PREMIUM BRANDS HOLDINGS CORPORATION

Consolidated Financial Statements

Fiscal Years Ended
December 27, 2025 and December 28, 2024

Independent auditor's report

To the Shareholders of Premium Brands Holdings Corporation

Our opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Premium Brands Holdings Corporation and its subsidiaries (together, the Company) as at December 27, 2025, December 28, 2024 and December 31, 2023, and its financial performance and its cash flows for the 52 weeks ended December 27, 2025 and December 28, 2024 in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards).

What we have audited

The Company's consolidated financial statements comprise:

- the consolidated balance sheets as at December 27, 2025, December 28, 2024 and December 31, 2023;
- the consolidated statements of operations for the 52 weeks ended December 27, 2025 and December 28, 2024;
- the consolidated statements of comprehensive earnings for the 52 weeks ended December 27, 2025 and December 28, 2024;
- the consolidated statements of cash flows for the 52 weeks ended December 27, 2025 and December 28, 2024;
- the consolidated statements of changes in shareholders' equity for the 52 weeks ended December 27, 2025 and December 28, 2024; and

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- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the 52 weeks ended December 27, 2025. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Impairment assessment of goodwill and indefinite lived intangible assets Refer to note 2 – Summary of material accounting policies, note 6 – Intangible assets and note 7 – Goodwill to the consolidated financial statements. The Company had goodwill of $1,112.7 million and indefinite lived intangible assets of $241.1 million as at December 27, 2025. Management performs an impairment assessment annually, or more frequently if events or changes in circumstances indicate that the carrying value of goodwill	Our approach to addressing the matter included the following procedures, among others: • Testing how management determined the recoverable amounts of the CGUs: – Testing the appropriateness of the method used and the mathematical accuracy of the discounted cash flow models.

Key audit matter	How our audit addressed the key audit matter
and indefinite lived intangible assets may not be recoverable. The impairment assessment is based on a comparison of the recoverable amount of a cash generating unit (CGU) to the underlying carrying amount of the CGU's net assets, including goodwill and indefinite lived intangible assets. When the carrying amount of the CGU's net assets exceeds its recoverable amount, the difference is charged to earnings. The recoverable amount of the CGU is based on the higher of its fair value less costs of disposal and its value in use. Management used a discounted cash flow model to determine the CGU's value in use. Assessing impairment of goodwill and indefinite lived intangible assets requires management to make significant judgments, including making estimates with regards to the amounts and timing of future cash flows and the discount rate to be used to value such cash flows. No impairment was recognized as a result of the 2025 impairment assessment. We considered this a key audit matter due to (i) the significance of the goodwill and indefinite lived intangible asset balances and (ii) the significant judgment made by management in determining the recoverable amounts of the CGUs. This has resulted in a high degree of subjectivity and audit effort in performing audit procedures to test the amounts and timing of future cash flows and the discount rate assumptions to be used to value such cash flows. Professionals with specialized skill and knowledge in the field of valuation assisted us in performing our procedures.	– Testing the amounts and timing of the future cash flows by comparing to the Board of Directors approved budget and past performance of the Company. – Evaluating the reasonableness of the discount rate assumptions with the assistance of professionals with specialized skill and knowledge in the field of valuations by considering available data from comparable companies. – Testing the underlying data used in the discounted cash flow models.

Other information

Management is responsible for the other information. The other information comprises the Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Company as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Robert Coard.

/s/PricewaterhouseCoopers LLP

Chartered Professional Accountants
Vancouver, British Columbia
March 19, 2026

Premium Brands Holdings Corporation

Consolidated Balance Sheets

(in millions of Canadian dollars)

	Dec 27, 2025	Dec 28, 2024 Restated (note 2,21)	Dec 31, 2023 Restated (note 2,21)
Current assets:			
Cash and cash equivalents	29.3	49.2	27.6
Accounts receivable (note 24)	570.5	495.8	509.9
Inventories (note 3)	1,045.8	900.7	746.7
Prepaid expenses and other assets	55.6	56.2	43.8
	1,701.2	1,501.9	1,328.0
Capital assets (note 4)	1,263.5	1,422.0	1,163.9
Right of use assets (note 5)	866.8	681.6	565.3
Intangible assets (note 6)	536.7	555.9	540.6
Goodwill (note 7)	1,112.7	1,133.9	1,084.1
Investments in and advances to associates (note 8)	413.7	457.1	453.5
Other assets	24.0	51.4	22.7
Deferred income tax assets (note 21)	28.8	18.6	10.6
	5,947.4	5,822.4	5,168.7
Current liabilities:			
Cheques outstanding	15.9	29.9	16.4
Bank indebtedness (note 9)	5.2	19.1	-
Dividends payable (note 16)	38.2	38.1	34.4
Accounts payable and accrued liabilities	597.6	579.3	470.9
Current portion of puttable interest in subsidiaries (note 12)	35.7	31.7	30.4
Current portion of long-term debt (note 10)	0.6	1.0	2.0
Current portion of lease obligations (note 5)	64.1	61.9	53.9
Current portion of provisions (note 11)	8.2	-	29.9
Convertible unsecured subordinated debentures (note 13)	622.5	470.9	484.5
	1,388.0	1,231.9	1,122.4
Long-term debt (note 10)	1,813.4	1,921.1	1,510.4
Lease obligations (note 5)	895.4	695.0	583.4
Puttable interest in subsidiaries (note 12)	43.0	45.3	42.4
Deferred revenue	0.2	0.2	2.8
Provisions (note 11)	16.3	24.2	14.5
Deferred income tax liabilities (note 21)	135.7	135.5	126.3
	4,292.0	4,053.2	3,402.2
Equity attributable to shareholders:			
Retained earnings (deficit)	(123.3)	(6.8)	18.8
Share capital (note 14)	1,732.5	1,721.5	1,703.9
Reserves (note 15)	46.2	54.5	43.8
	1,655.4	1,769.2	1,766.5
	5,947.4	5,822.4	5,168.7

Subsequent events (note 28)

Approved by the Board of Directors

(signed) George Paleologou	Director	*(signed) Johnny Ciampi*	Director

The accompanying notes are an integral part of these consolidated financial statements.

Premium Brands Holdings Corporation

Consolidated Statements of Operations

(in millions of Canadian dollars except per share amounts)

	52 weeks ended Dec 27, 2025	52 weeks ended Dec 28, 2024
Revenue	7,477.2	6,470.5
Cost of goods sold (note 19)	6,088.7	5,177.9
Gross profit before depreciation, amortization, and plant start-up and restructuring costs	1,388.5	1,292.6
Investment income (note 8)	66.6	53.2
Selling, general and administrative expenses before depreciation and amortization (note 19)	782.9	752.1
Operating profit before depreciation, amortization, and plant start-up and restructuring costs	672.2	593.7
Depreciation of capital assets (note 4)	107.6	92.0
Amortization of intangible assets (note 6)	23.5	21.6
Amortization of right of use assets (note 5)	79.7	65.9
Accretion of lease obligations (note 5)	45.6	28.6
Plant start-up and restructuring costs	60.7	43.7
Interest and other financing costs (note 20)	168.7	170.7
Acquisition transaction costs	12.5	5.8
Change in value of puttable interest in subsidiaries (note 12)	4.0	5.7
Change in value and accretion of provisions (note 11)	0.8	4.4
Provision released (note 11)	-	(23.7)
Equity losses (earnings) from investments in associates (note 8)	93.6	39.7
Change in fair value of option liabilities (note 13)	(12.0)	(20.0)
Acquisition bargain purchase gain (note 18)	-	(5.5)
Other expenses (income)	2.5	(3.6)
Earnings before income taxes	85.0	168.4
Provision for income taxes (recovery) (note 21)		
Current	51.1	53.6
Deferred	(6.6)	(6.7)
	44.5	46.9
Earnings	40.5	121.5
Earnings per share (note 17):		
Basic	0.91	2.73
Diluted	0.90	2.72
Weighted average shares outstanding (in millions) (note 14):		
Basic	44.7	44.4
Diluted	44.9	44.6

The accompanying notes are an integral part of these consolidated financial statements.

Premium Brands Holdings Corporation

Consolidated Statements of Comprehensive Earnings

(in millions of Canadian dollars)

	52 weeks ended Dec 27, 2025	52 weeks ended Dec 28, 2024
Earnings	40.5	121.5
Items that may be realized to earnings (losses) in future periods:		
Unrealized gain (loss) on foreign exchange currency contracts (note 15, 24)	3.1	(5.9)
Unrealized foreign exchange (loss) gain on investments in foreign operations (note 15)	(6.1)	16.8
Items that will not be realized to earnings in future periods:		
Actuarial (loss) gain on pension plan assets	(4.2)	4.7
Other comprehensive earnings (losses)	(7.2)	15.6
Comprehensive earnings	33.3	137.1

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statements of Cash Flows

(in millions of Canadian dollars)

	52 weeks ended Dec 27, 2025	52 weeks ended Dec 28, 2024
Cash flows from (used in) operating activities:		
Earnings	40.5	121.5
Items not involving cash:		
Depreciation of capital assets (note 4)	107.6	92.0
Amortization of intangible assets (note 6)	23.5	21.6
Amortization of right of use assets (note 5)	79.7	65.9
Accretion of lease obligations (note 5)	45.6	28.6
Change in value of puttable interest in subsidiaries (note 12)	4.0	5.7
Equity losses (earnings) from investments in associates (note 8)	93.6	39.7
Financing costs	9.1	8.1
Change in value and accretion of provisions (note 11)	0.8	4.4
Provision released (note 11)	-	(23.7)
Change in fair value of option liabilities (note 13)	(12.0)	(20.0)
Acquisition bargain purchase gain (note 18)	-	(5.5)
Deferred income tax recovery (note 21)	(6.6)	(6.7)
Other expenses (income)	2.5	(3.6)
	388.3	328.0
Change in non-cash working capital (note 25)	(294.7)	(74.9)
	93.6	253.1
Cash flows from (used in) financing activities:		
Long-term debt, borrowings	1,146.4	749.0
Long-term debt, repayments	(1,162.3)	(468.2)
Payments for lease obligations (note 5)	(107.2)	(81.5)
Bank indebtedness and cheques outstanding	(27.9)	32.6
Dividends paid to shareholders (note 16)	(152.6)	(148.1)
Repayment of convertible debentures (note 13)	(172.5)	-
Proceeds from issuance of convertible debentures – net of issuance costs (note 13)	329.5	-
	(146.6)	83.8
Cash flows from (used in) investing activities:		
Capital asset additions (note 4, 22)	(219.0)	(364.8)
Business acquisitions (note 18)	(23.1)	(61.5)
Payment of provisions (note 11)	-	(10.7)
Payment to shareholders of non-wholly owned subsidiaries (note 12)	-	(3.6)
Net change in share purchase loans and notes receivable	1.5	1.5
Distributions from investments in associates, net of investments and advances	40.9	3.9
Proceeds from sale of assets and leaseback of real estate (note 4)	232.8	119.9
	33.1	(315.3)
Change in cash and cash equivalents	(19.9)	21.6
Cash and cash equivalents – beginning of year	49.2	27.6
Cash and cash equivalents – end of year	29.3	49.2
Supplemental cash flow information (note 25)		
Interest and other financing costs paid	157.5	165.2
Income taxes paid	50.6	47.8

Premium Brands Holdings Corporation

Consolidated Statements of Changes in Shareholders’ Equity

(in millions of Canadian dollars)

	Retained earnings	Share capital	Reserves	Share-holders’ equity
Balance as at December 30, 2023	18.8	1,703.9	43.8	1,766.5
Earnings for the year attributable to shareholders	121.5	-	-	121.5
Common shares issued (note 14)	-	14.1	-	14.1
Dividends declared (note 16)	(151.8)	-	-	(151.8)
Actuarial gain on pension obligation	4.7	-	-	4.7
Effect of share based compensation plans (note 14,15)	-	3.5	(0.2)	3.3
Unrealized loss on foreign exchange contracts (note 15, 24)	-	-	(5.9)	(5.9)
Foreign currency translation adjustment	-	-	16.8	16.8
Balance as at December 28, 2024	(6.8)	1,721.5	54.5	1,769.2
Earnings for the year attributable to shareholders	40.5	-	-	40.5
Common shares issued (note 14)	-	7.5	-	7.5
Dividends declared (note 16)	(152.8)	-	-	(152.8)
Actuarial loss on pension obligation	(4.2)	-	-	(4.2)
Effect of share based compensation plans (note 14,15)	-	3.5	(5.3)	(1.8)
Unrealized gain on foreign exchange contracts (note 15, 24)	-	-	3.1	3.1
Foreign currency translation adjustment	-	-	(6.1)	(6.1)
Balance as at December 27, 2025	(123.3)	1,732.5	46.2	1,655.4

The accompanying notes are an integral part of these consolidated financial statements.

1. Corporate information

Premium Brands Holdings Corporation (the Company) is incorporated under the Canada Business Corporations Act and located at 100-10991 Shellbridge Way, Richmond B.C. Through its subsidiaries, the Company owns a broad range of specialty food manufacturing and premium food distribution and wholesale businesses with operations in Canada and the United States.

The Company's Board of Directors approved these consolidated financial statements on March 18, 2026.

2. Summary of material accounting policies

Basis of presentation

The Company prepares its consolidated financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards).

Basis of measurement

These consolidated financial statements have been prepared under the historical cost convention, except for puttable interests in subsidiaries, provisions, foreign exchange forward contracts, and interest rate swaps, which are measured at fair value.

Principles of consolidation

The consolidated financial statements include the accounts of the Company and all its wholly owned and majority-owned subsidiaries after elimination of intercompany transactions and balances.

At December 27, 2025, the Company owns controlling interests of between 70.0% and 96.6% (2024 – 70.0% and 96.6%) in a number of non-wholly owned companies. In all cases, it holds options to purchase the third party interests in these businesses (calls), and in most cases, the third party stakeholders hold options that entitle them to require the Company to purchase their respective interests (puts). The dates in which the puts can be exercised range from any time to January 2028, with the purchase prices being based on formulas tied to the profitability of the respective businesses.

Based on its majority ownership and control over the operations of these subsidiaries, the Company has consolidated 100% of their operations into its consolidated financial statements, and for the third party interests in these subsidiaries, it has recorded the puts as a financial liability (puttable interest in subsidiaries) at fair value on the consolidated balance sheet. The fair value of the puttable interest in subsidiaries is based on the Company's best estimates of the amounts and timing of the future cash flows of these subsidiaries, including their revenues, expenses, working capital needs, capital expenditures, and financing structures. Changes in the value of the puts resulting from changes in the assumptions used to estimate future put exercise prices are recorded in earnings as determined.

Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The cost of the business combination is measured as the sum of the fair values of assets given, equity instruments issued, and liabilities incurred or assumed, in exchange for control of the businesses acquired. Acquisition related costs are expensed as incurred.

The excess of the cost of a business combination over the fair value of the underlying identifiable assets acquired and liabilities assumed is recorded as goodwill. If the cost of the acquisition is less than the fair value of the net assets acquired, the difference is recognized in the current period as a gain (acquisition bargain purchase gain) in earnings.

Fiscal year

The fiscal year of the Company is the fifty-two week or fifty-three week period ending the nearest Saturday on or before December 31. The years ended December 27, 2025 and December 28, 2024 were both fifty-two weeks.

Cash and cash equivalents

Cash and cash equivalents consist of cash on deposit and highly liquid short-term interest bearing securities with original maturities at the date of purchase of three months or less.

Inventories

Raw materials and finished goods inventories are stated at the lower of cost and net realizable value. Cost includes raw materials, manufacturing labor, and direct and indirect overhead, and is determined using either the first-in first-out or weighted average cost methods. Net realizable value is the estimated selling price less applicable selling expenses.

Capital assets

Capital assets are stated at cost less accumulated depreciation. Cost includes expenditures that are directly attributable to the acquisition or construction of the capital assets.

Capital assets are depreciated once they are complete and available for use. Depreciation is provided on a straight-line or declining balance basis over the period in use at the following annual rates, which are based on the expected useful lives of the assets:

Buildings and leaseholds	2.5% to 5%
Machinery and equipment	5% to 30%

Buildings and leaseholds include the buildings owned by the Company as well as significant leasehold improvements made to facilities leased by the Company. Machinery and equipment includes production equipment, distribution equipment, information technology equipment, vehicles, and office equipment.

Leases

The Company recognizes right of use assets, which represent its rights to use the underlying assets, and lease liabilities, which represent its obligations to make lease payments.

Right of use assets are initially measured at cost. The right of use asset is subsequently amortized using the straight-line method from the commencement date to the end of its useful life. Right of use assets may periodically be reduced by impairment losses and modified for certain remeasurements of lease obligations.

Lease obligations are initially measured at the present value of the lease payments that are not paid as at the commencement date discounted using the implicit interest rate in the lease. If the implicit interest rate is not readily determined, the lease payments are discounted at the Company's incremental borrowing rate, which is assessed regularly based on current market conditions, financing terms, and where possible, third-party financing received by the individual lessee.

Remeasurements may periodically occur when there is a change in the lease payments or change in the discount rate. The Company has applied judgment to determine the lease term for lease contracts that include renewal options and the likelihood of exercising such options, which affects the amount of lease liabilities and right of use assets recognized.

Where the Company is the lessor of an owned property, leases are classified as finance leases when the terms of the lease transfer substantially all the risks and rewards to the lessee. All other leases are classified as operating leases.

Where the Company is the intermediate lessor of a sublease arrangement, the Company determines whether it is a finance or operating lease by assessing: (i) if the terms of sublease transfers substantially all the risks and rewards to the sublessee; and (ii) the present value of the sublease payments in relation to the right of use asset. For finance subleases, the Company derecognizes the right of use assets and recognizes a corresponding lease receivable within lease obligations. Sublease income from operating leases is recognized in earnings.

In accordance with IFRS 16, sales and leaseback transactions are assessed to determine if the transfer of the asset qualifies as a sale under IFRS 15. If the transfer qualifies as a sale, the Company derecognizes the asset and recognizes a right of use asset and a lease liability at the present value of the lease payments. The gain or loss on the sale is limited to the proportion of the carrying amount of the asset that relates to the rights retained by the seller-lessee. If the transfer does not qualify as a sale, the Company continues to recognize the transferred asset and recognizes a financial liability equal to the proceeds received. Lease payments are subsequently apportioned between the interest expense and the reduction of the lease liability.

Brand names and goodwill

Goodwill represents the excess of the cost of an acquired business over the fair value of its underlying net identifiable assets at the time of acquisition.

Goodwill and proprietary brand names acquired as part of a business combination, and determined to have an indefinite useful life, are not amortized but are tested for impairment on an annual basis and whenever events or changes in circumstances indicate that the carrying value may not be recoverable. This is done by comparing the recoverable amount of a cash generating unit (CGU) to the underlying carrying amount of the CGU's net assets, including goodwill. The recoverable amount of the CGU can be based on the higher of its fair value less cost of disposal and its value in use, which uses a discounted cash flow model. When the carrying amount of the CGU exceeds its recoverable amount, the difference is charged to earnings.

Impairment of non-financial assets

Capital assets and finite life intangible assets (customer relationships) are reviewed for impairment when events or circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized when the carrying value of a capital asset or a finite life intangible asset exceeds its recoverable amount, which is the greater of its value in use or its fair value less the cost of disposal. Any impairment recognized is measured as the amount by which the carrying value of the asset exceeds its recoverable amount. Intangible assets consist of acquired brand names and customer relationships. Customer relationships acquired as part of business combinations are amortized on a straight-line basis over 20 years.

Investment in associates

Associates are entities over which the Company has significant influence, but not control, and are accounted for using the equity method, under which the investment is initially recorded at cost and the carrying value is adjusted thereafter to include the Company's pro-rata share of post-investment earnings or losses of the associate and is reduced by the amount of cash distributions received from the associate.

Joint ventures

Joint ventures are entities in which the Company has a contractual arrangement that establishes joint control over the economic activities of the entity by the Company and another party. Joint ventures are accounted for using the equity method and are included with investment in associates.

Long-term debt

The Company's long-term debt is initially recognized at fair value, net of financing costs. Any difference between the proceeds, net of financing costs, and the redemption value is recognized in earnings over the term of the debt using the effective interest rate method.

Provisions

Provisions are recognized when there is a probable outflow of economic resources from the Company and the amount of that outflow can be estimated reliably, although the timing or amount of the outflow may be uncertain due to the outflow being contingent upon the occurrence of certain events, such as a business achieving defined financial targets over a particular period of time. Provisions are calculated using the discounted value of the estimated expenditure required to settle the future obligation, based on the most reliable evidence available at the reporting date. Changes in the value of provisions resulting from changes in the assumptions used to estimate the amounts and timing of future outflows are recognized in earnings.

Convertible unsecured subordinated debentures (convertible debentures)

The Company records its convertible debentures as a financial liability. The convertible debentures include a Cash Conversion Option (note 13) which is an embedded derivative (option liability). The option liability is revalued at the end of each quarter and recognized in earnings. Interest is recognized in earnings and is calculated at an effective rate with the difference between the coupon rate and the effective rate being credited to the debt component of the convertible debentures (accretion of convertible debentures) such that, at maturity, the financial liability is equal to the face value of the outstanding convertible debentures.

When the Company purchases and cancels its convertible debentures under a normal course issuer bid (NCIB), the difference between the book value and fair value of the cancelled convertible debentures is recognized in earnings.

Revenue recognition

For products sold and delivered to customers by third party carriers, revenue is recognized at the time the goods leave the Company's possession and performance obligations have been completed, subject to being reasonably measured and collection being reasonably assured. For products sold through the Company's proprietary distribution networks, revenue is recognized when the product is delivered to the customer. Revenue is reported net of rebates, allowances and returns.

Cost of goods sold

Cost of goods sold includes raw materials, manufacturing labor costs and plant overhead costs but excludes depreciation and amortization.

Income taxes

The Company follows the asset and liability method of accounting for income taxes whereby deferred income tax assets and liabilities are recognized based on differences between the values of the assets and liabilities used for financial statement purposes and those used for income tax purposes. Deferred income tax assets and liabilities are calculated using substantively enacted tax rates for the period in which the differences are expected to reverse. Deferred income tax assets are recognized only to the extent that management determines that it is more likely than not that the deferred income tax assets will be realized. Deferred income tax assets and liabilities are adjusted for the effects of changes in tax laws and rates on the date of enactment or substantive enactment and any resulting differences are recognized in earnings.

Foreign currency translation

The Company's United States based operations have a functional currency of U.S. dollars and accordingly have been translated to Canadian dollars using the year end exchange rate for amounts included in the consolidated balance sheet and the average exchange rate for amounts included in the year for the consolidated statement of operations. Gains or losses resulting from translation adjustments are recorded as a component of reserves in shareholders' equity until there is a realized reduction in the net investment in the United States based operation.

Foreign currency accounts of Canadian operations have been translated to Canadian dollars using the year end exchange rate for monetary assets and liabilities and the prevailing exchange rate at the time for income and expense transactions. Gains and losses resulting from this translation are recognized in earnings.

Segment reporting

Operating segments are reported in a manner consistent with internal reporting provided to the chief operating decision makers who are responsible for allocating resources and assessing the performance of the operating segments.

Financial instruments

The Company recognizes a financial asset or financial liability only when it becomes a party to the contractual provisions of the financial instrument. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Financial liabilities are derecognized when the obligation specified in the contract is discharged, cancelled or expires.

Financial assets are initially recognized at fair value and classified either as measured at amortized cost or measured at fair value. Financial assets held solely for the purpose of collecting the contractual cash flows, where those cash flows represent only payments of principal and interest, are recorded at amortized cost, which includes a provision for expected credit losses. Financial assets that are held for the purpose of collecting the contractual cash flows and/or for selling the financial assets themselves are recorded as measured at fair value and are remeasured each period, with any changes being recorded in either other comprehensive earnings or earnings.

Financial liabilities are initially recognized at fair value and, with certain exceptions, are classified as measured at amortized cost.

The Company, from time to time, uses interest rate swap contracts to manage risks associated with fluctuations in interest rates. All such interest rate swap contracts are used only for risk management purposes. The Company also uses foreign currency forward contracts to manage exchange risks associated with its U.S. dollar payments and receipts and Euro payments.

Derivatives are initially recognized at fair value on the date a derivative contract is entered into and are remeasured at their fair values in subsequent periods. For derivatives that have not been designated as hedging instruments, the changes in their fair values are recognized in earnings.

For derivatives designated as hedging instruments, the Company documents at the inception of the hedging transaction its risk management objectives and strategy and the economic relationship between the hedging instruments and the hedged items, including whether the hedging instrument is expected to offset changes in cash flows of the hedged items. Changes in the effective portion of the fair value of the derivatives that are designated as hedging instruments are recognized in reserves in the equity portion of the Company's consolidated balance sheet and in other comprehensive earnings, while changes in the ineffective portion are recognized in earnings.

Accounts receivable and notes and loans receivable are classified and measured at amortized cost and are net of expected credit losses.

Cheques outstanding, bank indebtedness, dividends payable, accounts payable and accrued liabilities, lease obligations, long-term debt, and convertible debentures are classified and measured at amortized cost.

Impairment of financial assets

Financial assets, which are measured at amortized cost, are assessed for the probability of default at initial recognition and reassessed at each reporting period for significant changes in credit risk. The Company evaluates current and forward-looking information such as the financial condition of the obligor, delinquencies in payments of interest or principal, and significant changes in the expected future cash flows of the financial assets to determine if there are significant changes to credit risk. Based on this evaluation, an expected credit loss (ECL) allowance may then be recognized to earnings at initial recognition along with any changes based on reassessments performed at each subsequent reporting period. When there is objective evidence of impairment leading to the conclusion that a financial asset is credit-impaired and there is no reasonable expectation of recovery, it is written off.

For trade receivables, the Company applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognized at the time of initial recognition of the receivables.

Critical accounting estimates and judgments

The preparation of consolidated financial statements requires management to use judgment in applying its accounting policies and to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period.

Significant areas requiring the use of management estimates and judgments relate to:

(i) Goodwill and intangible assets

The Company assesses the impairment of goodwill and intangible assets with indefinite lives on an annual basis and finite life intangible assets whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Factors which could trigger an impairment review include significant underperformance relative to plan, a change in the Company’s business strategy, or significant negative industry or economic trends. Assessing impairment of goodwill and intangible assets requires significant judgment including identifying appropriate CGUs, making estimates with regards to the amounts and timing of future cash flows, and the discount rates to be used to value such cash flows.

(ii) Income tax provision

The provision for deferred income taxes is based on changes in the estimated temporary differences between the value of the assets and liabilities used for tax purposes and those used for accounting purposes. In determining these temporary differences, certain management judgments and estimates are required. Furthermore, deferred income tax assets are recognized only to the extent that management determines that it is more likely than not that the deferred income tax assets will be realized.

(iii) Puttable interest in subsidiaries

Puttable interest in subsidiaries is calculated based on projections of future cash flows of the applicable subsidiaries. These projections include the cash flows expected to be generated by the subsidiary’s operations, as well as cash flows generated by or used in its financing and investing activities. A significant amount of judgment is required in estimating the amounts and timing of these cash flows.

(iv) Convertible unsecured subordinated debentures

The determination of reasonable fair market values for convertible unsecured subordinated debentures is based on a variety of quantitative and qualitative factors, including comparative information for other similar financial instruments, and correspondingly requires a significant amount of judgment.

(v) Business acquisitions, divestitures and contingent consideration

The allocation of the purchase price associated with the acquisition of a business requires a significant amount of judgment in terms of identifying and determining: (i) the fair market values of the tangible and intangible assets purchased, which involves using a discounted cash flow model and requires using estimates of discount rates, royalty rates, customer retention rates and future revenues and gross margins; and (ii) the fair value of liabilities assumed. Furthermore, when an acquisition involves contingent consideration, there is also significant judgment involved in determining the value of such consideration. The classification of non-current assets (or disposal groups) as held for sale requires management to apply significant judgment in assessing whether the criteria set out in IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* have been met at the reporting date.

(vi) Provisions

Provisions represent management's best estimate of the fair value of future costs associated with contingent consideration and lease restoration costs. The final settlement of these amounts depends upon future events, and as a result, a significant amount of judgment is required in estimating them.

(vii) Plant start-up and restructuring costs

Plant start-up and restructuring costs consist of expenses associated with the start-up of new production capacity, the reconfiguration of existing capacity to gain efficiencies and/or additional capacity, or the restructuring of a business to improve its profitability. The determination of these costs requires a significant amount of judgment with regards to the identification, measurement, and allocation of applicable costs.

Share based compensation plans

The Company has an employee benefit plan (EBP) that provides common share awards, all of which are purchased on the open market, to eligible officers and employees of the Company and its subsidiaries. Grants under the EBP are treated as equity-settled share based payments, with the common shares granted being measured at their fair values on the grant date. This fair value is then expensed based on a graded vesting pattern over the associated vesting period, with the deferred portion recognized as a component of reserves in shareholders' equity.

The Company's unvested common shares acquired pursuant to the EBP are recorded as a reduction to the Company's outstanding share capital, and are recognized as outstanding share capital as they legally vest and ownership is transferred to the beneficiary.

Normal course issuer bid (NCIB)

When the Company repurchases its own common shares under a NCIB, share capital is reduced by the carrying value. The difference between the purchase price and the carrying value at the time of purchase is recognized in retained earnings.

Earnings per share

Basic earnings per share is calculated using the earnings for the period attributable to the shareholders of the Company, divided by the weighted average number of common shares outstanding during the period. The computation of diluted earnings per share assumes the basic weighted average number of common shares outstanding during the period is increased to include the number of additional common shares that would have been outstanding if the potentially dilutive common shares had been issued. The dilutive effect of convertible debentures is determined using the if-converted method.

Adoption of new accounting standard

The International Accounting Standards Board issued amendments to International Accounting Standards 1 (IAS 1), Presentation of Financial Statements, that is effective for annual periods beginning on or after January 1, 2024.

These amendments change the disclosure requirements for an entity when its right to defer settlement of a liability is subject to compliance with covenants or other contractual obligations within 12 months after the reporting period. This includes only classifying liabilities as non-current if a company has a substantive right to defer settlement for at least 12 months at the end of the reporting period.

As a result of the Company's adoption of this standard, it has classified its convertible debentures as current on the basis the holder has the option to convert at any time in exchange for the Company's common shares without the right to defer settlement, regardless of the relationship between the conversion price of the convertible debenture and the current trading price of the Company's common shares. The Company's consolidated balance sheets for prior periods have been restated to reflect this accounting change.

Accounting pronouncements not yet adopted

In April 2024, the IASB issued IFRS 18 Presentation and Disclosure of Financial Statements for reporting of financial performance and presentation of assets, liabilities, equity, income and expenses. IFRS 18 replaces IAS 1 and applies for annual reporting periods beginning on or after January 1, 2027 requiring retrospective application. The Company is currently assessing the impact of the new standard on its consolidated financial statements.

In May 2024, the IASB issued amendments to IFRS 7 and IFRS 9 to address the derecognition of financial assets and financial liabilities settled via electronic payments and the related disclosures. These amendments apply for annual reporting periods beginning on or after January 1, 2026. The Company is currently assessing the impact of these amendments on its consolidated financial statements.

(Tabular amounts in millions of Canadian dollars except per share amounts and percentages)

3. Inventories

	Dec 27, 2025	Dec 28, 2024
Raw materials	491.2	368.3
Finished goods	548.1	526.3
Concessionary equipment for sale	6.5	6.1
	1,045.8	900.7

4. Capital assets

	Land, buildings and leaseholds	Machinery and equipment	Total
December 28, 2024			
Cost	942.1	1,369.5	2,311.6
Accumulated depreciation	(212.4)	(677.2)	(889.6)
Net book value	729.7	692.3	1,422.0
December 27, 2025			
Cost	769.4	1,446.4	2,215.8
Accumulated depreciation	(228.0)	(724.3)	(952.3)
Net book value	541.4	722.1	1,263.5

	Land, buildings and leaseholds	Machinery and equipment	Total
Net book value as at December 30, 2023	594.2	569.7	1,163.9
Acquired through business and asset acquisitions (note 18)	19.3	16.5	35.8
Additions	195.4	169.4	364.8
Disposals	(97.3)	(14.3)	(111.6)
Depreciation	(12.5)	(79.5)	(92.0)
Foreign currency exchange adjustment	30.6	30.5	61.1
Net book value as at December 28, 2024	729.7	692.3	1,422.0
Acquired through business and asset acquisitions (note 18)	-	1.4	1.4
Additions	83.2	135.8	219.0
Disposals	(230.9)	(2.0)	(232.9)
Depreciation	(23.5)	(84.1)	(107.6)
Foreign currency exchange adjustment	(17.1)	(21.3)	(38.4)
Net book value as at December 27, 2025	541.4	722.1	1,263.5

In the fourth quarter of 2024, the Company completed the sale leaseback of one of its properties for net proceeds of $94.6 million. The transaction resulted in a sale and disposal of capital assets for $102.0 million; and the recognition of a right of use asset for $112.5 million and a lease obligation for $99.3 million (note 5). The Company also sold a redundant piece of land for proceeds of $25.3 million.

In the second quarter of 2025, the Company completed the sale leaseback of one of its properties for proceeds of $232.8 million. The transaction resulted in a sale and disposal of capital assets for $232.1 million; and the recognition of a right of use asset for $232.5 million and a lease obligation for $232.8 million (note 5).

(Tabular amounts in millions of Canadian dollars except per share amounts and percentages)

5. Leases

Right of use assets

	Buildings and leaseholds	Machinery and equipment	Total
December 28, 2024			
Right of use assets	971.9	57.0	1,028.9
Accumulated depreciation	(311.2)	(36.1)	(347.3)
Net book value	660.7	20.9	681.6
December 27, 2025			
Right of use assets	1,199.3	78.5	1,277.8
Accumulated depreciation	(366.7)	(44.3)	(411.0)
Net book value	832.6	34.2	866.8

	Buildings and leaseholds	Machinery and equipment	Total
Net book value as at December 30, 2023	548.1	17.2	565.3
Acquired through business and asset acquisitions (note 18)	7.5	1.7	9.2
Additions	144.8	9.2	154.0
Disposals	(0.6)	(0.7)	(1.3)
Amortization	(59.0)	(6.9)	(65.9)
Foreign currency exchange adjustment	19.9	0.4	20.3
Net book value as at December 28, 2024	660.7	20.9	681.6
Acquired through business and asset acquisitions (note 18)	0.7	-	0.7
Additions	260.8	23.5	284.3
Disposals	(0.3)	(0.2)	(0.5)
Amortization	(70.0)	(9.7)	(79.7)
Foreign currency exchange adjustment	(19.3)	(0.3)	(19.6)
Net book value as at December 27, 2025	832.6	34.2	866.8

Lease obligations

	Buildings and leaseholds	Machinery and equipment	Total
Net book value as at December 30, 2023	619.0	18.3	637.3
Acquired through business and asset acquisitions (note 18)	7.5	1.7	9.2
Payments	(72.7)	(8.8)	(81.5)
Additions	133.7	9.2	142.9
Disposals	(0.6)	(0.7)	(1.3)
Accretion	26.8	1.8	28.6
Foreign currency exchange adjustment	21.3	0.4	21.7
Net book value as at December 28, 2024	735.0	21.9	756.9
Acquired through business and asset acquisitions (note 18)	0.7	-	0.7
Payments	(94.2)	(13.0)	(107.2)
Additions	261.2	23.5	284.7
Disposals	(0.4)	(0.1)	(0.5)
Accretion	42.2	3.4	45.6
Foreign currency exchange adjustment	(20.4)	(0.3)	(20.7)
Net book value as at December 27, 2025	924.1	35.4	959.5

(Tabular amounts in millions of Canadian dollars except per share amounts and percentages)

Minimum lease payments in respect of lease obligations and the effect of discounting cash flows are as follows:

	Dec 27, 2025
Undiscounted minimum lease payments	
1 year out	115.7
2 years out	110.2
3 years out	104.7
4 years out	98.6
5 years out and thereafter	1,207.5
	1,636.7
Effect of discounting	(677.2)
Present value of minimum lease payments	959.5
Current portion	(64.1)
	895.4

6. Intangible assets

	Brand names	Customer relationships	Total
December 28, 2024			
Cost	245.6	520.8	766.4
Accumulated amortization	-	(210.5)	(210.5)
Net book value	245.6	310.3	555.9
December 27, 2025			
Cost	241.1	516.9	758.0
Accumulated amortization	-	(221.3)	(221.3)
Net book value	241.1	295.6	536.7

	Brand names	Customer relationships	Total
Net book value as at December 30, 2023	232.6	308.0	540.6
Additions resulting from business and asset acquisitions (note 18)	0.5	12.3	12.8
Amortization	-	(21.6)	(21.6)
Foreign currency exchange adjustment	12.5	11.6	24.1
Net book value as at December 28, 2024	245.6	310.3	555.9
Additions resulting from business and asset acquisitions (note 18)	3.4	17.0	20.4
Amortization	-	(23.5)	(23.5)
Foreign currency exchange adjustment	(7.9)	(8.2)	(16.1)
Net book value as at December 27, 2025	241.1	295.6	536.7

There was one CGU that comprised of $116.0 million in intangible assets (brand names), a significant proportion of the total aggregate value. The Company performed its annual indefinite lived intangibles (brand names) impairment test on September 27, 2025 and concluded there was no impairment. See Note 7 for further details.

(Tabular amounts in millions of Canadian dollars except per share amounts and percentages)

7. Goodwill

	Dec 27, 2025	Dec 28, 2024
Balance – beginning of year	1,133.9	1,084.1
Additions resulting from business and asset acquisitions (note 18)	4.7	9.9
Adjustments to purchase price allocations of prior year acquisitions	(0.5)	0.1
Foreign currency exchange adjustment	(25.4)	39.8
Balance – end of year	1,112.7	1,133.9

The Company performed its annual goodwill impairment test on September 27, 2025 and concluded there was no impairment.

The Company tests goodwill and indefinite lived intangible assets (brand names) annually or more frequently if indicators of impairment are identified, and the valuation method is discussed in Note 2. The Company performed its impairment test by comparing the carrying value of each CGU to its value in use, determined by using 5-year discounted cash flow models based on the Company's forecasts at a specific point in time. Significant assumptions include a long-term growth rate of 2% and pre-tax discount rate of 8.4%.

The Company also performed sensitivity analysis on significant assumptions, which includes the long-term growth rates and pre-tax discount rate, and noted that any reasonably possible changes in these assumptions would not cause the CGUs' carrying value to exceed their recoverable amounts.

Goodwill acquired from business and asset acquisitions is primarily attributable to expected earnings growth and synergies in excess of net tangible and intangible assets acquired. A portion of the amounts assigned to goodwill may be deductible for income tax purposes.

8. Investments in associates

	Dec 27, 2025	Dec 28, 2024
Balance – beginning of year	457.1	453.5
Other investments in and interest-bearing advances and receipts to/from associates	51.8	40.7
Equity losses from investments in associates	(93.6)	(39.7)
Foreign currency exchange adjustment	(1.6)	2.6
Balance – end of year	413.7	457.1

Investments in Associates consist of: (i) the Company’s investments in businesses that it does not control (Associates), including Clearwater Seafood Incorporated (Clearwater) and 35% to 40% interests in real estate investment limited partnerships (REILPs) which, on a combined basis, own and lease seven industrial real estate properties to some of the Company's businesses, and (ii) long-term debt advanced to Associates. Equity earnings (losses) from investments in associates includes the Company’s proportionate share of the earnings and losses of its investments in associates, the majority of which relates to Clearwater.

As at December 27, 2025, the Associates had assets of $1,234.9 million and liabilities of $1,540.0 million (2024 – assets of $1,327.7 million and liabilities of $1,464.6 million). Total amounts owing to the Company from the Associates as at December 27, 2025 total to $560.0 million (2024 – $508.2 million).

During 2025, the Associates had total revenues of $591.8 million and losses of $187.0 million (2024 – revenues of $689.6 million and losses of $85.8 million).

During 2025, the Company purchased inventory of $103.5 million (2024 – $87.9 million), incurred lease expenses of $16.3 million (2024 – $16.2 million), and earned interest and management fees of $61.6 million (2024 – $53.2 million) from its Associates. Earned interest and management fees from Associates are included in Investment Income.

(Tabular amounts in millions of Canadian dollars except per share amounts and percentages)

The following tables summarize Clearwater's financial information:

	Dec 27, 2025	Dec 28, 2024 (restated)
Current assets:		
Cash and cash equivalents	21.6	19.8
Accounts receivable	34.6	75.3
Assets held for sale	67.6	-
Other current assets	43.0	103.5
	166.8	198.6
Non-current assets	830.5	899.3
	997.3	1,097.9

	Dec 27, 2025	Dec 28, 2024
Current liabilities:		
Accounts payable and accrued liabilities	152.3	57.3
Current portion of long-term debt and other liabilities	8.8	4.7
Liabilities held for sale	4.9	-
Other current liabilities	1.4	7.5
	167.4	69.5
Non-current liabilities	1,163.1	1,171.7
	1,330.5	1,241.2

	52 weeks ended Dec 27, 2025	52 weeks ended Dec 28, 2024 (restated)
Continuing Operations (1)		
Revenue	343.8	405.0
Depreciation and amortization	39.4	37.3
Interest on senior debt and shareholders' debt	83.6	81.4
Management fees and quota license fees to shareholders	43.5	33.6
Tax expense (recovery)	-	(15.5)
Loss in Clearwater	(189.3)	(82.1)
Equity loss in Clearwater investment	(94.7)	(41.0)

(1) Continuing operations excluded results of discontinued operations including businesses that have been exited and planning to be exited.

In 2025, Clearwater incurred a loss of $55.4 million from discontinued operations, including a write down in assets of $45.3 million.

9. Bank indebtedness

Bank indebtedness consists of amounts drawn on operating lines of credit. As at December 27, 2025, the Company had total operating line limits of $181.0 million (2024 – $192.2 million) of which $175.8 million (2024 – $173.1 million) was unutilized.

All of the Company's operating lines of credit bear interest at floating rates based on bank prime rates, Canadian Overnight Repo Rate Average (CORRA), or Secured Overnight Financing Rates (SOFR).

(Tabular amounts in millions of Canadian dollars except per share amounts and percentages)

10. Long-term debt

	Dec 27, 2025	Dec 28, 2024
Unsecured revolving credit facility maturing in July 2028 with no required principal payments until maturity. The credit facility bears interest at a rate that is calculated quarterly based on the Company's ratio of senior debt to cash flow and performance relative to certain environmental and social objectives. The interest rate can fluctuate from -5.00 to 130.00 percentage points over the bank prime rate or 104.00 to 260.00 percentage points over CORRA and SOFR	1,808.0	1,916.3
US$6.1 million secured Industrial Development Revenue Bond with no principal payments until maturity in July 2036. The bond bears interest at the weekly variable rate for such bonds, which averaged 2.72% (2024 – 3.45%)	8.4	8.8
Unsecured promissory notes, bearing interest between nil to 6.00% with maturity dates to December 2029	2.0	2.8
Other term loans	0.1	0.3
	1,818.5	1,928.2
Financing costs	(4.5)	(6.1)
Current portion	(0.6)	(1.0)
	1,813.4	1,921.1

The Company's overall unutilized debt capacity on long-term debt as at December 27, 2025 was $635.6 million (2024 – $583.0 million) after deducting outstanding letters of credit.

Financial covenants for the Company's unsecured revolving credit facility are tested quarterly and consists of an interest coverage ratio and senior funded debt to EBITDA ratio. As at December 27, 2025, the Company was in compliance with all covenants. The Company's credit agreement defines (i) interest as excluding interest and accretion on convertible debentures and deferred financing costs; (ii) senior funded debt as long-term debt including its current portion and bank indebtedness net of cash and cash equivalents; and (iii) EBITDA as earnings before interest, taxes, depreciation and amortization adjusted for plant start-up and restructuring costs, certain other expenses and income for the trailing twelve months, and annualized EBITDA for acquisitions completed in the last four quarters.

Scheduled principal repayments on long-term debt are as follows:

1 year out	0.6
2 years out	0.6
3 years out	1,808.6
4 years out	0.2
5 years out and thereafter	8.5
	1,818.5

(Tabular amounts in millions of Canadian dollars except per share amounts and percentages)

11. Provisions

	Dec 27, 2025	Dec 28, 2024
Balance – beginning of year	24.2	44.4
Provisions arising from business and asset acquisitions (note 18)	-	8.6
Change in value and accretion of provisions	0.8	4.4
Provisions released	-	(23.7)
Cash payments	-	(10.7)
Foreign currency exchange adjustment	(0.5)	1.2
Balance – end of year	24.5	24.2

	Dec 27, 2025	Dec 28, 2024
Current portion	8.2	-
Non-current	16.3	24.2
	24.5	24.2

12. Puttable interest in subsidiaries

	Dec 27, 2025	Dec 28, 2024
Balance – beginning of year	77.0	72.8
Change in value of puttable interest in subsidiaries	4.0	5.7
Settlement of remaining interest of non-wholly owned subsidiary pursuant to put option	-	(1.6)
Payments to shareholders of non-wholly owned subsidiaries	-	(3.6)
Foreign currency exchange adjustment	(2.3)	3.7
Balance – end of year	78.7	77.0

	Dec 27, 2025	Dec 28, 2024
Current portion	35.7	31.7
Non-current	43.0	45.3
	78.7	77.0

13. Convertible unsecured subordinated debentures

	4.65% Debentures	4.20% Debentures	5.40% Debentures	Total
Maturity date	Apr 30, 2025	Sep 30, 2027	Sep 30, 2029	
Balance as at December 30, 2023	174.3	164.2	146.0	484.5
Change in fair value of options liabilities	(5.1)	(10.9)	(4.0)	(20.0)
Accretion (note 20)	2.5	1.7	2.2	6.4
Balance as at December 28, 2024	171.7	155.0	144.2	470.9

(Tabular amounts in millions of Canadian dollars except per share amounts and percentages)

	4.65% Debentures	4.20% Debentures	5.40% Debentures	5.50% Debentures (Mar 2025)	5.50% Debentures (Dec 2025)	Total
Maturity date	Apr 30, 2025	Sep 30, 2027	Sep 30, 2029	Mar 31, 2030	Dec 31, 2032	
Balance as at December 28, 2024	171.7	155.0	144.2	-	-	470.9
Issuance of debentures	-	-	-	164.6	164.9	329.5
Repayment of debentures at redemption	(172.5)	-	-	-	-	(172.5)
Change in fair value of options liabilities	-	(7.0)	(5.0)	-	-	(12.0)
Accretion (note 20)	0.8	1.7	2.3	1.7	0.1	6.6
Balance as at December 27, 2025	-	149.7	141.5	166.3	165.0	622.5

On March 25, 2025, the Company completed an issuance of $172.5 million of convertible unsecured subordinated debentures (the 5.50% Debentures (Mar 2025)) resulting in net proceeds of $164.6 million after transaction costs of approximately $7.9 million. The 5.50% Debentures (Mar 2025) bear interest at an annual rate of 5.50% payable semi-annually, have a maturity date of March 31, 2030 and are convertible into common shares of the Company at a conversion price of $126.15 per common share.

On April 30, 2025, the Company issued a redemption notice for its 4.65% Debentures resulting in $172.5 million of the debentures being retired through a cash payment.

On December 19, 2025, the Company completed an issuance of $172.5 million of convertible unsecured subordinated debentures (the 5.50% Debentures (Dec 2025)) resulting in net proceeds of $164.9 million after transaction costs of approximately $7.6 million. The 5.50% Debentures (Dec 2025) bear interest at an annual rate of 5.50% payable semi-annually, have a maturity date of December 31, 2032 and are convertible into common shares of the Company at a conversion price of $156.00 per common share.

Cash Conversion Option

All of the Company's convertible unsecured subordinated debentures outstanding as at December 27, 2025 have a cash conversion option. If the Company elects to utilize this option, then instead of issuing common shares in conjunction with a conversion, it will pay the holder an amount based on the common shares that would otherwise have been issued multiplied by the daily volume weighted average price of its common shares on the Toronto Stock Exchange (TSX) as measured over a period of ten consecutive trading days commencing on the third day following the conversion date.

14. Share capital

	Common shares (millions)	Share capital
Balance as at December 30, 2023	44.4	1,703.9
Effect of share based compensation plan	-	3.5
Common shares issued as a result of business acquisitions (note 18)	0.2	14.1
Balance as at December 28, 2024	44.6	1,721.5
Effect of share based compensation plan	-	3.5
Common shares issued as a result of business acquisitions (note 18)	0.1	7.5
Balance as at December 27, 2025	44.7	1,732.5

The Company is authorized to issue an unlimited number of common shares. The holders of common shares are entitled to: (i) dividends, in proportion to the number of common shares held by them, if, as and when declared by the Company's Board of Directors; (ii) one vote per common share at meetings of the holders of common shares of the Company; and (iii) upon liquidation, dissolution or winding-up of the Company, to participate in the distribution of the remaining property and assets of the Company.

After taking into account the 0.2 million common shares held in the Company's employee benefit plan that had not yet vested with the beneficiaries, the Company had 44.9 million common shares outstanding as at December 27, 2025

(Tabular amounts in millions of Canadian dollars except per share amounts and percentages)

15. Reserves

	Non-controlling interest reserve	Foreign currency translation adjustment	Foreign exchange contracts and interest rate swaps	Share based compensation reserve	Total
Balance as at December 30, 2023	(3.5)	34.6	(1.5)	14.2	43.8
Effect of share based compensation plans	-	-	-	(0.2)	(0.2)
Unrealized loss on foreign exchange contracts	-	-	(5.9)	-	(5.9)
Unrealized foreign exchange translation gain on foreign operations	-	16.8	-	-	16.8
Balance as at December 28, 2024	(3.5)	51.4	(7.4)	14.0	54.5
Effect of share based compensation plans	-	-	-	(5.3)	(5.3)
Unrealized gain on foreign exchange contracts	-	-	3.1	-	3.1
Unrealized foreign exchange translation loss on foreign operations	-	(6.1)	-	-	(6.1)
Balance as at December 27, 2025	(3.5)	45.3	(4.3)	8.7	46.2

16. Dividends

During 2024, the Company declared dividends to shareholders of $151.8 million or $3.40 per common share. The record date of the Company's dividends was as follows:

Record date	Amount	Per share
Accumulated dividends declared – beginning of year	944.9	
March 28, 2024	37.9	$0.85
June 28, 2024	37.9	$0.85
September 30, 2024	37.9	$0.85
December 31, 2024	38.1	$0.85
2024 dividends declared	151.8	$3.40
Accumulated dividends declared – end of year	1,096.7	

During 2025, the Company declared dividends to shareholders of $152.8 million or $3.40 per share. The record date of the Company's dividends was as follows:

Record date	Amount	Per share
Accumulated dividends declared – beginning of year	1,096.7	
March 31, 2025	38.2	$0.85
June 30, 2025	38.2	$0.85
September 30, 2025	38.2	$0.85
December 31, 2025	38.2	$0.85
2025 dividends declared	152.8	$3.40
Accumulated dividends declared – end of year	1,249.5	

(Tabular amounts in millions of Canadian dollars except per share amounts and percentages)

17. Earnings per share

	52 weeks ended Dec 27, 2025	52 weeks ended Dec 28, 2024
Weighted average number of shares outstanding	44.7	44.4
Adjustment for shares held pursuant to the employee benefit plan	0.2	0.2
Diluted weighted average number of shares outstanding	44.9	44.6
Net earnings attributable to shareholders	40.5	121.5
Basic earnings per share	$0.91	$2.73
Diluted earnings per share	$0.90	$2.72

The Company has two sources of potential dilution to its earnings per share: (i) convertible debentures, which are convertible into common shares; and (ii) the vesting of common shares acquired pursuant to the Company's employee benefit plan (EBP). The convertible debentures are determined to be anti-dilutive and are therefore excluded from the calculation of the diluted weighted average number of common shares outstanding.

18. Business acquisitions

During the 52 weeks ended December 27, 2025, the Company invested $30.6 million in the acquisition of the following business:

Business	Primary Business Activity	Investment	Business Segment	Purchase Date
Denmark Sausage, LLC	Fresh sausages and value-added products	100%	Specialty Foods	Mar 3, 2025

The following table summarizes the fair values of the net assets acquired and consideration paid for acquisitions completed during the 52 weeks ended December 27, 2025:

Net assets acquired:	
Net working capital	4.1
Capital assets	1.4
Intangible assets – customer relationships	17.0
Intangible assets – brand names	3.4
Goodwill	4.7
Right of use assets	0.7
Lease obligations	(0.7)
	30.6
Investment:	
Cash (net of cash acquired)	23.1
Common shares	7.5
	30.6

During 2025, acquisitions contributed incremental revenues of approximately $37.0 million and incremental earnings after amortization, interest, accretion, and taxes of approximately $2.8 million. The Company estimates these acquisitions would have contributed incremental revenues of approximately $45.3 million and incremental earnings after amortization, interest, accretion, and taxes of approximately $3.6 million had they been acquired at the beginning of the year.

(Tabular amounts in millions of Canadian dollars except per share amounts and percentages)

During the 52 weeks ended December 28, 2024, the Company invested $90.2 million in the acquisition of the following businesses:

Business	Primary Business Activity	Investment	Business Segment	Purchase Date
Italia Salami Company Limited	Dry cured Italian meat production	100%	Specialty Foods	Nov 25, 2024
National Steak Processors (2024), LLC	Cooked protein and deli meat production	100%	Specialty Foods	Dec 18, 2024
Casa Di Bertacchi LLC	Cooked protein production	100%	Specialty Foods	Dec 23, 2024

The following table summarizes the fair values of the net assets acquired and consideration paid for the acquisition completed during the 52 weeks ended December 28, 2024:

Net assets acquired:	
Net working capital	40.4
Capital assets	34.8
Intangible assets – customer relationships	12.3
Intangible assets – brand names	0.5
Goodwill	9.4
Right of use assets	9.2
Lease obligations	(9.2)
Bargain purchase gain	(3.9)
Deferred income tax liability	(3.3)
	90.2
Investment:	
Cash (net of cash acquired)	61.5
Cash consideration payable	6.0
Common shares	14.1
Provisions for contingent consideration	8.6
	90.2

19. Expenses by nature

Cost of goods sold before depreciation, amortization, and plant start-up and restructuring costs

	52 weeks ended Dec 27, 2025	52 weeks ended Dec 28, 2024
Materials	5,040.4	4,223.7
Labor, overhead and freight	1,048.3	954.2
	6,088.7	5,177.9

Selling, general and administrative expenses before depreciation, amortization, and plant start-up and restructuring costs

	52 weeks ended Dec 27, 2025	52 weeks ended Dec 28, 2024
Salaries and benefits	340.0	341.3
Overhead and other operating expenses	442.9	410.8
	782.9	752.1

(Tabular amounts in millions of Canadian dollars except per share amounts and percentages)

20. Interest and other financing costs

	52 weeks ended Dec 27, 2025	52 weeks ended Dec 28, 2024
Interest on convertible debentures	24.9	22.4
Interest on long-term debt	130.7	136.1
Interest on bank indebtedness	4.0	4.1
Accretion of convertible debentures	6.6	6.4
Amortization of deferred financing costs	2.5	1.7
	168.7	170.7

21. Income taxes

	Dec 27, 2025	Dec 28, 2024
Deferred tax assets:		
Deferred tax asset to be recovered after more than 12 months	325.8	264.7
Deferred tax asset to be recovered within 12 months	48.0	39.9
Deferred tax liabilities:		
Deferred tax liability to be paid after more than 12 months	(457.2)	(398.8)
Deferred tax liability to be paid within 12 months	(23.5)	(22.7)
Net deferred income tax liabilities	(106.9)	(116.9)

	Dec 27, 2025	Dec 28, 2024
Net deferred income tax liabilities – beginning of year	(116.9)	(115.7)
Charged to earnings	6.6	6.7
Deferred tax resulting from business acquisitions (note 18)	0.6	(3.9)
Foreign currency exchange adjustment	2.8	(4.0)
Net deferred income tax liabilities – end of year	(106.9)	(116.9)
Comprised of:		
Deferred income tax assets	28.8	18.6
Deferred income tax liabilities	(135.7)	(135.5)
Net deferred income tax liabilities	(106.9)	(116.9)

The Company's consolidated balance sheet for prior periods have restated deferred income tax assets and deferred income tax liabilities, which are only netted with one another when they are eligible to be settled together.

As at December 27, 2025, the Company had $237.1 million (2024 – $119.8 million) of non-capital losses that may be available for deduction against taxable income in future years. All of these losses expire in 2028 or later.

(Tabular amounts in millions of Canadian dollars except per share amounts and percentages)

The provision for income taxes varies from the basic combined federal, provincial, and state income taxes as a result of different treatment of the deductibility of certain amounts for accounting and taxation purposes. The variations are as follows:

	52 weeks ended Dec 27, 2025	52 weeks ended Dec 28, 2024
Weighted average federal and provincial statutory income tax rate of parent company	26.5%	26.5%
Earnings before income taxes	85.0	168.4
Income tax based on statutory rate	22.5	44.6
Increase (decrease) in income tax resulting from:		
Non-deductible expenses	4.6	6.1
Changes in fair value of investments in associates	-	(0.1)
Provision released	-	(6.3)
Income subject to different tax rates and other	17.4	2.6
Provision for income taxes	44.5	46.9

In June 2024, the Government of Canada enacted the Pillar Two rules (the Rules) as released by the Organization for Economic Cooperation and Development. The Rules are designed to ensure large multinational enterprises pay a global minimum tax rate of 15% within the jurisdictions they operate.

The Company has performed an assessment of the Rules on its business and concluded that it does not expect the Rules to have a material effect on its provision for income taxes. The assessment was based on: (i) the most recent financial information and country-by-country reporting available for the Company and its constituent entities; and (ii) a review of the transitional safe harbor relief for the jurisdictions in which the Company operates. The Company has also applied the mandatory exception under International Accounting Standards 12 (IAS 12) relating to recognizing and disclosing information about deferred taxes related to the Rules.

22. Segmented information

The Company has two reportable segments, Specialty Foods and Premium Food Distribution, as well as non-segmented investment income and corporate costs (Corporate). The Specialty Foods segment consists of its specialty food manufacturing businesses and the Premium Food Distribution segment consists of its differentiated distribution and wholesale businesses as well as certain seafood processing businesses. Investment income includes interest and management fees generated from the Company’s businesses that are accounted for using the equity method as well as miscellaneous investment income. Corporate consists of the Company’s head office activities, including strategic leadership, finance, and information systems. The operating businesses within each reportable segment have been aggregated as a result of similar economic characteristics.

	52 weeks ended Dec 27, 2025	52 weeks ended Dec 28, 2024
Revenue:		
Specialty Foods	5,090.4	4,282.4
Premium Food Distribution	2,386.8	2,188.1
	7,477.2	6,470.5
Gross profit before depreciation, amortization, and plant start-up and restructuring costs:		
Specialty Foods	1,046.8	950.7
Premium Food Distribution	341.7	341.9
	1,388.5	1,292.6
Selling, general and administrative expenses:		
Specialty Foods	553.2	516.4
Premium Food Distribution	199.7	204.0
Corporate	30.0	31.7
Investment income	(66.6)	(53.2)
	716.3	698.9

(Tabular amounts in millions of Canadian dollars except per share amounts and percentages)

	52 weeks ended Dec 27, 2025	52 weeks ended Dec 28, 2024
Segment earnings (losses) before depreciation, amortization, accretion, and plant start-up and restructuring costs:		
Specialty Foods	493.6	434.3
Premium Food Distribution	142.0	137.9
Corporate	(30.0)	(31.7)
Investment income	66.6	53.2
	672.2	593.7
Depreciation of capital assets and amortization of intangible assets:		
Specialty Foods	107.7	90.6
Premium Food Distribution	21.8	21.7
Corporate	1.6	1.3
	131.1	113.6
Amortization of right of use assets:		
Specialty Foods	50.0	38.2
Premium Food Distribution	28.9	27.0
Corporate	0.8	0.7
	79.7	65.9
Accretion of lease obligations:		
Specialty Foods	30.1	14.2
Premium Food Distribution	15.2	14.1
Corporate	0.3	0.3
	45.6	28.6
Plant start-up and restructuring costs:		
Specialty Foods	57.4	41.3
Premium Food Distribution	3.3	2.4
	60.7	43.7
Segment operating earnings (losses):		
Specialty Foods	248.4	250.0
Premium Food Distribution	72.8	72.7
Corporate	(32.7)	(34.0)
Investment income	66.6	53.2
	355.1	341.9
Interest and other financing costs	168.7	170.7
Acquisition transaction costs	12.5	5.8
Change in value of puttable interest in subsidiaries	4.0	5.7
Change in value and accretion of provisions	0.8	4.4
Provision released	-	(23.7)
Equity losses (earnings) from investments in associates	93.6	39.7
Change in fair value of option liabilities	(12.0)	(20.0)
Acquisition bargain purchase gain	-	(5.5)
Other expenses (income)	2.5	(3.6)
Provision for income taxes	44.5	46.9
Earnings	40.5	121.5

(Tabular amounts in millions of Canadian dollars except per share amounts and percentages)

	52 weeks ended Dec 27, 2025	52 weeks ended Dec 28, 2024
Capital asset additions:		
Specialty Foods	198.4	340.8
Premium Food Distribution	19.7	22.6
Corporate	0.9	1.4
	219.0	364.8
Revenue:		
Canada based businesses	4,241.1	3,838.4
United States based businesses	3,236.1	2,632.1
	7,477.2	6,470.5

The Company has two customers that accounted for 15.7% and 12.9%, respectively, of its revenue during 2025 (2024 – 14.4% and 13.5%, respectively).

	Dec 27, 2025	Dec 28, 2024 Restated
Total assets:		
Specialty Foods	3,992.7	3,764.7
Premium Food Distribution	1,545.2	1,508.2
Corporate	409.5	549.5
	5,947.4	5,822.4
Total assets:		
Canada	3,388.0	3,286.5
United States	2,559.4	2,535.9
	5,947.4	5,822.4

The Company's consolidated balance sheet for prior periods have been restated to reflect the separate reporting of its deferred tax assets and deferred tax liabilities (note 21).

23. Share based compensation plans

Employee benefit plan (EBP)

In 2006, the Company established the EBP pursuant to which eligible officers and employees of the Company have the option of receiving their short-term incentive bonus, which is based upon a variety of considerations including growth in the Company's free cash flow per common share, in the form of an EBP grant. The Company then makes a cash contribution to the EBP in respect of the EBP grants, which is used to purchase common shares of the Company on the open market in the Toronto Stock Exchange (TSX). The common shares are then, in turn, allocated to the participants.

The EBP holds such common shares until ownership vests to each participant. For Canadian resident employees, the EBP common shares generally vest: (i) one-third on the grant date; (ii) one-third on the first anniversary of the grant date; and (iii) one-third on the second anniversary of the grant date. For U.S. resident employees, the EBP common shares generally all vest on the second anniversary of the grant date. Vesting can be accelerated at the discretion of the Company's Board of Directors or on the occurrence of certain events such as a change of control of the Company. Once such common shares are vested, the participant is able to request withdrawal of such common shares, and the common shares are then transferred into the name of the participant. Vested common shares are held by the EBP until the earlier of: (i) the end of the third calendar year following the grant date; and (ii) the date on which such common shares are withdrawn from the EBP by the participant.

(Tabular amounts in millions of Canadian dollars except per share amounts and percentages)

Long-term realized value plan (LTRVP)

In 2016, the Company established a LTRVP pursuant to which certain senior executives of the Company are eligible to participate.

Pursuant to the LTRVP, the Company, at the discretion of its Board of Directors, determines the amount, if any, to be allocated to participants under the LTRVP based upon a variety of considerations including: (i) the return earned by the Company's shareholders over an extended period of time; (ii) the sustainability of shareholder returns; and (iii) the success of the Company's business expansion and acquisition activities. The Company then pays out 40% of the LTRVP allocation in cash on the allocation date and 60% as an EBP grant.

Subsequent to 2025, the LTRVP was terminated and replaced with a Performance Share Unit Plan (PSU Plan) in which certain senior executives of the Company are eligible to participate. The purpose of the PSU Plan is to provide eligible participants with compensation opportunities that: (i) enhance the Company's ability to attract, retain, and motivate key personnel; (ii) reward officers and key employees for significant performance; and (iii) provide incentive compensation that aligns eligible participants' long-term compensation with shareholder value creation

Performance Share Units (PSU) can vest such that between 0% and 200% of the PSUs granted, and associated dividend equivalents, become vested at the end of a three-calendar year period, subject to the satisfaction of applicable performance criteria. To determine vesting, the performance of PBHC's stock is compared, over each applicable three-year period, on a percentile basis, to the performance of the stock of each member of a specified peer group.

Director's Share Unit Plan (DSU Plan)

In 2020, the Company established a DSU Plan where certain members of its Board of Directors are eligible to participate and elect to receive all or a portion of their director compensation in the form of Director's Share Units (DSU). The DSU Plan also allows the Board of Directors to grant additional DSUs as compensation to members of its Board of Directors from time to time. Each DSU is a notional unit equivalent in value to a common share of the Company. All DSUs vest immediately and can only be redeemed for cash when the participant retires from the Board of Directors and any other role with the Company.

Employee share ownership plan (ESOP)

In 2008, the Company established an ESOP whereby employees may subscribe, through payroll withholdings, to purchase up to $1,500 per calendar year of the Company's common shares, and the Company provides a matching 15% contribution of up to $225 per calendar year, which is also used to purchase common shares of the Company for such employee. All common shares purchased under the ESOP are bought on the open market in the Toronto Stock Exchange (TSX).

In 2025, the ESOP was amended to: (i) increase the eligible purchase to $20,000 per calendar year; and (ii) increase the Company's matching contribution to 25% up to $5,000 per calendar year.

24. Financial instruments

Fair value

Assets and liabilities carried at fair value are classified using a hierarchy that reflects the significance of the inputs used in making the fair value measurements. The hierarchy includes three levels: Level 1 – quoted prices in active markets; Level 2 – measurements determined using valuation models that employ observable inputs; and Level 3 – measurements determined using valuation models that employ significant unobservable inputs.

The fair value and fair value hierarchy of financial assets and liabilities are as follows:

	Fair Value Measurements as at December 28, 2024		
	Level 2	Level 3	Total
Financial Liabilities:			
Long-term debt	1,928.2	-	1,928.2
Foreign currency contracts	5.2	-	5.2
Convertible unsecured subordinated debentures	470.9	-	470.9
Puttable interest in subsidiaries	-	77.0	77.0
Provisions	-	24.2	24.2
	2,404.3	101.2	2,505.5

(Tabular amounts in millions of Canadian dollars except per share amounts and percentages)

	Fair Value Measurements as at December 27, 2025		
	Level 2	Level 3	Total
Financial Liabilities:			
Long-term debt	1,818.5	-	1,818.5
Foreign currency contracts	2.1	-	2.1
Convertible unsecured subordinated debentures	622.5	-	622.5
Puttable interest in subsidiaries	-	78.7	78.7
Provisions	-	24.5	24.5
	2,443.1	103.2	2,546.3

The carrying values of cash and cash equivalents, accounts receivable, cheques outstanding, bank indebtedness, dividends payable and accounts payable and accrued liabilities approximate their fair values because of their short-term maturities.

The carrying values of long-term debt and lease obligations approximate fair values because the instruments bear interest at either floating rates or effective interest rates, which approximate current market rates for similar debt instruments.

The carrying value of puttable interest in subsidiaries and provisions are recorded at fair value at the end of each fiscal year. Refer to Note 2 for information about these fair value measurements.

There were no transfers between levels of the fair value of hierarchy during the years presented.

Financial risk management

The Company's activities result in exposure to a variety of financial risks from time to time, including those relating to foreign currency, interest rates, credit, and liquidity.

Foreign currency risk

To reduce the risk associated with purchases denominated in currencies other than the Canadian dollar, the Company, from time to time, enters into foreign currency contracts. The Company does not hold foreign currency contracts for speculative purposes.

As at December 27, 2025, the Company had outstanding foreign currency contracts for: (i) the purchase of US$175.3 million at rates between C$1.3615 and C$1.4063; and (ii) the sale of US$17.7 million at rates between C$1.3430 and C$1.4296. For the fifty-two weeks ended December 27, 2025, the Company recorded in respect of these contracts a gain of $3.1 million (2024 – loss of $5.9 million) in pre-tax comprehensive earnings.

Based on the outstanding contracts as at December 27, 2025 for the net purchase of U.S. dollars, a change of $0.01 in the value of the U.S. dollar relative to the Canadian dollar would result in an unrealized gain (if the U.S. dollar strengthens) or an unrealized loss (if the U.S. dollar weakens) of $1.6 million in pre-tax comprehensive earnings (2024 – $0.7 million).

As at December 27, 2025, US$1,049.4 million of the Company's long-term debt was in U.S. dollars. A 1% change in the value of the U.S. dollar relative to the Canadian dollar would result in a change in pre-tax comprehensive earnings of $14.6 million.

Interest rate risk

As at December 27, 2025, all of the Company's bank indebtedness and approximately 99% (2024 – 99%) of its long-term debt bear interest at floating rates. The Company manages some of its exposure to floating interest rates by entering into, from time to time, interest rate swap contracts. Based on the Company's long-term debt as at December 27, 2025, a 100 basis point change in interest rates would result in a change in pre-tax earnings of $18.2 million.

As at December 27, 2025, the Company did not hold any interest rate swap contracts (2024 – the Company did not hold any interest rate swap contracts).

(Tabular amounts in millions of Canadian dollars except per share amounts and percentages)

Credit risk

The Company is subject to credit risk primarily through its accounts receivable. This risk is mitigated by the Company's diversified customer base, its customer credit evaluation procedures and the ongoing monitoring of the collectability of its trade accounts receivable and advances to associates. For trade receivables, the simplified approach is applied for determining expected credit losses, which is based on historical counterparty default rates adjusted for relevant forward-looking information.

The majority of the Company's customers are considered to have low default risk and its historical default rate and frequency of losses are low. The table below shows the lifetime expected credit loss allowance for trade receivables as at December 27, 2025. The credit loss for the Company's advances to Associates as at December 27, 2025 is nominal.

The aging of the Company's account receivables is as follows:

	Dec 27, 2025	Dec 28, 2024
Trade accounts receivable		
Outstanding 1-30 days	468.0	426.7
Outstanding 31-60 days	66.6	51.1
Outstanding 60+ days	12.9	16.7
	547.5	494.5
Credit loss allowance	(2.6)	(4.1)
Other receivables	25.6	5.4
	570.5	495.8

The Company has a trade receivables purchase agreement with a Canadian chartered bank whereby the Company can sell its trade receivables to the bank at the Company's discretion. The facility has a limit of US$150.0 million (2024 – US$150.0 million) for total allowable trade receivables to be sold at any time. As at December 27, 2025, the Company had total trade receivables sold of US$149.8 million (2024 – US$144.3 million). During the fifty-two weeks ended December 27, 2025, US$1,241.2 million (2024 – US$983.4 million) cumulative trade receivables were sold under the program.

The change in the Company's credit loss allowance for provision is as follows:

	Dec 27, 2025	Dec 28, 2024
Balance – beginning of year	4.1	4.3
Net credit loss expense (recovery)	(1.5)	(0.2)
Balance – end of year	2.6	4.1

Liquidity risk

As part of its strategy to manage liquidity risk, the Company regularly monitors and reviews its actual and forecasted cash flows and maintains unutilized credit facilities to ensure it has sufficient available funds to meet current and foreseeable financial requirements. The Company's forecasting takes into consideration its debt and other financing plans as well as the debt covenant ratio requirements of its lenders.

(Tabular amounts in millions of Canadian dollars except per share amounts and percentages)

The required payments for the Company's contractual undiscounted payments of financial liabilities as at December 27, 2025 are as follows:

	Total	1 year out	2 years out	3 years out	4 years out	5 years out & thereafter
Long-term debt (1)	2,076.7	99.1	99.1	1,868.1	0.4	10.0
Bank indebtedness	5.2	5.2	-	-	-	-
Dividend payable	38.2	38.2	-	-	-	-
Accounts payable and accrued liabilities	597.6	597.6	-	-	-	-
Puttable interest in subsidiaries	78.7	35.7	-	43.0	-	-
Provisions	26.8	8.2	9.0	5.1	3.0	1.5
Convertible unsecured subordinate debentures (1)	789.9	29.0	183.4	31.8	172.3	373.4
Lease obligations	1,636.7	115.7	110.2	104.7	98.6	1,207.5
Total	5,249.8	928.7	401.7	2,052.7	274.3	1,592.4

(1) Cash outflows for interest payments have been calculated based on outstanding debt balances, applicable interest rates, and currency exchange rates as at December 27, 2025

25. Supplemental cash flow information

The change in non-cash working capital is made up of the following components:

	52 weeks ended Dec 27, 2025	52 weeks ended Dec 28, 2024
Accounts receivable	(99.0)	12.0
Interest on advances to investments in associates	(54.4)	(47.4)
Inventories	(167.1)	(89.7)
Prepaid expenses	(0.6)	(14.1)
Accounts payable and accrued liabilities	26.4	64.3
	(294.7)	(74.9)

26. Capital disclosures

The Company’s objective in managing its capital, which currently consists of common shareholders’ equity, convertible debentures, lease obligations, and long-term debt, is to minimize its cost of capital while ensuring it:

(a) has the ability to absorb reasonably anticipated shocks to its business;
(b) has adequate capital to pursue its organic and acquisition-based growth strategies; and
(c) is able to maintain its quarterly dividend policy.

The key indicators used by the Company to monitor its capital structure are its total funded debt to earnings before interest, taxes, depreciation, and amortization (EBITDA) ratio, senior funded debt to EBITDA ratio and its unutilized debt capacity. The total funded debt to EBITDA ratio is calculated as the Company’s total funded debt less cash and cash equivalents divided by its trailing twelve months EBITDA adjusted for recent business and asset acquisitions as well as plant start-up and restructuring costs (Adjusted EBITDA). The senior funded debt to EBITDA ratio is calculated as the Company’s senior funded debt less cash and cash equivalents divided by its trailing twelve months Adjusted EBITDA. Unutilized debt capacity is calculated as the Company’s total credit facilities plus cash and cash equivalents less amounts drawn on its credit facilities.

Factors that the Company considers in determining appropriate senior and total funded debt to EBITDA levels and unutilized credit capacity include the following:

(a) the cash flows expected to be generated by its operations over the next twelve months;
(b) anticipated business and asset acquisitions and project capital expenditures over the next twelve months;
(c) dividends to be paid to shareholders over the next twelve months;
(d) the cost of issuing additional equity, convertible debentures and/or debt; and
(e) the Company’s covenant requirements with its senior lenders.

(Tabular amounts in millions of Canadian dollars except per share amounts and percentages)

27. Key management compensation

	52 weeks ended Dec 27, 2025	52 weeks ended Dec 28, 2024
Salaries and short-term benefits	8.6	8.0
Post-employment benefits	0.1	0.1
Share based compensation	1.5	3.8
	10.2	11.9

The Company's key management includes its Board of Directors, CEO, CFO, and other three most highly compensated executive officers.

28. Subsequent events

Subsequent to December 27, 2025, the following events occurred:

Business acquisition and associated financing

On January 2, 2026, the Company acquired Stampede Culinary Partners, Inc. (the "Acquisition"), a leading culinary solutions and protein platform with a nationwide presence in the United States, for US$686.5 million subject to post-closing net working capital adjustments and potential contingent consideration up to US$100.0 million upon completion of certain milestones over two years. The purchase price included the issuance of 2,208,805 common shares at a price of $93.84 for $207.3 million.

In order to partially finance the Acquisition, the Company completed the issue and sale of (i) 3,303,260 subscription receipts at a price of $97.50 per subscription receipt for gross proceeds of approximately $322.0 million; (ii) convertible unsecured subordinated debentures for gross proceeds of $172.5 million; and, (iii) an aggregate of 1,743,600 subscription receipts on a private placement basis, at a price of $97.50 per private placement subscription receipt for gross proceeds of approximately $170.0 million.

The determination of the fair values of the net assets acquired and the consideration paid in connection with the acquisition of Stampede Culinary Partners remains provisional.

Changes in Senior Credit Facility

On March 18, 2026, the Company increased its revolving senior credit facility by US$300.0 million to approximately $2.8 billion and extended the facility's maturity date to March 18, 2030.

Divestiture of Shaw Bakers (Shaw)

On March 18, 2026, the Company signed a definitive agreement to sell its 73.72% interest in Shaw Bakers LLC for approximately US$114 million consisting of US$104 million in cash and a US$10 million 3-year promissory note bearing interest at 7% per annum. The transaction is expected to close within the next 60 days and is subject to customary conditions and adjustments.