



## **2025 ANNUAL REPORT**



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**Lisa Phillips**  
Director of Operations

**Amanda Sims**  
Accountant

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# MESSAGE TO UNITHOLDERS

More than 28 years have passed since Dec. 1, 1997. That day is significant in the life of U.S. Premium Beef, LLC (USPB), as it was the first day finished cattle were delivered to the company. Nearly 9,000 finished cattle were delivered to USPB the first week of operations.

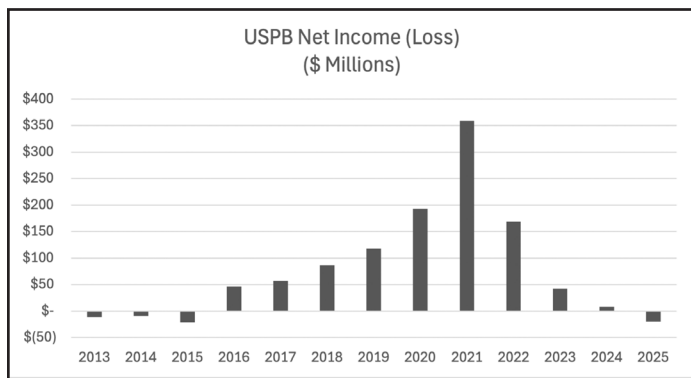
Many USPB members remember well the emotions and the significant risk they experienced when deciding to get involved with this start-up company. In spite of the risks, the mission was clear. Turning back, or continuing with the status quo, was not an option.

Fiscal Year (FY) 2025 provided its share of challenges and opportunities. Industry economists indicate the beef industry is experiencing the lowest number of cows in 70 years. Thus, the 2025 calf crop is a record low. Data indicates small herd rebuilding taking place. Yet, as the percent of carcasses grading Prime, Choice and Certified Angus Beef® (CAB) has increased, so has consumer demand.

Our historical results are impressive. Through 2025, more than \$953 million in total premiums have been paid to USPB members. It is likely USPB will cross over the \$1.0 billion mark in 2026.

Nearly 21 million head have been delivered to USPB since operations commenced. Average premiums in FY 1998 were \$7.47 per head premium to the live, cash market. In 2025, the average was \$105.87 per head premium to cash. This represents “cowboy capitalism” at its finest.

Figure 1



USPB’s net income decreased in FY 2025 as compared to the prior fiscal year. For the year, which ended Dec. 27, 2025, USPB recorded net loss of \$19.8 million compared to the net income of \$7.5 million in 2024, a

decrease of approximately \$27.3 million. The decrease in USPB’s net income was due to significantly lower income at National Beef.

For the year, National Beef realized net loss of \$127.1 million, a decrease of approximately \$176.2 million compared to the prior year. Reduced volume and a decline in gross margin per head resulted in lower profitability in 2025 compared to 2024.

As a result of the net loss, USPB did not pay any cash distributions to its members in 2025. At fiscal year-end, USPB’s balance sheet remained strong and well positioned for the future.

## FY 2025 GRID PERFORMANCE

### Kansas Grid Performance

Cattle delivered during FY 2025 on the USPB Kansas grid had a record high premium of \$107.81 per head more than the average cash market in Kansas. This year was arguably the best in company history for grid performance, and the first time the average premium exceeded \$100.

In 2025, the U.S. beef industry harvested nearly 5% fewer fed cattle than the previous year, according to U.S. Department of Agriculture (USDA) reports, marking the smallest fed slaughter in 10 years. Regardless, the 2025 fed harvest was still more than 1 million head greater than in 2015, the lowest point of the previous cattle cycle. In 2025, Saturday harvests across the industry accounted for only 1% of total fed harvest.

The Kansas live fed market averaged \$221.21 per cwt, which was record high and an impressive \$36.55 per cwt more than the previous year. The 2025 average was over \$159 per cwt more than 1998, which was the company’s first year of operations.

FY 2025 easily set the most records. For the year, USPB live and carcass weights were the heaviest in company history, averaging 50 and 35 pounds, respectively, more than the previous year. For the first time, live weight surpassed 1,400 pounds and carcass weight exceeded 900 pounds. USPB steer carcasses averaged 970 pounds and heifers averaged 875 pounds on the Kansas grid. By comparison, USDA reported industry averages for both steer and heifer carcass weights increased 24 pounds over the previous year. Industry averages for steer carcasses were 955 pounds and heifers were 871 pounds. Affordable corn, record

high fed prices and especially high feeder prices incentivized feedyards to feed cattle longer.

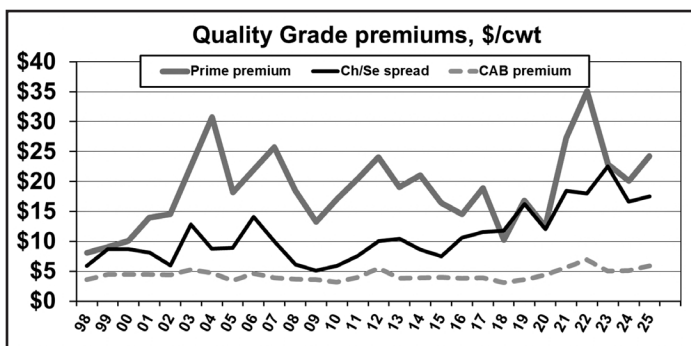
Placement weights of USPB cattle going on feed increased 15 pounds from the previous year, the highest in company history. Even with the increased placement weights, USPB cattle had a record high average number of days on feed.

As a result, yield benefit on the grid was a record high \$54.27 per head, the fourth highest on record. The combination of increased yield (or dressing percentage) of the cattle, record high prices and grid improvements drove the increase. FY 2025 marked the first full year of the formula allowance increase from \$0.25 to \$0.75 per cwt. With fed cattle prices at record highs, every pound of carcass weight relative to live weight carries even greater value.

Increased weights also resulted in a record high heavyweight percentage, leading to the largest (worst) outweigh discount per head. A 4% heavyweight allowance was part of the grid changes in 2024 and helped prevent the discount from being even larger.

The USPB grid premiums for Choice/Select spread, Prime and CAB are all driven by USDA boxed beef cutout reports. The Choice/Select spread was the fourth highest in company history. Prime premium was the fifth highest, and premiums for CAB were the second highest. All three of these quality grade rewards increased from the previous year. Figure 2 below shows the average annual quality grade premiums used on the grid.

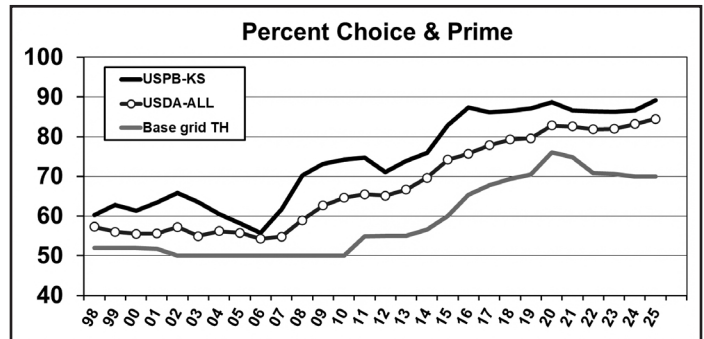
Figure 2



Quality grades throughout the industry were record high in FY 2025. Prime and Choice or better percentages were both record high, according to USDA reports. For USPB, the percentage of Prime carcasses was also record high. The previous record was fiscal 2020, during Covid. Both Choice and Prime percentages

of USPB cattle were also record high. Quality grade premiums per head were highest on record as a result. Once again, quality grade was the largest of all the subtotal premiums that make up the total.

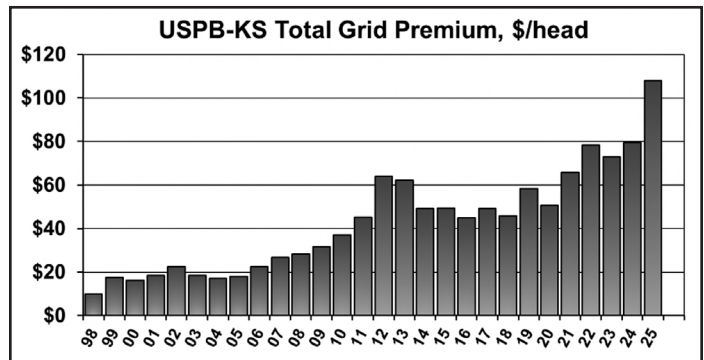
Figure 3



The added days on feed resulted in fatter carcasses. Average backfat was record high at 0.66 inches for all USPB carcasses. Yield grade 4 & 5 percentages were both record high. As a result, yield grade discount was the third largest (worst) during company history. However, average marbling score was also record high.

Total premium, shown in Figure 4, was the highest in company history at \$107.08 per head more than if they were marketed on the average cash, live market in Kansas. This was the first year to surpass \$100 premium per head, and beat last year's previous record of \$28.50. In 28 years of delivering cattle on the USPB grid, quality grade has been the largest portion of the total premium for 27 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 an impressive \$175.80 per head. The top 50% averaged a record high \$149.32 per head.

Other premiums include the \$1 paid for each low frequency electronic identification ear tag (LFEID) payment that went into effect in May 2024. During

FY 2025, 21% of all USBP cattle had LFEID tags read. By comparison, the previous highest concentration of LFEID in USBP cattle was 20% in 2011, when premiums were offered for age and source verification.

Unique to the USBP Kansas grid, lots that qualified for the AngusLink<sup>SM</sup> Genetic Merit Scorecard<sup>SM</sup> (GMS) premium received additional premiums. Cattle that were enrolled by the ranch of origin can qualify for an additional \$5 or \$10 per head premium based on their GMS.

Kansas grid cattle set a record high value at an average \$3,264 per head, \$641 more than the previous year, and an astounding \$2,515 more per head than calendar year 1998. Increased carcass weights, larger premiums and stronger fed prices have changed the industry dramatically.

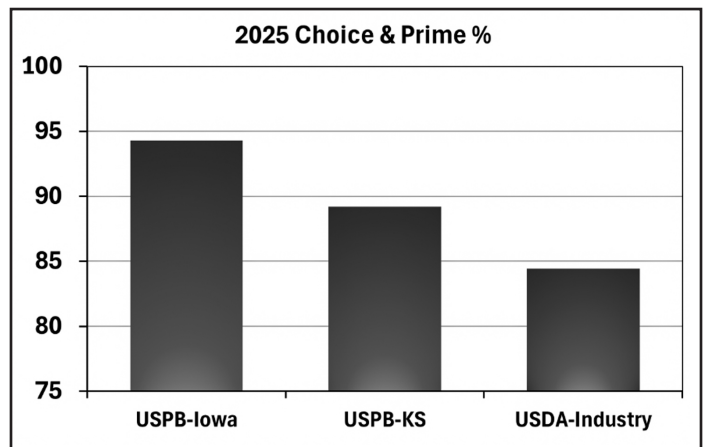
**Iowa Grid Performance**

FY 2025 was the sixth year of harvesting cattle on the USBP Iowa grid at the National Beef plant in Tama, Iowa. Grid premiums from Iowa cannot be compared directly to the Kansas grid. In April, beef-on-dairy cross cattle were allowed for harvest, and in mid-September, the black hide color restriction was lifted allowing colored, or non-black, cattle to be delivered to the Tama plant.

The total number of cattle delivered on the Iowa grid decreased from the previous year, likely related to an overall decrease in the total number of cattle being fed in the Corn Belt and the entire industry. However, new producers continue to utilize this grid in a region where grid marketing is less common. Combined with Kansas plant deliveries, the total USBP cattle delivered during FY 2025 was 875,238 head, which was the largest in company history.

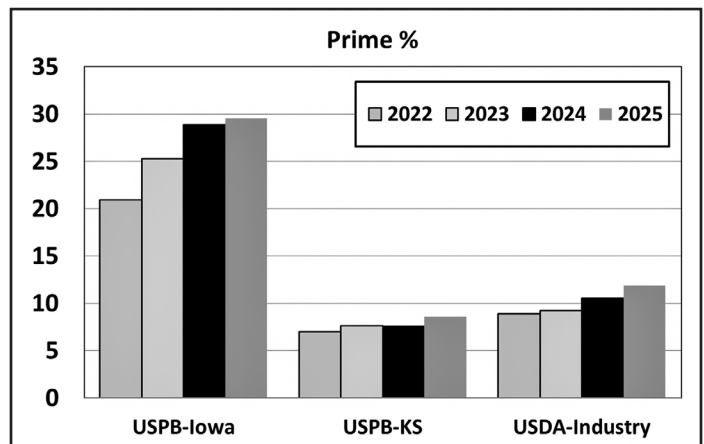
USBP cattle delivered to Iowa achieve very high quality grades each year. Compared all USDA-graded cattle, USBP Iowa grid cattle are far superior. Figure 5 shows the 2025 Choice and Prime percentage of all cattle delivered on the Iowa grid, the Kansas grid and the overall industry average.

**Figure 5**



Iowa grid cattle continue to post especially high Prime percentages, setting a new high in 2025 at nearly 30%. This average is 2.5 times the USDA national average of 11.86% in 2025. Prime percentages for USBP and industry averages are shown in Figure 6 for recent years.

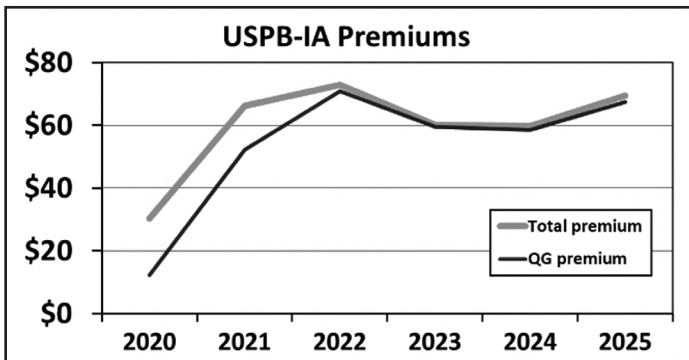
**Figure 6**



When the premiums in the marketplace are high, the superior quality grades are extremely valuable. Prime is especially impactful on the Iowa grid. Figure 7, on the following page shows the quality grade premium per head and the total overall premium for each of the six years the grid has been available. Premiums in fiscal year 2025 improved slightly over the previous year. The quality grade and the total premium per head were

both the second highest during the grid's history. Note how strongly quality grade premium drives the overall premium each year.

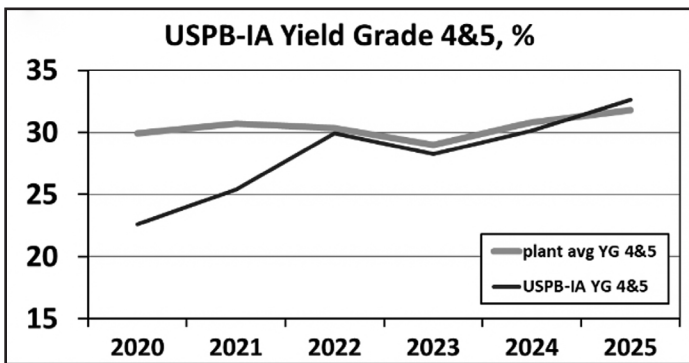
Figure 7



The fixed threshold of 90% Choice or better on the Iowa grid is one of the highest in the industry. However, national average Choice and Prime percentage reported by USDA was record high during 2025 at 84.45%.

Like Kansas, cattle on the Iowa grid had record high percentages of yield grade 4 and 5 carcasses. However, plant average thresholds were also higher. As a result, yield grade was a discount, on average, for Iowa grid cattle. This discount was the lowest (worst) of all six years, yet remained less than \$1 per head discount. 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 those on the Kansas grid, consistent with previous years. As a result, they have more total apparent weight gain in the feedyard, but lower apparent average daily gains compared to Kansas.

Corn Belt cattle also had record high live and carcass weights, as with Kansas grid cattle. In previous years, Iowa cattle have had heavier average carcass weights. During FY 2025, carcass weights in Iowa were lower than the Kansas plants. The percentage of steers was very similar between the two grids during FY 2025.

Yield, or dressing percentage, of Iowa cattle was record high. Feeding conditions were good for both Iowa and Kansas grids during most of 2025.

Outweight discount was the smallest (best) in four years. Grid changes that went into effect July 28 decreased the percentage of carcasses discounted for being too light or too heavy. The percentage of carcasses weighing 1,101 pounds and greater was record high. However, the mid-year changes included an increase in the allowance from 2% to 5% and a reduction in the discount per cwt on the Iowa grid.

Total overall premium per head was \$69.49 per head. The top 25% averaged \$151.73 per head, while the top 50% averaged \$115.50 per head more than selling on the average dressed delivered market in the Iowa/Minnesota region as reported by USDA. Each of these premiums were the second highest of the six years the grid has been offered.

There truly has never been a better time to market cattle on USPB's grids. Quality grade rewards have been strong and low feedyard cost of gains allow feeders to add days. A strong fed cattle market makes the base price on the grid even higher. All of this translates to added carcass weight, more marbling, greater quality grade premiums and significantly more total dollars per head on the grid.

## 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.”

# STATE OF THE INDUSTRY

CattleFax data indicates beef supplies were smaller in 2025 due to reduced numbers, with this trend projected to carry into 2026. In certain geographic areas, there are indications of retention and subsequent herd rebuilding. Going forward, total beef supplies are projected to be at, or near 2025 levels.

The story to our industry’s success is beef demand. Figure 9 demonstrates how the increased percentage of Choice and Prime cattle results in higher grading products that consumers desire. Improved quality, predictability and consistency has coincided with improved demand. Improvements in grade since 2005 has been a key point in beef’s ability to command higher prices and sustain demand growth.

Figure 9

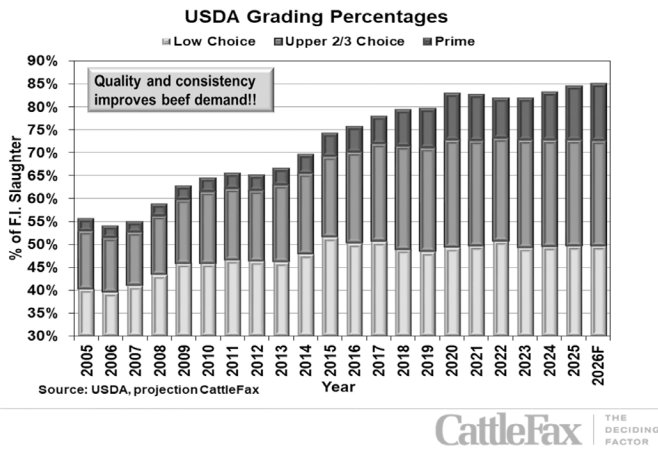
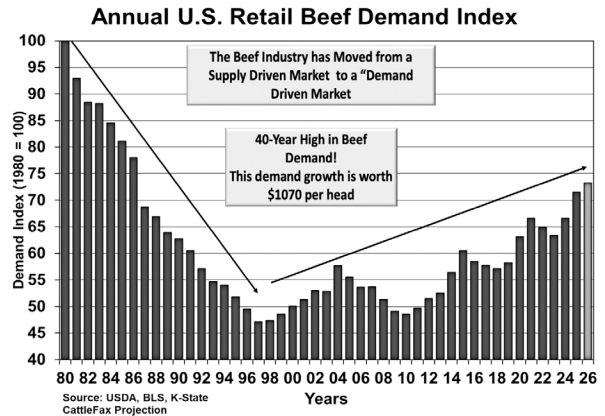


Figure 10 shows beef demand trends since 1980. As the chart indicates, 1980–1996 shows an industry that clearly needs to improve. We did that. USPB commenced operations at the lowest point in retail beef demand. It is no coincidence that demand has trended higher in the years to follow, and USPB can certainly take credit for being a trend setter. Our efforts have helped improve the quality of our product, which increases its demand. Data indicates demand is at a 40-year high, and has provided growth of \$1,070 per head.

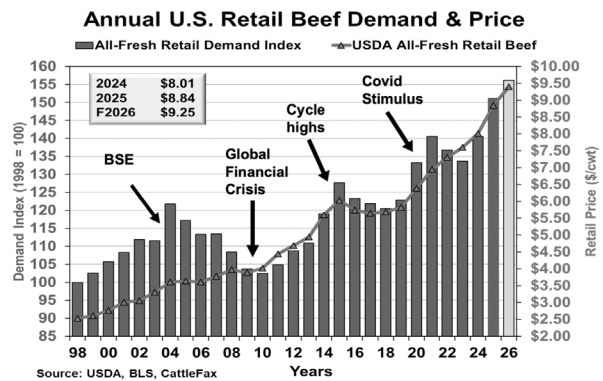
Figure 10



CattleFax THE DECIDING FACTOR

According to Figure 11, since 1998, retail demand growth typically occurs in five to six year increases, followed by moderating periods of four to six years. Increases in retail demand bring new dollars into the industry.

Figure 11

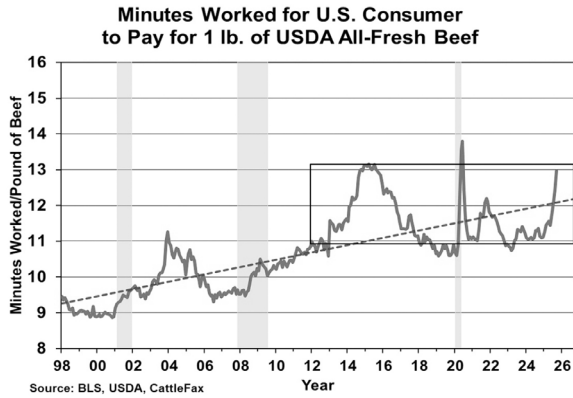


CattleFax THE DECIDING FACTOR

Of note, Figure 12 details the relative affordability of retail beef prices, and consumer incomes adjusted for inflation. Based on an average price of approximately \$9.50/lb., beef “affordability” is approaching a cyclical

peak, where an average consumer works 13 to 14 minutes in order to pay for per pound purchased. Further data indicates ground beef is typically the number one seller in year-over-year dollar and unit sales growth across 85,000 subcategories across retail stores.

**Figure 12**



In summary, FY 2025 provided some challenges, yet many noteworthy achievements. National Beef has historically invested in strategies and upgrades that make the company more efficient, and that was the case in 2025. The unique relationship USPB has with National Beef will continue to be a significant part of our operations and future successes.

In the days ahead we will see times of both smooth sailing and choppy waters. Our history is well documented, and the future is equally exciting. Soon, we anticipate total grid premiums paid through the program will exceed \$1.0 billion, dating back to USPB’s start in 1997. We trust such achievements meet — and hopefully exceed — your expectations for USPB.

Aligning producers with consumers through processing has always been an integral part of USPB’s mission. As we enter our 29th year of operations, our commitment to fulfill that mission has never been stronger. The future is exciting.

Regards,

**Mark R. Gardiner**  
Chairman

**Stanley D. Linville**  
Chief Executive Officer

# NATIONAL BEEF PACKING COMPANY, LLC SUMMARY

Revenues in 2025 increased approximately 11.8% in comparison to 2024, primarily due to an increase in selling price per unit, offset, in part, by lower volume. Cost of sales increased by approximately 13.6% in 2025 as compared to 2024. The increase was driven primarily by higher prices for cattle. Reduced volume and a decline in gross margin per head resulted in a lower profitability in 2025 as compared to 2024.

## ***Plant Operations***

NBP is one of the largest beef processing companies in the U.S., accounting for approximately 14% of fed cattle slaughter in the U.S. NBP 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, NBP had approximately 10,000 employees at December 27, 2025 and generated total revenues of \$13.8 billion in 2025.

The largest part of NBP's revenue is generated from the sale of boxed beef and beef by-products. NBP also generates revenues from value-added production of consumer-ready products. In addition, NBP 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 service revenues generated by National Carriers, Inc., a wholly-owned subsidiary that transports livestock and refrigerated products for NBP and a variety of other customers. NBP's profitability typically fluctuates seasonally as well as cyclically, based on the availability of fed cattle and demand for its products.

## ***Processing Facilities***

NBP owns two beef processing facilities located in Liberal and Dodge City, Kansas, which can each process approximately 6,000 head per day, and a third beef processing facility in Tama, Iowa which can process approximately 1,200 head per day. NBP'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***

NBP'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. NBP operates in a commodity market, and it does not have much influence over the price it pays for cattle or the price it receives for the products it produces. NBP'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***

NBP 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, NBP sells beef by-products to the medical, feed processing, fertilizer and pet food industries. NBP exported products to 35 countries in 2025, and export sales represented approximately 7.8% of consolidated revenue. The demand for beef is generally strongest in the spring and summer months and decreases during the winter months.

NBP 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. NBP believes its value-added products can command higher prices than similar 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 NBP 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 NBP's principal competition comes from other beef processors. NBP 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 NBP's competitors have substantially larger beef operations, greater financial and other resources and wider brand recognition for their products.

### ***Cattle Procurement***

NBP obtained approximately 27% of the cattle it processed from USPB producers using the USPB pricing grids during fiscal year 2025 and 25% during fiscal years 2024 and 2023. It also purchases cattle through cash bids and other arrangements from cattle producers in its primary and secondary markets. We believe NBP is a first choice processor for suppliers seeking to attain premium pricing for their high-quality cattle and cattle suppliers view NBP 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 NBP's facilities to large supplies of cattle gives its buyers the ability to visit feedlots on a regular basis, which enables NBP 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 NBP and other customers.

### ***Regulation and Environmental***

NBP's operations are subject to extensive regulation by the USDA 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 27, 2025 compared to December 28, 2024***

***Net Sales.*** There were no sales during the fifty-two week period ended December 27, 2025 and the fifty-two week period ended December 28, 2024.

***Cost of Sales.*** There were no cost of sales during the fifty-two week period ended December 27, 2025 and the fifty-two week period ended December 28, 2024.

***Selling, General and Administrative Expenses.*** Selling, general and administrative expenses were approximately \$3.4 million for the fifty-two week period ended December 27, 2025, compared to approximately \$3.3 million for the fifty-two week period ended December 28, 2024, an increase of approximately \$0.1 million. The increase is primarily due to an increase in salaries.

***Operating Loss.*** Operating loss was approximately \$3.4 million for the fifty-two week period ended December 27, 2025 compared to approximately \$3.3 million for the fifty-two week period ended December 28, 2024, an increase of approximately \$0.1 million. The increase was primarily due to an increase in salaries.

***Interest Income.*** Interest income was \$2.2 million during the fifty-two week period ended December 27, 2025 and \$3.0 million in the fifty-two week period ended December 28, 2024, a decrease of approximately \$0.8 million. The decrease was due to lower cash balances.

**Equity in Net Income (Loss) of National Beef Packing Company, LLC.** Equity in NBP net loss was \$19.8 million for the fifty-two week period ended December 27, 2025 compared to net income of \$6.8 million for the fifty-two week period ended December 28, 2024, a decrease of approximately \$26.6 million. The combined effects of lower gross margins per head and higher costs led to lower profitability in 2025 as compared to 2024. USPB carries its 15.0729% investment in NBP under the equity method of accounting.

**Other, net.** Other income was \$1.2 million for the fifty-two week period ended December 27, 2025 compared to \$1.0 million for the fifty-two week period ended December 28, 2024. 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 Note 2. “*Basis of Presentation and Accounting Policies*” in USPB’s consolidated financial statements for further information.

**Net Income (Loss).** Net loss for the fifty-two week period ended December 27, 2025 was approximately \$19.8 million compared to the net income of approximately \$7.5 million for the fifty-two week period ended December 28, 2024, a decrease of approximately \$27.3 million. The decrease was due to lower gross margins per head and higher costs at NBP.

### **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 week period ended December 28, 2024 compared to approximately \$3.5 million for the fifty-two week period 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 week period ended December 28, 2024 compared to approximately \$3.5 million for the fifty-two week period ended December 30, 2023, a decrease of approximately \$0.2 million. The decrease was due to the decrease in *Selling, General and Administrative Expenses*.

**Interest Income.** Interest income was \$3.0 million during the fifty-two week period ended December 28, 2024 and \$3.2 million in the fifty-two week period ended December 31, 2023, a decrease of approximately \$0.2 million. The decrease was due to lower interest rates.

**Equity in Net Income (Loss) of National Beef Packing Company, LLC.** Equity in NBP income was \$6.8 million for the fifty-two week period ended December 28, 2024 compared to \$41.2 million for the fifty-two week period 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 NBP under the equity method of accounting.

**Other, net.** Other income was \$1.0 million for the fifty-two week period ended December 28, 2024 compared to \$0.7 million for the fifty-two week period 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 Note 2. “*Basis of Presentation and Accounting Policies*” in USPB’s consolidated financial statements.

**Net Income.** Net income for the fifty-two week period 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 NBP.

### **Liquidity and Capital Resources**

As of December 27, 2025, we had net working capital (the excess of current assets over current liabilities) of approximately \$36.2 million, which included cash and cash equivalents of \$14.1 million. As of December 28, 2024, we had net working capital of approximately

\$67.5 million, which included cash and cash equivalents of \$39.0 million. Our primary sources of liquidity for fiscal years 2025 and 2024 were cash, and available borrowings under the Credit Agreement, Amended and Restated Revolving Term Promissory and Affirmation of Pledge Agreement with CoBank, ACB (CoBank) described below under “*CoBank Debt*.” Our principal use of cash is 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 \$0.4 million and \$0.2 million, respectively.

### ***CoBank Debt***

On June 24, 2025, USPB and CoBank entered into an Amended and Restated Revolving Term Promissory Note (the “A&R Note”). The A&R Note amended and restated the Amended and Restated Revolving Term Promissory Note, dated July 13, 2020, issued by USPB to CoBank, which had a scheduled maturity of June 30, 2025. The A&R Note was issued under that certain Credit Agreement, dated July 13, 2020, between USPB and CoBank and is secured by an Affirmation of Pledge Agreement, dated July 13, 2020, providing CoBank with a first-priority security interest in USPB’s membership interests in, and distributions from, NBP.

The A&R Note provides for a \$1.0 million revolving term commitment. That commitment carries a term of five years, maturing on June 30, 2030. Amounts outstanding under the A&R Note bear interest at 2.6% plus the higher of 0.00% and Daily Simply SOFR (as defined in the A&R Note).

On July 24, 2025, USPB and CoBank entered into an Amendment to the A&R Note (the “Amendment”). The Amendment provides for an increase in the amount of the commitment under the A&R Note by an aggregate amount not exceeding \$30,000,000. There were no borrowings under the facility as of December 27, 2025.

### ***Cash Flows***

***Operating Activities.*** Net cash used in operating activities was \$0.5 million in fiscal year 2025 as compared to net cash provided by operating activities

of \$0.8 million in fiscal year 2024. The \$1.2 million decrease was primarily due to losses and changes in working capital in the current period.

Net cash provided by operating activities was \$0.8 million in fiscal year 2024 as compared to \$54.1 million in fiscal year 2023. The \$53.3 million decrease was primarily due to decreased distributions received from NBP that were classified as a distribution from operating activities.

***Investing Activities.*** Net cash used in investing activities was approximately \$24.7 million in fiscal year 2025 compared to \$10.2 million in fiscal year 2024. The change was primarily due to the purchase of an additional 130,4415 units of membership interests of NBP for approximately \$30.1 million and changes in investments of certificate of deposits and treasury securities in 2025. For more information on the purchase of membership interest units in NBP, see Note 2. “*Basis of Presentation and Accounting Policies*” in USPB’s consolidated financial statements.

Net cash used in investing activities was \$10.2 million in fiscal year 2024 compared to \$20.0 million in fiscal year 2023. The change was due to an investment in certificates of deposit at U.S. Bank in 2024.

***Financing Activities.*** Net cash provided by financing activities was \$0.2 million in fiscal year 2025 as compared to net cash used of \$10.0 million in fiscal year 2024. The \$10.2 million increase was due to not paying distributions to members in fiscal year 2025.

Net cash used in financing activities was \$10.0 million in fiscal year 2024 as compared to \$73.4 million in fiscal year 2023. The \$63.4 million decrease was due to a decrease in distributions to members in fiscal year 2024, compared to fiscal year 2023.

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**

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# 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 27, 2025 and December 28, 2024, the related statements of operations, members’ capital, and cash flows for each of the three years in the period ended December 27, 2025, 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 27, 2025 and December 28, 2024, and the results of its operations and its cash flows for each of the three years in the period ended December 27, 2025, 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 10, 2026

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

Assets	<u>December 27, 2025</u>	<u>December 28, 2024</u>
Current assets:		
Cash and cash equivalents	\$ 14,052	\$ 39,008
Certificate of Deposit	—	30,224
Treasury Securities	24,735	—
Accrued interest receivable	—	185
Due from affiliates	619	182
Other current assets	687	901
Total current assets	<u>40,093</u>	<u>70,500</u>
Property, plant, and equipment, at cost	274	274
Less accumulated depreciation	<u>257</u>	<u>244</u>
Net property, plant, and equipment	17	30
Right of use assets, net	183	228
Investment in National Beef Packing Company, LLC	179,759	169,381
Other assets	253	1
Total assets	<u>\$ 220,305</u>	<u>\$ 240,140</u>
<b>Liabilities and Members' Capital</b>		
Current liabilities:		
Accounts payable - trade	\$ 24	\$ 28
Due to affiliates	269	74
Accrued compensation and benefits	3,017	2,413
Lease obligations	73	61
Other accrued expenses and liabilities	155	293
Distributions payable	325	153
Total current liabilities	<u>3,863</u>	<u>3,022</u>
Long-term liabilities:		
Lease obligations	110	167
Other liabilities	<u>6,239</u>	<u>7,307</u>
Total long-term liabilities	<u>6,349</u>	<u>7,474</u>
Total liabilities	10,212	10,496
Commitments and contingencies	—	—
Members' capital		
Members' contributed capital, 735,385 Class A units and 755,385 Class B units authorized, issued and outstanding	<u>210,093</u>	<u>229,644</u>
Total members' capital	<u>210,093</u>	<u>229,644</u>
Total liabilities and members' capital	<u>\$ 220,305</u>	<u>\$ 240,140</u>

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 27, 2025	52 weeks ended December 28, 2024	52 weeks ended December 30, 2023
Net sales	\$ —	\$ —	\$ —
Costs and expenses:			
Cost of sales	—	—	—
Selling, general, and administrative expenses	3,399	3,268	3,525
Depreciation and amortization	14	13	20
Total costs and expenses	3,413	3,281	3,545
Operating loss	(3,413)	(3,281)	(3,545)
Other income:			
Interest income	2,185	3,001	3,238
Dividend income	7	—	—
Interest expense	—	—	(1)
Equity in net income (loss) of National Beef Packing Company, LLC	(19,768)	6,784	41,171
Other, net	1,167	1,010	713
Total other income (loss)	(16,409)	10,795	45,121
Net income (loss)	\$ (19,822)	\$ 7,514	\$ 41,576
Income (loss) per unit:			
Basic and diluted			
Class A units	\$ (2.70)	\$ 1.02	\$ 5.65
Class B units	\$ (23.62)	\$ 8.95	\$ 49.54
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 Members' Capital**  
**(thousands of dollars)**

	<b>Members' capital</b>
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
Net loss for the year ended December 28, 2025	(19,822)
Advanced distribution	271
Balance at December 27, 2025	\$ 210,093

See accompanying notes to consolidated financial statements.

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

	52 weeks ended December 27, 2025	52 weeks ended December 28, 2024	52 weeks ended December 30, 2023
Cash flows from operating activities:			
Net income (loss)	\$ (19,822)	\$ 7,514	\$ 41,576
Adjustments to reconcile net income/loss to net cash provided by operating activities:			
Depreciation and amortization	14	13	20
Equity in net income (loss) of National Beef Packing Company, LLC	19,768	(6,784)	(41,171)
Distributions from National Beef Packing Company, LLC	—	—	58,130
Changes in assets and liabilities:			
Accounts receivable	—	—	9
Accrued interest receivable	185	(148)	(37)
Due from affiliates	(437)	101	638
Other assets	214	773	(1,671)
Accounts payable	(4)	—	(8)
Due to affiliates	195	26	(1,109)
Accrued compensation and benefits	(464)	(799)	(1,655)
Other accrued expenses and liabilities	(138)	58	(580)
Net cash (used in) provided by operating activities	(489)	754	54,142
Cash flows from investing activities:			
Capital expenditures	—	—	(9)
Additional investment in Equity Method Investment	(30,146)	—	—
Investment in certificates of deposit	(23,794)	(70,224)	(40,000)
Redemption of certificates of deposit	54,018	60,000	20,000
Investment in treasury securities	(39,016)	—	—
Redemption of treasury securities	14,281	—	—
Net cash used in investing activities	(24,657)	(10,224)	(20,009)
Cash flows from financing activities:			
Member distributions	190	(10,003)	(73,384)
Net cash provided by (used in) financing activities	190	(10,003)	(73,384)
Net decrease in cash	(24,956)	(19,473)	(39,251)
Cash and cash equivalents at beginning of period	39,008	58,481	97,732
Cash and cash equivalents at end of period	\$ 14,052	\$ 39,008	\$ 58,481
Supplemental cash disclosures:			
Cash paid during the period for taxes	\$ —	\$ 65	\$ 409
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**

## **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.

On August 19, 2025, USPB received an offer (the "Offer") from NBP, pursuant to the terms of that certain Fourth Amended and Restated Limited Liability Company Agreement of NBP, dated as of February 28, 2019 (the "NBP Operating Agreement"), to purchase a pro rata share of units of membership interest in NBP at a price of \$231,106.21 per unit. On September 25, 2025, the Company purchased 130.4415 units of membership interest in NBP (the "Purchased Units") pursuant to the Offer for a purchase price of approximately \$30.1 million.

The purchase price was funded by cash on hand. Following the purchase of the Purchased Units, the Company's ownership interest in NBP 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

# **U.S. PREMIUM BEEF, LLC**

## **Notes to Financial Statements**

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.

In November 2024, the FASB issued authoritative guidance in Accounting Standards update 2024-03 - *Disaggregation of Income Statement Expenses* to disclose certain additional expense information including, among other items, purchases of inventory, employee compensation, depreciation and intangible asset amortization included within each Consolidated Statement of Income expense caption. The guidance is effective for annual reporting periods beginning after December 15, 2026, our fiscal 2027, and interim reporting periods within fiscal years beginning after December 15, 2027, our fiscal 2028. Amendments can be applied using either the prospective or the retrospective approach. We are currently evaluating the impact this guidance will have on disclosures in our consolidated financial statements.

### ***Accounting Pronouncements***

ASU 2023-09 (Income Taxes): The new income tax one was not material to the entity given the tax status of the Company and no income taxes being paid by the Company.

### ***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 year 2025, 2024 and 2023 were 52 week years.

### ***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 27, 2025 and December 28, 2024, the Company's balance sheet reflected Cash and cash equivalents of \$14.1 million and \$39.0 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.

### ***Investments in 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 27, 2025, all certificates of deposits had matured.

### ***Investment in Debt Securities***

Investments in debt securities consist of held-to-maturity investment securities in U.S. treasury securities held at amortized cost. Realized gains and losses are recorded using the specific identification method in gain (loss) investments, net on the statements of operations. We did not record any material gains or losses on these securities during the years ended December 27, 2025, December 27, 2024, or December 30, 2023

If the treasury securities were measured at fair value, they would be classified as Level 1 in the fair value hierarchy, based on quoted prices in active markets for similar securities. We do not intend to sell these investment securities prior to maturity.

## U.S. PREMIUM BEEF, LLC

### Notes to Financial Statements

#### *Treasury Securities*

Treasury securities held for investment with original maturities greater than three months and remaining maturities less than one year are classified as current assets.

The following table sets forth our held-to-maturity treasury securities carrying value and fair value for the securities purchased in fiscal year 2025. USPB didn't purchase any treasury securities in fiscal year 2024.

	Fair Value as of December 27, 2025	
	(thousands of dollars)	
	Carrying Value	Fair Value
United States Treasury	\$ 24,735	\$ 24,735

#### *Other Current Assets*

Included in Other Current Assets are receivables from several states, with the largest amounts being due from 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.

On August 19, 2025, USPB received an offer (the "Offer") from NBP, pursuant to the terms of the NBP Operating Agreement, to purchase a pro rata share of units of membership interest in NBP at a price of \$231,106.21 per unit. On September 25, 2025, the Company purchased 130.4415 units of membership interest in NBP (the "Purchased Units") pursuant to the Offer for a purchase price of approximately \$30.1 million. This was a strategic investment to maintain the 15.0729% ownership interest. USPB is invested for the long-term and the additional investment is representative of that commitment. The additional investment was reviewed and approved by the Board.

The purchase price was funded by cash on hand. Following the purchase of the Purchased Units, the Company's ownership interest in NBP remained at 15.0729%.

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

	December 27, 2025	December 28, 2024
	(thousands of dollars)	
Beginning investment balance	\$ 169,381	\$ 162,597
Equity in net income (loss)	(19,768)	6,784
Capital contribution	30,146	—
Ending investment balance	\$ 179,759	\$ 169,381

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.

For fiscal year 2025, 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 evaluation incorporated a market-based approach which resulted in a fair value of the investment that exceeded the carrying value. As a result of the analysis, USPB concluded that the carrying value of its investment in NBP was not impaired as of December 27, 2025.

For fiscal year 2024, 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*

# U.S. PREMIUM BEEF, LLC

## Notes to Financial Statements

*Joint Ventures.* The evaluation included both quantitative and qualitative factors. The quantitative approach that was used in fiscal year 2024 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 year 2024 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 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.

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.

### ***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 27, 2025 and December 28, 2024 follows (thousands of dollars):

	December 27, 2025	December 28, 2024
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	257	244
Property, plant, and equipment, net	\$ 17	\$ 30

Depreciation expense was less than \$0.1 million for fiscal years ended December 27, 2025, December 28, 2024, and December 30, 2023.

# **U.S. PREMIUM BEEF, LLC**

## **Notes to Financial Statements**

### ***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 \$0.3 million and \$0.2 million, as of December 27, 2025 and December 28, 2024.

### ***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 its members. As of December 27, 2025 and December 28, 2024, Other accrued expenses and liabilities on the Company's balance sheet reflected state taxes payable of \$0.0 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 27, 2025 and December 28, 2024, the Company had accrued \$0.4 million and \$0.3 million, respectively, for the noncompetition agreements. The accrued amounts are included in Accrued compensation and benefits 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 NBP. 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 NBP 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.

## U.S. PREMIUM BEEF, LLC

### Notes to Financial Statements

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

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

	52 weeks ended December 27, 2025			
	Equity Method Investment in National Beef Packing Company, LLC and Subsidiaries (1)	Elimination of Unconsolidated Affiliate	Corporate and Other of USPB	Consolidated Total of USPB
Net sales	\$ 13,832,662	\$ (13,832,662)	\$ —	\$ —
Cost of sales	13,628,133	(13,628,133)	—	—
Selling, general and administrative expenses	112,895	(112,895)	(3,399)	(3,399)
Depreciation and amortization	173,697	(173,697)	(14)	(14)
Interest income	66	(66)	2,185	2,185
Interest expense	(48,447)	48,447	—	—
Other, net	—	—	1,174	1,174
Income tax expense	3,298	(3,298)	—	—
Net loss in National Beef	(127,146)	127,146	(54)	(54)
Equity in net loss of National Beef	(19,768)			(19,768)
Net loss of USPB				\$ (19,822)
Total assets	\$ 2,273,575	\$ (2,273,575)	\$ 220,305	\$ 220,305
Total liabilities	\$ (1,119,598)	\$ 1,119,598	\$ (10,212)	\$ (10,212)
Capital Expenditures for segment assets	\$ (95,760)	\$ 95,760	\$ —	\$ —

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

# U.S. PREMIUM BEEF, LLC

## Notes to Financial Statements

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 in National Beef	49,008	(49,008)	730	730
Equity in earnings of National Beef	6,784			6,784
Net income of USPB				<u>\$ 7,514</u>
Total assets	<u>\$ 2,254,845</u>	<u>\$ (2,254,845)</u>	<u>\$ 240,140</u>	<u>\$ 240,140</u>
Total liabilities	<u>\$ (1,173,748)</u>	<u>\$ 1,173,748</u>	<u>\$ (10,496)</u>	<u>\$ (10,496)</u>
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 in National Beef	277,145	(277,145)	405	405
Equity in earnings of National Beef	41,171			41,171
Net income of USPB				<u>\$ 41,576</u>
Total assets	<u>\$ 2,268,689</u>	<u>\$ (2,268,689)</u>	<u>\$ 243,101</u>	<u>\$ 243,101</u>
Total liabilities	<u>\$ (1,236,404)</u>	<u>\$ 1,236,404</u>	<u>\$ (11,268)</u>	<u>\$ (11,268)</u>
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.

# U.S. PREMIUM BEEF, LLC

## Notes to Financial Statements

### *Income (Loss) 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.

<b>Net Income (Loss) Per Unit Calculation</b> (thousands of dollars, except unit and per unit data)	<b>52 weeks ended</b> <b>December 27, 2025</b>	<b>52 weeks ended</b> <b>December 28, 2024</b>	<b>52 weeks ended</b> <b>December 30, 2023</b>
<b>Basic and diluted earnings per unit:</b>			
Net Income (Loss) attributable to USPB available to unitholders (numerator)			
Class A	\$ (1,982)	\$ 751	\$ 4,158
Class B	\$ (17,840)	\$ 6,763	\$ 37,418
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	\$ (2.70)	\$ 1.02	\$ 5.65
Class B	\$ (23.62)	\$ 8.95	\$ 49.54

### **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, Amended and Restated Revolving Term Promissory Note (Promissory Note), and an Affirmation of Pledge Agreement (collectively, the 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.

On June 24, 2025, USPB and CoBank entered into an Amended and Restated Revolving Term Promissory Note (the "A&R Note"). The A&R Note amended and restated the Amended and Restated Revolving Term Promissory Note, dated July 13, 2020, issued by USPB to CoBank, which had a scheduled maturity of June 30, 2025. The A&R Note was issued under that certain Credit Agreement, dated July 13, 2020, between USPB and CoBank and is secured by an Affirmation of Pledge Agreement, dated July 13, 2020, providing CoBank with a first-priority security interest in USPB's membership interests in, and distributions from, NBP.

The A&R Note provides for a \$1.0 million revolving term commitment. That commitment carries a term of five years, maturing on June 30, 2030. Amounts outstanding under the A&R Note bear interest at 2.6% plus the higher of 0.00% and Daily Simply SOFR (as defined in the A&R Note). There were no borrowings under the facility as of December 27, 2025 or December 28, 2024.

USPB was in compliance with the financial covenant under its Credit Agreement as of December 27, 2025.

## U.S. PREMIUM BEEF, LLC

### Notes to Financial Statements

#### (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 2.25 years. The Dodge City, KS office renewed its office lease in October 2023 and has a remaining term of approximately 3.0 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 and expense for the Kansas City office was \$5,644 and \$5,425, respectively, as of December 2025, and increases by approximately 3% on April 1 of each year. The monthly lease payment and expense, for the Dodge City office was \$1,050 and \$1,049, respectively, as of December 2025. Both offices are used for general office use only. As of December 27, 2025, 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 was 6.05%, USPB's incremental borrowing rate adjusted for the lease term.

The table below states the total of the remaining lease payments as of December 27, 2025 (thousands of dollars):

2026	\$	82
2027		84
2028 (3 months)		30
Total	\$	196
Less: future interest		13
Lease liabilities recognized	\$	183

#### 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 year 2025, 4,490 of the Class A and Class B phantom units remained outstanding and, at the end of fiscal years 2024 and 2023, 4,750 Class A phantom units and 4,750 Class B phantom units were outstanding under the 2010 management phantom unit plan. 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 years 2025 and 2024, and compensation expense of \$0.1 million was recognized in fiscal year 2023.

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. At the end of fiscal years 2025, 1,300 of the Class A and Class B phantom units remained outstanding and, at the end of fiscal year 2024, 1,500 of the Class A and Class B phantom units

# U.S. PREMIUM BEEF, LLC

## Notes to Financial Statements

remained outstanding under the 2012 phantom unit plan. For the 2012 management phantom unit plan, a reduction of compensation expense of \$0.1 million in fiscal year 2025 and 2024, and compensation expense of \$0.2 million fiscal year 2023.

As of December 27, 2025 and December 28, 2024, the Company had accrued \$7.8 million and \$8.5 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 27, 2025		December 28, 2024
	(thousands of dollars)		
Current phantom unit	\$ 1,560		\$ 1,703
Long-term phantom unit	6,239		6,810
	\$ 7,799		\$ 8,513

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 27, 2025 and December 28, 2024, the Company had accrued \$1.1 million and \$0.9 million, respectively, for the cash incentive and bonus plans. The accrued amounts are included in Accrued compensation and benefits on the balance sheet.

The Company maintains a tax-qualified employee savings and retirement plan (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 for fiscal years 2025, 2024, and 2023.

### **NOTE 5. OTHER EXPENSE OR INCOME**

Other non-operating income, net was \$1.2 million for fiscal year 2025, \$1.0 million for fiscal year 2024 and \$0.7 million for fiscal year 2023. 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 \$0.0 million in fiscal year 2025, \$0.1 million in fiscal year 2024, and \$0.4 million in fiscal year 2023.

### **NOTE 7. RELATED PARTY TRANSACTIONS**

All of the Company's directors hold Class A units of the Company directly or indirectly. By virtue of ownership of the units, each of these individuals or the entities they represent 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 (Amended Agreement). Per the terms and conditions of the Amended Agreement, NBP is required to purchase

# **U.S. PREMIUM BEEF, LLC**

## **Notes to Financial Statements**

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 2025, 2024, and 2023, 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 2025, 2024, and 2023, the average cattle deliveries by USPB's Class A unitholders and associates were approximately 26.8% 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 27, 2025 and December 28, 2024, the Company had receivables of approximately \$0.4 million and \$0.1 million, respectively, due from unitholders and associates. At December 27, 2025 and December 28, 2024, the Company had receivables of approximately \$0.2 million and \$0.0 million due from NBP, respectively.

At December 27, 2025 and December 28, 2024, the Company had payables of \$0.3 million and \$0.2 million due to unitholders and associates. At December 27, 2025 and December 28, 2024, the Company had payables of approximately \$0.2 million and \$0.0 million due to NBP, respectively.

### **NOTE 8. LEGAL PROCEEDINGS**

As of December 27, 2025, 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 (the "US Class Actions") 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 "Canadian Class Actions" and the "US Class Actions" are collectively referred to as 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.*,

## **U.S. PREMIUM BEEF, LLC**

### **Notes to Financial Statements**

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, Eastern 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 filed on October 4, 2024 in the United States District Court, Eastern District of New York. On October 4, 2022, the US 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

## **U.S. PREMIUM BEEF, LLC**

### **Notes to Financial Statements**

consolidated financial position, results of operations and cash flows. NBP has negotiated a settlement with the plaintiffs in the Canadian Class Actions and has paid into a trust account CAN \$495,000 to resolve these claims. The settlement is subject to approval of the Canadian courts overseeing the matters. If the settlement is not ultimately approved, there can be no assurances, however, as to the outcome of the Canadian Class Actions or the impact on the 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. In September 2025, NBP received notice from the DOJ that it is closing the federal investigation, and then in November 2025 the DOJ initiated a new civil antitrust investigation. NBP is currently working with the DOJ to define any new information being requested by the agency, and NBP is cooperating with this new investigation. NBP believes it has meritorious defenses to any potential claims that might arise out of any of the open 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 for approximately \$14.2 million on January 15, 2025. NBP has paid the settlement funds into escrow. 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.

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# **NATIONAL BEEF PACKING COMPANY, LLC**

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# **REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS**

Board of Managers  
National Beef Packing Company, LLC

## **OPINION**

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 27, 2025 and December 28, 2024, 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 27, 2025, 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 27, 2025 and December 28, 2024, and the results of its operations and its cash flows for each of the three fiscal years in the period ended December 27, 2025, 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.

# REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

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 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.

*Brent Thornton LLP*

Kansas City, Missouri  
February 18, 2026

**NATIONAL BEEF PACKING COMPANY, LLC AND SUBSIDIARIES**  
**Consolidated Balance Sheets**  
**(in thousands)**

	December 27, 2025	December 28, 2024
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 96,167	\$ 10,661
Accounts receivable, less allowance for returns and expected credit losses of \$20,887 and \$7,904, respectively	373,869	364,977
Due from affiliates	6,058	4,156
Other receivables	5,067	4,293
Inventories	483,181	451,783
Other current assets	29,962	53,317
Total current assets	994,304	889,187
Property, plant and equipment, at cost:		
Land and improvements	119,201	116,161
Buildings and improvements	467,946	451,426
Machinery and equipment	1,019,941	947,698
Trailers and automotive equipment	11,700	5,377
Furniture and fixtures	26,386	27,965
Construction in progress	119,019	131,224
	1,764,193	1,679,851
Less accumulated depreciation	810,784	699,587
Net property, plant and equipment	953,409	980,264
Goodwill	30,634	30,634
Other intangibles, net of accumulated amortization of \$657,181 and \$608,736, respectively	213,107	261,552
Right of use assets, net of accumulated amortization of \$80,573 and \$63,836, respectively	71,836	82,099
Other assets	10,285	11,109
Total Assets	\$ 2,273,575	\$ 2,254,845
<b>Liabilities and Members' Capital</b>		
Current liabilities:		
Current installments of long-term debt	\$ 631	\$ 26,304
Current portion of right of use liabilities	26,398	23,975
Cattle purchases payable	148,656	225,263
Accounts payable — trade	344,247	153,656
Due to affiliates	1,711	1,071
Accrued compensation and benefits	47,413	60,220
Accrued insurance	13,306	21,953
Other accrued expenses and liabilities	48,806	64,753
Total current liabilities	631,168	577,195
Long-term debt, excluding current installments	426,521	521,786
Long-term portion of right of use liabilities	47,470	58,946
Other liabilities	14,439	15,821
Total liabilities	1,119,598	1,173,748
Commitments and contingencies		
Members' capital:		
Members' capital	1,154,605	1,081,751
Accumulated other comprehensive loss	(628)	(654)
Total members' capital	1,153,977	1,081,097
Total Liabilities and Members' capital	\$ 2,273,575	\$ 2,254,845

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

	52 weeks ended December 27, 2025	52 weeks ended December 28, 2024	52 weeks ended December 30, 2023
Net sales	\$ 13,832,662	\$ 12,373,291	\$ 11,949,876
Costs and expenses:			
Cost of sales	13,628,133	11,998,533	11,403,911
Selling, general and administrative	112,895	124,820	105,868
Depreciation and amortization	173,697	160,179	133,782
Total costs and expenses	13,914,725	12,283,532	11,643,561
Operating income (loss)	(82,063)	89,759	306,315
Other (expense) income:			
Interest income	68	110	66
Interest expense	(48,447)	(41,658)	(26,544)
Income (Loss) before taxes	(130,442)	48,211	279,837
Income tax expense	(3,296)	(797)	2,692
Net income (loss)	\$ (127,146)	\$ 49,008	\$ 277,145

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 27, 2025	52 weeks ended December 28, 2024	52 weeks ended December 30, 2023
Net income (loss)	\$ (127,146)	\$ 49,008	\$ 277,145
Other comprehensive income (loss):			
Foreign currency translation adjustments	26	(196)	(189)
Comprehensive income (loss)	\$ (127,120)	\$ 48,812	\$ 276,956

See accompanying notes to consolidated financial statements.

**NATIONAL BEEF PACKING COMPANY, LLC AND SUBSIDIARIES**  
**Consolidated Statements of Cash Flows**  
**(in thousands)**

	<u>52 weeks ended</u> <u>December 27, 2025</u>	<u>52 weeks ended</u> <u>December 28, 2024</u>	<u>52 weeks ended</u> <u>December 30, 2023</u>
Cash flows from operating activities:			
Net income (loss)	\$ (127,146)	\$ 49,008	\$ 277,145
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Depreciation and amortization	173,697	160,179	133,782
Provision for returns and doubtful accounts	12,983	13,276	11,028
Deferred income tax provision	4,027	325	(43)
(Gain)/Loss on disposal of property, plant and equipment	(263)	(83)	145
Amortization of debt issuance costs	1,355	924	920
Change in assets and liabilities:			
Accounts receivable	(21,875)	1,953	(92,627)
Due from affiliates	(1,902)	729	(1,049)
Other receivables	(774)	5,196	(3,874)
Inventories	(31,398)	(28,657)	(2,977)
Other assets	20,152	15,924	26,293
Right of use assets and lease liabilities, net	1,210	(1,238)	1,655
Cattle purchases payable	118,984	40,108	(16,400)
Accounts payable	(4,156)	28,076	(21,817)
Due to affiliates	641	92	(4,430)
Accrued compensation and benefits	(12,807)	(31,074)	(103,515)
Accrued insurance	(8,647)	10,183	299
Other accrued expenses and liabilities	(17,329)	18,244	711
Net cash provided by operating activities	<u>106,752</u>	<u>283,165</u>	<u>205,246</u>
Cash flows from investing activities:			
Capital expenditures, including interest capitalized	(95,760)	(161,048)	(191,827)
Proceeds from sale of property, plant and equipment	408	395	688
Net cash used in investing activities	<u>(95,352)</u>	<u>(160,653)</u>	<u>(191,139)</u>
Cash flows from financing activities:			
Receipts under revolving credit lines	8,051,000	6,274,144	1,812,856
Payments under revolving credit lines	(8,108,000)	(6,380,000)	(1,650,000)
Receipts under reducing revolving credit lines	6,330,000	4,150,000	4,530,000
Payments under reducing revolving credit lines	(6,390,000)	(4,170,000)	(4,340,000)
Repayments of other indebtedness/finance leases	(2,309)	(2,157)	(4,035)
Cash paid for financing costs	(6,608)	—	—
Member Contributions	200,000	—	—
Member Distributions	—	—	(385,660)
Net cash provided by financing activities	<u>74,083</u>	<u>(128,013)</u>	<u>(36,839)</u>
Effect of exchange rate changes on cash	23	(211)	(203)
Net increase (decrease) in cash	85,506	(5,712)	(22,935)
Cash and cash equivalents at beginning of period	10,661	16,373	39,308
Cash and cash equivalents at end of period	<u>\$ 96,167</u>	<u>\$ 10,661</u>	<u>\$ 16,373</u>
Supplemental disclosures:			
Cash paid during the period for interest	\$ 53,592	\$ 44,314	\$ 38,049
Cash paid during the period for taxes	\$ 17	\$ 80	\$ 405
Supplemental non-cash disclosures of operating and investing activities:			
Non-cash additions to property, plant and equipment included in accounts payable	<u>\$ 4,833</u>	<u>\$ 5,678</u>	<u>\$ 3,210</u>

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 Income (Loss)	TOTAL
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
Net (loss)	(127,146)	—	(127,146)
Distributions	—	—	—
Contributions	200,000	—	200,000
Foreign currency translation adjustments	—	26	26
Balance at December 27, 2025	\$ 1,154,605	\$ (628)	\$ 1,153,977

See accompanying notes to consolidated financial statements.

# **NATIONAL BEEF PACKING COMPANY, LLC AND SUBSIDIARIES**

## **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 Irving, 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 27, 2025, and December 28, 2024, approximately 53% 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 2025, 2024 and 2023 were each 52-week fiscal years. 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

# NATIONAL BEEF PACKING COMPANY, LLC AND SUBSIDIARIES

## Notes to Consolidated Financial Statements

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 following table represents the rollforward of the allowance for returns and expected credit losses for the fiscal years ended December 27, 2025, December 28, 2024 and December 30, 2023 (in thousands):

Period Ended	Beginning Balance	Provision	Charge Off	Ending Balance
December 30, 2023	\$ (3,075)	\$ (11,028)	\$ 10,623	\$ (3,480)
December 28, 2024	\$ (3,480)	\$ (13,276)	\$ 8,852	\$ (7,904)
December 27, 2025	\$ (7,904)	\$ (18,046)	\$ 5,063	\$ (20,887)

### ***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 27, 2025 and December 28, 2024 consisted of the following (in thousands):

	December 27, 2025	December 28, 2024
Dressed and boxed beef products	\$ 379,311	\$ 352,726
Beef by-products	36,041	34,637
Parts, supplies and other	67,829	64,420
Total inventory	<u>\$ 483,181</u>	<u>\$ 451,783</u>

### ***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	3 to 15 years
Automotive equipment	2 to 4 years
Furniture and fixtures	3 to 5 years

Depreciation expense was \$125.3 million, \$111.7 million and \$85.1 million for the fiscal years ended December 27, 2025, December 28, 2024 and December 30, 2023, 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 \$2.8 million, \$10.0 million and \$12.7 million for the fiscal years ended December 27, 2025, December 28, 2024 and December 30, 2023, respectively.

# NATIONAL BEEF PACKING COMPANY, LLC AND SUBSIDIARIES

## Notes to Consolidated Financial Statements

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 2025, 2024 or 2023.

### **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 2025 or 2024 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):

	Weighted Average Amortization Period	December 27, 2025	
		Gross Carrying Amount	Accumulated Amortization
Intangible assets subject to amortization:			
Customer relationships	18	\$ 433,300	\$ 327,928
Trade names	20	290,148	191,986
Cattle supply relationships	15	143,600	134,027
Other	6	3,240	3,240
Total intangible assets		\$ 870,288	\$ 657,181

# NATIONAL BEEF PACKING COMPANY, LLC AND SUBSIDIARIES

## Notes to Consolidated Financial Statements

	Weighted Average Amortization Period	December 28, 2024	
		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

For the fiscal years ended December 27, 2025, December 28, 2024 and December 30, 2023 the Company recognized \$48.4 million, \$48.4 million and \$48.7 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 27, 2025, for each of the next five years and thereafter (in thousands):

Estimated amortization expense for fiscal years ending:	
2026	\$ 48,445
2027	38,872
2028	38,872
2029	38,872
2030	16,287
Thereafter	31,759
Total	\$ 213,107

### **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.

# **NATIONAL BEEF PACKING COMPANY, LLC AND SUBSIDIARIES**

## **Notes to Consolidated Financial Statements**

### ***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 2025, 2024, 2023, and 2022.

### ***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 27, 2025 and December 28, 2024, 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 \$19.9 million, \$21.8 million and \$23.5 million for the fiscal years ended December 27, 2025, December 28, 2024 and December 30, 2023.

### ***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.

# NATIONAL BEEF PACKING COMPANY, LLC AND SUBSIDIARIES

## Notes to Consolidated Financial Statements

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 27, 2025	52 weeks ended December 28, 2024	52 weeks ended December 30, 2023
Beef, pork, & beef by-products	\$ 13,692,929	\$ 12,212,257	\$ 11,791,237
Other	139,733	161,034	158,639
Net Sales	\$ 13,832,662	\$ 12,373,291	\$ 11,949,876

# NATIONAL BEEF PACKING COMPANY, LLC AND SUBSIDIARIES

## Notes to Consolidated Financial Statements

### *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 2025 are as follows (in thousands):

	December 27, 2025	December 28, 2024	Change
Contract liabilities	\$ 18,995	\$ 13,992	\$ 5,003

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)

Substantially all of the contract liability as of December 28, 2024 was recognized in revenue during 2025. The Company expects to recognize substantially all of the current year liability in 2026.

### **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 our incremental borrowing rate.

# NATIONAL BEEF PACKING COMPANY, LLC AND SUBSIDIARIES

## Notes to Consolidated Financial Statements

During our fiscal years ended December 27, 2025, December 28, 2024, and December 30, 2023 we recognized rent expense associated with our leases as follows (in thousands):

	December 27, 2025	December 28, 2024	December 30, 2023
Operating lease cost:			
Fixed rent expense	\$ 29,415	\$ 29,120	\$ 30,030
Variable rent expense	—	—	34
Finance lease cost:			
Amortization of ROU assets	1,925	2,025	2,254
Interest expense	68	154	236
Short-term lease cost	14,661	15,329	12,097
Net lease cost	<u>\$ 46,069</u>	<u>\$ 46,628</u>	<u>\$ 44,651</u>
Lease cost – Cost of sales	\$ 42,869	\$ 43,238	\$ 41,220
Lease cost – SG&A	1,208	1,211	941
Lease cost – Depreciation & Amortization	1,925	2,025	2,254
Lease cost – Interest expense	67	154	236
Net lease cost	<u>\$ 46,069</u>	<u>\$ 46,628</u>	<u>\$ 44,651</u>

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 27, 2025, and December 28, 2024, right-of-use assets and lease liabilities related to finance leases were as follows (in thousands):

	December 27, 2025	December 28, 2024
Finance lease ROU assets	\$ 3,668	\$ 1,969
Finance lease liabilities:		
Current installments of long-term debt	631	2,228
Long-term debt	3,151	239

During the fiscal years ended December 27, 2025, December 28, 2024, and December 30, 2023 we had the following cash and non-cash activities associated with our leases (in thousands):

	December 27, 2025	December 28, 2024	December 30, 2023
Cash paid for amounts included in the measurement of lease liabilities:			
Operating cash flows from operating leases	\$ 28,148	\$ 30,574	\$ 28,702
Operating cash flows from finance leases	73	162	222
Financing cash flows from finance leases	2,188	2,152	1,889
Supplemental non-cash information			
Additions to ROU assets obtained from:			
New operating lease liabilities	12,869	23,578	41,400
New finance lease liabilities	3,624	96	242

# NATIONAL BEEF PACKING COMPANY, LLC AND SUBSIDIARIES

## Notes to Consolidated Financial Statements

The future payments due under operating and finance leases as of December 27, 2025 is as follows (in thousands):

	Operating	Finance
Due in:		
2026	\$ 26,398	\$ 631
2027	23,633	3,505
2028	11,924	14
2029	9,095	—
2030	4,663	—
Thereafter	4,942	—
Total	80,655	4,150
Future interest	(6,787)	(368)
Lease liabilities recognized	\$ 73,868	\$ 3,782

As of December 27, 2025, the weighted-average remaining lease term for all operating leases is 3.45 years, while the weighted-average remaining lease term for all finance leases is 1.91 years. 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 27, 2025, the weighted-average discount rate associated with operating leases is 4.77%, while the weighted-average discount rate associated with finance leases is 6.05%. 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%.

### 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 27, 2025, and December 28, 2024, debt consisted of the following (in thousands):

	December 27, 2025	December 28, 2024
Short-term debt:		
Reducing revolver credit facility (a)	\$ —	\$ 25,000
Current portion of loan costs (c)	—	(924)
Current portion of finance lease obligations	631	2,228
	631	26,304
Long-term debt:		
Reducing revolver credit facility (a)	430,000	465,000
Industrial Development Revenue Bonds (b)	2,000	2,000
Revolving credit facility (a)	—	57,000
Long-term portion of loan costs (c)	(8,630)	(2,453)
Long-term finance lease obligations	3,151	239
	426,521	521,786
Total debt	\$ 427,152	\$ 548,090

# **NATIONAL BEEF PACKING COMPANY, LLC AND SUBSIDIARIES**

## **Notes to Consolidated Financial Statements**

(a) *Senior Credit Facilities* - In October 2025, the Company amended its senior credit facilities. The Fifth Amended and Restated Credit Agreement (Debt Agreement) matures in September 2030. The Debt Agreement includes a \$1.15 billion reducing revolver loan and a \$350.0 million revolving credit facility. 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; as of December 27, 2025, the Company was in compliance with the financial covenant.

At December 27, 2025, the Company's outstanding debt balance under the Debt Agreement was \$430.0 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 3.00% depending upon certain financial ratios and the rate selected. As of December 27, 2025 the interest rate on the reducing revolver credit facility and the revolving credit facility was 6.59% and 6.42%, 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 27, 2025. 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 reductions in the commitment amount. On December 27, 2025, after deducting outstanding amounts and issued letters of credit, \$315.4 million of the unused revolving credit facility and \$720.0 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

# NATIONAL BEEF PACKING COMPANY, LLC AND SUBSIDIARIES

## Notes to Consolidated Financial Statements

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.

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 2025 Debt Agreement, the Company paid financing charges of approximately \$6.6 million which are being amortized over the life of the loan along with approximately \$2.0 million of unamortized loan charges from previous amendments.

Amortization of \$1.4 million, \$0.9 million and \$0.9 million was charged to interest expense during the fiscal years ended December 27, 2025, December 28, 2024 and December 30, 2023, respectively.

The aggregate minimum principal maturities of the long-term debt for each of the five fiscal years and thereafter following December 27, 2025, are as follows (in thousands):

	<b>Minimum Principal Maturities</b>	
Fiscal year ending December:		
2026	\$	631
2027		4,137
2028		14
2029		1,000
2030		430,000
Thereafter		—
Total minimum principal maturities	\$	435,782
Total unamortized loan costs		(8,630)
Total debt	\$	427,152

### **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, \$6.1 million and \$5.0 million for the fiscal years 2025, 2024 and 2023, respectively.

# NATIONAL BEEF PACKING COMPANY, LLC AND SUBSIDIARIES

## Notes to Consolidated Financial Statements

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 \$12.2 million and \$13.1 million as of December 27, 2025 and December 28, 2024 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 27, 2025	52 weeks ended December 28, 2024	52 weeks ended December 30, 2023
Current provision:			
Federal	\$ 93	\$ (778)	\$ 1,288
State	302	(426)	1,430
Foreign	11	82	17
Total current tax expense (benefit)	<u>406</u>	<u>(1,122)</u>	<u>2,735</u>
Deferred provision:			
Federal	(2,833)	272	(37)
State	(869)	53	(6)
Foreign	—	—	—
Total deferred tax (benefit) expense	<u>(3,702)</u>	<u>325</u>	<u>(43)</u>
Total income tax (benefit) expense	<u>\$ (3,296)</u>	<u>\$ (797)</u>	<u>\$ 2,692</u>

### 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 2025, 2024 and 2023, the Company had sales and purchases with the following related parties (in thousands):

	52 weeks ended December 27, 2025	52 weeks ended December 28, 2024	52 weeks ended December 30, 2023
Sales to:			
Empirical Foods, Inc. (1)	\$ 99,437	\$ 90,489	\$ 105,555
MF Foods USA, LLC (2)	2,830	1,539	1,634
Marfrig affiliated (3)	5,788	—	—
Total sales to affiliate	<u>\$ 108,055</u>	<u>\$ 92,028</u>	<u>\$ 107,189</u>
Purchases from:			
Empirical Foods, Inc. (1)	\$ 15,168	\$ 13,688	\$ 11,923
Marfrig affiliates (3)	45,213	55,644	44,553
Total purchases from affiliate	<u>\$ 60,381</u>	<u>\$ 69,332</u>	<u>\$ 56,476</u>

(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 Tacuarembo, Inaler SA, and Frigorifico LaCaballada

# NATIONAL BEEF PACKING COMPANY, LLC AND SUBSIDIARIES

## Notes to Consolidated Financial Statements

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 \$1.2 million during 2025, \$1.3 million during 2024 and \$1.4 million during fiscal year 2023 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 27% of our cattle requirements under this agreement during fiscal year 2025, and approximately 25% each of the fiscal years 2024 and 2023.

### 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 27, 2025 and December 28, 2024. 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 27, 2025 and December 28, 2024 (in thousands):

	Derivative Asset As of December 27, 2025		Derivative Liability As of December 27, 2025	
	Balance Sheet Location	Fair Value	Balance Sheet Location	Fair Value
Commodity contracts	Other current assets	\$ 1,339	Other accrued expenses and liabilities	\$ 547
Totals		<u>\$ 1,339</u>		<u>\$ 547</u>
	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		<u>\$ 679</u>		<u>\$ 655</u>

# NATIONAL BEEF PACKING COMPANY, LLC AND SUBSIDIARIES

## Notes to Consolidated Financial Statements

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 27, 2025, December 28, 2024 and December 30, 2023 (in thousands):

Derivatives Not Designated as Hedging Instruments	Location of Gain or (Loss) Recognized in Income on Derivatives	Amount of Gain or (Loss) Recognized in Income on Derivatives		
		Fiscal Year Ended December 27, 2025	Fiscal Year Ended December 28, 2024	Fiscal Year Ended December 30, 2023
Commodity contracts	Net sales	\$ 36,298	\$ 10,029	\$ 15,067
Commodity contracts	Cost of sales	(8,219)	1,417	(1,694)
Totals		\$ 28,079	\$ 11,446	\$ 13,373

### 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. The Company entered settlements on the Canadian class actions in fiscal year 2025, has paid the settlement amounts into escrow, and is awaiting final court approvals of the settlement. On the remaining US class actions, The Company believes it has meritorious defenses to the claims in the Beef Antitrust Cases 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.

In addition to the beef antitrust litigation, the Company has been subject to a civil investigation by the United States Department of Justice and approximately 30 state attorneys general regarding industry cattle procurement and other industry practices. The Company has responded to the federal and state requests for information and cooperated with the investigations. In September of 2025 the Company was notified the DOJ was closing its investigation, and then in November of 2025 the DOJ initiated a new civil antitrust investigation. The Company is currently working with the DOJ to define any new information being requested by the agency, and the Company is cooperating with this new investigation. The Company believes that it has not engaged in any conduct that would give rise to an antitrust claim, and that it has meritorious defenses to any potential claims arising from a government investigation. There can be no assurances, however, as to the outcome of these investigations or the impact on the Company’s consolidated financial position, results of operation or cash flows.

# **NATIONAL BEEF PACKING COMPANY, LLC AND SUBSIDIARIES**

## **Notes to Consolidated Financial Statements**

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 that it has strong meritorious defenses to the claims in these cases and would defend against this litigation vigorously if it went to trial, the Company entered into a settlement agreement with the plaintiffs for \$14,200,000 that was preliminarily approved by the District Court on January 15, 2025. The Company had paid the settlement amount into escrow and is awaiting final court approvals.

### **NOTE 11. SUBSEQUENT EVENTS**

The Company evaluated subsequent events and transactions for potential recognition or disclosure in the consolidated financial statements through February 18, 2026, the date the consolidated financial statements were available for issuance and determined there were no such events to report.

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## A PRODUCER-OWNED BEEF COMPANY

Ownership | Market Access | Value Based Pricing | Information Transfer





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