

# THS Maple Holdings Ltd.

## MANAGEMENT'S DISCUSSION & ANALYSIS

For the year ended June 30, 2025



The following management's discussion and analysis ("MD&A") of THS Maple Holdings Ltd. ("THS" or "the Company") provides a review of corporate developments and financial position for the financial year ended June 30, 2025 compared to the financial year ended June 30, 2024 which covered seven months. However, results of operations are covering a period of twelve months ending June 30, 2025, a comparative period of seven months ending June 30, 2024 and a period of twelve months ending November 30, 2023. This discussion is prepared as of October 15, 2025. The results reported in this MD&A have been prepared in accordance with International Financial Reporting Standards ("IFRS") and are presented in Canadian dollars, which is the Company's functional currency.

Information contained herein is presented as of October 15, 2025, unless otherwise indicated. The annual audited financial statements were approved for issuance by the Board of Directors on October 15, 2025.

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

## FORWARD-LOOKING STATEMENTS

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

subsequent to the date of this MD&A. Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. Readers should not place undue reliance on forward-looking statements. The factors identified above are not intended to represent a complete list of the factors that could affect the Company.

## THE MAPLE INDUSTRY

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

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

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

## PRICING

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

## COMPANY OVERVIEW

THS Maple Holdings Ltd. sells and distributes maple syrup and maple flavored products to retail partners and direct to consumers in Canada and over 25 other countries. In its facilities in Granby and Vermont, the Company purchases, stores and bottles maple syrup in over 100 different formats under its proprietary brands Turkey Hill, Echo Mountain, Herman's 76 and New England Maple Farms. Working with its manufacturing partners, THS also sells products such as cookies, candies, chocolates and beverages, all with maple flavoring, under the same brands.

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

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

The Company transitioned last year to a new fiscal year-end from November 30 to June 30, effective December 1, 2023. As a result, fiscal 2025 includes a full 12 month period while fiscal 2024, the transition year, includes 7 months of operations, starting on December 1, 2023 and ending on June 30, 2024. Fiscal 2023, for the consolidated statements of comprehensive loss purposes, includes a full 12 months of operations between December 1, 2022 and November 30, 2023. In that respect, the Company's fiscal year change addressed the seasonality of its business which is travel and tourism-related as well as the natural timing of annual maple syrup production which typically ends late spring.

## GOING CONCERN

The audited consolidated net loss and comprehensive loss for the financial year ended June 30, 2025 was \$1,547,640 (2024 – \$2,999,348 and loss of \$2,666,553 in 2023). The Company reported consolidated negative cash flow used in operations (before changes in non-cash working capital) of \$1,015,030 for the year ended June 30, 2025 (2024: negative \$1,122,561 and negative \$1,371,885 for 2023). As at June 30, 2025, the Company had a consolidated accumulated deficit of \$10,181,648 (June 30, 2024: deficit of \$8,634,008) and a consolidated working capital of \$1,238,778 (June 30, 2024: \$241,050).

The operations and consolidated net loss for the year ended June 30, 2025 resulted in the Company being in breach of its bank covenants under the terms of its credit line agreement. A tolerance letter has been requested by the Company from the bank. This facility has been renewed until October 2025. The renewal process of this facility has been initiated.

In response to the recurring operating losses and negative cash flows from operating activities, the Company has undertaken a number of programs (US warehouse, international sales expansion) to enhance its sales and future cash flows, to meet its obligations and to fund its ongoing business operations. The Business Combination transaction was executed on April 26, 2024 and has allowed the Company to significantly reduce its short-term debt.

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

## RECENT EVENTS AND FY 2025 HIGHLIGHTS

- Revenue for the financial year (**12 months**) ended June 30, 2025 reached \$14.4 million compared to \$5.8 million recorded last year over a period of **7 months** and to \$10.3 million for the financial year ended November 30, 2023 (**12 months**).
- Gross margin for the year ended June 30, 2025 was 21.8% vs. 19.9% in 2024 and 17.8% in 2023. The gross margin for the current financial year improved compared to last year but remains below target as it was negatively affected by rapid increases in the cost of some supplies and the low supply of certain categories of maple syrup causing the Company to use more expensive classes of syrup for some orders. This trend was also observed for the 2023 year.
- The Company initiated several strategic and operational investments during the year to support its growth plans in the United States and other international markets, direct to consumer channels and to continue to improve efficiency in delivering products to its customers.
- The lease on the Company's retail kiosk located in the Old Port of Montreal has been extended until at least the fall of 2026. The Company has started leveraging its retail presence into setting up product testing events at some of their largest customers and getting a closer look at consumer trends in the Canadian tourism industry.
- The Company's warehouse site in Vermont is now operational. The Company expects this facility to support its business and commercial growth plans in the US market.
- During the year, the Company expanded packaging and warehouse space at its principal place of business in Granby as it successfully captured incremental sales opportunities due to increased product availability and increased international exposure.
- The Company's commercial activities now cover over 25 countries as sales management's participation at an increased number of international trade shows converted into significant sales growth for the current financial year.
- The bank overdraft facility was increased to a maximum authorized amount of \$5,000,000 (up from \$2,300,000 at the end of last year and in 2023) and continues to bear interest at prime rate; in addition, a Standby Letter of Credit, which expires on June 1, 2026, with a limit of \$750,000 was granted to the Company to facilitate purchases of maple syrup during the 2025 season through the PPAQ.
- The Company's working capital increased to \$1.2M at the end of the current financial year, up from \$241K at June 30, 2024 due to significant increases in Trade accounts receivable and inventories.

## RESULTS OF OPERATIONS (AUDITED)

	<b>June 30, 2025</b>	June 30, 2024	November 30, 2023
	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Sales</b>	<b>14,438,038</b>	5,808,042	10,308,047
Cost of sales	<b>11,289,318</b>	4,649,351	8,469,227
<b>Gross profit</b>	<b>3,148,720</b>	1,158,691	1,838,820
	21.8%	19.9%	17.8%
<b>Operating expenses</b>			
Selling expenses	<b>1,423,470</b>	540,920	1,008,075
Administrative expenses	<b>2,588,529</b>	1,474,235	1,675,522
	<b>4,011,999</b>	2,015,155	2,683,597
<b>Operating loss</b>	<b>(863,279)</b>	(856,464)	(844,777)
Listing expense	-	1,700,390	-
Loss on settlement of debt	-	-	911,314
Finance costs	<b>708,304</b>	455,929	943,252
Other income	<b>(24,079)</b>	(13,840)	(33,204)
	<b>684,225</b>	2,142,479	1,821,362
Loss before income taxes	<b>(1,547,504)</b>	(2,998,943)	(2,666,139)
Income tax expense	<b>136</b>	405	414
Net loss and comprehensive loss for the year	<b>(1,547,640)</b>	(2,999,348)	(2,666,553)

- Revenue for the current financial year (**12 months**) ended June 30, 2025 was \$14.4 million, compared to \$5.8 million for the year ended June 30, 2024 (**7 months**) and \$10.3 million for the financial year ended November 30, 2023 (**12 months**) (see "Recent events and FY 2024 highlights" section above). When compared to the financial year ended November 30, 2023, current year sales increased by 40.0%.
- Gross margin for the year ended June 30, 2025 was 21.8% vs. 19.9% in 2024. Despite the year over year improvement from 19.9% for the year ended June 30, 2024 and from 17.8% recorded for the year ended November 30, 2023, the gross margin was negatively affected by unexpected increases in the cost of some products and the low supply of certain categories of maple syrup despite the fact that the seasonal maple syrup crop in the Province of Quebec yielded good syrup volumes; this has resulted in the Company using more expensive classes of syrup from other supplier sources for its customers; historically the gross margin tends to improve as sales volumes increase from late spring to the fall. As for 2023, the gross margin was impacted due to the weak maple syrup crop in the province of Quebec, forcing the Company to partially source its maple syrup requirements during 2023 from other sources.
- Selling expenses amounted to \$1.4 million for the year ended June 30, 2025 compared to \$540,920 for the seven months ended June 30, 2024 and \$1.0 million for the year ended November 30, 2023; the current year increases versus 2024 are due to increases in variable expenses such as out-going freight and commissions as the Company's sales growth picked up during the current year. Travel expenses also increased during the year as the Company

attended several international trade shows to invest in growth opportunities globally. The decrease of selling expenses in 2024 compared to 2023 is due to the shorter reporting period of 7 months in 2024 vs 12 months in 2023.

- Administrative expenses reached \$2.6 million for the year ended June 30, 2025 compared to \$1.5 million for the seven months ended June 30, 2024 and \$1.7 million for the year ended November 30, 2023. Higher professional fees, salary expenses, depreciation expenses for right-of-use assets and intangible assets mostly explain the increase compared to 2024. Some of these increases reflect the Company's plan to invest in the expansion of its distribution footprint. The decrease from 2024 to 2023 is due to the shorter reporting period of 7 months in 2024 vs 12 months in 2023.
- Finance costs amounted to \$708K for the financial year ended June 30, 2025 compared to \$456K for the seven months ended June 30, 2024 and \$943K for the year ended November 30, 2023 confirming the improved capital structure of the Company. As for the decrease from 2024 to 2023, it is due to the shorter reporting period of 7 months in 2024 vs 12 months in 2023.
- EBITDA increased by \$2.1 million to negative \$307K for the year ended June 30, 2025 from a negative \$2.37 million for the year ended June 30, 2024 due to the significant increase in sales volume and the improvement in gross profit. Similarly, when compared to the year ended November 30, 2023, the current financial year's EBITDA increased by \$1.1 million.
- Adjusted EBITDA increased by \$360K to negative \$307K for the year ended June 30, 2025 from a negative \$666K for the year ended June 30, 2024, following the same EBITDA trend as the listing expense (\$1,700,390) is excluded. Similarly, when compared to the year ended November 30, 2023, the current financial year's Adjusted EBITDA increased by \$184K.

#### NON-IFRS FINANCIAL MEASURES

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

Adjusted EBITDA comprises EBITDA before non-recurring expenses consisting of a listing expense included in the calculation of EBITDA for the year ended June 30, 2024.

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

The Company calculates EBITDA and adjusted EBITDA as follows:

	<b>Year ended June 30, 2025</b>	Year ended June 30, 2024	Year ended November 30, 2023
	<b>(12 months)</b>	(7 months)	(12 months)
	\$	\$	\$
<b>Net loss and comprehensive loss for the period</b>	<b>(1,547,640)</b>	(2,999,348)	(2,666,553)
Finance costs	<b>708,304</b>	455,929	943,252
Depreciation and amortization	<b>523,290</b>	176,397	320,609
Share-based remuneration expense	<b>9,320</b>	-	-
Income tax expense	<b>136</b>	405	414
EBITDA	<b>(306,590)</b>	(2,366,617)	(1,402,278)
Listing expense	-	1,700,390	-
Loss on settlement of debt	-	-	911,314
<b>Adjusted EBITDA</b>	<b>(306,590)</b>	(666,227)	(490,964)

## LIQUIDITY AND CAPITAL RESOURCES (AUDITED)

	June 30, 2025	June 30, 2024
	\$	\$
<b>ASSETS</b>		
<b>Current</b>		
Cash	79,782	16,300
Trade and other receivables	2,063,358	1,632,610
Inventories	6,070,252	4,934,771
Prepaid expenses	216,202	171,826
	<u>8,429,594</u>	<u>6,755,507</u>
<b>Non-current</b>		
Property and equipment	673,529	646,075
Intangible assets	179,737	304,901
Right-of-use assets	2,313,770	964,620
	<u>11,596,630</u>	<u>8,671,103</u>
<b>LIABILITIES</b>		
<b>Current</b>		
Bank indebtedness	3,412,307	2,326,177
Bank demand loans	926,476	965,163
Loans from companies controlled by two directors	-	620,000
Trade and other payables	2,076,357	2,065,675
Deferred revenues	217,228	158,107
Current portion of balance of purchase price	66,667	96,667
Current portion of lease liabilities	491,781	282,668
	<u>7,190,816</u>	<u>6,514,457</u>
<b>Non-current</b>		
Non-current portion of lease liabilities	2,062,019	830,429
Loans from companies controlled by two directors	3,820,000	1,200,000
Non-current portion of balance of purchase price	64,103	128,205
	<u>13,136,938</u>	<u>8,673,091</u>
<b>SHAREHOLDERS' DEFICIENCY</b>		
Share capital	8,232,020	8,232,020
Contributed surplus	409,320	400,000
Deficit	(10,181,648)	(8,634,008)
<b>TOTAL SHAREHOLDERS' DEFICIENCY</b>	<u>(1,540,308)</u>	<u>(1,988)</u>
<b>TOTAL SHAREHOLDERS' DEFICIENCY AND LIABILITIES</b>	<u>11,596,630</u>	<u>8,671,103</u>

- The Company's working capital increased to \$1.2M at the end of the current financial year, up from \$241K at June 30, 2024, due to significant increases in Trade accounts receivable and inventories.

- Right of use assets (in the Non-current asset section) increased significantly as at June 30, 2025 compared to last year as the Company entered into long-term leases for additional space at its Granby production and warehousing facility, and warehousing space in Vermont to better serve the US market.
- The bank overdraft, for a maximum authorized amount of \$5,000,000 (\$2,300,000 as at June 30, 2024), bears interest at prime rate. This facility has been renewed until October 31, 2025 and its renewal process has been initiated. The Company is required to respect certain covenants. As at June 30, 2025, the Company is not in compliance with all of the covenants and has requested a tolerance letter from its bank.
- Both current and non-current liabilities increased this year in light of the long-term leases contracted by the Company, as described in the above right of use asset comment.
- The Company’s leases are real estate leases for office, production and warehouse space located in Granby.
- Higher inventory levels as at June 30, 2025 compared to June 30, 2024 reflect the Company’s preparation to support current and future sales volume increases for the remaining period of the 2025 season.
- During the year, the Company became an authorized buyer of maple syrup from the Producteurs et Productrices Acéricoles du Québec (“PPAQ”) in accordance with the marketing agreement (the “Agreement”) entered into between the PPAQ and the Conseil de l’Industrie de l’Érable (“Maple Industry Council”). The Company has \$1,800,427 (June 30, 2024: - nil) remaining to pay related to an agreement to purchase an original estimated volume of 815,000 pounds (June 30, 2024 – nil) of maple syrup from the PPAQ in fiscal 2025. In order to secure these syrup purchases, the Company’s financial institution issued an irrevocable Standby Letter of Credit for an amount of \$750,000, guaranteed by the EDC. This letter of credit expires on June 1, 2026.

## CAPITALIZATION

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

	<b>June 30, 2025</b>	<b>June 30, 2024</b>
Common shares	<u>60,339,100</u>	<u>60,339,100</u>

## RISKS TO THE COMPANY

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

**Seasonality of Demand and Sales** - The Company's business is affected by seasonality, which results in fluctuations in our operating results. THS experiences moderate to significant fluctuations in aggregate sales volume during the year. Historically, revenues in the first and fourth fiscal quarters are traditionally higher than those in the second and third fiscal quarters. However, the mix of product sales may vary considerably from time to time as a result of changes in seasonal demand and activities.

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

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

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

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

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

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

## SUBSEQUENT EVENTS

On July 3, 2025, the bank overdraft facility for an authorized amount of \$750,000, out of which \$600,000 was guaranteed by the EDC, was repaid by the Company through loans from companies controlled by directors for \$375,000; the balance of \$374,595 outstanding at the time was then repaid on July 31, 2025 from the Company's available overdraft cash availabilities.

On September 2, 2025, the Company signed a Licence Agreement (the "Agreement") providing for the rental of a portion of a Grande Prairie, Alberta mall's premises to operate a retail kiosk. This Agreement is effective on October 1, 2025 and will expire on September 30, 2026. As part of the Agreement, the Company will pay a fixed minimum rental fee as well as a percentage fee calculated as a portion of the kiosk's gross revenue. Minimum payments for the next two years are \$20,500 in fiscal year 2026 and \$6,000 in fiscal year 2027.

On September 21, 2025, the Company signed an Offer to Lease Agreement (the "Lease") providing for the location of approximately 4,400 square feet of warehouse and office space in Delta, BC. This Agreement is effective on November 1, 2025 for a two-year term, and will enable the Company to better serve and supply its BC-area customers and reduce corresponding freight costs. Minimum payments for the next 3 years are \$72,800 in fiscal year 2026, \$109,200 in fiscal year 2027 and \$36,400 in fiscal year 2028.

## STRATEGIC OUTLOOK AND DIRECTION

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

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

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

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

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