thereunder. See "Influence over Canada Packers by Maple Leaf Foods and MCI" above.

19. NON-IFRS FINANCIAL MEASURES

Canada Packers uses the following non-IFRS measures: Adjusted Operating Earnings, Adjusted EBITDA, Adjusted EBITDA Margin, Adjusted EBT, Net Debt, Net Debt to Trailing Twelve Months Adjusted EBITDA, Adjusted Earnings per Share, Free Cash Flow, Adjusted Free Cash Flow, Earnings Margin and Return on Net Assets ("RONA"). Management believes that these non-IFRS measures provide useful information to investors in measuring the financial performance of Canada Packers 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, Adjusted EBITDA Margin, Adjusted EBT and Earnings Margin

Adjusted Operating Earnings, Adjusted EBITDA, Adjusted EBITDA Margin, and Adjusted EBT 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 amortization, adjusted for items included in other expense that are considered representative of ongoing operational activities of the business. Adjusted EBITDA Margin is calculated as Adjusted EBITDA divided by sales. Adjusted EBT is used annually by Canada Packers to evaluate its performance and is a component of calculating bonus entitlements under the Company's short term incentive plan. It is defined as Adjusted EBITDA less depreciation and amortization and interest expense and income. Earnings Margin is calculated as earnings determined in accordance with IFRS, divided by sales.

The table below provides a reconciliation of earnings before income taxes as reported under IFRS in the Consolidated Financial Statements to Adjusted Operating Earnings, Adjusted EBITDA and Adjusted EBT for the periods ended as indicated below. Management believes that these non-IFRS measures are useful in assessing the performance of Canada Packers ongoing operations and its ability to generate cash flows to fund its cash requirements.

(\$ millions except margin) ⁽ⁱ⁾	Three months ended		For the year ended	
	December 27, 2025	December 28, 2024	December 27, 2025	December 28, 2024
Earnings before income taxes	\$ 32.4	\$ 68.7	\$ 147.8	\$ 148.5
Interest expense	7.1	1.2	10.3	4.5
Other expense ⁽ⁱⁱ⁾	2.5	9.8	13.7	12.2
Earnings from operations	\$ 42.0	\$ 79.7	\$ 171.8	\$ 165.2
Increase in fair value of biological assets ⁽ⁱⁱⁱ⁾	(9.2)	(43.2)	(12.6)	(63.6)
Change in unrealized loss (gain) on derivative contracts ^(iv)	1.7	(1.8)	1.2	(2.8)
Adjusted Operating Earnings	\$ 34.5	\$ 34.7	\$ 160.3	\$ 98.8
Depreciation and amortization	12.6	12.3	49.8	49.7
Items included in other expense representative of ongoing operations ^(v)	(0.7)	(1.9)	(2.7)	(2.4)
Adjusted EBITDA	\$ 46.3	\$ 45.1	\$ 207.5	\$ 146.1
Adjusted EBITDA margin	10.8 %	10.6 %	11.3 %	8.8 %
Interest expense	(7.1)	(1.2)	(10.3)	(4.5)
Interest income	0.4	—	0.4	—
Depreciation and amortization	(12.6)	(12.3)	(49.8)	(49.7)
Adjusted EBT	\$ 27.0	\$ 31.5	\$ 147.7	\$ 91.8
Earnings Margin	5.4 %	11.9 %	5.8 %	6.5 %

⁽ⁱ⁾ Totals may not add due to rounding.

⁽ⁱⁱ⁾ Other expense primarily consists of Spin-Off costs allocated to Canada Packers and certain costs associated with sustainability projects.

⁽ⁱⁱⁱ⁾ Refer to Note 6 of the Consolidated Financial Statements for further details regarding biological assets.

^(iv) Changes in unrealized losses and gains on derivative contracts are reported within cost of goods sold in the Consolidated Financial Statements.

^(v) These items primarily consist of activities that management believes to be representative of the ongoing operations of Canada Packers such as gains and losses on the sales of fixed assets or lease modifications as well as certain costs associated with sustainability projects.

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, net of income taxes. 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 periods indicated. 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.

(\$ millions)	Three months ended		For the year ended	
	December 27, 2025	December 28, 2024	December 27, 2025	December 28, 2024
Basic earnings per share	\$ 0.78	\$ 1.70	\$ 3.58	\$ 3.64
Items included in other income not considered representative of ongoing operations	\$ 0.04	\$ 0.19	\$ 0.26	\$ 0.24
Increase in fair value of biological assets	\$ (0.23)	\$ (1.06)	\$ (0.32)	\$ (1.55)
Change in unrealized loss (gain) on derivative contracts	\$ 0.04	\$ (0.04)	\$ 0.03	\$ (0.07)
Adjusted Earnings per Share	\$ 0.63	\$ 0.79	\$ 3.55	\$ 2.26

Free Cash Flow and Adjusted Free Cash Flow

Free Cash Flow and Adjusted Free Cash Flow are non-IFRS measures used by management to evaluate cash flow after investing in maintenance of the Company's asset base. Free Cash Flow is defined as cash provided by operating activities, less additions to long-term assets. Adjusted Free Cash Flow is defined as Free Cash Flow modified to exclude changes in non-cash operating working capital. The following table calculates Free Cash Flow and Adjusted Free Cash Flow for the periods indicated.

(\$ millions)	Three months ended		For the year ended	
	December 27, 2025	December 28, 2024	December 27, 2025	December 28, 2024
Cash flow provided by operating activities	\$ 49.2	\$ 32.7	\$ 208.9	\$ 117.3
Additions to long-term assets	(12.5)	(9.4)	(38.9)	(30.6)
Free Cash Flow	\$ 36.7	\$ 23.3	\$ 170.0	\$ 86.7
Changes in non-cash operating working capital	(18.4)	11.6	(25.0)	23.4
Adjusted Free Cash Flow	\$ 18.3	\$ 34.9	\$ 145.0	\$ 110.1

Net Debt

The following table reconciles Net Debt to amounts reported under IFRS in the Company's Consolidated Financial Statements and calculates the Net Debt to Adjusted EBITDA ratio as at December 27, 2025 and December 28, 2024, as indicated below. The Company calculates Net Debt as long-term debt and bank indebtedness less cash, and calculates Net Debt to Adjusted EBITDA as the absolute value of Net Debt divided by Adjusted EBITDA. Management believes these measures are useful in assessing the amount of financial leverage employed.

(\$ millions except Net Debt to Trailing Twelve Months Adjusted EBITDA)	Year ended December 27, 2025
Cash	\$ 54.3
Long-term debt	\$ 396.0
Net Debt	\$ 341.7
Adjusted EBITDA	\$ 207.5
Net Debt to Trailing Twelve Months Adjusted EBITDA	1.6

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.

20. SUBSEQUENT EVENTS

On December 31, 2025, the Company paid a dividend of \$0.23 per share on 29,736,736 common shares outstanding on December 10, 2025, totaling \$6.8 million. The dividend was considered an eligible dividend for the purposes of the "Enhanced Dividend Tax Credit System".

On March 3, 2026, the Board of Directors approved a quarterly dividend of \$0.23 per share, or \$0.92 per share on an annual basis, payable on March 31, 2026, to shareholders of record at the close of business on March 11, 2026. The dividend will be considered an eligible dividend for the purposes of the "Enhanced Dividend Tax Credit System."

21. 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 the operating capacity of the processing facilities; expected sales channels; expected future cash flows and the sufficiency thereof, sources of capital at attractive rates, future contractual obligations, future financing options, renewal of credit facilities, compliance with credit facility covenants and availability of capital to fund growth plans including the Canada Packers capital investment program, operating obligations and dividends; the anticipated future financial performance of the Company; implications associated with the spread of foreign animal disease (such as African Swine Fever); operating risks, including the execution, monitoring and continuous improvement of the Company's food safety programs, animal health initiatives, cost reduction initiatives, and service levels; terms; the impact of commodity prices and foreign exchange impacts on the Company's operations and financial performance, including the use and effectiveness of hedging instruments; the amount and timing of dividend payments including the tax treatment thereof; the adoption of new accounting standards and the impact of such adoption on the financial position of the Company; and competitive conditions and the Company's ability to position itself competitively in the markets in which it competes.

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, expectations regarding the adaptations in operations, supply chain, customer and consumer behaviour, economic patterns (including but not limited to global pork markets), foreign exchange rates, tariffs and other international trade dynamics, access to capital, and potential structural changes in global economic patterns; the competitive environment, associated market conditions (including tariffs) and market share metrics, category growth or contraction, the expected behaviour of competitors and customers and trends in consumer preferences; the success of the Company's business strategy and the relationship between pricing, inflation, volume and sales of the Company's products; prevailing commodity prices, implications of tariffs, interest rates, tax rates and exchange rates; the economic condition of and the sociopolitical dynamics between Canada, the U.S., Japan and China, and the ability of the Company to access markets and source ingredients and other inputs in light of global sociopolitical disruption, and the ongoing impact of global conflicts on inflation, trade and markets; the spread of foreign animal disease (including African Swine Fever) preparedness strategies to manage such spread, and implications for the global pork market; access to export markets; availability of and access to capital to fund future capital requirements and ongoing operations; prevailing regulatory, tax and environmental laws; and future operating costs and performance, including the Company's ability to achieve operating efficiencies and maintain sales volumes, turnover of inventories and turnover of accounts receivable.

Readers are cautioned that the assumptions on which this information is based may prove to be incorrect in whole or in part, and actual outcomes 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 results of Canada Packers' execution of its business plan, the degree to which benefits are realized or not and the timing to realize those benefits, including the implications on the financial results; potential structural changes in global economic patterns which may have implications for the operations and financial performance of the Company, as well the ongoing implications for macro socio-economic trends, trade action and global conflict; macro-economic trends, including inflation, consumer behaviour, recessionary indicators, labour availability and labour market dynamics and international trade trends, including tariffs, duties and global pork markets; competition, market conditions, and the activities of competitors and customers, including the expansion or contraction of key categories, inflationary pressures, pork market dynamics and Japan export margins; the health status of livestock, including the impact of potential pandemics; international trade and access to markets and supplies, as well as social, political and economic dynamics, including global conflicts; operating performance, including manufacturing operating levels, fill rates and penalties; availability of and access to capital, and compliance with credit facility covenants; decisions respecting the return of capital to shareholders; the execution of capital projects and investment in maintenance capital; food safety, consumer liability and product recalls; climate change, climate regulation and the Company's sustainability performance; strategic risk management; acquisitions and divestitures; fluctuations in the debt and equity markets; fluctuations in interest rates and currency exchange rates; 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; intellectual property rights and licensing; reputation; weather; compliance with government regulation and adapting to changes in laws; compliance with the tax ruling received by the CRA in relation to the Spin-Off; actual and threatened legal claims; consumer trends and changes in consumer buying patterns; environmental regulation and potential environmental liabilities; 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" of the Circular. The Company cautions readers that the foregoing list of factors is not exhaustive.

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.