

Unaudited condensed consolidated interim financial statements of

ROGERS SUGAR INC.

Three and nine months ended June 29, 2024, and July 1, 2023

(Unaudited and not reviewed by the Company's external independent auditors)

ROGERS SUGAR INC.

(Unaudited)

Condensed consolidated interim statements of earnings and comprehensive income

(In thousands of dollars except per share amounts)

Condensed consolidated interim statements of earnings	For the three months ended		For the nine months ended	
	June 29, 2024	July 1, 2023	June 29, 2024	July 1, 2023
Revenues (note 13)	309,091	262,285	898,734	796,677
Cost of sales	272,456	220,600	772,594	672,143
Gross margin	36,635	41,685	126,140	124,534
Administration and selling expenses	13,835	10,486	39,706	33,749
Distribution expenses	6,485	7,191	19,305	18,637
	20,320	17,677	59,011	52,386
Results from operating activities	16,315	24,008	67,129	72,148
Net finance costs (note 5)	5,899	5,361	18,497	17,890
Earnings before income taxes	10,416	18,647	48,632	54,258
Income tax expense (recovery):				
Current	4,510	3,062	13,328	11,070
Deferred	(1,473)	1,408	137	3,275
	3,037	4,470	13,465	14,345
Net earnings	7,379	14,177	35,167	39,913
Net earnings per share (note 10)				
Basic	0.06	0.13	0.31	0.38
Diluted	0.06	0.12	0.28	0.35

Condensed consolidated interim statements of comprehensive income	For the three months ended		For the nine months ended	
	June 29, 2024	July 1, 2023	June 29, 2024	July 1, 2023
Net earnings	7,379	14,177	35,167	39,913
Other comprehensive (loss) income				
Items that may or may not be reclassified subsequently to net earnings:				
Cash flow hedges (note 6)	(1,056)	(2,171)	(8,636)	(17,005)
Income tax on other comprehensive income (note 6)	271	557	2,217	4,365
Foreign currency translation differences	164	(235)	256	(751)
	(621)	(1,849)	(6,163)	(13,391)
Net earnings and comprehensive income for the period	6,758	12,328	29,004	26,522

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

ROGERS SUGAR INC.

(Unaudited)

Condensed consolidated interim statements of financial position

(In thousands of dollars)

	June 29, 2024	September 30, 2023	July 1, 2023
Assets			
Current assets:			
Cash	5,737	46	295
Trade and other receivables	110,089	118,252	98,124
Income taxes receivable	-	2,280	1,095
Inventories	355,742	267,268	305,656
Prepaid expenses	8,250	8,912	9,590
Derivative financial instruments (note 6)	4,951	5,019	5,704
Total current assets	484,769	401,777	420,464
Non-current assets:			
Property, plant and equipment	309,970	267,185	262,382
Right-of-use assets	28,911	29,973	21,165
Intangible assets	18,256	20,890	21,642
Other assets	1,158	783	844
Derivative financial instruments (note 6)	16	7,286	7,670
Goodwill	233,007	233,007	233,007
Total non-current assets	591,318	559,124	546,710
Total assets	1,076,087	960,901	967,174
Liabilities and Shareholders' Equity			
Current liabilities:			
Revolving credit facility (note 7)	36,000	58,000	76,000
Trade and other payables	183,490	164,404	165,184
Income taxes payable	5,196	-	-
Provisions	3,991	1,415	1,013
Lease obligations	5,141	4,364	4,097
Convertible unsecured subordinated debentures (note 8)	57,122	-	-
Derivative financial instruments (note 6)	712	1,140	813
Total current liabilities	291,652	229,323	247,107
Non-current liabilities:			
Revolving credit facility (note 7)	100,000	100,000	100,000
Employee benefits	1,590	2,898	17,964
Provisions	2,576	287	923
Derivative financial instruments (note 6)	1,481	-	-
Lease obligations	24,765	26,086	17,564
Convertible unsecured subordinated debentures (note 8)	96,135	151,711	151,201
Senior guaranteed notes	98,355	98,212	97,986
Deferred tax liabilities	41,910	45,488	41,121
Total non-current liabilities	366,812	424,682	426,759
Total liabilities	658,464	654,005	673,866
Shareholders' equity:			
Share capital (note 9)	221,340	107,210	107,210
Contributed surplus	301,045	300,968	300,923
Equity portion of convertible unsecured subordinated debentures (note 8)	5,085	5,085	5,085
Deficit	(143,952)	(146,635)	(149,053)
Accumulated other comprehensive income	34,105	40,268	29,143
Total shareholders' equity	417,623	306,896	293,308
Total liabilities and shareholders' equity	1,076,087	960,901	967,174

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

ROGERS SUGAR INC.

(Unaudited)

Condensed consolidated interim statements of changes in shareholders' equity

(In thousands of dollars except number of shares)

	For the nine months ended June 29, 2024								
	Number of shares	Common shares	Contributed surplus	Equity portion of convertible debentures	Accumulated unrealized gain on employee benefit plans	Accumulated cash flow hedge gain	Accumulated foreign currency translation differences	Deficit	Total
Balance, September 30, 2023	105,096,120	107,210	300,968	5,085	31,695	7,484	1,089	(146,635)	306,896
Net earnings for the period	-	-	-	-	-	-	-	35,167	35,167
Dividends (note 9)	-	-	-	-	-	-	-	(32,484)	(32,484)
Issuance of shares (note 9)	22,820,714	114,130	(10)	-	-	-	-	-	114,120
Share-based compensation (note 11)	-	-	87	-	-	-	-	-	87
Cash flow hedges, net of tax (note 6)	-	-	-	-	-	(6,419)	-	-	(6,419)
Translation of foreign operations	-	-	-	-	-	-	256	-	256
Balance, June 29, 2024	127,916,834	221,340	301,045	5,085	31,695	1,065	1,345	(143,952)	417,623

	For the nine months ended July 1, 2023								
	Number of shares	Common shares	Contributed surplus	Equity portion of convertible debentures	Accumulated unrealized gain on employee benefit plans	Accumulated cash flow hedge gain (loss)	Accumulated foreign currency translation differences	Deficit	Total
Balance, October 1, 2022	104,372,045	103,550	300,922	5,085	20,873	20,116	1,545	(160,672)	291,419
Net earnings for the period	-	-	-	-	-	-	-	39,913	39,913
Dividends (note 9)	-	-	-	-	-	-	-	(28,294)	(28,294)
Issuance of shares (note 9)	724,075	3,660	(132)	-	-	-	-	-	3,528
Share-based compensation (note 11)	-	-	133	-	-	-	-	-	133
Cash flow hedges, net of tax (note 6)	-	-	-	-	-	(12,640)	-	-	(12,640)
Translation of foreign operations	-	-	-	-	-	-	(751)	-	(751)
Balance, July 1, 2023	105,096,120	107,210	300,923	5,085	20,873	7,476	794	(149,053)	293,308

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

ROGERS SUGAR INC.

(Unaudited)

Condensed consolidated interim statements of cash flows

(In thousands of dollars)

	For the three months ended		For the nine months ended	
	June 29, 2024	July 1, 2023	June 29, 2024	July 1, 2023
Cash flows from operating activities:				
Net earnings	7,379	14,177	35,167	39,913
Adjustments for:				
Depreciation of property, plant and equipment and right-of-use assets (note 4)	6,116	5,563	18,104	16,678
Amortization of intangible assets (note 4)	941	952	2,848	2,855
Changes in fair value of derivative financial instruments included in cost of sales	(311)	(2,222)	(2,082)	(7,404)
Income tax expense	3,037	4,470	13,465	14,345
Pension contributions	(3,363)	(3,352)	(8,255)	(8,863)
Pension expense	2,815	3,075	7,044	8,298
Net finance costs (note 5)	5,899	5,361	18,497	17,890
Share-based compensation – equity settled (note 11)	23	46	87	133
Share-based compensation – cash settled (note 11)	970	(286)	2,025	1,751
Loss (gain) on disposal of property, plant and equipment	(2)	(25)	(2)	4
	23,504	27,759	86,898	85,600
Changes in:				
Trade and other receivables	13,073	13,703	8,184	22,007
Inventories	(82,458)	(69,678)	(88,520)	(59,490)
Prepaid expenses	(2,832)	(3,374)	663	(722)
Trade and other payables	53,484	76,869	6,632	(17,144)
Provisions	(573)	(376)	(1,027)	(900)
	(19,306)	17,144	(74,068)	(56,249)
Cash flows from operating activities	4,198	44,903	12,830	29,351
Interest paid	(2,715)	(7,355)	(11,384)	(18,386)
Income taxes paid	(332)	(2,121)	(5,866)	(9,053)
Net cash (used in) from operating activities	1,151	35,427	(4,420)	1,912
Cash flows (used in) from financing activities:				
Dividends paid (note 9)	(11,513)	(9,436)	(30,430)	(28,229)
Increase (decrease) in revolving credit facility (note 7)	33,000	(19,000)	(22,000)	50,000
Payment of financing fees	-	(45)	(539)	(1,488)
Payment of lease obligations	(1,705)	(1,295)	(4,986)	(3,924)
Issuance of shares (note 9)	-	1,304	112,652	3,528
Cash flow (used in) from financing activities	19,782	(28,472)	54,697	19,887
Cash flows used in investing activities:				
Additions to property, plant and equipment, net of proceeds on disposal	(18,652)	(8,375)	(44,564)	(21,269)
Additions to intangible assets	-	(233)	(25)	(233)
Cash flow used in investing activities	(18,652)	(8,608)	(44,589)	(21,502)
Effect of changes in exchange rate on cash	4	1	3	(153)
Net increase (decrease) in cash	2,285	(1,652)	5,691	144
Cash, beginning of period	3,452	1,947	46	151
Cash, end of period	5,737	295	5,737	295

See note 12 for supplemental cash flow information

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

Notes to unaudited condensed consolidated interim financial statements

(In thousands of dollars except as noted and amounts per share)

1. Reporting entity:

Rogers Sugar Inc. ("Rogers" or the "Company") is a company domiciled in Canada, incorporated under the *Canada Business Corporations Act*. The head office of Rogers is located at 123 Rogers Street, Vancouver, British Columbia, V6B 3V2. The unaudited condensed consolidated interim financial statements of Rogers for the three and nine months periods ended June 29, 2024 and July 1, 2023 comprise Rogers and the directly and indirectly controlled subsidiaries, Lantic Inc. ("Lantic") and The Maple Treat Corporation ("TMC"), (together referred to as the "Company"). The principal business activities of the Company are the refining, packaging and marketing of sugar, and the packaging, marketing and distribution of maple products.

2. Basis of presentation and statement of compliance:

(A) STATEMENT OF COMPLIANCE:

These unaudited condensed consolidated interim financial statements have been prepared in accordance with IAS 34 *Interim Financial Reporting* on a basis consistent with those accounting policies followed by the Company in the most recent audited consolidated annual financial statements. Certain information, in particular the accompanying notes, normally included in the audited annual consolidated financial statements prepared in accordance with IFRS Accounting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") has been omitted or condensed. Accordingly, these unaudited condensed consolidated interim financial statements do not include all the information required for full annual financial statements, and, therefore, should be read in conjunction with the audited annual consolidated financial statements and the notes thereto for the year ended September 30, 2023. The quarterly unaudited condensed consolidated interim financial statements were neither reviewed nor audited by our external auditors and were authorized for issue by the Board of Directors on August 8, 2024.

(B) BASIS OF MEASUREMENT:

These unaudited condensed consolidated interim financial statements have been prepared on the historical cost basis except for the following material items in the unaudited condensed consolidated statements of financial position:

- (i) derivative financial instruments are measured at fair value,
- (ii) liabilities for cash-settled share-based compensation arrangements which are measured at fair value, and equity-settled share-based compensation arrangements which are measured at fair value at grant date pursuant to IFRS 2 *Share-based payment*,
- (iii) the defined benefit liability is recognized as the net total of the present value of the defined benefit obligation less the total of the fair value of the plan assets and the unrecognized past service costs,
- (iv) assets and liabilities acquired in business combinations are measured at fair value at acquisition date, less any subsequent impairment, if applicable, and,
- (v) lease obligations which are measured at the present value of minimum lease liabilities in accordance with IFRS 16 *Leases*.

(C) FUNCTIONAL AND PRESENTATION CURRENCY:

These unaudited condensed consolidated interim financial statements are presented in Canadian dollars since it is the Company's functional currency. All financial information presented in Canadian dollars has been rounded to the nearest thousands, except as noted and per share amounts.

(D) USE OF ESTIMATES AND JUDGEMENTS:

The preparation of these unaudited condensed consolidated interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period.

In preparing these unaudited condensed consolidated interim financial statements, the significant judgements made by management in applying the Company's accounting policies and key sources of estimation of uncertainty are as those applied and described in the Company's audited annual consolidated financial statements for the year ended September 30, 2023.

Notes to unaudited condensed consolidated interim financial statements

(In thousands of dollars except as noted and amounts per share)

3. Significant accounting policies:

The significant accounting policies as disclosed in the Company's audited annual consolidated financial statements for the year ended September 30, 2023 have been applied consistently in the preparation of these unaudited condensed consolidated interim financial statements.

(A) NEW STANDARDS AND INTERPRETATIONS ADOPTED:

The Company adopted the following standards and interpretations in its consolidated interim financial statements for the annual period beginning on October 1, 2023.

- Definition of Accounting Estimates (Amendments to IAS 8)
- Disclosure initiative - Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)
- Deferred tax related to assets and liabilities arising from a single transaction (Amendments to IAS 12)

The adoption of the amendments did not have an impact on the consolidated interim financial statements.

(B) NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED:

A number of new standards and amendments to standards and interpretations are not yet effective for the period ended June 29, 2024 and have not been applied in preparing these unaudited condensed consolidated interim financial statements. New standards and amendments to standards and interpretations that are currently under review include:

- Classification of Liabilities as Current or Non-current (Amendments to IAS 1)
- Lease liability in a sale and leaseback (Amendments to IFRS 16 Leases)
- Supplier finance arrangements (Amendments to IAS 7 and IFRS 7)
- Presentation and disclosure in financial statements (IFRS 18)

The Company does not intend to adopt any of these standards and interpretations in its consolidated financial statements before the annual period beginning on September 29, 2024. The Company does not expect the amendments to have a material impact on the consolidated financial statements, to the exception of IFRS 18, for which the impact is being assessed by management.

4. Depreciation and amortization expense:

Depreciation and amortization expense were charged to the unaudited condensed consolidated interim statements of earnings as follows:

	For the three months ended		For the nine months ended	
	June 29, 2024	July 1, 2023	June 29, 2024	July 1, 2023
Depreciation of property, plant and equipment:				
Cost of sales	4,565	4,277	13,506	12,742
Administration and selling expenses	123	121	375	513
	4,688	4,398	13,881	13,255
Depreciation of right-of-use assets:				
Cost of sales	486	376	1,434	1,079
Distribution expenses	942	789	2,789	2,344
	1,428	1,165	4,223	3,423
Amortization of intangible assets:				
Administration and selling expenses	941	952	2,848	2,855
Total depreciation and amortization expense	7,057	6,515	20,952	19,533

Notes to unaudited condensed consolidated interim financial statements

(In thousands of dollars except as noted and amounts per share)

5. Finance income and finance costs:

Recognized in net earnings:

	For the three months ended		For the nine months ended	
	June 29, 2024	July 1, 2023	June 29, 2024	July 1, 2023
Interest expense on convertible unsecured subordinated debentures, including accretion expense ⁽¹⁾	2,147	2,132	6,433	6,390
Interest on revolving credit facility	689	1,817	3,959	5,347
Interest on senior guaranteed notes ⁽²⁾	923	926	2,770	2,722
Amortization of deferred financing fees	333	306	995	923
Interest on <i>Producteurs et Productrices Acéricoles du Québec</i> supplier balance	426	120	1,166	1,425
Other interest expense	-	10	54	21
Interest accretion on discounted lease obligations	438	253	1,283	740
Net change in fair value of interest rate swap (note 6)	943	(203)	1,837	322
Net finance costs recognized in net earnings	5,899	5,361	18,497	17,890

(1) Includes accretion expense of \$270 and \$804 for the three and nine months ended June 29, 2024 (July 1, 2023 - \$256 and \$761, respectively)

(2) Includes accretion expense of \$53 and \$160 for the three and nine months ended June 29, 2024 (July 1, 2023 - \$56 and \$112, respectively)

6. Financial instruments:

Disclosures relating to risks exposures, in particular credit risk, liquidity risk, foreign currency risk and interest rate risk were provided in the September 30, 2023 annual consolidated financial statements and there have been no significant changes in the Company's risk exposures during the three and nine months ended June 29, 2024.

For its financial assets and liabilities measured at amortized cost as at June 29, 2024, the Company has determined that the carrying value of its short-term financial assets and liabilities approximates their fair value because of the relatively short periods to maturity of these instruments.

Details of recorded gains (losses) for the year, in marking-to-market all derivative financial instruments and embedded derivatives that are outstanding at period end, are noted below. For sugar futures contracts (derivative financial instruments), the amounts noted below are netted with the variation margins paid or received to/from brokers at the end of the reporting period. Natural gas forwards and sugar futures have been marked-to-market using published quoted values for these commodities. The fair value of foreign exchange forward contracts is calculated as the present value of the estimated future cash flows, representing the differential between the value of the contract at maturity and the value determined using the exchange rate the financial institution would use if the same contract was renegotiated at the statement of financial position date. The fair value estimate of foreign exchange forward contracts is subject to a credit risk adjustment that reflects the credit risk of the Company and of the counterparty. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows. Estimated cash flows are discounted using a yield curve constructed from similar sources and which reflects the relevant benchmark interbank rate used by market participants for this purpose when pricing interest rate swaps. The fair value of interest rate swaps is subject to a credit risk adjustment that reflects the credit risk of the Company and of the counterparty.

Notes to unaudited condensed consolidated interim financial statements

(In thousands of dollars except as noted and amounts per share)

6. Financial instruments (continued):

As at June 29, 2024, September 30, 2023 and July 1, 2023, the Company's financial derivatives carrying values were as follows:

	Fair value hierarchy level	Financial Assets		Financial Liabilities	
		Current	Non-Current	Current	Non-Current
		June 29, 2024		June 29, 2024	
Derivative financial instruments measured at fair value through profit or loss:					
Sugar futures contracts	Level 1	99	-	-	-
Foreign exchange forward contracts	Level 2	1,500	16	(227)	-
Interest rate swap	Level 2	-	-	-	-
Derivative financial instruments designated as effective cash flow hedging instruments:					
Natural gas futures contracts	Level 2	-	-	(485)	(87)
Interest rate swap	Level 2	3,352	-	-	(1,394)
		4,951	16	(712)	(1,481)

	Fair value hierarchy level	Financial Assets				Financial Liabilities			
		Non-Current		Current		Non-Current		Current	
		September 30, 2023		September 30, 2023		July 1, 2023		July 1, 2023	
Derivative financial instruments measured at fair value through profit or loss:									
Sugar futures contracts	Level 1	331	-	-	-	-	-	654	-
Foreign exchange forward contracts	Level 2	-	69	1,112	-	987	150	-	-
Interest rate swap	Level 2	1,373	481	-	-	1,497	569	-	-
Derivative financial instruments designated as effective cash flow hedging instruments:									
Natural gas futures contracts	Level 2	-	4,445	28	-	-	4,322	159	-
Interest rate swap	Level 2	3,315	2,291	-	-	3,220	2,629	-	-
		5,019	7,286	1,140	-	5,704	7,670	813	-

	Charged to cost of sales		Charged to finance income (costs)		For the three months ended	
	Unrealized gain (loss)				Other comprehensive gain (loss)	
	June 29, 2024	July 1, 2023	June 29, 2024	July 1, 2023	June 29, 2024	July 1, 2023
Derivative financial instruments measured at fair value through profit or loss:						
Sugar futures contracts	(7,240)	3,857	-	-	-	-
Foreign exchange forward contracts	(10)	1,583	-	-	-	-
Interest rate swap	-	-	(943)	203	-	-
Derivative financial instruments designated as effective cash flow hedging instruments:						
Natural gas futures contracts	-	-	-	-	472	(3,423)
Interest rate swap	-	-	-	-	(1,528)	1,251
	(7,250)	5,440	(943)	203	(1,056)	(2,172)

Notes to unaudited condensed consolidated interim financial statements

(In thousands of dollars except as noted and amounts per share)

6. Financial instruments (continued):

	Charged to cost of sales		Charged to finance income (costs)		For the nine months ended	
	Unrealized gain (loss)				Other comprehensive gain (loss)	
	June 29, 2024	July 1, 2023	June 29, 2024	July 1, 2023	June 29, 2024	July 1, 2023
Derivative financial instruments measured at fair value through profit or loss:						
Sugar futures contracts	(8,776)	7,574	-	-	-	-
Foreign exchange forward contracts	1,918	1,796	-	-	-	-
Interest rate swap	-	-	(1,837)	(322)	-	-
Derivative financial instruments designated as effective cash flow hedging instruments:						
Natural gas futures contracts	-	-	-	-	(4,989)	(17,471)
Interest rate swap	-	-	-	-	(3,647)	466
	(6,858)	9,370	(1,837)	(322)	(8,636)	(17,005)

The following table summarizes the Company's hedging components of accumulated other comprehensive income ("AOCI") as at June 29, 2024 and July 1, 2023:

	June 29, 2024			July 1, 2023		
	Natural gas futures contracts	Interest rate swap	Total	Natural gas futures contracts	Interest rate swap	Total
Opening AOCI	5,127	4,797	9,924	22,344	4,574	26,918
Income taxes	(1,828)	(612)	(2,440)	(6,247)	(555)	(6,802)
Opening AOCI – net of income taxes	3,299	4,185	7,484	16,097	4,019	20,116
Change in fair value of derivatives designated as cash flow hedges	(4,989)	(3,647)	(8,636)	(17,471)	466	(17,005)
Amounts reclassified to net earnings	-	-	-	-	-	-
Income taxes	1,281	936	2,217	4,485	(120)	4,365
Ending AOCI – net of income taxes	(409)	1,474	1,065	3,111	4,365	7,476

In the third quarter of fiscal 2024, the Company has entered into two interest rate swap agreements for \$100.0 million each. Details of such agreements are listed in the table below. In addition, in order to conform with the IBOR reform, the Company has amended the terms of the two remaining interest rate swap agreements to match the exact same terms as for the new agreements that were entered in the quarter.

The aggregate notional amount as at the reporting date of all the interest rate swap agreements all contracted under Daily compounded CORRA is as follows:

Fiscal year contracted	Date	Total value \$
Fiscal 2020 ⁽²⁾	February 24, 2020 to June 28, 2025 – 1.327% (September 30, 2023 and July 1, 2023 - 1.60%)	20,000
Fiscal 2020 ⁽²⁾	June 28, 2024 to June 28, 2025 – 0.907% (September 30, 2023 and July 1, 2023 – 1.18%)	80,000
Fiscal 2024 ⁽¹⁾	December 30, 2024 to December 30, 2026 – 3.941%	100,000
Fiscal 2024 ⁽¹⁾	June 27, 2025 to June 27, 2027 – 3.695%	100,000

(1) Interest rate swap agreements entered in the third quarter of fiscal 2024

(2) The terms of the interest rate swap agreements have been amended to conform with the IBOR reform. Comparative information is under CDOR

Notes to unaudited condensed consolidated interim financial statements

(In thousands of dollars except as noted and amounts per share)

7. Revolving credit facility:

On June 29, 2024, the Company had a total of \$340.0 million of available working capital under the revolving credit facility, which matures on October 31, 2027, from which it can borrow at prime rate, SOFR rate or under Adjusted Daily compounded or Term CORRA loan (which is Daily compounded or Term CORRA plus an adjustment varying between 30 to 32 basis points), plus 20 to 250 basis points, based on achieving certain financial ratios.

Certain assets of the Company, including trade receivables, inventories and property, plant and equipment, have been pledged as security for the revolving credit facility. As at June 29, 2024, a total of \$752.3 million of assets are pledged as security (September 30, 2023 - \$630.0 million; July 1, 2023 - \$643.0 million). The Company must comply with certain financial covenants related to the revolving credit facility on a quarterly basis. The Company was in compliance with the financial covenants as at June 29, 2024.

The following amounts were outstanding under the revolving credit facility as of:

	June 29, 2024	September 30, 2023	July 1, 2023
Current	36,000	58,000	76,000
Non-current	100,000	100,000	100,000
	136,000	158,000	176,000

The carrying value of the revolving credit facility approximates fair value. The valuation model considers the present value of expected payments, discounted using a risk-adjusted discount rate.

8. Convertible unsecured subordinated debentures:

The outstanding convertible debentures are as follows:

	June 29, 2024	September 30, 2023	July 1, 2023
Sixth series	57,425	57,425	57,425
Seventh series	97,575	97,575	97,575
Total face value	155,000	155,000	155,000
Less deferred financing fees	(806)	(1,547)	(1,794)
Less equity component	(6,930)	(6,930)	(6,930)
Accumulated accretion expense	5,993	5,188	4,925
Total carrying value	153,257	151,711	151,201
Presented as:			
Current	57,122	-	-
Non current	96,135	151,711	151,201
	153,257	151,711	151,201

The fair value of the Sixth and Seventh series debentures as at June 29, 2024 were approximately \$152.7 million based on market quotes for identical instruments (September 30, 2023 - \$150.7 million; July 1, 2023 - \$150.7 million).

Notes to unaudited condensed consolidated interim financial statements

(In thousands of dollars except as noted and amounts per share)

8. Convertible unsecured subordinated debentures: (continued)

(A) SIXTH SERIES:

On July 28, 2017, the Company issued \$57.5 million Sixth series, 5.00% convertible unsecured subordinated debentures ("Sixth series debentures"), maturing on December 31, 2024, with interest payable semi-annually in arrears on June 30 and December 31 of each year. The debentures may be converted at the option of the holder at any time prior to maturity, at a conversion price of \$8.26 per share.

The debentures are redeemable at a price equal to the principal amount thereof plus accrued unpaid interest.

On redemption or at maturity, the Company will repay the indebtedness of the convertible debentures by paying an amount equal to the principal amount of the outstanding convertible debentures, together with accrued and unpaid interest thereon.

The Company may, at its option, elect to satisfy its obligation to repay the principal amount of the convertible debentures, which are to be redeemed or which have matured, by issuing shares to the holders of the convertible debentures. The number of shares to be issued will be determined by dividing the indebtedness related to the convertible debenture by 95% of the then current market price on the day preceding the date fixed for redemption or the maturity date, as the case may be.

(B) SEVENTH SERIES:

On March 28, 2018, and on April 3, 2020, the Company issued \$85.0 million and \$12.8 million for a total of \$97.8 million, Seventh series, 4.75% convertible unsecured subordinated debentures ("Seventh series debentures"), maturing on June 30, 2025, with interest payable semi-annually in arrears on June 30 and December 31 of each year. The debentures may be converted at the option of the holder at any time prior to maturity at a conversion price of \$8.85 per share.

The debentures are redeemable at a price equal to the principal amount thereof plus accrued unpaid interest.

On redemption or on the maturity date, the Company will repay the indebtedness of the convertible debentures by paying an amount equal to the principal amount of the outstanding debentures, together with accrued and unpaid interest thereon.

The Company may, at its option, elect to satisfy its obligation to repay the principal amount of the convertible debentures, which are to be redeemed or which have matured, by issuing shares to the holders of the convertible debentures. The number of shares to be issued will be determined by dividing the indebtedness related to the convertible debenture by 95% of the then current market price on the day preceding the date fixed for redemption or the maturity date, as the case may be.

9. Share capital and other components of equity:

As of June 29, 2024, a total of 127,916,834 common shares (September 30, 2023 and July 1, 2023 – 105,096,120) were outstanding.

On March 4, 2024, the Company issued 22,769,232 common shares at a price of \$5.18 per common share for gross proceeds of \$117.9 million pursuant to a bought deal public offering in Canada, and private offerings to Fonds de Solidarité des Travailleurs du Québec and an existing shareholder, Belcorp Industries Inc.

Share issuance costs of \$5.4 million (\$4.0 million after tax) were accounted for as a reduction in common shares on the consolidated statements of financial position.

Net proceeds from the issuance of common shares amounted to \$112.5 million and will be used to finance the recently announced expansion of production and logistic capacity of the eastern operations in Montreal and Toronto, in accordance with the use of proceeds stated in the prospectus supplement filed on February 28, 2024, in connection with this common share offering.

During the first nine months of fiscal year 2024, 51,482 stock options have been exercised for proceeds of \$0.2 million. During the first nine months of fiscal year 2023, 724,075 stock options were exercised for proceeds of \$3.5 million, and reversal of previously recognized share-based compensation recorded in contributed surplus of \$0.1 million (note 11).

The Company declared a quarterly dividend of \$0.09 per share during the nine-month period ended June 29, 2024 and July 1, 2023. On August 8, 2024, the Board of Directors declared a quarterly dividend of \$0.09 per share, payable on or before October 10, 2024:

	June 29, 2024	July 1, 2023
Dividends	32,484	28,294

Notes to unaudited condensed consolidated interim financial statements

(In thousands of dollars except as noted and amounts per share)

10. Earnings per share:

Reconciliation between basic and diluted earnings per share is as follows:

	For the three months ended		For the nine months ended	
	June 29, 2024	July 1, 2023	June 29, 2024	July 1, 2023
Basic earnings per share:				
Net earnings	\$7,379	\$14,177	\$35,167	\$39,913
Weighted average number of shares outstanding	127,916,834	104,946,997	114,886,232	104,530,809
Basic earnings per share	\$0.06	\$0.13	\$0.31	\$0.38
Diluted earnings per share:				
Net earnings	\$7,379	\$14,177	\$35,167	\$39,913
Plus impact of convertible unsecured subordinated debentures	1,590	\$1,578	4,763	\$4,730
	\$8,969	\$15,755	\$39,930	\$44,643
Weighted average number of shares outstanding:				
Basic weighted average number of shares outstanding	127,916,834	104,946,997	114,886,232	104,530,809
Plus impact of convertible unsecured subordinated debentures	28,444,542	21,344,196	28,444,542	21,344,196
Plus impact of share options	60,846	127,823	56,379	113,373
	156,422,222	126,419,016	143,387,153	125,988,378
Diluted earnings per share	\$0.06	\$0.12	\$0.28	\$0.35

11. Share-based compensation:

(A) EQUITY-SETTLED SHARE-BASED COMPENSATION:

The Company ceased to issue share options effective for Fiscal 2024. On December 12, 2022, a total of 666,347 share options were granted at a price of \$5.85 per common share to certain executives.

The measurement date fair values were measured based on the Black-Scholes option pricing model. Expected volatility is estimated by considering historic average share price volatility. The inputs used in the measurement of the fair values of the share-based payment plans granted during the nine-month period ended July 1, 2023 are the following:

Total fair value of options	\$233,000
Share price	\$5.83
Exercise price	\$5.85
Expected volatility (weighted average volatility)	14.926% to 16.208%
Option life (expected weighted average life)	4 to 6 years
Expected dividends	6.17%
Weighted average risk-free interest rate (based on government bonds)	2.930% to 3.339%

Total share-based compensation expense is amortized over the service period and included in administration and selling expenses with an offsetting credit to contributed surplus. An expense of \$23,000 and of \$87,000 were recorded for the three and nine months periods ended June 29, 2024 (an expense of \$46,000 and of \$133,000 for the three and nine months periods ended July 1, 2023).

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(In thousands of dollars except as noted and amounts per share)

11. Share-based compensation: (continued)

(A) EQUITY-SETTLED SHARE-BASED COMPENSATION: (CONTINUED)

The following tables summarize information about the Share option Plan as of June 29, 2024:

Exercise price per option	Outstanding number of options at September 30, 2023	Options granted during the nine months period	Options exercised during the nine months period	Options forfeited during the nine months period	Outstanding number of options at June 29, 2024	Weighted average remaining life	Number of options exercisable
\$4.28	164,000	-	-	-	164,000	5.73	114,000
\$4.68	263,412	-	(51,482)	(51,482)	160,448	5.43	99,230
\$5.58	200,733	-	-	(53,892)	146,841	4.43	146,841
\$5.85	666,347	-	-	-	666,347	8.45	133,269
\$5.85	785,897	-	-	-	785,897	7.44	304,359
\$6.23	585,322	-	-	(193,368)	391,954	3.43	391,954
\$6.51	360,000	-	-	(150,000)	210,000	2.43	210,000
\$5.77	3,025,711	-	(51,482)	(448,742)	2,525,487	6.25	1,399,653

Options outstanding held by key management personnel amounted to 2,325,487 options as at June 29, 2024 and as at September 30, 2023.

(B) CASH-SETTLED SHARE-BASED COMPENSATION-PERFORMANCE SHARE UNITS ("PSU"):

Fiscal 2024 grant:

On December 11, 2023, a total of 559,963 PSUs were granted to executives of the Company at a price of \$5.42 per units. These PSUs will vest at the end of the 2024-2026 performance cycle based on the achievement of total shareholder returns and other non market performance conditions, as set by the Board of Directors. Following the end of a performance cycle, the Board of Directors will determine, concurrently with the release of the Company's financial results for the fiscal year ended at the end of the performance cycle, whether the vesting conditions for the PSUs granted to a participant relating to such performance cycle have been achieved. Depending on the achievement of the vesting conditions, between 0% and 200% of the PSUs will become vested. The Board of Directors of the Company has the discretion to determine that all or a portion of the PSUs granted to a participant, for which the vesting conditions have not been achieved, shall vest to such participant.

The value to be paid-out to each participant will be equal to the result of: the number of PSUs granted to the participant which have vested, multiplied by the volume weighted average closing price of the Common Shares on the Toronto Stock Exchange (the "TSX") for the five trading days immediately preceding the day on which the Company shall pay the value to the participant under the PSU plan, and such date will in no event occur after December 31 of the third calendar year following the calendar year in which the PSUs are granted.

The fair values of the PSUs were established using a Monte Carlo simulation model for the portion subject to market performance conditions and the remaining portion which is based on certain non market measures will vest in equal tranches over a three-year period (one-third per year). The Company believes it is probable that the non market performance conditions will be achieved. The fair value on June 29, 2024, was estimated at \$3,574,000. An expense of \$364,000 and \$893,000 related to this specific grant was recorded for the three months and nine months period ended June 29, 2024, in administration and selling expenses.

For grants related to fiscal years 2021, 2022 and 2023, an expense of \$606,000 and \$1,132,000 was recorded for the three months and nine months periods ended June 29, 2024, in administration and selling expenses.

During the first quarter of fiscal 2024, the grant related to fiscal 2021 was cash settled for an amount of \$3,755,000 (\$640,000 for grant related to fiscal 2020 during the first quarter of 2023).

As at June 29, 2024, \$3,467,000 is included under trade and other payables in relation with the estimated liability associated with the PSU program (September 30, 2023 - \$5,197,000 and July 1, 2023 - \$3,424,000).

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(In thousands of dollars except as noted and amounts per share)

12. Supplementary cash flow information:

	For the nine months ended			For the year ended
	June 29, 2024	July 1, 2023	September 30, 2023	October 1, 2022
Non-cash transactions:				
Additions of property, plant and equipment and intangibles included in trade and other payables	10,159	8,376	3,951	1,958
Increase in asset retirement obligation provision included in property, plant and equipment	5,892	-	350	100
Additions to right-of-use assets	3,155	1,656	12,093	8,842

The Company has capitalized costs of \$12.3 million and \$32.0 million for the three and nine months periods ended June 29, 2024 for a cumulated construction in progress of \$43.2 million (September 30, 2023 - \$11.2 million incurred during fiscal 2023 and \$11.2 million in cumulated construction in progress; and, July 1, 2023 - \$3.3 million and \$10.3 million incurred for the three and nine months periods then ended and \$10.3 million in cumulated construction in progress), associated with the expansion of the production and logistic facilities of its eastern sugar refining operations in Montreal and Toronto. Included in these amounts are capitalized borrowing costs of \$0.2 million and \$0.9 million for the three and nine months periods, respectively (September 30, 2023 - \$0.4 million and July 1, 2023 - \$Nil), calculated using a capitalization rate of 3.45% (September 30, 2023 - 6.3% and July 1, 2023 - Nil%). On June 29, 2024, the Company has capital commitment related to the expansion project of \$128.4 million which are planned to incur to fiscal 2026.

13. Segmented information:

The Company has two operating and reportable segments, Sugar and Maple products. The principal business activity of the Sugar segment is the refining, packaging and marketing of sugar products. The Maple products segment processes pure maple syrup and related maple products. The reportable segments are managed independently as they require different technology and capital resources. Performance is measured based on the segments' gross margins and results from operating activities. These measures are included in the internal management reports that are reviewed by the Company's President and CEO, and management believes that such information is the most relevant in the evaluation of the results of the segments.

Transactions between reportable segments are interest receivable (payable), which are eliminated upon consolidation.

	For the three months ended June 29, 2024			
	Sugar	Maple products	Corporate and eliminations	Total
Revenues	252,453	56,638	-	309,091
Cost of sales	221,149	51,307	-	272,456
Gross margin	31,304	5,331	-	36,635
Depreciation and amortization	5,390	1,667	-	7,057
Results from operating activities	14,747	2,151	(583)	16,315
Additions to property, plant and equipment and intangible assets, net of disposals	20,971	19	-	20,990
Increase in asset retirement obligation provision included in property, plant and equipment	5,892	-	-	5,892
Additions to right-of-use assets	290	-	-	290

Notes to unaudited condensed consolidated interim financial statements

(In thousands of dollars except as noted and amounts per share)

13. Segmented information (continued):

	For the nine months ended June 29, 2024			
	Sugar	Maple products	Corporate and eliminations	Total
Revenues	725,218	173,516	-	898,734
Cost of sales	617,508	155,086	-	772,594
Gross margin	107,710	18,430	-	126,140
Depreciation and amortization	15,950	5,002	-	20,952
Results from operating activities	60,234	9,031	(2,136)	67,129
Additions to property, plant and equipment and intangible assets, net of disposals	50,171	628	-	50,799
Increase in asset retirement obligation provision included in property, plant and equipment	5,892	-	-	5,892
Additions to right-of-use assets	3,046	109	-	3,155

	As at June 29, 2024			
	Sugar	Maple products	Corporate and eliminations	Total
Total assets	1,022,911	218,991	(165,815)	1,076,087
Total liabilities	(1,113,944)	(163,319)	618,799	(658,464)

	For the three months ended July 1, 2023			
	Sugar	Maple products	Corporate and eliminations	Total
Revenues	215,831	46,454	-	262,285
Cost of sales	180,059	40,541	-	220,600
Gross margin	35,772	5,913	-	41,685
Depreciation and amortization	4,862	1,653	-	6,515
Results from operating activities	21,640	2,868	(500)	24,008
Additions to property, plant and equipment and intangible assets, net of disposals	12,236	330	-	12,566
Additions to right-of-use assets	645	-	-	645

	For the nine months ended July 1, 2023			
	Sugar	Maple products	Corporate and eliminations	Total
Revenues	637,253	159,424	-	796,677
Cost of sales	528,368	143,775	-	672,143
Gross margin	108,885	15,649	-	124,534
Depreciation and amortization	14,452	5,081	-	19,533
Results from operating activities	67,653	6,033	(1,538)	72,148
Additions to property, plant and equipment and intangible assets, net of disposals	27,202	699	-	27,901
Additions to right-of-use assets	1,611	45	-	1,656

Notes to unaudited condensed consolidated interim financial statements

(In thousands of dollars except as noted and amounts per share)

13. Segmented information (continued):

	As at September 30, 2023			
	Sugar	Maple products	Corporate and eliminations	Total
Total assets	925,990	199,866	(164,955)	960,901
Total liabilities	(1,014,984)	(147,478)	508,457	(654,005)

	As at July 1, 2023			
	Sugar	Maple products	Corporate and eliminations	Total
Total assets	911,743	222,338	(166,907)	967,174
Total liabilities	(1,014,242)	(170,321)	510,697	(673,866)

Revenues were derived from customers in the following geographic areas:

	For the three months ended		For the nine months ended	
	June 29, 2024	July 1, 2023	June 29, 2024	July 1, 2023
Canada	250,262	217,776	730,956	639,481
United States	44,808	28,934	125,551	105,588
Europe	7,147	6,701	22,437	30,524
Other	6,874	8,874	19,790	21,084
	309,091	262,285	898,734	796,677