U.S. PREMIUM BEEF®

2024 ANNUAL REPORT

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MESSAGE TO UNITHOLDERS

Fiscal year 2024 reminds us that the cattle cycle, with its ups and downs, presents both opportunities and challenges. The downsizing of the nation's cow herd, due to drought, has received considerable time in the various channels from which we obtain our information. The repercussions associated with this cycle have also received lots of press time. We have all dealt with challenges before, but it is also our responsibility to make sure we do not miss the opportunities.

Members of U.S. Premium Beef, LLC (USPB), have had ownership in processing since 1997. As with any industry, some years will be better than others. Industry economists indicate we are approaching the bottom of the total fed cattle numbers in the current cycle. The recovery period and amount of time to rebuild industry numbers could take several years. Profitability in 2024 was very good for beef producers.

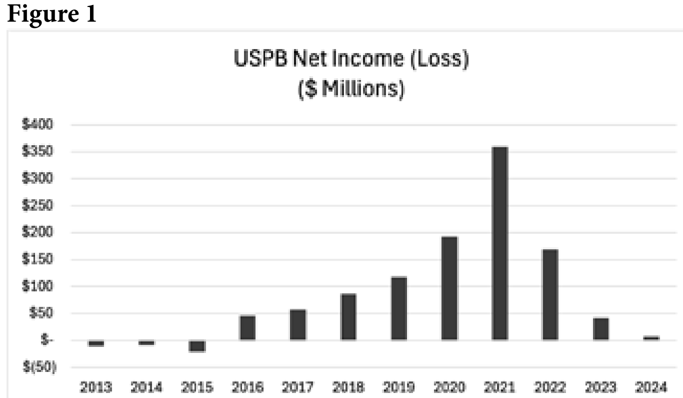
When members are asked why they decided to get involved in USPB, we can expect to hear many reasons. Some saw USPB investment as a diversification strategy. Their historical reasoning was when earnings were down in cattle production, they might be better in processing, and vice versa. USPB is not in the business to make industry predictions. What USPB's management and board are committed to doing is making decisions based on sound economic fundamentals.

Our commitment has never wavered. Our ownership position in National Beef Packing Company, LLC (National Beef) involves ensuring we are producing the safest, highest quality beef products possible for today's consumers. Likewise, opportunities for quality beef production coincide with consumer demand. Investments in the processing plants over the years have helped National Beef become very efficient and able to rapidly respond to signals in the marketplace. Recent data from Cattle Fax indicates demand for beef products is currently at a 37-year high. Producing quality beef products has gotten us to this point and will serve us well in the future.

USPB's net income decreased in fiscal year 2024 as compared to the prior fiscal year. For the year, which ended December 28, 2024, USPB recorded net income of $7.5 million compared to $41.6 million in 2023, a decrease of approximately $34.1 million. The decrease in USPB's net income was due to significantly lower income at National Beef. For the year, National Beef realized net income of $49 million, a decrease of approximately $228.1 million compared to the prior year. Reduced volume and a decline in gross margin per head resulted in lower profitability in 2024 as compared to 2023.

As a result of lower net income, USPB's cash distributions to its members in 2024 were substantially less when compared to the prior year. In total, USPB distributed $10 million, or $13.28 per combined Class A and Class B unit, to our members. At fiscal year-end, USPB's balance sheet remained strong and positioned us well for the future.

Figure 1



FY 2024 GRID PERFORMANCE

Kansas Grid Performance

Cattle delivered during fiscal year 2024 on the USPB Kansas grid had a record high premium of $79.13 per head more than the average cash market in Kansas. This was the third consecutive year of premiums exceeding $70 per head.

During 2024, the U.S. beef industry harvested nearly 0.5% fewer fed cattle than the previous year according to

OUR MISSION

"To increase the quality of beef and long-term profitability of cattle producers by creating a fully integrated producer-owned beef processing system that is a global supplier of high quality value-added beef products responsive to consumer desires."

USDA reports. This was a significantly smaller decrease than 2023, which was over 5% less than 2022. Saturday harvests were reduced even further during 2024. Yet, by comparison, total fed cattle slaughter in 2023 was still 2.4 million head more than 2015, which was the low point in the previous 10-year cattle cycle.

Industry percentage of heifers in the 2024 fed cattle harvest remained high. The Kansas live fed market averaged $184.67 per cwt, which was record high and $11.31 per cwt more than the previous year. The 2024 average was over $123 per cwt more than 1998, which was the company's first year of operations.

For the year, USPB live and carcass weights were the heaviest in company history. They were 28 and 22 pounds more than the previous year, respectively. Industry average steer and heifer weights increased similarly. Strengthening fed prices, affordable corn and especially high feeder prices have incentivized feeders to feed cattle longer.

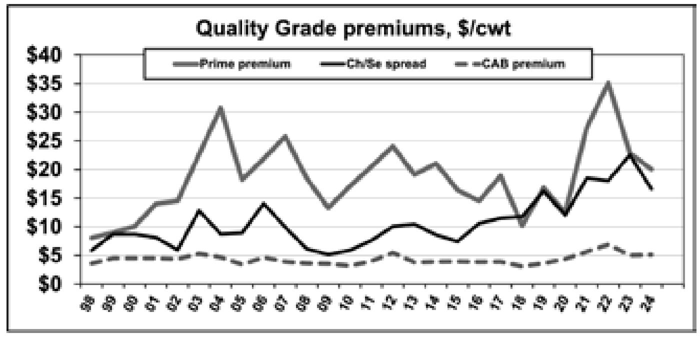
Placement weights of USPB cattle going on feed increased 17 pounds from the previous year and was the sixth highest in company history. Cattle harvested in fiscal year 2023 were likely lighter due to drought. Even with the increase in placement weight, USPB cattle had a record high number of days on feed.

As a result, yields were the eighth highest on record. Yield benefit on the grid was a record $35.76 per head. This was driven by the combination of increased yield percentage, record high prices and grid changes. Effective May 13, 2024, the formula allowance added to the cash, live price was increased from $0.25 to $0.75 per cwt. For cattle marketed after this change, this accounted for about a $7 per head increase in the yield benefit. Record high fed prices also make every pound of carcass pay weight, in relation to live weight, even more valuable.

This increase in weights also resulted in a record high heavyweight percentage. Historically, this led to the third largest outweight discount per head. A new 4% heavyweight allowance was part of the grid changes in May and helped prevent the discount from being even larger.

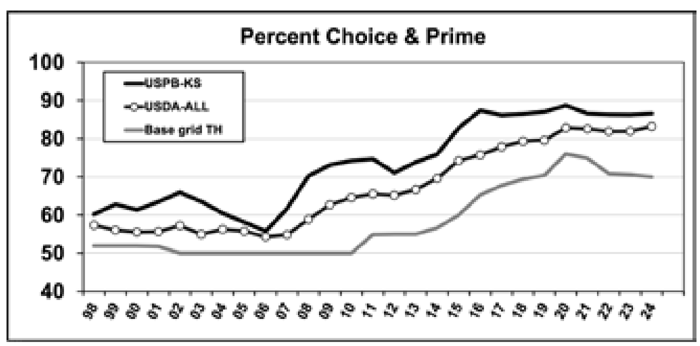
The USPB grid premiums used on the grid for Choice/Select spread, Prime and *Certified Angus Beef*® (CAB) are all driven by USDA boxed beef cutout reports. These quality grade rewards remained strong, especially in the latter half of 2024. Seasonally, the Choice/Select spread was low in the spring, but was especially high in the fourth quarter. Prime and CAB premiums were both above company historical average and finished strong in the fourth quarter. The sum of those premiums is referred to as the "total quality premium." During the past four years, the annual total quality premium has been four of the five highest values in company history. Average annual quality grade premiums used on the grid are shown in Figure 2.

Figure 2



Quality grading throughout the industry was record high during fiscal year 2024. As evident in Figure 3, Prime and Choice or better percentages were both record high according to USDA reports. USPB carcasses were the third highest in percentage of Prime and fourth highest in Choice and Prime percentage. This translated to the third highest quality grade premium per head on record. Once again, quality grade was the largest of all the subtotal premiums that make up the total.

Figure 3



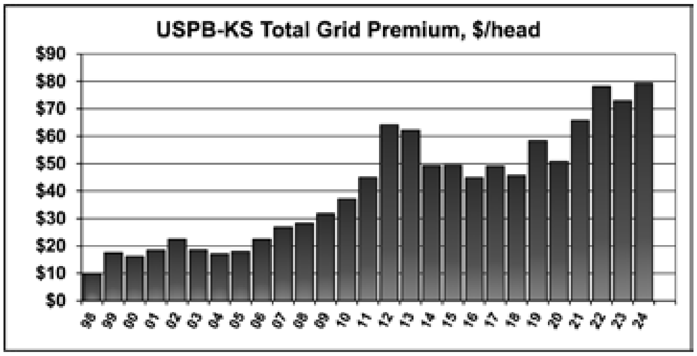
Even with record high cattle prices and inflation, rewards for quality grade are still being passed on to producers. Consumers are still willing to pay for quality and the USPB grid helps reward producers for that demand.

The percentage of yield grade 4 and 5 carcasses on the USPB grid was record high. This was related to the added days on feed. However, quality rewards in the marketplace were an incentive for feeding cattle longer.

In September 2023, grid changes went into effect that included locking the threshold of yield grade 4s and 5s at 14% and 1%, respectively.

Total premium, shown in Figure 4, was the highest in company history at $78.13 per head more than if they were marketed on the Kansas average cash, live market. This was nearly $6 higher than the previous year average. In 27 years of delivering cattle on the USPB grid, quality grade has been the largest portion of the total premium for 26 of those years.

Figure 4



The top 25%, which are lots or groups with the highest premium that account for 25% of the total head count, was also record high at $150.65 per head. The range in premium from the top 25% to the bottom 25% was record large.

"Other" premiums include the $1 paid for each low frequency electronic identification ear tag (LFEID) payment, effective May 2024. During the entire year, 15% of all USPB cattle had LFEID tags read. Historically, the greatest concentration of USPB cattle wearing LFEID tags was 20% in 2011, when age and source verification premiums were offered.

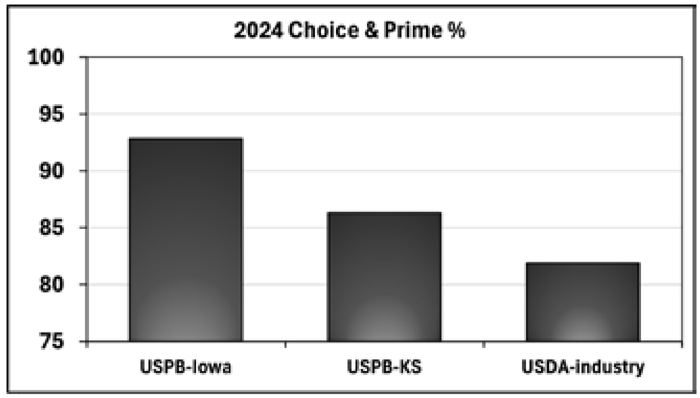
The USPB grid continues to reward high quality cattle, even in times of record prices and a robust cash market. The industry drastically improved quality grades in the past 20 years and value-based grids like USPB have fueled that improvement. This increase in quality has not overloaded the market. Instead, consumers are showing they prefer beef with more marbling. The USPB grid continues to be a valuable tool that rewards producers for quality cattle. In turn, this allows National Beef to market greater quantities of higher grading, more valuable beef products.

Iowa Grid Performance

Fiscal year 2024 was the fifth complete year of harvesting cattle on the USPB Iowa grid at the National Beef plant in Tama, Iowa. Grid premiums from Iowa cannot be compared directly to the Kansas grid. New producers continue to utilize this grid in a region where grid marketing is less common.

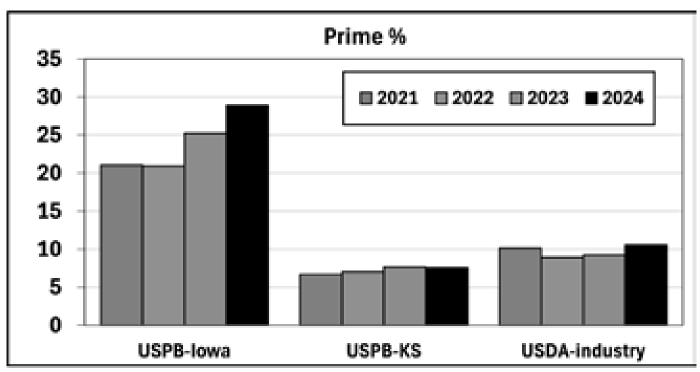
USPB cattle delivered to Iowa have very high quality grades each year. Compared to all cattle graded by USDA within the entire industry, USPB Iowa grid cattle are far superior. Figure 5 shows the 2024 Choice & Prime percentage of all cattle delivered on the Iowa grid, the Kansas grid and the overall industry average.

Figure 5



Iowa grid cattle are especially high in Prime percentage, setting a record in 2024 at nearly three times the USDA national average of 10.5%. Prime percentages for USPB and industry averages are shown in Figure 6 for recent years.

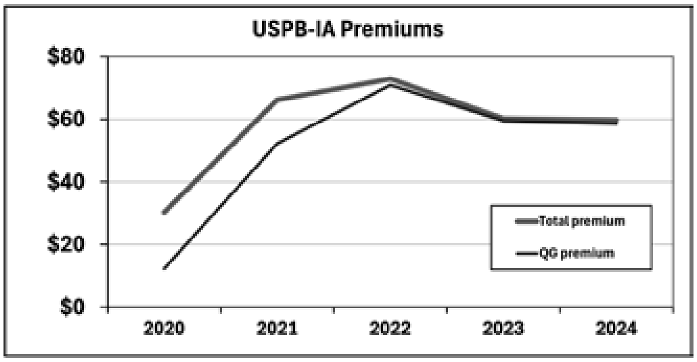
Figure 6



The CAB program quoted 32% of all black-hided cattle at CAB-licensed plants qualified for the brand within the Choice quality grade during 2024. By comparison, Iowa grid cattle averaged more than 35% in fiscal year 2024 and was record high. This was a similar certification rate compared to just the black-hided cattle delivered on the Kansas grid.

The superior quality grades are extremely valuable on the Iowa grid when the premiums in the marketplace are high. Prime is especially impactful on the Iowa grid. Figure 7 shows the quality grade premium per head and the total overall premium for each of the five years the grid has been available. Premiums in fiscal year 2024 were consistent with the previous year.

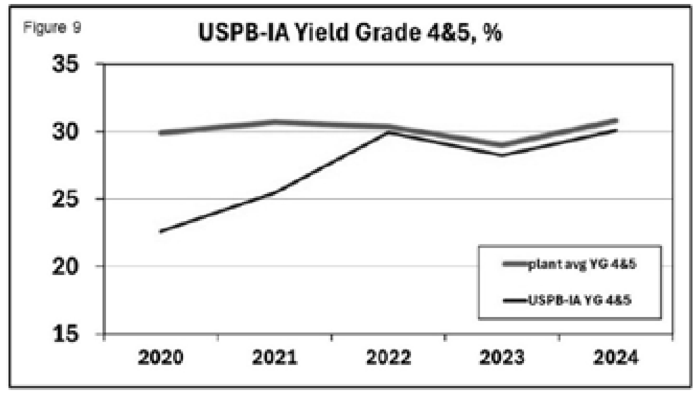
Figure 7



Like Kansas, cattle on the Iowa grid had record high percentage of yield grade 4 carcasses. However, they also had record low percentage of yield grade 5s. This is a good example of the sorting that occurs in the Corn Belt, where the average was only 37 head per lot. By comparison, average lot size on the Kansas grid was 98 head during fiscal year 2024. Many cattle delivered to Iowa are sorted visually and sold in load lots, over time, from a single pen when they reach the desired level of backfat thickness. This can significantly improve the uniformity, especially when the feeder has built experience from multiple deliveries. Some smaller producers even share a truck to deliver smaller groups to maintain uniformity.

The Iowa grid has a fixed threshold of 90% Choice or better. However, it also has higher plant averages for yield grade 4s and 5s compared to the Kansas grid. With the higher Prime levels that are inherent in the Corn Belt, it makes sense to feed cattle to a fatter endpoint, especially when quality rewards are high. This is the main reason Iowa grid cattle have significantly increased yield grade 4 & 5 percentage compared to the Kansas grid. Yet they remained slightly below the Iowa plant average thresholds, and yield grade per head was a small premium, on average. Figure 8 includes the average yield grade 4 and 5 percentage for USPB cattle on the Iowa grid and the plant average thresholds used on that grid.

Figure 8



Iowa grid cattle were placed lighter and fed considerably longer than on the Kansas grid, as they have been in previous years. As a result, they have more total apparent weight gain in the feedyard but lower apparent average daily gains compared to Kansas grid cattle. Corn Belt cattle also had record high live and carcass weights similar to Kansas. In previous years, Iowa cattle had heavier average carcass weights. This year cattle on both grids had identical hot weights. The percentage of steers was also very similar between the two grids.

Total overall premium per head was $59.71 per head. Fiscal year 2022 was record high when Prime and CAB premiums were extremely high. Aside from that year, overall average premium on the Iowa grid has consistently been approximately $60 per head in recent years. Even with a high threshold for Choice or better, the Iowa quality grade premium per head is still the largest subtotal and accounts for most of the overall premium. The top 25% averaged $127.77 per head while the top 50% averaged $98.08 per head more than selling on the average dressed delivered market in the Iowa/Minnesota region, as reported by USDA.

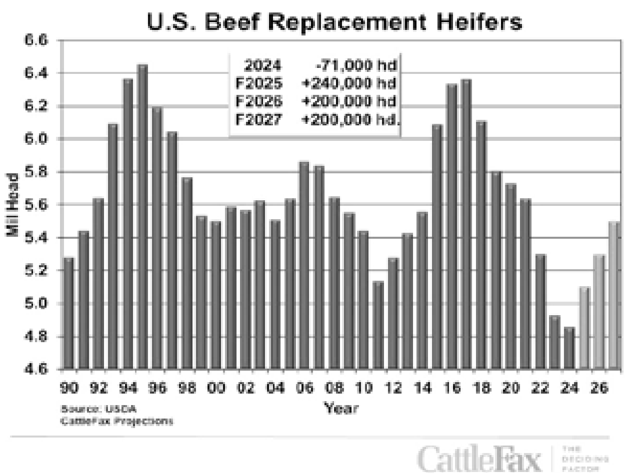
During fiscal year 2024, USPB members delivered 866,054 head to National Beef plants. This was the third highest in company history.

STATE OF THE INDUSTRY

CattleFax data indicates consumer preference for high quality beef products continues to remain strong. In response to this high demand, Figure 9 indicates beef producers have responded, and as a result, production of Choice and higher beef has increased from 55% to nearly 85% of fed slaughter in the past 20 years. Prime percentage has quadrupled during this time.

Figure 9

Figure 10



Since USPB operations commenced in December 1997, data has provided USPB producers the opportunity to fine tune and improve their strategies. Now, it is necessary to learn how to do more with less. The U.S. cattle inventory increased more than 6 million head from 2014 to 2019. Since then, liquidation was estimated to be nearly 7.6 million head at the end of 2024. Drought conditions in many of the cow-calf producing areas have forced prolonged herd liquidation, as indicated in figures 10 and 11. At the end of 2024, total herd liquidation has ensued for five years. However, even with a decrease of almost 7.6 million head, total beef production has increased, shown in Figure 12.

Figure 11

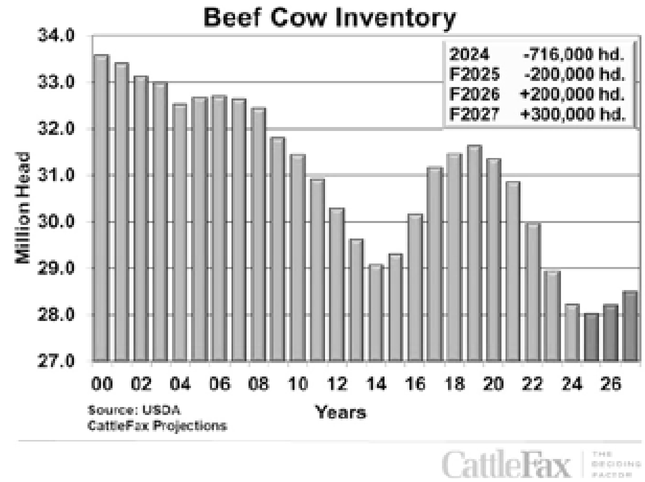


Figure 12

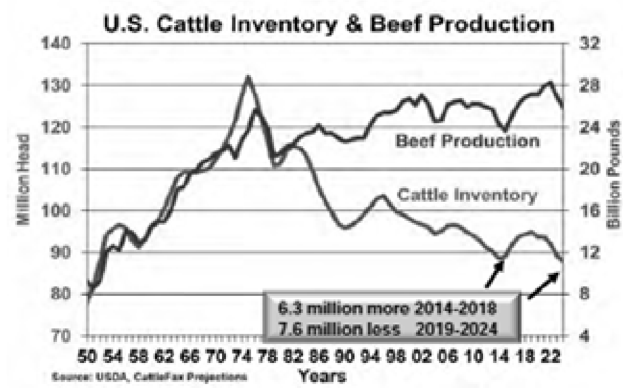
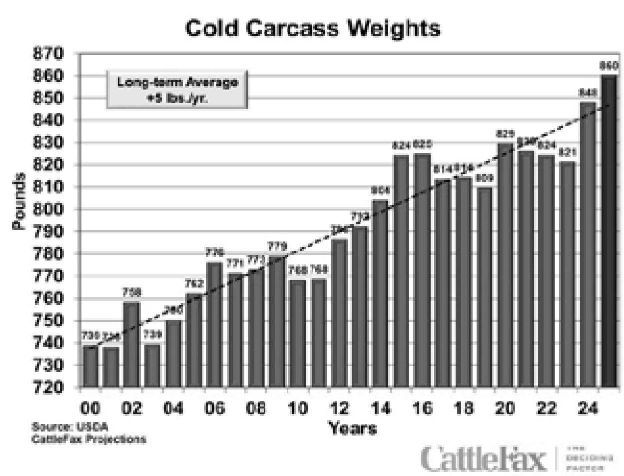


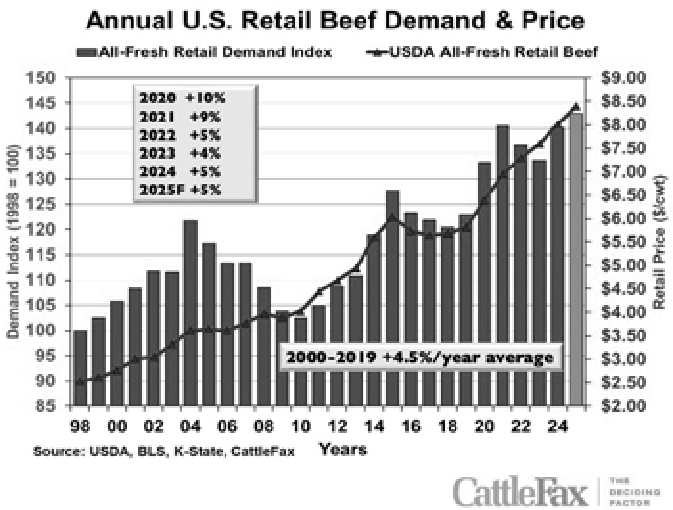
Figure 13 details cold carcass weights. During the same time frame percent Choice and higher quality grades have increased, carcass weights have increased an average of five pounds per year. From 2023 to 2024, individual carcass weights increased 26 pounds. With cost of gain below the value of fed cattle, this trend is expected to continue.

Figure 13



CattleFax indicates demand is currently on a 37-year high. Figure 14 reveals retail beef prices increased in 2024, compared to 2023. Increased consumer spending for beef provides support for wholesale beef and cattle prices. Another gauge is ground beef prices relative to boneless chicken breasts and pork chops. Ground beef has been described as well above the trend. Consumers continue to find value in ground beef.

Figure 14



**CattleFax projections are not USPB's and may not hold true.*

In summary, 2024 was a challenging year for USPB. The company USPB has ownership in, National Beef, has grown, become more efficient, and is ready for opportunities and challenges that lie ahead. This unique relationship will continue to be a significant part of members' business operations.

> **"Obstacles are those frightful things you see when you take your eyes off your goal." – Henry Ford**

We are excited for what the future holds and understand there is much work to do. At USPB, we are fortunate to know several young men and women who are returning to businesses already involved with USPB. These young adults are intelligent, curious and have a desire to take the industry to even greater heights. Rest assured, the beef industry is in great hands going forward. This younger generation will need to figure out how to do things better, with less. That means less available land, water and feed ingredients. Their ability to use technology to communicate with consumers will be a huge asset to the industry.

We know the future will hold days of both smooth sailing and choppy waters. The history of USPB's origins and growth has been well documented and discussed many times. Through fiscal year 2024, the company has delivered more than 20 million head of cattle to National Beef and has paid out more than $860 million in grid premiums.

The goal of USPB management and board members is to always meet, and hopefully exceed your expectations. Ownership in National Beef has provided advantages that have shown us good times and gets us through challenging times. As National Beef grows and expands, through our ownership position, so will USPB.

USPB's Board and management team has many years of experience. We frequently refer to our mission statement as the best way to charge ahead. The future is exciting.

Regards,

Mark R. Gardiner
Chairman

Stanley D. Linville
Chief Executive Officer

NATIONAL BEEF PACKING COMPANY, LLC SUMMARY

Revenues in 2024 increased approximately 4% in comparison to 2023, primarily due to an increase in selling price per unit, offset, in part, by lower volume. Cost of sales increased by approximately 5% in 2024 as compared to 2023. The increase was driven by higher cattle prices. Reduced volume and a decline in gross margin per head resulted in lower profitability in 2024 as compared to 2023.

Plant Operations

National Beef is one of the largest beef processing companies in the U.S., accounting for approximately 14% of fed cattle slaughter in the U.S. National Beef processes and markets fresh and chilled boxed beef, ground beef, beef by-products, consumer-ready beef and pork, and wet blue leather for domestic and international markets. Based in Kansas City, Missouri, National Beef had approximately 10,100 employees at December 28, 2024 and generated total revenues of $12.4 billion in 2024.

The largest part of National Beef's revenue is generated from the sale of boxed beef and beef by-products. National Beef also generates revenues from value-added production of consumer-ready products. In addition, National Beef operates one of the largest hide tanning facilities in the world, selling wet blue leather to tanners that produce finished leather for the automotive, luxury goods, apparel and furniture industries. Other streams of revenue include sales of portioned beef and other products directly to consumers through internet, direct mail and direct response television by its subsidiary, Kansas City Steak Company, LLC, and revenues generated by National Carriers, Inc., a wholly owned subsidiary that transports refrigerated freight and livestock for National Beef and a variety of other customers. National Beef's profitability typically fluctuates seasonally as well as cyclically, based on the availability of fed cattle.

Processing Facilities

National Beef owns two beef processing facilities located in Liberal and Dodge City, Kansas, which can each process approximately 6,000 cattle per day, and a third beef processing facility in Tama, Iowa which can process approximately 1,200 head per day. National Beef's three consumer-ready facilities are in Hummels Wharf, Pennsylvania, Moultrie, Georgia and Kansas City, Kansas. Its ground beef patty facility is in North Baltimore, Ohio, and its tannery is in St. Joseph, Missouri.

Beef Processing

National Beef's profitability is dependent, in large part, on the spread between its cost for fed cattle, the primary raw material for its business, and the value received from selling boxed beef and beef by-products coupled with its overall volume. National Beef operates in a commodity market, and it does not have much influence over the price it pays for cattle or the selling price it receives for the products it produces. National Beef's profitability typically fluctuates seasonally and cyclically with relatively higher margins in the spring and summer months and during times of ample cattle availability.

Sales and Marketing

National Beef markets its products to national and regional retailers, including supermarket chains, independent grocers, club stores, wholesalers and distributors, foodservice providers and further processors. In addition, National Beef sells beef by-products to the medical, feed processing, and pet food industries. National Beef exported products to 35 countries; in 2024, and export sales represented approximately 10% of consolidated revenue. The demand for beef is generally strongest in the spring and summer months and decreases during the winter months.

National Beef emphasizes the sale of higher-margin, value-added products, which include branded boxed beef, consumer-ready beef and pork, portion-control beef and wet blue hides. National Beef believes its value-added products can command higher prices than commodity products because of its ability to consistently meet product specifications, based on quality, trim, weight, size, breed or other factors, tailored to the needs of its customers. In addition to the value-added brands that National Beef owns, it licenses the use of *Certified Angus Beef®*, a registered trademark of Certified Angus Beef LLC, and *Certified Hereford Beef®*, a registered trademark of Certified Hereford Beef LLC.

Competition

Competitive conditions exist both in the purchase of fed cattle, as well as in the sale of beef products. Beef products compete with other protein sources, including pork and poultry, but National Beef's principal competition comes from other beef processors. National Beef believes the principal competitive factors in the beef processing industry are price, quality, food safety, customer service, product distribution, technological innovations (such as food safety interventions and packaging technologies) and brand loyalty. Some of National Beef's competitors have substantially larger beef operations, greater financial and other resources and wider brand recognition for their products.

Cattle Procurement

During fiscal years 2024, 2023 and 2022, National Beef obtained approximately 25% of the cattle it processed from USPB producers using the USPB pricing grids. It also purchases cattle through cash bids and other arrangements from cattle producers in its primary and secondary markets. We believe National Beef is a first choice processor for suppliers seeking to attain premium pricing for their high-quality cattle and cattle suppliers view National Beef more favorably due to its business model, which emphasizes building relationships and cooperating with suppliers and paying a premium for high-quality cattle.

The primary market area for the purchase of cattle for those facilities includes Kansas, Texas, Nebraska, Iowa and Oklahoma. A significant portion of USPB's unitholders and associates are located in this area. The close proximity of National Beef's facilities to large supplies of cattle gives its buyers the ability to visit feedlots on a regular basis, which enables National Beef to develop strong working relationships with its suppliers, reduce its reliance on any one cattle supplier and lower in-bound transportation costs.

National Beef Leathers, LLC

National Beef's wet blue tanning subsidiary is in St. Joseph, Missouri, in relative proximity to its beef processing facilities, and is at the junction of major transportation routes. The facility is one of the largest hide tanning facilities in the world, selling wet blue leather to tanners that produce finished leather for the automotive, luxury goods, apparel and furniture industries.

Kansas City Steak Company

National Beef owns Kansas City Steak Company, LLC, which sells portioned beef and other products directly to consumers through internet, direct mail and direct response television, and service revenues generated by National Carriers, Inc., a wholly owned subsidiary that is one of the largest refrigerated and livestock carrier operations in the U.S. and transports products for National Beef and other customers.

Regulation and Environmental

National Beef's operations are subject to extensive regulation by the U.S. Department of Agriculture including its Food Safety and Inspection Service, its Animal and Plant Health Inspection Service and its Grain Inspection, Packers and Stockyards Administration, the Food and Drug Administration, the U.S. Environmental Protection Agency and other federal, state, local and foreign authorities regarding the processing, packaging, storage, safety, distribution, advertising and labeling of its products.

U.S. PREMIUM BEEF, LLC FINANCIAL SUMMARY

Fiscal Year Ended December 28, 2024 compared to December 30, 2023

Net Sales. There were no sales during the fifty-two week period ended December 28, 2024 and the fifty-two week period ended December 30, 2023.

Cost of Sales. There were no cost of sales during the fifty-two week period ended December 28, 2024 and the fifty-two week period ended December 30, 2023.

Selling, General and Administrative Expenses. Selling, general and administrative expenses were approximately $3.3 million for the fifty-two weeks ended December 28, 2024 compared to approximately $3.5 million for the fifty-two weeks ended December 30, 2023, a decrease of approximately $0.2 million. The decrease is primarily due to lower bonus expense, which decreased primarily as a result of lower net income.

Operating Loss. Operating loss was approximately $3.3 million for the fifty-two weeks ended December 28, 2024 compared to approximately $3.5 million for the fifty-two weeks ended December 30, 2023, a decrease of approximately $.0.2 million. The decrease was due to the decrease in *Selling, General and Administrative Expenses* discussed above.

Interest Income. Interest income was $3.0 million during the fifty-two weeks ended December 28, 2024 and $3.2 million in the fifty-two weeks ended December 30, 2023, a decrease of approximately $0.2 million. The decrease was due to lower interest rates.

Equity in Income of National Beef Packing Company, LLC. Equity in National Beef income was $6.8 million for the fifty-two weeks ended December 28, 2024 compared to $41.2 million for the fifty-two weeks ended December 30, 2023, a decrease of approximately $34.4 million. The combined effects of lower gross margins per head and higher costs led to lower profitability in 2024 as compared to 2023. USPB carries its 15.0729% investment in National Beef under the equity method of accounting.

Other, net. Other income was $1.0 million for the fifty-two weeks ended December 28, 2024 compared to $0.7 million for the fifty-two weeks ended December 30, 2023. Other, net is primarily due to delivery right lease income on company-owned delivery rights.

Income Tax Expense. USPB is structured as an LLC and is therefore not subject to income taxes at the company level. See USPB's Notes to Financial Statements (Note 2) for further information.

Net Income. Net income for the fifty-two weeks ended December 28, 2024 was approximately $7.5 million compared to approximately $41.6 million for the fifty-two weeks ended December 30, 2023, a decrease of approximately $34.1 million. The decrease was due to substantially lower net income at National Beef.

Fiscal Year Ended December 30, 2023 compared to December 31, 2022

Net Sales. There were no sales during the fifty-two week period ended December 30, 2023 and the fifty-three week period ended December 31, 2022.

Cost of Sales. There were no cost of sales during the fifty-two week period ended December 30, 2023 and the fifty-three week period ended December 31, 2022.

Selling, General and Administrative Expenses. Selling, general and administrative expenses were approximately $3.5 million for the fifty-two weeks ended December 30, 2023, compared to approximately $7.1 million for the fifty-three weeks ended December 31, 2022, a decrease of approximately $3.6 million. The decrease is primarily due to lower phantom unit plan expense, which decreased primarily as a result of lower distribution dilution accruals.

Operating Loss. Operating loss was approximately $3.5 million for the fifty-two weeks ended December 30, 2023 compared to approximately $7.1 million for the fifty-three weeks ended December 31, 2022, a decrease of approximately $3.6 million. The decrease was due to the decrease in *Selling, General and Administrative Expenses* discussed above.

Interest Income. Interest income was $3.2 million during the fifty-two weeks ended December 30, 2023 and $1.1 million in the fifty-three weeks ended December 31, 2022, an increase of approximately $2.1 million. The increase was due to higher interest rates.

Equity in Income of National Beef Packing Company, LLC. Equity in National Beef income was $41.2 million for the fifty-two weeks ended December 30, 2023 compared to $174.7 million for the fifty-three weeks ended December 31, 2022, a decrease of approximately $133.5 million. The combined effects of lower gross margins per head and higher costs led to lower profitability in 2023 as compared to 2022. USPB carries its 15.0729% investment in National Beef under the equity method of accounting.

Other, net. Other income was $0.7 million for the fifty-two weeks ended December 30, 2023 compared to $0.7 million for the fifty-three weeks ended December 31, 2022. Other, net is primarily due to delivery right lease income on company-owned delivery rights.

Income Tax Expense. USPB is structured as an LLC and is therefore not subject to income taxes at the company level. See USPB's Notes to Financial Statements (Note 2) for further information.

Net Income. Net income for the fifty-two weeks ended December 30, 2023 was approximately $41.6 million compared to approximately $169.4 million for the fifty-three weeks ended December 31, 2022, a decrease of approximately $127.8 million. The decrease was due to substantially lower net income at National Beef.

Liquidity and Capital Resources

As of December 28, 2024, we had net working capital (the excess of current assets over current liabilities) of approximately $67.5 million, which included cash and cash equivalents of $39.0 million. As of December 30, 2023, we had net working capital of approximately $76.7 million, which included cash and cash equivalents of $58.5 million. Our primary sources of liquidity for fiscal years 2024 and 2023 were cash, cash flows from operating activities, which includes distributions received from National Beef, and available borrowings under the Credit Agreement and Master Loan Agreement with CoBank. Our principal uses of cash are distributions to our members and working capital.

USPB's material contractual obligations include non-compete payments to be made to its Chief Executive Officer when he retires and payments for leased office space, the present value of which are approximately $0.3 million and $0.3 million, respectively.

CoBank Debt

On July 13, 2020, USPB and CoBank, ACB (CoBank), entered into a Credit Agreement, Amended and Restated Revolving Term Promissory Note (Promissory Note), and an Affirmation of Pledge Agreement (New Loan Agreements). The New Loan Agreements replace, amend and restate the arrangements between CoBank and USPB contained in that certain Master Loan Agreement, Revolving Term Loan Supplement to the Master Loan Agreement, Pledge Agreement, and Security Agreement dated July 26, 2011, as amended.

The New Loan Agreements provide for a $1.0 million revolving term commitment. That commitment carries a term of five years, maturing on June 30, 2025. All of the $1.0 million revolving credit commitment was available as of December 28, 2024. On July 6, 2023, USPB and CoBank amended the Promissory Note to provide for an interest rate equal to the Daily Simple SOFR Margin (as defined in the amendment) plus the higher of 0.00% and Daily Simple SOFR (as defined in the agreement). The Affirmation of Pledge Agreement provides CoBank with a first-priority security interest in USPB's Membership Interests in, and Distributions from, National Beef.

As of December 28, 2024, USPB had no long-term debt outstanding. We had a $1.0 million Revolving Term Commitment with CoBank, all of which was available. USPB was in compliance with the financial covenant under its Credit Agreement as of December 28, 2024 and December 30, 2023.

Cash Flows

Operating Activities. Net cash provided by operating activities was $0.8 million in the fifty-two weeks ended December 28, 2024 as compared to $54.1 million in the fifty-two weeks ended December 30, 2023. The $53.3 million decrease was primarily due to decreased distributions received from National Beef that were classified as a distribution from Operating Activities.

Net cash provided by operating activities was $54.1 million in the fifty-two weeks ended December 30, 2023 as compared to $205.9 million in the fifty-three weeks ended December 31, 2022. The $151.8 million decrease was primarily due to decreased distributions received from National Beef that were classified as a distribution from Operating Activities.

Investing Activities. Net cash used in investing activities was approximately $10.2 million in the fifty-two weeks ended December 28, 2024 compared to $20.0 in the fifty-two weeks ended December 30, 2023. The change was due to an investment in certificates of deposit at USBank in 2024.

Net cash used in investing activities was approximately $20.0 million in the fifty-two weeks ended December 30, 2023 compared to $0.1 in the fifty-three weeks ended December 31, 2022. The change was due to an investment in a certificate of deposit at USBank in 2023.

Financing Activities. Net cash used in financing activities was $10.0 million in fifty-two weeks ended December 28, 2024 as compared to $73.4 million in the fifty-two weeks ended December 30, 2023. The $63.4 million decrease was due to a decrease in distributions to members in the fifty-two weeks ended December 28, 2024, compared to the fifty-two weeks ended December 30, 2023.

Net cash used in financing activities was $73.4 million in the fifty-two weeks ended December 30, 2023 as compared to $238.5 million in the fifty-three weeks ended December 31, 2022. The $165.1 million decrease was due to a decrease in distributions to members in the fifty-two weeks ended December 30, 2023, compared to the fifty-three weeks ended December 31, 2022.

USPB believes cash, cash flows from operating activities, and available borrowings under the Credit Agreement will be sufficient to support its working capital and cash flow requirements.

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U.S. PREMIUM BEEF, LLC
INDEX TO FINANCIAL STATEMENTS

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Board of Directors and Members
U.S. Premium Beef, LLC

OPINION ON THE FINANCIAL STATEMENTS

We have audited the accompanying balance sheets of U.S. Premium Beef, LLC (a Delaware Limited Liability company) (the "Company") as of December 28, 2024 and December 30, 2023, the related statements of operations, members' capital, and cash flows for each of the three years in the period ended December 28, 2024, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 28, 2024 and December 30, 2023, and the results of its operations and its cash flows for each of the three years in the period ended December 28, 2024, in conformity with accounting principles generally accepted in the United States of America.

BASIS FOR OPINION

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

CRITICAL AUDIT MATTERS

Critical audit matters are matters arising from the current period audit of the financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. We determined that there are no critical audit matters.

Grant Thornton LLP

We have served as the Company's auditor since 2018.

Kansas City, Missouri
March 13, 2025

U.S. PREMIUM BEEF, LLC
Balance Sheets
(thousands of dollars, except unit information)

Assets	December 28, 2024	December 30, 2023
Current assets:		
Cash and cash equivalents	$ 39,008	$ 58,481
Certificate of Deposit	30,224	20,000
Accrued interest receivable	185	37
Due from affiliates	182	283
Other current assets	901	1,675
Total current assets	70,500	80,476
Property, plant, and equipment, at cost	274	274
Less accumulated depreciation	244	231
Net property, plant, and equipment	30	43
Right of use assets, net	228	283
Investment in National Beef Packing Company, LLC	169,381	162,597
Other assets	1	2
Total assets	$ 240,140	$ 243,401
Liabilities and Members' Capital		
Current liabilities:		
Accounts payable - trade	$ 28	$ 28
Due to other affiliates	74	48
Accrued compensation and benefits	2,413	3,225
Lease obligations	61	56
Other accrued expenses and liabilities	293	390
Distributions payable	153	–
Total current liabilities	3,022	3,747
Long-term liabilities:		
Lease obligations	167	228
Other liabilities	7,307	7,293
Total long-term liabilities	7,474	7,521
Total liabilities	10,496	11,268
Commitments and contingencies	–	–
Members' capital		
Members' contributed capital, 735,385 Class A units and 755,385 Class B units authorized, issued and outstanding	229,644	232,133
Total members' capital	229,644	232,133
Total liabilities and members' capital	$ 240,140	$ 243,401

See accompanying notes to financial statements.

U.S. PREMIUM BEEF, LLC
Statements of Operations
(thousands of dollars, except unit and per unit data)

	52 weeks ended December 28, 2024	52 weeks ended December 30, 2023	53 weeks ended December 31, 2022
Net sales	$ —	$ —	$ —
Costs and expenses:			
Cost of sales	—	—	—
Selling, general, and administrative expenses	3,268	3,525	7,089
Depreciation and amortization	13	20	20
Total costs and expenses	3,281	3,545	7,109
Operating loss	(3,281)	(3,545)	(7,109)
Other income:			
Interest income	3,001	3,238	1,091
Interest expense	—	(1)	(3)
Equity in income of National Beef Packing Company, LLC	6,784	41,171	174,670
Other, net	1,010	713	710
Total other income	10,795	45,121	176,468
Net income	$ 7,514	$ 41,576	$ 169,359
Income per unit:			
Basic and diluted			
Class A units	$ 1.02	$ 5.65	$ 23.03
Class B units	$ 8.95	$ 49.54	$ 201.78
Outstanding weighted-average Class A and Class B units:			
Basic and diluted			
Class A units	735,385	735,385	735,385
Class B units	755,385	755,385	755,385

See accompanying notes to consolidated financial statements.

U.S. PREMIUM BEEF, LLC
Statements of Cash Flows
(thousands of dollars)

	52 weeks ended December 28, 2024	52 weeks ended December 30, 2023	53 weeks ended December 31, 2022
Cash flows from operating activities:			
Net income	$ 7,514	$ 41,576	$ 169,359
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	13	20	20
Equity in net income of National Beef Packing Company, LLC	(6,784)	(41,171)	(174,670)
Distributions from National Beef Packing Company, LLC	—	58,130	208,404
Changes in assets and liabilities:			
Accounts Receivable	—	9	39
Accrued interest receivable	(148)	(37)	—
Due from affiliates	101	638	(863)
Other assets	773	(1,671)	—
Accounts payable	—	(8)	22
Due to affiliates	26	(1,109)	1,150
Accrued compensation and benefits	(799)	(1,655)	2,587
Other accrued expenses and liabilities	58	(580)	(141)
Net cash provided by operating activities	754	54,142	205,907
Cash flows from investing activities:			
Capital expenditures	—	(9)	(53)
Redemption of Certificate of Deposit	60,000	20,000	—
Investment in Certificate of Deposit	(70,224)	(40,000)	—
Net cash used in investing activities	(10,224)	(20,009)	(53)
Cash flows from financing activities:			
Member distributions	(10,003)	(73,384)	(238,522)
Net cash used in financing activities	(10,003)	(73,384)	(238,522)
Net (decrease) increase in cash	(19,473)	(39,251)	(32,668)
Cash and cash equivalents at beginning of period	58,481	97,732	130,400
Cash and cash equivalents at end of period	$ 39,008	$ 58,481	$ 97,732
Supplemental cash disclosures:			
Cash paid during the period for interest	$ —	$ —	$ 3
Cash paid during the period for taxes	$ 65	$ 409	$ 396
Supplemental noncash disclosures of operating activities:			
Right of use assets and lease obligations	$ —	$ 316	$ —

See accompanying notes to consolidated financial statements.

U.S. PREMIUM BEEF, LLC
Statements of Members' Capital
(thousands of dollars)

		Members' capital
Balance at December 25, 2021	$	332,272
Net income for the year ended December 31, 2022		169,359
Member distributions		(237,690)
Balance at December 31, 2022	$	263,941
Net income for the year ended December 30, 2023		41,576
Member distributions		(73,384)
Balance at December 30, 2023	$	232,133
Net income for the year ended December 28, 2024		7,514
Member distributions		(10,003)
Balance at December 28, 2024	$	229,644

See accompanying notes to consolidated financial statements.

U.S. PREMIUM BEEF, LLC
Notes to Financial Statements

NOTE 1. DESCRIPTION OF BUSINESS

U.S. Premium Beef, LLC (USPB or the Company) was formed as a closed marketing cooperative on July 1, 1996. Its mission is to increase the quality of beef and long-term profitability of cattle producers by creating a fully integrated producer-owned beef processing system that is a global supplier of high quality, value-added beef products responsive to consumer desires. USPB operates an integrated cattle processing and beef marketing enterprise where consumer and processor demands and requirements are implemented through changes in genetics, feeding, and management. USPB's unitholders benefit from its supplier alliance with National Beef Packing Company, LLC (NBP) through (i) premiums received in excess of cash market prices for higher quality cattle, (ii) allocations of profits and potential distributions, (iii) potential unit price appreciation, and (iv) information that permits unitholders to make informed production decisions.

On December 5, 2011, USPB sold the majority of its membership interests in NBP to Leucadia National Corporation ("Leucadia Transaction"). Following the sale, USPB owned 15.0729% of NBP's membership interests.

On November 29, 2019, Jefferies Financial Group, Inc. ("Jefferies", formerly Leucadia National Corporation) sold its remaining ownership interest in NBP to a combination of NBM US Holdings, Inc., a Delaware corporation owned by Marfrig Global Foods S.A.; NBPCo Holdings, LLC; and TMK Holdings, LLC. USPB elected to not participate in the acquisition and, as a result, USPB's ownership interest in National Beef remained at 15.0729%.

Ownership Structure

As USPB is structured as a Limited Liability Company, its members are not personally liable for liabilities of USPB. USPB's members are taxed on their proportionate share of USPB's taxable income.

Class A Units. There are 735,385 Class A units outstanding. Class A unitholders are allocated 10% of the Company's profits and losses. Holders of USPB Class A units, committed under Uniform Cattle Delivery and Marketing Agreements, have the right and obligation to deliver one head of cattle to USPB annually for each unit held.

Class B Units. There are 755,385 Class B units outstanding. Class B unitholders are allocated 90% of the Company's profits and losses. Holders of USPB Class B units have no cattle delivery commitment.

NOTE 2. BASIS OF PRESENTATION AND ACCOUNTING POLICIES

Basis of Presentation

USPB's investment in NBP is accounted for using the equity method of accounting as the Company has the ability to exercise significant influence, but does not have financial or operational control.

In November 2023, the FASB issued ASU 2023-07, that improves disclosures about a public entity's reportable segments and addresses requests from investors and other allocators of capital for additional, more detailed information about a reportable segment's expenses. The standard requires public entities to disclose, on an annual and interim basis, significant segment expenses that are regularly provided to the chief operating decision maker. Additionally, public entities with a single reportable segment must provide all the disclosures required by ASU 2023-07, as well as all existing segment disclosures in accordance with Accounting Standards Codification 280. ASU 2023-07 is effective for annual periods beginning after December 15, 2023 (year ending December 28, 2024 for the Company and effective for interim periods within fiscal years beginning after December 15, 2024). The Company adopted ASU 2023-07 for the year ended December 28, 2024 (see segment reporting section of this note) and applied it retrospectively.

Fiscal Year

The Company's fiscal year ends on the last Saturday in December. The Company files annual reports for each 52 week or 53-week period ended on the last Saturday in December. Fiscal years 2024 and 2023 were 52-week years and 2022 was a 53-week year.

Use of Estimates

The financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America, using management's best estimates and judgments where appropriate. These estimates and judgments affect the reported amounts of assets and liabilities at the date of the financial statements. The estimates and judgments will also affect the reported amounts for certain revenues and expenses during the reporting period. Actual results could differ materially from these estimates and judgments.

Cash and Cash Equivalents

The Company considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. As of December 28, 2024 and December 30, 2023, the Company's balance sheet reflected Cash and cash equivalents of $39.0 million and $58.5 million, respectively. The cash is invested in CoBank's overnight investment account. Investments are not deposits and are not insured by the Federal Deposit Insurance Corporation or the Farm Credit System Insurance Corporation.

Certificates of Deposit

Certificates of deposit held for investment with original maturities greater than three months and remaining maturities less than one year are classified as current assets. Certificates of deposit with remaining maturities greater than one year are classified as long-term assets. As of December 28, 2024, USPB had the following Certificates of deposit in place at USBank:

Investment Date	Maturity Date	Interest Rate	Investment Amount	
9/19/2024	3/20/2025	3.65%	$	10,000,000
12/19/2024	6/20/2025	3.05%	$	10,224,357
10/3/2024	10/2/2025	3.77%	$	10,000,000

Other Current Assets

Included in Other Current Assets are receivables from several states, with the largest amounts being due from California and New Jersey. The taxes are withheld by NBP from its members distributions.

Investment in National Beef Packing Company, LLC

USPB's 15.0729% investment in NBP is accounted for using the equity method of accounting as the Company has the ability to exercise significant influence, but does not have financial or operational control.

The table below summarizes the changes to USPB's investment in NBP.

	December 28, 2024		December 30, 2023	
	(thousands of dollars)			
Beginning Investment Balance	$	162,597	$	179,556
Equity in net income		6,784		41,171
Distributions		—		(58,130)
Ending Investment Balance	$	169,381	$	162,597

The difference between USPB's percentage ownership share of NBP earnings and the recorded amount of Equity in income of National Beef Packing Company, LLC is attributable to the amortization of a basis difference related to the purchase accounting for NBP's acquisition of Ohio Beef in 2019. The difference will be amortized over a fifteen-year period.

For fiscal years 2024 and 2023, USPB conducted an evaluation to determine if its investment in NBP was impaired as of the end of the fiscal year in accordance with Auditing Standards Codification (ASC) 323 *Investments Equity Method and Joint Ventures*. The evaluations included both quantitative and qualitative factors. The quantitative approach that was used in fiscal year 2023 computed the fair value of the investment using a market based approach and resulted in a fair value that exceeded the carrying value. The qualitative analysis in fiscal years 2024 and 2023 gave consideration the length of USPB's investment in NBP and the understanding that the carrying value of the investment fluctuates with the cattle cycle, but USPB remains committed to the investment. There were no qualitative items in fiscal year 2024 and 2023 that indicated that the quantitative determination was not correct. As a result of the analysis, USPB concluded that the carrying value of its investment in NBP was not impaired as of December 28, 2024 and December 30, 2023.

Beginning on January 1, 2023, and annually thereafter, NBP's minority members, including USPB, are eligible to deliver a put notice to NBM US Holdings, Inc., a Delaware corporation owned by Marfrig Global Foods S.A. (NBM). The put period begins on January 1 and ends on January 31 of each year. During the put period, a NBP minority member can put to NBM a maximum of one third of the aggregate units owned by such minority member as of February 28, 2019 and a minimum of 20% of the aggregate units owned by the applicable minority member as of February 28, 2019. USPB's Board of Directors gave consideration to USPB's put option in November 2024 and chose to not exercise the put option for the January 2025 put period. See the attached financial statements for NBP.

Property, Plant, and Equipment

Property, plant, and equipment are recorded at cost. Property, plant, and equipment are depreciated principally on a straight-line basis over the estimated useful life (based upon original acquisition date) of the individual asset by major asset class as follows:

Machinery and equipment	2 to 15 years
Furniture and fixtures	3 to 5 years
Trailers and automotive equipment	2 to 5 years

Normal repairs and maintenance costs are charged to Selling, general and administrative expenses, as incurred.

A summary of cost and accumulated depreciation for property, plant, and equipment as of December 28, 2024 and December 30, 2023 follows (thousands of dollars):

	December 28, 2024	December 30, 2023
Machinery and equipment	$ 30	$ 30
Furniture and fixtures	148	148
Trailers and automotive equipment	96	96
Total property, plant, and equipment, at cost	274	274
Accumulated depreciation	244	231
Property, plant, and equipment, net	$ 30	$ 43

Depreciation expense was less than $0.1 million for fiscal years ended December 28, 2024, December 30, 2023, and December 31, 2022.

Distributions Payable

USPB utilizes a controlled disbursement account to fund cash distribution checks presented for payment by the holder. Checks that have been issued but have not cleared are reflected on the balance sheet as a reduction in cash. Amounts for checks that have not yet been issued are included in Distributions payable and the change in the related balances are reflected in financing activities on the statement of cash flows. Distributions payable were less than $0.2 million and $0.1 million as of December 28, 2024 and December 30, 2023.

Income Taxes

Effective August 29, 2004, the Company converted to an LLC, and under this structure, taxes are not assessed at the Company level as the results of operations are included in the taxable income of the individual members.

Although income taxes are assessed to the individual members, USPB is required to withhold state income taxes from the cash distributions it makes to it members. As of December 28, 2024 and December 30, 2023, Other accrued expenses and liabilities on the Company's balance sheet reflected state taxes payable of $0.1 million and $0.1 million, respectively, and accrued expenses of $0.1 million and $0.1 million, respectively.

Selling, General, and Administrative

Selling expenses consist primarily of salaries, bonuses, phantom unit option expense, trade promotions, advertising, commissions and other marketing costs. General and administrative costs consist primarily of general management, insurance and professional expenses.

Noncompetition Payments

The current CEO's employment agreement provides for him to receive noncompetition payments for a twelve-month period following his termination of employment with USPB.

As of December 28, 2024 and December 30, 2023, the Company had accrued $0.3 million and $0.3 million, respectively, for the noncompetition agreements. The accrued amounts are included in Other liabilities on the balance sheet. The CEO's employment agreement expires on December 26, 2026.

Segment Reporting

USPB is not organized by multiple operating segments for the purpose of making operating decisions or assessing performance. USPB's equity method investment is the operating segment of USPB. Accordingly, USPB has one reportable segment. The remaining activity of USPB relates to the corporate function of the Company. The total amount of investment in equity method investees is disclosed in the Company's balance sheets above.

USPB's CEO is the Chief Operating Decision Maker (CODM) for USPB. As the CODM, he is responsible for managing all of USPB's operations. The Company's primary business operation is managing its members' investment in National Beef. An operating segment is defined as a component of an enterprise for which separate financial information is evaluated regularly by the CODM in deciding how to allocate resources and assess performance. The segment participates in activities and derives income.

The CODM assesses performance of the segment based on equity in earnings of National Beef for purposes of allocating resources and evaluating financial performance as presented on the statement of operations. The CODM uses this measure in the annual budgeting and monthly forecasting process and to evaluate income generated from segment assets to distribute cash to unitholders. The accounting policies of the segment are the same as those described in the summary of significant accounting policies.

Significant segment expenses regularly provided to the CODM are the financial statement line items of National Beef, as disclosed in the tables below.

U.S. PREMIUM BEEF, LLC
Notes to Financial Statements

The operating results and assets of the Company's reportable segment were as follows (in thousands):

	52 weeks ended December 28, 2024			
	Equity Method Investment in National Beef Packing Company, LLC and Subsidiaries	Elimination of Unconsolidated Affiliate	Corporate and Other of USPB	Consolidated Total of USPB
Net sales	$ 12,373,291	$ (12,373,291)	$ —	$ —
Cost of sales	11,998,533	(11,998,533)	—	—
Selling, general and administrative expenses	124,820	(124,820)	(3,268)	(3,268)
Depreciation and amortization	160,179	(160,179)	(13)	(13)
Interest income	110	(110)	3,001	3,001
Interest expense	(41,658)	41,658	—	—
Other, net	—	—	1,010	1,010
Income tax expense	(797)	797	—	—
Net income	$ 49,008	(49,008)		
Equity in earnings of National Beef	$ 6,784			$ 6,784
Net income of USPB				$ 7,514
Total assets	$ 2,254,845	$ (2,254,845)	$ 240,140	$ 240,140
Total liabilities	$ (1,173,748)	$ (1,173,748)	$ (10,496)	$ (10,496)
Capital Expenditures for segment assets	$ (161,048)	$ 161,048	$ —	$ —

(1) Amounts reflect those recorded in National Beef Packing Company, LLC and subsidiaries consolidated financial statements.

	52 weeks ended December 30, 2023			
	Equity Method Investment in National Beef Packing Company, LLC and Subsidiaries	Elimination of Unconsolidated Affiliate	Corporate and Other of USPB	Consolidated Total of USPB
Net sales	$ 11,949,876	$ (11,949,876)	$ –	$ –
Cost of sales	11,403,911	(11,403,911)	–	–
Selling, general and administrative expenses	105,868	(105,868)	(3,525)	(3,525)
Depreciation and amortization	133,782	(133,782)	(20)	(20)
Interest income	66	(66)	3,238	3,238
Interest expense	(26,544)	26,544	(1)	(1)
Other, net	–	–	713	713
Income tax expense	2,692	(2,692)	–	–
Net income	$ 277,145	(277,145)		
Equity in earnings of National Beef	$ 41,171			$ 41,171
Net income of USPB				$ 41,576
Total assets	$ 2,268,689	$ (2,268,689)	$ 243,101	$ 243,101
Total liabilities	$ 1,236,404	$ 1,236,404	$ (11,268)	$ (11,268)
Capital Expenditures for segment assets	$ (191,827)	$ 191,827	$ (9)	$ (9)

(1) Amounts reflect those recorded in National Beef Packing Company, LLC and subsidiaries consolidated financial statements.

	53 weeks ended December 31, 2022			
	Equity Method Investment in National Beef Packing Company, LLC and Subsidiaries	Elimination of Unconsolidated Affiliate	Corporate and Other of USPB	Consolidated Total of USPB
Net sales	$ 11,876,074	$ (11,876,074)	$ —	$ —
Cost of sales	10,475,341	(10,475,341)	—	—
Selling, general and administrative expenses	103,173	(103,173)	(7,089)	(7,089)
Depreciation and amortization	124,357	(124,357)	(20)	(20)
Interest income	167	(167)	1,091	1,091
Interest expense	(5,650)	5,650	(3)	(3)
Other, net	—	—	710	710
Income tax expense	4,885	(4,885)	—	—
Net income	$ 1,162,835	(1,162,835)		
Equity in earnings of National Beef	$ 174,670			$ 174,670
Net income of USPB				$ 169,359
Total assets	$ 2,151,771	$ (2,151,771)	$ 278,391	$ 278,391
Total liabilities	$ (1,140,989)	$ (1,140,989)	$ (14,450)	$ (14,450)
Capital Expenditures for segment assets	$ 200,782	$ (200,782)	$ (53)	$ (53)

(1) Amounts reflect those recorded in National Beef Packing Company, LLC and subsidiaries consolidated financial statements.

Earnings Per Unit

Under the LLC structure, earnings of the Company are to be distributed to unitholders based on their proportionate share of underlying equity, and, as a result, earnings per unit (EPU) has been presented in the accompanying Statement of Operations and in the table that follows.

Basic EPU excludes dilution and is computed by first allocating 10% of net income or loss attributable to USPB to Class A units and the remaining 90% is allocated to Class B units. Net income or loss allocated to the Class A and Class B units is then divided by the weighted-average number of Class A and Class B units outstanding for the period to determine the basic EPU for each respective class of unit.

Diluted EPU reflects the potential dilution that could occur to the extent that any outstanding dilutive Class A or Class B units were exercised. There are no potentially dilutive Class A or Class B units outstanding.

Income Per Unit Calculation (thousands of dollars, except unit and per unit data)	52 weeks ended December 28, 2024	52 weeks ended December 30, 2023	53 weeks ended December 31, 2022
Basic and diluted earnings per unit:			
Income attributable to USPB available to unitholders (numerator)			
Class A	$ 751	$ 4,158	$ 16,936
Class B	$ 6,763	$ 37,418	$ 152,423
Weighted average outstanding units (denominator)			
Class A	735,385	735,385	735,385
Class B	755,385	755,385	755,385
Per unit amount			
Class A	$ 1.02	$ 5.65	$ 23.03
Class B	$ 8.95	$ 49.54	$ 201.78

NOTE 3. LONG-TERM DEBT AND LOAN AGREEMENTS

(a) Credit Agreement

On July 13, 2020, USPB, and CoBank, ACB (CoBank), entered into a Credit Agreement (the "Credit Agreement"), Amended and Restated Revolving Term Promissory Note (the "Promissory Note"), and an Affirmation of Pledge Agreement (together with the Credit Agreement and the Promissory Note, collectively, the "Loan Agreements").

The Loan Agreements provide for a $1.0 million revolving term commitment. That commitment carries a term of five years, maturing on June 30, 2025. All of the $1.0 million revolving credit commitment was available as of December 28, 2024. On July 6, 2023, USPB and CoBank amended the Promissory Note to provide for an interest rate equal to the Daily Simple SOFR Margin (as defined in the amendment) plus the higher of 0.00% and Daily Simply SOFR (as defined in the Promissory Note). The Affirmation of Pledge Agreement provides CoBank with a first-priority security interest in USPB's membership interests in, and distributions from, NBP.

As of December 28, 2024, USPB had no short-term or long-term debt outstanding. USPB was in compliance with the financial covenant under its Credit Agreement as of December 28, 2024 and December 30, 2023.

(b) Operating Leases

USPB's two office leases are accounted for under ASC 842, Leases. The Kansas City, MO office renewed its office lease in March 2023 and has a remaining term of approximately 3.25 years. The Dodge City, KS office renewed its office lease in October 2023 and has a remaining term of approximately 4.0 years. The Kansas City office lease agreement provides for renewals beyond the remaining term; the Dodge City office lease agreement does not provide for renewals beyond the remaining term. The monthly lease payment for the Kansas City office was $4,865, as of December 2024, and increases by approximately 3% on April 1 of each year. The monthly lease payment for the Dodge City office was $1,050, as of December 2024. In January 2024, the Dodge City lease payment increased to $1,050, and remains the same through the balance of the lease term. Both offices are used for general office use only. As of December 28, 2024, the present value of the remaining operating lease payments for the offices equaled $0.2 million and USPB's balance sheet reflected Right of Use Assets and Lease Obligations equal to that amount. The discount rate used to compute the present value for the Kansas City office was 6.05% and for the Dodge City office 6.00%, USPB's incremental borrowing rate adjusted for the lease term.

The table below states the total of the remaining lease payments as of December 28, 2024 (thousands of dollars):

2025	$	72
2026		74
2027		76
2028 (3 months)		29
Total		251
Less: future interest		23
Lease liabilities recognized	$	228

NOTE 4. EMPLOYEE OPTIONS AND BENEFIT PLANS

In September 2010, USPB's Board of Directors approved a management phantom unit plan. The phantom unit plan provides for the award of unit appreciation rights to management employees of USPB. USPB's CEO administers the phantom unit plan and awards "Phantom Units" (Class A and Class B Units) to employees in amounts determined by the CEO, subject to the total Phantom Unit amount approved by the Board of Directors of USPB. A total of 5,000

Class A phantom units and 5,000 Class B phantom units were awarded to management employees, with a strike price of $118 and $157, respectively. The closing of the Leucadia Transaction resulted in management employees receiving a payment under the management phantom unit plan. The payment to management was reduced by the strike price for both the Class A phantom units and Class B phantom units and is now $0. As a result of the retirement of one of USPB's employees on December 31, 2014, 50 Class A phantom units and 50 Class B phantom units were forfeited as they were not vested. One third of the retiring employee's vested phantom units were exercised and the appreciation rights paid in three tranches (retirement, and first and second anniversary of retirement). At the end of fiscal years 2024 and 2023, 4,750 Class A phantom units and 4,750 Class B phantom units remain outstanding. The phantom units became fully vested in August 2015. For the 2010 management phantom unit plan, a reduction of compensation expense of $0.1 million in fiscal year 2024, and compensation expense of $0.1 million, and $2.6 million was recognized in fiscal years 2023 and 2022.

On November 16, 2012, USPB's Board of Directors approved the issuance of an additional 1,500 Class A phantom units, with a strike price of $66.04 and 1,500 Class B phantom units, with a strike price of $73.70, to certain members of management, to be effective on January 28, 2013 (the grant date fair value was established using a Black Scholes model). The phantom units became fully vested in January 2018 and remain outstanding at the end of fiscal years 2024 and 2023. For the 2013 management phantom unit plan, a reduction of compensation expense of $0.1 million was recognized in fiscal year 2024, a reduction of compensation expense of $0.2 million occurred in 2023 and compensation expense of $0.7 million was recognized in fiscal year 2022.

As of December 28, 2024 and December 30, 2023, the Company had accrued $8.5 million and $9.0 million, respectively, for the management phantom plans. The accrued amounts are included in Accrued compensation and benefits and Other liabilities on the balance sheet.

	December 28, 2024	December 30, 2023
	(thousands of dollars)	
Current phantom unit	$ 1,703	$ 2,075
Long-term phantom unit	6,810	6,972
	$ 8,513	$ 9,047

USPB provides its employees the opportunity to earn cash incentives and bonuses. The cash incentive and bonus plans were designed to provide the financial incentive to the employees to influence USPB unitholder benefits and are only paid after certain levels of benefits have been achieved. As of December 28, 2024 and December 30, 2023, the Company had accrued $0.8 million and $1.1 million, respectively, for the cash incentive and bonus plans. The accrued amounts are included in Accrued compensation and benefits and other liabilities on the balance sheet.

The Company maintains a tax-qualified employee savings and retirement plan (the "401(k) Plan") covering the Company's non-union employees. Pursuant to the 401(k) Plan, eligible employees may elect to reduce their current compensation by up to the lesser of 75% of their annual compensation or the statutorily prescribed annual limit and have the amount of such reduction contributed to the 401(k) Plan. The 401(k) Plan provides for additional matching contributions by the Company, based on specific terms contained in the 401(k) Plan. The trustee of the 401(k) Plan, at the direction of each participant, invests the assets of the 401(k) Plan in designated investment options. The 401(k) Plan is intended to qualify under Section 401 of the Internal Revenue Code. Expenses related to the 401(k) Plan totaled approximately $0.1 million, $0.1 million, and $0.1 million for fiscal years 2024, 2023, and 2022, respectively.

NOTE 5. OTHER EXPENSE OR INCOME

Other non-operating income, net was $1.0 million for fiscal year 2024, and $0.7 million for fiscal years 2023, and 2022, respectively. Other non-operating income primarily includes income related to lease income on additional delivery rights made available by the Company.

NOTE 6. INCOME TAXES

USPB is structured as an LLC and is taxed as a partnership for federal income tax purposes. As a result, its taxable income/loss is passed through to the unitholders at the end of each tax year. Certain states assess an entity level tax, which is paid by USPB. Such taxes were approximately $0.1 million in fiscal year 2024 and $0.4 million in fiscal years 2023 and 2022.

NOTE 7. RELATED PARTY TRANSACTIONS

All of the Company's directors hold Class A units of the Company. By virtue of their ownership of the units, each of these individuals is obligated to deliver cattle to the Company. The amount and terms of the payments received by these individuals (or the entities they represent) for the delivery of cattle are made on exactly the same basis as those received by other unitholders of the Company for the delivery of their cattle.

On June 10, 2019, USPB entered into the First Amended and Restated Cattle Purchase and Sale Agreement with NBP (the "Amended Agreement"). Per the terms and conditions of the Amended Agreement, NBP is required to purchase from USPB Class A unitholders, and USPB is required to cause to be sold and delivered from its Class A unitholders to NBP, a base amount of 735,385 (subject to adjustment) head of cattle per year. In fiscal years 2024, 2023, and 2022, USPB elected to increase the number of cattle that its Class A unitholders could deliver during USPB's delivery year by up to 10%. For fiscal years 2024, 2023, and 2022, the average cattle deliveries by USPB's Class A unitholders and associates were approximately 24.3% of NBP's total cattle requirements, under the Amended Agreement. The purchase price for the cattle is determined by pricing grids, which, at all times, are required to be no less favorable than any other pricing grid being utilized by NBP and the pricing grid shall be competitive with NBP's major competitors for the purchase of cattle. The terms and conditions of the Amended Agreement are substantially the same as the previous agreement except in the following material ways:

- Under the Amended Agreement, if NBP acquires or develops new processing (slaughter) facilities, then USPB has a first right to provide 25% of the cattle to the new NBP facility.
- The purchase price of cattle delivered by USPB Class A unitholders to the Tama, Iowa processing facility shall be no less favorable than any other pricing grid that NBP offers to any other seller of cattle delivering to the Tama, Iowa processing facility or to non-grid cattle with comparable performance.
- On each anniversary of the Amended Agreement, the term of the Amended Agreement shall be extended for five years from the date of such anniversary, unless either party elects to not extend the term. The Amended Agreement currently extends through June 10, 2026.

NBP also purchased additional cattle from certain USPB members and associates outside of the Amended Agreement.

At December 28, 2024 and December 30, 2023, the Company had receivables of approximately $0.1 million due from unitholders and associates. At December 28, 2024 and December 30, 2023, the Company had receivables of less than $0.1 million and $0.2 million due from NBP, respectively.

At December 28, 2024 and December 30, 2023, the Company had payables of $0.2 million and $0.0 million due to unitholders and associates.

NOTE 8. LEGAL PROCEEDINGS

As of December 28, 2024, USPB is not currently involved in any litigation. However, because its ownership interest in NBP is USPB's largest asset and because of the cattle procurement and distribution relationship between USPB and NBP, litigation involving NBP may impact USPB.

NBP is a defendant in (i) five putative class action lawsuits in the United States District Court for the District of Minnesota alleging that NBP violated some combination of the Sherman Antitrust Act, the Packers and Stockyards Act, the Commodity Exchange Act, and various state laws and (ii) putative class action lawsuits in the Supreme Court of British Columbia and the Superior Court of Quebec for the district of Montreal alleging that it violated the Canadian Competition Act and various provincial laws (the "Beef Class Actions"). The Beef Class Actions are entitled *In re Cattle Antitrust Litigation,* which was filed originally on April 23, 2019; *Peterson et al. v. JBS USA Food Company Holdings, et al.*, which was filed originally on April 26, 2019; *In re DPP Beef Litigation*, which was filed originally on April 26, 2019; *Erbert & Gerbert's, Inc. v. JBS USA Food Company Holdings, et al.,* which was filed originally on June 18, 2020; *Specht v. Tyson Foods, Inc., et al*., which was filed originally on October 31, 2022; *Giang Bui v. Cargill, Incorporated, et al.* which was filed originally on February 18, 2022; and *Sylvie De Bellefeuille v. Cargill, Inc. et al*., which was filed originally on March 24, 2022. Since the original class action complaints were filed, certain purchasers of beef products have opted to file individual complaints and to proceed with direct actions making similar claims (the "Opt-Out Cases"), and others may do so in the future. The Opt-Out Cases are entitled *Winn-Dixie Stores, Inc. and Bi-Lo Holding, LLC v. Cargill, Inc., et al*., which was filed on August 2, 2021 in the United States District Court, Minnesota; *Cheney Brothers, Inc. v. Cargill, Inc., et al.,* which was filed on January 31, 2022 in the United States District Court, Southern District of Florida; *Subway v. Cargill, Inc. et al.,* which was filed on February 22, 2022 in the United States District Court, Connecticut; *Amory Investments LLC v. Cargill, Inc. et al*., which was filed originally on March 8, 2022 in the United States District Court, Northern District of New York; *Associated Grocers, Inc., et al. v. Cargill, Inc., et al*., which was filed originally on May 12, 2022 in the United States District Court, Northern District of Illinois; *Giant Eagle, Inc. v. Cargill, Inc., et al.,* which was filed originally on June 8, 2022 in the United States District Court, Northern District of Illinois; *Sysco Corporation v. Cargill, Inc.,* et al., which was filed originally on September 30, 2022 in the United States District Court, Southern District of Texas; *John Soules Foods, Inc. v. Cargill, Inc., et al.,* which was filed originally on August 5, 2022 in the United States District Court, Eastern District of Texas; *Associated Grocers of the South et al. v. Cargill, Inc., et al*., which was filed originally on September 15, 2022 in the United States District Court, District of Montana; The *Kroger Co. et al. v. Cargill, Inc., et al.,* which was filed originally on September 15, 2022 in the United States District Court, District of Montana; *Spartannash Co vs. Cargill, Inc. et al,* which was filed originally on September 21, 2022 in the United States District Court, Northern District of Illinois; *Kraft Heinz Food Company v. Cargill Inc., et al.,* which was filed originally on September 30, 2022 in the United States District Court, Eastern District of New York; *Aramark Food and Support Services Group., Inc. v. Cargill Inc., et al.,* which was filed originally on September 30, 2022 in the United States District Court, Eastern District of New York; *ARCOP, Inc. v. Cargill, Inc., et al*., which was filed originally on December 19, 2022 in the United States District Court, Southern District of Florida; *CKE Restaurant Holdings, Inc. v. Cargill, Inc., et al*., which was filed originally on December 19, 2022 in the United States District Court, Southern District of Florida; *Sonic Industries Services Inc. v. Cargill, Inc. et al.,* which was filed originally on December 20, 2022 in the United States District Court, Southern District of Florida; *Restaurant Services, Inc. v. Cargill, Inc., et al.,* which was filed originally on December 20, 2022 in the United States District Court, Southern District of Florida; *Whatabrands LLC et al. vs. Cargill, Inc., et al.* which was filed originally on December 20, 2022 in the United States District Court, Southern District of Florida; *Sherwood Food Distributors, LLC et al.v. Cargill, Inc., et al.,* which was filed originally on March 7, 2023 in the United States District Court, Easter District of New York; *McClane Company, Inc v. Cargill, Inc., et al.,* which was filed originally on April 3, 2023 in the United States District Court, Southern District of Florida; *Aldi, Inc v. Cargill, Inc., et al.,* which was filed originally on August 28. 2023 in the United States District Court, Northern District of Illinois; *Quirich Foods, LLC et al. v. Cargill, Inc., et al.,* which was filed originally on October 9, 2023 in the United States District Court, Northern District of Illinois; *Conagra Brands, Inc v. Cargill, Inc., et al*., which was filed originally on October 31, 2023 in the United States District Court, Northern District of Illinois; *Compass Group USA, Inc v. Cargill, Inc., et al*., which was filed originally on October 31, 2023 in the United States District Court, Western District of North Carolina; *Target Corp v. Cargill, Inc., et al.,* which was filed originally on December 29, 2023 in the United States District Court, Eastern District of New York; *BJ's Wholesale Club, Inc v. Cargill, Inc., et al.,* which was filed originally on December 29, 2023 in the United States District Court, Eastern District of New York; *Glazier Foods Co et al. v. Cargill, Inc., et al.*, which was filed originally on December 29, 2023 in the United States District Court, Eastern District of New York; *Jetro Holdings, Inc v. Cargill, Inc., et al.,* which was filed originally on December 29, 2023 in the United States District Court, Eastern District of New York; *Quality Supply Chain Co-Op, Inc. v. Cargill, Inc., et al.*, which was filed originally on December 29, 2023 in the United States District Court, Eastern District of New York; and *Sodexo, Inc., et al. v. Cargill, Inc., et al.,* which was filed originally on April 29, 2024 in the United States District Court of Maryland, and *McDonald's Corporation v. Cargill, Inc., et. al.,* which was originally file on October 4, 2024 in the United States District Court, Eastern District of New York. On October 4, 2022, the United States Beef Class Actions and Opt-Out Cases were consolidated for pretrial proceedings in the United States District Court, Minnesota District under the style *In re: Cattle and Beef Antitrust Litigation*. The plaintiffs in these cases seek treble damages and other relief under various laws including the Sherman Antitrust Act, the Canadian Competition Act, the Packers & Stockyards Act, and/or the Commodities Exchange Act and various state and provincial laws and attorneys' fees. NBP believes it has meritorious defenses to the claims in these cases and intends to defend them vigorously. There can be no assurances, however, as to the outcome of these matters or the impact on NBP's consolidated financial position, results of operations and cash flows.

In addition to the antitrust litigation, NBP is subject to an investigation by the United States Department of Justice ("DOJ") and approximately 30 state attorneys general regarding fed cattle and beef packing markets. NBP has responded to the federal and state requests for information and cooperated with the investigations. NBP believes it has meritorious defenses to any potential claims that might arise out of these government investigations, although there can be no assurance as to the outcome of these investigations or the impact on NBP's consolidated financial position, results of operations and cash flows.

NBP is a defendant in a putative class action lawsuit entitled Brown, et al. v. JBS USA Food Company et al. and filed in the United States District Court for the District of Colorado on November 1, 2022. The defendants filed motions to dismiss, which the court denied except as to NBP's subsidiary, Iowa Premium. The plaintiffs filed an amended complaint on January 12, 2024. The amended complaint alleges that the defendants directly and through industry wage surveys and a benchmarking service (i) fixed wages and benefits, and (ii) exchanged information regarding compensation and benefits in an effort to depress and stabilize wages and benefits in violation of federal antitrust laws. The plaintiffs seek, among other things, treble monetary damages, pre- and post-judgment interest, declaratory and injunctive relief and the costs of the suit (including attorney fees). NBP believes it has meritorious defenses to the claims in this case, and if this proceeds to trial, intends to defend the case vigorously; however, NBP has negotiated a settlement with the plaintiffs in the employee wages and benefits matter. The settlement was submitted to the District Court for approval and the District Court granted a motion to preliminarily approve the settlement on January 15, 2025. The District Court granted a motion to preliminarily approve the settlement for approximately $14.2 million on January 15, 2025. NBP has made an accrual for the potential settlement. If the settlement is not ultimately approved, there can be no assurances, however, as to the outcome of this case or the impact on the NBP's consolidated financial position, results of operations and cash flows.

NBP is a party to various other lawsuits and claims arising out of the operation of its business. Management of NBP believes the ultimate resolution of such matters should not have a material adverse effect on NBP's financial condition, results of operations or liquidity.

USPB is not able to assess what impact, if any, the actions described above will have on NBP or USPB.

NOTE 9. SUBSEQUENT EVENTS

USPB has evaluated subsequent events through the date the financial statements were issued and determined there were no such events to report.

NATIONAL BEEF PACKING COMPANY, LLC
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AUDITED CONSOLIDATED FINANCIAL STATEMENTS:

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Board of Managers
National Beef Packing Company, LLC

We have audited the consolidated financial statements of National Beef Packing Company, LLC (a Delaware limited liability company) and subsidiaries (the "Company"), which comprise the consolidated balance sheets as of December 28, 2024 and December 30, 2023, and the related consolidated statements of operations, comprehensive income, cash flows, and members' capital for each of the three fiscal years in the period ended December 28, 2024, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 28, 2024 and December 30 2023, and the results of its operations and its cash flows for each of the three fiscal years in the period ended December 28, 2024, in accordance with accounting principles generally accepted in the United States of America.

BASIS FOR OPINION

We conducted our audits of the consolidated financial statements in accordance with auditing standards generally accepted in the United States of America (US GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

RESPONSIBILITIES OF MANAGEMENT FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for one year after the date the consolidated financial statements are available to be issued.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE 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 absolute assurance and therefore is not a guarantee that an audit conducted in accordance with US GAAS will always detect a material misstatement when it exists. 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. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements. In performing an audit in accordance with US GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.

- 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. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Grant Thornton LLP

Kansas City, Missouri
February 21, 2025

NATIONAL BEEF PACKING COMPANY, LLC AND SUBSIDIARIES

Consolidated Balance Sheets

(in thousands)

	December 28, 2024	December 30, 2023
Assets		
Current assets:		
Cash and cash equivalents	$ 10,661	$ 16,373
Accounts receivable, less allowance for returns and expected credit losses of $7,904 and $3,480, respectively	364,977	380,206
Due from affiliates	4,156	4,885
Other receivables	4,293	9,489
Inventories	451,783	423,126
Other current assets	53,317	60,049
Total current assets	889,187	894,128
Property, plant and equipment, at cost:		
Land and improvements	116,161	107,212
Buildings and improvements	451,426	351,728
Machinery and equipment	947,698	815,067
Trailers and automotive equipment	5,377	5,686
Furniture and fixtures	27,965	25,373
Construction in progress	131,224	275,214
	1,679,851	1,580,280
Less accumulated depreciation	699,587	651,597
Net property, plant and equipment	980,264	928,683
Goodwill	30,634	30,634
Other intangibles, net of accumulated amortization of $608,736 and $560,291, respectively	261,552	309,997
Right of use assets, net of accumulated amortization of $63,836 and $59,944, respectively	82,099	84,621
Other assets	11,109	20,626
Total Assets	$ 2,254,845	$ 2,268,689
Liabilities and Members' Capital		
Current liabilities:		
Current installments of long-term debt	$ 26,304	$ 26,215
Current portion of right of use liabilities	23,975	24,257
Cattle purchases payable	225,263	185,155
Accounts payable — trade	153,656	123,112
Due to affiliates	1,071	979
Accrued compensation and benefits	60,220	91,294
Accrued insurance	21,953	11,770
Other accrued expenses and liabilities	64,753	45,934
Total current liabilities	577,195	508,716
Long-term debt, excluding current installments	521,786	648,868
Long-term portion of right of use liabilities	58,946	62,424
Other liabilities	15,821	16,396
Total liabilities	1,173,748	1,236,404
Commitments and contingencies		
Members' capital:		
Members' capital	1,081,751	1,032,743
Accumulated other comprehensive loss	(654)	(458)
Total members' capital	1,081,097	1,032,285
Total Liabilities and Members' capital	$ 2,254,845	$ 2,268,689

See accompanying notes to consolidated financial statements.

NATIONAL BEEF PACKING COMPANY, LLC AND SUBSIDIARIES
Consolidated Statements of Operations
(in thousands)

	52 weeks ended December 28, 2024	52 weeks ended December 30, 2023	53 weeks ended December 31, 2022
Net sales	$ 12,373,291	$ 11,949,876	$ 11,876,074
Costs and expenses:			
Cost of sales	11,998,533	11,403,911	10,475,341
Selling, general and administrative	124,820	105,868	103,173
Depreciation and amortization	160,179	133,782	124,357
Total costs and expenses	12,283,532	11,643,561	10,702,871
Operating income	89,759	306,315	1,173,203
Other income (expense):			
Interest income	110	66	167
Interest expense	(41,658)	(26,544)	(5,650)
Income before taxes	48,211	279,837	1,167,720
Income tax expense	(797)	2,692	4,885
Net income	$ 49,008	$ 277,145	$ 1,162,835

See accompanying notes to consolidated financial statements.

NATIONAL BEEF PACKING COMPANY, LLC AND SUBSIDIARIES
Consolidated Statements of Comprehensive Income
(in thousands)

	52 weeks ended December 28, 2024	52 weeks ended December 30, 2023	53 weeks ended December 31, 2022
Net income	$ 49,008	$ 277,145	$ 1,162,835
Other comprehensive income (loss):			
Foreign currency translation adjustments	(196)	(189)	(137)
Comprehensive income	$ 48,812	$ 276,956	$ 1,162,698

See accompanying notes to consolidated financial statements.

NATIONAL BEEF PACKING COMPANY, LLC AND SUBSIDIARIES

Consolidated Statements of Cash Flows

(in thousands)

	52 weeks ended December 28, 2024	52 weeks ended December 30, 2023	53 weeks ended December 31, 2022
Cash flows from operating activities:			
Net income	$ 49,008	$ 277,145	$ 1,162,835
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	160,179	133,782	124,357
Provision for returns and doubtful accounts	13,276	11,028	12,980
Deferred income tax provision	325	(43)	497
(Gain)/Loss on disposal of property, plant and equipment	(83)	145	1,438
Amortization of debt issuance costs	924	920	822
Change in assets and liabilities:			
Accounts receivable	1,953	(92,627)	24,483
Due from affiliates	729	(1,049)	3,254
Other receivables	5,196	(3,874)	(960)
Inventories	(28,657)	(2,977)	(3,986)
Other assets	15,924	26,293	6,468
Right of use assets and lease liabilities, net	(1,238)	1,655	(1,088)
Cattle purchases payable	40,108	(16,400)	66,034
Accounts payable	28,076	(21,817)	(4,906)
Due to affiliates	92	(4,430)	372
Accrued compensation and benefits	(31,074)	(103,515)	(171,374)
Accrued insurance	10,183	299	(12,074)
Other accrued expenses and liabilities	18,244	711	(13,989)
Net cash provided by operating activities	283,165	205,246	1,195,163
Cash flows from investing activities:			
Capital expenditures, including interest capitalized	(161,048)	(191,827)	(200,782)
Proceeds from sale of property, plant and equipment	395	688	382
Net cash used in investing activities	(160,653)	(191,139)	(200,400)
Cash flows from financing activities:			
Receipts under revolving credit lines	6,274,144	1,812,856	892,000
Payments under revolving credit lines	(6,380,000)	(1,650,000)	(892,000)
Receipts under reducing revolving credit lines	4,150,000	4,530,000	1,745,000
Payments under reducing revolving credit lines	(4,170,000)	(4,340,000)	(1,425,000)
Repayments of other indebtedness/finance leases	(2,157)	(4,035)	(2,420)
Cash paid for financing costs	—	—	—
Member distributions	—	(385,660)	(1,382,641)
Net cash used in financing activities	(128,013)	(36,839)	(1,065,061)
Effect of exchange rate changes on cash	(211)	(203)	(140)
Net decrease in cash	(5,712)	(22,935)	(70,438)
Cash and cash equivalents at beginning of period	16,373	39,308	109,746
Cash and cash equivalents at end of period	$ 10,661	$ 16,373	$ 39,308
Supplemental disclosures:			
Cash paid during the period for interest	$ 44,314	$ 38,049	$ 8,310
Cash paid during the period for taxes	$ 80	$ 405	$ 2,963
Supplemental non-cash disclosures of operating and investing activities:			
Non-cash additions to property, plant and equipment included in accounts payable	$ 5,678	$ 3,210	$ 3,625

See accompanying notes to consolidated financial statements.

NATIONAL BEEF PACKING COMPANY, LLC AND SUBSIDIARIES

Consolidated Statements of Members' Capital
(in thousands)

	Members' Capital	Accumulated Other Comprehensive (Loss) Income	TOTAL
Balance at December 25, 2021	$ 1,011,064	$ (132)	$ 1,010,932
Net income	1,162,835	–	1,162,835
Distributions	(1,032,641)	–	(1,032,641)
Foreign currency translation adjustments	—	(137)	(137)
Balance at December 31, 2022	$ 1,141,258	$ (269)	$ 1,140,989
Net income	277,145	–	277,145
Distributions	(385,660)	–	(385,660)
Foreign currency translation adjustments	—	(189)	(189)
Balance at December 30, 2023	$ 1,032,743	$ (458)	$ 1,032,285
Net income	49,008	–	49,008
Distributions	—	–	–
Foreign currency translation adjustments	—	(196)	(196)
Balance at December 28, 2024	$ 1,081,751	$ (654)	$ 1,081,097

See accompanying notes to consolidated financial statements.

NOTE 1. DESCRIPTION OF BUSINESS

National Beef Packing Company, LLC (the Company) is a Delaware limited liability company. The Company and its subsidiaries produce and sell meat products to customers in the retail, distribution, food service, international, and further processor channels. The Company also produces and sells by-products, that are derived from its meat processing operations, to customers in various industries.

The Company operates beef slaughter and fabrication facilities in Liberal and Dodge City, Kansas and Tama, Iowa, consumer-ready beef and pork processing facilities in Hummels Wharf, Pennsylvania, Moultrie, Georgia and Kansas City, Kansas and a beef patty manufacturing facility in North Baltimore, Ohio. National Carriers, Inc., or National Carriers, a wholly-owned subsidiary located in Dallas, Texas, provides trucking services to the Company and to third parties and National Elite Transportation, LLC, or National Elite, a wholly-owned subsidiary located in Springdale, Arkansas, provides third-party logistics services to the transportation industry. National Beef Leathers, LLC, or NBL, a wholly-owned subsidiary located in St. Joseph, Missouri, provides hide tanning services for the Company. Kansas City Steak Company, LLC, or Kansas City Steak, includes a direct to consumer business and operates a warehouse and fulfilment facility in Kansas City, Kansas. As of December 28, 2024, and December 30, 2023, approximately 57% of our employees were represented by collective bargaining agreements. The Company makes certain contributions for the benefit of employees (see Note 6).

NOTE 2. BASIS OF PRESENTATION AND ACCOUNTING POLICIES

Basis of Presentation and Consolidation

The consolidated financial statements include the accounts of the Company and its direct and indirect subsidiaries. All significant intercompany accounts and transactions have been eliminated in consolidation. All amounts in the accompanying consolidated financial statements and related notes are presented in U.S. dollars.

Fiscal Year

The Company's fiscal year consists of 52 or 53 weeks, ending on the last Saturday in December. Fiscal 2024 and 2023 were each 52-week fiscal years. Fiscal 2022 was a 53-week fiscal year. All references to years in these notes to consolidated financial statements represent fiscal years unless otherwise noted.

Use of Estimates

The consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America, using management's best estimates and judgments where appropriate. These estimates and judgments affect the reported amounts of assets and liabilities and disclosure of the contingent assets and liabilities at the date of the financial statements. The estimates and judgments will also affect the reported amounts for certain revenues and expenses during the reporting period. Actual results could differ materially from these estimates and judgments.

Cash and Cash Equivalents

The Company considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. The Company's cash deposits are held at multiple financial institutions. At times, deposits held with financial institutions may exceed the amount of insurance provided by the Federal Deposit Insurance Corporation. The Company has not experienced any losses in such accounts and does not believe it is exposed to any significant credit risk on cash and cash equivalents.

Allowance for Returns and Expected Credit Losses

The allowance for returns and expected credit losses is the Company's best estimate of the amount of probable returns and credit losses in the Company's existing accounts receivable. The Company closely monitors accounts receivable balances and estimates the allowance for expected credit losses. The estimates are based primarily on historical collection experience, customer conditions and other factors. Management considers factors such as changes in the economy and industry. Specific accounts are reviewed individually for collectability. Historically, the expected credit losses associated with accounts receivable have not been material. The majority of the provision and charge offs noted below were done in relation to product and pricing claims, not credit losses.

The following table represents the rollforward of the allowance for returns and expected credit losses for the fiscal years ended December 28, 2024, December 30, 2023 and December 31, 2022 (in thousands):

Period Ended	Beginning Balance		Provision		Charge Off		Ending Balance	
December 31, 2022	$	(3,223)	$	(12,980)	$	13,128	$	(3,075)
December 30, 2023	$	(3,075)	$	(11,028)	$	10,623	$	(3,480)
December 28, 2024	$	(3,480)	$	(13,276)	$	8,852	$	(7,904)

Inventories

Inventories consist primarily of beef, beef by-products, parts and supplies and are stated at the lower of cost or net realizable value, with cost principally determined under the first-in-first-out method for beef products and average cost for supplies.

Inventories at December 28, 2024 and December 30, 2023 consisted of the following (in thousands):

	December 28, 2024		December 30, 2023	
Dressed and boxed beef products	$	352,726	$	317,891
Beef by-products		34,637		44,833
Parts, supplies and other		64,420		60,402
Total inventory	$	451,783	$	423,126

Property, plant and equipment

Property, plant and equipment are recorded at cost. Property, plant and equipment are depreciated principally on a straight-line basis over the estimated useful life of the individual asset by major asset class as follows:

Buildings and improvements	15 to 25 years
Machinery and equipment	2 to 15 years
Automotive equipment	2 to 4 years
Furniture and fixtures	3 to 5 years

Depreciation expense was $111.7 million, $85.1 million and $75.3 million for the fiscal years ended December 28, 2024, December 30, 2023 and December 31, 2022, respectively.

Upon disposition of these assets, any resulting gain or loss is included in selling, general, and administrative. Major repairs and maintenance costs that extend the useful life of the related assets are capitalized. Normal repairs and maintenance costs are charged to operations as incurred.

The Company capitalizes the cost of interest on borrowed funds which are used to finance the construction of certain property, plant and equipment. Such capitalized interest costs are charged to the property, plant and equipment accounts and are amortized through depreciation charges over the estimated useful lives of the assets. Interest capitalized was $10.0 million, $12.7 million and $4.2 million for the fiscal years ended December 28, 2024, December 30, 2023 and December 31, 2022, respectively.

The Company reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets held and used is assessed based on estimated undiscounted future cash flows. Impairment, if any, is recognized based on fair value of the assets. Assets to be disposed of are reported at the lower of cost or fair value less costs to sell and are no longer depreciated. There were no events or circumstances which would indicate that the carrying amount of our property, plant and equipment may not be recoverable during 2024, 2023 or 2022.

Goodwill and Other Intangible Assets

Accounting Standards Codification (ASC) 350, *Intangibles - Goodwill and Other*, provides that goodwill shall not be amortized but shall be tested for impairment on an annual basis. Identifiable intangible assets with definite lives are amortized over their estimated useful lives. The Company evaluates goodwill annually for impairment at the end of December and this test involves comparing the fair value of the reporting unit to the reporting unit's book value to determine if any impairment exists. Fair values are based on valuation techniques we believe market participants would use, although the valuation process requires significant judgment and often involves the use of significant estimates and assumptions. The Company calculates the fair value of the reporting unit using estimates of future cash flows and other market comparable information deemed appropriate. The estimates and assumptions used in determining fair value could have a significant effect on whether or not an impairment charge is recorded and the magnitude of such a charge. If the book value of a reporting unit exceeds its fair value, an impairment loss shall be recognized in an amount equal to that excess, limited to the total amount of goodwill allocated to that reporting unit. As a result of the testing performed on the Company's goodwill, the fair value exceeded the carrying value of the reporting unit and thus no impairment charge was recorded in the periods presented. Adverse market or economic events could result in impairment charges in future periods.

ASC 360, *Impairment and Disposal of Long-Lived Assets*, provides that we evaluate our long-lived assets for impairment whenever events or changes in circumstances indicate, in management's judgment, that the carrying value of such assets may not be recoverable. When testing for impairment, we group our long-lived assets with other assets and liabilities at the lowest level for which identifiable cash flows are largely independent of the cash flows of other assets and liabilities (or asset group). The determination of whether an asset group is recoverable is based on management's estimate of undiscounted future cash flows directly attributable to the asset group as compared to its carrying value. If the carrying amount of the asset group is greater than the undiscounted cash flows, an impairment loss would be recognized for the amount by which the carrying amount of the asset group exceeds its estimated fair value. As a result of the review performed, no triggering events occurred during 2024, 2023, or 2022 related to the Company's long-lived assets, thus no impairment charge was recorded.

The amounts of other intangible assets are as follows (in thousands):

		December 28, 2024	
	Weighted Average Amortization Period	**Gross Carrying Amount**	**Accumulated Amortization**
Intangible assets subject to amortization:			
Customer relationships	18	$ 433,300	$ 303,558
Trade names	20	290,148	177,484
Cattle supply relationships	15	143,600	124,454
Other	6	3,240	3,240
Total intangible assets		$ 870,288	$ 608,736

		December 30, 2023			
	Weighted Average Amortization Period	Gross Carrying Amount		Accumulated Amortization	
Intangible assets subject to amortization:					
Customer relationships	18	$	433,300	$	279,188
Trade names	20		290,148		162,983
Cattle supply relationships	15		143,600		114,880
Other	6		3,240		3,240
Total intangible assets		$	870,288	$	560,291

For the fiscal years ended December 28, 2024, December 30, 2023 and December 31, 2022 the Company recognized $48.4 million, $48.7 million and $49.1 million, respectively, of amortization expense on intangible assets. The following table reflects the anticipated amortization expense relative to intangible assets recognized in the Company's consolidated balance sheet as of December 28, 2024, for each of the next five years and thereafter (in thousands):

Estimated amortization expense for fiscal years ending:		
2025	$	48,445
2026		48,445
2027		38,872
2028		38,872
2029		38,872
Thereafter		48,046
Total	$	261,552

Overdraft Balances

The majority of the Company's bank accounts are zero balance accounts where cash needs are funded as checks are presented for payment by the holder. Checks issued pending clearance that result in overdraft balances for accounting purposes are included in the trade accounts payable and cattle purchases payable balances, and the change in the related balances are reflected in operating activities on the Company's consolidated statement of cash flows.

Self-insurance

The Company is self-insured for certain losses relating to workers' compensation, automobile liability, general liability and employee medical and dental benefits. The Company has purchased stop-loss coverage in order to limit its exposure to significant levels of claims. Self-insured losses are accrued in accrued insurance and other long-term liabilities in the Company's consolidated balance sheets based upon the Company's estimates of the aggregate uninsured claims incurred using actuarial assumptions accepted in the insurance industry and the Company's historical experience rates.

Environmental Expenditures and Remediation Liabilities

Environmental expenditures that relate to current or future operations and which improve operational capabilities are capitalized at the time of expenditure. Expenditures that relate to an existing or prior condition caused by past operations, and do not contribute to current or future revenue generation, are expensed. Liabilities are recorded when environmental assessments and/or remedial efforts are probable and the costs can be reasonably estimated.

Foreign Currency Translation

The Company has representative offices located in Tokyo, Japan; Seoul, South Korea; and Hong Kong. The primary activity of these offices is to assist customers with product and order related issues. For these foreign offices, the local currency is the functional currency. Translation into U.S. dollars is performed for assets and liabilities at the exchange rates as of the balance sheet date. Income and expense accounts are recorded at average exchange rates for the period. Adjustments resulting from the translation are reflected as a separate component of other comprehensive income.

Income Taxes

The provision for income taxes is computed on a separate legal entity basis. Accordingly, as the Company is a limited liability company, the separate legal entity does not provide for income taxes, as the results of operations are included in the taxable income of the individual members. However, certain states impose privilege taxes on the apportioned taxable income or income related measurements of the Company. To the extent that entities provide for income taxes, deferred tax assets and liabilities are recognized based on the differences between the financial statement and tax basis of assets and liabilities at each balance sheet date using enacted tax rates expected to be in effect in the year the differences are expected to reverse and are thus included in the consolidated financial statements of the Company. National Carriers Inc. remains subject to examination of its income taxes for fiscal years 2024, 2023, 2022, 2021 and 2020.

Fair Value of Financial Instruments

The carrying amounts of the Company's financial instruments, including cash and cash equivalents, short-term trade and other receivables and payables, approximate their fair values due to the short-term nature of the instruments. The carrying value of debt approximates its fair value at December 28, 2024 and December 30, 2023, as substantially all debt carries variable interest rates.

Selling, General and Administrative Costs

Selling expenses consist primarily of salaries, trade promotions, advertising, commissions and other marketing costs. General and administrative costs consist primarily of general management, insurance and professional expenses. Selling, general and administrative costs consist of aggregated expenses that generally apply to multiple locations.

Shipping Costs

Pass-through finished goods delivery costs reimbursed by customers are reported in sales, while an offsetting expense is included in cost of sales.

Advertising

Advertising expenses are charged to operations in the period incurred and were $21.8 million, $23.5 million and $25.7 million for the fiscal years ended December 28, 2024, December 30, 2023 and December 31, 2022.

Comprehensive Income

Comprehensive income consists of net income and foreign currency translation adjustments.

Derivative Activities

The Company uses futures contracts in order to reduce exposure associated with entering into firm commitments to purchase live cattle at prices determined prior to the delivery of the cattle as well as firm commitments to sell certain beef products at sales prices determined prior to shipment. In accordance with ASC 815, *Derivatives and Hedging*, the Company accounts for futures contracts and their related firm purchase commitments at fair value. Firm commitments for sales are treated as normal sales and therefore not marked to market. Certain firm commitments to purchase cattle, are marked to market when a price has been agreed upon, otherwise they are treated as normal purchases and, therefore, not marked to market. ASC 815 imposes extensive recordkeeping requirements in order to treat a derivative financial instrument as a hedge for accounting purposes.

Derivatives qualify for treatment as hedges when there is a high correlation between the change in fair value of the instrument and the related change in fair value of the underlying commitment. For derivatives that qualify as effective hedges, the change in fair value has no net effect on earnings until the hedged transaction is settled. For derivatives that are not designated as hedging instruments, or for the ineffective portion of a hedging instrument, the change in fair value does affect current period net earnings.

While management believes each of these instruments help mitigate various market risks, they are not designated and accounted for as hedges under ASC 815. Accordingly, the gains and losses associated with the change in fair value of the instrument and the offsetting gains and losses associated with changes in the market value of certain of the firm purchase commitments related to the futures contracts are recorded to income and expense in the period of change.

The fair value of derivative assets is recognized within Other current assets, while the fair value of derivative liabilities is recognized within Other accrued expenses and liabilities.

NOTE 3. REVENUE RECOGNITION

The Company generates revenue primarily from customers in the retail, foodservice, international, and other channels. Our revenues primarily result from contracts with customers which are generally short term in nature with the delivery of product as the single performance obligation. We recognize revenue from the sale of the product at the point in time when our performance obligation has been satisfied and control of the product has transferred to our customer, which generally occurs upon shipment or delivery to a customer based on terms of the sale. In accordance with ASC 340 *Other Assets and Deferred Costs*, an entity may elect a practical expedient that allows the entity to recognize the incremental costs of obtaining a contract as an expense when incurred if the amortization period of the asset that the entity otherwise would have recognized is one year or less. Our contracts are generally less than one year, therefore we have elected this practical expedient and have recognized costs paid to obtain contracts as expense when incurred. Additionally, items that are not material in the context of the contract are recognized as expense. Any taxes collected on behalf of government authorities are excluded from net revenues.

Revenue is measured by the transaction price, which is defined as the amount of consideration we expect to receive in exchange for providing goods to customers. The transaction price is adjusted for estimates of known or expected variable consideration, which includes consumer incentives, trade promotions, product returns, and allowances, such as discounts, rebates, volume-based incentives, cooperative advertising, and other programs. Variable consideration related to these programs is recorded as a reduction to revenue based on amounts we expect to pay. We base these estimates on current performance, historical utilization, and projected redemption rates of each program. We review and update these estimates regularly until the incentives or product returns are realized and the impact of any adjustments are recognized in the period the adjustments are identified. In many cases, key sales terms such as pricing and quantities ordered are established on a regular basis such that most customer arrangements and related incentives have a duration of less than one year. Amounts billed and due from customers are short term in nature and are classified as receivables since payments are unconditional and only the passage of time is required before payments are due. Additionally, we do not grant payment financing terms greater than one year.

Disaggregated Revenue

The following table further disaggregates our sales by major revenue stream for the fiscal years ended (in thousands):

	52 weeks ended December 28, 2024	52 weeks ended December 30, 2023	53 weeks ended December 31, 2022
Beef, pork, & beef by-products	$ 12,800,918	$ 12,336,171	$ 12,238,662
Other	243,273	288,681	299,729
Intercompany	(670,900)	(674,976)	(662,317)
Net Sales	$ 12,373,291	$ 11,949,876	$ 11,876,074

Contract Balances

Nearly all of the Company's contracts with its customers are short-term, defined as less than one year. The Company receives payment from customers based on terms established with the customer. Payments are typically due within seven days of delivery. There are rarely contract assets related to costs incurred to perform in advance of scheduled billings. The Company requires certain customers to pay in advance to avoid collection risk. Revenue contract liabilities relate to payments received in advance of satisfying the performance under the customer contract and are included in Other accrued expenses and liabilities in the consolidated balance sheets.

Changes in the contract liability balances during 2024 are as follows (in thousands):

	December 28, 2024	December 30, 2023	Change
Contract liabilities	$ 13,992	$ 19,939	$ (5,497)

Changes in the contract liability balances during 2023 are as follows (in thousands):

	December 30, 2023	December 31, 2022	Change
Contract liabilities	$ 19,939	$ 18,594	$ 1,345

Substantially all of the contract liability as of December 30, 2023 was recognized in revenue during 2024. The Company expects to recognize substantially all of the current year liability in 2025.

NOTE 4. LEASES

The Company reviews all agreements entered into in order to determine if the contract contains a lease which will be accounted under ASC 842 Leases. Our portfolio of leases primarily consists of machinery, equipment and railcars for our slaughter and fabrication facilities and tractors and trailers for our wholly owned trucking subsidiary, National Carriers. In addition, we lease our corporate headquarters facility and various regional offices.

Many of our tractor and trailer leases include a terminal rental adjustments clause ("TRAC"). Under these arrangements, at the end of the lease term and upon the lessor's sale or disposition of the assets, if the amount received by the lessor is less than an amount predetermined and agreed upon in the lease arrangement, or the TRAC value, the Company is liable to the Lessor and shall immediately pay to the Lessor the amount of the deficiency as additional rental payments. The additional amount is typically limited to the TRAC value less a percentage of the original fair value of the leased assets. The Company considers these potential incremental lease payments as residual value guarantees and only includes the probable portion as lease payments upon lease commencement.

The majority of our leases include fixed rental payments. Certain of our lease agreements contain options or renewals that extend the lease term. Upon lease commencement, we only reflect the payments related to options or renewals within the right of use asset and lease liability balances when the option or renewals are reasonably certain to be exercised. The Company generally expects that it will renew lease agreements or enter new leases as the existing leases expire.

We have elected the practical expedient to keep short-term leases (defined as less than 12 months without a purchase option that is likely to be exercised) off of our balance sheet and the practical expedient to combine lease and non-lease components by class of underlying asset.

When capitalizing right of use assets and lease liabilities, the Company uses the rate implicit in the lease, if it is readily available, otherwise, we use or our incremental borrowing rate.

During our fiscal years ended December 28, 2024, December 30, 2023, and December 31, 2022 we recognized rent expense associated with our leases as follows (in thousands):

	52 weeks ended December 28, 2024	52 weeks ended December 30, 2023	53 weeks ended December 31, 2022
Operating lease cost:			
Fixed rent expense	$ 29,120	$ 30,030	$ 26,865
Variable rent expense	—	34	61
Finance lease cost:			
Amortization of ROU assets	2,025	2,254	2,326
Interest expense	154	236	320
Short-term lease cost	15,329	12,097	4,642
Net lease cost	$ 46,628	$ 44,651	$ 34,214
Lease cost – Cost of sales	$ 43,238	$ 41,220	$ 29,772
Lease cost – SG&A	1,211	941	1,796
Lease cost – Depreciation & Amortization	2,025	2,254	2,326
Lease cost – Interest expense	154	236	320
Net lease cost	$ 46,628	$ 44,651	$ 34,214

Amounts recognized as right-of-use assets related to finance leases are included in Property, plant and equipment, at cost in the accompanying consolidated balance sheet, while amounts related to finance lease liabilities are included in Current installments of long-term debt and Long-term debt. As of December 28, 2024, and December 30, 2023, right-of-use assets and lease liabilities related to finance leases were as follows (in thousands):

	December 28, 2024	December 30, 2023
Finance lease ROU assets	$ 1,969	$ 3,899
Finance lease liabilities:		
Current installments of long-term debt	2,228	2,139
Long-term debt	239	2,389

During the fiscal years ended December 28, 2024, December 30, 2023, and December 31, 2022 we had the following cash and non-cash activities associated with our leases (in thousands):

	December 28, 2024	December 30, 2023	December 31, 2022
Cash paid for amounts included in the measurement of lease liabilities:			
Operating cash flows from operating leases	$ 30,574	$ 28,702	$ 28,605
Operating cash flows from finance leases	162	222	346
Financing cash flows from finance leases	2,152	1,889	2,461
Supplemental non-cash information			
Additions to ROU assets obtained from:			
New operating lease liabilities	23,578	41,400	22,663
New finance lease liabilities	96	242	46

The future payments due under operating and finance leases as of December 28, 2024 is as follows (in thousands):

	Operating	Finance
Due in:		
2024	$ 23,975	$ 2,228
2025	27,432	301
2026	16,937	11
2027	8,565	—
2028	6,815	—
Thereafter	9,285	—
Total	93,009	2,540
Future interest	(10,088)	(73)
Lease liabilities recognized	$ 82,921	$ 2,467

As of December 28, 2024, the weighted-average remaining lease term for all operating leases is 4.08 years, while the weighted-average remaining lease term for all finance leases is 1.14 years. As of December 30, 2023, the weighted-average remaining lease term for all operating leases is 4.09 years, while the weighted-average remaining lease term for all finance leases is 2.06 years.

As of December 28, 2024, the weighted-average discount rate associated with operating leases is 4.67%, while the weighted-average discount rate associated with finance leases is 4.6%. As of December 30, 2023, the weighted-average discount rate associated with operating leases is 4.19%, while the weighted-average discount rate associated with finance leases is 4.44%.

NOTE 5. LONG-TERM DEBT AND LOAN AGREEMENTS

The Company has entered into various debt agreements to finance acquisitions and provide liquidity to operate the business on a going forward basis. As of December 28, 2024, and December 30, 2023, debt consisted of the following (in thousands):

	December 28, 2024	December 30, 2023
Short-term debt:		
Reducing revolver credit facility (a)	$ 25,000	$ 25,000
Current portion of loan costs (c)	(924)	(924)
Current portion of finance lease obligations	2,228	2,139
	26,304	26,215
Long-term debt:		
Reducing revolver credit facility (a)	465,000	485,000
Industrial Development Revenue Bonds (b)	2,000	2,000
Revolving credit facility (a)	57,000	162,856
Long-term portion of loan costs (c)	(2,453)	(3,377)
Long-term finance lease obligations	239	2,389
	521,786	648,868
Total debt	$ 548,090	$ 675,083

(a) Senior Credit Facilities - In September 2023, the Company amended its Fourth Amended and Restated Credit Agreement (Debt Agreement). The Debt Agreement matures in September 2028. The Debt Agreement includes a $775.0 million reducing revolver loan and a $350.0 million revolving credit facility. The reducing revolver loan

commitment decreases by $25.0 million on each annual anniversary of the Debt Agreement. The Debt Agreement is secured by a first priority lien on substantially all of the assets of the Company and its subsidiaries and includes customary covenants including a financial covenant that requires the Company to maintain a minimum tangible net worth; at December 28, 2024, the Company was in compliance with the financial covenant.

At December 28, 2024, the Company's outstanding debt balance under the Debt Agreement was $547.0 million. The reducing revolving loan and the revolving credit facility bear interest at the Base Rate or the SOFR Rate (as defined in the Debt Agreement), plus a margin ranging from 0.50% to 2.75% depending upon certain financial ratios and the rate selected. As of December 28, 2024 the interest rate on the reducing revolver credit facility and the revolving credit facility was 6.75% and 6.80%, respectively.

Borrowings under the reducing revolver loan and the revolving credit facility are available for the Company's working capital requirements, capital expenditures and other general corporate purposes. Unused capacity under the revolving credit facility can also be used to issue letters of credit. There were letters of credit aggregating $2.2 million outstanding at December 28, 2024. Amounts available under the revolving credit facility are subject to a borrowing base calculation primarily comprised of receivable and inventory balances; amounts available under the reducing revolver facility are constrained only by the annual reduction in the commitment amount. On December 28, 2024, after deducting outstanding amounts and issued letters of credit, $240.5 million of the unused revolving credit facility and $260.0 million of the reducing revolver commitment was available to the Company.

(b) Industrial Development Revenue Bonds - Effective December 30, 2004, the Company entered into a transaction with the City of Dodge City, Kansas, designed to provide property tax savings. Under the transaction, the City purchased the Company's Dodge City facility, or the facility, by issuing $102.3 million in bonds due in December 2019, used the proceeds to purchase the facility and leased the facility to the Company for an identical term under a capital lease. The Company purchased the City's bonds with proceeds of its term loan under the Debt Agreement. Because the City has assigned the lease to the bond trustee for the benefit of the Company as the sole bondholder, the Company, effectively controls enforcement of the lease against itself. As a result of the capital lease treatment, the facility remains a component of property, plant and equipment in the Company's consolidated balance sheets. As a result of the legal right of offset, the capital lease obligation and the corresponding bond investments have been eliminated in consolidation. The transaction provides the Company with property tax exemptions for the leased facility, that, after netting payments to the City and local school district under payment in lieu of tax agreements, result in an annual property tax savings of approximately 25%. The facility remains subject to a prior mortgage and security interest in favor of the lenders under the Debt Agreement. Additional revenue bonds may be issued to cover the costs of certain improvements to this facility. The total amount of revenue bonds authorized for issuance is $120.0 million. During 2019 the Company extended the basic term of the bonds based on the original agreement and exercised its right to purchase the project. The purchase closed in 2020.

The cities of Liberal and Dodge City, Kansas issued an aggregate of $13.9 million of industrial development revenue bonds on the Company's behalf to fund the purchase of equipment and construction improvements at the Company's facilities in those cities. These bonds were issued in four series of $1.0 million, $1.0 million, $6.0 million and $5.9 million. Of the four series of bonds, only the $1.0 million and $1.0 million due on demand or on February 1, 2029 and March 1, 2027, respectively, remain outstanding. The bonds issued in 1999 and 2000 are variable rate demand obligations that bear interest at a rate that is adjusted weekly, which rate will not exceed 10% per annum. The Company has the option to redeem a series of bonds at any time for an amount equal to the principal plus accrued interest to the date of such redemption. The holders of the bonds have the option to tender the bonds upon seven days' notice for an amount equal to par plus accrued interest. To the extent that the remarketing agent for the bonds is unable to resell any of the bonds that are tendered, the remarketing agent could use the letter of credit to fund such tender. Because each series of bonds is backed by a letter of credit under our Debt Agreement, these due-on-demand bonds have been presented as non-current obligations until twelve months prior to their maturity.

On December 17, 2010, NBL entered into various agreements with the city of St. Joseph, Missouri, designed to provide the Company property tax savings. Under the transaction, the city of St. Joseph issued $12.7 million in bonds due in December 2022, used the proceeds to purchase the equipment within the Leathers facility and subsequently leased the equipment back to us for an identical term under a capital lease. The Company purchased the City's bonds with proceeds of our term loan under the Debt Agreement. Because the city of St. Joseph has assigned the lease to the bond trustee for our benefit as the sole bondholder, the Company, effectively controls enforcement of the lease against ourselves. As a result of the capital lease treatment, the equipment remains a component of property, plant and equipment in the Company's consolidated balance sheets. As a result of the legal right of offset, the capital lease obligation and the corresponding bond investments have been eliminated in consolidation.

Effective April 3, 2020, the Company entered a transaction with the City of Liberal, Kansas, designed to provide property tax savings. Under the transaction, the City purchased certain assets of the Company's Liberal, Kansas facility (the facility) by issuing federally taxable industrial revenue bonds in an amount not to exceed $65.0 million with a stated maturity of December 31, 2032. The City then leased the assets to the Company under a capital lease with a basic term expiring when any and all principal, redemption premium, and interest on said bonds are redeemed and paid in full. The Company purchased the City's bonds with proceeds of its loans under the Debt Agreement. Because the City has assigned the lease to the bond trustee for the benefit of the Company as the sole bondholder, the Company, effectively controls enforcement of the lease against itself. As a result of the capital lease treatment, the facility remains a component of property, plant and equipment in the Company's consolidated balance sheets. As a result of the legal right of offset, the capital lease obligation and the corresponding bond investments have been eliminated in consolidation. The facility remains subject to a prior mortgage and security interest in favor of the lenders under the Debt Agreement. The total amount of revenue bonds authorized for issuance is $65.0 million.

(c) Debt issuance costs - In conjunction with the 2023 Debt Amendment, the Company paid financing charges of approximately $2.12 million which are being amortized over the life of the loan along with any unamortized loan charges from previous amendments.

Amortization of $0.9 million, $0.9 million and $0.8 million was charged to interest expense during the fiscal years ended December 28, 2024, December 30, 2023 and December 31, 2022, respectively.

The aggregate minimum principal maturities of the long-term debt for each of the five fiscal years and thereafter following December 28, 2024, are as follows (in thousands):

	Minimum Principal Maturities
Fiscal year ending December:	
2025	$ 27,228
2026	228
2027	1,011
2028	522,000
2029	1,000
Thereafter	—
Total minimum principal maturities	551,467
Total unamortized loan costs	(3,377)
Total debt	$ 548,090

NOTE 6. RETIREMENT PLANS

The Company maintains tax-qualified employee savings and retirement plans, or the 401(k) Plans, covering certain of the Company's employees. Pursuant to the 401(k) Plans, eligible employees may elect to reduce their current compensation by up to the lesser of 75% of their annual compensation or the statutorily prescribed annual limit and have the amount of such reduction contributed to the 401(k) Plans. The 401(k) Plans provide for additional matching contributions by the Company, based on specific terms contained in the 401(k) Plans. The trustees of the 401(k) Plans, at the direction of each participant, invest the assets of the 401(k) Plan in designated investment options. The 401(k) Plans are intended to qualify under Section 401 of the Internal Revenue Code. Expenses related to the 401(k) Plans matching contributions totaled approximately $6.1 million, $5.0 million and $4.4 million for the fiscal years 2024, 2023 and 2022, respectively.

During 2017, the Company bargained with the United Food and Commercial Workers International Union (UFCW) Local 2 for a complete withdrawal from a UFCW sponsored retirement plan in which certain of our employees participate (the "UFCW Plan"). As a result, the Company is required to make withdrawal payments into the fund over a 20-year period. The Company recorded expenses related to the UFCW Plan withdrawal of approximately $18.6 million which was included in Cost of sales during 2017. Payments into the UFCW Plan began during 2018. The current portion of the withdrawal liability is approximately $0.9 million and is included in Other accrued expenses and liabilities on the consolidated balance sheets. The long-term portion of the withdrawal liability is approximately $13.1 million and $14.0 million as of December 28, 2024 and December 30, 2023 and is included in Other liabilities on the consolidated balance sheets.

NOTE 7. INCOME TAXES

Income tax expense includes the following current and deferred provisions (in thousands):

	52 weeks ended December 28, 2024	52 weeks ended December 30, 2023	53 weeks ended December 31, 2022
Current provision:			
Federal	$ (778)	$ 1,288	$ 2,095
State	(426)	1,430	2,166
Foreign	82	17	127
Total current tax expense	(1,122)	2,735	4,388
Deferred provision:			
Federal	272	(37)	415
State	53	(6)	82
Foreign	—	—	—
Total deferred tax expense	325	(43)	497
Total income tax expense	$ (797)	$ 2,692	$ 4,885

NOTE 8. RELATED PARTY TRANSACTIONS

The Company entered into various transactions with various Marfrig affiliates, and a company affiliated with NBPCo Holdings, which holds an ownership interest in the Company, in the ordinary course of business.

During fiscal years 2024, 2023 and 2022, the Company had sales and purchases with the following related parties (in thousands):

	52 weeks ended December 28, 2024	52 weeks ended December 30, 2023	53 weeks ended December 31, 2022
Sales to:			
Empirical Foods, Inc. (1)	$ 90,489	$ 105,555	$ 129,732
MF Foods USA, LLC (2)	1,539	1,634	1,869
Total sales to affiliate	$ 92,028	$ 107,189	$ 131,601
Purchases from:			
Empirical Foods, Inc. (1)	$ 13,688	$ 11,923	$ 9,664
Marfrig affiliates (3)	55,644	44,553	72,619
Total purchases from affiliate	$ 69,332	$ 56,476	$ 82,283

(1) Empirical Foods, Inc. (Empirical) is an affiliate of NBPCo Holdings, formerly Beef Products, Inc. (BPI)
(2) MF Foods USA, LLC is a wholly owned subsidiary of Marfrig
(3) Marfrig affiliates include Weston Importers, LTD, Establecimientos Colonia, Frigorifico Tacuarem, Inaler SA, and Frigorifico LaCaballada

In January 2007, we entered into an agreement with Empirical for Empirical to manufacture and install a grinding system in one of our plants. In accordance with the agreement with Empirical, we are to pay Empirical a technology and support fee based on the number of pounds of product produced using the grinding system. The installation of the grinding system was completed in fiscal year 2008. We paid approximately $1.3 million during 2024, $1.4 million during 2023 and $1.5 million during fiscal year 2022 to Empirical in technology and support fees.

We are party to a long-term cattle supply agreement with U.S. Premium Beef, LLC (US Premium Beef), a minority owner of the Company. Under this agreement we have agreed to purchase from the members of US Premium Beef, and US Premium Beef has agreed to cause its members to deliver, 735,385 head of cattle each year (subject to adjustment) at prices based on those published by the U.S. Department of Agriculture, subject to adjustments for cattle performance. We obtained approximately 25% of our cattle requirements under this agreement during each of the fiscal years 2024, 2023 and 2022.

NOTE 9. DISCLOSURE ABOUT DERIVATIVE INSTRUMENTS

As part of the Company's ongoing operations, the Company is exposed to market risks such as changes in commodity prices. To manage these risks, the Company may enter into the following derivative instruments pursuant to our established policies:

- Forward purchase contracts for cattle for use in our beef plants
- Exchange traded futures contracts for cattle
- Exchange traded futures contracts for agricultural products

While management believes each of these instruments help mitigate various market risks, they are not designated and accounted for as hedges as a result of the extensive recordkeeping requirements associated with hedge accounting. Accordingly, the gains and losses associated with the change in fair value of the instruments are recorded to net sales and cost of goods sold in the period of change. Certain firm commitments for live cattle purchases and all firm commitments for boxed beef sales are purchased in the normal course of business and are treated as normal purchases and sales and not recorded at fair value.

The Company enters into certain commodity derivatives, primarily with a diversified group of counterparties. The maximum amount of loss due to the credit risk of the counterparties, should the counterparties fail to perform according to the terms of the contracts, is deemed to be immaterial as of December 28, 2024 and December 30, 2023. The exchange-traded contracts have been entered into under a master netting agreement. None of the derivatives entered into have credit-related contingent features.

The following table presents the fair values regarding derivative instruments not designated as hedging instruments as of December 28, 2024 and December 30, 2023 (in thousands):

	Derivative Asset As of December 28, 2024		Derivative Liability As of December 28, 2024	
	Balance Sheet Location	Fair Value	Balance Sheet Location	Fair Value
Commodity contracts	Other current assets	$ 679	Other accrued expenses and liabilities	$ 655
Totals		$ 679		$ 655

	Derivative Asset As of December 30, 2023		Derivative Liability As of December 30, 2023	
	Balance Sheet Location	Fair Value	Balance Sheet Location	Fair Value
Commodity contracts	Other current assets	$ 2,186	Other accrued expenses and liabilities	$ 2,679
Totals		$ 2,186		$ 2,679

The following table presents the unrealized and realized gains (losses) on derivative contracts as reflected in the consolidated statement of operations for the fiscal years ended December 28, 2024, December 30, 2023 and December 31, 2022 (in thousands):

		Amount of Gain or (Loss) Recognized in Income on Derivatives		
Derivatives Not Designated as Hedging Instruments	Location of Gain or (Loss) Recognized in Income on Derivatives	Fiscal Year Ended December 28, 2024	Fiscal Year Ended December 30, 2023	Fiscal Year Ended December 31, 2022
Commodity contracts	Net sales	$ 10,029	$ 15,067	$ 7,832
Commodity contracts	Cost of sales	1,417	(1,694)	605
Totals		$ 11,446	$ 13,373	$ 8,437

NOTE 10. LEGAL PROCEEDINGS AND CONTINGENCIES

The Company is a defendant in (i) five putative class action lawsuits in the United States District Court for the District of Minnesota alleging that the Company violated some combination of the Sherman Antitrust Act, the Packers and Stockyards Act, the Commodity Exchange Act, and various state laws; and (ii) putative class action antitrust lawsuits in the Supreme Court of British Columbia and the Superior Court of Quebec for the District of Montreal, alleging that it violated the Canadian Competition Act and various provincial laws (the "Beef Antitrust Cases"). The Beef Antitrust Cases are entitled *In re Cattle Antitrust Litigation*, which was filed originally on April 23, 2019, *Peterson et al. v. JBS USA Food Company Holdings, et al.,* which was filed originally on April 26, 2019; *In re DPP Beef Litigation,* which was filed originally on April 26, 2019; *Erbert & Gerbert's, Inc. v. JBS USA Food Company Holdings, et al*., which was filed originally on June 18, 2020; *Specht v. Tyson Foods, Inc., et al.,* which was filed originally on October 31, 2022; *Giang Bui v. Cargill, Incorporated, et al.,* which was filed originally on February 18, 2022; and *Sylvie De Bellefeuille v. Cargill, Inc. et al.,* which was filed originally on March 24, 2022. Since the original class action complaints were filed, thirty-one (31) purchasers of beef products have opted to file individual complaints and to proceed with direct actions making similar claims, and others may do so in the future. The plaintiffs in the Beef Antitrust Cases generally seek treble damages and other relief under the Sherman Antitrust Act and various state antitrust or consumer protection laws or general damages, aggravated, exemplary, and punitive damages, injunctive relief, costs, and interest and other damages under the Canadian Competition Act and various provincial laws. Some of the Beef Antitrust Cases also allege that the Company violated the Packers & Stockyards Act and the Commodities Exchange Act. In addition to the Beef Antitrust Cases, the Company is subject to investigations by the United States Department of Justice (the "DOJ") and approximately 30 state attorneys general regarding fed cattle and beef packing markets. The Company has responded to the federal and state requests for information and cooperated with the investigations. The Company believes it has meritorious defenses to the claims in the Beef Antitrust Cases and any potential claims that might arise out of these government investigations and intends to defend these matters vigorously. There can be no assurances, however, as to the outcome of the cases or the impact on NBP's consolidated financial position, results of operation or cash flows.

The Company is a defendant in a putative class action lawsuit entitled *Brown, et al. v. JBS USA Food Company et al.* and filed in the United States District Court for the District of Colorado on November 1, 2022. The defendants filed motions to dismiss, which the court denied except as to the Company's subsidiary, Iowa Premium. The plaintiffs filed an amended complaint on January 12, 2024. The amended complaint alleges that the defendants directly and through industry wage surveys and a benchmarking service (i) fixed wages and benefits, and (ii) exchanged information regarding compensation and benefits in an effort to depress and stabilize wages and benefits in violation of federal antitrust laws (the "Wage Rate Case"). The plaintiffs seek, among other things, treble monetary damages, pre- and post-judgment interest, declaratory and injunctive relief and the costs of the suit (including attorney fees). Although the Company believes it has meritorious defenses to the claims in the Wage Rate Case, the Company has negotiated a settlement with the plaintiffs in the Wage Rate Case and accrued for the estimated settlement amount in Other accrued expenses and liabilities within the December 28, 2024 consolidated balance sheets. The District Court granted a motion to preliminarily approve the settlement for approximately $14.2 million on January 15, 2025.

The Company is a party to various other lawsuits and claims arising out of the operation of its business. Management believes the ultimate resolution of such matters should not have a material adverse effect on the Company's financial condition, results of operations or liquidity.

NOTE 11. SUBSEQUENT EVENTS

The Company evaluated subsequent events and transactions for potential recognition or disclosure in the consolidated financial statements through February 21, 2025, the date the consolidated financial statements were available for issuance.

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